CALCULATING THE RETURN ON INVESTMENT IN POSTSECONDARY EDUCATION:

DIFFERENCES IN STATE VS. LOCAL EARNINGS

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Student Success Through Applied Research

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INTRODUCTION

A college education typically "pays off" for students in the long run. College graduates tend to have higher earnings, more job security, and stronger health and civic outcomes when compared to high school graduates.[1] Colleges can boost students up the economic ladder and reverse economic inequalities; however, college does not always "pay off" equally for all students all the time. There is a degree of uncertainty involved with investing in higher education, and national efforts are underway to help students assess the economic risks and rewards of attending college.

One of the leading efforts comes via the Postsecondary Value Commission, which in 2021 developed three core metrics quantifying the economic return on investment (ROI) for every college in the United States: *Minimum Economic Return*, *Earnings Premium*, and *Economic Mobility*. In this report, we explore how sensitive these three metrics are to different assumptions. Specifically, what happens when we recalculate these metrics using *local* as opposed to *statewide* earnings data?

This seemingly small tweak to the calculation has large effects on two of these three metrics. We explore which institutions benefit most from this change and discuss potential implications not only for the Postsecondary Value Commission's work but also for state and federal efforts to measure the economic ROI of college. Accompanying this report is an **interactive tool** that allows you to explore local ROI for each college in more detail.

POSTSECONDARY VALUE COMMISSION'S ROI METRICS

The Postsecondary Value Commission developed the following ROI metrics to capture the economic value of higher education: *Minimum Economic Return*, *Earnings Premium*, and *Economic Mobility*.[2] These metrics serve as benchmarks for colleges and universities to reach in order to demonstrate positive ROI for students (see Table 1). A college can compare its own earnings to these ROI metrics to assess how far away they are from "passing." If a college falls short of a particular measure, then prospective students and policymakers may perceive the institution as being a risky investment. And vice versa, they may view institutions passing all measures as the least risky. While the Postsecondary Value Commission used state-level earnings when calculating these ROI metrics, our analysis uses local-level earnings but otherwise follows their definitions.

Minimum Economic Return

A common way to measure the economic returns to college is by comparing the earnings of high school graduates to college graduates. College graduates typically earn more than high school graduates, even after accounting for the costs of attending college.[3] Accordingly, this measure takes the median earnings of high school graduates and then adds the average cost of earning a credential.[4] If median high school earnings are $30,000 and amortized costs of college are $10,000, then the *Minimum Economic Return* would be $40,000. Colleges with earnings above $40,000 would be deemed as providing minimum economic return; those below $40,000 would not.

Earnings Premium

The return to a college credential varies considerably depending on what credential a student receives. Associate's degrees typically have lower long-run returns than bachelor's degrees.[5] The *Earnings Premium* measure accounts for these differences by benchmarking earnings for associate's degree programs and bachelor's degree programs separately. If a college predominantly awards associate's degrees, this measure will compare the college against the median associate degree earnings level. Predominantly bachelor's degree granting institutions are compared to the median bachelor's degree earnings level.

Economic Mobility

A college education can boost students' economic mobility and there are many ways researchers have studied this phenomenon.[6] For example, some researchers have focused on "rags to riches" mobility to see how many students born in the bottom of the nation's income distribution end up in the top as adults. The *Economic Mobility* measure is inspired by this approach. This measure takes the state's top two income quintiles (i.e., 60th percentile or higher) as its earnings benchmark. If the 60th percentile is $75,000, then each college's earnings would be compared against this value.

Table 1: Summary of Postsecondary Value Commission ROI Metrics

	Minimum Economic Return	**Earnings Premium**	**Economic Mobility**
ROI metric [7]	Median high school earnings plus total net price amortized over 10 years.	Median earnings for credential level.	Earnings high enough to enter 4th (60th to 80th percentile) income quintile or above regardless of credential level.

WHY GEOGRAPHY MATTERS

Geography is a major and often overlooked factor shaping college access and outcomes in the United States. Most students attend college within 50 miles from their permanent home address and most colleges serve students from their local areas or regions.[8] Even after college, more than half of recent college graduates live and work near their institution and this is particularly the case for community colleges, regional universities, and broadly accessible institutions.[9] Most colleges operate in regional markets defined not by state or national boundaries but by much smaller geographic areas.

Geography also plays a major role in shaping earnings, cost of living, and other economic outcomes in the U.S.[10] For example, rural communities often have lower earnings than urban or suburban areas in their own states.[11] North Carolina's Research Triangle, home to three top tier research institutions and a robust science and technology sector, is a prime example. This region fares better in most economic measures compared to the rural Appalachian regions of the state. Likewise, the Seattle metro area, headquarters to several of the world's largest and most profitable technology companies, has higher median incomes, higher cost of living, and lower unemployment rates compared to the state's rural regions.

Using a regional lens also highlights the many places around the country where people routinely live and commute across state lines. The city of Memphis is a prime example—it is located in Tennessee, though its metropolitan statistical area includes Mississippi and Arkansas since the city borders these two states. Many large cities like Chicago and New York, and smaller cities like Louisville and Kansas City, follow similar patterns where people often cross state lines en route between home and work.

DEFINING A LOCAL AREA

It can be difficult to determine where one region ends and another begins, especially when regions cross state lines. It can also be difficult to determine the best unit of geography to use when studying local economic regions. Metropolitan statistical areas, counties, or Census tracts and blocks are all examples of different geographic areas one could consider using for their analysis.[12] However, getting "too small" of a geographic area can result in missing important regional patterns that matter for educational opportunities and outcomes. And getting "too big" can lead to aggregation bias that renders results less meaningful.

Commuting zones are somewhere in the middle—they are smaller than states, yet larger than a single city—and they are especially relevant in the context of higher education and across the social sciences where researchers commonly use commuting zones to study how employment, earnings, health, upward mobility, poverty, and education vary by where one lives.[13] Commuting zones are statistically-derived measures of local labor markets based on the U.S. Census Bureau's journey-to-work data.[14] They are clusters of counties that share common economic and social activity and are similar to metropolitan statistical areas with one key improvement: commuting zones cover the entire United States, including rural counties outside of metropolitan areas. There are 625 commuting zones in the United States with an average total population of 527,561.[15]

Figure 1: Commuting zones superimposed on state boundaries

Figure 1 shows all 625 commuting zones superimposed on a map of state boundaries. Commuting zones typically stay within state boundaries; however, 128 commuting zones cross state lines.[16] For example, the South Bend-Mishawaka commuting zone in northern Indiana crosses into Michigan. The Mobile, Alabama, commuting zone spans into Mississippi. And the Duluth, Minnesota commuting zone crosses into Superior, Wisconsin. There are many more examples (e.g., Louisville, Kentucky; Memphis, Tennessee) where people live and work across state lines and commuting zones are useful in understanding and accounting for important local contexts. Appendix A shows a map of all commuting zones that cross state boundaries.

MEASURING LOCAL EARNINGS BY EDUCATIONAL ATTAINMENT

To measure earnings for each commuting zone in the U.S., we rely on microdata from the U.S. Census Bureau's American Community Survey (ACS) 2017-2021 5-Year Estimates. To replicate the Postsecondary Value Commission's analysis, we limit the sample to include individuals aged 22-40 who are not currently enrolled in any type of schooling. We include data on each individual's educational attainment level, current enrollment status, and earnings adjusted to 2022 dollars using the Consumer Price Index.[17]

The smallest available geographic identifier in ACS microdata is the Public Use Microdata Area (PUMA).[18] We use PUMAs to aggregate individuals "up" to their respective commuting zone and state.[19] We then measure earnings for each state and commuting zone, and we disaggregate them by highest educational level attained including high school graduate earnings, associate's degree holder earnings, and bachelor's degree holder earnings.

Table 2 summarizes these measures, showing how earnings vary at the state and local levels. For example, state-level median earnings for high school graduates range from a minimum of $27,131 (Mississippi) to a maximum of $36,626 (New Hampshire). State-level median earnings for associate's and bachelor's degrees are higher at $41,473 and $55,935, respectively. And, at the state-level, $48,943 is the median income required to reach the 60th percentile of earnings.

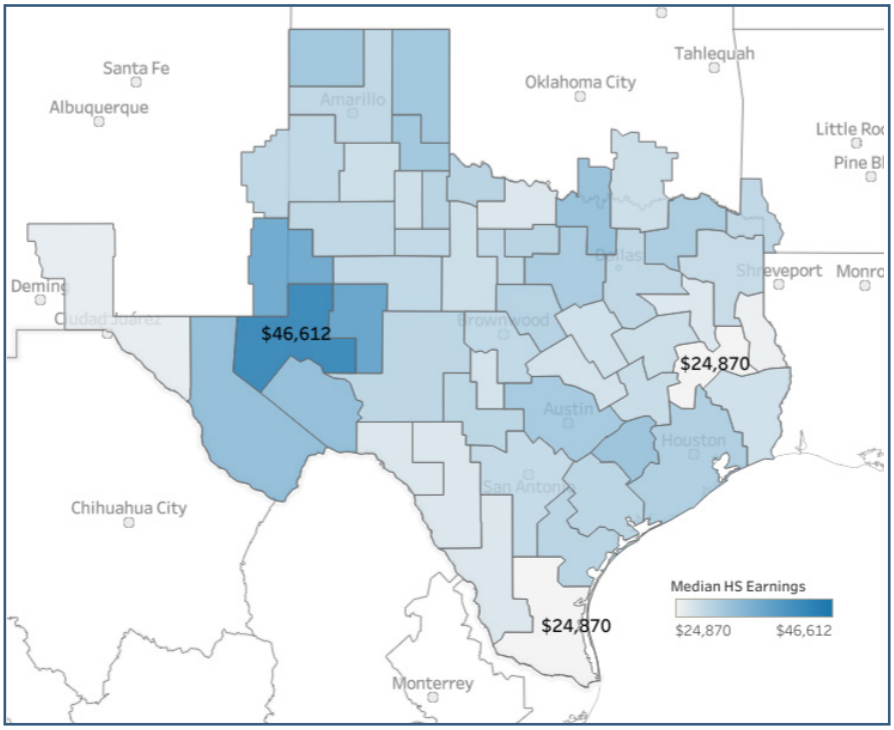
Table 2: Variation in earnings by degree and percentile rank, disaggregated by state and local levels

	High school earnings	Associate's degree earnings	Bachelor's degree earnings	60th percentile earnings
		State-level measure		
Minimum	$27,131	$34,959	$43,201	$40,069
Median	$30,997	$41,473	$55,935	$48,943
Maximum	$36,626	$52,439	$65,257	$64,802
Range	$9,495	$17,479	$22,056	$24,733
		Local-level measure		
Minimum	$19,440	$16,956	$27,001	$28,261
Median	$31,088	$40,060	$53,717	$48,072
Maximum	$46,612	$63,306	$88,176	$87,141
Range	$27,171	$46,349	$61,175	$58,880

When we shift our geographic focus to commuting zones, we now see how "local-level" measures of earnings introduce greater variation than if we focused on states. For example, the median earnings for high school graduates are lowest ($19,440) in the commuting zone surrounding Reserve, New Mexico and highest ($46,612) in the commuting zone surrounding Odessa, Texas. The range in high school earnings at the state-level is $9,495, but this nearly triples to $27,171 when we shift to local-level measures. This pattern holds across all earnings measures, where the range in local earnings is typically two to three times greater than state-level measures.

