Higher Education Accountability

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Introduction

Until recently, institutions of higher education were considered successful if they maintained strong enrollment and provided broad access to students. Today, however, a growing national movement seeks to hold colleges accountable for what happens after students graduate—or fail to graduate. President Trump's *One Big Beautiful Bill Act* (OBBA) requires states to evaluate institutions based on post-graduation outcomes. A few leading states already have initiatives that measure the value of higher education through return-on-investment analyses or incentive programs, often called "outcomes-based funding." These initiatives use post-graduation outcomes data to inform decisions on program offerings and funding. Collectively, these efforts are shifting the focus of higher education from inputs to outcomes.

At Excel*in*Ed, we call the data used for higher education accountability a Return on Investment Analysis. A comprehensive ROI analysis evaluates whether postsecondary programs lead to positive outcomes such as strong wages, continued education or qualified military enlistment. It also tells stakeholders whether those outcomes align with high-demand, high-skill, high-wage occupations in a state's economy.

ROI Overview

An ROI helps states determine whether investments of taxpayer dollars and student time are paying off for students, the economy and employers. In other words, do postsecondary programs prepare students for what's next? An ROI occurs in the three main buckets of:

- **EMPLOYMENT**: When students enter the workforce, what wages are they earning? Do the programs or industry-recognized credentials offered/earned in postsecondary match with high-demand, high-skill, high-wage occupations?

- **ENROLLMENT:** If students go on to the next level of education (associate to bachelor's program), do they enroll and earn the degree?

- **ENLISTMENT:** If students go into the military, do they qualify as an officer or for specialty programs?

Conducting an ROI analysis requires states to make difficult but necessary decisions about priorities, such as:

- How does the state define "in-demand"? A "living wage"? High skill jobs?

Using the ROI to Drive Change

Once a state has conducted an ROI there are three main ways information can be used. States should use multiple measures (not just earnings) to evaluate program and funding decisions.

Transparency *Share the information*	**Structural** *Change program offerings*	**Incentives** *Provide incentives, such as funding*
Provide transparent information to incoming freshmen before they make decisions on their major. Provide transparent information to institutions so they can evaluate and make changes/improvements to programs with weak outcomes.	Create new or expand existing postsecondary programs that align with high-demand, higher-wage, higher-skill occupations. Analyze enrollment data to make decisions on offerings for postsecondary programs with low enrollment or graduate numbers (e.g., <10 students). Provide a money-back guarantee from the institution if programs do not deliver employment outcomes. Allocate supplemental startup funding to launch or expand programs, with amounts tied to those with strongest projected outcomes. Remove barriers for higher education to offer new programs in high-demand, higher-wage, higher-skill occupations. Utilize multiple measures of data to determine if any programs require substantive changes or to be sunset.	Implement outcomes-based funding based on success of students within six months of graduation (employment, enrollment or enlistment), with higher amounts for higher-need students (e.g., low-income). Provide tiered/weighted funding based on alignment to high-demand, higher-wage, higher-skill occupations, with greater amounts of funding for programs with strong alignment.

The One Big Beautiful Bill enforces federal consequences for low-performing programs.

On January 9, 2026, the Higher Education and Access Through Demand-driven Workforce Pell (AHEAD) committee reached final consensus on the rules. OBBBA establishes a new earnings premium accountability measure that applies broadly across programs. Programs with a negative earnings premium in two out of three consecutive years will lose eligibility to participate in most Title IV HEA aid programs for that program, subject to appeal rights and statutory protections.[1] Importantly Pell grants will not be affected.

For example, in 2026-27 U.S. Ed will run the calculation for the students who completed their degree (two or four year) in 2020. This group's median earnings in 2024 will be compared to the overall median wage of the comparison group in 2024 (known as the earnings threshold, which is adults ages 25-34 without a degree). If the median earnings for the degree are higher or equal to the median earnings for the 25-34 comparison group, it will pass the "do no harm" test for that year. U.S. Ed will run the calculation annually.

Additional information here.

What can states do?

