EducationCounsel
Policy | Strategy | Law | Advocacy

Making Sure College Pays Off

How Policy Can Build Higher Education's Capacity to Deliver Value for Students

Nathan Arnold, Jasmine Jett, Bethany Little, and Kristin Herrmann

Contents

Acknowledgements 2
Executive Summary 3
From Access and Affordability, to Completion, to Value 6
The Current State of Accountability 9
The New Need and Opportunity 9
What Does Capacity Building Look Like? 14
How a Value System Could Embed Capacity Building 15
Conclusion and Next Steps 18
Endnotes 19

Acknowledgements

Over the course of several months, EducationCounsel convened a group of experts to gain a deeper understanding of their perspectives on accountability, value, and capacity building in higher education, and to evaluate options to address institutional choices and capacity in policy design. The authors wish to thank the following researchers, practitioners, former policymakers, and other experts who provided insight and feedback on the ideas and topics in this report. ***These findings and recommendations are informed by these individuals but are not necessarily endorsed by them.***

Viviann Anguiano
Vice President, Higher Education and Economic Mobility
Center for American Progress

Kristin Blagg
Principal Research Associate
Urban Institute

Jim Blew
Chief Policy Officer
Education Freedom Foundation

Diane Cheng
Vice President of Policy
Institute for Higher Education Policy

Preston Cooper
Senior Fellow
American Enterprise Institute

Michelle Dimino
Director of Education
Third Way

Zakiya Ellis
Principal Consultant
EducationCounsel

Antoinette Flores
Vice President of Federal Policy and Government Relations
Council for Higher Education Accreditation

Roxanne Garza
Higher Education Policy Director
EdTrust

Andrew Gillen
Research Fellow
Cato Institute

Alexander Holt
Director of Higher Education Policy
Committee for a Responsible Federal Budget (CRFB)

Jillian Klein
Senior Vice President of Government and External Affairs
Strategic Education, Inc.

Jordan Matsudaira
Co-Director
The Postsecondary Education and Economics Research Center (PEER)

Brittany Mosby
Director of HBCU Success
Tennessee Higher Education Commission

Konrad Mugglestone
Senior Program Manager, Research & Knowledge Management
Aspen Institute

Jesse O'Connell
Chief Advancement Officer
American Council on Education

Peter Oppenheim
Principal
Todd Strategy Group

Deborah Santiago
Chief Executive Officer
Excelencia in Education

Lauren Schwensen
Director of Federal Relations
California State University

Lesley Turner
Associate Professor
University of Chicago

Executive Summary

Students and families consistently say that they want to pursue higher education but need greater assurances that they will receive value for their investment.[1] Federal policy has historically focused on supporting access to college through financial aid programs. Until relatively recently, less attention has been placed on whether higher education programs provided the returns that students were seeking.

Although significant progress has been made in expanding access to college over a generation, the question of whether students from all backgrounds have sufficient support – financial, academic, and social – to enroll in and complete college is far from resolved. And yet this focus on access has also exposed a limitation of providing subsidies to attend higher education without accounting for quality: access to what, at what cost, and with what return for students and taxpayers?

Focusing solely on college access has a key limitation: access to what, at what cost, and with what return?

While recent data has indicated that workers with undergraduate degrees generally have better financial outcomes (including lower unemployment and higher earnings[2]) compared to those with only a high school degree, there is wide variance in outcomes by program of study (between certificates and degrees, between different majors at the same institution, and across institutions in the same field of study) and there are still many programs that leave their students worse off economically than when they enrolled.[3] While there are many benefits to higher education that extend beyond the financial, most people agree that college should, on average, leave students better off financially.[4]

The federal government spends more than $110 billion each year on grants and loans to help students enroll in postsecondary education.[5] But nearly a third of federal Pell Grant and student loan dollars flow to programs in which students are unlikely to recoup the cost of their investment.[6] While college pays off on average, this disconnect falls hardest on students who have been historically underrepresented, students from low-income families, and those who are the first in their families to attend college.[7] It also means that billions of dollars that could support other meaningful investments in education or the social safety net are instead spent on programs that leave students no better off.

Federal reforms beginning with the Obama and Biden administrations' Gainful Employment regulations and more recently codified in the statutory "Do No Harm" provisions of the One Big Beautiful Bill Act (OBBBA) are important and long overdue steps toward ensuring students are protected by a minimum floor for program accountability no matter where they enroll.[8] The most recent changes are critical because for the first time – in statute – if most of a program's graduates consistently earn less than someone who had never attended college, that program can lose the ability to receive federal student loans.[9] Although these reforms demonstrate progress in accountability policy, the current framework has critical gaps that will need to be addressed. For example, it does not establish that students receive sufficient benefits to cover their programs' costs or debt or protect limited Pell Grant dollars from being used for programs that provide minimal to no economic benefit to students. This is a low bar to pass – at least half of graduates earning more than someone who never got a credential, not even accounting for the price paid or opportunity costs like forgone wages – and it does not provide funding for

capacity building or set higher expectations to drive actual improvement in institutional quality or outcomes broadly. **A more complete framework would raise the bar for educational value and better enable institutions to improve the quality of their programs in line with those expectations, while also protecting students and taxpayers from persistently low-performing programs.**

Drawing on our previous work on this topic,[10] a review of the literature, and a series of discussions with researchers, practitioners, former policymakers, and other experts, this report identifies key priorities for strengthening the existing accountability framework. It also provides a roadmap for how policy can move beyond a minimum floor of ***accountability*** by promoting policy support that increases the economic ***value*** students receive from their postsecondary education.

This work affirms the need for ***institutional capacity building*** as a critical component of comprehensive value policy. These are actions that improve an institution's ability to effectively serve students by strengthening teaching and learning, student supports, retention and completion, alignment to workforce needs, career and employment readiness, and in some cases increasing resources. All of these are designed to ultimately improve student outcomes and educational value. This is not a theoretical endeavor; there are already examples supported by rigorous evidence of institutions effectively improving or changing their programs that have materially improved the outcomes of their students (see page 15 for more detail). Capacity building can include targeted financial investment to build stronger data and evaluation systems, support more effective instruction, increase the use of evidence-based student supports, and undertake program reforms that improve labor market relevance. Developing additional capacity that increases student value is particularly necessary for under-resourced institutions serving disproportionate shares of students from low-income backgrounds or who have been historically marginalized. These include community colleges, regional public institutions, rural institutions, Minority Serving Institutions, Historically Black Colleges and Universities, Tribal Colleges and Universities, and other institutions that serve higher proportions of veterans, first-generation students, and low-income students.

Ultimately, a successful value framework codified in statute would combine a meaningful minimum bar with consequences for the programs that consistently leave students worse off, while leveraging capacity building to enable institutions to continuously improve and deliver greater value overall for all students and therefore to our society as a whole. This

What about non-economic value?

It is important to note that postsecondary completion often provides additional benefits beyond socioeconomic value, particularly to society broadly and not just to individuals. At the same time, if programs are consistently leaving a majority of students with unpayable debt or unrealized opportunity costs, those larger societal and non-economic benefits will be cold comfort to the students who are financially worse off for having attended. However, holding institutions to higher expectations without providing pathways for institutional improvement risks reducing educational opportunities for students without improving quality overall.

demonstration of the tangible benefit of a more educated populace also makes a more compelling case for the value provided to taxpayers (both those who attended college and those who did not), who largely subsidize higher education. Providing policy incentives for higher education to ensure most students are receiving a positive ROI will be a key step in rebuilding the public's trust in higher education and staving off disenrollment pressures currently facing the sector.

A Fair and Student-Centered Value Framework

On pages 15 - 18, we include a concrete example of a comprehensive value framework that embeds capacity building and accounts for institutional resources and choices.