Figure 2 shows an example of this "within-state" variation in earnings. In Texas, the statewide median earnings of high school graduates are $30,298. Yet, we see high school graduates in the commuting zone around Odessa and other western commuting zones out-earn their peers in eastern and southern Texas. In fact, the median high school earnings in the Odessa commuting zone ($46,612) are nearly double the median of Lufkin ($24,870) and McAllen-Edinburg-Mission (also $24,870). The typical graduate from Odessa earns 54% *more* than the typical graduate in the state, while the typical graduate from Lufkin and McAllen-Edinburg-Mission earns 18% *less* than the state median.

Figure 2: Median high school earnings of commuting zones in Texas, highest and lowest labeled



Texas is not alone in having high "within-state" variation in earnings. Across the nation, there is far more variation in earnings *within* states than *between* them, especially in larger states with several commuting zones. As a result, it is possible that colleges located in lower-income regions of a given state will have a harder time reaching ROI metrics that are tied to state-level data. Using local-level data has three advantages over state-level data. First, it captures differences in the cost-of-living that occur across the country. Instead of comparing a college's earnings against their entire state, this allows us to compare them to (and adjust for) their local context. Second, it introduces a degree of fairness currently missing from statewide measures. Colleges located in lower-income regions must stretch further than those in higher-income regions to reach statewide medians; local earnings account for statistical variation that would otherwise be overlooked and can have significant consequences for lower-income regions of a state. And third, it provides a solution for local areas that cross state lines. There are 128 (21%) commuting zones nationwide that cross state lines, and we are now able to compare college earnings against those local values rather than against a particular state.

The benefits of using local-level earnings are conceptually appealing, but how much would it affect institutions of higher education under the Postsecondary Value Commission's ROI metrics? Would certain institutions benefit from using local versus state earnings when calculating these metrics? The following section answers these questions and provides illustrations to highlight particular states and regions most affected by using local rather than state earnings.

OVERALL EFFECTS OF USING LOCAL EARNINGS

Table 3 summarizes the four potential outcomes that arise when using local rather than statewide earnings when calculating threshold-based ROI metrics. The first row shows the main outcome of this report: institutions that benefit from using local (rather than statewide) earnings when calculating each ROI metric. These institutions would have failed a given metric had we used state-level earnings in the calculation; however, switching to local-level earnings results in these institutions now passing. An institution could pass or fail by just $1, so the choice of using local versus state-level earnings can have significant consequences on institutions closest to the threshold. Appendix B plots the distance each institution is from a given ROI metric. This report focuses on whether institutions pass or fail; however, we contextualize these outcomes by also showing the "relative distance" of how far away from each threshold institutions fall.

Table 3: Summary of institutions affected by using local earnings for various ROI metrics

	Minimum Economic Return	Earnings Premium	Economic Mobility
Benefit from using local measure	**82**	**441**	**324**
Benefit from using state measure	88	193	156
Unaffected (above both)	3,032	2,325	1,571
Unaffected (below both)	1,161	1,772	2,680
Total[20]	**4,363**	**4,731**	**4,731**

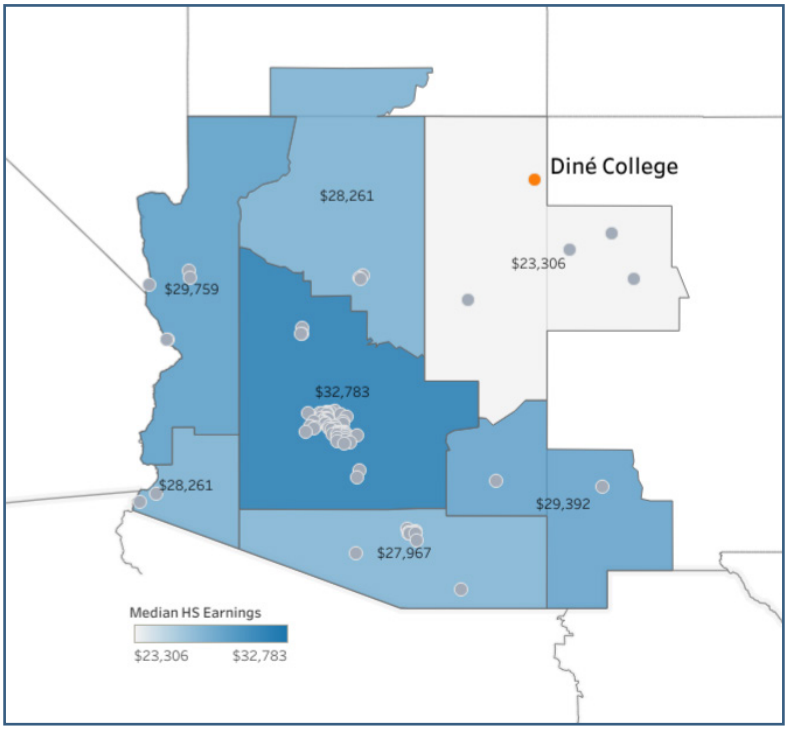
The second row in Table 3 shows institutions that benefit from using state-level earnings when calculating ROI metrics; these institutions would fail if local earnings were used. In general, lower-income places tend to benefit more from using local earnings while higher-income places benefit more from using state-level earnings. The third and fourth rows show institutions that are unaffected. They are either always above the relevant metric (i.e., always passing) or they are always below (i.e., always failing) regardless of whether state-level or local-level earnings are used to calculate an ROI metric.

Table 3 shows more institutions would benefit from using local-level earnings than state-level earnings. For example, 441 institutions (9.3% of institutions) now pass the *Earnings Premium* metric when using local-level earnings (i.e., they would have failed if state-level earnings were used). Similarly, 324 institutions (6.9% of institutions) would pass the *Economic Mobility* metric if local (rather than state-level) earnings were used in the calculation. The only exception is under the *Minimum Economic Return* metric, where more institutions would benefit from using state-level earnings (n=88, or 2.0% of institutions) than local-level earnings (n=82, or 1.9% of institutions).

To illustrate this further, Figure 3 shows one of the 82 institutions benefiting from using local earnings when calculating the *Minimum Economic Return* metric. Diné College, a Tribal college located in and serving the Navajo Nation and northeastern Arizona, would fail to pass

the *Minimum Economic Return* metric if their earnings were compared to the entire state of Arizona. However, when we compare their earnings to their own commuting zone, Diné College passes. This is because the region where Diné College is located has a lower cost of living and is among the state's lowest earnings for high school graduates. Given that Diné College is deeply embedded in their region, it may make little sense to compare them to the rest of the state. Using local earnings can give institutions like Diné College a fairer chance of passing an economic ROI metric.

Figure 3: An example of an institution benefiting from using local rather than state earnings when calculating the Minimum Economic Return metric



If we look at the *relative* distance between an institution's earnings and state and local measures, we can understand the magnitude of changing geographic comparisons beyond a simple pass/fail dichotomy. Figure 4 illustrates the earnings of each institution in Arizona relative to state and local measures. The horizontal axis shows how far away each institution is from the *Minimum Economic Return* threshold based on local earnings data; the vertical axis shows the same but with state-level earnings. The dotted lines represent the earnings thresholds, where institutions to the right of the vertical line pass the local threshold while those to the left fail. Likewise, institutions above the horizontal line pass the state-level threshold and those below it fail. The majority of Arizona's institutions will either always pass (upper-right quadrant) or always fail (lower-left quadrant) regardless of whether state or local earnings are used in the *Minimum Economic Return* metric.

Figure 4: Relative distance to state and local Minimum Economic Return for institutions in Arizona

Figure 4 highlights Diné College in orange, where their students earn about $4,300 more than their local *Minimum Economic Return* and about $4,000 less than the state *Minimum Economic Return*. Consequently, Diné College (and any other institution in the bottom-right quadrant) would benefit from using a local rather than state-level measure. Conversely, the Pima Medical Institute campus located in Mesa, Arizona (a suburb of Phoenix) is a for-profit medical trades college that passes the state *Minimum Economic Return* metric by roughly $1,100 but would fail the local Minimum Economic Return metric by just $29. In this case, Pima Medical Institution (and any other institution in the upper-left quadrant) would benefit from using state-level as opposed to local-level earnings when calculating the *Minimum Economic Return* metric.

The *Minimum Economic Return* metric is the least sensitive to using local (as opposed to state) earnings in its calculation. This is largely due to amortized costs that are included in the *Minimum Economic Return* calculation—the *Earnings Premium* and *Economic Mobility* metrics are based solely on earnings and, as a result, are more sensitive to the choice of using local versus state earnings in the calculation.

A CLOSER LOOK AT INSTITUTIONS BENEFITING FROM USING LOCAL EARNINGS

In total, 754 unduplicated institutions in 47 states are positively affected by using local earnings when calculating the Postsecondary Value Commission's ROI metrics. These 754 institutions would have failed to pass a given ROI metric had we only used state-level earnings. But when we use local earnings, which account for differences in cost-of-living

and capture local contexts, these 754 institutions now pass. This represents about 16% of all colleges and universities in the U.S., suggesting one seemingly small tweak—using local rather than state-level earnings—can impact a nontrivial share of the nation's colleges and universities.

Using local earnings in these calculations not only captures important statistical variation, it also has a greater effect on institutions that are most deeply tied to their local regions and economies. For instance, we find institutions benefiting most from local measures tend to be public, have broad-access missions, and serve disproportionately high shares of Pell grant recipients. Approximately one in five public institutions would pass the Postsecondary Value Commission's ROI metrics had local earnings been used in the calculation. But using state-level earnings makes these institutions fail. In addition to the impacts on the public sector of higher education, using local earnings also tends to benefit institutions located in rural places and places with lower-incomes, higher child poverty rates, and in many cases higher shares of people of color. More research is needed to fully understand these patterns, but we are finding evidence that geographic variation in earnings can disproportionately affect certain institutions and communities, meaning it should be accounted for when calculating economic ROI metrics. The following discussion (and Appendices C, D, and E) takes each ROI metric in turn, providing a summary and examples of institutions benefiting most from using local earnings.

Minimum Economic Return

Among the Commission's three ROI metrics, *Minimum Economic Return* is least affected by the shift to local earnings. Appendix C shows only 82 institutions benefit from using local earnings when calculating this ROI metric, and most (n=60) are either private non-profit or private for-profit institutions. Of those benefiting from using local earnings, 16% (n=13) are Minority Serving Institutions and the median share of students receiving federal Pell grants is 51%. These statistics suggest the impact of using local earnings is small yet primarily benefits institutions serving under-represented students.

