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MEASURING UP

How BLS Data Would Inflate Earnings for Career Training Graduates

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INTRODUCTION

On January 29, the U.S. Department of Education released a blueprint for how it plans to revise the gainful employment (GE) regulations, which the Obama administration put in place in 2014. Most notably, the Department's proposed rule would eliminate all sanctions for career-oriented programs that leave students with large debt but without the training to land a well-paying job after graduation. Preserving only a modified version of the current disclosure requirements, the regulations could be further weakened if for-profit colleges get their way during the second round of negotiations. Instead of disclosing or holding career-oriented college programs accountable for the amount of debt that graduates borrow relative to the amount they earn a few years after completing, as the current rules do, for-profit college leaders and lobbyists have called for substituting actual students' earnings with local estimates derived from the Bureau of Labor Statistics (BLS).[1] While the Department's proposal to strike any consequence from the GE regulations may seem brazen in comparison, attempting to use BLS data in place of actual graduates' earnings would have nearly the same impact as no accountability at all. Unfortunately, using BLS estimates instead of real earnings data would not only tell prospective students very little about the quality of the program that they are considering, it will actively mislead them. More troubling still, this approach would prevent the government from holding individual colleges accountable.

To illustrate just how misleading it would be to use BLS data for the purpose of measuring program outcomes, we compared national and local BLS earnings with actual earnings from graduates of specific career-training programs. We found that, on average, the median annual earnings for graduates of all programs subject to the gainful employment regulations were $27,494. But if local BLS estimates were used instead, the median annual earnings would rise to an average of $49,341—an increase of $21,847, or nearly 80 percent.[2]

Even after excluding earnings for graduates of cosmetology and massage therapy programs, figures that some cosmetology college owners have argued are not accurate because they do not include unreported tip income that workers in these fields receive, using BLS data still inflates earnings by an average of $23,530 for graduates of all other programs.[3]

Overall, we found that in 96 percent of the programs analyzed, graduates' actual earnings were lower than the median BLS earnings, although the gaps varied by field of study. Of the 10 most common fields reflected in the GE data, business administration programs had the largest gap between real earnings for graduates and their corresponding local estimates. On average, this difference stood at $63,824, or 150 percent. Licensed practical nursing programs had the narrowest gap between real

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graduates' earnings and local BLS estimates, a difference of around $6,600, or 18 percent.

Our analysis shows that using BLS data, rather than actual earnings, would undermine the very purpose of the GE rule, which is to provide meaningful federal oversight of career-training programs. According to the Education Department, under the existing rules 803 programs failed the debt-to-earnings measures in 2017. But by replacing actual earnings data with the higher of the average or median BLS earnings, the number of programs that fail these tests would drop significantly to only 21. Likewise, the number of "zone" programs, those with outcomes that were unsatisfactory but not failing, would drop from 1,239 to 124.

This analysis confirms several known reasons why using BLS data would make a mockery of the regulation:

- First and foremost, unlike GE data, which reflect graduates' earnings two to three years after completing a specific program, BLS data track earnings for workers in a given occupation, regardless of their highest degree earned, where they went to school, or how many years of experience they have.
- Second, using local or even regional estimates would skew the outlook for students who do not live where the college that offers the program is located. For instance, it is unclear what value BLS data would have for students taking distance education courses. This is a significant concern when evaluating career-training programs since so many are offered online. But this problem is not confined to online degree programs because students who attend brick-and-mortar institutions may move to take jobs in other parts of the country after graduation.
- Third, BLS data contain estimated earnings for a list of occupations that are not always neatly paired with an academic field of study. For this reason, BLS earnings estimates may not match exactly with the work that a student is seeking post-graduation. Even if each program neatly aligned with one of the 821 occupations contained in the BLS data, not all occupations are reflected in every geographic area, rendering the data unreliable for disclosure or accountability efforts.

Using BLS data in the GE calculations would bury any indication of program quality and would undermine federal efforts to hold specific college programs accountable for failing to provide real career options for their graduates.

WHY STUDENTS NEED THE GAINFUL EMPLOYMENT REGULATIONS

As part of the original Higher Education Act of 1965, Congress allowed non-degree programs at public and private non-profit institutions to participate in the newly-created federal student aid system as long as the career training they provided led to gainful employment for their graduates. But Congress did not grant the same privilege to for-profit colleges. In light of the abuses of many "fly-by-night" for-profit trade schools that had cropped up during the 1940s and early 1950s in order to take advantage of World War II veterans' GI benefits, Congress decided the sector posed too great a risk for students and taxpayers to allow these schools to participate in federal student aid.

Congress ended the ban on for-profit colleges participating in federal student aid in 1972. But it did so cautiously, maintaining several guardrails.[4] For example, for-profit institutions were made to operate under a tougher set of rules than other types of colleges. Like the non-degree programs offered at public and private nonprofit colleges under the original 1965 law, all for-profit college programs would need to demonstrate that they led graduates to "gainful employment" to be able to offer federal aid to their students.

But until 2010, neither Congress nor the Department of Education ever defined exactly how policymakers were to determine whether career-training programs met the GE requirement. That year, with widespread allegations of fraud and abuse swirling around the industry, the Obama administration took its first stab, by proposing rules that would hold these career-oriented college programs accountable for the amount of debt that graduates borrow relative to the amount they earn a few years after completing, as well as student loan repayment rates at these institutions.[5]

After nearly five years, including two rounds of negotiations among key higher education stakeholders and several lawsuits challenging the two subsequent sets of regulations that the Department published in 2011 and 2014, respectively, the GE rules finally went into effect. In January 2017, the Department published the first year of official debt-to-earnings rates, which put failing programs on high alert.[6]

The impact of these regulations was short-lived, however. Six months after publishing the debt-to-earnings rates, Secretary of Education Betsy DeVos announced the establishment of a negotiated rulemaking committee for gainful employment as part of her intent to scale back "unduly costly or unnecessarily burdensome" regulations.[7] In the meantime, the Trump administration has dragged

its feet, delaying the deadline for programs that have failed the regulation's key test in the first year to appeal their status, and neglecting to proceed with next year's data collection process.

Over the next several months, a committee of negotiators composed of stakeholders from institutions, consumer advocates, legal aid organizations, state attorneys general, and others will work with the Education Department to try to hash out the details of a new rule. As the first round of negotiations kicked off in late 2017, a few ideas had already begun to take shape. In particular, some for-profit college representatives at the table proposed a major change that would employ BLS data to obfuscate real outcomes. If the idea gains traction, the current gainful employment data about how much individual program graduates are earning could be replaced wholesale with non-program-specific estimates.[8]

METHODOLOGY AND KEY FINDINGS

To provide a close-up of the disparity between graduates' earnings published by the Department of Education (GE earnings) and earnings published by the Bureau of Labor Statistics (BLS earnings) for each program, we used BLS data from the Occupational Employment Statistics (OES) survey published in May 2016 and a Standard Occupational Code (SOC) crosswalk to find the associated BLS earnings for each gainful employment program. The OES survey provides earnings for each occupation code (or SOC code) in different geographical areas, and the crosswalk links SOC codes with program codes. Since one program may be associated with multiple SOC codes and therefore multiple earnings, we took the average of median BLS earnings for all occupations associated with each program to get programs' BLS earnings. The averages were weighted by the total number of employees in a given occupation within each locale.

The matching process was not without complication. Due to inconsistency in the way geographical areas are recorded in each data set, initially we could not match BLS earnings for a large number of programs. After referring to the different data sources in an effort to match as many programs as possible, we managed to match BLS earnings for 7,602 out of 8,637 programs. Further details of how we matched BLS earnings with each program can be found in **Appendix A** on page 27.

Among these 7,602 programs, around 5,000 (over 65 percent) are programs provided at for-profit institutions, more than 6,500 (85 percent) grant certificates or associate's degrees to their completers, and 760 (10 percent) failed the gainful employment rule in 2017.

The Current Gainful Employment Rule

Existing GE regulations depart from most other federal higher education law by measuring college outcomes at the program level instead of for the institution as a whole. In particular, they establish that career-oriented programs and all programs at for-profit colleges must pass at least one of two debt-to-earnings measures—an annual and a discretionary rate—in order to continue participating in federal student aid. If a program fails both of these measures for two out of three consecutive years, it is ineligible to receive federal student aid for three subsequent years. The failing program could technically continue to operate without access to federal aid, and non-failing programs at the institution would remain unaffected. Programs are considered in the "zone" if they are neither passing nor failing; if a program is "zone" for four consecutive years, it faces the same consequences as those that failed. **Table 1** explains the particular criteria that would lead to a program's inclusion in each of the three categories.

The two measures, the annual and discretionary rates, measure a graduate's student loan debt relative to his or her income. To calculate these rates, the Department first uses graduates' earnings pulled from the Social Security Administration (SSA) and takes the higher of either the median or average, usually two years after a student completes the program. For the annual rate, total earnings is used, but for the discretionary rate, the Department first subtracts 150 percent of the federal poverty level for an individual ($18,090 in 2017). With the typical graduate's earnings in the denominator, the Department then collects total student loan debt, including private loans, to calculate the debt that will be used in the rate's numerator. To derive the debt figure, the Department calculates the monthly student loan payment that a borrower would need to pay for her total debt under a 10-, 15-, or 20-year period, depending on her credential level. This monthly student loan payment is converted to a total annual payment by multiplying it over 12 months.

Table 1 | Gainful Employment Debt-to-Earnings (D/E) Thresholds

Result	Description
Pass	Programs whose graduates have annual loan payments less than or equal to 8 percent of total earnings OR less than or equal to 20 percent of discretionary earnings.
Zone	Programs that have rates calculated but are neither passing nor failing.
Fail	Programs whose graduates have annual loan payments greater than 12 percent of total earnings AND greater than 30 percent of discretionary earnings.

Source: U.S. Department of Education, *Overview of Debt-to-Earnings Rates Measure*, Information for Financial Aid Professionals, 2015, https://ifap.ed.gov/GainfulEmploymentOperationsManual/attachments/05ExplanationOfDebtMeasures2015.pdf.

