

The U.S. Department of Education’s Proposal on O BBB Accountability

Background

On July 1, 2025, the [One Big Beautiful Bill \(OB BBB\) Act](#) was signed into law. Among many things, this bill created an accountability measure law to hold all programs at colleges and universities accountable to the same standard.¹

In O BBB, students who complete programs that award a bachelor’s degree or less must earn more than individuals aged 25-34 with a high school diploma, and students who complete programs that award a graduate or professional degree must earn more than individuals aged 25-34 with a bachelor’s degree.² If a program has median earnings calculated that do not pass the threshold (providing an earnings premium measure) two out of three years after the first calculation was made, then that program loses access to Federal Direct Loans.³

In December 2025, the Department of Education (Department) launched a [negotiated rulemaking committee](#) to implement the workforce Pell program and the accountability portion of O BBB. The committee met in January 2026 to finalize the regulations on accountability, and the committee reached consensus on the proposed rule.⁴ When the Department issued a [notice](#) in the Federal Register establishing a negotiated rulemaking committee to implement O BBB, ACE provided [comments](#) to share the thoughts of the broader higher education community.

These regulations will go into effect on July 1, 2026, and they amend the current regulations regarding Financial Value Transparency (FVT) and Gainful Employment (GE).⁵ The summary below highlights the changes proposed by the Department to FVT and GE and does not include an exhaustive reading of the full regulations. Also, a Notice of Proposed Rulemaking (NPRM) has not officially been released, and this summary will change to reflect any nuanced changes in the NPRM and final rule.

Summary

Programmatic Eligibility

The term “eligible non-GE program” will be incorporated into the regulations. This term is to distinguish between GE programs and those programs that are not GE programs.

¹ The accountability section of O BBB can be found in Title VIII, Subtitle E.

² If these individuals are enrolled in an institution of higher education then they do not count towards the earnings measure.

³ For a summary of O BBB, please see a summary provided by the American Council on Education [here](#).

⁴ All negotiators had a thumbs up except for the negotiator representing legal assistance organizations that represent students and borrowers, consumer advocates, and civil rights groups that represent students who abstained from voting.

⁵ Currently, FVT programs can be [found](#) in 34 CFR Part 668, Subpart Q, and GE programs can be [found](#) in 34 CFR Part 668, Subpart S, of the regulations.

Institutional and Programmatic Information

Institutions will be required to provide the information below to the Department to allow the Department to maintain a website about the educational programs being offered at institutions of higher education. The information below is not an exhaustive list and may include more information should the Secretary of Education (Secretary) require it.

- The published length of the academic program in calendar time (i.e. weeks, months, years);
- The median length, as calculated by the Secretary, of the calendar time for full-time and less-than-full-time students to complete the program;
- The total number of those enrolled in the program during the most recently completed award year;
- The total cost of tuition, fees, books, supplies, and equipment that a student would incur for completing the program within the published length of time;
- The percentage of those enrolled in the program who received a Federal Direct Loan, a private loan, or both;
- The median loan debt, as calculated by the Secretary, of the students who completed the program or of all students who completed and withdrew;
- The median earnings, as provided by the Secretary, of the students who completed the program or of all students who completed and withdrew;
- The accrediting agency that accredited the program and whether the program is programmatically accredited; and
- The earnings premium measure as calculated by the Secretary.

The Secretary may require additional reporting on the items indicated below.

- Primary occupations that the program prepares the students to enter, including links to occupational profiles on [O*NET](#);
- Completion rates and withdrawal rates for full-time and less-than-full-time students;
- The medians, as calculated by the Secretary, of the total cost of tuition, fees, books, supplies, equipment, and the total net cost of attendance paid by students completing the program;
- The loan repayment rate for those who entered repayment on Federal Direct Loans during a certain period to be determined by the Secretary

The Department removed the current requirement that institutions report debt-to-earnings rates for GE programs and whether students who graduate from a program are required to complete a post-graduation training program to obtain licensure before becoming eligible for independent practice. Also, institutions must display a prominent link to the website to be maintained by the Department on any institutional site that includes costs, financial aid, or admissions information about the program or institution. Institutions must provide the information to access the website maintained by the Department to prospective and enrolled students.