Appendix C also describes the commuting zones where these 82 institutions are located. These institutions tend to be more impoverished, more rural, and have higher shares of American Indian/Alaska Native populations. Figure 5 shows the states where each of the 82 institutions benefiting from using local earnings are located: California, Florida, and North Carolina account for nearly half of all affected institutions, suggesting these states would benefit most from using local earnings when calculating the *Minimum Economic Return* metric.[21] Figure 5 shows 32 states having at least one institution benefiting from using local earnings, and 14 states have multiple institutions benefiting from using local earnings. This figure also helps to illustrate how states with larger land mass often, but not always, have more institutions affected by using local earnings (i.e., smaller states and those with fewer commuting zones tend to be less affected). Appendix F shows the total number of institutions benefiting from using local earnings by state as well as the proportion of all institutions in a state that benefit.

Figure 5: Number of institutions benefiting from local Minimum Economic Return thresholds, by state

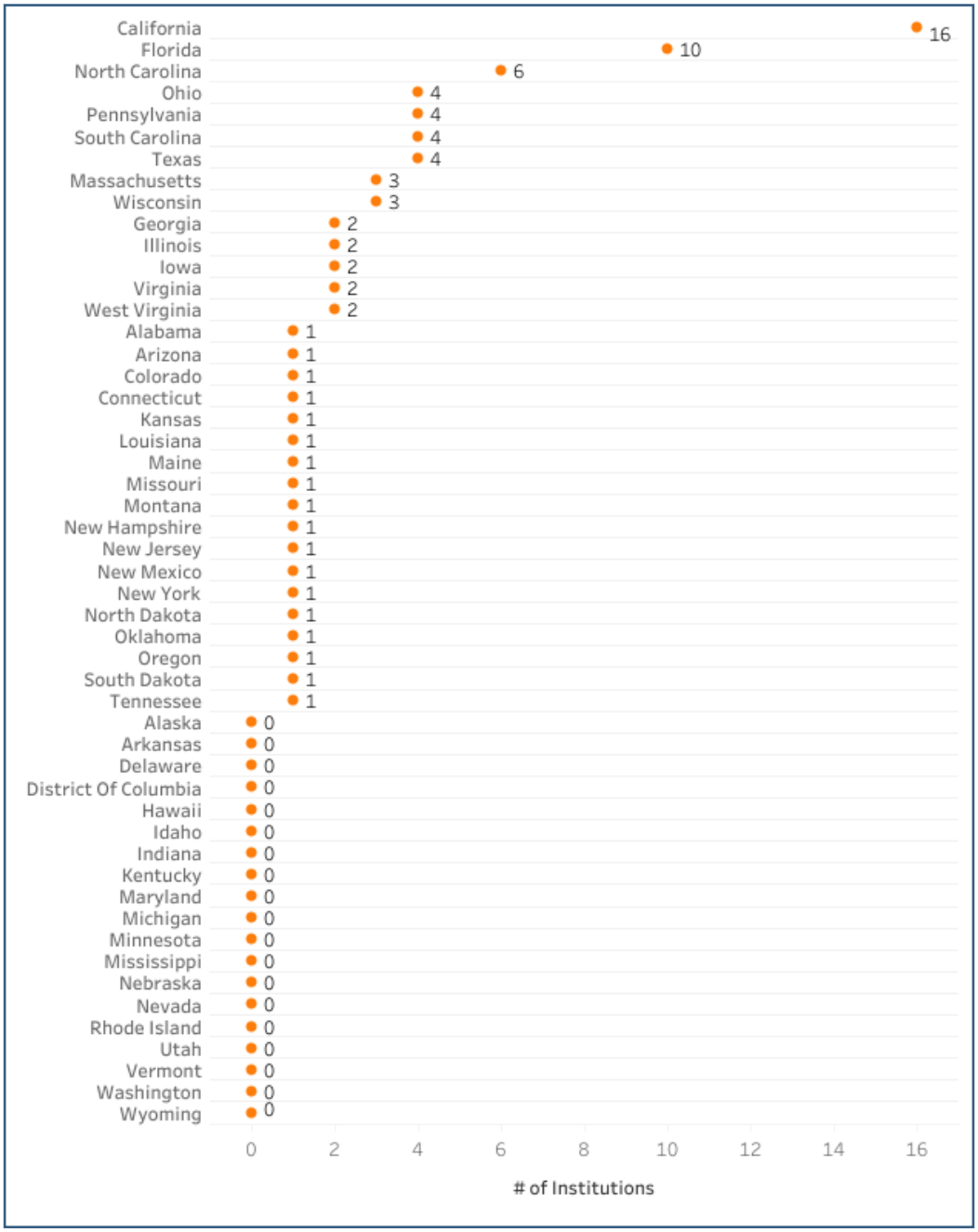
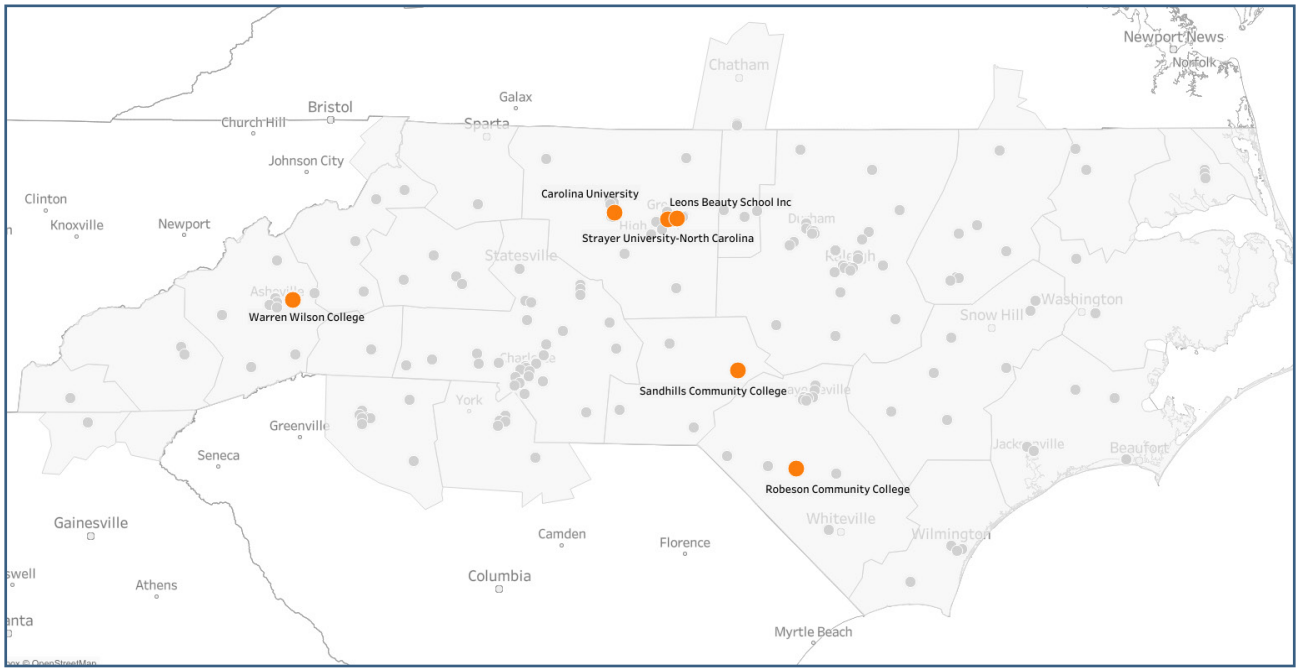


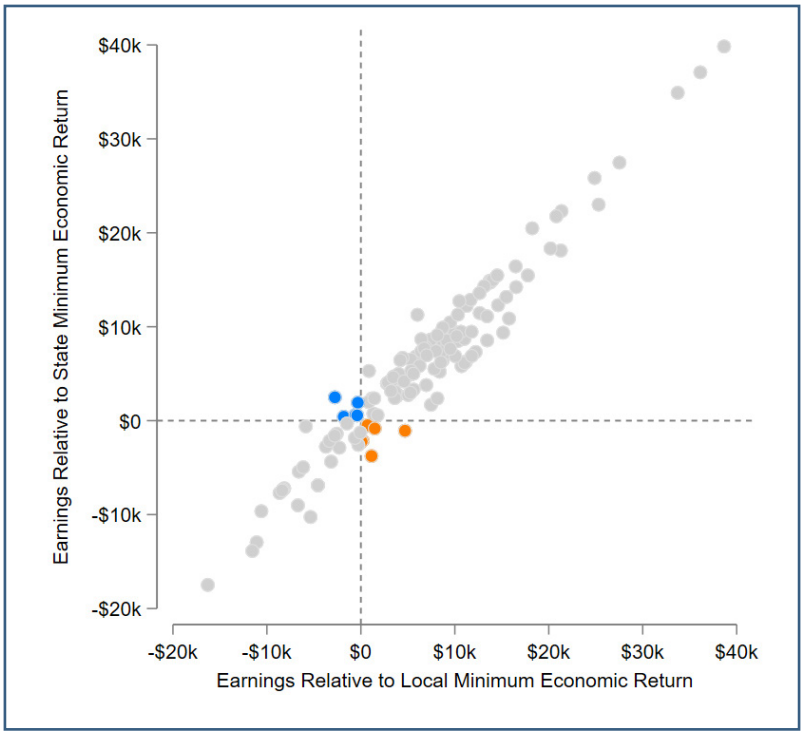
Figure 6 illustrates this even further with a brief example from North Carolina, where six institutions would benefit from using local (rather than state) earnings when calculating the *Minimum Economic Return* metric. As the map shows, these six institutions are in different regions of the state, with some concentrated in metropolitan places like Asheville, Greensboro, and Winston-Salem and others further from population centers. We also see variation by institutional type, with private non-profit institutions like Carolina University, private for-profit institutions like Strayer University, and public institutions like Sandhills and Robeson Community Colleges all affected by this change.

Figure 6: Institutions in North Carolina commuting zones benefiting from using local earnings when calculating the Minimum Economic Return metric



As with the Arizona example, we find the majority of institutions in North Carolina unaffected by a change at the *Minimum Economic Return* level, but there are a handful of institutions that would stand to benefit from local measures. Figure 7 shows the relative distance from state and local *Minimum Economic Return* measures among all North Carolina institutions, with those benefiting from local measures highlighted in orange (n = 6) and those benefiting from state measures highlighted in blue (n = 5). For both groups, we find their relative earnings are all within $5,000 from either measure, with several within just a few hundred dollars of passing or failing. This illustrates how, with threshold-based accountability measures, even a few dollars can have major implications for institutions.

Figure 7: Relative distance to state and local Minimum Economic Return for institutions in North Carolina



Note. Institutions benefiting from using local earnings are orange. Institutions benefiting from using state earnings are blue.

Sandhills Community College is the orange dot furthest to the right in the bottom right quadrant. It is located in the rural Pinehurst-Southern Pines commuting zone of North Carolina. For the *Minimum Economic Return* metric, the college would need earnings high enough to pass the sum of its state-wide median for associate's degree holders ($28,614) plus its annualized cost ($6,623), which is $35,237. Their earnings are $34,189, which means they would fail the state-wide metric by $1,048. However, median earnings for associate's degree holders in the Pinehurst-Southern Pines commuting zone are $22,891, much lower than the state's median, resulting in the college passing by $4,675 when using local earnings.

