

Episode 54: How the DoEd Negotiated Rulemaking Committee Got it Wrong on Graduate Education

Welcome to Grad-post! I'm your host, Brian S. Mitchell, and we're here to talk about life before, during, and after graduate school and whether an advanced degree is right for you. I'll draw upon my experience as graduate dean and research mentor as well as my network of students, colleagues and experts to bring you the most complete information on graduate education that I can.

I recently sat in on a webinar hosted by the *Chronical of Higher Education* on higher education policy. The most recent installment of this series on January 21, 2026 dealt in part with the [2025 Accountability in Higher Education and Access through Demand-driven Workforce Pell Committee Negotiated Rulemaking](#) – or AHEAD for marginally less long - committee recommendations on student loan accountability. I listened in stunned disbelief as [Preston Cooper](#) of the American Enterprise Institute tried to explain to listeners how the proposed program compliance guidelines would impact higher education programs starting in 2027. In brief, this committee – of which Mr. Cooper is a member – is charged with developing rules for implementing changes to student loan policies outlined in [Public Law 119-21](#) that became law on July 4, 2025. These student loan policy changes include revised student loan limits, which degree programs qualify a student for these loan limits, expanded Pell Grants to include workforce-training programs, revised loan repayment regulations, and new accountability measures for programs and institutions to receive federal aid. There is a [lot in the bill regarding graduate programs](#) that is not subject to negotiated rulemaking, such as the elimination of graduate PLUS loans, a cap on unsubsidized loans at \$20,500 per year and \$100,000 lifetime, and caps on loans to students seeking professional degrees at \$50,000 per year and \$200,000 lifetime. What is up for negotiation is such things as what constitutes a professional degree to be eligible for the higher loan limits, and which programs are eligible for participation in the continuing loan programs, or what is known broadly as Title IV eligibility.

I won't go into the pain these reduced graduate student loan limits are going to bring to students and programs since it is *fait accompli*. Nor will I dwell on how the committee charge fails to deal with the biggest student loan problems like [ghost student loan fraud that has cost taxpayers \\$350 million over the last five years](#) – predominantly at open admissions community colleges – and how the expansion of Pell grants to include workforce training will likely exacerbate that problem. Nor will I discuss the validity of this committee and its deliberations even though there have been [reports from Inside Higher Ed of strong-arming for a unanimous agreement from the Department of Education Under Secretary](#). And I won't try to tackle inane statements from Mr. Cooper like this:

“And if the federal government comes along and says we're not going to subsidize this training anymore unless your graduates are earning more, that can actually maybe force a change...”

as if salary is the only reason to get an advanced degree or is the only contribution advanced degree holders make to society. This committee has the unenviable task of implementing policy and perspective that has already been enacted and engrained, no matter how misguided or manipulative. What I want to focus on is the specific language coming out of the negotiated

rulemaking process and how it is being portrayed as the period for public comment opens prior to implementation.

To begin with, there are a few things the committee got right in their [final release of proposed changes to the Higher Education Act \(HEA\)](#). These include minor revisions to section [668.43](#) like inclusion of median time to degree for **both** full-time and part-time students in published program materials that were previously not required; and elimination of the unwieldy “gainful employment” measuring stick in section [668.601](#) used in previous iterations of certifying programs for federal financial aid purposes. But in replacing the “gainful employment” and “debt to earnings ratio” criteria with a “low-earning outcome programs” designation while retaining the “earnings premium measure” terminology, we have to ask if these are distinctions without differences.

There’s also a lot not to like about the proposed rulemaking. In general, the methodology is flawed, especially so for graduate programs. It’s easy to take pot shots at methodology, and I’m not a throw-the-baby-out-with-the-bathwater kind of person. I saw first hand how methodology concerns tanked the [National Research Council’s 2010 Doctoral Program Rankings](#) – we haven’t seen one since. I’m willing to set aside minor methodological problems if the effort is well-intentioned and provides some useful ways to correct a problem. But this effort is not well-intentioned – more on that in a moment - and its methods are flawed to the point of creating a garbled mess of guidelines that will only exacerbate the problem. Let’s not nitpick here – there are two fundamental ways in which the methodology is flawed for graduate programs, all stemming from the same premise of treating programs equally, or what the DoEd calls the “Do No Harm” or “harmonization” approach.