Participation in the Federal Direct Loan Program

To participate in the Federal Direct Loan program, an institution must show that the programs meet the tuition and transparency system requirements and the earnings accountability requirements.

Elimination of Debt-to-Earnings for GE Programs

The Department eliminates debt-to-earnings rates for GE programs. This is reflected in the proposed rules by eliminating any reference to debt-to-earnings rates in the current regulations.

Definitions

- Cohort – For the purposes of determining the earnings premium measure, the Department will initially calculate the earnings of a single-year cohort four years after they complete their program using the most recent full tax year earnings data available from the Internal Revenue Service at the six-digit Classification of Instructional Program (CIP) code level. If this dataset does not have 30 or more completers, then the Department will keep collecting data on students who completed five, six, seven, and eight years prior to the date with the most recent earnings data available. If the data set still does not have 30 or more completers, then the Department will collect data at the four-digit CIP code level for up to eight years and at the two-digit CIP code level for up to eight years.
- Earnings Premium - The amount by which the median annual earnings of students who recently completed a program exceed the earnings threshold. If the median annual earnings of recent completers is equal to the earnings threshold, the earnings premium is zero. If the median annual earnings of recent completers is less than the earnings threshold, the earnings premium is negative.
- Earnings – The earnings data to be captured to calculate the earnings premium measure will include wages, tip income, and other earned income to include self-employment.
- Earnings Threshold –
 - For undergraduate programs, the median earnings for working adults aged 25-34 with a high school diploma (using data from the U.S. Census Bureau) who are located in the state that the institution is located in or the median earnings nationally if fewer than 50 percent of the students enrolled in the institution are from the state where the institution is located (students who are enrolled in any other educational program do not count in this calculation).
 - For graduate programs, the median earnings for working adults aged 25-34 with a bachelor's degree (using data from the U.S. Census Bureau). The median earnings for those, if more than 50 percent are enrolled in an institution in the state that the institution is located in, will be the lower of those who are located in the state that the institution is located in, those in the same field of study under the two- or four-digit CIP code if the data is reliable, those in the same field of study nationally under the two- or four-digit CIP code if the data is reliable. Or, if fewer than 50 percent of students are enrolled in the institution from the state the institution is located in, the lesser of the median earnings nationally overall or nationally in the same field of study under the two- or four-digit CIP code.
 - If no earnings data is available at the state level, then there will be no earnings threshold.
 - For programs offered by eligible foreign institutions,
 - For undergraduate programs, the median earnings for working adults aged 25-34 in the United States with only a high school diploma (students who are enrolled in any other educational program do not count in this calculation).
 - For graduate programs, the lower of the median earnings for working adults aged 25-34 with a bachelor's degree nationally in the United States or nationally in the United States in the same field of study under the two- or four-digit CIP code (students who are enrolled in any other educational program do not count in this calculation).
- Institutional Grants and Scholarships – Grants, scholarships, fellowships, discounts, or fee waivers, including a grant or scholarship which could convert to a loan if a student does not meet certain requirements. An institutional grant or scholarship does not include federal education benefits; state, Tribal, local, or private grants and scholarships that the institution does not control or direct; the institutional share of federal campus-based aid programs; or assistance that must be repaid.

The Department removes definitions for metropolitan statistical areas, poverty guidelines, qualifying graduate programs, and substantially similar program.

Student Tuition and Transparency System

The student tuition and transparency system includes the requirements that institutions report necessary data to the Department and the Department calculates the earnings premium measure. A program will pass the earnings premium measure if the results are equal to or exceed the earnings threshold. A program will fail if the earnings premium measure if the results do not equal or exceed the earnings threshold. For programs that do not have an earnings threshold for the state, no earnings premium measure will be calculated if 50 percent or more of the students enrolled in the institution are from the state. However, the Department will make earnings data for these programs publicly available. Students who are enrolled in any other educational program do not count in this calculation and graduate students who completed a higher credential subsequent to completing their current program are not included.

