Timeline for Implementing the Earnings Test

January 7, 2026

Overview

Two objectives:

- Timeline for computing and implementing the earnings test

- Completer cohorts used for the earnings test calculation

The following presentation contains preliminary analysis from the Office of the Chief Economist.

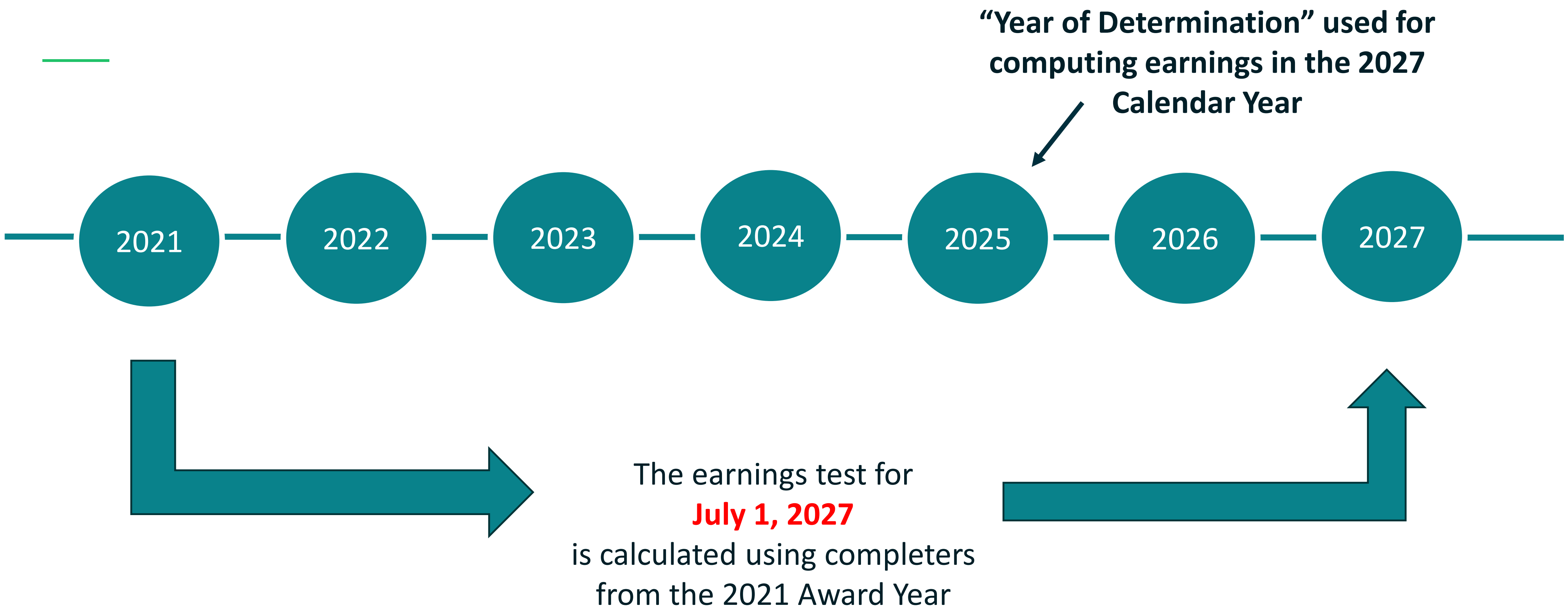
Unless otherwise noted, the Department’s analysis on postsecondary students is limited to Title IV aid recipients.

(1) Timing of the First Earnings Test

- Under the proposed rule, **the first earnings test** would be calculated in early 2027, and colleges would be notified of the result at that time.
    - July 1, 2027 is the first year that programs could “fail” the earnings test for the first time.

- **The second earnings test** would be calculated in early 2028, and colleges would be notified of the result at that time.
    - July 1, 2028 is the first date that programs could lose access to Federal student loans.

(2) Cohorts used for the Earnings Test



Why use Completers from the 2021 Award Year?

- These completers graduate between July 1, 2020 and June 30, 2021.
- By December 2025, all graduates from the 2021 award year have been out of college for four years.
- In early 2027, tax information filed in April 2026 is pulled (covering earnings from 2025).
- **Thus, in early 2027, the most recent tax data available covers the 2025 calendar year—which is four years after graduates from the 2021 award year finished college.**

Summary

Calendar Year	Colleges First Notified	Takes Effect	Completer Cohort Used	Earnings Period Measured	Aggregation Window
2026	N/A	N/A	N/A	N/A	N/A
2027	Early 2027	July 1, 2027	Award Year 2021	Jan. 1, 2025- Dec. 31, 2025	AY2017- AY2020
2028	Early 2028	July 1, 2028	Award Year 2022	Jan. 1, 2026- Dec. 31, 2026	AY2018- AY2021
2029	Early 2029	July 1, 2029	Award Year 2023	Jan. 1, 2027- Dec. 31, 2027	AY2019- AY2022
2030	Early 2030	July 1, 2030	Award Year 2024	Jan. 1, 2028- Dec. 31, 2028	AY2020- AY2023
[...]	[...]	[...]	[...]	[...]	[...]

The first year programs could lose eligibility for Federal student loans.

If cohort aggregation is needed, earnings for prior cohorts are measured at the same interval (the tax year corresponding to four years after that cohort exits).

Thank You