According to the [Department of Education’s January 9, 2026 press release](#) regarding the negotiated rulemaking committee’s recommendations

“The AHEAD Committee’s agreed upon language treats all programs – from certificate to graduate programs – **equally,**”

and that

“Negotiators expressed appreciation for the Department’s commitment to treating all programs **fairly.**”

Well, in the case of graduate programs and accountability, equal is not fair. I could come at this from a number of directions, but here is the key issue with the equality approach: aside from the well-established benefits of advanced degrees in terms of earnings potential, life satisfaction, and growth in gross domestic product, there are two key ways in which graduate programs are different from undergraduate programs in the proposed accountability system: time to realize earnings potential; and job mobility.

First is time. The proposed revisions to section [668.2b1](#) of the Higher Education Act which deals with earnings calculations for program cohorts remove separate earnings calculations at the sixth and seventh award years after graduation for graduate programs and makes them equivalent to fourth award year calculations for all programs. Further, a single-year cohort must be 30 or more

with a separate multi-year aggregation procedure for those programs with less than 30 in a cohort. This unified lookout period and cohort size is the “equality” part the DoEd is referring to. There are lots of caveats and alternative calculations for programs of smaller size and with insufficient data at four years, but the fourth year earnings calculation and 30 student cohort size are the norms. The proposed four-year lookout period may be appropriate for bachelor’s degree holders, but it is not appropriate for advanced degree holders. It takes advanced degree holders longer to establish their careers – and hence, realize economic benefit – than it does those with a high school or an undergraduate education.

[Zolas et al. in 2015](#) found that the majority of graduate students (57.1%) went to academia after graduation – presumably many to postdoctoral positions. This statistic is relevant because they also found that doctoral recipients placed in industry had much higher earnings after one year than those in academia. This means that the income starting point for over half of the doctoral graduates from these institutions reflects a career choice not based entirely upon initial salary. As a result, the median income – at least for the first year after graduation – lies in an employment sector populated by short-term positions. This lower starting point presumably has a lasting – though not necessarily permanent - impact on the calculated median income values four years out.

This time lag in earnings premium is borne out by several studies both within and outside the United States. Recent studies from Canada [[Benjamin et al, 2025](#)] and Germany [[Bittman and Steinmetz, 2025](#)] – countries with similar doctoral training and employment outcomes to the U.S. - found that the largest income gains appear several years after entering the labor market, suggesting that the economic returns to a doctorate may increase over time. In the United States, the [Postsecondary Employment Outcomes Coalition \(PSEO\) took a closer look at the longitudinal earnings premium of professional degree holders](#). Not only did they look at earnings 1-, 5-, and 10-years out, but they included full student populations rather than restricting the analysis to federal borrowers as previous reports had done, and analyzed earnings distributions at the 25th and 75th percentiles which give a richer analysis than simple median incomes of loan borrowers. These researchers found that medical students in particular experienced a significant, positive increase in earnings between the 5th and 10th years of graduation as they transition from lower-paying residency programs to independent practice. Residency programs can last up to seven years such that the earnings premium may not be fully realized until 10 years after graduation. Earnings trajectories vary across other professional fields like veterinary medicine, law, and pharmacy, but that’s exactly the point. The single-metric, blunt instrument of median income after four years of graduation being proposed by the committee is at best flawed and at worst harmful.

The second problem with the proposed guidelines is graduate mobility. Here is where things get really murky. It is proposed that earnings comparisons be made between degree earners and non-degree earners - in this case, those with an undergraduate degree only - in the state in which the institution is based as per the revised [section 668.2](#). Although there are provisions for adjusting the earnings threshold for graduate program graduates to a national pool if less than half of the students are **from** the state in which the institution is located, there is no taking into account that students move **to** other states to find employment after graduation, regardless of their place of

origin. So, if you earn an advanced degree in California where the median comparison group salary for someone with a bachelor's degree is X, and take a job in Mississippi where your fourth-year salary is 0.8X, then the earnings premium is calculated based on either California or national averages, both of which are likely higher than your earnings in Mississippi. The state adjustment only applies to the state in which the institution resides – not the student, and not their undergraduate institution. OK, we're comparing programs here, so cost adjustment by state makes sense, but you're using data on earnings from across the country and around the globe to make that state-level comparison, so something is wrong. Again, according to [Zolas et al.](#), only one in five doctoral recipients stayed in the state in which the university was located. **One in five. Twenty percent.** The earnings premium calculation for graduate degree programs is fraught with potential inaccuracies and programs whose students primarily go outside the state to seek employment will be disadvantaged.