Accountability Bottom Line:	No federal student aid funds for programs below either minimum earnings or price-to-earnings threshold	
	Low ROI programs	**High ROI programs**
Low resource, adequate educational spend institutions	**Institution given option to** (1) maintain the program for a limited time, with the requirement that value is improved above the threshold within that timeframe (either by reducing price or increasing earnings, or both) (2) receive one-time federal capacity-building investment to close the program and replace it with a program tied to workforce need, or expand a strong ROI program	**Potential rewards or positive incentives**
High resource, low educational spend institutions	**Potential for consequences**	**No incentives or consequences warranted**

From Access and Affordability, to Completion, to Value

There has long been a focus on access in higher education policy, with the most foundational question being, "do students have the opportunity and resources to enroll in the first place?" This has now led to another essential question: access to what? That has been complemented to some degree with an interest in completion and the question "are students provided the support necessary to graduate?" It is one thing to complete a high-quality program with a strong return on investment, and quite another to complete a program that does not provide students with any discernible skills or where the cost (and often debt burden) is out of step with what graduates can reasonably expect to earn.

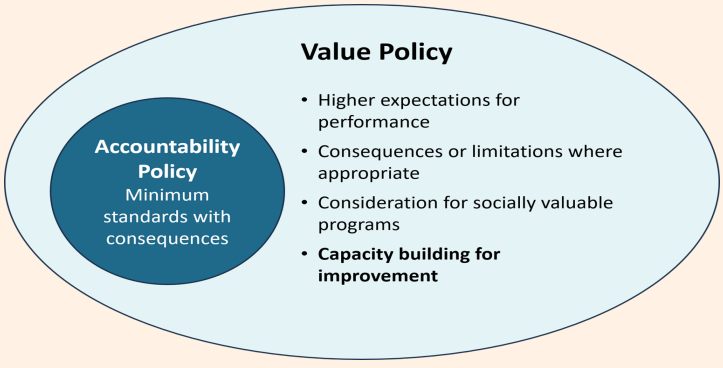
In a typical market-based environment, it might be reasonable to expect that consumers (students) are able to "vote with their feet" to drive quality improvement. However, higher education does not function like a typical market system. Instead, government subsidies, including loans and grants, which are intended to broaden access to higher education, can effectively create what is often referred to as a third-party payer problem.

This occurs when a subsidy offered for a service creates a disconnect between the consumer and the

The terms accountability and value policy can sometimes be used interchangeably in discussions. For the purposes of this brief, we are drawing a distinction between the two, though the concepts are overlapping and interdependent.

Accountability policy: Setting minimum expectations and holding institutions or programs to a standard below which they face one or more consequences.
Value policy: Ensuring that institutions are providing a credential to students that results in a sufficient return on their investment, provides reasonable financial payoff, and ideally enables economic mobility.

Everyone may define value differently, but one way of measuring value is likely related to some form of ROI, such as the cost of the program being commensurate with the earnings it enables. To avoid conflation with other important benefits of higher education such as increased health or civic participation, for the purposes of this report, value refers to generally providing an economic payoff such that your ROI is positive (which could mean minimum earnings, sufficient earnings to cover program costs, or manageable debt given earnings). A successful value policy framework seeks to incentivize improvement for institutions above a minimum bar for performance.



service provider and is particularly challenging when there is limited information about costs and outcomes, making it difficult for students and families to make informed choices. This is exacerbated by the difficulty of truly differentiating the quality of various higher education offerings. Geographic differences in the availability of higher education institutions further limit access and prevent the market from reaching an equilibrium in which most students can obtain a valuable degree at a reasonable price, particularly because nearly 70 percent of students attend a college within 50 miles of their home.[11]

Enrollment in low-quality, predatory, or outright fraudulent programs has long been a problem in higher education. Too many students have been left with credentials of little value, lost time, unpayable debt, depleted Pell eligibility, and sometimes ruined credit and garnished wages or Social Security benefits.[12] These harms fall disproportionately on students who have historically been underserved by higher education: first-generation students, students of color, veterans, rural students, and those from low-income backgrounds.[13] **The consequences of *not* attending to quality and value in higher education are unequally borne on their shoulders.**

Policymakers have long been aware of the risk that government funding for higher education could invite a glut of low-quality programs and institutions. Early efforts to ensure that federal funding for college was connected to programs that were worthwhile recognized that institutions receiving public funds should bear some responsibility for consistently poor outcomes. This has gone back at least 74 years with the 1952 passage of the Korean War GI Bill's 85/15 rule, requiring private training programs to attract at least 15% of their students without VA or institutional subsidies.[14] The 1992 amendments to the Higher Education Act (HEA) required that proprietary institutions maintain at least 15% of their revenue from sources other than Title IV student aid funds, in an effort to ensure that programs could demonstrate some market value outside of government support as an indicator of quality (this was later lowered to 10% in the 1998 HEA amendments).[15] Cohort default rates (CDRs), first codified in statute in 1990,[16] measure the percentage of an institution's borrowers who entered repayment in a given year and defaulted; institutions whose rates exceed 30% for three consecutive years face loss of eligibility for both the loan and Pell programs (a CDR of 40% in a single year results in loss of loan eligibility).[17]

Similar federal policy efforts to crack down on low-value programs have continued to crop up periodically over the years, such as the limitation on correspondence courses which capped or cut off federal student aid to institutions that enrolled 50% or more of their students in programs that lacked "regular and substantive" interactions with an instructor.[18] However, these were all narrow tools to provide consumer protection aimed primarily at the most egregious risks. Eventually evidence started to accumulate (and came to a head with a lengthy Senate investigation into proprietary education between 2010 and 2012)[19] that many institutions were leaving students without credentials, burdening them with unmanageable debt, or providing programs with deeply insufficient returns.

In addition to the cost to students, both in opportunity costs and in dollars (often including student loans), there is a risk to taxpayers who must bear the burden of an increasingly delinquent student loan portfolio. Two related reform agendas began to build as a result of these combined impacts. One focused on consumer protection through a lens of institutional governance (particularly whether an institution was organized as a for-profit enterprise) and elevated instances of misrepresentation and fraud that directly harmed students.[20] The other asked the broader question of whether higher education was delivering sufficient return on investment to individuals, taxpayers, and

the country.[21] While some institutions commit fraud and abuse that need to be addressed, the more subtle but widespread problem in higher education is that in many cases, the program's ROI – the return to the student after accounting at least for the cost of the program, and perhaps also forgone wages – is poor relative to the promise made to students. This not only has left many former students burdened with debt and earning little more than they had before enrolling, but even more insidious is that over time this pattern drives the perception (and reality, for some) that higher education is no longer a worthwhile investment of public or private resources.

This challenge has become even more pressing and publicly salient due to the proliferation of student loan debt and the cost associated with the federal student loan portfolio. Currently, it is estimated that $1.67 trillion in federal student loan principal and interest, is outstanding, borrowed by or on behalf of around 42 million people.[22] Concerns about the policy incentives that were enabling these problems paved the way for a federal policy accountability agenda focused on measuring outcomes to ensure value for students and taxpayers and attaching consequences to persistently poor performance.

Programmatic accountability for earnings and debt was set out in the Obama and Biden administrations' Gainful Employment regulations, and the statutory "Do No Harm" provisions in OBBBA codified and expanded these policies to degree programs in all sectors of higher education. Although OBBBA was enacted along partisan lines, in the preceding several years there was growing bipartisan agreement on the importance of strengthening programmatic accountability to ensure students were being protected from consistently poor outcomes. Republican and Democratic chairs of the education committees have both released comprehensive legislation to address low-value programs, with broad overlap on goals to protect students.[23] For the first time, federal statute provides for a specific programmatic minimum floor for degree programs in OBBBA: If the program consistently graduates students who earn less than if they had never attended the program, the program loses the ability to be paid for with federal student loans.