Earnings Premium

Appendix D provides more details on the institutions benefiting from using local earnings when calculating the *Earnings Premium* metric. Unlike the previous metric, hundreds of institutions (n=441) would benefit from using local rather than state-level earnings and nearly half (n=214) are public. With an average enrollment size of 2,741, these benefiting institutions are relatively small and serve large shares (41%) of Pell students. When examining the commuting zones in which these institutions are located, they tend to have higher poverty rates and be more rural. However, these commuting zones have similar racial/ethnic demographics as those benefiting from state-level metrics, suggesting the use of local earnings on this metric affect different places than the *Minimum Economic Return* metric.

Figure 8 shows which states are most affected by using local earnings when calculating the *Earnings Premium* metric. Large states like Texas, California, and New York are most affected by this change, though relatively small population states like Oklahoma, Kentucky, and Alabama also have at least 10 institutions affected. Overall, 44 states have at least one institution that would benefit from using local earnings when calculating the *Earnings Premium* metric; 16 states have at least ten institutions benefiting from this change. The six states with no affected institutions also have relatively few commuting zones, resulting in smaller variation between state and local measures.

Figure 8: Number of institutions benefiting from local Earnings Premium thresholds, by state

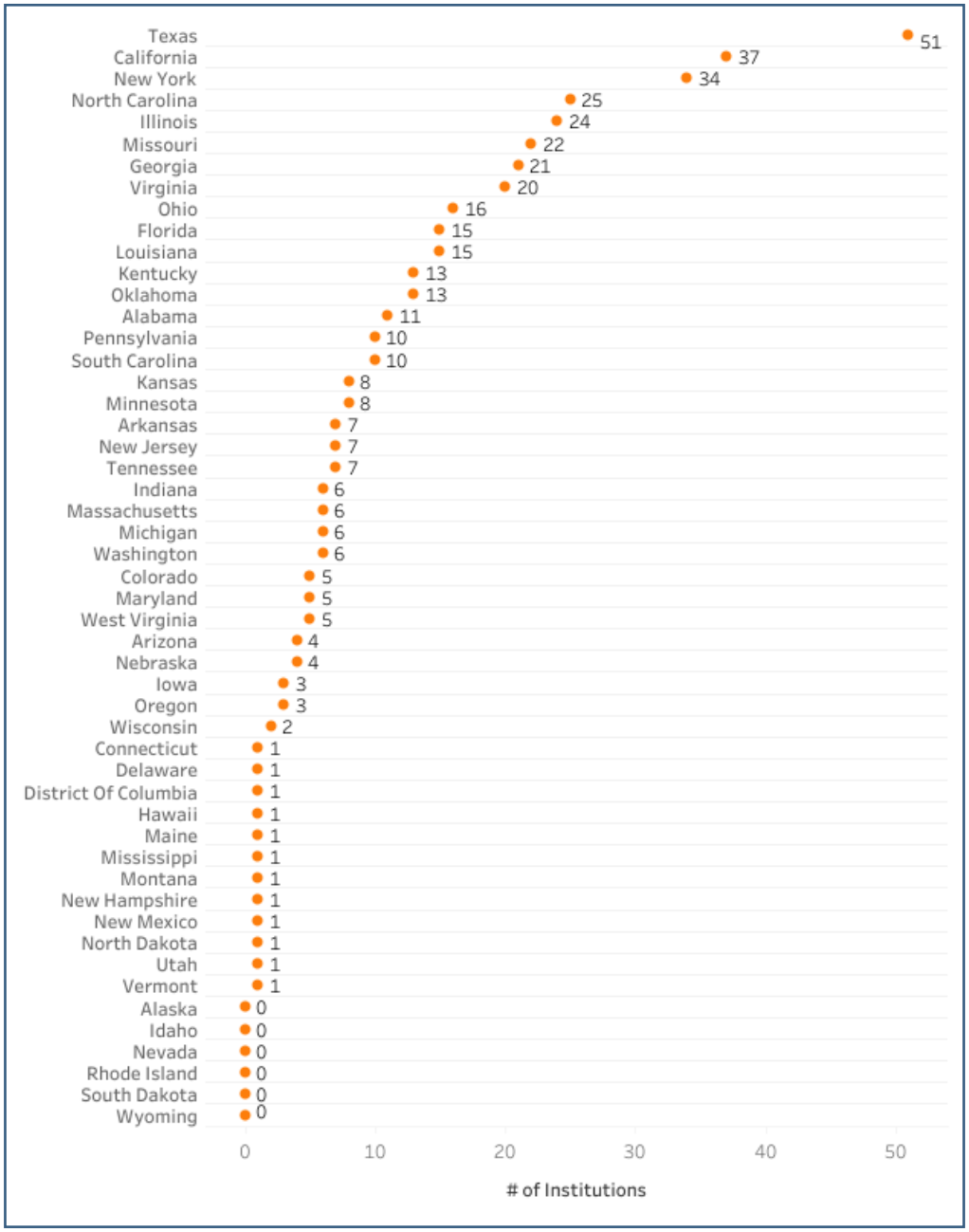


Figure 9 focuses on a state with a relatively high share of institutions benefiting from using local earnings when calculating the *Earnings Premium* metric: Kentucky. Among the 13 institutions benefiting from local measures, only two (Ross Medical Education Center-Owensboro and Western Kentucky University) are located in major population centers (Owensboro and Bowling Green). No institutions located in Louisville (the largest city), Lexington (the second largest), or Covington (located in the Cincinnati, Ohio commuting zone), benefit from local earnings when calculating the *Earnings Premium* metric. In Kentucky, several rural-located institutions are affected by using local earnings. For example, private non-profit institutions like Campbellsville University and Lindsey Wilson College would benefit from this change. Similarly, rural-located community colleges around Hazard and public four-year institutions like Morehead State University would benefit from using local—rather than state-level—earnings when calculating the *Earnings Premium* metric.

Figure 9: Institutions in Kentucky commuting zones benefiting from using local earnings when calculating the Earnings Premium metric

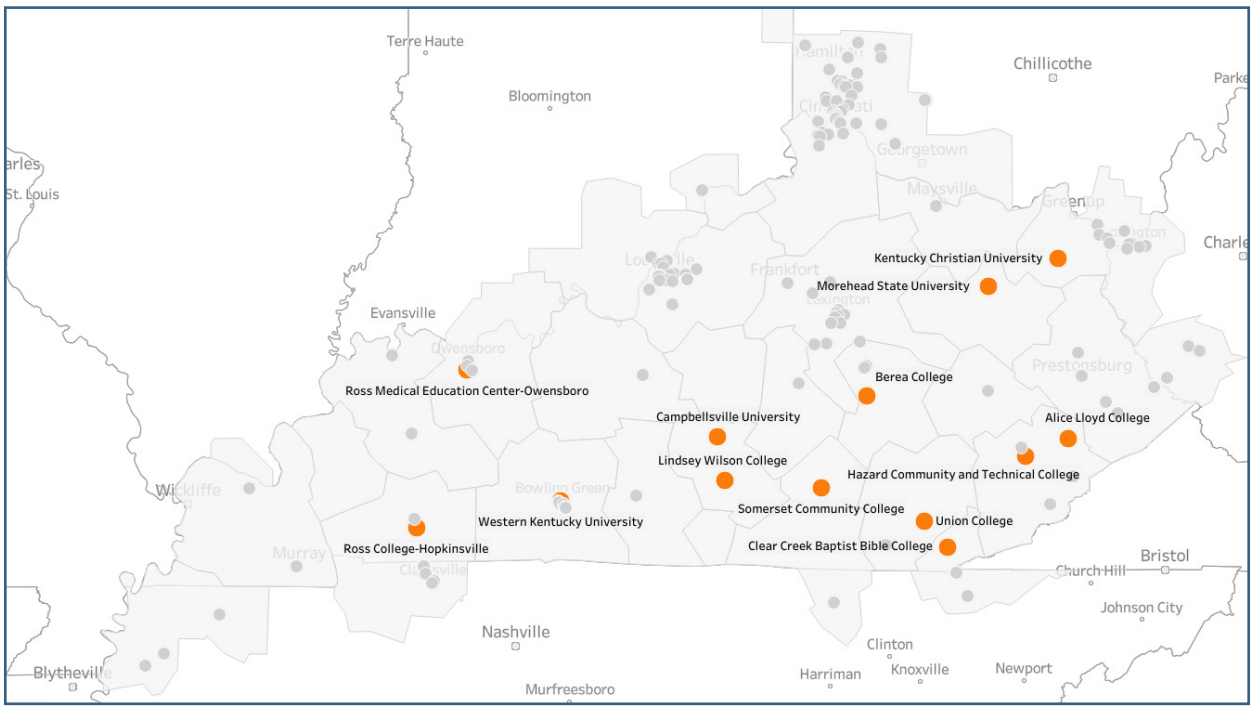
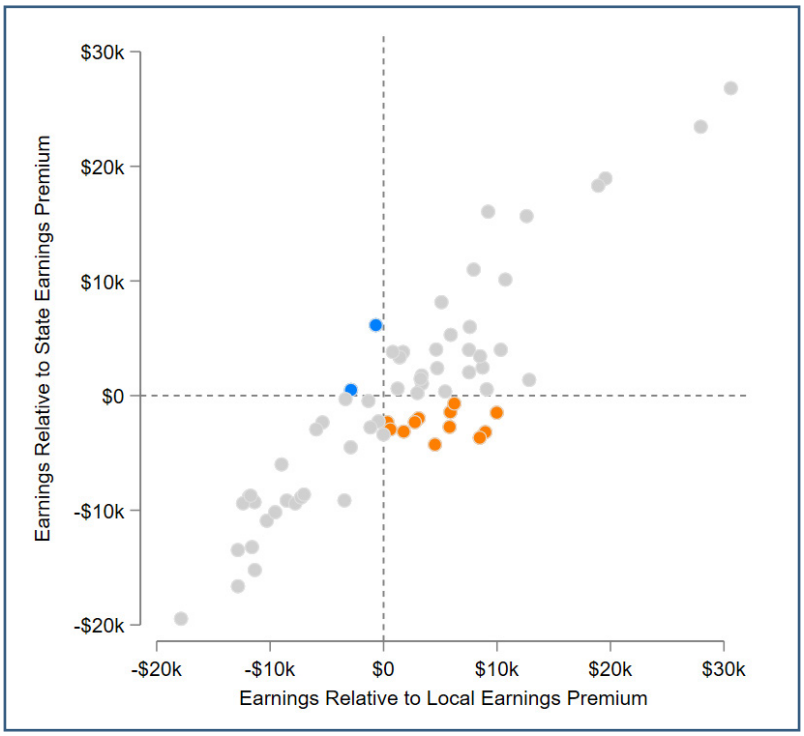


Figure 10 shows the relative earnings compared to state and local measures of *Earnings Premium* for institutions in Kentucky. This is a good example of when localized measures start to increase the number of institutions passing accountability thresholds, with 13 institutions benefiting from a local measure (orange) and just two benefiting from state measures (blue). Beyond simply increasing the number of institutions that stand to benefit, the local measures appear to better reflect the labor markets that students from these institutions enter into after college. Graduates of community colleges and regional public universities tend to stay closer to their institutions after graduation, making their commuting zone a more appropriate and meaningful *Earnings Premium* to compare against.

