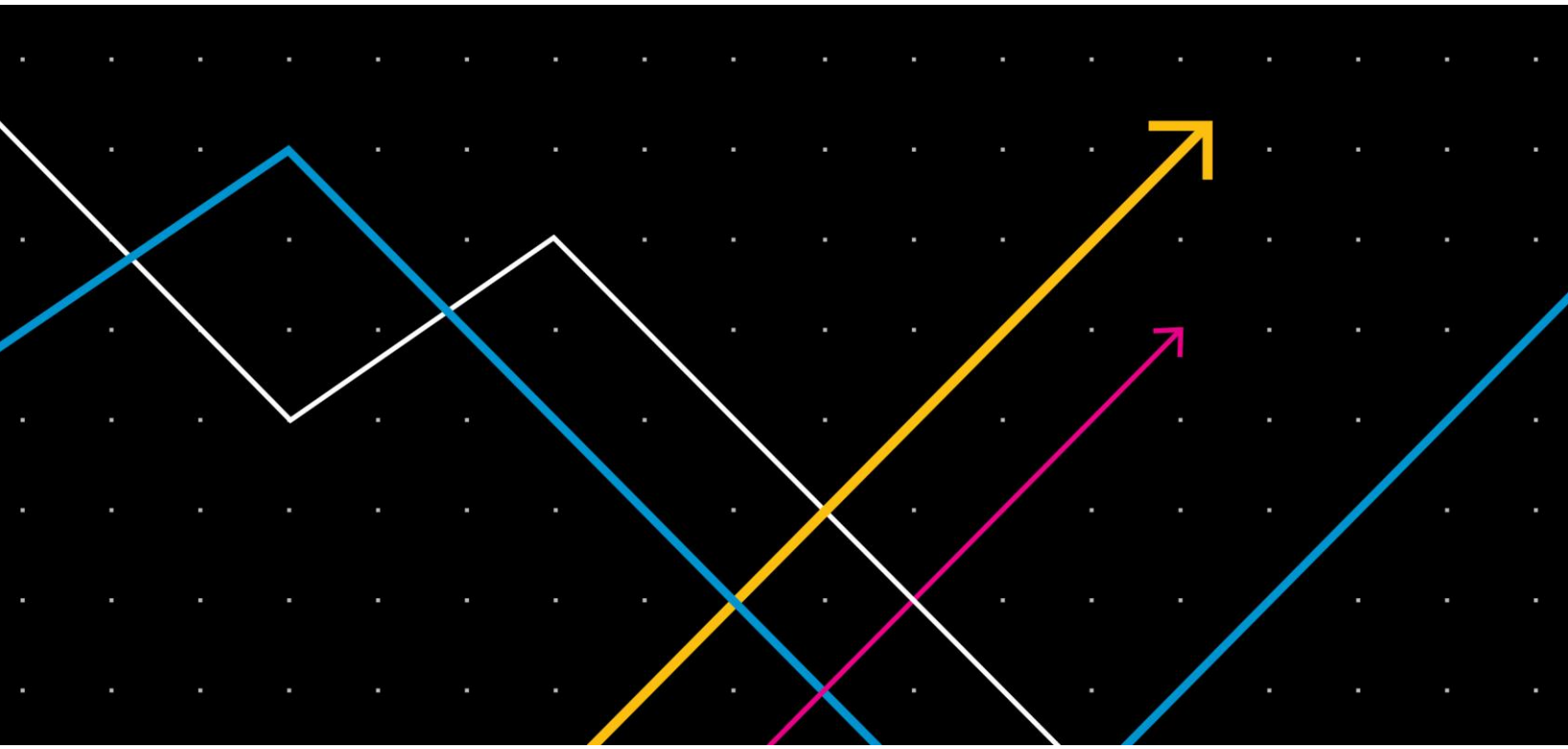


RESEARCH REPORT

Measuring Earnings Growth by Field of Study to Inform Higher Education Policy

New College Scorecard Data Report Earnings up to Five Years after Completion

Jason Delisle *Jason Cohn*

December 2024

URBAN INSTITUTE · ELEVATE · THE · DEBATE

ABOUT THE URBAN INSTITUTE

The Urban Institute is a nonprofit research organization that provides data and evidence to help advance upward mobility and equity. We are a trusted source for changemakers who seek to strengthen decisionmaking, create inclusive economic growth, and improve the well-being of families and communities. For more than 50 years, Urban has delivered facts that inspire solutions—and this remains our charge today.

Contents

Acknowledgments

This report was supported by Arnold Ventures and the Career Schools Private Education Network. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples.

Measuring Earnings Growth

Policymakers and the public are increasingly concerned about the payoff students and taxpayers receive from government subsidies for postsecondary education. This concern has led advocates and policymakers to call for stronger quality assurance policies for colleges and universities.

Past efforts to enact quality assurance policies have focused on minimum graduation rates or student loan repayment progress. More recent proposals focus instead on earnings. Data collection capabilities can now show what graduates earn after completing a credential from a particular institution, creating opportunities to link quality assurance rules directly to the wages gained from a credential.

There has been much debate about the features of these earnings-based quality assurance policies, such as which fields and institutions the policies should cover. There has been little discussion about when earnings should be measured once students leave school, and there is little consensus among different proposals on that matter.

The Biden administration's gainful employment rule, for example, measures earnings three years after completion or six years after completion for select fields (the Obama-era version of the rule measured earnings at the second year).[1] A prominent proposal advanced by House Republicans in 2024 would measure short-term credentials in students' first year after completion but later for other credentials.[2] A Senate proposal from 2023 measures earnings as late as five or six years after students complete their credentials.[3] Advocacy and trade associations have argued that measuring earnings in the initial years after graduation misses large increases in graduates' earnings later in their careers, and they have argued for earnings to be assessed later than what has been put forward in many policy proposals.

To inform these matters, we examine how earnings change after graduates complete their credentials using new data from the College Scorecard showing earnings up to five years after completion. We assess which fields of study show the most and least change and focus on fields where a high share of programs have low initial earnings and are likely to fail earnings-based accountability tests.

Key findings:

- Several large bachelor's degrees fields with low initial earnings, such as biology, produce outsize increases by the fifth year (as much as $30,000). Large fields with low initial earnings and low earnings growth include psychology and English.
- A longer period in accountability policies to account for high earnings growth is most important for bachelor's degrees, given how much earnings change for these degrees over the first five years. Earnings typically increase by more than 50 percent, or about $20,000, in real terms.
- Students earning certificates and associate's degrees experience the smallest increases in earnings in the first five years after completing credentials, typically about $11,000 in real terms.
- Some large fields of study among certificates and associate's degrees, such as those in liberal arts and general studies, produce low initial earnings but high earnings growth over the first five years, with earnings increasing from $28,000 to $42,000 in real terms by the fifth year.
- Quality assurance policies that would measure earnings for short-term credentials in the first or second year after students graduate are likely to penalize these large fields with high earnings growth but low initial earnings.
- Programs in medical assisting and administrative services and in cosmetology are among the largest certificate programs with both low initial earnings and low earnings growth—only about $5,000 in real terms over the first five years.
- Several large master's degree fields with low initial earnings show low earnings growth (about $10,000 over the first five years). These include degrees in social work, counseling and applied psychology, and teacher education.
- In the Saving on a Valuable Education (SAVE) repayment plan for student loans, high earnings growth can make up for low initial earnings and result in borrowers making similar payments to those with higher earnings. That is not the case for certificates and associate's degrees, however, because loan forgiveness occurs before the repayment term can capture the full effects of borrowers' income growth.

Earnings Growth among Fields with Low Initial Earnings

Early efforts to collect and publish data on what former students earn after attending higher education programs focused on the first or second year after students graduated.[4] Data collection efforts under the US Department of Education College Scorecard have recently added later years for individual fields of study at every institution.[5]

The availability of later earnings data and the growing interest among policymakers to use earnings data for accountability policies raises an important question: When should earnings be measured to best capture whether a program pays off? If earnings are measured too early, fields where earnings are low initially but grow rapidly later could fail earnings-based accountability tests, even if they provide value for students and taxpayers. Measuring later, on the other hand, could overlook the financial hardship graduates might incur during a long low-earning period, even if earnings increase later. Measuring earnings later could also fail to account for loan forgiveness costs to the government under the income-driven repayment (IDR) program that accrue in borrowers' early repayment years, even if those costs are not realized until later. New College Scorecard data showing students' earnings five years after graduation for each field of study allow us to examine these issues for the first time.