Finally, the language the Department of Education uses regarding this process is biased against higher education in general and graduate programs in particular. Here's an example, again from their [January 9, 2026 press release](#):

“An increasing number of students pursuing postsecondary education are financially worse off than if they had never gone to college. Poor earnings, coupled with high costs, make college a bad investment for too many students, ultimately leaving taxpayers to shoulder the burden when some borrowers default.”

Compare that sentiment with the following parallel opening statement from a [January, 2025 report](#) – also from the Department of Education – on graduate student borrowing:

“Graduate students borrowed nearly \$39 billion in federal loans in 2023, nearly the level of borrowing for undergraduate education (\$44 billion), despite graduate students making up only about 21 percent of all borrowers. Graduate degree attainment is a pathway to lucrative careers for many, and much of the rise of graduate debt reflects greater levels of attainment, particularly for women and students who identify as a racial and ethnic minority. Moreover, the average earnings premium for graduate degrees has remained stable and substantial over the past two decades.”

You could argue that both statements are factually true. But just like you can have equality without equity, you can have truth without honesty. It's disingenuous to propose accountability measures for an American institution you view with such disdain. Moreover, it calls into question the validity of the proposed changes if there is an underlying sentiment that the entire system isn't worth it – neither for the individual nor for the taxpayers investing in the economic growth of their country. Essentially, the DoEd is saying it's better to not go to college at all, but if you really must, stop at an associate's or bachelor's degree since it's more important to harmonize the loan process. This overarching sentiment was echoed by Mr. Cooper on the *Chronicle* webinar.

[45:43] “You know, at the end of the day, this is a program that's meant to benefit students, not schools, and if it's not benefiting students, we need to reconsider whether the money should continue to flow.”

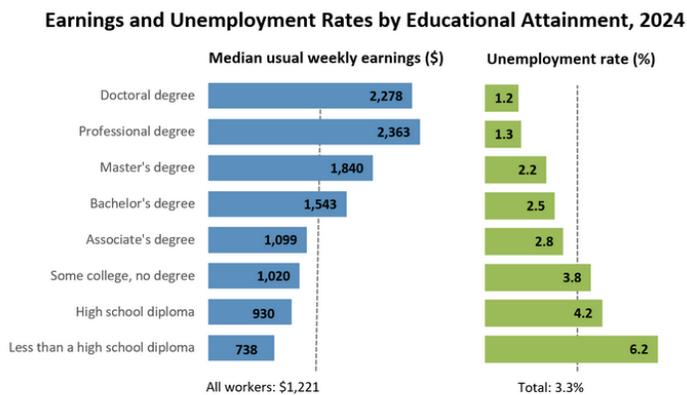
He continued by disparaging professions like nursing and social work that have provided careers for generations of lower- and middle-class families and challenged students to either enter medical degree programs where taxpayer monies are better spent, to have employers simply pay them more, or to simply get a job out of high school because it pays better. He and the rest of the committee have defined “professional” not in terms of the character of the career, but by the content of the tax liability. Nursing and social work are currently not included in the professional degree program designation and are thus not subject to the higher loan limits afforded to professional programs. The [DoEd has tried to downplay the exclusion of graduate nursing programs from the higher loan limits](#), but in doing so has reinforced their disdain for advanced degrees with statements like the following:

“It is important to remember that the loan limits are limited to graduate programs and have no impact on undergraduate nursing programs.”

Again, true, but disingenuous. Look, I’ve [lamented the term “professional” as a designator of degree type on this podcast before](#), and I continue to promote alternative terms like “practice-based” and “research-based” as better defining whether a degree is a precursor to certification or whether the degree itself is sufficient for the field. But this new take on “professional” as defined by future tax revenue takes the absurdity to a new level.