Figure 10: Relative distance to state and local Earnings Premium for institutions in Kentucky



Note. Institutions benefiting from using local earnings are orange. Institutions benefiting from using state earnings are blue.

Western Kentucky University (WKU) demonstrates the importance of using localized measures. WKU is a regional public university based in Bowling Green, Kentucky; it is one of the largest producers of bachelor's degrees in the state and enrolls high shares of in-state students.[22] Though their students typically earn $47,400, WKU falls short of statewide bachelor's degree earnings by just $670. But when their earnings are compared to other bachelor's degree recipients in the Bowling Green labor market, WKU students earn $6,200 more. This is a large difference that would make WKU appear to fail a statewide ROI metric when it passes locally by a large margin.

Economic Mobility

Appendix E provides data tables summarizing the institutions and commuting zones affected by using local earnings when calculating the *Economic Mobility* metric. A total of 324 institutions across 43 states would benefit from this change, and most (n=218) are in the public sector. Community colleges would benefit most from this change; in fact, only 37 community colleges benefit from using state earnings while 187 benefit from using local earnings. Additionally, nearly one in five institutions benefiting from using local earnings when calculating the *Economic Mobility* metric are Minority Serving Institutions (n=69). Institutions benefiting from this change tend to also have high shares of Pell students (40%), high admission rates (94%), and a low net price. These 324 institutions are located in 184 commuting zones across the country, and they tend to be places with relatively high child poverty rates and high levels of rurality. For example, institutions benefiting from using local earnings have child poverty rates of 21% while those benefiting from state-level earnings have 15% child poverty rates.

Figure 11 shows which states benefit the most from using local earnings when calculating the *Economic Mobility* metric. Again, we see large states like California and Texas rise to the top of the list, suggesting these states have significant within-state variation in earnings. However, several medium-sized states like Missouri, Minnesota, Kansas, Arizona, and Washington also emerge at the top of this list. In total, 10 states have at least 10 institutions affected by using local earnings; and 23 states have at least five affected institutions. Only seven states are not affected by this change. The proportion of institutions benefiting from local thresholds can be found in Appendix F.

Figure 11: Number of institutions benefiting from local Economic Mobility thresholds, by state

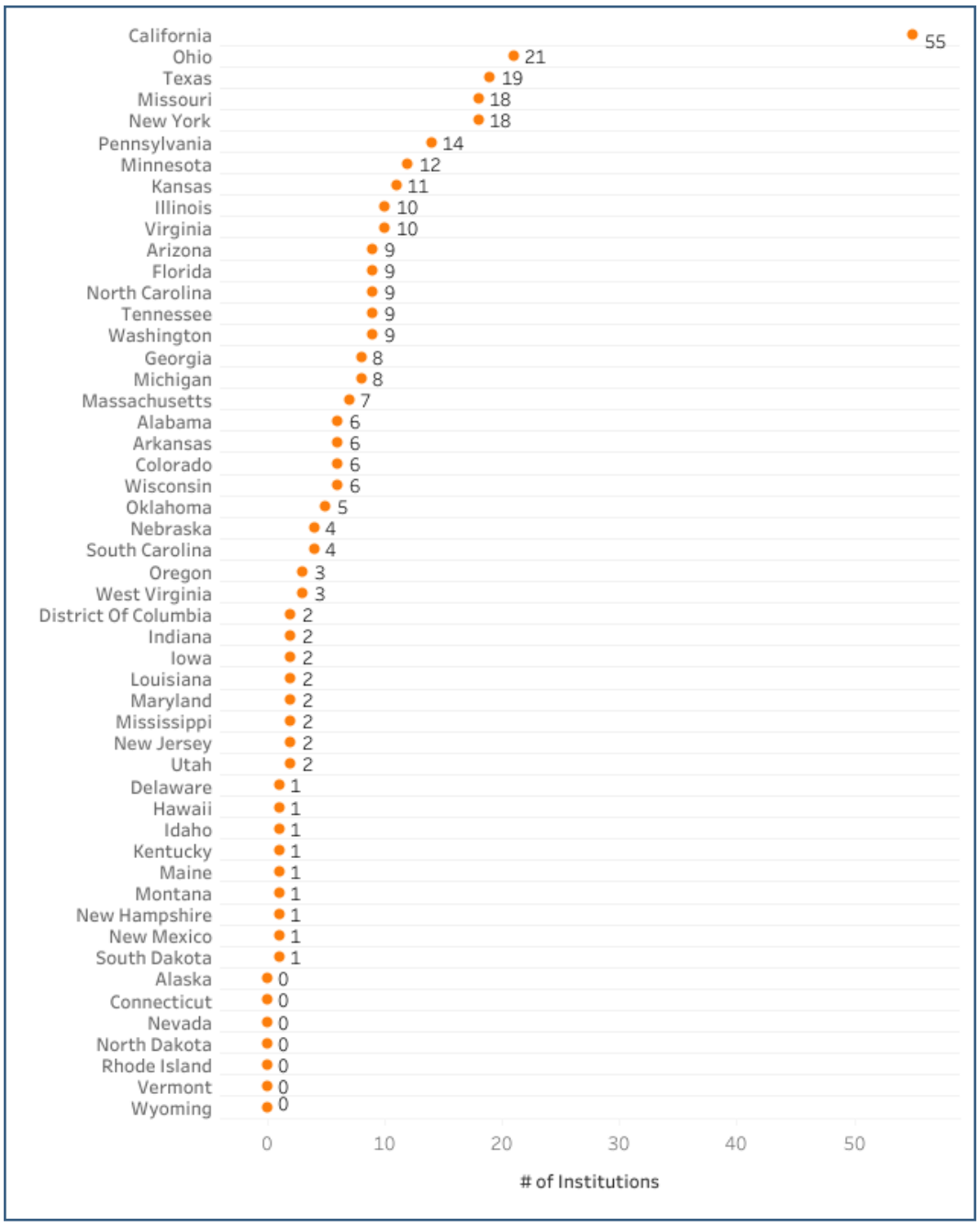


Figure 12 uses Washington state as an example of how public community colleges, especially those in rural areas, stand to benefit from using local earnings in the *Economic Mobility* metric. In high-population and high cost-of-living commuting zones like Seattle-Tacoma and Spokane, no institutions benefit from using local earnings when calculating the *Economic Mobility* metric. However, smaller-population, rural, and lower cost-of-living places have many community colleges benefiting from using local earnings. Big Bend, Columbia Basin, Gray's Harbor, Lower Columbia, Walla Walla, Wenatchee, and Yakima Valley Community Colleges all would pass the *Economic Mobility* metric if local earnings were used. But using state-level earnings makes each of these institutions fail.

Figure 12: Institutions in Washington commuting zones benefiting from using local earnings when calculating the Economic Mobility metric

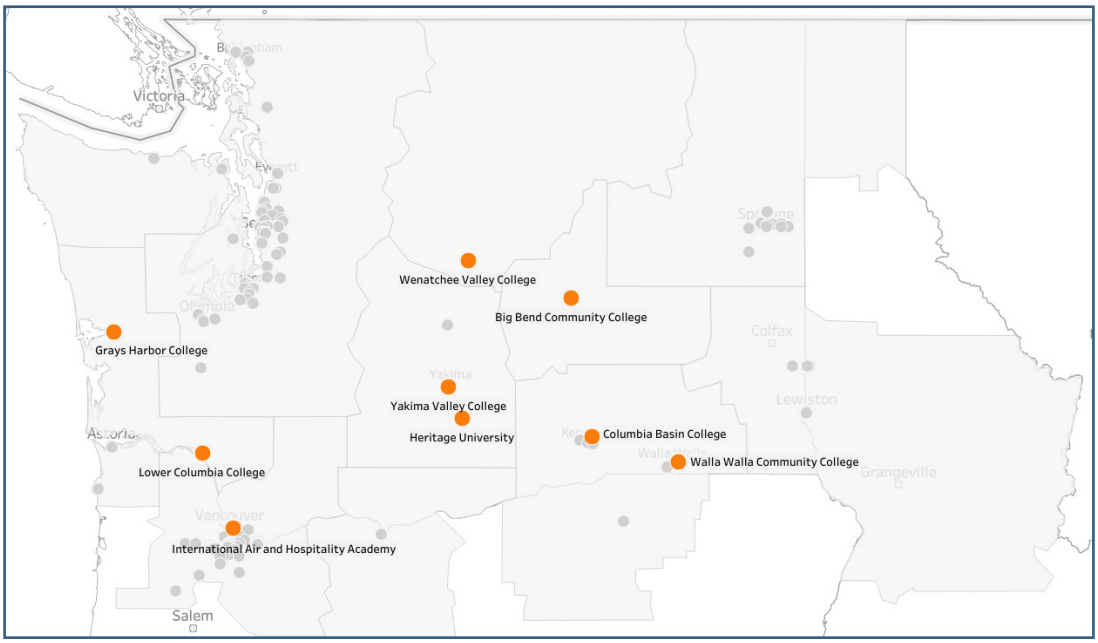
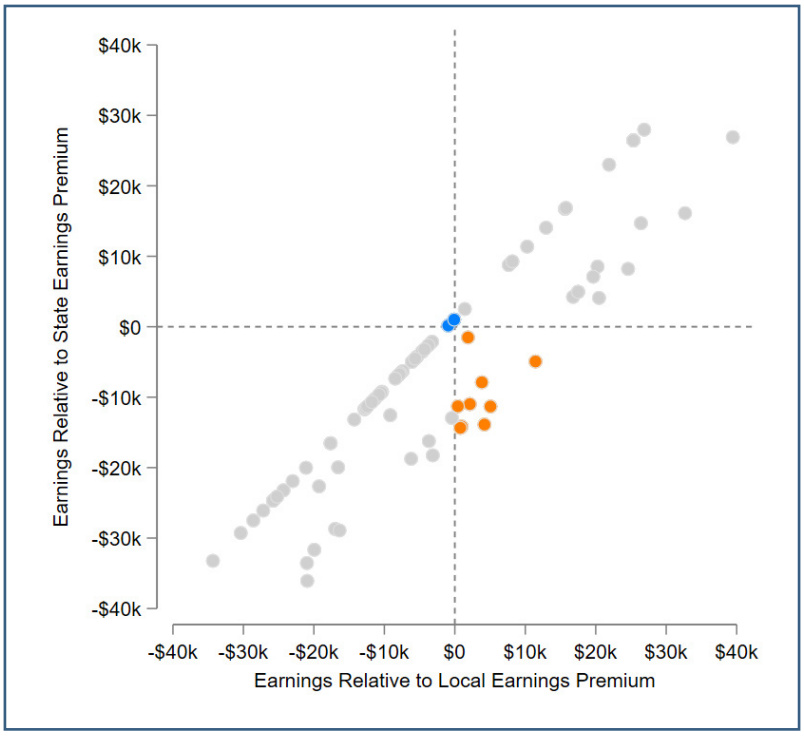


Figure 13 shows the extent to which institutions fall above or below their state and local 60th percentile of earnings in Washington. As with the *Earnings Premium* metric, we see far more institutions above their *local* 60th percentile while being below the state than the other way around. The nine institutions highlighted in Figure 12 range from just $397 above their local *Economic Mobility* metric (Walla Walla Community College) to more than $11,000 (Heritage University). For example, students at Heritage University, a private non-profit Hispanic Serving Institution (HSI) and Native American Non-Tribal Institution (NANTI) located in Toppenish, Washington within the Yakama Indian Reservation, typically earn $53,370. Their earnings are more than $11,000 greater than their commuting zone's 60th percentile, meaning they would easily pass the *Earnings Premium* metric when using local earnings. However, Heritage University earnings would fall short of the statewide 60th percentile of $58,265. This example illustrates the importance and consequences of within-state variation, where high-income places like the Seattle-Tacoma metropolitan area inflate statewide measures that could unfairly penalize institutions (often rural community colleges) serving or located in lower-income communities.