THE ALL-TOO-FAMILIAR HAZARDS OF USING BLS DATA

Deriving its authority from an ill-defined mandate in the Higher Education Act, the Department began negotiations in 2009 to establish a quantifiable measure of how programs could be deemed to lead to gainful employment. One of the proposed methods of calculating a graduate's income included the use of BLS averages in lieu of actual earnings. Ultimately, since many colleges were not well-versed in the particulars of Social Security Administration (SSA) data and would not have access to these data prior to their public release, the Department agreed that colleges would be given time to understand how they might be affected and what they could do to correct their failings.[9] The Department believed that allowing colleges to use data derived from BLS in the interim would help schools get up to speed. As a result, the original 2011 GE regulations permitted colleges to use BLS data as an alternate earnings measure during a three-year transitional period.[10]

Before the Department settled on using BLS as a stopgap, however, some negotiators tried to argue that BLS data would more fairly reflect graduates' earnings given the many factors outside colleges' control (such as economic shifts at the local or national level or gender bias) that may have an impact.[11] Other considerations included the challenge associated with gathering comparable SSA data for self-employed graduates, who may not report earnings in the same way as other students. Since BLS data smooth these and other anomalies with economic modeling, they argued that the data would be more reliable. In the end, the Department disagreed and documented its numerous concerns with using BLS data in the longer term during the rulemaking process. In the Department's view, these issues outweighed any of the challenges associated with using actual graduates' earnings expressed during negotiations.

Department officials offered three main reasons that they felt BLS data would not provide a reasonable starting point for measuring whether a program is preparing its students to find a decent job, relative to the cost of the program.[12] First, since BLS earnings data do not track earnings for graduates of specific colleges or by credential level, they do not allow for a comparison between high- and low-performing colleges that offer the same type of program. If graduates' earnings in the debt-to-earnings measures were replaced with BLS estimates, different programs of study in the same geographic area would be accountable for only the amount students borrow since reported earnings would all appear to be the same. This would gut the primary objective of the GE regulations, which is to determine near-term earnings for graduates

of specific colleges. BLS data would also not show different earnings for an occupation associated with different credential levels if they share the same Classification of Instructional Program (CIP) code. A master's in business administration from an elite public or private nonprofit university would lead to the same list of occupations as a short-term certificate in business administration from a for-profit college. Yet the wages for those who graduate with an elite MBA and those with just a short-term non-degree certificate are combined in BLS data. In addition, there is no guarantee that a graduate is even working in a field related to her credential. A graduate of a GE program may not be able to find entry-level work in her field because her school did not provide adequate training—much less earn the same amount as someone with many years of experience.

For example, **Table 2** provides the median GE and associated BLS earnings of all business administration programs in Phoenix, AZ. All programs, regardless of credential levels or gainful employment results, have the same associated BLS wages. If BLS earnings data were substituted, the expected earnings of graduates of the business administration program at the Art Institute of Phoenix, which failed the GE rule in 2017, would be exactly the same as those for graduates of the same program at the for-profit Brookline College, which passed that test.

Another flaw with using BLS data is that they are location-based. As a result, they would only tell students and policymakers how much workers earn in the same location as the college. These data are useless for judging the outcomes for students enrolled in an online degree program who live nowhere near the college offering it. But it is not just students enrolling online who would be affected. If a significant number of graduates from a brick-and-mortar program find themselves moving outside the college's region, because, for example, they cannot find work locally or cannot afford to live there while working in the field for which they were trained, prospective students would be blind to these outcomes.

The Education Department also rejected using BLS earnings data because they cannot always be tidily matched with a program of study. BLS estimates are presented in terms of 821 occupations, which may or may not reflect the exact type of work that a graduate from a particular program is being trained to do. Similar occupations may be grouped by the type of work conducted, eliminating much of the nuance between the intended career outcomes for specific fields of study. Furthermore, while each program at a college is associated with a CIP code that describes the broad curriculum and purpose of the program, the BLS data are not directly associated with these CIP codes. As such, a single CIP code may lead to several occupations. And the reverse is also true: multiple CIP codes may lead to the same occupation, making matching these two classification systems incredibly burdensome. In addition, earnings estimates for each occupation are not always reported in every metropolitan area. The BLS data do not explain why an occupation is missing from an area, but common reasons include privacy concerns when only a small number of workers are employed in a given field for a particular area, or numbers insufficient for statistical significance. For over 370 programs, the associated occupation(s) in the college's corresponding area was not reflected in the BLS data. These and other issues with matching show why using BLS data in a GE earnings calculation is unworkable.

Table 3 offers an example of the CIP to Standard Occupational Code (SOC) crosswalk used to match the associated BLS earnings with each program. It shows that while a business administration program is linked to 12 occupations, a nurse training program has only one associated occupation. Using BLS earnings data to evaluate a short-term certificate program would misleadingly imply that graduates of these programs could become chief executive officers, construction managers, or management analysts quickly after graduating.

Table 2 | BLS Earnings for All Business Administration Programs in Phoenix, AZ

Institution	Credential Level	Median GE Earnings	Official GE Result	Median BLS Earnings
Grand Canyon University	Bachelor's degree	$47,206	Pass	$88,567.87
Grand Canyon University	Master's degree	$59,267	Pass	$88,567.87
University of Phoenix	Associate degree	$30,839	Pass	$88,567.87
University of Phoenix	Bachelor's degree	$45,316	Pass	$88,567.87
University of Phoenix	Master's degree	$51,979	Pass	$88,567.87
University of Phoenix	Doctoral degree	$79,694	Pass	$88,567.87
Western International University	Bachelor's degree	$47,565	Pass	$88,567.87
Western International University	Master's degree	$65,812	Pass	$88,567.87
Rio Salado Community College	Undergraduate certificate	$38,093	Pass	$88,567.87
Brookline College	Associate degree	$15,768	Zone	$88,567.87
Brookline College	Bachelor's degree	$28,909	Pass	$88,567.87
The Art Institute of Phoenix	Bachelor's degree	$24,758	Fail	$88,567.87

Even if the BLS data were offering an aspirational view of students' eventual earnings, the argument in favor of using these estimates is unconvincing. Most of the students enrolled in career-oriented programs, which predominantly offer lower-earning certificates and associate's degrees, are adults looking for an immediate opportunity to boost their income.[13] Adult students who are already in the workforce, living on their own, and possibly supporting a family deserve to know how their investment will pay off in the first few years after they graduate, and whether or not it is worth the financial and opportunity costs of going back to school. Since averages do not tell us anything about the quality of individual programs, the Department had sound reason to reject the idea of using BLS data in GE's debt-to-earnings calculations.

Table 3 | CIP-to-SOC Crosswalk for Business Administration and Licensed Practical Nursing Programs

CIP Title	SOC Title
Business administration and management, general	Chief executives
	General and operations managers
	Sales managers
	Administrative services managers
	Industrial production managers
	Transportation, storage, and distribution managers
	Construction managers
	Social and community service managers
	Managers, all other
	Cost estimators
	Management analysts
	Business teachers, postsecondary
Licensed practical/vocational nurse training	Licensed practical and licensed vocational nurses

NATIONAL BLS DATA COMPARED TO GE EARNINGS

Although the Education Department's prior arguments against using BLS data in GE's debt-to-earnings calculations should be sufficient to dissuade any consideration of such a proposal, comparing the data side by side confirms just how ill-suited BLS data would be for measuring gainful employment. The differences between the BLS data and the data gathered under GE would drastically inflate the amount many graduates could expect to earn in the job market. We conducted an analysis comparing real earnings from the Department's 2017 GE data release with national and local BLS earnings.[14] After linking programs with their corresponding BLS earnings data, we calculated the average difference between graduates' actual earnings across all programs, within common fields of study, and across different metropolitan areas.

While for-profit college proponents of using BLS estimates instead of real earnings have argued that local BLS data would more accurately reflect outcomes for graduates in different economic scenarios, local BLS data also pose several additional limitations for many of the programs in the GE data. Perhaps the biggest is that many of these programs are offered online to students who do not live anywhere near the college. As a result, comparing graduates' earnings with the average national earnings in BLS would provide a worthwhile glimpse at key disparities.

Median national BLS earnings exceed annual median earnings for GE program graduates by an average of $22,970. And out of 7,602 programs, more than 96 percent (7,299 programs) had lower earnings than the BLS data would have otherwise suggested.

In **Figure 1**, we compare graduates' actual earnings for 10 of the most common fields of study in the GE data with national BLS earnings for the associated field. In these 10 fields of study, BLS earnings almost universally exceed earnings for GE program graduates, not only in middling programs (those with earnings at the 50th percentile) but also for the vast majority of programs with earnings above the 90th percentile of their field. In other words, if BLS data were used to calculate programs' debt-to-earnings rates, even graduates from the top 10 percent of GE programs in each field would be led to believe they could earn much more than they actually do. This trend holds true in 319 of 379 cases, about 84 percent of the fields of study represented, and the disparity is large. On the whole, median national BLS earnings exceed earnings for programs above the 90th percentile of programs in each field of study by an average of $13,575.