However, Do No Harm and the new regulations are an extremely low bar to meet: the threshold does not account for the price the student paid or forgone wages, it still allows for students to receive Pell Grants for failing programs, and certificate programs (which often have the lowest earnings) are not explicitly included in the statute.[24] The fact that this is a low bar that is not difficult to meet is borne out by the fact that only about 3% of college students will have their programs affected by the new law.[25]

Providing incentives for institutions to ensure most of their students are getting credentials of value with a positive financial ROI will require measures that go above this minimum floor. At the same time, post-college earnings outcomes are shaped by a combination of factors including program quality, institutional supports, labor market conditions, students' individual effort, incoming student readiness for postsecondary coursework, and geography, among others. Pushing for improvement without addressing and accounting for contributing factors may not provide sufficient incentives to improve programs and unintentionally leave just as many students with poor outcomes.

The Current State of Accountability

The final regulations related to the accountability framework created under OBBBA were published on July 1, 2026.[26] The new Do No Harm and Gainful Employment regulations, which are now finalized (and with consequences beginning to be implemented in July 2027) include a series of notable changes to the existing accountability regulations implemented under the Biden administration, though they do retain a number of similarities. Fundamentally, these statutory and regulatory regimes all ask a similar question: on average, are program graduates earning more than those who do not have such a credential? If they do not, the federal government determines that the program is not providing sufficient economic value to be paid for with federal student aid.[27]

Merely avoiding harm is not what students aspire to when they enroll in college, and it is not an acceptable outcome of taxpayers' and students' shared investment in educational opportunity

Similar to the prior GE regulations, the final regulations implementing the OBBBA provisions will incorporate transparency as an important part of the accountability regime. Under these regulations, the federal Student Tuition and Transparency System (STATS) will collect and publish program-level data related to earnings, price, completion, and other key indicators, which will allow for the easier identification of low-performing programs and improved accountability.

There are legitimate criticisms of some of the policy elements of this new system that need to be addressed, particularly relating to inclusion of certificate programs, loss of Pell, and a measure of price or debt. However, the new law and regulations are broadly consistent with the previous Gainful Employment regulations promulgated by the Obama and Biden administrations and are a clear improvement over a status quo where students and taxpayers were not protected from persistently low-performing programs. This minimum floor offers protections for students and more transparency on prices and outcomes that can enable better individual, institutional, and policymaker decisions. However, this new policy needs to strengthen the accountability provisions to ensure students are more fully protected. At the same time, a more complete policy would also create incentives for value beyond that bottom line so that higher education comes closer to meeting the promise of leaving all students better off for having attended.

The New Need and Opportunity

There is now growing recognition that federal policy should protect students from programs that consistently leave them no better off financially. But merely avoiding harm is not what students aspire to when they enroll in college, and it is not an acceptable outcome of taxpayers' and students' shared investment in educational opportunity.

Federal policy should create incentives that encourage institutions to aim higher, so that most of their

students earn a credential that is priced fairly given graduates' earnings and offers a worthwhile return for their time and money. Achieving this also means equipping persistently under-resourced institutions that are committed to improving their outcomes with both the resources and the support to build their institutional capacity. Federal policy would be much more comprehensively oriented toward value if it included a clear imperative for students to be consistently completing degrees that provide value, and driving and supporting institutional improvement when needed.

The Case for Socially Valuable Programs

We recognize many have concerns around the impact accountability systems may have on programs and careers that many deem socially valuable (i.e., social work, early childhood education, mental health counseling, and others). While these programs provide public benefits, some struggle to produce strong outcomes due to low relative pay for many of these professions. Certainly, pay that is more closely aligned with the social value of the profession may require public subsidy, but it is also the case that the costs of these programs may be high for other reasons (for example, state licensure requirements). This report does not recommend a specific solution for these programs, as addressing the issue is outside its scope. However, we do believe it is important for policymakers to consider these programs when developing an accountability system, as there is often not a single factor driving poor outcomes for these programs but rather an interrelated set of issues that require carefully considered solutions.

Given that students see institutions and programs as having an implicit "seal of approval" when they are eligible for federal financial aid, setting a floor for performance for all institutions is a critical backstop necessary to protect students from consistently receiving degrees that provide no economic payoff (or not receiving degrees at all) and to protect taxpayers who fund the federal student aid programs. Although OBBBA represents an important progression in accountability policy, it is a policy passed along partisan lines and more work will be necessary to ensure a federal value policy framework that is durable on a bipartisan basis. If OBBBA and changes made within the current political environment do not gain broader support, the result might be a reactionary partisan retrenchment from the idea of accountability for higher education outcomes. If the goal is to preserve a durable policy framework that supports greater postsecondary value for all students, it will be crucial to continue to elevate the importance of accountability as a bipartisan priority.

The higher education community and policymakers are starting to coalesce around a commitment that students receiving federal aid expect and deserve to receive a minimum value for their time and money and a sufficient return on investment (ROI) for taxpayers' investment.[28] Although OBBBA was supported only by Republicans, so far Democratic bills that have sought to reshape or reverse portions of the higher education provisions of law have maintained the "Do No Harm" provisions on degree programs while seeking to strengthen the thresholds and consequences particularly to certificate programs and to protect the sustainability of the Pell Grant program.[29] This increasing willingness among policymakers to make institutions' earnings outcomes transparent and in some cases hold programs or institutions accountable for consistently poor financial outcomes, including low earnings or unpayable debt, is recognition of the emergence of value as a policy priority.

Refining the Current System

In discussion with experts during our meetings, many participants felt that the statutory changes in OBBBA represent a meaningful step forward in strengthening

higher education accountability. However, a large majority of the group identified four important areas for improvement.

1. **Include Metrics to Attend to Price/Cost:** There was general agreement that relying exclusively on an earnings premium metric that only measures whether a majority of graduates earn more than if they had never attended is insufficient alone to measure program value. Looking only at earnings does not account for other factors that impact the value of a degree, like the debt a student takes on to attain it. However, opinions differed on what additional metrics should be incorporated for a more holistic measure, with suggestions including program price or debt levels. Some valued the inclusion of price as a mechanism to put downward pressure on cost and include a quick lever to impact value within the control of institutions. Others felt net price can be difficult to measure and expressed some discomfort with a policy that could be considered a federal "price control." Many participants appreciated the use of debt as a metric when considering the cost to taxpayers, while others noted that this would generally only cover those students with federal loans, and might not drive down price, which would benefit all students rather than just borrowers.
2. **Include Certificate Programs Explicitly in Statute**: Participants agreed that certificate programs should be included in the statutory "Do No Harm" provisions rather than being addressed solely through regulation, given the rapid growth of these programs and their comparatively lower earnings outcomes, which may increase risks for both students and taxpayers. There is also the potential for litigation that could put the GE portion of the regulations at risk, leaving students in certificate programs effectively unprotected by the accountability provisions.[30] The result of this outcome would be the programs most likely to leave their students worse off would face no consequences.[31]
3. **Redirecting Pell to Higher Value Programs**: There was broad support for programs that fail accountability standards losing eligibility for both federal student loans and Pell Grants, rather than only loan eligibility. This would allow for limited Pell dollars to go to higher value programs, which is important not only to students with limited Pell eligibility, but also to ensure that taxpayer dollars are being spent wisely, particularly in light of the significant Pell Grant funding shortfall.[32]
4. **Incentivize Completion and Success**: Completion (or successful transfer to a higher-credentialed program) does not show up anywhere in the OBBBA Do No Harm provisions, which measure earnings only among completers. Most participants felt that the inclusion of some measure of completion is important, particularly as a signal to institutions that having a positive ROI or strong earnings is much less impressive (and perhaps actively harmful) if more than half of students are not completing their programs. However, some participants worried including completion as a measure could create perverse incentives for lowering academic quality, arguing that completion rates are too easily gameable.