Figure 13: Relative distance to state and local Economic Mobility for institutions in Washington



Note. Institutions benefiting from using local earnings are orange. Institutions benefiting from using state earnings are blue.

SUMMARY OF FINDINGS

In general, using local rather than state-level earnings when calculating the Postsecondary Value Commission's three ROI metrics results in more institutions passing. Benefiting institutions tend to be broadly-accessible public institutions that cost less to attend and enroll higher shares of Pell grant recipients. Institutions are more affected by a change to some metrics than others. For example, using local earnings for the *Earnings Premium* and *Economic Mobility* metric would primarily help public institutions while using it for the *Minimum Economic Return* would primarily help private institutions. Nevertheless, there are some similarities across all three metrics; for instance, institutions located in places with higher shares of poverty, lower incomes, and that are more rural tend to benefit the most from using local earnings. Overall, local earnings tend to benefit more institutions and especially those institutions serving students or places that have historically been underrepresented in higher education.

DISCUSSION AND IMPLICATIONS

Since the 2021 Postsecondary Value Commission's report was released, there have been two significant policy changes directly related to the issues discussed in this report. In 2023, the U.S. Department of Education established new regulations through the Financial Value Transparency and Gainful Employment (FVT/GE) rulemaking process. These new regulations introduced a test comparing graduate's earnings against their state's median high school earnings. Similarly, in 2025, Congress passed H.R.1, the "One Big Beautiful Bill Act" which created a new accountability test tied to each state's median earnings. Under this new law, bachelor's degree graduates' earnings will be compared against high school graduates for each state.[23]

Gainful Employment

The Gainful Employment (GE) rule is designed to hold colleges more accountable for employment outcomes of their graduates.[24] For-profit institutions and non-degree (i.e., certificate) programs at public and non-profit institutions are subject to GE. Under the current GE regulations, colleges are held to two ROI-oriented standards: *Earnings Premium* (EP) and Debt-to-Earnings (D/E) rates. These two standards are based on state-level median earnings for adults (ages 25-34) with only a high school education.[25] The EP metric is tied only to an earnings threshold, similar to the Postsecondary Value Commission's *Earnings Premium* metric.[26] The D/E metric is tied to both debt and earnings, similar to the Commission's *Minimum Economic Return* metric. A program must pass EP and D/E metrics to remain eligible for federal Title IV aid programs.

During the most recent GE negotiations, several public commenters raised concerns about using state-level median earnings when calculating the EP and D/E metrics. Their concerns largely focused on aggregation bias and the potential impacts on institutions serving under-represented students or located in economically depressed regions.[27] Based on our findings, these concerns seem warranted. For example, we found the Postsecondary Value Commission's *Earnings Premium* metric was the most sensitive of the three ROI metrics we explored. A total of 441 institutions would benefit from using local (rather than state) earnings when calculating this metric. However, the Commission's *Minimum Economic Return* metric was the least sensitive of the three metrics. It is possible using local earnings would have a greater impact on GE's EP calculations than their D/E calculations, and we expect institutions serving under-represented students or located in places with relatively low earnings would stand to benefit most.

Financial Value Transparency

In addition to the GE regulations, the U.S. Department of Education introduced the new Financial Value Transparency (FVT) framework. The FVT framework is designed to "increase the quality, availability, and salience of information about the outcomes of students" and requires institutions to report program-level earnings for recent graduates.[28] The FVT framework does not sanction institutions that fail to pass a certain performance measure. The framework also requires *all* Title IV participating institutions (not just for-profits and non-degree programs) to report program-level earnings for graduates.

Similar to GE, the FVT framework compares earnings against state-level median earnings of high school graduates as a yardstick to judge each program's earnings against. Institutions will report each program's EP and D/E rates, though there will be no monetary sanctions for failing to pass either measure. Instead, the FVT framework will require institutions to provide disclosures to students when programs fail to pass an EP or D/E threshold.[29]

Using local-level (rather than state-level) earnings data when reporting EP and D/E rates in the FVT framework would provide a more accurate and contextualized statistic for current or future students. For instance, if the goal is to provide students with actionable information, then a student attending a rural college who plans to live in a rural place after college might find it irrelevant to compare earnings against the statewide median. Instead, they may want to see how a program's earnings compare to programs at other rural-located institutions or other nearby places. The same argument can be made for urban and suburban locations, or those crossing state lines. Adjusting measures for geographic contexts provides more useful information at relatively low cost and could be incorporated into the FVT framework during future negotiations and updates.

One Big Beautiful Bill Act

Under the One Big Beautiful Bill Act (OBBBA), programs are required to pass an earnings test linked to state-level median earnings. For bachelor's degree programs, graduates must earn more than their state's median high school earnings. For graduate degree programs, graduates must earn more than their state's median bachelor's degree earnings. Failing to pass these accountability tests will result in programs losing access to federal student aid. The new accountability measures are scheduled to be implemented in July 2026.[30]

Similar to GE, the OBBBA accountability test compares graduates against the state's 25 to 34 year old population who have a high school diploma or less; however, the OBBBA test excludes certificate programs while GE includes them. While the Postsecondary Value Commission's metrics are not exactly the same as OBBBA's, the *Earnings Premium* metric is most similar to this new law. As a result, we anticipate many public community colleges, institutions serving lower-income students, and located in lower-income communities will be disproportionately affected by comparing earnings to state-level medians rather than to local earnings. The U.S. Department of Education is undergoing negotiated rulemaking in the winter of 2025 and early 2026, where they will develop an appeals process for programs failing the new test.[31] Perhaps programs failing the state-level test can use local-level earnings upon appeal; those passing the test with local earnings could be reinstated or otherwise not penalized.

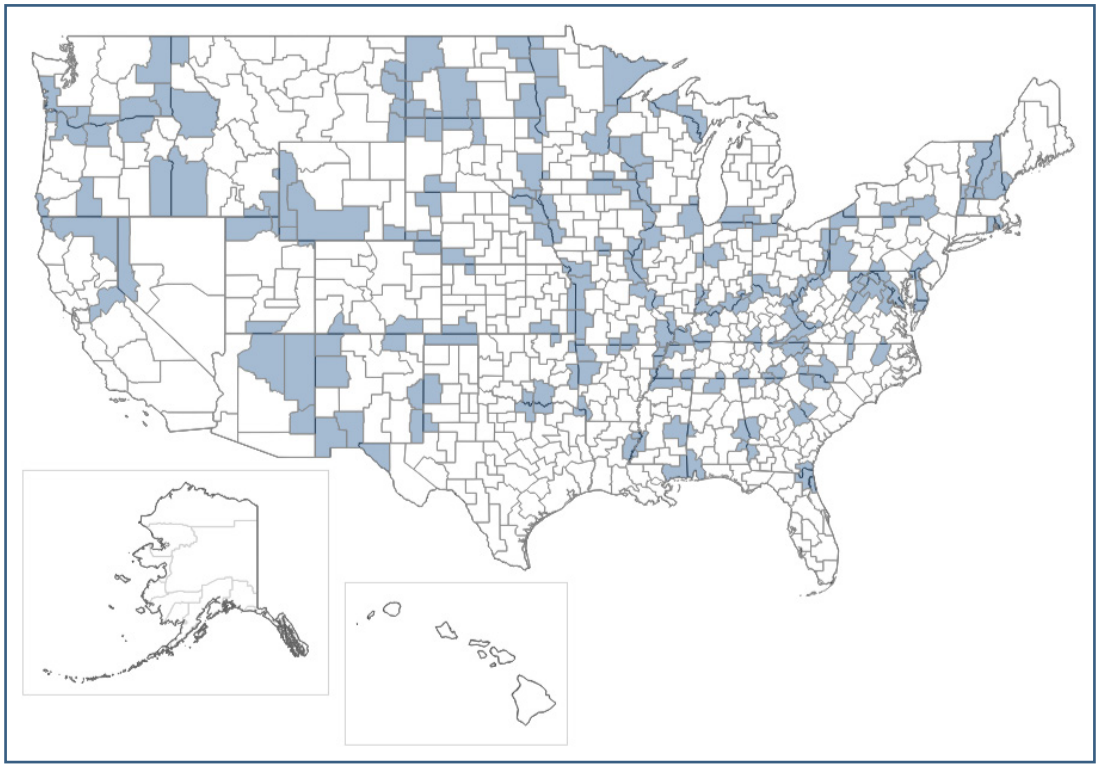
CONCLUSION

Determining whether a college education "pays off" is a difficult exercise to undertake. The Postsecondary Value Commission developed several new metrics to calculate the economic return to education, and our report found that adjusting the comparison benchmark to a local labor market can have large impacts on colleges. Using local rather than state-level earnings tends to have no effect on the vast majority of institutions—those that would fail a test using state-level earnings typically also fail when using local earnings. However, we found a nontrivial share of institutions, about 16% of the nation's total, would benefit from using local rather than state-level earnings when calculating the Commission's ROI metrics. Far fewer institutions would benefit from using state-level earnings (382 vs. 754), so our report supports the notion that local earnings provide additional context that would be overlooked by using state-level earnings.

To better account for within-state variation in earnings, state and federal policymakers can use local earnings when calculating ROI metrics. Using the Postsecondary Value Commission's metrics, we provide a proof of concept that other efforts like FVT/GE and OBBBA earnings tests could be highly sensitive to using state versus local earnings in their calculations. Using local earnings is something that can be done relatively easily by combining Census data with commuting zone or other local geographic delineations. Doing so can not only provide richer contexts that adjust for cost of living within states but can also provide students and institutions with more actionable and relevant information for determining the economic ROI of higher education. There is an **interactive tool** associated with this report that allows readers to extend this work on measuring local contexts for the economic return to a college education.

