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Fast Facts on the New College Earnings Test

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There's a lot of buzz about a new college earnings test that will go into effect next summer. For the first time, colleges will be held accountable for graduates' outcomes: programs where most students don't go on to earn more than a high school graduate will be at risk of losing access to federal loans. Anxieties are circulating about how this policy could limit students' access to certain types of degrees or create a shortage of professionals in high social value fields, like teaching or counseling. But that is not what the earnings test will do. This is a commonsense policy to make sure that students do not take on unaffordable debt for programs that will leave them worse off than when they started.

Importantly, the scope of the policy's impact is contained to programs at the bottom of the barrel: the test will weed the worst programs at specific institutions so that federal loans no longer fund programs that charge too much and leave students with weak earnings. The earnings bar is low—college graduates only have to make more than the typical *high school graduate*—and the vast majority of programs pass. That means students can feel confident knowing that if they take out loans for a program, the degree will pay off.

Let's break down some myths and facts about the impact of the earnings test:

- Over **99%** of bachelor's degree programs and **98%** of associate degree and master's programs will pass the threshold. ¹
- To pass the test, bachelor's degree programs must demonstrate that their graduates **earn more than someone with only a high school diploma—that's just over \$40,000 a year.** ²
- Keep in mind that the loudest online critics aren't representative of the public. Using a high school earnings test as a baseline measure of return on investment is extremely popular, with **over 90% of voters supporting it**, including 97% of Democrats. ³
- A tiny fraction—just 1.5%—of *all* college programs in the country are expected to fail the earnings threshold. Almost every program at public and private non-profit colleges will pass. ⁴
- The federal government is not banning any majors. Students can still choose whatever field they'd like to study. And the earnings test is **not a death sentence to liberal arts degrees**—those students do well after graduation. **All history programs will pass** the test, as well as **99% of English programs** and **92% of fine and studio art programs.** ⁵
- High social value master's degree programs also perform well—**all master's degrees in education will pass**, and so will **99% of master's degrees in counseling.** ⁶
- **Most failing programs are at for-profit colleges**—colleges that function as businesses to generate profits for owners. For-profits have a history of overcharging for degrees, underinvesting in teaching, and using high-pressure sales tactics to enroll students. ⁷

- **Students won't be boxed out of the degrees they want.** In the rare instance that a program fails, students can easily find better alternatives. Most can pursue a passing program at the same degree level and in the same field at the *very same institution*. If they need to search beyond that, the vast majority (83%) have a passing option nearby. ⁸
- **Failing the earnings test does not mean that the government “shuts down a program.”** That specific program can no longer receive federal loans, but students can finance their education by other means, or they can attend a similar program that accepts loans and delivers strong outcomes. If colleges adjust their pricing to better match the salaries students will earn after graduation, they can also remain eligible for loans.

The earnings test is a commitment to students: federal loans won't finance programs that will leave them worse off. While the number of programs that will be impacted by the earnings test is small, the benefit to students is huge. Students will be spared taking out federal loans to finance programs that they can never pay back, and taxpayers will not be writing the check to finance those credentials. This policy will protect students from programs that overcharge and underdeliver and direct them to the *thousands* of options to pursue their passions that do pay off.

ENDNOTES



1. Matsudaira, Jordan and Kristen Allen. “What’s the Harm in ‘Do No Harm?’” PEER Center, May 2026, <https://peer-center.squarespace.com/research/harm-in-do-no-harm>. Accessed 29 Sept. 2026.
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4. Matsudaira, Jordan and Kristen Allen. “What’s the Harm in ‘Do No Harm?’” PEER Center, May 2026, <https://peer-center.squarespace.com/research/harm-in-do-no-harm>. Accessed 29 Sept. 2026.
5. Cooper, Preston. “Low-Earning Degrees Will Soon Lose Access to Federal Loans—Is Yours on the List?” American Enterprise Institute, Jan. 2026, <https://www.aei.org/domestic-policy/education/low-earning-degrees-will-soon-lose-access-to-federal-loans-is-yours-on-the-list/>. Accessed 29 Sept. 2026.
6. Cooper, Preston. “Low-Earning Degrees Will Soon Lose Access to Federal Loans—Is Yours on the List?” American Enterprise Institute, Jan. 2026, <https://www.aei.org/domestic-policy/education/low-earning-degrees-will-soon-lose-access-to-federal-loans-is-yours-on-the-list/>. Accessed 29 Sept. 2026.

- 7.** Matsudaira, Jordan and Kristen Allen. “What’s the Harm in ‘Do No Harm?’” PEER Center, May 2026, <https://peer-center.squarespace.com/research/harm-in-do-no-harm>. Accessed 29 Sept. 2026.
- 8.** Rounds, Emily. “Earning Their Keep: Better Alternatives Abound Near Programs That Fail the Earnings Threshold.” Third Way, Dec. 2025, <https://www.thirdway.org/blog/earning-their-keep-better-alternatives-abound-near-programs-that-fail-the-earnings-threshold>. Accessed 29 Sept. 2026.