In addition to the four broad areas of agreement, participants also noted that several important institution-level measures are absent from the current accountability framework, including outcomes for non-completers, institutional spending patterns, and overall resource levels, all of which could be

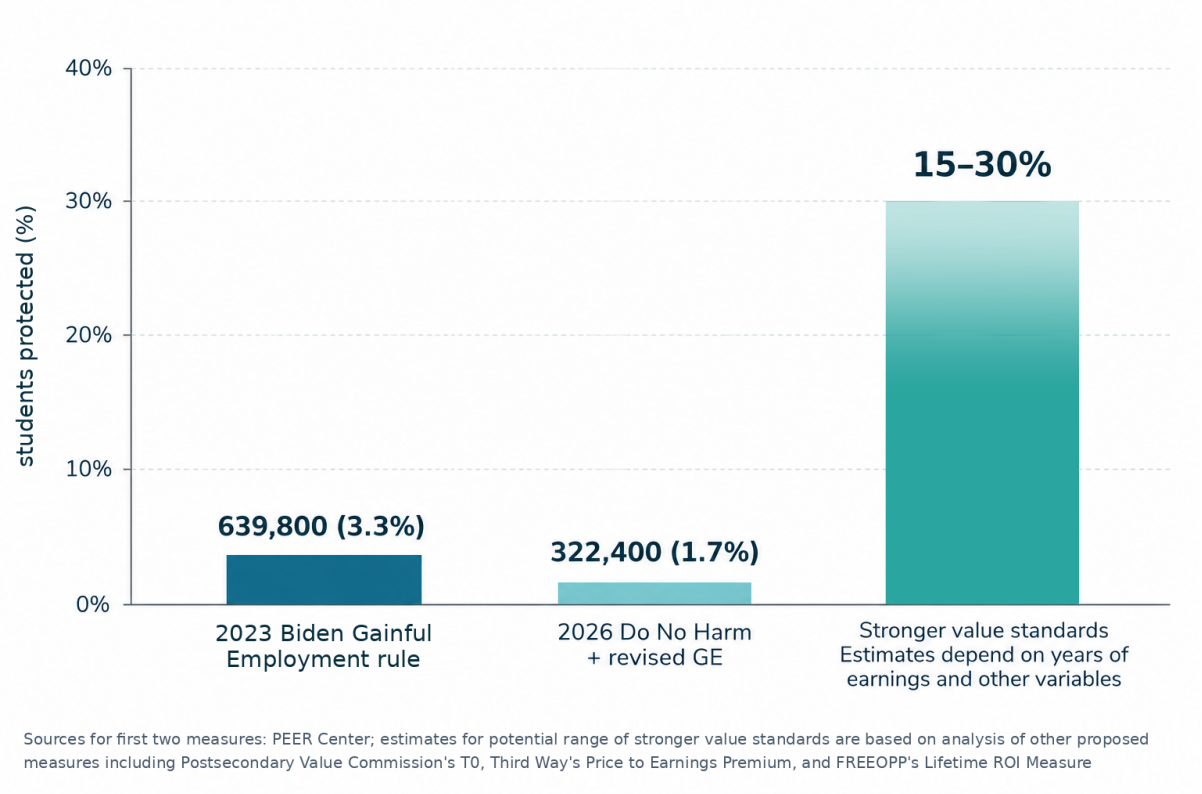
considered and collected as part of a more comprehensive value-based policy framework.

Incentivizing Improvement

In a fully functioning value system, students would benefit from continued institutional improvement, as institutions would be better equipped and incentivized to provide programs with strong ROIs. The new GE/OBBBA rules represent an important part of what must be a more comprehensive system by creating a minimum bar for earnings. The new rules provide critical bottom-line accountability protection: ensuring that a majority of graduates are not consistently making lower wages than if they had never attended the program. However, passing that test does not mean a program is consistently providing socioeconomic value to students – for example, earning enough to at least cover the cost of their program, to say nothing of a positive ROI for the time and forgone wages during the period of enrollment. As shown in Figure 1, broader measures of value and ROI that attempt to calculate not just a minimum earnings threshold, but sufficient earnings to recoup the cost of the program (and potentially forgone wages during enrollment) encompass a much more significant

While the majority of postsecondary students receive value from their credentials, estimates indicate that 15% - 30% of students are enrolled in programs that fail to provide students with a minimum ROI.

Figure 1



Sources for first two measures: PEER Center; estimates for potential range of stronger value standards are based on analysis of other proposed measures including Postsecondary Value Commission's T0, Third Way's Price to Earnings Premium, and FREEOPP's Lifetime ROI Measure

percentage of enrolled students. Depending on the specific measures used and the timeframe for calculating earnings, it is possible that 15% - 30% of students are enrolled in programs where the median graduate does not earn sufficient income to recoup the costs of the program or the opportunity costs of enrollment. Such measures of value, in contrast to the minimum accountability bottom line, would encompass an order of magnitude more programs and students than the 2% of students who borrow who are estimated to be impacted by the newly enacted accountability provisions.

However, raising the bar to capture more programs as low-performing will not create increased value for students on its own, and will be difficult to sustain politically as more programs begin to fall short. To make meaningful progress in improving institutions for both students and taxpayers, a value system must be designed that sets a reasonable bar for minimum student and taxpayer benefit, but also supports the resourcing of institutions and develops their ability to actually improve quality and outcomes, with the latter particularly focused on under-resourced institutions. This would include efforts to build capacity, which are defined, for purposes of this report, as any action taken to improve student resourcing, learning, retention, completion, and employment readiness so that institutions deliver better value for students.

Ensuring Value: Combining a strong federal minimum standard (accountability) with support for improvement (capacity building) toward higher expectations overall

If federal policy were designed simply to impose eligibility consequences for failure to consistently deliver a higher level of value than a minimum accountability bar, that might result in disproportionate closures of programs at Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), Minority Serving Institutions (MSIs), rural institutions, community colleges, regional publics and other underfunded and open-access institutions that serve most historically marginalized students. This, in turn, would reduce educational opportunities and choice. Often, state and federal policies disproportionately fund institutions serving higher-income students with greater resources than those serving lower-income students, who usually need more support in order to complete college if they come from lower-performing high schools or lack family resources to help them. Even in spite of disproportionately lower funding, these institutions often produce stronger than expected outcomes and value for graduates (for example, moving students up multiple income quintiles and accounting for a disproportionate share of minority graduates).[33] However, because of the systemic underfunding of many open-access and minority-serving institutions, and other factors including labor market discrimination, only attending to accountability via negative consequences for institutions creates a significant risk of simply propagating and exacerbating existing inequities in our postsecondary system. If instead there were incentives to improve programs, lower prices, and expand programs with stronger outcomes, there would be significant improvements in the economic mobility for the students enrolled at these institutions.[34] Indeed, these are the types of institutions that enroll those students that would most benefit from economic mobility and thus policy design that encourages better outcomes instead of a simple presumption of program closure. While it is difficult to precisely calculate enrollments at broad-access public institutions like community colleges, regional institutions, and HBCUs, TCUs, and MSIs (because some of these categories are not strictly defined and can overlap), about 10 to 12 million students are enrolled in such institutions, including more than 60 percent of all Pell Grant recipients annually.[35] **To protect against these harms, capacity building – a**

critical component for ensuring value for students – must be developed and advanced.

Although the contexts are different, there are important lessons from K-12 outcomes-focused accountability work that should inform policy on completion, value, and accountability in higher education. One of those lessons is that when institutions are faced with evidence of low performance, they must have realistic pathways to improve student outcomes. Otherwise, policy fails to drive improvement, and, over time, that failure contributes significantly to delegitimizing the accountability policy and building backlash that can impede the political viability of that policy.

