

# STATS Final Rule: Summary for AIR Community

*Last updated: July 2, 2026*

The U.S. Department of Education (ED) has issued a final rule establishing the Student Tuition and Transparency System (STATS) and Earnings Accountability framework required under the One Big Beautiful Bill Act (OBBBA). The rule creates a new program-level earnings accountability system and replaces key elements of the existing Financial Value Transparency/Gainful Employment framework.

The final rule was published in the Federal Register on July 1, 2026. Its effective dates are layered, and ED describes them in two different ways; see “Effective dates and early implementation,” below. In brief, the statutory obligations and the option to early-implement STATS begin July 1, 2026, while most of the regulatory text takes effect July 1, 2027.

## Effective dates and early implementation

The Federal Register sets the rule’s formal regulatory effective dates: most provisions take effect July 1, 2027, except for the changes to the Direct Loan program regulations (34 CFR part 685), which take effect August 31, 2026. Those part 685 changes are the new definitions of “eligible non-GE program” and “gainful employment (GE) program,” and the provision under which an institution, by entering into its program participation agreement, agrees that its programs must meet the STATS and earnings accountability requirements to participate in the Direct Loan program.

ED’s fact sheet frames the same rule around the statute, stating that the provisions implementing the OBBBA are effective July 1, 2026, with certain other provisions effective July 1, 2027. Both statements are accurate: the statutory obligations created by the OBBBA take effect July 1, 2026, and institutions may early-implement beginning July 1, 2026, while the bulk of the codified regulatory text carries a July 1, 2027 effective date.

For the Fall 2026 reporting cycle, early implementation is not a separate election or form. As described under “Reporting transition for Fall 2026,” an institution early-implements simply by omitting the newly optional fields; reporting those fields keeps the institution under FVT/GE for this cycle.

## What STATS does

STATS establishes an annually calculated earnings premium measure for postsecondary programs. A program passes the measure if the median annual earnings of students who completed the program equal or exceed the relevant earnings threshold. A program fails if completers’ median annual earnings are below that threshold.

For undergraduate programs, completers’ median earnings are compared to the median earnings of working adults ages 25–34 with only a high school diploma. For graduate programs,

completers' median earnings are compared to the median earnings of working adults ages 25–34 with only a bachelor's degree. The comparison may use state or national earnings data depending on the institution's enrollment makeup.

Program earnings will be calculated using completers' median annual earnings measured four years after completion, which is one year later than the outgoing FVT/GE framework.

## Scope

The rule applies broadly to GE programs and eligible non-GE programs offered by eligible institutions. The Federal Register describes STATS as applying to programs for which institutions report information to the Secretary of Education and for which the Secretary assesses earnings outcomes.

The ED's fact sheet describes the rule as creating an accountability framework that applies across sectors, institutions, and programs.

## What happens when a program fails

A program that fails the earnings premium measure in two out of any three consecutive award years for which the measure is calculated becomes a low-earning outcome program. Low-earning outcome programs lose eligibility to participate in the federal Direct Loan program after completion of the termination process, absent a successful appeal.

The ED states that the earnings test will first be calculated in early 2027 for the 2027–28 award year. As a result, some programs could first be designated as low-earning outcome programs beginning in the 2028–29 award year if they fail the earnings test in both 2027 and 2028.

The final rule also sets terms for regaining eligibility. A program that received the low-earning outcome designation, or that the institution voluntarily discontinued, cannot be reestablished in the same or substantially similar form for at least two years, and must pass the earnings test to regain Direct Loan eligibility.

## Institutional Title IV implications

The final rule also amends administrative capability requirements. Institutions with low-earning outcome programs may lose broader Title IV eligibility if more than half of Title IV recipients are enrolled in low-earning outcome programs or if more than half of the institution's total Title IV funds are disbursed to students enrolled in low-earning outcome programs.

This means STATS should not be treated only as a program-level reporting requirement. It also has potential implications for institutional risk assessment, program review, leadership reporting, and cross-campus data governance.

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## Student warnings

Institutions must provide warnings to current and prospective students when the Secretary notifies the institution that a program may become ineligible for some or all Title IV aid. The ED's fact sheet also states that institutions will be required to provide students with notice of remaining Pell Grant lifetime eligibility each time Pell is disbursed.