Appendix A

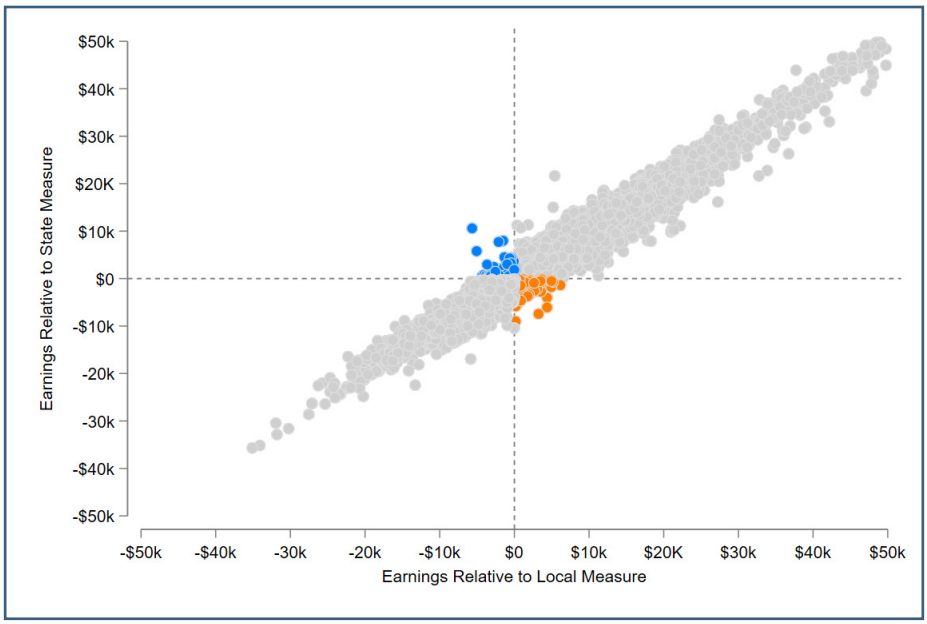
Commuting zones crossing state boundaries



Appendix B

Relative distance to state and local metrics

Figure B1: Relative distance to state and local Minimum Economic Return[32]



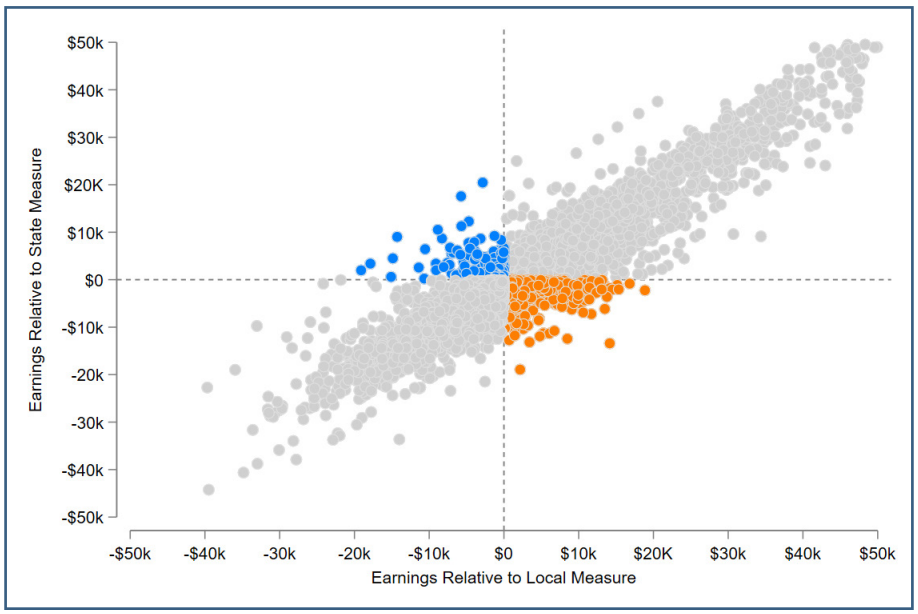
Note. Institutions benefiting from using local earnings are orange. Institutions benefiting from using state earnings are blue.

Appendix B

(continued)

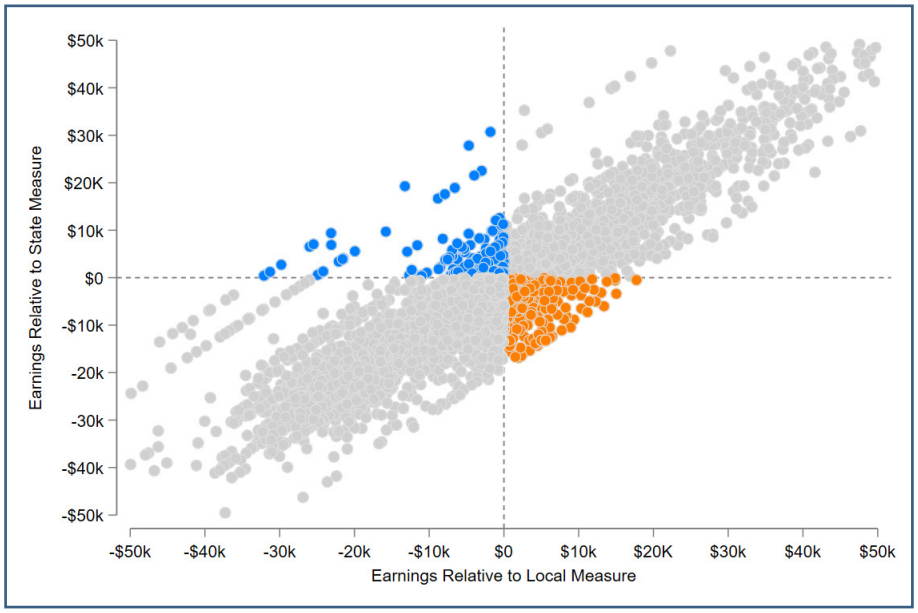
Relative distance to state and local metrics

Figure B2: Relative distance to state and local Earnings Premium



Note. Institutions benefiting from using local earnings are orange. Institutions benefiting from using state earnings are blue.

Figure B3: Relative distance to state and local Economic Mobility



Note. Institutions benefiting from using local earnings are orange. Institutions benefiting from using state earnings are blue.

Appendix C

Summary of institutions and commuting zones affected by using local earnings when calculating the Minimum Economic Return metric

	Benefit from local	Benefit from state	Always above	Always below
Total number of institutions	82	88	3,032	1,161
Public two-year	21	27	1,148	34
Public four-year	1	1	517	6
Private non-profit	17	24	965	159
Private for-profit	43	36	402	962
Minority Serving Institution	13	14	617	73
Average enrollment size	1,227	882	4,049	354
Admission rate	95%	96%	87%	97%
Percent Pell	51%	45%	37%	55%
Percent STEM majors	5%	4%	12%	2%
Net price	$16,365	$16,963	$15,979	$18,288
Median earnings (10 years post-entry)	$35,210	$39,545	$53,730	$29,256

	Benefit from local	Benefit from state	Always above	Always below
Total number of commuting zones	54	52	504	291
High school earnings	$27,469	$33,721	$29,759	$29,843
Associate's degree earnings	$38,916	$40,641	$39,621	$39,813
Bachelor's degree earnings	$47,749	$55,166	$47,479	$48,072
60th percentile earnings	$43,159	$49,938	$43,201	$45,219
Average population size	1,461,102	1,973,947	647,098	1,026,566
Share of population: Black	12%	12%	9%	10%
Share of population: American Indian / Alaskan Native	3%	1%	1%	2%
Share of population: Hispanic	15%	14%	12%	12%
Share of population: Children in Poverty	21%	17%	19%	19%
Share of population: Rural	31%	27%	53%	34%

Appendix D

Summary of institutions and commuting zones affected by using local earnings when calculating the Earnings Premium metric

	Benefit from local	Benefit from state	Always above	Always below
Total number of institutions	441	193	2,325	1,772
Public two-year	109	87	855	202
Public four-year	105	26	328	89
Private non-profit	157	44	744	337
Private for-profit	70	36	398	1,144
Minority Serving Institution	94	46	368	229
Average enrollment size	2,741	3,386	4,162	852
Admission rate	88%	92%	86%	95%
Percent Pell	44%	38%	35%	52%
Percent STEM majors	9%	11%	12%	4%
Net price	$15,309	$13,954	$17,150	$17,125
Median earnings (10 years post-entry)	$45,601	$46,997	$57,892	$33,010

	Benefit from local	Benefit from state	Always above	Always below
Total number of commuting zones	226	96	421	355
High school earnings	$29,133	$31,062	$29,843	$29,759
Associate's degree earnings	$37,801	$44,282	$39,566	$40,060
Bachelor's degree earnings	$46,387	$53,717	$47,521	$47,749
60th percentile earnings	$41,952	$48,175	$43,494	$44,605
Average population size	787,742	1,378,346	750,439	868,127
Share of population: Black	11%	11%	9%	10%
Share of population: American Indian / Alaskan Native	1%	1%	1%	2%
Share of population: Hispanic	12%	13%	11%	11%
Share of population: Children in Poverty	21%	17%	19%	19%
Share of population: Rural	47%	31%	48%	42%

Appendix E

Summary of institutions and commuting zones affected by using local earnings when calculating the Economic Mobility metric

	Benefit from local	Benefit from state	Always above	Always below
Total number of institutions	324	156	1,571	2,680
Public two-year	187	37	170	859
Public four-year	31	31	439	47
Private non-profit	64	64	828	326
Private for-profit	42	24	134	1,448
Minority Serving Institution	69	41	257	370
Average enrollment size	2,459	3,834	4,764	1,556
Admission rate	94%	86%	77%	97%
Percent Pell	40%	37%	33%	48%
Percent STEM majors	8%	11%	15%	5%
Net price	$13,110	$16,957	$19,935	$15,533
Median earnings (10 years post-entry)	$45,678	$53,892	$65,806	$35,704

	Benefit from local	Benefit from state	Always above	Always below
Total number of commuting zones	184	51	379	426
High school earnings	$28,649	$32,401	$29,737	$29,843
Associate's degree earnings	$38,152	$43,159	$39,566	$39,566
Bachelor's degree earnings	$45,782	$56,161	$47,479	$47,749
60th percentile earnings	$40,786	$53,717	$43,494	$44,282
Average population size	724,299	1,762,253	823,134	747,278
Share of population: Black	9%	11%	10%	10%
Share of population: American Indian / Alaskan Native	2%	1%	1%	2%
Share of population: Hispanic	12%	12%	11%	11%
Share of population: Children in Poverty	20%	15%	19%	20%
Share of population: Rural	55%	17%	44%	48%

Appendix F

Total count and proportion of institutions benefiting from local measures of each metric, by state

	Minimum Economic Return		Earnings Premium		Economic Mobility	
	n	%	n	%	n	%
Alabama	1	1.4%	11	15.3%	6	8.3%
Alaska	0	0.0%	0	0.0%	0	0.0%
Arizona	1	1.1%	4	4.4%	9	9.9%
Arkansas	0	0.0%	7	8.8%	6	7.5%
California	16	2.8%	37	6.4%	55	9.5%
Colorado	1	1.3%	5	6.7%	6	8.0%
Connecticut	1	1.6%	1	1.6%	0	0.0%
Delaware	0	0.0%	1	6.7%	1	6.7%
District Of Columbia	0	0.0%	1	6.2%	2	12.5%
Florida	10	3.1%	15	4.7%	9	2.8%
Georgia	2	1.5%	21	15.7%	8	6.0%
Hawaii	0	0.0%	1	4.8%	1	4.8%
Idaho	0	0.0%	0	0.0%	1	2.9%
Illinois	2	1.0%	24	11.4%	10	4.8%
Indiana	0	0.0%	6	6.5%	2	2.2%
Iowa	2	2.7%	3	4.1%	2	2.7%
Kansas	1	1.4%	8	11.3%	11	15.5%
Kentucky	0	0.0%	13	16.2%	1	1.2%
Louisiana	1	0.9%	15	13.6%	2	1.8%
Maine	1	3.1%	1	3.1%	1	3.1%
Maryland	0	0.0%	5	6.8%	2	2.7%
Massachusetts	3	2.2%	6	4.4%	7	5.1%
Michigan	0	0.0%	6	4.0%	8	5.3%
Minnesota	0	0.0%	8	9.2%	12	13.8%
Mississippi	0	0.0%	1	2.0%	2	4.1%
Missouri	1	0.8%	22	17.2%	18	14.1%
Montana	1	3.4%	1	3.4%	1	3.4%
Nebraska	0	0.0%	4	10.5%	4	10.5%
Nevada	0	0.0%	0	0.0%	0	0.0%
New Hampshire	1	3.3%	1	3.3%	1	3.3%