Policy that attends to the critical role that institutional capacity plays within our colleges and universities would address a key need among policymakers seeking to increase a student's chances of receiving a valuable credential: **how can such a system support improvement rather than simply punish low performance?**

The goal is not to lower the bar for accountability, and students should continue to expect that they will not be left worse off for having attended their program. Capacity building policy should serve to advance a balanced and effective value policy framework that provides differentiated support for programs and institutions to promote improvement, while acknowledging that historically underfunded institutions have fewer resources at their disposal to support strong programs that provide value. It is inherently unfair for institutions that have been historically under-resourced and that disproportionately serve historically marginalized communities to face punishment for providing "less value" when they have not been appropriately resourced to meet this need. At the same time, it is also inherently unfair to expect that students from under-resourced communities receive less value from their educational programs, making this a critical need for any value policy to address. This requires a nuanced approach to policy that maintains an outcomes threshold but adjusts the consequences to enhance rather than impede opportunity for success.

What Does Capacity Building Look Like?

The clearest area of common ground that emerged from discussion was the recognition that a subset of institutions that are historically underfunded (broad open access institutions including community colleges, regional publics, and particularly rural institutions, HBCUs, and Tribal Colleges and Universities) will likely require additional support for capacity building if federal value policy raises expectations above a minimum accountability floor.

A significant share of inequitable funding comes from state-level decisions, as states play the primary role in determining appropriations for public institutions of higher education. Many states use 'base-plus funding' where marginal adjustments are made to the funding levels awarded in the previous funding cycle, which can perpetuate and possibly even increase inequities existing in prior funding allocations.[36] In recent years, more states are beginning to account for other factors when determining funding, like the number of Pell students enrolled at an institution or location, but variance remains high nationally. It is unfair and unsustainable to create a federal policy that would largely punish institutions for insufficient funding and educating students who may need additional support. Instead, if policy supports improvement in these institutions using the savings from stronger accountability policy (both within and across institutions), that better aligns incentives and can provide more resources for improvement to the institutions (and students) that would most benefit from those additional resources.

Federal policy already recognizes that under-resourced institutions serving students who are low-income or from historically underserved backgrounds need additional support. Titles III and V of the Higher Education Act provide an existing statutory foundation for that support, although the funding itself is relatively small. The Strengthening Institutions Program (SIP), within Title III, Part A, supports eligible institutions with limited resources and substantial low-income enrollment, regardless of minority-serving status; related programs support HBCUs, TCUs, and MSIs.[37] These programs might support improved student outcomes, but their broad institutional-strengthening mandates do not establish a systematic connection between student success and the support provided. Building on this foundation would require linking *additional* support more explicitly to identified resource and performance gaps, evidence-based practices, and evaluation of whether those investments improve completion and post-college outcomes.[38]

Institutions that take improvement seriously, along with partners providing technical assistance and outside expertise, are already using student supports, program redesign, employer partnerships, and other interventions to increase student value. San Antonio's Project QUEST, which trains low-income adults through local community colleges for well-paying health care jobs, raised participants' earnings by a cumulative $54,280 per participant over 14 years.[39] As part of its improvement, Southwest Wisconsin Technical College classified every program by graduates' earnings and then redesigned or closed those that did not lead to a living wage. Its graduates now earn nearly $14,000 more than other new hires in its region, an approach the Aspen Institute is now spreading to more than 50 community colleges.[40] Kentucky's community and technical colleges partner with manufacturers in the FAME "earn-and-learn" program, in which students work three days a week while completing an associate degree; a matched-comparison study found median annual earnings of nearly $60,000 one year after completion versus $36,000 for other technical program graduates.[41] In Texas, Capital IDEA works with Austin Community College to train low-income adults for health care and other high-demand jobs, and participation was associated with nearly $5,000 more in earnings per quarter than a matched comparison group.[42] These examples (and others) show that institutions can improve the value of programs and that policy can encourage more of them to do so by pairing proper incentives (including national recognition akin to the Seal of Excelencia)[43] with financial support to build capacity.

How a Value System Could Embed Capacity Building

A Fair and Student-Centered Value Framework

To make these ideas more concrete, this section outlines an illustrative example of how a sector-neutral, student-centered, and fair value policy that includes accountability and capacity building could operate. This example retains a more refined accountability minimum floor built on both the Do No Harm and Gainful Employment regulations that become effective July 1, 2027, as well as capacity building in support of higher expectations of a stronger return on investment for students. The latter portion takes into account institutional ability and willingness to improve. We note that this is just one example of an approach that could be taken and other approaches (for example, that use a single metric and threshold) may be equally valid so long as they include incentives and support for improvement toward value.

Overview of the framework

This approach would build on the **accountability** framework set out by Do No Harm and Gainful Employment with key improvements:

1. The consequence for persistently poor performance would be loss of all federal financial aid eligibility for a program, not just student loans: if a program's outcomes are so consistently poor that students should not go into debt to attend, they should also not spend their limited Pell Grant dollars on the program either.
2. In addition to a minimum earnings bar, programs would also have to meet a minimum price-to-earnings bar: a program can result in graduates earning more than a high school graduate but still be so expensive that the student is left worse off than if they had never attended, often with unpayable debt.
3. All programs eligible for federal student aid, both certificate and degree programs, would be specifically included in statute: the type of credential a program awards should not have any bearing on whether students and taxpayers are protected from poor outcomes – all programs should face the same minimum bar of performance set out in federal law.

In addition to the minimum accountability standards, this framework would also include a higher, aspirational **value** bar for performance that would measure a student's investment (perhaps including opportunity costs), akin to ROI measures such as the Postsecondary Value Commission's T0 value measure, Third Way's Price to Earnings Premium, or FREOPP's Lifetime ROI measure. This would include the potential for consequences particularly at higher-resourced institutions that continue to offer low-quality programs despite having sufficient resources to do better. It would also provide capacity building for low-resourced institutions with low-performing programs to improve those programs: a time-limited option of either improving the programmatic earnings (and/or reducing the price), or a one-time federal payment to close the program and potentially replace it or expand another, better-performing program. This would ensure not only student protection from persistently poorly performing programs but also drive improved value across a greater breadth of institutions by building capacity at lower-resourced institutions to improve.

The key metrics that would govern the framework

1. Program level ***accountability*** *(the minimum floor)*: Minimum earnings (using the thresholds from Do No Harm and Gainful Employment[44]) and a minimal level price-to-earnings metric

2. Program level ***value*** *(the incentives for improvement)*: student return on investment (ROI) measured by a threshold higher than the minimum accountability metric price-to-earnings measure (for example, including opportunity costs of enrollment)

This framework would maintain an emphasis on program-level, rather than institution-level consequences. This is because programmatic outcomes can differ significantly, even at the same institution, and the consequence of losing federal student aid eligibility for a single program can be more easily absorbed by an institution than if the entire institution lost eligibility.

