

Big Beautiful Bill – Earnings Premium for Nonprofit and Public Universities

July 16, 2025

On July 4, President Donald Trump signed “The Act,” commonly referred to as the “One Big Beautiful Bill,” as part of the budget reconciliation process and, among other changes, amended the Higher Education Act of 1965. While the law includes a number of elements impacting higher education (such as endowment taxes and loan limits), one key change was the creation of the “earnings premium” (EP) metric to assess the effectiveness of degree programs at **all** universities receiving Title IV funds. While certain nondegree programs at public and nonprofit universities may already be subject to earnings assessments that could impact eligibility as part of the existing gainful employment (GE) requirements, the EP potentially represents a seismic shift in graduate earnings accountability for all undergraduate degree and graduate programs.

Basics

The EP has nothing to do with student debt or program cost. Dubbed “gainful employment for all,” the metric will create a new program eligibility assessment beginning July 1, 2026, generally comparing graduate median earnings to working adults aged 25 – 34 who did not complete a comparable postsecondary program in the relevant state (or nationwide, depending on the number of qualifying graduates) and are not currently enrolled in a postsecondary institution. The metric is embracing the “do no harm” concept for student loan borrowers by preventing them from incurring federal loan debt for “low-earning programs” that do not produce median earnings that exceed those for people who generally did not attend comparable programs. As a result, the EP measures program alignment with median industry compensation regardless of the amount of debt a student carries or overall program cost.

For undergraduate programs, the median earnings of those who completed the program and received Title IV funds generally must exceed the median earnings of those who have a high school diploma, or its recognized equivalent, and did not attend college in the state the institution is located for undergraduate programs, or nationwide if the university enrolls more than 50% of students who reside out of state. For graduate programs (including graduate certificates), the calculation is a bit more complicated, as median completer earnings for those who received Title IV funds must exceed the lowest of the median earnings for working adults who:

1. Completed only bachelor’s degree programs in the state the institution is located.
2. Work in the same field as determined by the education secretary.
3. Work in the same field nationwide.

The revised language refers to the earnings of program completers who are “working,” and indicates that small program cohorts will be aggregated.

Although not fully implemented due to delays on GE regulations, similar eligibility metrics currently exist for all programs at for-profit schools, but only apply to certificate programs at nonprofit and public institutions. See [a summary of the existing GE framework](#). Importantly, GE remains active, and the new EP metric supplements these requirements.

Consequences

Assessments of the EP will begin for the cohorts that completed four years prior to each assessment, but importantly the US Department of Education (ED) will not limit the review to fourth-year earnings. Instead, the law requires program completers to produce favorable results two out of three years preceding the assessment. As a result, ED will be looking at the prior years and comparable working adult outcomes, as well as the fourth year to determine the consequences for a low-earnings program. Failure to meet the minimum earnings standards for two out of three years within the assessment period will result in loss of program eligibility for students to receive federal loan funds. Failure of the metric in any single year will require notice to currently enrolled students that continued eligibility is in jeopardy.

Data sources

All colleges may be required to provide additional data to support the assessment, but some of the foundation information originates with ED and is already in place. The extensive data reporting required of all institutions for the existing GE/Financial Value Transparency (FVT) regulations likely will have some overlap for the new requirements, and includes a list of completers generated by ED that requires confirmation. That reporting has been repeatedly delayed after the July 1, 2024, effective date, due in part to challenges related to the Free Application for Federal Student Aid (FAFSA) last year. The institutional data (and completer confirmation) is now due on September 30, 2025, and ED provided a reminder of the reporting deadline for the delayed 2024 and 2025 reporting expectations in an [electronic announcement on July 9](#).

The law does not identify the source(s) of median earnings for graduates (instead deferring to the Secretary of ED), but under GE, similar information was expected to originate with the IRS and Social Security Administration and is not publicly available. Program completers who are enrolled in an institution of higher education are excluded, and as previously noted, the law references the median earnings of those who are “working.”

Earnings data for the comparison group of working adults already exists and is gathered via the Census Bureau’s reporting as part of the [American Community Survey](#). For the high school comparison applicable to undergraduate programs, the earnings median is based on self-reported median earnings for working adults aged 25 – 34 who either worked during the year or indicated they were unemployed and looking for work with only a high school diploma in the state. Notably, those who were not looking for work or were unresponsive were excluded from the median working adult calculation. For context, ED most recently published the earnings threshold as part of the [rollout of the latest version of the GE regulations](#). The median earnings thresholds as reported in December 2024 ranged from \$27,362 per year in Mississippi to \$37,850 per year in New Hampshire. Because it is not part of the current FVT regulations, ED has not published comparable figures for state-by-state earnings for graduates for bachelor’s degree programs or those in any particular field, as required for the graduate program EP assessment.

Timing of assessments

ED will be required to develop regulations to implement the details of the EP assessment, but the foundation already exists in the Code of Federal Regulations and is similar to the currently delayed FVT model included in the Biden-era GE rules. For nonprofit and public universities that are already required to confirm ED’s completer list pursuant to FVT requirements by September 30, 2025, the key difference with the EP metric is the potential loss of Title IV eligibility for underperforming programs.

ED will develop regulations to implement the EP metric, and that process likely will require completion of the “negotiated rulemaking” to develop the details of institutional reporting, calculation methodology, appeal process, open questions and timeline for implementation. The process likely also will include a request for data, confirmation of ED completer data and other information ED deems relevant. ED will then publish comparison information for undergraduate (see state-by-state earnings above) and graduate benchmarks in the Federal Register for reference and begin to notify institutions if programs fail the comparison metric. Pursuant to the law, institutions will have an opportunity to appeal agency determinations of a “low-earning program” and maintain Title IV eligibility throughout that process.

One key open question is when the new EP requirement will begin to impact private and public universities. As written, the EP focuses four years of earnings prior to the date of the assessment, indicating that absent some type of delay, the agency will be assessing earnings of graduates who completed well before Trump signed the bill, and based on earnings cycles and benchmarks that are already complete. However, ED first must create the data collection, comparison and appeal infrastructure while addressing ambiguous elements of the law (intentional or otherwise) before it can implement the earnings assessment. Due to the “master calendar” requirements for new regulations, ED must publish the final rule (after negotiated rulemaking and a notice and comment period) by November 1 to be effective July 1 of the following year. It is unlikely ED can complete the rulemaking process this year to align with the July 1, 2026, effective date in the law, but some of the completer and income data already exist, and therefore some action may be possible. ED also has the option to bypass certain public participation requirements if “... that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest,” but has not indicated if it will pursue that option.

How to prepare

If not already complete, institutions should begin gathering information about prior program completers and a mechanism to collect such information going forward. Although not yet described in regulation, the appeal process may provide an opportunity to challenge student status (for potential exclusion from the calculation) and income data, so universities should reinforce post-completion communication plans and related records to maintain contact with alumni in the initial years following graduation. From a broader perspective, institutions should begin comparing earnings estimates from internal and external sources (such as national earnings surveys from private and governmental entities) to identify programs potentially at risk.

Please contact [Jay Vaughan](#), [Vanessa Agudelo](#) or any [Cooley higher education group team member](#) regarding any questions about the EP or next steps to prepare.

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