Identifying Programs at Risk of Failing Accountability Tests

We first identify fields within each credential level that have a high chance of missing an earnings threshold in the first year after students complete their program. This creates an "at-risk" universe of fields that are likely to fail a hypothetical accountability test based only on graduates' first-year earnings.

To identify this at-risk group among certificate, associate' degrees, and bachelor's degree programs, we exclude fields from our analysis where at least 75 percent of programs pass a high school earnings test based on first-year earnings. Under that test, median earnings of a program's graduates must exceed median earnings of workers ages 25 to 34 with only a high school diploma in the state where the institution is located. We do the same for master's degree programs, but students' median earnings must instead exceed those of workers with only a bachelor's degree to pass the test.[6] Fields where fewer than 75 percent of programs (weighted by the number of students in the earnings measurement) pass the earnings tests usually have lower earnings than others within a credential group, but there are exceptions.[7] After screening for these at-risk programs, we are left with a group of programs that accounts for 66 percent of all certificates and associate's degrees with data, 27 percent of all bachelor's degrees, and 35 percent of all master's degrees.

We then group these at-risk programs according to whether they have high or low earnings growth between the first and fifth years after students complete credentials. We define low and high growth based on whether the absolute increase in earnings is above or below the median growth rate for all programs in each credential group.[8]

To summarize, our analysis focuses on two categories of programs within each credential group: one group with low initial earnings but high earnings growth by the fifth year and a second group with low initial earnings and low earnings growth by the fifth year. The former group is the one in which first-year earnings might send a false signal that the credential leads to a low payoff, whereas the second group is one with persistently low earnings and could be more concerning for students and policymakers. We focus on only the largest 10 fields of study for each group according to how many first-year earners are reported in the data.[9]

Because of data limitations, we cannot use data for the intervening second and third years after graduation.[10] The data in this analysis include only working individuals (i.e., those with positive earnings) who complete their credential, and they include the earnings of individuals who go on to complete a higher credential (e.g., a bachelor's degree recipient who later earns a master's degree). All data are in constant 2022 dollars.[11]

Certificates and Associate's Degrees

Most of the certificates and associate's degrees we identify as at risk of failing earnings tests tend to show first-year earnings below $30,000 (figure 1). Among these, fields with high earnings growth tend to produce earnings gains of at least $11,000 in real terms by the fifth year, and some even produce gains over $15,000. In contrast, the low-growth fields show earnings gains of only about $5,000.

Certificates and associate's degrees in liberal arts and sciences and general studies credentials show low initial earnings but high growth. This field is somewhat of a catchall category into which students who do not declare a major are assigned in the data (FSA 2022, 28). It is also the largest field among associate's degrees. Most of these credentials are offered at public two-year institutions. The increase in earnings is among the highest across this credential group, at nearly $4,000 greater than the growth of the typical program at the certificate and associate's degree level.

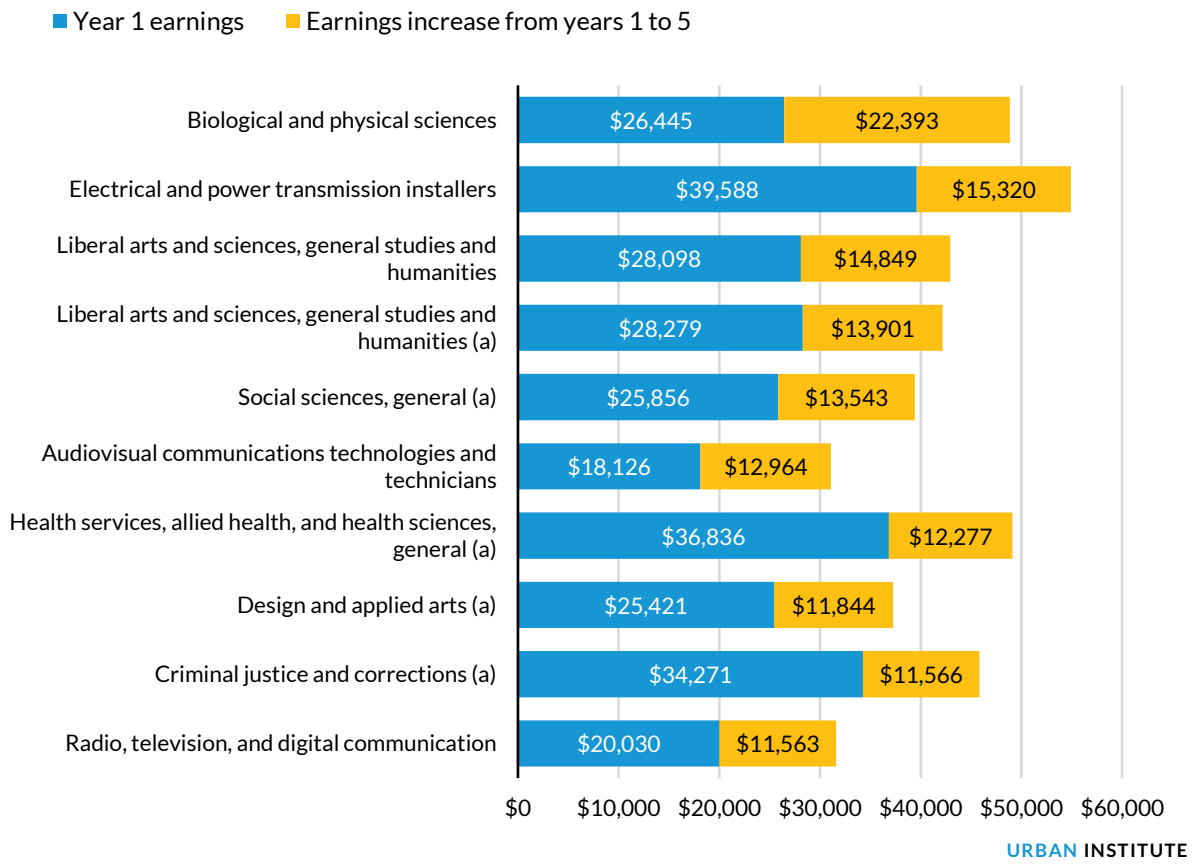
Students in these fields might be pursuing general studies credits to transfer to a four-year institution and earn a bachelor's degree, which might explain why there is such a large increase in their earnings five years after completing the initial credential. If these students went on to earn a bachelor's

degree, their earnings could be expected to be higher than earnings for those with only an associate's degree. Other researchers have found, however, that most students who intend to transfer to a four-year institution from a community college do not finish a bachelor's degree, so it is unclear what might be driving the large earnings gains for students earning liberal arts and general studies credentials.[12]

Some of the programs included in figure 1 are on the line for being included in our at-risk group. Initial earnings in these programs, such as electrical and power transmission installers, are not necessarily low, but fewer than 75 percent of programs (weighted by number of earners) pass the high school earnings test.