The incentives and consequences that would guide the framework

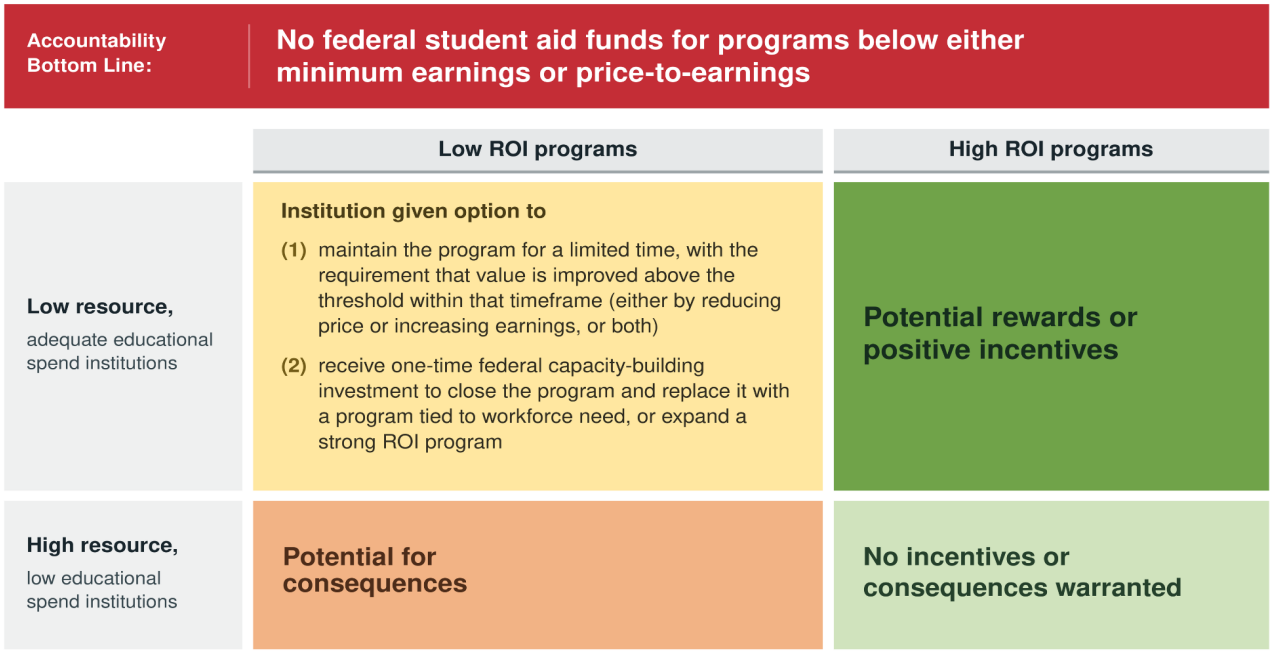
1. Program level ***accountability***: Minimum bar for continued participation in the federal student aid programs – failure of either

measure in two out of three consecutive years would mean the program loses federal student aid eligibility.

2. Program level ***value***: The appropriate incentive or consequence would depend significantly on both the institution's resourcing and how it chooses to allocate those funds. For high-performing programs, there should be no negative consequences and if the institution is high-performing and low-resourced, positive incentives may be appropriate as a reward for providing better outcomes even in the face of lower resources. If an institution with significant resources – perhaps signaled by being subjected to the federal endowment tax or because they spend less than a third of their revenue on educational expenses like instruction or student supports – has programs that persistently fail to provide a positive return on investment, policy interventions such as enrollment caps/pauses or mandatory reductions in price to continue participation in federal student aid may be appropriate. If a program at an under-resourced institution faces difficulty in providing value, different interventions may be appropriate based on the institution or program in question – and the institution should have the choice of pursuing the option most appropriate to the circumstance. This could include increasing earnings, reducing the price or receiving a one-time federal investment to close the program and, if appropriate, expand a high-ROI program or replace it with a program more aligned to local labor market needs.

In naming unacceptably low program performance, there should be no categorical exclusions or exemptions on the basis of sector, institution type, mission, or number/type of students enrolled (e.g., Pell Grant recipients). However, the appropriate consequences should account for whether an institution is unable to improve the program's performance given limited resources or fails to do so

Figure 2



in spite of plentiful resources. If an institution is low-performing but chooses to spend a significant portion of its funds educating its students, it warrants a different policy response than a low-performing institution that is directing the vast majority of its spending to senior administrator salaries, athletic facilities, recruiting, or other non-instructional or non-student support expenses. Note that improved federal data reporting and auditing of institutional spending is a precondition to operationalizing such a framework.

Key to this approach is that it first asks whether student outcomes are acceptable and then asks the question of resources and institutional choices – for institutions already performing well and giving students and taxpayers value, there is no further inquiry into resources or spending decisions. And for those with poor student outcomes, policy does not ignore that problem; instead, it creates a clear and balanced approach that carries the potential for appropriately differentiated interventions. This fair approach to minimum quality in exchange for federal dollars – with incentives and capacity building for improvement – would protect students from unpayable debt, worthless degrees, and time wasted, would incentivize and help institutions to improve, and protect taxpayers from spending money on programs that don't provide students with a return on their investment.

Conclusion and Next Steps

This is a key moment in the development of accountability and value policy in higher education. Building on the largely bipartisan interest in protecting students and taxpayers creates an important opportunity to create a stronger framework that not only prevents persistently low-performing programs from harming students but also gives legitimate paths for improvement for institutions that may need more capacity building resources to serve their students well. There are several questions that still need to be attended to as the details of a comprehensive value framework are developed. Some of these issues are identified in this report, such as how to address socially valuable programs, specific improvements to institutional spending data, and the precise thresholds for price-to-earnings in accountability and value metrics. Others are outside the scope of this report but require further examination, including how state funding decisions could positively contribute to improvements in institutional capacity and how AI's impacts on labor markets may require additional nearer-term measures of value to inform institutional decision-making. To ensure the field is ready to advance value-focused policy, EducationCounsel will continue to engage a broad range of policy experts, policymakers, and other stakeholders to test emerging ideas and gather insights to inform our future recommendations.