Figure 1 | GE Program Earnings Relative to National BLS Earnings, Most Common Fields of Study

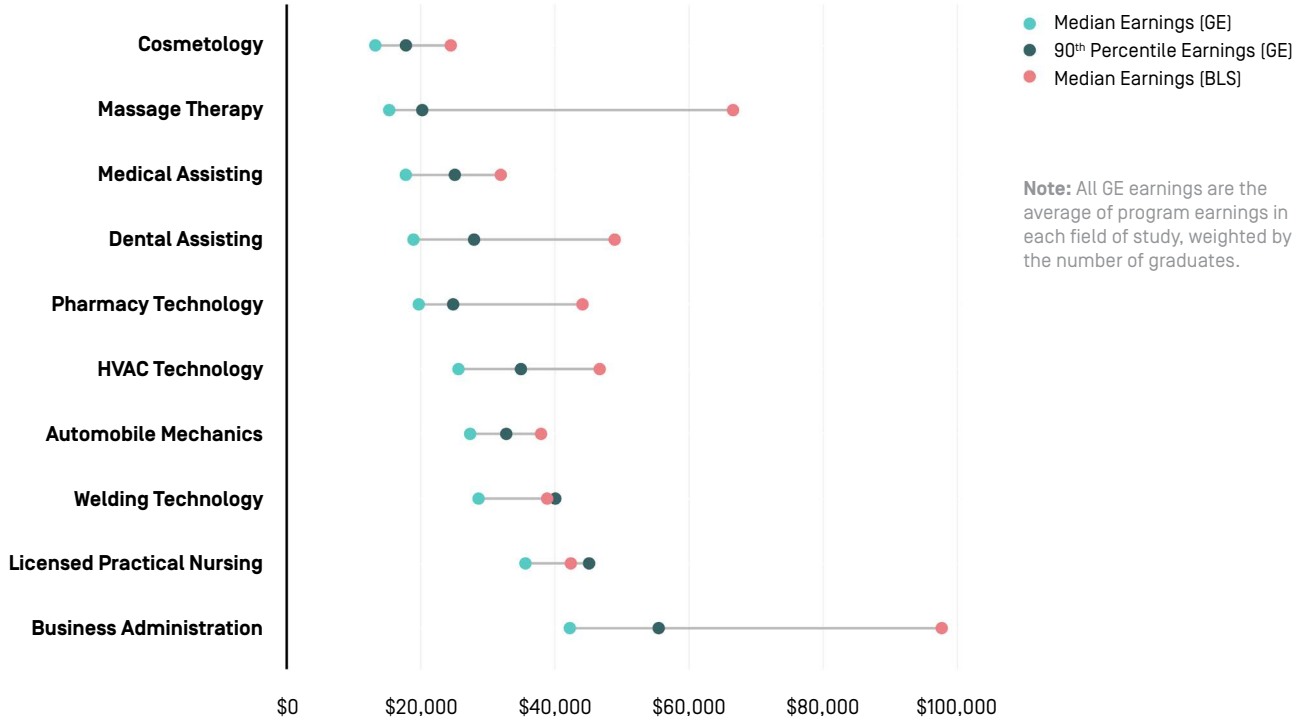
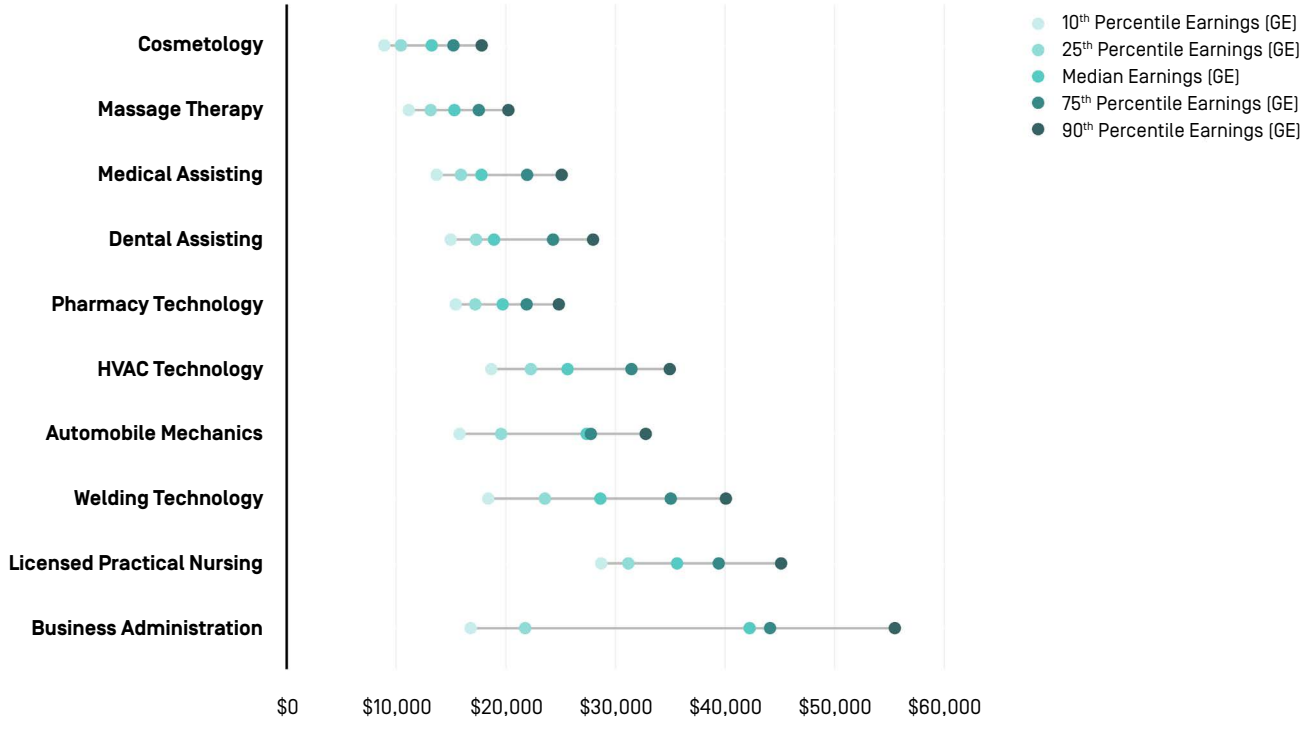


Figure 2 | GE Program Earnings, Most Common Fields of Study



Using BLS data would also suppress major differences across programs in the same field of study (see **Figure 2**). For example, in certain areas like business administration, the median national earnings dwarf the $42,241 that the typical graduate from a GE program can expect to earn immediately out of college by over $55,455. But business administration programs have a very wide spread between the top and bottom programs, as measured by graduates' earnings. Using BLS data instead of actual earnings would mask the great disparities among different institutions' programs. Instead, prospective students considering enrollment in a program in the bottom quartile, at which they could reasonably expect to make less than $16,792 annually, might presume they will make up to $97,000 a year—the amount the average management analyst, construction manager, CEO, etc. make collectively. Replacing actual earnings with BLS data undermines a central purpose of the GE rule: to figure out which colleges' programs are effectively training students for careers and which are not.

LOCAL BLS DATA COMPARED TO EARNINGS FOR RECENT GRADUATES

Linking programs with their related local earnings in the BLS data may provide a richer analysis by eliminating some of the concern that national averages gloss over local economic disparities. As part of our analysis, we joined programs with the earnings for associated occupations in their respective metropolitan or non-metropolitan areas. But the same disparities observed at the national level hold true once programs are matched with BLS data at the metropolitan statistical area (MSA) level when available or the non-metropolitan level within each state (e.g., northwest Oklahoma) when a program is not located in a MSA. In the end, 96 percent of programs have lower median earnings than the data presented in BLS would suggest, with an average difference of $24,293. For the remaining 4 percent (306 programs), in which graduates have median earnings equal to or above local BLS estimates for the occupations in their respective areas, graduates typically earn about $7,627 more than the local BLS median.

Since BLS data provide earnings for each occupation at various percentiles, the for-profit college sector in past negotiations has argued that one work-around would be to use the 10th or the 25th percentile to better approximate entry-level wages for an associate degree or certificate recipient. In turn, they say, the median and the 75th percentile BLS data could be linked with bachelor's

and post-baccalaureate credentials. Conversely, according to the Department's summary of the 2011 gainful employment negotiations, others argued that the 75th percentile better reflects the steady rise in income that a graduate from even a certificate program may experience over the course of his career, or at least over the 10 years that he theoretically will be making payments on his debt under the Department's calculation.[15]

Both lines of argument, however, are baseless, since the percentiles reflected in the BLS data only show the relative spread of earnings for an otherwise undefined set of workers. They do not have any relationship to the highest level of education received or the amount of experience possessed by a worker in that occupation. The 10th percentile neither reflects the amount that a recent graduate from a certificate program can expect to earn, nor does the 50th percentile approximate earnings for an associate's degree recipient well into his career.

Since top-performing programs in each field of study, those above the 90th percentile in terms of the typical graduate's earnings, still fall below the BLS earnings associated with those occupations and for that locale, the notion that BLS earnings will ever approximate near-term earnings seems especially unlikely. For nearly 85 percent of programs in the top decile of their field, median BLS earnings still exceed the amount typical graduates can expect to earn. And on average, median BLS earnings at the local level are $17,262 higher for even these top-performing programs.

Figure 3 | GE Program Earnings Relative to Local BLS Earnings, All Fields of Study

EARNINGS FOR THE TEN MOST COMMON FIELDS OF STUDY

To take a closer look at how local BLS data and actual graduates' incomes differ, we examined the top 10 most common fields of study in the GE data (see **Figure 4**). In these fields of study, not only do median BLS earnings universally exceed the average median earnings for program graduates, but the 25th percentile BLS earnings outperform median earnings for GE graduates in each as well. Additionally, in seven of the 10 most common programs, even the 10th percentile BLS earnings exceeds the median program earnings. That is, the lowest possible value that BLS publishes still does not approximate the typical wages for recent program graduates.

While earnings for certain fields of study like business administration have predictably large gaps given the many occupations with which they are associated, even programs that are more closely related to a limited set of occupations, such as dental assisting, have comparably high differences. For example, the median earnings for graduates of dental assistant programs trail their corresponding local BLS estimates by more than $28,500, even though the field of study is associated with just two occupations.

For top-performing programs—those whose median graduate earnings are above the 90th percentile in their respective field of study—median BLS earnings surpass the amount graduates can expect to earn in the workforce two to three years out of school in eight out of 10 fields of study. Only the top-earning programs in welding and licensed practical nursing exceed the median amount reported in the BLS data, and not by much. Recent welding graduates from the 15 programs at or above the 90th percentile of their field earn on average $4,200 more than the median BLS amount reported for the occupation, while licensed practical nurses from the 62 programs that constitute the top decile of the field only exceed the BLS earnings in their geographic area by about $670. It is important to remember that some of these high-performing programs that train students for careers in competitive industries would be hurt by a switch to BLS. These data may in some instances dampen their reported outcomes and mask their performance relative to other lower-performing programs in the same field (see **Figure 5**).

