THIRD WAY

BLOG *Published December 2, 2025 • 7 minute read*

Earning Their Keep: Better Alternatives Abound Near Programs That Fail the Earnings Threshold

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A big policy change is coming to higher education: an earnings threshold to hold colleges accountable for poor student outcomes and protect borrowers from taking on federal student loan debt for programs that don't provide a return on investment. [1] College programs will now have to demonstrate that most of their graduates earn above a certain amount to maintain access to federal loans. If a credential does not lead to better financial outcomes than you could expect to gain without that degree, the program cannot be paid for with federal student loans. The idea of cutting off programs from federal aid can seem alarming, but it's important to focus on the facts of the earnings threshold, not fears. Our analysis, using data from the Postsecondary Education & Economics Research (PEER) Center, shows that only a tiny percentage of programs are expected to lose loan access due to the earnings threshold, and students have many options to access alternative programs nearby that will deliver stronger financial outcomes. [2]

Only 1% of Programs Fail the Earnings Threshold

More than 122,000 higher education programs will be subject to the new test, and just 1% of those programs are projected to fail the threshold. While the number of programs that may be impacted is small, the overall benefits of the earnings threshold for students and taxpayers are large. The threshold will signal to students and families which programs do and do not deliver strong earnings for graduates and serve as an additional guardrail to ensure that taxpayer dollars fund programs that lead to the increased earnings students expect from their college education.

Just 1% of programs at public and private non-profit colleges are expected to lose access to federal loans. In comparison, 5% of programs offered at for-profit institutions fail to deliver outcomes that cross the earnings threshold. Additionally, our analysis projects that three fields of study will be the most impacted by the threshold's implementation: visual and performing arts, health professions and related programs, and education. More than 100 programs fail in each of these areas, but it is important to contextualize these findings with the fact that there are *thousands* of programs in each of these fields that pass the threshold. The failing visual and performing arts programs represent only 5% of all programs offered in that field, while the failing health professions and related programs represent just 2% of their sector, and only 1% of all education programs fail to cross the threshold. Far from endangering these fields, students who want to pursue these types of credentials can readily do so at a different program where they will have a better chance of securing strong earnings.

We also anticipate that associate degree programs will be more impacted by the earnings threshold than programs in other credential levels. Roughly 600 associate degree programs would fail the threshold. Again, it is critical to take these data into account alongside the total number of programs offered at this credential level. Those failing programs represent just 2% of all associate degree programs available across the nation. Programs at other credential levels—bachelor's, master's, graduate certificates, post-bachelor, professional, and doctoral programs—all perform well, with 1% or fewer of their programs failing to cross the threshold.

Almost All Failing Programs are Located Near a Better Alternative

With 4,000 degree-granting institutions across the United States, there is no shortage of higher education programs for students to consider. While a small proportion of programs will lose access to federal loans, students will still be able to use federal funds to attend thousands of other programs in the same field of study and geographic area. For each program expected to fail the earnings threshold, we identified alternative options at the same credential level and field of study that pass the earnings threshold at the same institution and in the same county, combined statistical area (CSA), and state. A CSA is a geographic region comprised of urban clusters and nearby counties that are socially and economically linked by commuting ties—offering a reasonable proxy for the surrounding area in which residents may naturally consider attending school. [3] Analyzing program options at these four levels gives us a comprehensive understanding of the breadth of students' options when it comes to shifting enrollment into programs that pass the earnings threshold.

Our analysis shows encouraging results for alternative programs that students can pursue if they cannot use federal loans to finance their original choice:

- For 57% of failing programs, students would not need to look further than their own institutions to find another program at the same credential level and in the same field of study.

- Of all the programs that fail, 75% have a passing option in the same county, and 64% have more than one in the same county.

- Expanding our geographic lens, 93% of failing programs have a passing alternative in the same CSA, and 87% have more than one alternative.

- This means that 83% of failing programs have at least one alternate program in the same county *or* CSA.

- Students who are willing to travel further in their state are almost guaranteed to have access to a program with better outcomes—99% of failing programs have at least one alternative option in the same state, and 98% have more than one option.

These data make clear that students will continue to have robust access to program options once the earnings threshold is implemented. Importantly, these programs are more likely to provide an earnings boost instead of leaving graduates worse off than if they had never attended. Most students will not even have to look for options outside the same institution, and if they choose to, they can find programs in the county, CSA, and other parts of the state. The earnings threshold is not a death sentence on students' higher education options. Rather, it provides a safeguard that will help students and families choose a program that leads to economic returns.

Conclusion

Congress was clear in its intent with the earnings threshold—programs that consistently fail to deliver adequate earnings for students should not have access to taxpayer-funded student loans. The accountability measure's impact is minimal in terms of program numbers but significant for the students who would have been served poorly by those programs. The earnings threshold is a logical accountability measure to support the next generation of students by helping them make informed choices about college based on which programs in their field pay off—and because the US higher education system is rich in options, students, college administrators, and policymakers alike can rest assured that students will continue to have access to thousands of programs that *do* pay off.

Methodology

To conduct this analysis, we used the PEER Center's underlying data that estimate which programs are likely to pass or fail the earnings threshold. Using those data, we matched (using six-digit OPEID, as provided by PEER) each program with its corresponding state, CSA, and county information from the Integrated Postsecondary Education Data System (IPEDS). It is important to note that not all institutions are in a CSA. The statistics presented in this product about alternate programs in the same CSA only reflect those programs located in a CSA. Programs that did not have a CSA reported in IPEDS were excluded from the denominator of those calculations. We also chose to focus only on failing programs in the United States. Programs located internationally were removed from our analysis.

We also excluded failing programs that have since closed or merged with other institutions based on missing IPEDS geography variables, though other program changes may have occurred that are not traceable through those data. Additionally, we did not include undergraduate certificate programs in the total number of programs offered in the country, as they will not be subjected to the earnings threshold. Our analysis focuses on the following credential levels: associate, bachelor's, graduate certificate, master's, post-bachelor's certificate, doctoral, and professional degree programs. To find alternative programs for those that fail the earnings threshold, we located programs at the same credential level and the same field of study using 2-digit CIP codes.

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ENDNOTES

1. United States, Congress, House of Representatives. One Big Beautiful Bill Act. *Congress.gov*, https://www.congress.gov/bill/119th-congress/house-bill/1. 119th Congress, 1st Session, House Resolution 1, passed 4 July 2025.

2. Caldwell, Tia et al. "How Do College Programs Measure Up Against the One Big Beautiful Bill Act's New Accountability Standard?" PEER Center, Oct. 2025, https://www.american.edu/spa/peer/one-big-beautiful-bill-acts-new-accountability-standard.cfm. Accessed 24 Nov. 2025.

3. 40 CFR Part 58.1. https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-58/subpart-A/section-58.1. Accessed 24 Nov. 2025; U.S. Department of Commerce Geography Division. "Combined Statistical Area of the United States and Puerto Rico." Apr. 2020, https://www2.census.gov/geo/maps/metroarea/us_wall/Mar2020/CSA_WallMap_Mar2020.pdf. Accessed 25 Nov. 2025; Not all institutions are located in a CSA, and statistics about program alternates in the same CSA only reflect those that are located in one. See the methodology section for more details.

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