Endnotes

[1] LearningWell Coalition and American Association of Colleges and Universities, What Students Value in College, (AAC&U, May 2026) https://learningwell.org/what-students-value-in-college/.
[2] Catherine Morris, Ban Cheah, and Jeff Strohl, The Major Payoff: Evaluating Earnings and Employment Outcomes Across Bachelor's Degrees, (Georgetown University Center on Education and the Workforce, October 2025), https://cew.georgetown.edu/wp-content/uploads/cew-the_major_payoff.pdf.
[3] Preston Cooper, "Does College Pay Off? A Comprehensive Return on Investment Analysis," (Foundation for Research on Equal Opportunity, May 8, 2024), https://freopp.org/whitepapers/does-college-pay-off-a-comprehensive-return-on-investment-analysis, Cooper notes an example of a program with a negative return on investment of more than $500,000.
[4] Colleen Flaherty, "Decoding Student Trust," (Inside Higher Ed, August 18, 2025), https://www.insidehighered.com/news/student-success/college-experience/2025/08/18/survey-students-link-trust-college-affordability.
[5] U.S. Department of Education, (Fiscal Year 2025 Agency Financial Report: Federal Student Aid, 2025), https://www2.ed.gov/media/document/fy25-afr-federal-student-aid-113355.pdf; Federal Student Aid, "Federal Student Aid Posts Updated Reports to FSA Data Center," (March 13, 2026), https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2026-03-13/federal-student-aid-posts-updated-reports-fsa-data-center.
[6] Cooper, Does College Pay Off?
[7] Postsecondary Value Commission, Equitable Value: Promoting Economic Mobility and Social Justice through Postsecondary Education, (Institution for Higher Education Policy, May 2021), https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Final-Report-FINAL.pdf; Preston Cooper, "Do Low-Income Students Benefit from College? What the Data Say," (FREOPP, June 27, 2024), https://freopp.org/oppblog/do-low-income-students-benefit-from-college-what-the-data-say; The Institute for College Access & Success (TICAS), "For-Profits Remain a Risky Investment for Black Students and the Proposed Gainful Employment Rule Can Help," (2023), https://ticas.org/racial-equity-agenda/for-profits-remain-a-risky-investment-for-black-students-and-the-proposed-gainful-employment-rule-can-help; Jordan Matsudaira and Lesley Turner, Towards a Framework for Accountability for Federal Financial Assistance Programs in Postsecondary Education, (Brookings Institution, November 2020), https://www.brookings.edu/wp-content/uploads/2020/11/20210603-Mats-Turner.pdf.
[8] For a detailed explanation of the new Do No Harm and Gainful Employment provisions, see U.S. Department of Education, "Fact Sheet: Trump Administration Implements Accountability Provisions of the Working Families Tax Cuts Act," (June 29, 2026), https://www.ed.gov/media/document/fact-sheet-trump-administration-implements-accountability-provisions-of-working-families-tax-cuts-act-june-29-2026-114288.pdf and National Association of Student Financial Aid Administrators, "2026 STATS/Earnings Accountability," (September 9, 2026), https://www.nasfaa.org/ge_2026.
[9] For graduate programs specifically, the earnings threshold is generally the lowest of three median earnings benchmarks for working adults ages 25–34 whose highest degree is a bachelor's degree and who are not enrolled in higher education: (1) earnings across all fields in the institution's state; (2) earnings in the same field of study in that state; or (3) earnings in the same field nationally.
[10] For more than a decade, EducationCounsel has advocated for a focus on outcomes and value, both in federal policy and accreditation, undertaken bipartisan projects to advance quality and value in graduate education, designed and piloted risk-based approaches to evaluate quality, and examined risks and opportunities presented by innovative quality assurance experiments, among other efforts.
[11] Nicholas Hillman and Taylor Weichman, Education Deserts: The Continued Significance of 'Place' in the Twenty-First Century, (American Council on Education, 2016); Victoria Rosenboom and Kristin Blagg, Disconnected from Higher Education, (Urban Institute, January 2018), https://www.urban.org/sites/default/files/publication/96191/disconnected_from_higher_education.pdf.
[12] See Stephanie Hall, "The Students Funneled Into For-Profit Colleges," (The Century Foundation, May 11, 2021), https://tcf.org/content/report/students-funneled-profit-colleges.
[13] Judith Scott-Clayton, "What Accounts for Gaps in Student Loan Default, and What Happens After," (Brookings Institution, 2018), https://www.brookings.edu/wp-content/uploads/2018/06/Report_Final.pdf. Among students who began college in 2003–04, 47 percent of for-profit entrants had defaulted within 12 years, compared with 13 percent of public two-year entrants. The rates were 38 percent for Black entrants and 12 percent for white entrants. See also Lindsay Ahlman, "Casualties of College Debt: What Data Show and Experts Say About Who Defaults and Why," (The Institute for College Access & Success, June 2019), https://ticas.org/wp-content/uploads/2019/09/casualities-of-college-debt.pdf.
[14] Veterans' Readjustment Assistance Act of 1952, §226, 66 Stat. 667, (1952), https://www.govinfo.gov/content/pkg/STATUTE-66/pdf/STATUTE-66-Pg663.pdf#page=5.
[15] Higher Education Amendments of 1992, P.L. 102-325 (amending the definition of "proprietary institution of higher education" to require at least 15 percent of revenues from sources other than federal student aid funds); Higher Education Amendments of 1998, P.L. 105-244 (reducing the requirement to 10 percent). For the legislative history, see Alexandra Hegji, The 90/10 Rule Under HEA Title IV: Background and Issues, (Congressional Research Service, R46773, April 26, 2021), https://www.congress.gov/crs-product/R46773.

[16] Sylvia Bryan, Alexandra Hegji, Cohort Default Rates and HEA Title IV Eligibility: Background and Analysis, CRS Report R47874 (Congressional Research Service, Dec. 12, 2023), https://www.congress.gov/crs-product/R47874.
[17] 34 C.F.R. § 668.206(a), https://www.ecfr.gov/current/title-34/section-668.206; HEA § 435(a)(2), 20 U.S.C. § 1085(a)(2).
[18] HEA § 102(a)(3); 34 C.F.R. § 600.7(a)(1)(i)–(ii) (an institution is ineligible for federal student aid if more than 50 percent of its courses are correspondence courses or 50 percent or more of its regular students are enrolled in correspondence courses). Under 34 C.F.R. § 600.2, a correspondence course is not distance education, which requires regular and substantive interaction with an instructor.
[19] US Senate Committee on Health, Education, Labor, and Pensions, For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success, S. Prt. 112-37 (Government Printing Office, 2012), https://www.help.senate.gov/imo/media/for_profit_report/Contents.pdf.
[20] For examples relating to misrepresentations and fraud, see, e.g., The Institute for College Access & Success, No More Corinthians: Why Students Need a Strong Borrower Defense Rule (2021); Stephen Burd, "Three Lessons the Ed Dept Should Learn from the Corinthian Case," New America (April 16, 2015), https://www.newamerica.org/insights/corinthian/; see also Robert Shireman, The Covert For-Profit, The Century Foundation (2015).
[21] See e.g., Senator Chris Murphy's (D-CT), Are You Getting What You Pay For: A New Proposal for Accountability in Higher Education, https://www.murphy.senate.gov/imo/media/doc/HEA%20White%20Paper_FINAL%20(002).pdf; College Cost Reduction Act, H.R. 6951, 118th Cong. (2024), https://www.congress.gov/bill/118th-congress/house-bill/6951/text.
[22] Federal Student Aid, "Federal Student Loan Portfolio Summary," (FSA Data Center, 2026), http://studentaid.gov/data-center/student/portfolio.
[23] Beyond the Obama and Biden Administrations' efforts to regulate Gainful Employment, lawmakers from both parties proposed statutory accountability measures based on program outcomes. Rep. Bobby Scott's (D-VA) College Affordability Act (H.R. 4674, 116th Congress, 2019, §1003) would have required debt-to-earnings standards for gainful employment programs, with sanctions including loss of federal student aid eligibility. Rep. Virginia Foxx's (R-NC) College Cost Reduction Act (H.R. 6951, 118th Congress, 2024, §301) would have required institutions to make risk-sharing payments based in part on program completers' earnings relative to program prices and their loan nonrepayment. The Workforce Pell Act (H.R. 6585, 118th Congress, 2023, §3), introduced by Rep. Elise Stefanik (R-NY) and cosponsored by both Foxx and Scott, would have conditioned eligibility on completion, job-placement, and earnings standards, including a requirement that tuition and fees not exceed graduates' value-added earnings.
[24] While the Gainful Employment regulations do cover certificate programs, because of the way the statute and regulations are constructed, there remains a substantial risk that litigation will result in certificate programs not being subject to a minimum earnings requirement absent a statutory fix.
[25] Jordan Matsudaira, Kristen Allen, and Clare McCann, "The Limited Impact of New Federal Earnings-Based Accountability Rules" (PEER Center, American University, October 2026), https://www.peer-center.org/research/limited-impact-earnings-based-accountability.
[26] U.S. Department of Education, "Accountability in Higher Education and Access Through Demand-Driven Workforce Pell: Student Tuition and Transparency System (STATS) and Earnings Accountability," Final Rule, 91 Fed. Reg. 40136 (July 1, 2026), https://www.federalregister.gov/d/2026-13286.
[27] Under the new regulations, all programs eligible for federal student aid are subject to an earnings test, wherein the median program graduate in an undergraduate program must earn at least the median income of 25 to 34-year-old working adults with a high school diploma or equivalent. For graduate programs, the median graduate must earn the equivalent of a baccalaureate degree. All earnings benchmarks used for the test are based on the "relevant geographic area," which is often the state in which the institution is located. Failure of this test requires the institution to issue warnings to current and prospective students about the possibility of losing eligibility for some or all of its federal financial aid eligibility. If a program fails the earnings test in two out of three consecutive years, it would result in the immediate loss of eligibility for federal direct loans for those programs. This approach differs from the prior Gainful Employment (GE) regulations which included a debt-to-earnings metric in addition to an earnings metric, and the loss of Pell eligibility as a consequence in addition to loss of loans. Notably, because of the lower earning threshold in OBBBA, the lack of debt-to-earnings metric, and the absence of Pell loss, the new regime covers far fewer students than the prior GE regulations. See Matsudaira and Allen, "What's the Harm in 'Do No Harm'?," PEER Center, 2026, https://www.peer-center.org/research/harm-in-do-no-harm (finding that many fewer students in low-financial-value programs will be affected under OBBBA and the new rules than under the 2023 gainful employment rules); see also 91 Fed. Reg. 40136 (July 1, 2026) (Regulatory Impact Analysis, finding that fewer programs are expected to fail under the final rule than under the current Gainful Employment regulation).
[28] See note 23 for discussion of policymaker agreement on these points. There is also wide agreement in the research and advocacy space on these points; see e.g.: Preston Cooper, "Does College Pay Off?"; Michelle Dimino, "Accountability for Value: Smarter Risk and Better Results in Higher Education," Third Way (Sept. 11, 2025); Postsecondary Value Commission, Equitable Value: Promoting Economic Mobility and Social Justice Through Postsecondary Education (Institute for Higher Education Policy, May 2021); Georgetown University Center on Education and the Workforce, Postsecondary Educational Value: Why It Matters, Who Is Measuring It, and Where We Go Now (Georgetown University CEW, 2026).
[29] See, e.g., Protecting Students from Worthless Degrees Act, S. 5021, 119th Cong. § 4 (2026) (introduced by Sen. Jeff Merkley, July 16, 2026), and a substantively similar House bill, H.R. 9748, 119th Cong. § 4 (2026) (introduced by Rep. Raja Krishnamoorthi, July 16, 2026), both of which build on the low-earning outcome measure in HEA § 454(c)(2) and add protections for students in gainful employment