Figure 4 | GE Program Earnings Relative to Local BLS Earnings, Most Common Fields of Study

Figure 5 | GE Program Earnings Relative to Local BLS Earnings, Top-Performing Programs

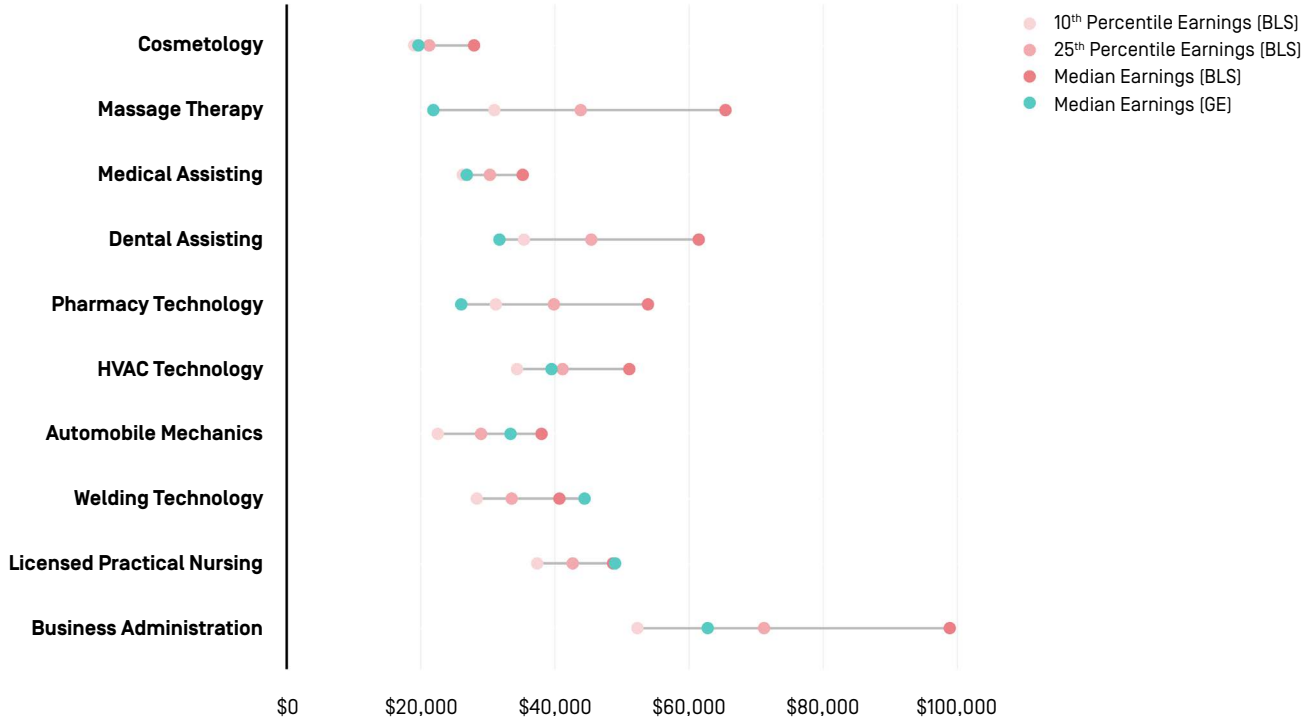


Table 4 | Number of Programs with GE Earnings Above BLS Earnings, Most Common Fields of Study

Field of Study	Count of Programs with Median Earnings Above Median BLS Earnings	Percentage of Programs with Median Earnings Above Median BLS Earnings
Cosmetology	5	0.5%
HVAC	2	1.3%
Automotive repair	3	2.7%
Welding	21	14.4%
Dental assistant training	1	0.4%
Medical assistant training	1	0.1%
Pharmacy technician training	0	0%
Massage therapy	0	0%
Licensed practical nursing	66	10.8%
Business administration	1	0.5%

EARNINGS FOR THE TEN MOST COMMON FIELDS OF STUDY ACROSS MULTIPLE LOCATIONS

To understand how local differences might impact earnings in a field of study, we mapped programs in the 10 most common fields of study across the 10 MSAs with the highest concentration of total programs.

Figure 6 shows the difference between BLS and actual program earnings across all fields of study in the 10 MSAs with the highest number of programs. The average gap is greater than $30,000, with New York witnessing the highest gap between BLS and actual program earnings ($47,107) and Phoenix the lowest ($21,155).

Certain fields of study more closely approximate the BLS earnings for the related occupations in individual metropolitan areas, which may support the notion that local economies impact graduates' earnings. For instance, graduates from pharmacy technician programs in Atlanta and Los Angeles earn nearly $20,000 soon after graduating, close to the $28,290 and $37,280, respectively, reported in BLS for all workers in that occupation (see **Figure 7**). Similarly, auto mechanics and licensed practical nurses in Minneapolis have a relatively small gap between the amount that graduates make immediately out of school and the average worker in the field (see **Figure 8** and **Figure 9**).

On the other hand, some MSAs have much higher gaps between the earnings that BLS reports for the median worker in related occupations and the amount program graduates actually earn soon after leaving. For instance, dental assistant graduates from programs in Anaheim, CA make far below the median amount reported by BLS (see **Figure 10**). Nothing definitive can be said in this analysis about what is driving the size of these differences, but it is important to note that the real median earnings for recent graduates universally lag behind those reported by BLS when studied at the local level, even though these gaps may fluctuate from location to location.

Figure 6 | Local GE Earnings Relative to BLS Earnings, All Fields of Study

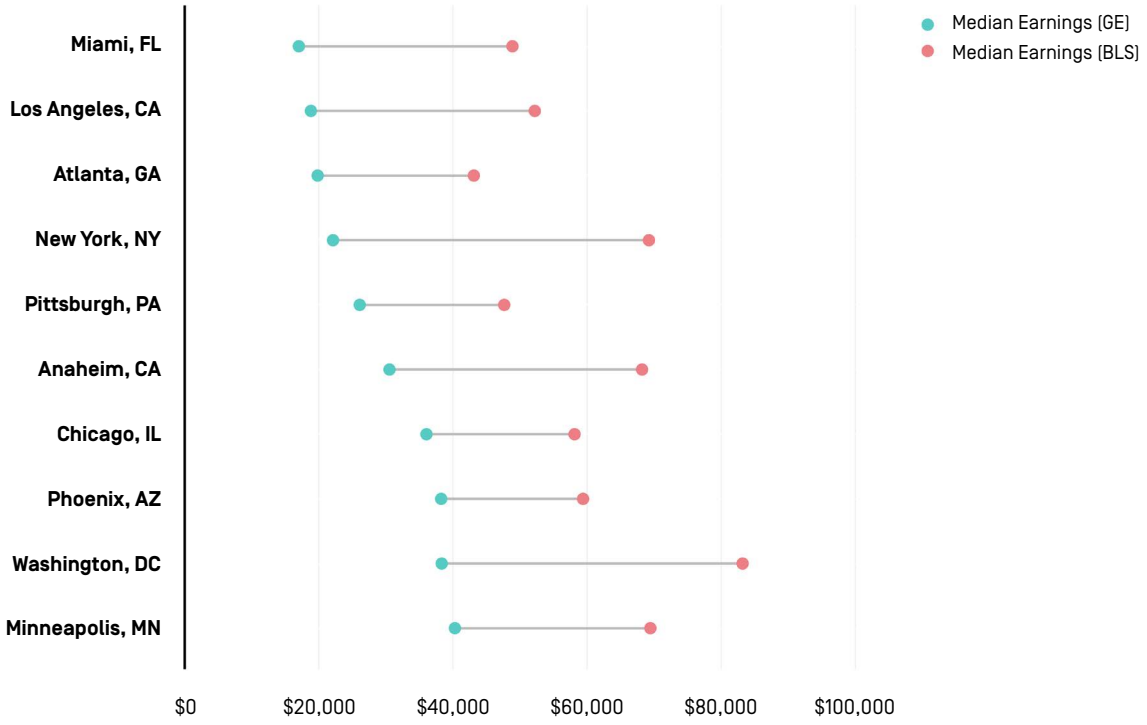


Figure 7 | Local GE Earnings Relative to BLS Earnings, Pharmacy Technology

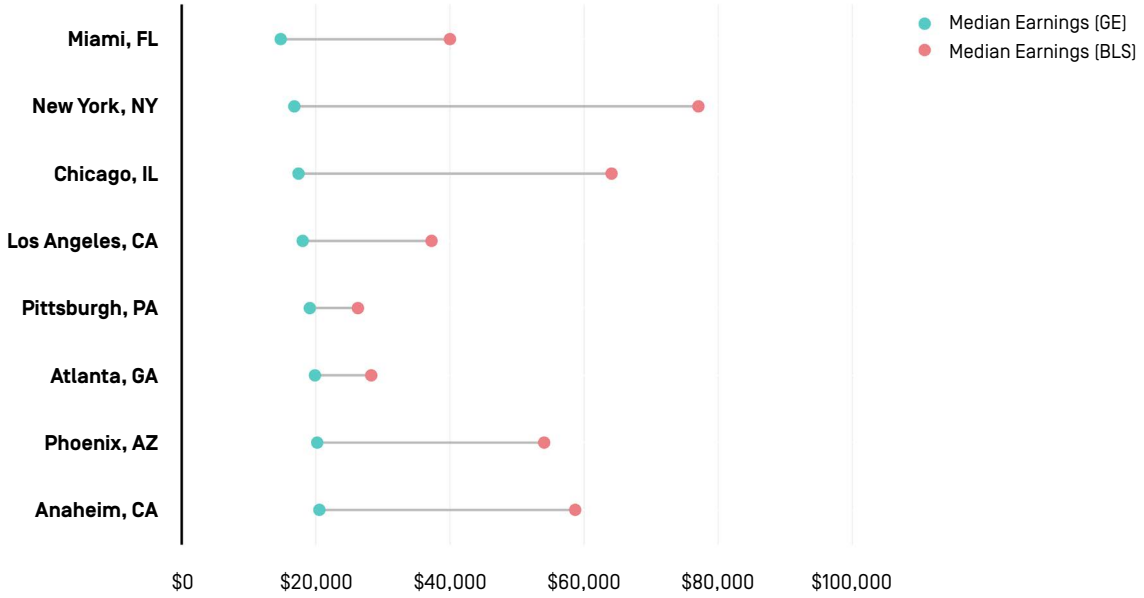


Figure 8 | Local GE Earnings Relative to BLS Earnings, Automobile Mechanics

Figure 9 | Local GE Earnings Relative to BLS Earnings, Licensed Practical Nursing

Figure 10 | Local GE Earnings Relative to BLS Earnings, Dental Assisting

DIFFERENCES IN EARNINGS BY SECTOR AND CREDENTIAL LEVEL

Since graduate earnings vary significantly by college sector, using average median BLS earnings (the red line in **Figure 11** and **Figure 12**) instead of actual program earnings would significantly benefit for-profit colleges that grant sub-baccalaureate certificates. Even though the actual earnings of graduates from all sectors fall below the average median BLS earnings, sub-baccalaureate for-profit colleges, whose graduates have lower earnings than their counterparts who attended public and private nonprofit colleges, would experience the largest boost from such a switch.