## Appeals and programmatic options

The final rule provides an appeals process for institutions whose programs have been determined to be low-earning outcome programs. Institutions generally have 30 days from notification to appeal, and the final rule specifies the permitted grounds, which include an error in the calculation of the program's earnings premium measure, the determination of which individuals are counted as completers, and the earnings threshold used in the comparison.

The ED's fact sheet also describes options after a program first fails the earnings test, including voluntarily preventing Direct Loan borrowing in the program for at least five years, conducting an orderly program closure if approved by the Secretary, or taking no action and continuing to face the earnings test in subsequent years.

## Reporting transition for Fall 2026

For the October 1, 2026 reporting cycle, Federal Student Aid (FSA) has made several FVT/GE fields optional as of July 1, 2026. FSA states that an institution's decision not to report data in the optional fields will be treated as an indication that the institution intends to early implement STATS. Institutions that wish to remain under FVT/GE for this cycle may still report optional fields, and FSA states that reported information is expected to be accurate.

FSA states that all institutions must submit either STATS or FVT/GE data by October 1, 2026. If an institution fails to report required information under either approach, it must provide the Secretary an acceptable explanation for the failure to comply.

The fields made optional for October 1, 2026 reporting include:

- Transitional/Standard Reporting Flag.
- Student's enrollment status as of the first day of enrollment in the program.
- Program attendance status during the award year.
- Program attendance status date during the award year.
- Residency tuition status by state or district.
- Date the student completed or withdrew from the program.
- Total amount of institutional debt during the student's entire enrollment in the program.

All other fields remain required. FSA has indicated that additional technical information, including revised valid values and error codes, will be provided in a forthcoming update to

Volume 1 of the NSLDS FVT/GE User Guide. The ED also describes STATS as reducing the data institutions must report by roughly 30 percent, by removing elements already captured in other ED systems.

## What changed from the proposed rule to the final rule

ED largely adopted the negotiated-rulemaking consensus language in the proposed rule and made only a few changes in the final rule. Some of those changes are significant for institutions and were not in the April 20, 2026 proposed rule:

- **Delay for predominantly tipped occupations.** The final rule delays the eligibility consequences for programs that prepare students for occupations in which a majority of workers earn tipped income. ED identified 20 such programs by CIP code, including certain cosmetology, barbering, and massage therapy programs. During the delay, these programs are treated as neither passing nor failing the earnings test, though ED will continue to publish their earnings data. The delay is tied to the OBBBA’s “No Tax on Tips” provision and runs until earnings are measured using 2026 tax-year data or later, resulting in at least a one-year delay for affected programs.
- **Exemption for institutions serving students with documented disabilities.** The final rule exempts an institution from the program eligibility consequences if it exclusively serves individuals with documented disabilities, as defined under 34 CFR 300.8.
- **Exemptions tied to Direct Loan non-participation.** An institution is exempt from the automatic loss of Title IV eligibility if it does not currently participate in the Direct Loan program and has not participated for the five most recently completed award years. Separately, a program is exempt from the automatic loss of Pell Grant eligibility if the institution agrees, through an amendment to its program participation agreement, to prevent students in the program from borrowing Direct Loans for at least five years.
- **More detail on appeals.** The final rule spells out the permitted grounds for appeal (see “Appeals and programmatic options”), including which individuals are counted as completers and the earnings threshold used in the comparison.

## What institutional research and data professionals should do now

Institutional research and data professionals can play an important role in helping their institutions understand and prepare for STATS. The October 1, 2026 reporting cycle requires coordination across financial aid, registrar/enrollment records, institutional research, finance, academic affairs, IT, and compliance. Institutions should make an intentional decision about early implementation, document that decision, review required and optional data elements, and ensure that data definitions and program identifiers are accurate and consistent.

AIR encourages members to treat STATS as both a reporting transition and a data governance issue. The framework depends on accurate program definitions, student-level records, cost information, loan data, completion and withdrawal information, and earnings outcomes. These data are often distributed across institutional systems and offices and require coordinated review.