programs; Pell Grant Preservation and Expansion Act of 2026, H.R. 9414, 119th Cong. (2026) (introduced by Rep. Mark Pocan and Rep. Robert C. "Bobby" Scott, June 23, 2026) (moving Pell to mandatory funding to protect it from shortfalls).

[30] The Department of Education's decision to limit the direct consequence for failing GE programs to loss of Direct Loan eligibility—rather than loss of all federal student aid eligibility, as the HEA's gainful employment requirement contemplates (HEA § 481(b), 20 U.S.C. § 1088(b); see also HEA §§ 101(b)(1), 102(b)(1)(A)(i), 102(c)(1)(A))—exposes the new GE regulations to legal challenge. If those provisions were vacated, undergraduate certificate programs would be left without any earnings-based accountability, while only degree programs would remain subject to the statutory Do No Harm provisions.

[31] Matsudaira and Allen, "What's the Harm in Do No Harm?," (PEER Center, 2026) https://www.peer-center.org/research/harm-in-do-no-harm (finding that 17% of students are in failing certificate programs compared to less than 1% in bachelor's degree programs)

[32] Congressional Budget Office, Baseline Projections: Pell Grant Program (February 2026) https://www.cbo.gov/system/files/2026-02/51304-2026-02-pellgrant.pdf (projecting a shortfall of about $5.4 billion for FY 2026 and nearly $11.5 billion for FY 2027, or roughly $16.9 billion that Congress must address in FY 2027 appropriations to maintain the $7,395 maximum award).

[33] See e.g. Ashley Edwards, Justin Ortagus, Jonathan Smith, and Andria Smythe, "HBCU Enrollment and Longer-Term Outcomes," American Economic Journal: Economic Policy 17, no. 3 (2025): 197–235, https://www.aeaweb.org/articles?id=10.1257/pol.20230289; American Council on Education and MSI Data Project, "Pathways to Opportunity: Examining Students' Academic and Economic Outcomes at HBCUs, TCUs, and MSIs" (2025), https://www.acenet.edu/Documents/MSI-Data-Brief.pdf; and Greg Howard and Russell Weinstein, "'Workhorses of Opportunity': Regional Universities Increase Local Social Mobility," IZA Discussion Paper 15622 (2022), https://docs.iza.org/dp15622.pdf.

[34] See, e.g. Rajashri Chakrabarti, Nicole Gorton, and Michael F. Lovenheim, "State Investment in Higher Education: Effects on Human Capital Formation, Student Debt, and Long-Term Financial Outcomes of Students," Federal Reserve Bank of New York Staff Report 941 (2020, revised November 2022), https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr941.pdf.

[35] Authors' estimates based on recent federal and sector data. An analysis of NCES's IPEDS fall 2024 enrollment data, using CCRC's community-college classification and Rutgers's 2025 MSI roster, identifies approximately 11.2 million undergraduate enrollments across these groups in the 50 states and District of Columbia, counting each institution once. Broad-access public four-year institutions are defined as those with open admissions or admission rates of at least 80%; HBCUs and TCUs are also identified through IPEDS. Analysis of Federal Student Aid's 2023–24 institutional Pell data, with estimated allocations for multi-campus reporting entities, places the combined group near 64% of reported recipients. Published sector figures provide a separate benchmark near 59% for public two-year colleges and regional public universities: see NASFAA, 2026 National Student Aid Profile, p. 4, and AASCU, "Issue Summary: Regional Public Universities".

[36] Denisa Gándara et al, Policy Scan of Community College Funding Systems (Bill & Melinda Gates Foundation, AIR, May 2026) https://www.air.org/sites/default/files/2026-02/Funding-for-Fairness-Community-College-Funding-Systems-Scan-February-2026.pdf.

[37] Cassandria Dortch, Programs for Minority-Serving Institutions Under the Higher Education Act, CRS Report R43237, (Congressional Research Service, updated March 23, 2023) https://www.congress.gov/crs-product/R43237.

[38] For an illustration of this design distinction, see Sophie Nguyen, "What Do Six Strengthening Institutions Program Grantees Tell Us about How to Improve Federally-Funded Programs?,"(New America, March 1, 2023) https://www.newamerica.org/education-policy/briefs/learning-lessons-from-the-strengthening-institutions-program/. The analysis describes SIP's broad allowable uses and preference for evidence-based practices, contrasting them with the more focused evidence requirements of Postsecondary Student Success Grants, while noting that both programs track retention and completion.

[39] Anne Roder and Mark Elliott, Fourteen Year Gains: Project QUEST's Remarkable Impact, (Economic Mobility Corporation, October 2024), https://economicmobilitycorp.org/wp-content/uploads/2024/10/Project-Quest-14-Year-Gains.pdf.

[40] Aspen Institute College Excellence Program, Unlocking Opportunity: Progress Moving More Students Toward Good Jobs, (Aspen Institute, July 2026), https://highered.aspeninstitute.org/media/1151; Aspen Institute and Community College Research Center, Unlocking Opportunity: Eight Strategies for Community Colleges to Improve Post-Completion Outcomes, (Aspen Institute, December 2025), https://highered.aspeninstitute.org/media/1060.

[41] Tamar Jacoby and Ron Haskins, Kentucky FAME: Fulfilling the Promise of Apprenticeship, (Opportunity America and the Brookings Institution, October 2020), https://opportunityamericaonline.org/wp-content/uploads/2020/10/KY-FAME-final-final.pdf.

[42] Thomas Boswell et al., Revisiting Return on Investment Analysis of Local Workforce Investments, (Ray Marshall Center for the Study of Human Resources, University of Texas at Austin, 2023), 4–5, https://www.capitalidea.org/wp-content/uploads/2025/07/2023-Cap-Idea-Return-on-Investment-study.pdf.

[43] For more information on the Seal of Excelencia, see https://www.edexcelencia.org/seal-excelencia.

[44] See note 27 for a detailed description of this metric.