Similarly, earnings differences between credential levels would inflate some more than others. Average median BLS earnings would exceed earnings for undergraduate certificates, associate, and bachelor's degrees, but it may simultaneously dampen earnings for graduate, doctoral, and professional degrees. However, since nearly 70 percent of programs in the GE data are at the sub-baccalaureate level, the former concern is far more pressing.

Figure 13 provides a closer look into how certificate programs across all sectors fare in terms of earnings. Certificate programs offered at less-than-four-year for-profit colleges have the lowest earnings ($18,676) compared to other sectors, making the gap between the actual median earnings and BLS earnings at these colleges as high as $22,704.

Figure 11 | Median GE Program Earnings by Sector and Length of Study

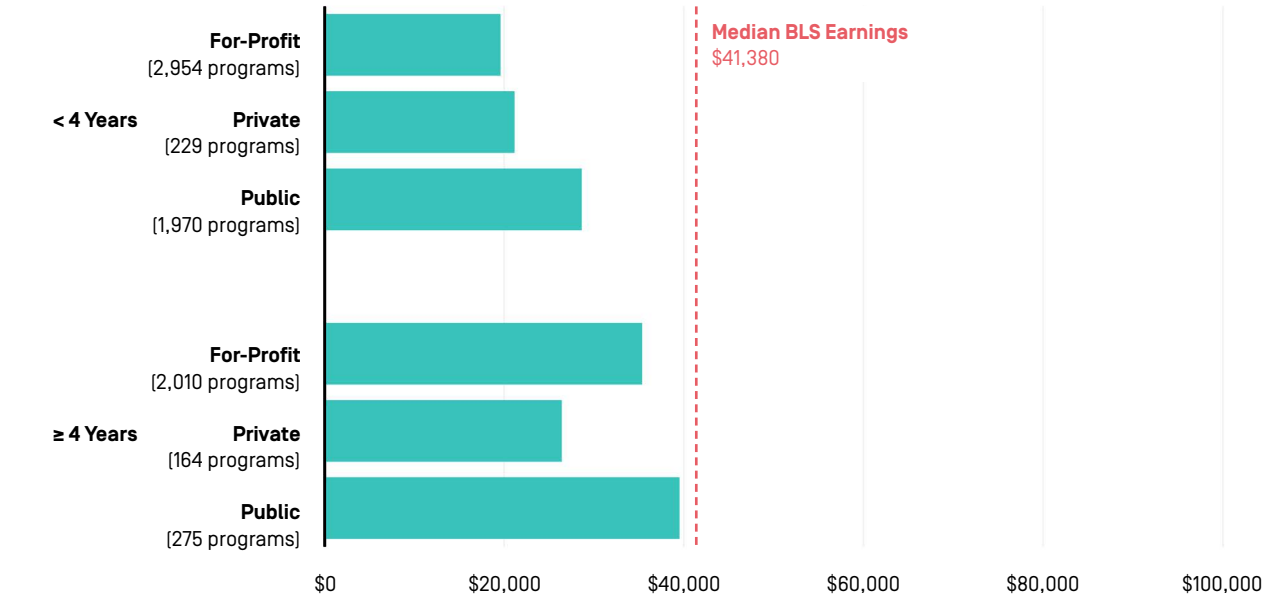


Figure 12 | Median GE Program Earnings by Credential Level

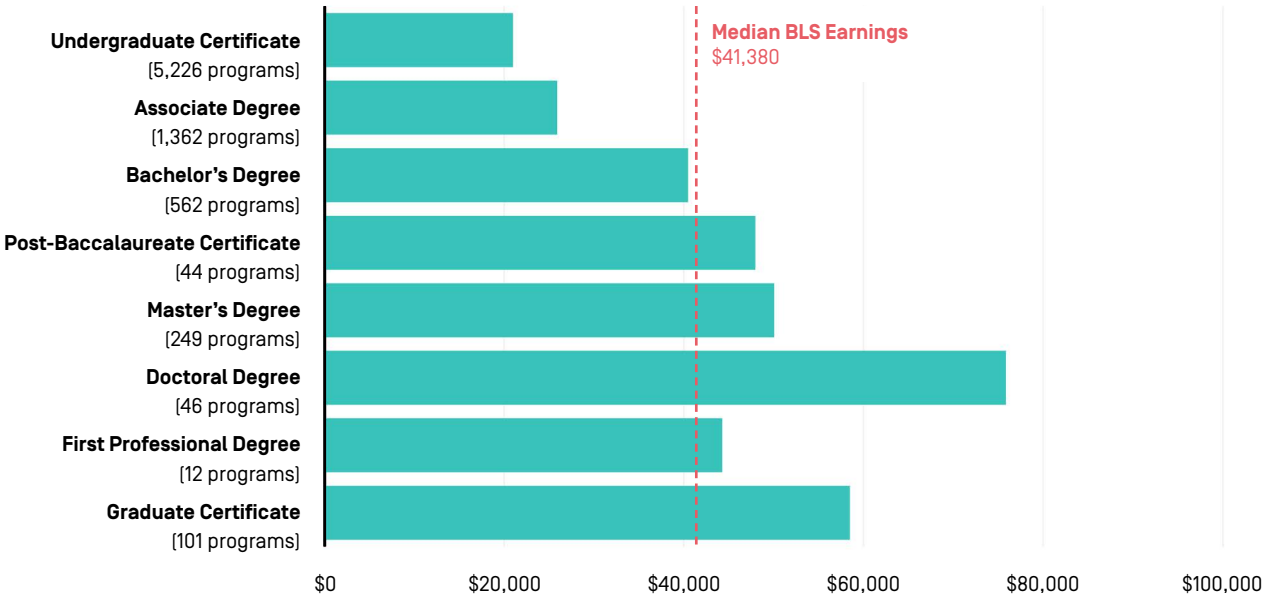
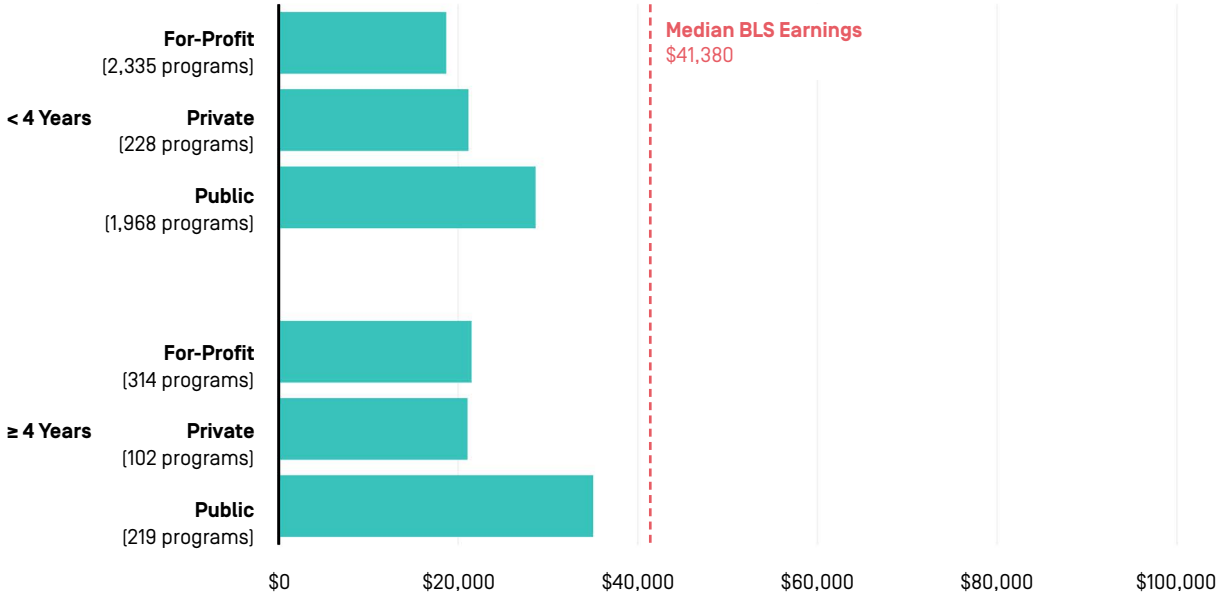


Figure 13 | Median GE Earnings of Certificate Programs by Sector and Length of Study



FAILING PROGRAMS GET A PASS

Table 5 reveals how colleges that would have previously received failing scores under the GE rule would benefit by using local BLS data instead. Most notably, only 21 programs out of the 760 programs in this analysis that originally failed the rule would again fail if BLS estimates were used to calculate the annual and discretionary debt-to-earnings rates. Weakening the current rule, already pretty lax with its numerous options for avoiding failure and its generous cut rates, would render it toothless.[16]

It should worry policymakers that few programs that have demonstrably terrible outcomes will face the threat of sanctions if allowed to duck under estimates that bear no relation to the actual yearly amount that their graduates can ever expect to earn, much less immediately after leaving school. When students attend unscrupulous schools, they often leave much worse off than before they enrolled, with large student debt but without the training they need to get jobs in field that will help them pay it off. Many will go on to default on their loans, which leads to damaged credit and other penalties. In addition to the threat to students, taxpayers will be left holding the bag if borrowers default on their debt or are otherwise unable to make monthly payments without relying on income-driven repayment (IDR) plans. Substituting BLS data for real earnings would benefit exploitative college programs at a significant cost to the American public.

Table 5 | Debt-to-Earnings Results Using Graduates' Earnings versus BLS Estimates

	Actual Graduate Earnings		Higher of the Average or Median BLS Earnings		25th Percentile BLS Earnings		10th Percentile BLS Earnings	
Result	Program Count	Percentage	Program Count	Percentage	Program Count	Percentage	Program Count	Percentage
Fail	760	10%	21	0.28%	151	1.99%	412	5.42%
Pass	5,681	74.73%	7,457	98.09%	6,903	90.81%	6,366	83.74%
Zone	1,161	15.27%	124	1.63%	548	7.21%	824	10.84%
Total	7,602	100%	7,602	100%	7,602	100%	7,602	100%

Note: The results are taken by calculating the DTE rates using various BLS earnings percentiles associated with each program.