FIGURE 1

High-Earnings-Growth Certificates and Associate's Degrees

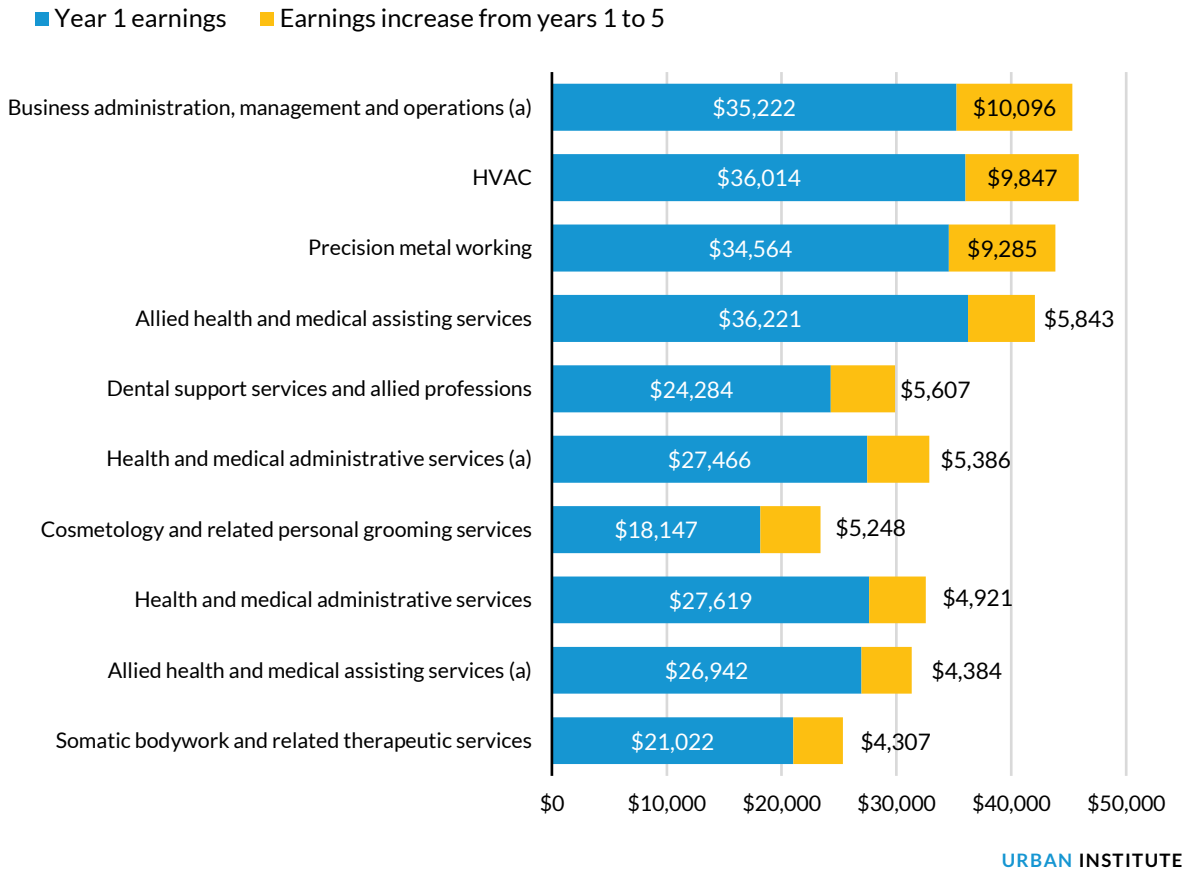


Source: Authors' calculations using College Scorecard data.
Notes: (a) = associate's degree program. Includes the 10 largest fields with low initial earnings and the highest earnings growth, ranked by earnings growth. Earnings are in constant 2022 dollars. All programs are certificates unless otherwise noted.

The low-earnings-growth group (figure 2) includes some of the largest certificate fields, such as cosmetology and allied health and medical assisting. These programs have historically been the most likely to fail earnings-based accountability tests such as the gainful employment rule, which now measures earnings at the third year after students graduate.[13] Some observers have argued that earnings in these fields take up to five years to reach their full potential and policies such as the gainful employment regulation unfairly penalized them for measuring earnings too early (Esani Institute 2023). Our analysis shows, however, that earnings do not grow rapidly in later years after students have completed these credentials. In fact, the credentials show some of the lowest earnings growth between the first and fifth years among all certificate and associate's degrees. These programs' pass rates on the high school earnings test remain below 40 percent, even after four years of earnings growth.

FIGURE 2

Low-Earnings-Growth Certificates and Associate's Degrees



Source: Authors' calculations using College Scorecard data.
Notes: (a) = associate's degree program; HVAC = heating, air conditioning, ventilation, and refrigeration maintenance technology and technician. Includes the 10 largest fields with low initial earnings and the lowest earnings growth, ranked by earnings growth. Earnings are in constant 2022 dollars. All programs are certificates unless otherwise noted.

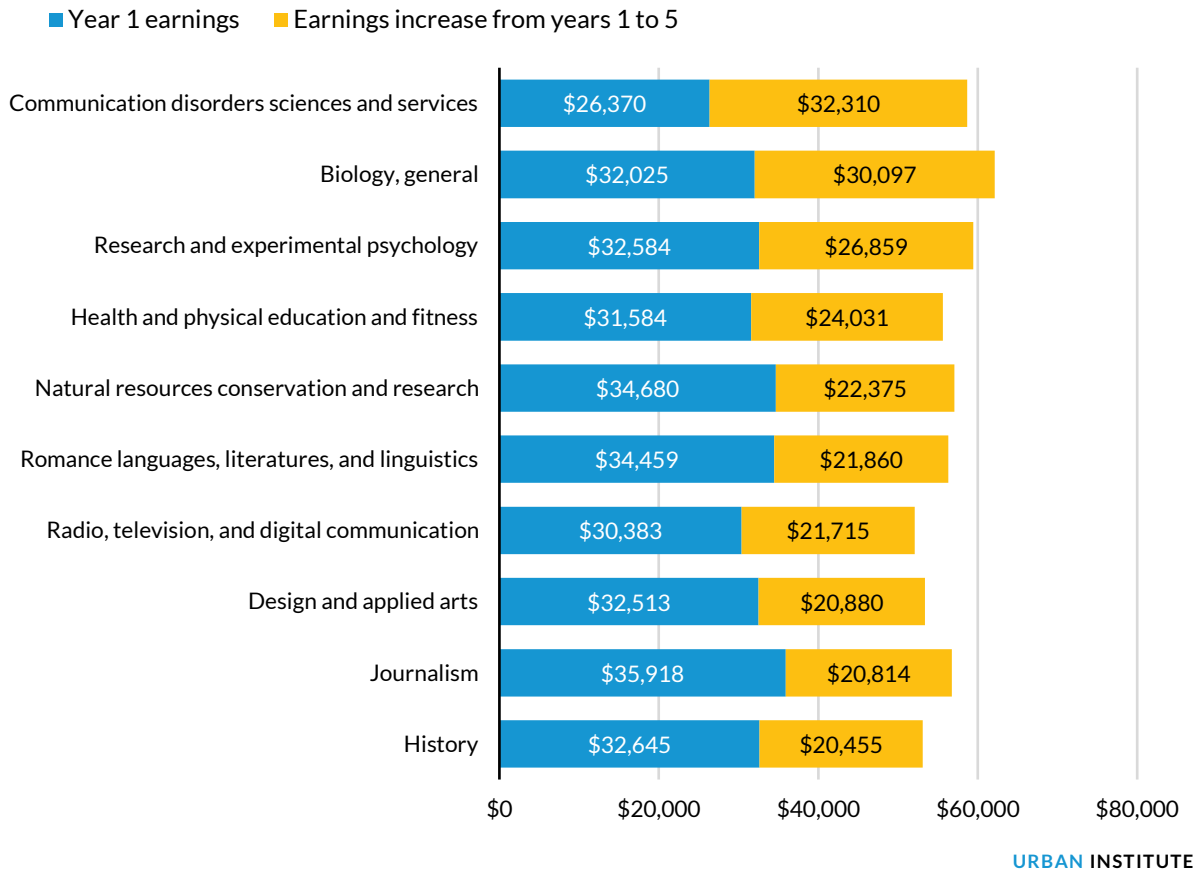
Bachelor's Degrees

Students completing bachelor's degrees have the highest earnings growth between the first and fifth years among all credential levels, except for professional degrees in medicine and law. For this credential group as a whole, earnings typically increase by about $20,000 in real terms during that time, from $39,000 to $60,000. After we screen for programs with low initial earnings, we find that several fields produce earnings growth higher than that among typical bachelors' degrees. By the fifth year, some of these fields have produced earnings growth over $30,000 in real terms such that graduates' fifth-year earnings are on par with those of a typical bachelor's degree recipients, despite having lower initial earnings. These findings suggest that quality assurance policies might need to measure bachelor's

degree earnings later than what has typically been proposed to account for this additional earnings growth.