Appendix F

(continued)

Total count and proportion of institutions benefiting from local measures of each metric, by state

New Jersey	1	0.7%	7	4.6%	2	1.3%
New Mexico	1	2.4%	1	2.4%	1	2.4%
New York	1	0.3%	34	8.8%	18	4.7%
North Carolina	6	3.8%	25	16.0%	9	5.8%
North Dakota	1	3.8%	1	3.8%	0	0.0%
Ohio	4	1.5%	16	6.1%	21	8.0%
Oklahoma	1	1.1%	13	14.3%	5	5.5%
Oregon	1	1.4%	3	4.1%	3	4.1%
Pennsylvania	4	1.4%	10	3.5%	14	4.9%
Rhode Island	0	0.0%	0	0.0%	0	0.0%
South Carolina	4	4.6%	10	11.5%	4	4.6%
South Dakota	1	4.0%	0	0.0%	1	4.0%
Tennessee	1	0.7%	7	5.1%	9	6.6%
Texas	4	1.1%	51	13.6%	19	5.1%
Utah	0	0.0%	1	1.8%	2	3.5%
Vermont	0	0.0%	1	6.7%	0	0.0%
Virginia	2	1.5%	20	15.3%	10	7.6%
Washington	0	0.0%	6	6.4%	9	9.6%
West Virginia	2	3.1%	5	7.7%	3	4.6%
Wisconsin	3	3.7%	2	2.4%	6	7.3%
Wyoming	0	0.0%	0	0.0%	0	0.0%

END NOTES

1 See for example Gunderson, M. & Oreopolous, P. (2020). Returns to Education in Developed Countries. *The Economics of Education,* 2nd Edition. S. Bradley & C. Green (Eds.). https://doi.org/10.1016/C2017-0-02304-2 and Bloom, D.; Hartley, M.; & Rosovsky, H. (2007). Beyond Private Gain: The Public Benefits of Higher Education. *International Handbook of Higher Education.* J. forest & P. Altbach (Eds.). https://doi.org/10.1007/978-1-4020-4012-2

2 The Commission created three other measures, but data are not available for us to analyze them in this report. The Postsecondary Value Commission labels these three thresholds as follows: Threshold 0 is "*Minimum Economic Return*," Threshold 1 is "*Earnings Premium*," and Threshold 3 is "*Economic Mobility*."

3 Vandenbroucke, G. (2023). The Return on Investing in a College Education. Federal Reserve Bank of St. Louis. https://www.stlouisfed.org/publications/regional-economist/2023/mar/return-investing-college-education

4 This calculation takes the state's median earnings of a high school graduate and then adds the college's mean net price with interest amortized over 10 years. See the Postsecondary Value Commission final report https://www.postsecondaryvalue.org/wp-content/uploads/2021/07/PVC-Final-Report-FINAL-7.2.pdf and technical documentation for more information https://equity.postsecondaryvalue.org/explainer/tech.pdf

5 Abel, J. & Deitz, R. (2014). Do the Benefits of College Still Outweigh the Costs? Federal Reserve Bank of New York. *Current Issues in Economics and Finance, 20*(3). https://www.newyorkfed.org/medialibrary/media/research/current_issues/ci20-3.pdf

6 Chetty, R.; Friedman, J.; & Saez, E. (2020). Income Segregation and Intergenerational Mobility Across Colleges in the United States. *The Quarterly Journal of Economics,* 1567-1633. https://doi.org/10.1093/qje/qjaa005

7 Definitions based on Figure 3.2 from Postsecondary Value Commission (2021). Equitable Value: Promoting Economic Mobility and Social Justice Through Postsecondary Education: https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Final-Report-FINAL.pdf and the Equitable Value Explorer https://equity.postsecondaryvalue.org/datatool

8 See the PowerStats table cvkvdv (https://nces.ed.gov/datalab/powerstats/table/cvkvdv) using the National Postsecondary Student Aid Study (NPSAS) that shows 69.1% of all undergraduate students not enrolled online attend an institution within 50 miles of their reported home address.

9 Conzelmann, J.; Hemelt, S.; Hershbein, B.; Martin, S.; & Stange, K. (2025). Grads on the Go: Measuring College-Specific Labor Markets for Graduates. *Journal of Policy Analysis and Management, 44*(3), 741-763. https://doi.org/10.1002/pam.22553

10 Card, D.; Rothstein, J.; & Yi, M. (2025). Location, Location, Location. *American Economic Journal: Applied Economics, 17*(1), 297-336. https://doi.org/10.1257/app.20220427

11 See for example Thiede, B.; Butler, J.; Brown, D.; & Jensen, L. (2020). Income Inequality Across the Rural-Urban Continuum in the United States, 1970-2016. *Rural Sociology, 85*(4), 899-937. https://onlinelibrary.wiley.com/doi/abs/10.1111/ruso.12354

12 Bartik, T. (2024). Local Labor Markets Should be Redefined: New Definitions Based on Estimated Demand-Shock Spillovers. W.E. Upjohn Institute for Employment Research, paper #24-407, https://doi.org/10.17848/wp24-407

13 Fowler, C. (2024). New Commuting Zone Delineation for the US Based on 2020 Data. Scientific Data, 11, 975. https://doi.org/10.1038/s41597-024-03829-5 ; See also Chetty, R.; Hendren, N.; Kline, P.; & Saez, E. (2014). Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States. *Quarterly Journal of Economics, 129*(4), 1553-1623. https://www.jstor.org/stable/26372582

14 We use 2010 designations. See also: Tolbert, C. & Sizer, M. (1996). US Commuting Zones and Labor Market Areas: A 1990 Update. Washington, DC: US Department of Agriculture and Fowler, C.; Rhubart, D.; & Jensen, L. (2016). Reassessing and Revising Commuting Zones for 2010: History, Assessment, and Updates for US Labor Sheds 1990-2010. *Population Research and Policy Review, 35*: 263-286. https://link.springer.com/article/10.1007/s11113-016-9386-0

15 These 625 commuting zones are based on Fowler's estimation using the 2010 decennial Census. They have since re-estimated the number for the 2020 Census but given our microdata window of 2017-2021, we choose to use the 2010 delineations.

16 See Hillman, N. (2025). Geography of Opportunity: Mapping the Availability of Broad-Access Institutions. The Institute for College Access & Success.

https://ticas.org/wp-content/uploads/2025/01/TICAS-Market-Share-report-final.pdf

17 See Postsecondary Value Commission (2021). Equitable Value: Promoting Economic Mobility and Social Justice Through Postsecondary Education. https://live-postsecondary-value-commission.pantheonsite.io/wp-content/uploads/2021/07/PVC-Final-Report-FINAL-7.2.pdf

18 Though the U.S. Census does not provide microdata at the commuting zone level, the Missouri Census Data Center provides geographic crosswalks between several geographies within Census data, including a crosswalk between PUMAs and counties. We generated weighted county allocations of earnings from the PUMA estimates, which were then aggregated up to the commuting zone level. With each crosswalk or aggregation, appropriate survey weights and allocation factors were used.

19 More information on how PUMAs are calculated here: https://www.census.gov/programs-surveys/geography/guidance/geo-areas/pumas.html

20 The total institution count for *Minimum Economic Return* differs from the other two measures because it is the only measure that requires institutional cost. Institutions not reporting institutional cost data to IPEDS are excluded from the *Minimum Economic Return* threshold but included in the other two.

21 These states with high numbers of institutions benefiting from local measures also tend to have higher income inequality throughout their state. Based on the authors' analysis of ACS data, the Gini coefficients for California and Florida are in the top quintile of all states and North Carolina is above the 60th percentile.

22 See, for example, the Student Origins section of the Postsecondary Feedback Report provided by KYSTATS: https://kystats.ky.gov/Latest/PSFR

23 Knott, K. (2025). ED to Review Regs for Student Loan Programs, College Accountability. Inside Higher Ed, https://www.insidehighered.com/news/quick-takes/2025/07/25/education-dept-prepares-big-beautiful-bill-changes. Also see H.R. 1 Subtitle E, Section 84001: https://www.congress.gov/119/plaws/publ21/PLAW-119publ21.pdf

24 U.S. Department of Education (2023). Financial Value Transparency and Gainful Employment. Docket ID ED-2023-OPE0089: https://www.govinfo.gov/content/pkg/FR-2023-10-10/pdf/2023-20385.pdf

25 Fowler, Martin, G. & Massman, J. (2023). Breakout Session #6: Gainful Employment. 2023 FSA Training Conference for Financial Aid Professionals: https://fsapartners.ed.gov/sites/default/files/attachments/2024-01/2023FSAConfSessionBO6GainfulEmployment_Final.pdf

26 U.S. Department of Education (2024). Financial Value Transparency and Gainful Employment: Earnings Thresholds for Calculation Year 2024. https://www.federalregister.gov/documents/2024/12/31/2024-31271/financial-value-transparency-and-gainful-employment-earnings-thresholds-for-calculation-year-2024

27 U.S. Department of Education (2023). Financial Value Transparency and Gainful Employment. Docket ID ED-2023-OPE0089: https://www.govinfo.gov/content/pkg/FR-2023-10-10/pdf/2023-20385.pdf

28 Ibid.

29 U.S. Department of Education (2024). Regulatory Requirements for Financial Value Transparency and Gainful Employment. GEN-24-04: https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2024-03-29/regulatory-requirements-financial-value-transparency-and-gainful-employment-updated-sept-16-2024

30 National Association of Student Financial Aid Administrators (2025). Federal Student Aid Changes from the One Big Beautiful Bill Act. https://www.nasfaa.org/uploads/documents/Federal_Student_Aid_Change_OB3.pdf

31 See Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) Committee link at the U.S. Department of Education's Negotiated Rulemaking page: https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/negotiated-rulemaking-for-higher-education-2025-2026 and the Federal Register Docket ED-2025-0151 here https://www.federalregister.gov/documents/2025/07/25/2025-13998/public-hearing-negotiated-rulemaking-committees

32 We have restricted the axis ranges to +/- $50,000 for illustration purposes and to highlight those institutions that do not always pass or fail both thresholds. This decision results in 41 institutions being excluded from the Minimum Economic Return figure, 1 very low-earning institution and 40 very high-earning institutions. For the *Earnings Premium* figure, this decision results in 44 very high-earning institutions being excluded. For the *Economic Mobility* figure, this decision results in 54 very high-earning institutions being excluded.