CONCLUSION

Proposals by for-profit college leaders and lobbyists that encourage the Education Department to use BLS earnings rather than graduates' actual earnings have one goal in mind: to gut the gainful employment rule and allow failing programs and schools to continue to enrich themselves with federal student aid dollars. Knowing full well the limitations of using BLS data, any attempt by the Department to heed for-profit colleges' advice should be considered willful ignorance.

Negotiators may disagree about the specific form that gainful employment accountability metrics should take, but there was near unanimous agreement during the first round of negotiations that the regulation should affect programs continued eligibility to receive federal financial aid if they do not meet certain benchmarks.

Tweaking determinations and creating new appeals criteria are one thing. But make no mistake: If the Department plans to proceed with eliminating provisions that restrict the flow of federal aid to poor-performing gainful employment programs, substituting BLS data would be a less conspicuous way of achieving this same goal. The gainful employment regulations were never intended to measure the hypothetical amount that someone working in field might earn. After comparing these two sets of data, it is starkly clear that any approach that uses BLS averages would inflate projected earnings for many graduates to unrealistic levels. These gross inflations would undermine any attempt to hold programs directly accountable for graduates' outcomes and would prevent prospective students from making informed decisions.

Appendix A: Methodology

Matching with Area

To explore how Bureau of Labor Statistics (BLS) data differ from the gainful employment (GE) data published by the Department of Education in January 2017, this analysis relied on data from the BLS May 2016 Occupational Employment Statistics (OES) survey.[17] The survey includes data on 821 non-farm occupations at the national, state, non-metropolitan and metropolitan level, respectively. First, we used directory information pulled from the Integrated Postsecondary Education Data System (IPEDS) to match each program with its core based statistical area (CBSA), using each college's six-digit Office of Postsecondary Education Identification (OPEID) number. After joining on OPEID, 586 of the 8,637 programs included in the original GE file did not have an associated CBSA in IPEDS. To match these missing values with the appropriate metropolitan or non-metropolitan area, we turned to each program's zip code. Using a zip to CBSA crosswalk provided by the U.S. Department of Housing and Urban Development (HUD), 454 programs were successfully joined with a single CBSA.[18] For the remaining 132 programs, a CBSA could not be uniquely identified with zip code alone. We identified an initial CBSA for every program after checking the college's full street address, using an online tool developed by the Federal Financial Institution Executive Council.[19]

Not every CBSA is reflected in the BLS data, since it may be rolled into a larger MSA or coded as part of a broader non-metropolitan region within a state. Of each college's CBSA, 1,143 did not match with the area categories listed in the OES data. To find the appropriate OES area definition for these colleges, we used the Federal Information Processing Standards (FIPS) code also pulled from directory information in IPEDS, which identifies state and county. Of the 1,143 colleges that were originally not reflected in the OES data, 61 were missing a county code. We were able to identify unique county codes for 18 colleges using a zip code to county code crosswalk.[20] All but 258 programs, which were exclusively based in U.S. territories in the Caribbean, successfully matched with an area in the OES data.

Matching CIP to SOC

After finding each college's appropriate area, we used the Classification of Instructional Program (CIP) to Standard Occupational Code (SOC) crosswalk to derive a list of occupational outcomes for each program of study; 220 programs did not match because they did not have a corresponding SOC code in the crosswalk. After matching CIP to SOC, we created a composite code by combining SOC and area. After joining earnings in the two data sets using this composite code, another 373 programs were shed because a particular occupation was not listed in the OES data for the program's area.

For program codes that lead to multiple occupations, we used a weighted average for the earnings of these occupations. This is particularly relevant for majors like business administration, which is associated with up to 12 different occupations. Without access to data on graduates' occupations, the BLS data in this analysis reflect the average weighted by total employment in each occupation at the national and MSA level, respectively. For programs of study that are associated with the same list of occupations, we combined them when conducting field-of study level analyses. Among the top 10 most common fields of study, this applied to cosmetologists and aestheticians; and to medical assistant, medical office assistant, medical insurance, and medical administrative assistants.