Process for Obtaining Data and Calculating the Earnings Premium Measure

To calculate the earnings premium measure, the Department will use data such as student enrollment, disbursement, and program data. Institutions will be able to see a list compiled by the Department of the students who completed each program during the cohort, and the institution will be able to correct the information provided by the Department. The Department will also obtain the earnings data from the IRS and calculate the earnings premium measure. When the earnings premium measure is calculated, this information will be provided to the institution. When the Department sends the list to the IRS to calculate the earnings premium measure, the median annual earnings of the students who are working will be utilized and if the IRS includes reports from records of earnings on at least 16 students, the Department will use the median annual earnings provided by the IRS.

Determination of Earnings Premium Measure

When the Department calculates the earnings premium measure, the institution will receive a notice of determination that informs the institution of the calculations. The notice will highlight whether each program is passing or failing, whether the institution is required to provide the student warning, and whether the program could become ineligible for students to use Federal Direct Loans. The student acknowledgements in FVT are removed.

Reporting Requirements

Institutions will still be required to report data to the Department by Oct. 1. Institutions will have to newly report a list of all states where the institution has determined the program meets licensure requirements and the total amount of federal, state, private, or other grants and scholarships provided to students while enrolled in the program. Institutions will no longer have to report on whether the program is a qualifying graduate program, the student's attendance dates and attendance status, the student's enrollment status, the date the student completed or withdrew from the program, and the total amount of institutional debt the student owes after completing or withdrawing from the program. When reporting this data initially, institutions only have to report on the two most recently completed award years by Oct. 1. There is no transitional reporting period.

Earnings Accountability

If a program at an institution is considered a failing program under the earnings premium measure for two out of three consecutive award years, the program will be considered a low-earning outcome program and its participation in the Federal Direct Loan program will end. The Department will allow an institution to appeal the decision if an institution believes that the Department wrongfully calculated the program's earning premium measure. If an institution officially loses its participation in the Federal Direct Loan program, the institution will not be able to have that particular program become eligible for the Federal

Direct Loan program until two years have passed. This two-year period could be from the date the program loses eligibility after failing the earnings premium measure two out of three years or the period the institution voluntarily discontinued the failing program.

If an institution fails the earnings premium measure in the first year, they will have the ability to voluntarily close the program, which would allow students to continue to use their Direct loan eligibility to finish out the program. The institution would have to inform the state authorizing agency and accrediting agency and meet any program discontinuation or closure requirements by those agencies. The institution would also have to acknowledge that the program has been voluntarily discontinued and maintain the program under a warning status and provide warning notice to students. In addition, the institution would have to provide academic and financial options to students to allow them to continue their education in another program where academic credit would transfer. Finally, institutions would have to agree to not restart the same program for at least two award years after the program has voluntarily been discontinued.

Certification Requirements

Institutions must certify in their program participation agreements that each of its currently eligible programs meets the requirements for Direct Loan Program eligibility. An institution may not update its list of Direct Loan eligible programs to include any programs that have failed the earnings premium measure or a program sharing the same four-digit CIP code at the same credential level as the program that failed the earnings premium measure.

Student Warnings

Institutions must provide a warning to students when a program fails the earnings premium measure. These warnings must be provided every 12 months if a student who receives the warning does not seek to enroll within the 12-month period, unless the program has now passed the earnings premium measure.

Institutions will have to provide a separate notice for Pell-eligible students at the time the institution makes a disbursement of Pell Grant funds to the student informing them of their remaining lifetime eligibility for Pell Grant funds. Also, an explanation that all Pell Grant funds received for enrollment in the program count against the student's future lifetime eligibility would also be included.

Administrative Capability

In order for an institution to be considered administratively capable, at least half of the institution's recipients of student aid and at least half of the institution's total student aid funds cannot be from low-earning outcome programs. If an institution does not comply with this standard in two out of three consecutive award years, the institution will be placed on provisional status and the institution's low-earning outcome programs shall not qualify for all of Title IV funds. The institution will have an opportunity to appeal this determination.