



AHEAD Rulemaking Should Repeal Gainful Employment, Create a Uniform and Fair Standard for All Colleges & Universities

As the Department of Education begins the Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) negotiated rulemaking, Consumer Action for a Strong Economy (CASE) urges negotiators to repeal the Gainful Employment Rule and other discriminatory regulations that impede competition, innovation, and student choice.

CASE supports President Trump's and Secretary Linda McMahon's commitment to restoring accountability in higher education and the federal aid system; returning control to states and local authorities; and empowering students and their families to make informed decisions for themselves. Federal regulation should establish clear, uniform goalposts for *all* types of schools, and then allow them to compete and innovate—which ultimately produce better student outcomes.

The AHEAD Committee has an opportunity and a mandate to permanently retire the Gainful Employment Rule—a biased regulation, the selective application of which renders it moot—and replace it with a fair, consistent earnings premium metric that holds all post-secondary schools to one high standard.

How We Got Here: The Weaponization of the Federal Rulebook

Under the Obama and Biden administrations, U.S. higher education policy was coopted by federal interventionists. Unelected bureaucrats [weaponized regulations](#) to put institutions that they disdained—namely, career colleges and faith-affiliated schools—at a competitive disadvantage to conventional public and private universities.

By imposing [double standards](#) for proprietary schools and [selectively targeting](#) them with punitive enforcement actions—even as students were, and are, [increasingly choosing](#) these schools—the Biden administration sought to reinforce the status quo, limit school choice, and advance its student debt cancellation agenda. This framework had the perverse effect of trapping students in failing programs that were poorly suited to their learning and career goals and that saddled them with high debt.

It's no surprise that during the same time, confidence in higher education reached historic lows. In 2023, [most Americans](#) said a four-year degree was not worth the cost. [About two thirds](#) of recent Gen Z grads would change their decision about attending college, and only [30 percent](#) of this year's graduating class found entry-level jobs in their field of study.

The traditional, four-year-degree model of higher education—which the [Harvard Business Review](#) even acknowledged “isn’t giving students what employers need”—is failing to equip young people to succeed in a rapidly changing economy. At the same time, it is burdening them with significant debt, which previously was foisted on reluctant taxpayers. And these realities are exacerbated that federal rules that stamp out competition.

The Solution: One Uniform Standard that Holds All Schools Accountable

The *One Big Beautiful Bill Act* (OBBBA), which was passed by Congress and signed into law by President Trump, requires the Education Department to establish an earnings premium standard, or “do no harm” test. The metric is intended to better ensure that graduates will earn more than individuals with only a high-school diploma (or with only a lesser degree, in the case of graduate programs) and therefore should be able to repay their student loans.

This earnings premium test is a practical measure to hold schools accountable for student outcomes and protect taxpayers from guaranteeing loans used toward expensive programs that don’t improve career prospects. But, unlike its predecessor, the Gainful Employment Rule, this new standard must treat all schools equally, and it must establish reasonable benchmarks for comparison.

One [analysis found](#) that 60 percent of programs at private non-profit institutions, and 70 percent of those at public colleges and universities would fail the Obama administration’s Gainful Employment Rule, and the *Wall Street Journal* editorial board noted that public and not-for-profit colleges would account for [nearly 80 percent](#) of failing undergraduate degree programs using the Biden administration’s debt-to-earnings metric.

These alarming statistics underscore that the Gainful Employment Rule, which was applied exclusively to proprietary institutions, ignored an overwhelming majority of poor-performing programs. Few would believe that a degree in Queer Studies, for example, produces higher earning potential than a degree in Advanced Manufacturing or Diesel Mechanics. But only career colleges were required to prove their worth; so-called “elite” schools got a pass, and students (and taxpayers) paid the price.

The OBBBA is clear in its intent: It requires the Department of Education to establish a clear and uniform earnings premium test that holds all schools—not only a select few—to a high standard. As such, ***the AHEAD Committee should start by permanently repealing the Gainful Employment Rule.*** Adding any additional requirements on top of this biased, and now obsolete, regulation would only further reinforce a system discourages school choice and stifles competition.

President Trump and Secretary McMahon understand the importance of an education that prepares young people to succeed in our rapidly evolving economy. They [have promised](#) to empower students, promote school choice, and end the overreach from Washington. CASE

supports their mission, and we look forward to supporting the AHEAD Committee's work to help achieve those goals.