FIGURE 3

High-Earnings-Growth Bachelor's Degrees



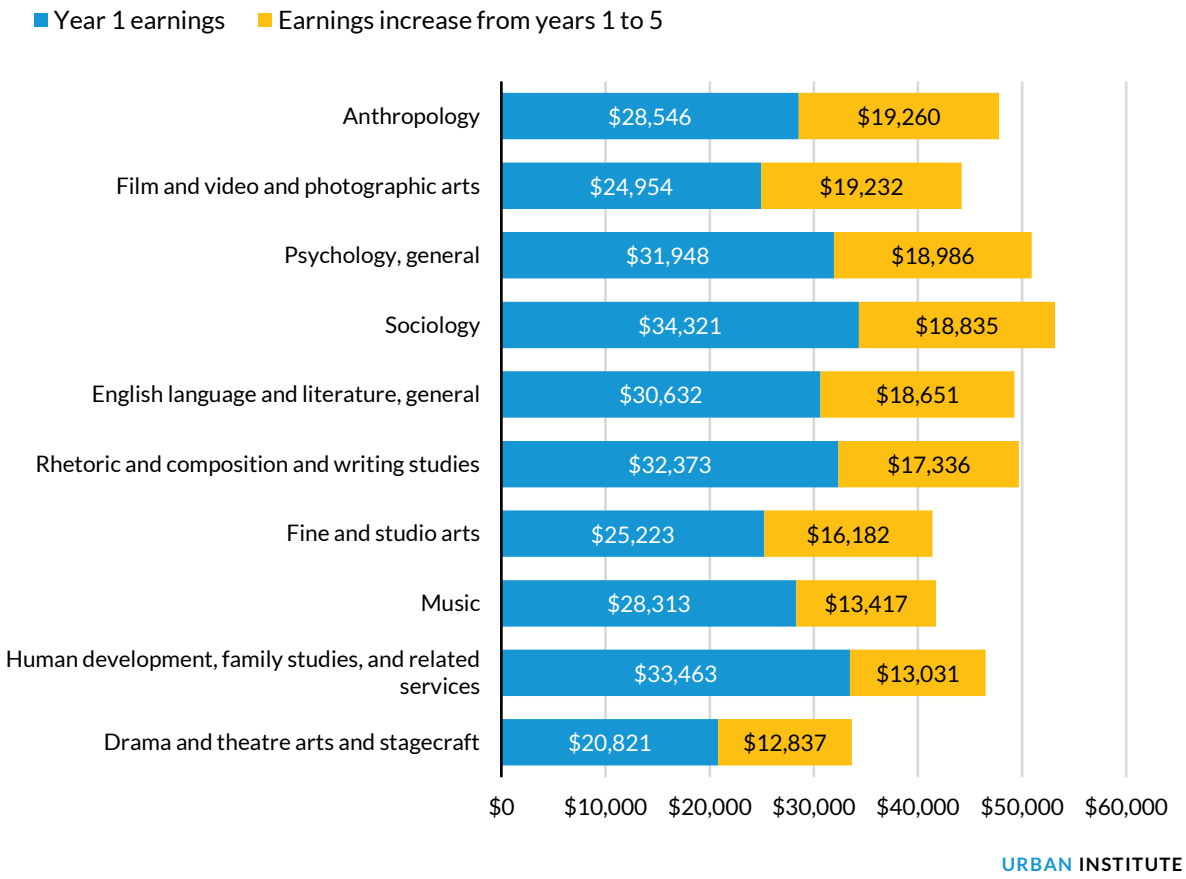
Source: Authors' calculations using College Scorecard data.
Notes: Includes the 10 largest fields with low initial earnings and the highest earnings growth, ranked by earnings growth. Earnings are in constant 2022 dollars.

Because bachelor's degrees overall tend to lead to high earnings growth during the first five years after graduation, even the low-growth group we identify has notably higher earnings by the fifth year (figure 4). Several of these fields show earnings growth over $15,000 in real terms. Despite that growth, graduates' low initial earnings leave them with wages that are still well below what is typical for a bachelor's degree recipient. Psychology degrees illustrate that point. Even with about $19,000 in earnings growth by the fifth year, graduates' total earnings at that point are still nearly $10,000 below those of the typical bachelor's degree recipient. Earnings are also about $10,000 below the earnings of graduates with biology degrees, a field that also starts out with similarly low initial earnings but

experiences faster earnings growth that brings their earnings up to what is typical among bachelor's degree recipients. The contrast between biology and psychology degrees is a useful illustration of how earnings in the first few years after students leave school might not provide an accurate assessment of the labor market returns bachelor's degrees are likely to produce.

FIGURE 4

Low-Earnings-Growth Bachelor's Degrees



Source: Authors' calculations using College Scorecard data.
Notes: Includes the 10 largest fields with low initial earnings and the lowest earnings growth, ranked by earnings growth. Earnings are in constant 2022 dollars.

Master's Degrees

Master's degree programs with low initial earnings but high earnings growth (figure 5) tend to be in small fields of study, such as art, film, and journalism. Combined, these fields produce less than 4 percent of master's degree recipients.[14] These findings suggest that any provisions in a quality

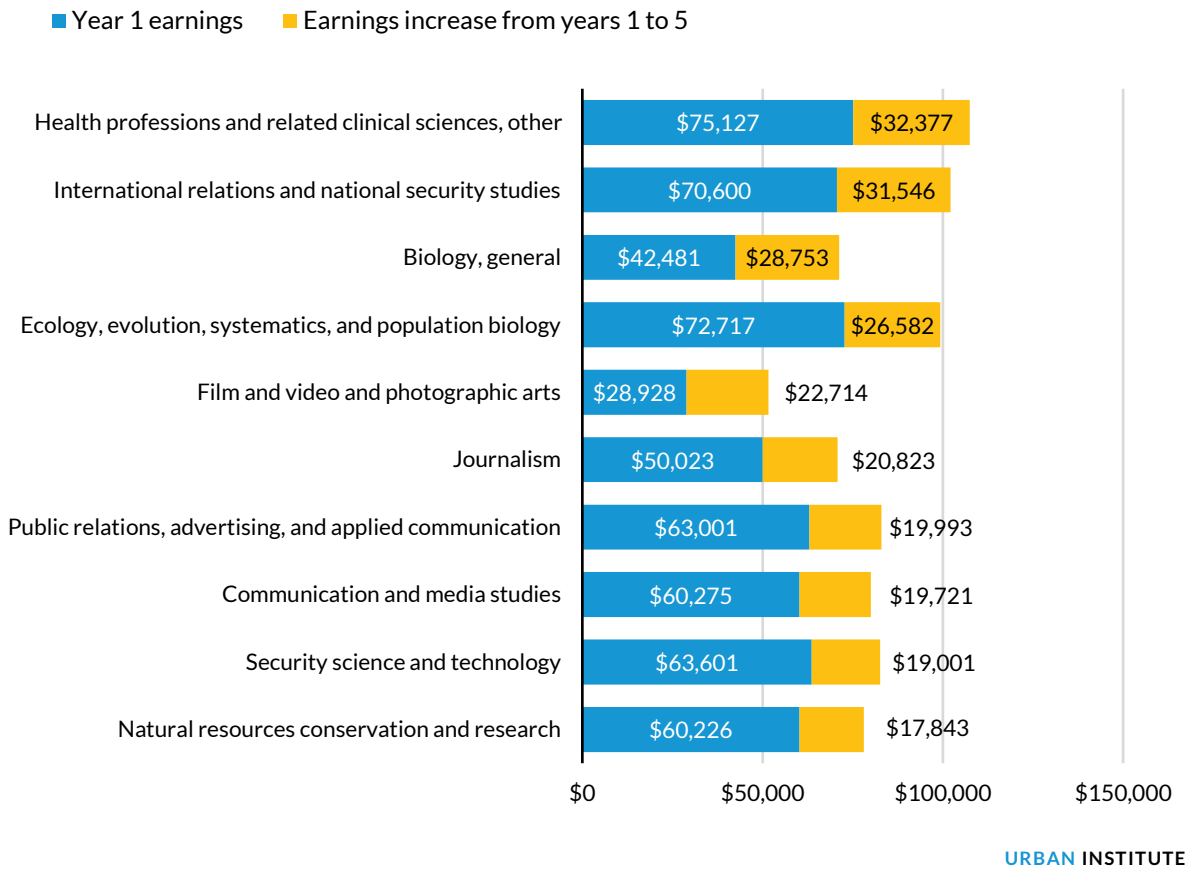
assurance policy meant to accommodate low-earning, high-growth master's degree fields would affect only a narrow set of small programs.

Some of the fields in figure 5 show very low initial earnings, less than what is typical for a bachelor's degree recipient. These fields, such as film and video and photographic arts, have high earnings growth, but earnings five years after completion are still substantially lower than is typical for a master's degree recipient.

Biology, ecology, health professions, and international relations are notable high-earnings-growth fields because their growth is enough to put graduates' earnings on par with or above earnings among other master's degree recipients by the fifth year after completing. These fields show earnings growth over $25,000 during the initial five years, well above what is typical for master's degrees. These fields all move to a pass rate between 96 percent and 100 percent on the bachelor's degree earnings test after accounting for the earnings growth.

FIGURE 5

High-Earnings-Growth Master's Degrees



URBAN INSTITUTE

Source: Authors' calculations using College Scorecard data.
Notes: Includes the 10 largest fields with low initial earnings and the highest earnings growth, ranked by earnings growth. Earnings are in constant 2022 dollars.

In contrast with the fields with high earnings growth, master's degrees with low initial earnings and low growth include some of the largest master's degree fields, many of which are in social services, counseling, and education (figure 6). Initial-year earnings are approximately $53,000, which is about $8,000 below what is typical for all master's degree recipients. Less than two-thirds of programs in most of these fields produce earnings high enough to pass a bachelor's degree earnings test in the initial year after students complete. Earnings growth by the fifth year ranges from $6,000 to $13,000 in real terms during the first five years after completion.