Appendix B: Additional Figures

Figure 14 | Local GE Earnings Relative to BLS Earnings, Massage Therapy

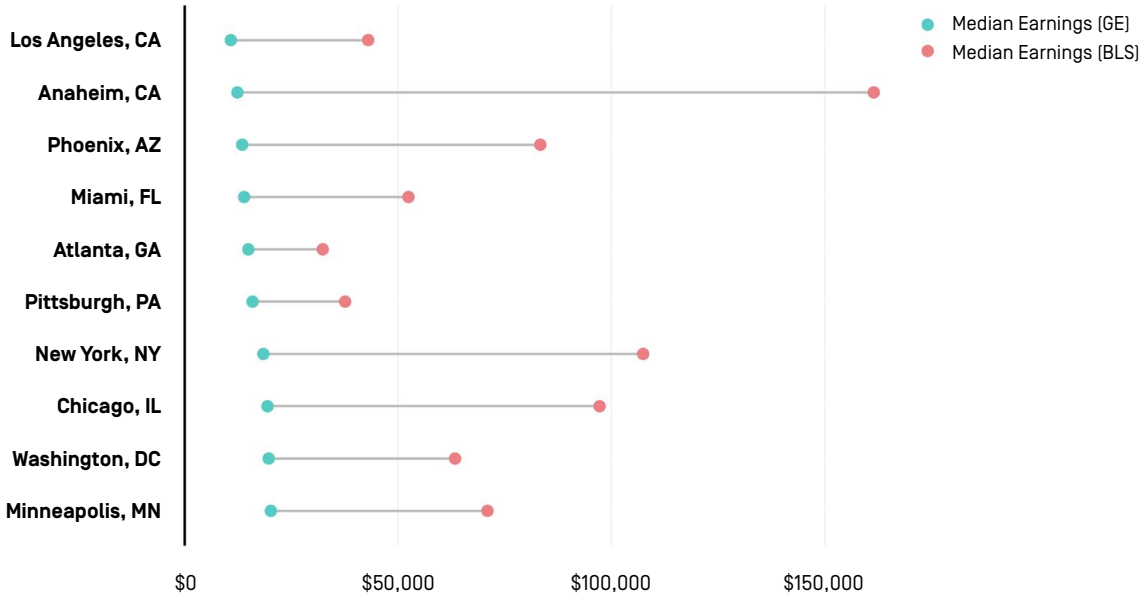


Figure 15 | Local GE Earnings Relative to BLS Earnings, Cosmetology

Figure 16 | Local GE Earnings Relative to BLS Earnings, Welding Technology

Figure 17 | Local GE Earnings Relative to BLS Earnings, Business Administration

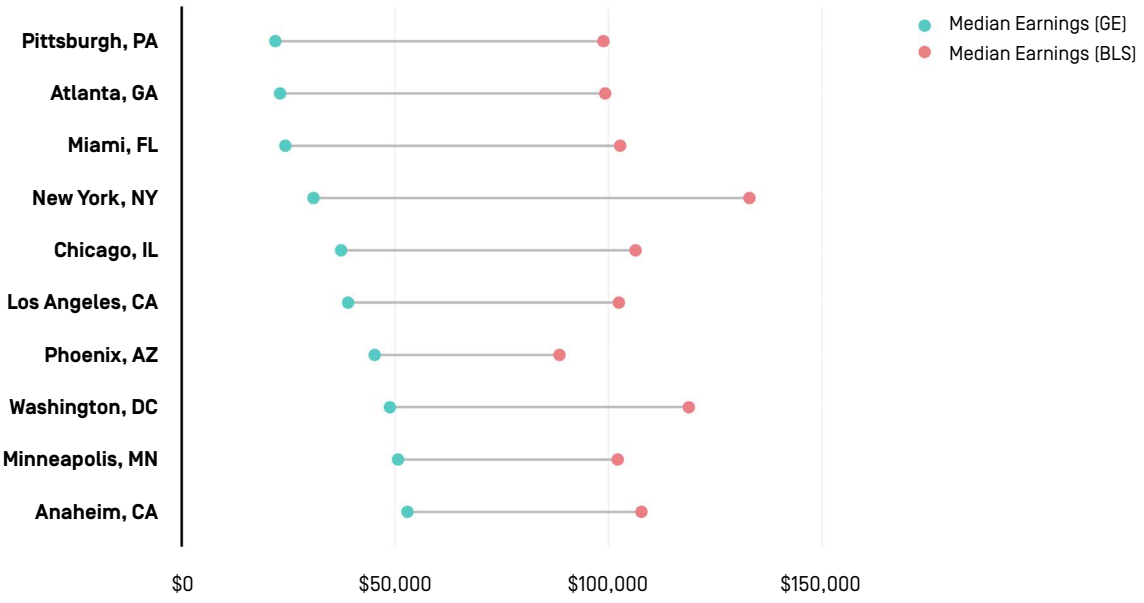


Figure 18 | Local GE Earnings Relative to BLS Earnings, HVAC Technology

Figure 19 | Local GE Earnings Relative to BLS Earnings, Medical Assisting

Figure 20 | Programs Grouped by Size of GE-BLS Earnings Difference, Cosmetology

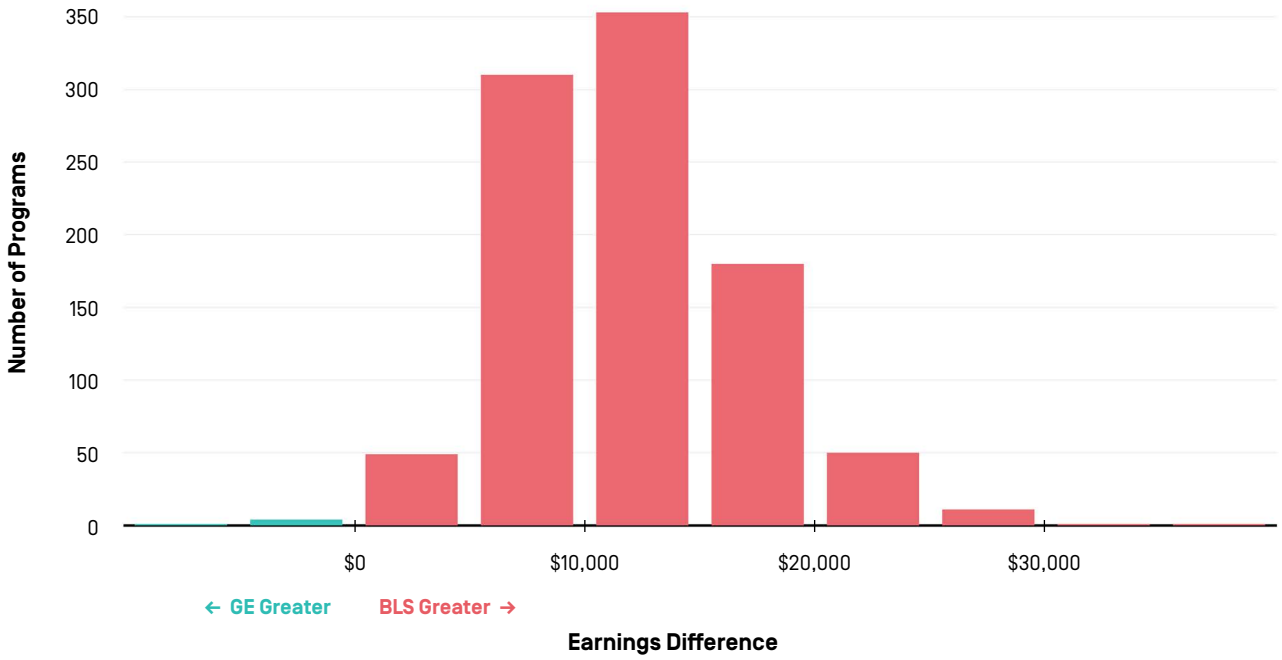


Figure 21 | Programs Grouped by Size of GE-BLS Earnings Difference, Automobile Technology

Figure 22 | Programs Grouped by Size of GE-BLS Earnings Difference, Welding Technology

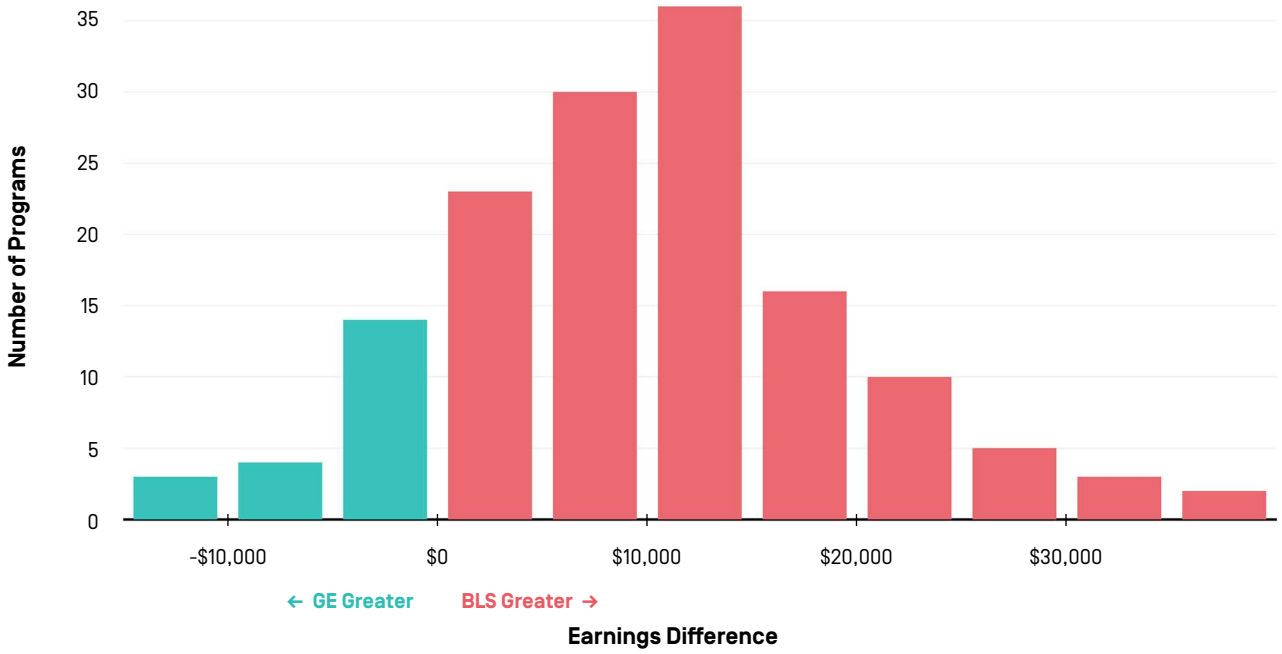


Figure 23 | Programs Grouped by Size of GE-BLS Earnings Difference, HVAC Technology

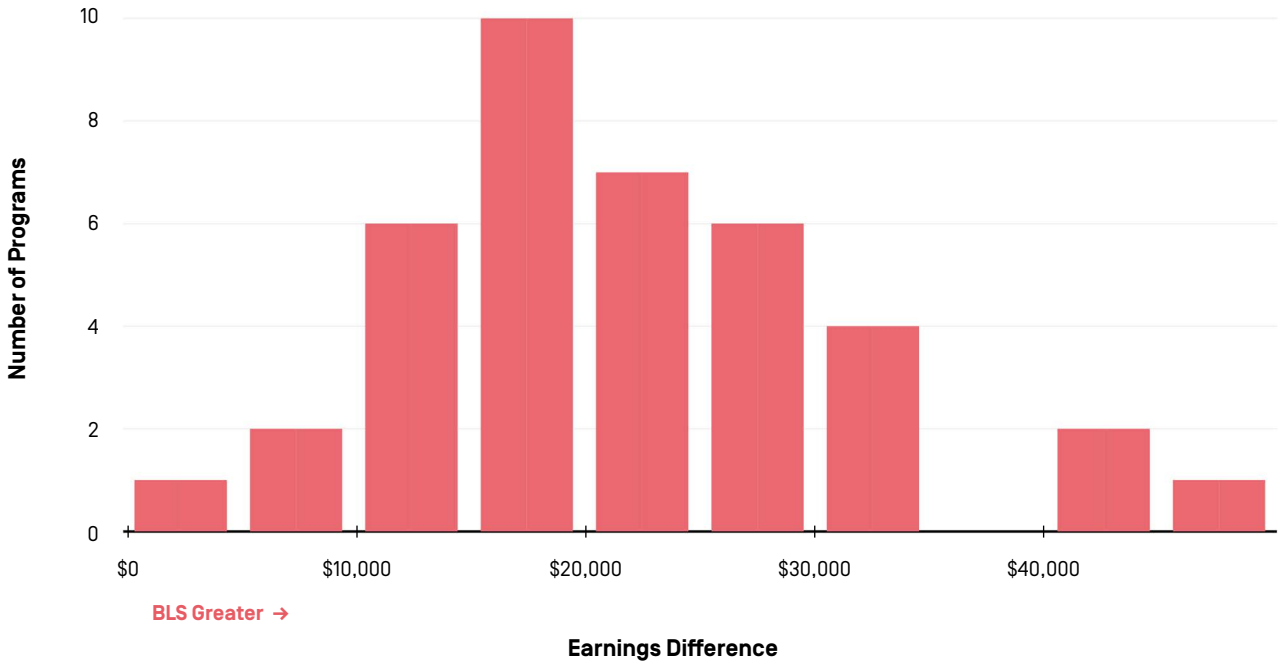


Figure 24 | Programs Grouped by Size of GE-BLS Earnings Difference, Dental Assisting

Figure 25 | Programs Grouped by Size of GE-BLS Earnings Difference, Medical Assisting

Figure 26 | Programs Grouped by Size of GE-BLS Earnings Difference, Pharmacy Technology

Figure 27 | Programs Grouped by Size of GE-BLS Earnings Difference, Massage Therapy

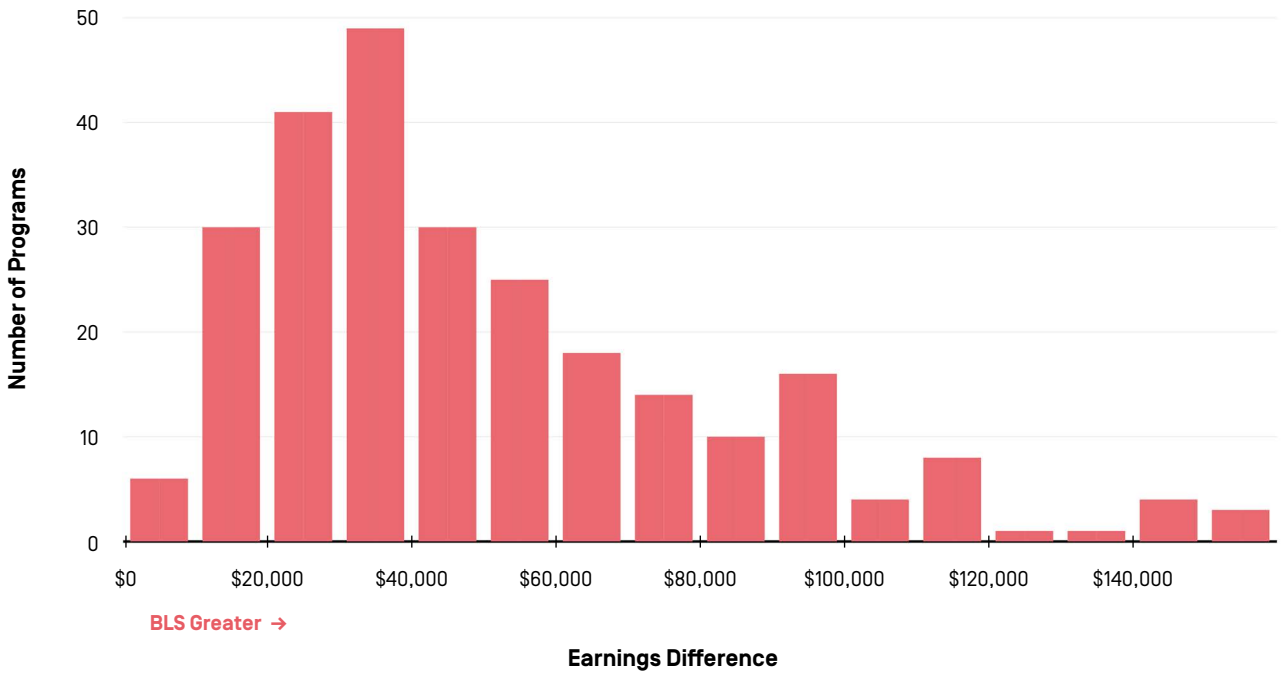


Figure 28 | Programs Grouped by Size of GE-BLS Earnings Difference, Licensed Practical Nursing