What should the committee have done instead with respect to graduate programs? How about simply identifying the programs whose graduates have the highest default rates and holding the institutions financially responsible for covering the defaulted loans? There would have to be limits and guidelines, of course, but the present system provides for both type I and type II errors: the suspension of programs whose graduates find rewarding careers and the continuation of programs whose graduates don’t. Neither result solves the student loan crisis.

Insofar as public statements are concerned, how about starting with this. If you want to grow GDP, improve global competitiveness, and increase tax revenues while lowering tax rates, [it’s really this simple](#):



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

according to the Bureau of Labor Statistics, advanced degree holders have increasingly higher median weekly earnings and decreasingly lower unemployment than bachelor’s degree holders,

who have better jobs than associate degree holders, who have better jobs than those with a high school diploma. I'm not saying everyone should go to college and I'm certainly not saying everyone should get a graduate degree. But if you must go, it makes economic sense for our government to support you in your pursuit of happiness.

We can – and should – have conversations around the edges regarding underemployment, glass ceilings, and how other intrinsic and extrinsic factors play into financial success, career satisfaction, and personal longevity. But we shouldn't lose the forest for the trees. Every advanced degree – taken in the aggregate – leads to prosperity for individuals and contributes to the growth of the economy. The American taxpayer should support it, and the proposed loan rules and public statements should reflect this approach.

These rules haven't gone into effect yet, and my guess is that by the time the first set of programs are notified of non-compliance in 2028 there will be new federal leadership and Congress will have wrested back some control over the student loan debacle. We are still technically in the "open for public comment" phase of the rulemaking process. Consider this my public comment.

Thank you for joining me today. All of the links provided in my podcast are available on my website at grad-post.com. There, you'll find more information to help you plan your adventure for an advanced degree.

A master's degree in nursing may be different from a high school diploma, but each one still counts.

Links

<https://www.aei.org/profile/preston-cooper/>

<https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/negotiated-rulemaking-for-higher-education-2025-2026>

https://en.wikipedia.org/wiki/One_Big_Beautiful_Bill_Act

<https://abcnews.go.com/US/inside-ghost-student-scam-identity-theft-steal-college/story?id=129359506>

<https://www.insidehighered.com/news/government/student-aid-policy/2026/01/22/high-stakes-policy-talks-shed-light-eds-playbook>

<https://www.ed.gov/media/document/ahead-proposed-accountability-reg-text-day-5-afternoon-final-113130.pdf>

<https://www.ecfr.gov/current/title-34/section-668.43>

<https://www.ecfr.gov/current/title-34/section-668.601>

<https://www.nationalacademies.org/news/assessment-of-us-doctoral-programs-released-offers-data-on-more-than-5-000-programs-nationwide>

<https://www.ed.gov/about/news/press-release/us-department-of-education-reaches-consensus-historic-new-accountability-framework-and-concludes-higher-education-reform-rulemaking-sessions>

[https://www.ecfr.gov/current/title-34/part-668/section-668.2#p-668.2\(b\)](https://www.ecfr.gov/current/title-34/part-668/section-668.2#p-668.2(b))

<https://www.science.org/doi/abs/10.1126/science.aac5949>

https://www.borianamiloucheva.com/uploads/1/3/9/2/139282486/bmv_opportunitycostphd.pdf

https://www.researchgate.net/profile/Felix-Bittmann/publication/394980924_PhDs_and_Paychecks_Exploring_the_Financial_Returns_of_Doctoral_Education_in_Germany's_Workforce/links/68ae9cefd9261f6f51af21d3/PhDs-and-Paychecks-Exploring-the-Financial-Returns-of-Doctoral-Education-in-Germanys-Workforce.pdf

https://pseocoalition.org/wp-content/uploads/2025/07/PSEO-Coalition_Debt-and-Earnings-in-Graduate-School-NEW.pdf

<https://www.ed.gov/about/news/press-release/us-department-of-education-reaches-consensus-historic-new-accountability-framework-and-concludes-higher-education-reform-rulemaking-sessions>
https://web.archive.org/web/20250321010300/https://sites.ed.gov/ous/files/2025/01/grad_borrowing_report-1.14.pdf
<https://www.ed.gov/about/news/press-release/myth-vs-fact-definition-of-professional-degrees>
<https://spotifycreators-web.app.link/e/4LYo48ldu0b>
<https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>