Some observers have argued that social work and clinical counseling and applied psychology degrees have low earnings in the first years after students leave school because they often must complete postgraduate work requirements before securing a license.[15] Once graduates secure their

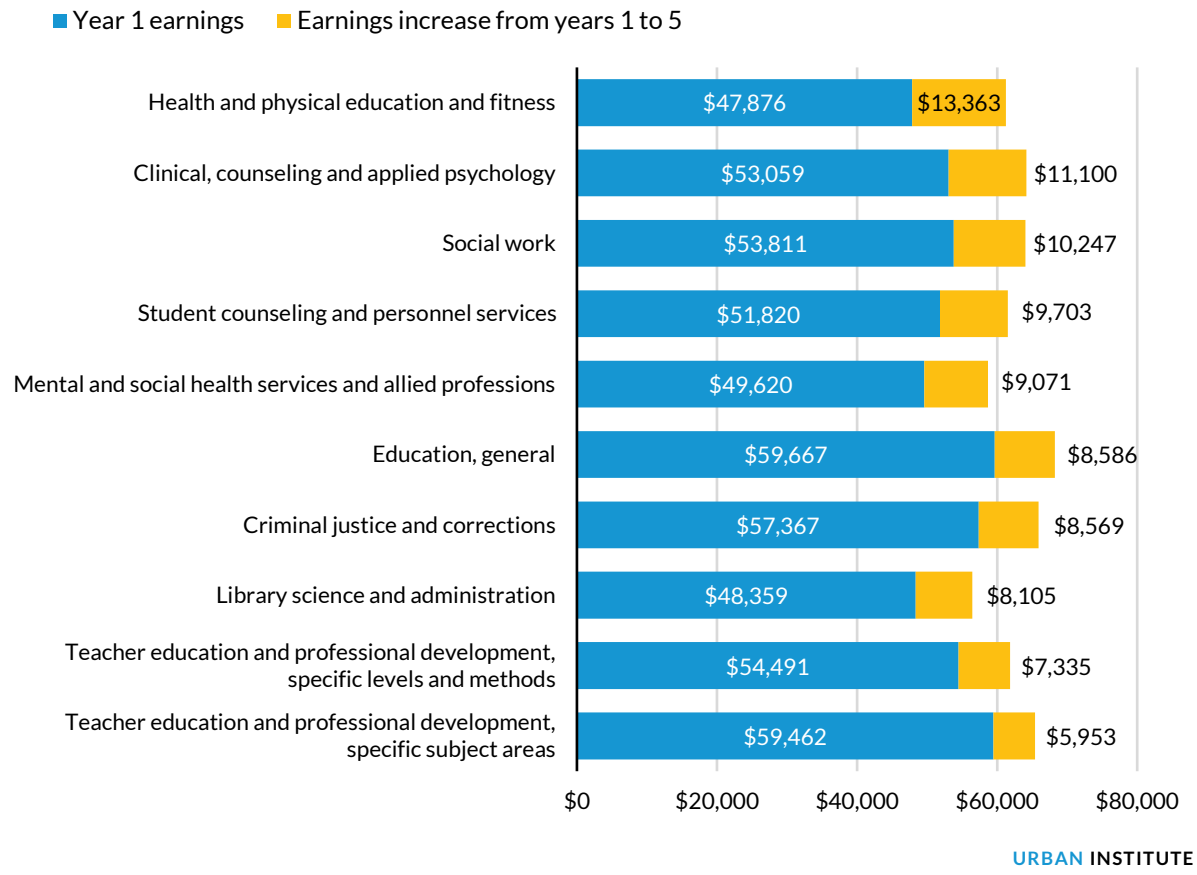
licenses, usually by the fourth year after graduating, their earnings are expected to increase substantially. Our analysis shows, however, that any earnings boost students with these credentials attain by their fifth year is low compared with what is typical for master's degree recipients. Earnings increased by only $10,000 to $11,000 in real terms among graduates with social work and clinical counseling and applied psychology degrees, bringing their fifth-year earnings up to about $64,000. That low growth is concerning, given that students in these fields often take on some of the highest debts among master's degree borrowers, especially when compared with their early earnings (Delisle and Cohn 2022).

The earnings increase for those fields is, however, larger than for graduates with master's degrees in teacher education, which is only about $6,000 to $7,000. That difference could indicate that degrees in social work and psychology do experience a more significant earnings increase that could come from completing licensure requirements several years after graduating. Teachers obtain their licenses usually before or upon completing a master's degree and therefore would not experience a similarly large earnings increase several years after graduating, and the data appear to align with that pattern.

The earnings increase for social work degrees is also enough to significantly increase the share of programs passing the bachelor's degree test. The pass rate increases from 33 percent using initial-year earnings to 95 percent using fifth-year earnings. That finding might lend support to the argument that earnings should be measured later for these credentials to accommodate the prelicensing work requirements (though it would make sense to increase the earnings threshold the credentials must meet to account for the extra time, which we have not done here). The pass rate for clinical counseling and applied psychology degrees does not, however, increase to similarly high levels, reaching only 80 percent even when using fifth-year earnings. Pass rates for teacher education master's degrees increase to 83 to 88 percent when using fifth-year earnings, which is consistent with our finding that earnings increases are less significant among this group.

FIGURE 6

Low-Earnings-Growth Master's Degrees



Source: Authors' calculations using College Scorecard data.
Notes: Includes the 10 largest fields with low initial earnings and the lowest earnings growth, ranked by earnings growth. Earnings are in constant 2022 dollars.

Professional Degrees

There are not enough different professional fields to create both low- and high-earnings-growth groups that we have used throughout this analysis. Instead, we show the first- and fifth-year earnings for all the large professional degree programs in figure 7. Overall, professional degrees produce some of the largest earnings increases over the first five years.

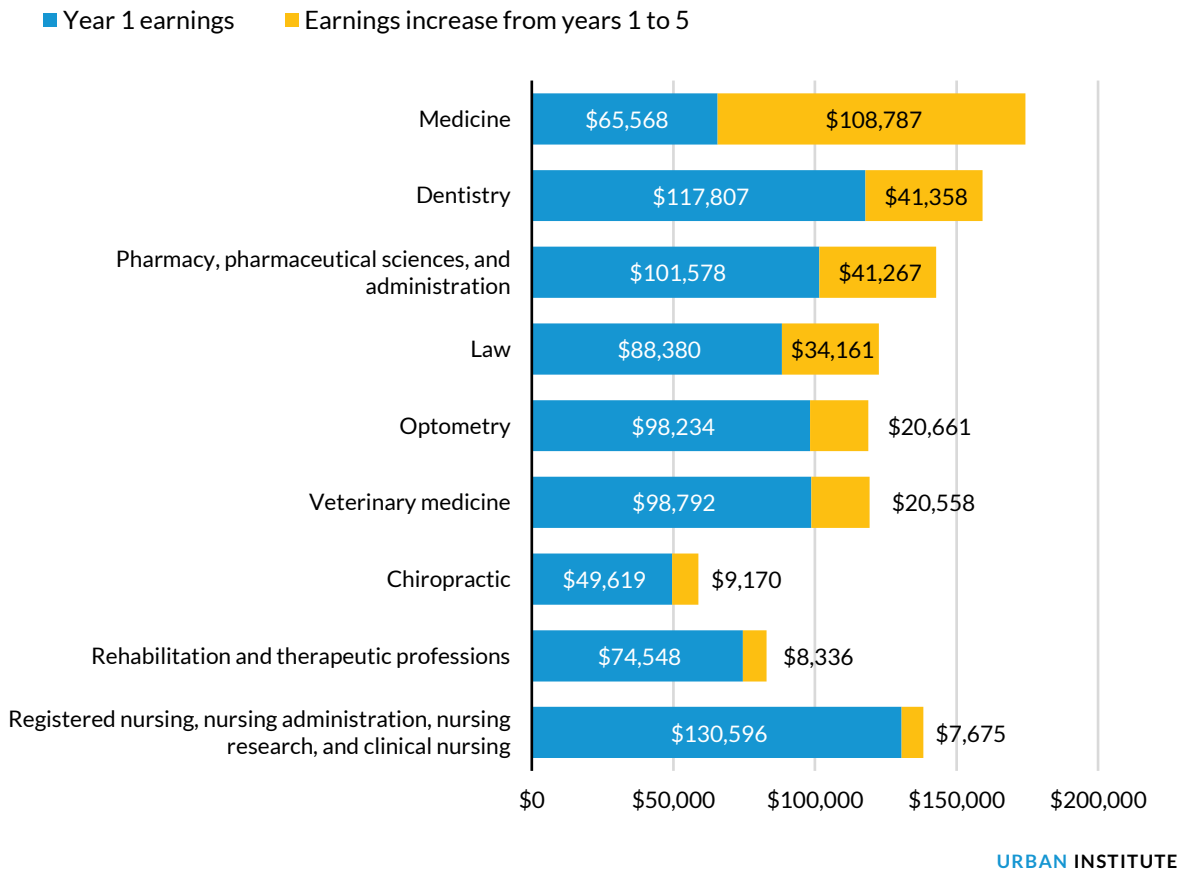
Law is the largest field of study among professional degrees, and these students often take on high debts that require high earnings to repay affordably. Median debt for completers in 2019–20 who had borrowed federal student loans was $123,630.[16] That debt can appear unaffordable when looking at these law graduates' first-year earnings of ($88,380). But our analysis shows that these graduates'