The OBBBA provides a federal rationale for ROI, but states should build on this by using outcomes data to drive decision making and proactively address challenges. States can lead the way by setting their own vision and narrative, using data to drive important conversations about which programs provide "value" for students and the state's economy and which don't.

Arkansas and Texas illustrate how states are leveraging ROI data. Arkansas has incorporated an ROI into their higher education funding formula (the productivity index), while Texas is implementing ROI through an incentive-based approach. By using outcomes-based funding, the state ties a portion of each educational institution's annual budget to specific student success metrics.

Arkansas

In 2025, Arkansas passed the ACCESS legislation, which requires higher education to evaluate the ROI of postsecondary degrees. To determine the ROI, Arkansas will compare graduates' median earnings over eight years with those of high school graduates

Arkansas calculates the full cost of a degree by including tuition, fees, books and supplies, along with the opportunity cost of attending a two- or four-year institution. Arkansas is replacing the productivity index (2% of the funding formula) with this new ROI measure. Programs that do not achieve a positive ROI after eight years will receive a productivity index multiplier of zero. Degrees where a graduate's wages outpace a high school graduate in four years have a multiplier of 1.25, and if it is in less than two years, the multiplier is 1.75. This new system will be officially implemented in 2026-27. Importantly, this change does not eliminate funding or prevent institutions from offering certain programs. Instead, it uses incentive weights to encourage improvement and reward programs with stronger ROI outcomes.

Arkansas ROI FAQ with additional details can be found here.

Texas

In 2023, Texas redesigned its community college funding model to prioritize measurable outcomes over enrollment. The new formula provides outcomes-based bonuses of up to 30% above the base funding for students completing associate degree programs, with additional incentives for economically or academically disadvantaged students and adult learners. Texas also awards a credential of value premium, adding roughly 8% above base funding for associate degrees and 4% for certificates based on projected wage outcomes for graduates.

Important Considerations

States will need to grapple with the degrees that don't always have obvious career paths, such as English. If an English degree does not meet the ROI threshold, it doesn't necessarily mean it lacks value. States should consider evaluating these degrees over a longer timeline for wages and account for the earnings of graduates who go on to earn additional degrees. This will require states to engage in conversations about how to ensure these degrees prepare students for success, determine an appropriate timeline for evaluating ROI and define what success means.

Some careers—such as teaching, childcare and social work—are essential to community well-being but offer lower wages, making them appear less attractive in a return on investment (ROI) analysis. States need strategies to ensure programs are training individuals to work in these fields without undermining accountability. States can also explore ways to support higher wages for these essential careers.

Two examples of States approaches include:

1. Create a list of targeted ROI exemptions

Approach: Exempt specific high-need programs from ROI penalties with clearly defined metrics to avoid the inclusion of programs that do not meet state requirements. Consider criteria such as public service, law enforcement, first responders and community impact.

Benefit: Establishing an exemption list protects essential programs while maintaining overall accountability.

- **Example:** Utah's First Credential Master List governs which credentials qualify for the state's K-12 First Credential Program. "Community vital services and state priority sectors" are considered additional economic indicators for special evaluation, even if they do not meet the other economic thresholds. To qualify, credentials must lead to occupations that serve vulnerable populations or are critical to core community functions (e.g., public safety, education, healthcare, infrastructure and social workers).

  The Master List will be updated on a three-year review cycle to sustain quality. The first review cycle focuses on the following priorities. Year 1: Build data systems, feedback loops and LEA capacity to track outcomes and identify barriers. Year 2: Provide guidance for students and families and align programs across secondary and postsecondary. Year 3: Update thresholds, adjust tiers, add or remove credentials and finalize designations using data and employer input.

2. Reduce financial burden of high-need degrees

This strategy is only effective if states factor the full cost of a degree into their ROI calculations.

Approach: Lower the financial burden of tuition for critical fields through reduced program tuition, direct scholarships or forgivable loans tied to service in the state or in high-need roles.

Benefit: The initial cost of earning the credential is lower, and difficulty repaying student debt while earning a lower income is reduced.

- **Example:** The Educators for Maine Program offers forgivable loans to students pursuing degrees in education or childcare who are committed to working in Maine.