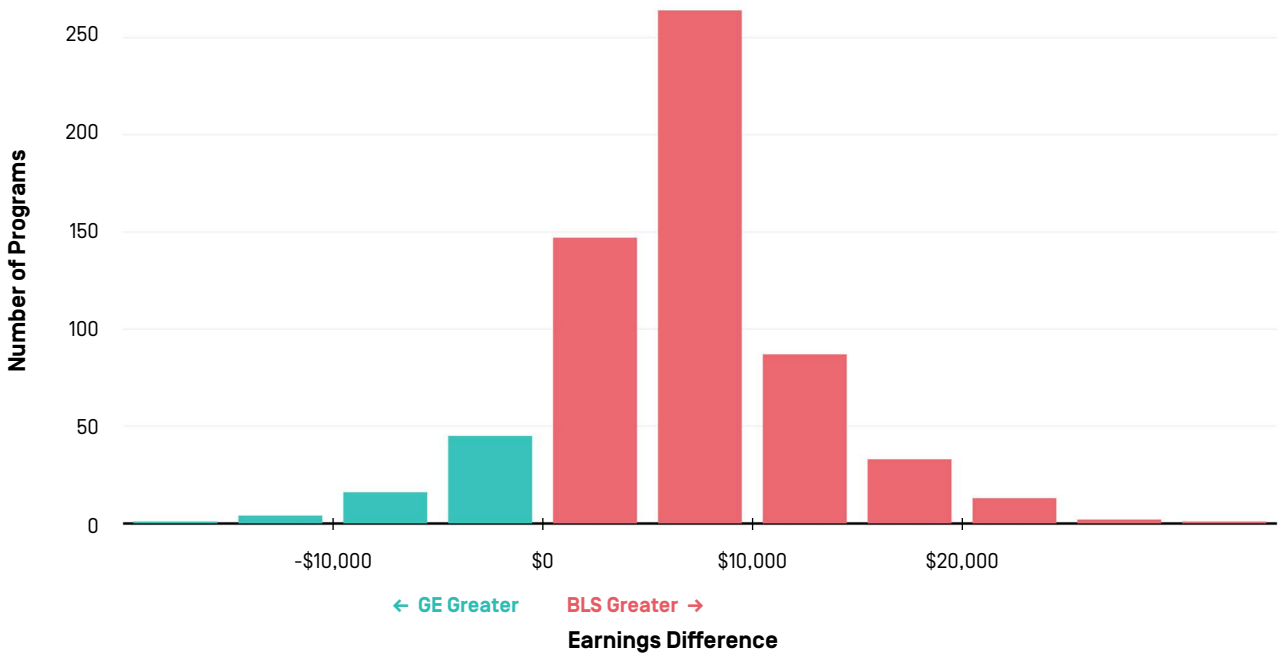
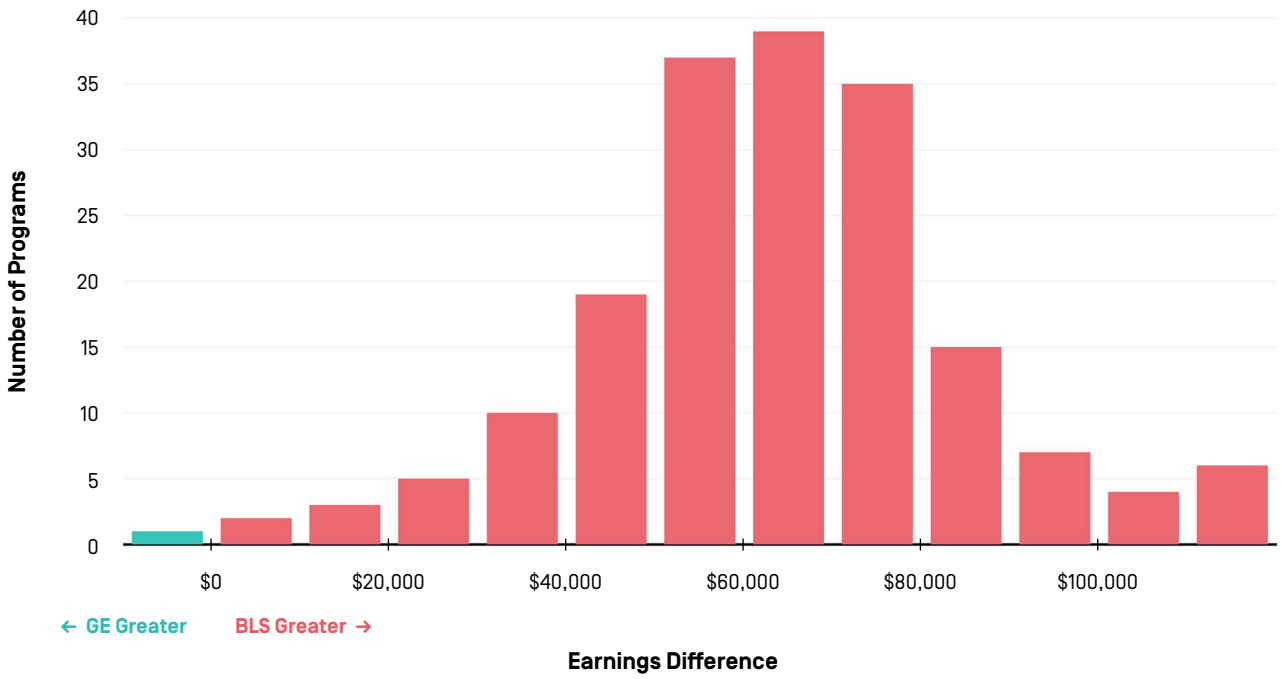


Figure 29 | Programs Grouped by Size of GE-BLS Earnings Difference, Business Administration



Notes

[1] *CECU Offers Innovative Road Map to Modernize & Connect HEA to Jobs* (Arlington, VA: Career Education Colleges and Universities, May 2017), https://www.career.org/uploads/7/8/1/1/78110552/cecu_hea_launch_memo.pdf.

[2] All GE earnings averages are weighted by the program's student count and all BLS earnings data are weighted by the total number of employees in a given occupation.

[3] American Association of Cosmetology Schools v. Elisabeth DeVos, 2017 U.S. District Court for the District of Columbia.

[4] Education Amendments of 1972, Public Law 92-318 (1972), https://www.gpo.gov/fdsys/pkg/STATUTE-86/pdf/STATUTE-86-Pg235.pdf.

[5] U.S. Department of Education, 34 CFR Part 668, Program Integrity: Gainful Employment (2011), https://ifap.ed.gov/fregisters/attachments/FR061311GEDebtMeasures.pdf.

[6] U.S. Department of Education, Office of Federal Student Aid, "Gainful Employment Information," https://studentaid.ed.gov/sa/about/data-center/school/ge.

[7] Betsy DeVos, "Evaluation of Existing Regulations," request for comments, *Federal Register*, June 19, 2017, https://www.federalregister.gov/documents/2017/06/22/2017-13157/evaluation-of-existing-regulations.

[8] *CECU Offers Innovative Road Map to Modernize & Connect HEA to Jobs* (Arlington, VA: Career Education Colleges and Universities, May 2017), https://www.career.org/uploads/7/8/1/1/78110552/cecu_hea_launch_memo.pdf.

[9] U.S. Department of Education, *Public Meeting on Gainful Employment*, transcription of meeting in Washington, DC, November 4, 2010, https://www2.ed.gov/policy/highered/reg/hearulemaking/2009/gainfulmeetingnov4.pdf.

[10] U.S. Department of Education, 34 CFR Part 668, Program Integrity: Gainful Employment (2011), https://ifap.ed.gov/fregisters/attachments/FR061311GEDebtMeasures.pdf.

[11] U.S. Department of Education, 34 CFR Parts 600 and 668, Program Integrity: Gainful Employment (2014).

[12] Ibid.

[13] Carolin Hagelskamp, David Schleifer, and Christopher DiStasi, *Is College Worth It for Me? How Adults Without Degrees Think About Going (Back) to School* (New York: Public Agenda, November 2013), https://files.eric.ed.gov/fulltext/ED547419.pdf.

[14] New America conducted a similar preliminary analysis using national BLS data, where some of this information appeared. Ben Barrett, "Measuring Up: How BLS Data Would Inflate Incomes for Career Training Graduates," *EdCentral* (blog), New America, December 2017, https://www.newamerica.org/education-policy/edcentral/measuring-why-bls-data-would-inflate-incomes-career-training-graduates/.

[15] U.S Department of Education, 34 CFR Part 668, Program Integrity: Gainful Employment (2011), https://ifap.ed.gov/fregisters/attachments/FR061311GEDebtMeasures.pdf.

[16] Sophie Nguyen, "Why the Department Shouldn't Weaken the Gainful Employment Metrics," *EdCentral* (blog), New America, December 6, 2017, https://www.newamerica.org/education-policy/edcentral/why-department-shouldnt-weaken-gainful-employment-metrics/.

[17] Bureau of Labor Statistics, "Occupational Employment Statistics," OES Data, May 2016, https://www.bls.gov/oes/tables.htm.

[18] U.S. Department of Housing and Urban Development, Office of Policy Development and Research, "HUD USPS ZIP Code Crosswalk Files," 2012, https://www.huduser.gov/portal/datasets/usps_crosswalk.html.

[19] Federal Financial Institutions Examination Council (FFIEC), Geocoding System, https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx.

[20] U.S. Department of Housing and Urban Development, Office of Policy Development and Research, "HUD USPS ZIP Code Crosswalk Files," 2012, https://www.huduser.gov/portal/datasets/usps_crosswalk.html.

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