earnings grow rapidly, much faster than earnings growth among typical bachelor's and master's degree recipients. Specifically, law graduates' earnings increase $34,161 (over inflation) to $122,540 in the first five years after graduation, making their student loan burdens more manageable than initial-year earnings suggest. Proposals to measure earnings to determine eligibility for loans for graduate and professional degrees might need to measure earnings in later years for law students to account for this high growth.

Earnings increases among graduates with degrees in medicine are the largest among professional degree recipients. That finding is not surprising, as doctors have low earnings during a required residency period that typically lasts three to four years. These fields might also need a special accommodation in earnings-based quality assurance or lending policies.

FIGURE 7

Median Earnings for Professional Degrees



URBAN INSTITUTE

Source: Authors' calculations using College Scorecard data.
Note: Earnings are in constant 2022 dollars.

Which Sectors Have High- and Low-Earnings-Growth Programs

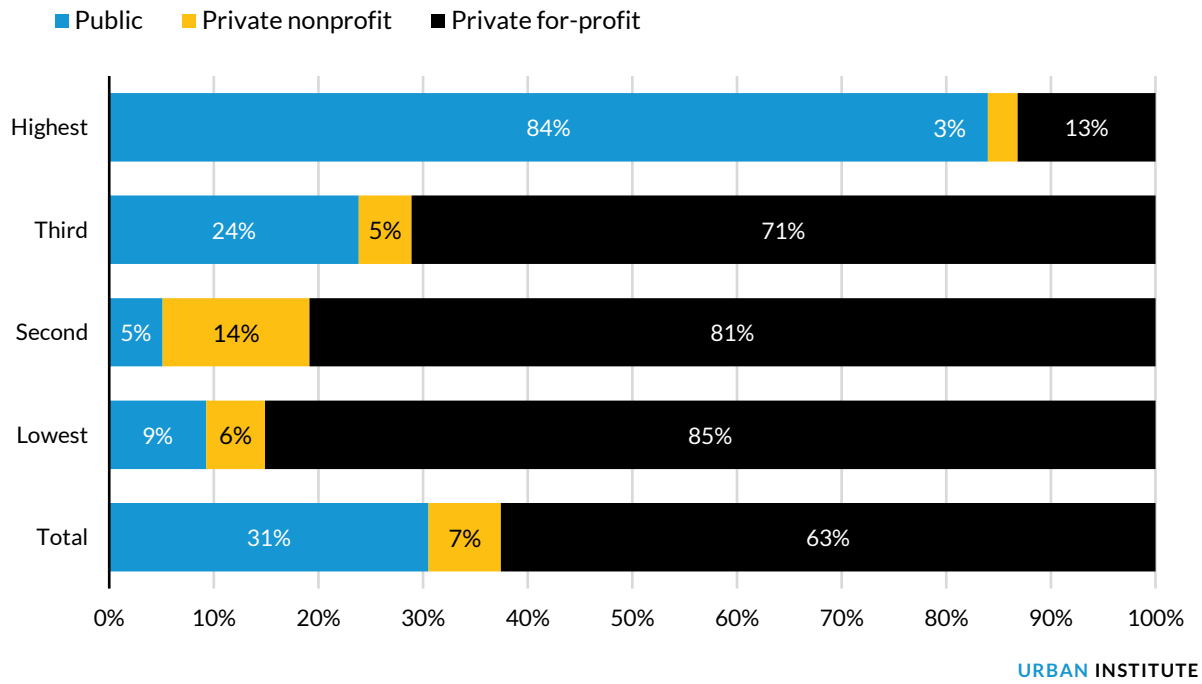
We grouped the programs that are likely to fail an earnings-based accountability policy by sector to determine whether low- and high-earnings-growth programs are concentrated at certain types of institutions. We categorized each program by quartile of income growth between the first and fifth years after students complete their credential.[17] We focus on undergraduate certificates, associate's degrees, and master's degrees because these credentials are offered widely across public, private nonprofit, and for-profit institutions.

We find that for-profit institutions have a disproportionately high share of low-earnings-growth programs (figures 8 and 9). Specifically, 85 percent of certificate and associate's degree programs with low initial earnings that are in the bottom quartile for income growth ($4,376 in five years over inflation) are offered at for-profit institutions, compared with 63 percent of all programs offered at these schools. These institutions are major providers of cosmetology and medical assisting certificates, which dominate the low-earnings-growth fields. Certificate and associate's degree programs with the highest income growth are predominately offered at public institutions (figure 8). These institutions offer many of the liberal arts and general studies credentials we identified as having low initial earnings but high earnings growth.

FIGURE 8

Distribution of Certificates and Associate's Degrees, by Earnings Growth and Sector

Includes only programs with low initial earnings



URBAN INSTITUTE

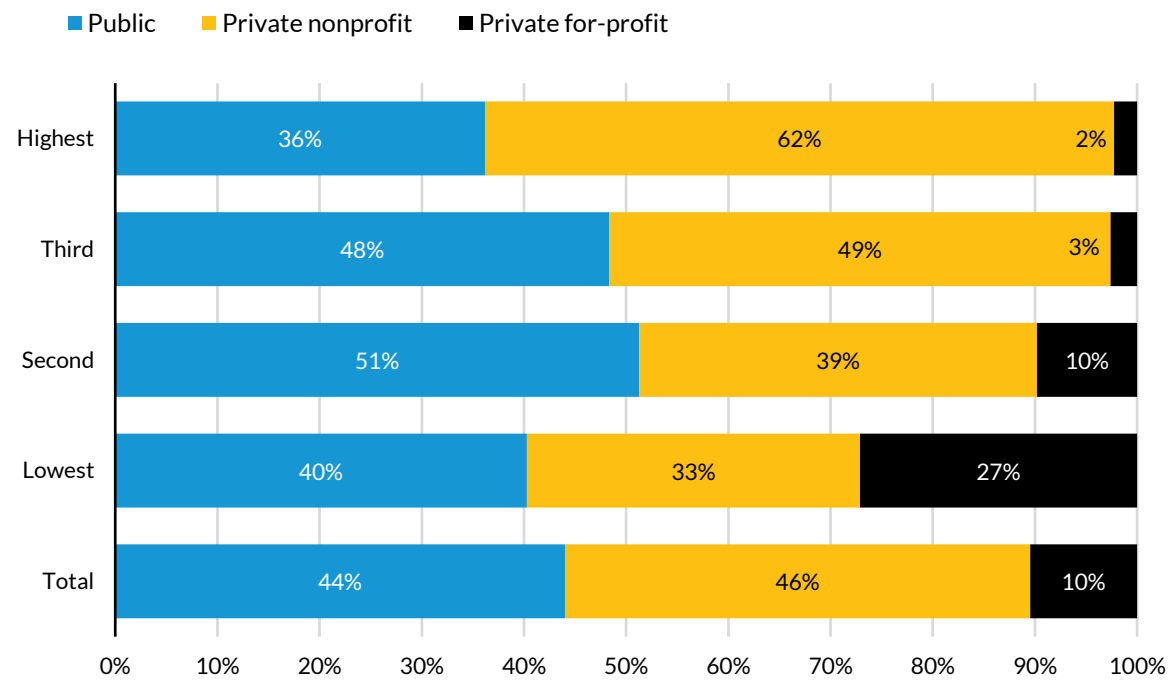
Source: Authors' calculations using College Scorecard data.
Note: Programs are categorized by quartile of income growth between the first and fifth years after students complete their credential.

For-profit institutions also account for a disproportionate share of master's degree programs with low earnings and low earnings growth (figure 9), but both public and private nonprofit institutions produce a similar absolute number of degrees in this group. Each sector produces about a third of the master's degrees that have low earnings growth, which are concentrated in social work, counseling, and education. Private nonprofit institutions account for the largest share of programs with low initial earnings but high earnings growth.

FIGURE 9

Distribution of Master's Degrees, by Earnings Growth and Sector

Includes only programs with low initial earnings



URBAN INSTITUTE

Source: Authors' calculations using College Scorecard data.
Note: Programs are categorized by quartile of income growth between the first and fifth years after students complete their credential.

The Gainful Employment Rule's Exception for High Earnings Growth

The Biden administration's gainful employment rule requires that degree programs at for-profit institutions and certificate programs at all types of institutions pass minimum earnings and debt tests. The rule measures earnings three years after students complete credentials but includes an exception for programs where graduates are subject to a mandated postgraduation requirement that is likely to suppress their earnings shortly after completing and where earnings growth is high relative to other programs at the same credential level.[18] The rule states that a field of study is considered to be an outlier in terms of its earnings growth if most programs in the field have growth that is more than 2 standard deviations higher than the average earnings growth among programs within the same credential level.

These qualifying programs must also be in fields where at least half of students obtain licenses related to postgraduate training periods, and the postgraduate training period must be at least three years. Programs that qualify for the exception will have their earnings measured in the sixth year after graduation instead of the third year.

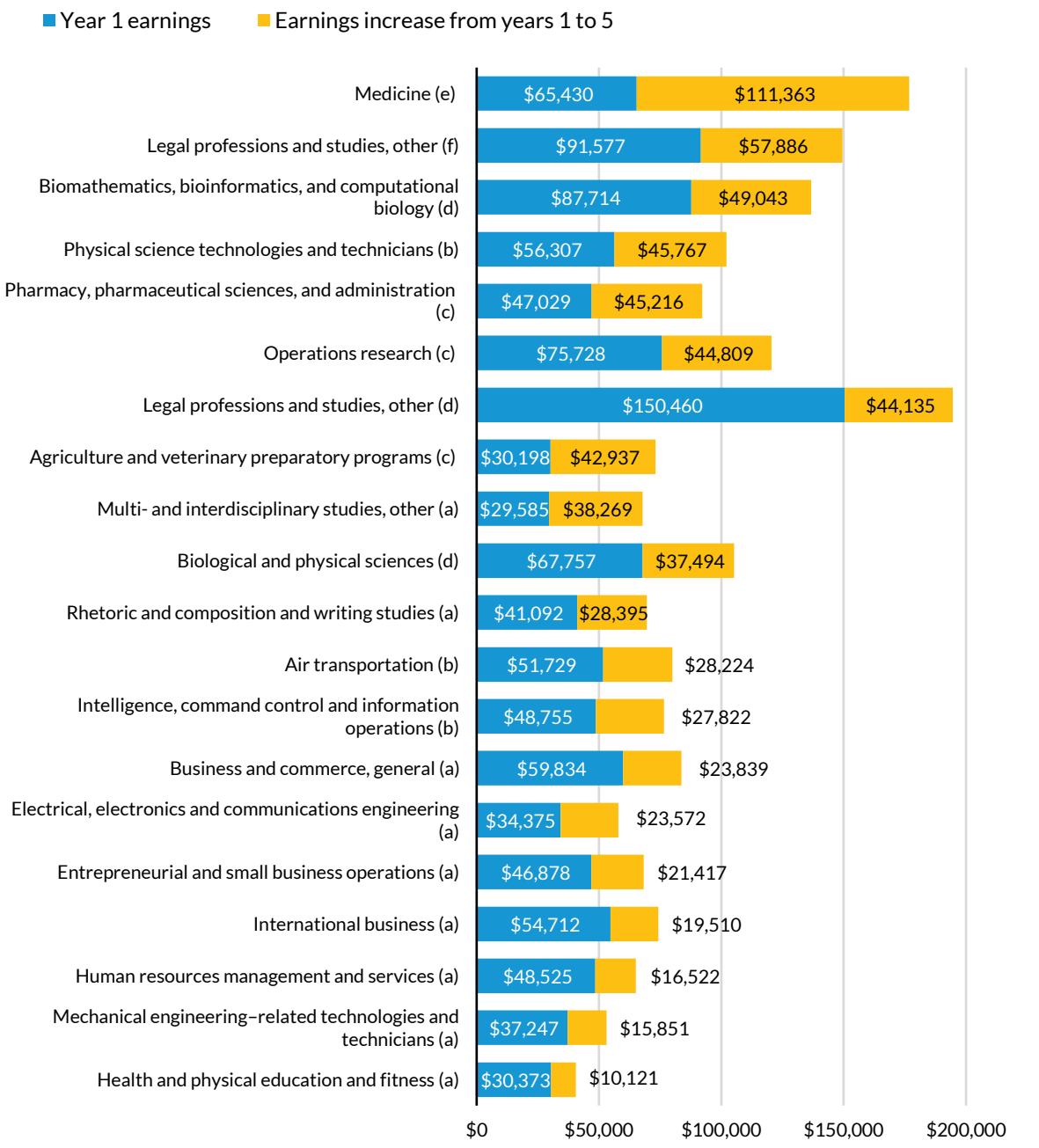
The Department of Education noted in the gainful employment rule that at the time it was published, there were not sufficient earnings data to identify fields that qualify for the exception.[19] The department then identified a preliminary set of programs that will qualify that includes medicine, osteopathy, dentistry, clinical psychology, marriage and family therapy, clinical social work, and clinical counseling.[20] After the gainful employment rule was finalized, the department published a list of fields that meet the earnings growth criterion for the exception, though the initial list applies for the first three years the rule is in place.[21] The department will update this list every three years.

To supplement our analysis and to better understand the effects of the gainful employment rule, we use the newly available fifth-year earnings data to estimate which programs are likely to qualify for the exception. We estimate only the earnings growth component (between the first and fifth years) of the exception and do not consider the other requirements, such as whether at least half of graduates become licensed in their field. We include all fields, credential levels, and sectors in our analysis, though the gainful employment rule applies to a more limited set of credentials and sectors.

The method in the gainful employment regulation for identifying high-earnings-growth fields is different from the approach in our analysis. In our approach, we first identify low-earning fields and then identify fields with the highest absolute earnings growth. The method for the gainful employment rule does not include an initial screen for low-earning fields. To be counted as an outlier program according to the gainful employment rule, earnings growth must clear a different statistical threshold, whereas our method uses the median change in earnings to identify high earnings growth.

FIGURE 10

The 20 Largest Fields with Outlier Earnings Growth Using the Exception under the Gainful Employment Rule



URBAN INSTITUTE

Source: Authors' calculations using College Scorecard data.

Notes: (a) = undergraduate certificate; (b) = associate's degree; (c) bachelor's degree; (d) master's degree; (e) = doctoral degree; (f) graduate certificate. Earnings are adjusted for inflation and are in constant 2022 dollars.

We estimate that 86 different fields across all credential levels have sufficient growth to meet the gainful employment exception for earnings growth. Many of these fields are small. Only medicine has more than 1,000 students in the earnings calculation for the pooled cohorts in our analysis. Figure 10 shows the 20 largest among all credential levels that qualify.

Many of these fields are in the sciences, which is consistent with our earlier findings that fields in science tend to result in the highest earnings growth within the first five years after students complete credentials.

Most of these fields were not identified by our analysis as having low initial earnings and high growth because their initial earnings are high enough that they are typically not at risk of failing an accountability test based on a high school earnings threshold. But the fields that are at risk would also need to meet the licensing and postgraduate training requirements to qualify for the sixth-year earnings measurement exception, and it is not clear whether the fields would pass that test. The gainful employment earnings growth test also fails to identify associate's degrees in liberal arts and general studies, which we found to have high earnings growth ($13,901 by the fifth year).

Master's degrees that meet the gainful employment earnings growth test are small, as was the case for those identified in our analysis. The largest are legal professions and biological and physical sciences.

Master's degrees in social work, psychology, and clinical counseling, which may be more likely to meet the licensure and training requirements, do not meet the earnings growth standard for the sixth-year earnings exception. Those fields all appear in our low-earnings-growth categories, so it is not surprising that they would also not meet the gainful employment rule exception. The gainful employment rule initially listed those fields as eligible for the sixth-year earnings exemption, but our analysis suggests they will not qualify in subsequent years, and the Department of Education's own analysis confirms this.[22] We find that among the fields listed in the preliminary group that would qualify for the exception, only medicine passes the earnings growth test.

We also find that the gainful employment earnings growth test tends to identify fields that often have high *initial* earnings, meaning they are at low risk of failing earnings and debt-to-earnings tests in the first place. The earning growth test does, however, identify several of the programs that our analysis shows could fail an earnings test if measured in the initial years but could easily pass a test if earnings are measured in the fifth year, which could suggest these programs merit a later earnings measurement. But the gainful employment earnings growth test misses associate's degrees in liberal arts, which is a large field that shows high earnings growth.

In summary, the standard for the gainful employment growth test might be too high, given that it excludes some large fields we identified as producing high earnings growth. Our findings also suggest that the additional criteria regarding licensing and postgraduate training to qualify for the exception would likely exclude several large fields with low initial earnings and high earnings growth. Policymakers might want to consider whether those fields should be excluded, given that they produce the type of earnings trajectory that the exception might have been targeting.

Earnings Growth and Effects on Loan Repayment

Student loan affordability is another important metric by which policymakers have proposed to judge postsecondary credentials. Under such policies, institutions would need to show that graduates' earnings justify the debt they typically borrow. These policies protect consumers and the government. High debt burdens can impose costs on taxpayers when borrowers do not repay their loans because of either default or loan forgiveness under income-driven repayment plans. About three-quarters of borrowers are expected to use an IDR plan in the coming years (CBO 2024).

Policies that assess student loan affordability also raise questions about when graduates' earnings should be measured, just like policies that assess whether earnings clear a given threshold. Loan repayment begins in the first year after students leave school, suggesting an early year should be used, but a student loan is a long-term obligation with repayment terms spanning 10 to 30 years, suggesting a long-term earnings metric might be more appropriate. Changes in graduates' earnings over time can also have major effects on how much a student repays on a loan under IDR. Borrowers with low initial earnings could make up for their low initial payments by making higher payments later when their incomes increase. But even low initial earnings entail costs for the government when borrowers have unpaid interest forgiven each month under an IDR plan.

To understand how earnings growth affects student loan repayment in IDR, we estimate total amounts likely to be repaid for fields we identified as having low initial earnings. We selected two fields within each credential group, one with high earnings growth and one with low growth. We also estimated loan repayment in IDR for the typical borrower in each credential group for reference. We assume borrowers within each credential group have typical federal student loan debt for completers in their field of study.[23] Estimates assume borrowers use the new SAVE repayment plan, the most generous IDR plan.[24] Although the SAVE plan was supposed to be fully available to borrowers in 2024, courts are reviewing the plan's legality, and it is unclear as of this writing whether borrowers will ultimately have access to it.[25]

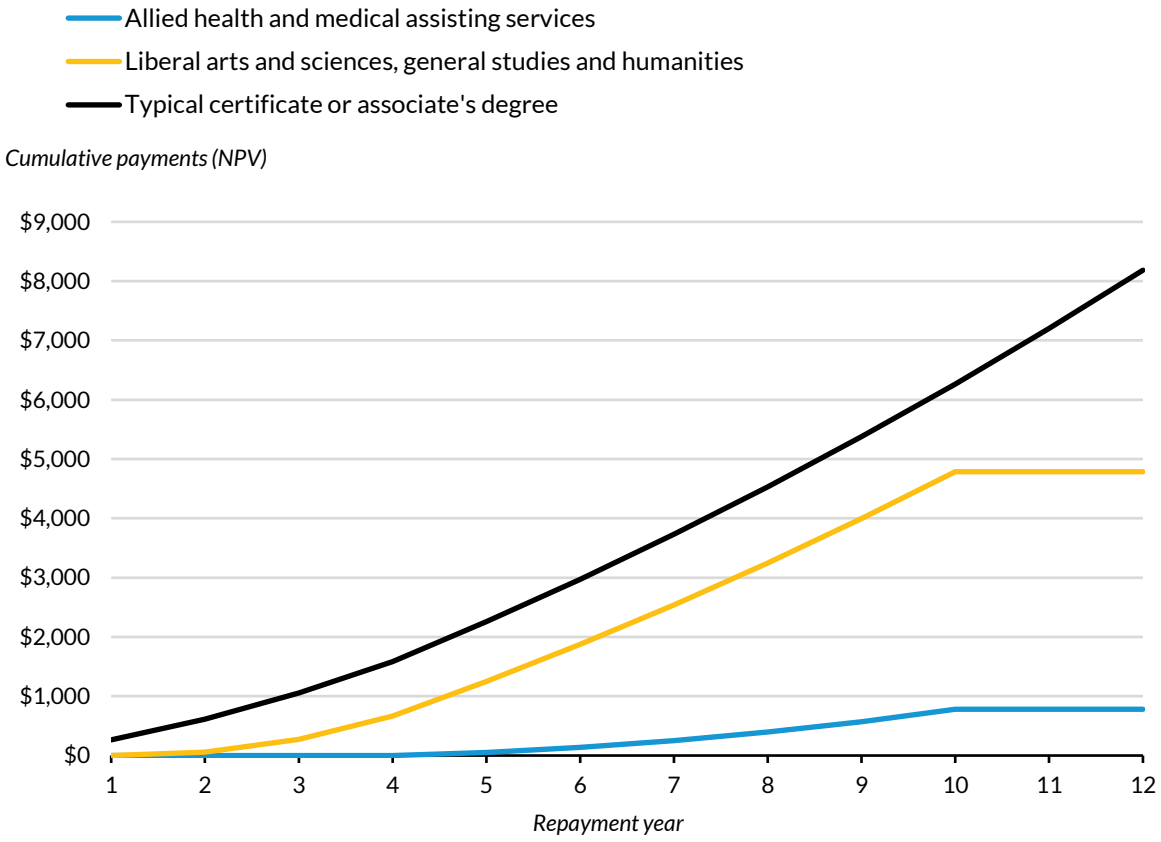
Loan Repayment for Short-Term Credentials

For short-term credentials, we estimate loan repayment for borrowers with associate's degrees in liberal arts and general studies (low initial earnings and high growth) and borrowers with certificates in allied health and medical assisting (low initial earnings and low growth). The SAVE plan allows borrowers to make very low payments relative to their incomes and debt, and that effect is most pronounced for borrowers with earnings typical of those with certificates or associate's degrees. As a result, none of the earnings growth trajectories we profile for short-term credentials lead to borrowers fully repaying their loans under the SAVE plan, based on our estimates (figure 9).

We find that despite their high earnings growth, borrowers with associate's degrees in liberal arts and general studies will repay substantially less than borrowers with typical earnings for those with certificates and associate's degrees (figure 11). Although these borrowers' earnings start low and almost fully catch up to those typical for this credential group within 10 years, the structure of the SAVE repayment plan causes them to pay less overall. The loan's unpaid balance is forgiven in the 10th year for an initial balance of $12,000 or less, which therefore does not allow enough time to make up for the lower payments in the earlier years. Moreover, the SAVE plan forgives unpaid interest monthly instead of allowing it to accrue and be repaid later, so even if the repayment term were longer, the borrower would be unlikely to fully close the repayment gap with the borrower with typical earnings.

FIGURE 11

Student Loan Repayment Projections for Certificates and Associate's Degrees with Low Initial Earnings



URBAN INSTITUTE

Source: Authors' calculations using College Scorecard data.
Notes: NPV = net present value. The liberal arts credential is an associate's degree. The medical assisting credential is a certificate. Repayment estimates are discounted to present values. We assume borrowers start repaying in their first year after graduation and make all payments on time with no early prepayments. We calculate payments using the median borrower's income that is reported in the College Scorecard using the first, fourth, and fifth years after completion as they are reported in the dataset but with the following adjustments. Because the Scorecard data are adjusted for inflation and reported in constant dollars, we inflate the earnings in the fourth and fifth years to include additional 3 percent annual inflationary growth to accurately assess the borrower's student loan payments in SAVE over time (loan payments are calculated on a borrower's nominal income, not their inflation-adjusted income). We use the 2022 federal poverty level for calculating SAVE's exemption, which corresponds with the first year of earnings in our analysis, and we increase it for inflation at a constant 3 percent annual rate. Because we are missing second- and third-year earnings, we interpolate those amounts as two equal increases between the first and fourth years. For years beyond the fifth, we inflate fifth-year earnings at a constant 5 percent annual rate, which is equivalent to 3 percent inflation plus 2 percent real growth. We assume a 5 percent fixed interest rate on undergraduate loans and a 7 percent fixed rate on graduate and professional loans. We assume a single-person household for payment calculations.

A borrower with a certificate in allied health and medical assisting pays only about $780 in total on their loan under the SAVE plan. Most or all of their income is below the income exemption under the SAVE plan ($30,578) for their entire repayment term. The borrower makes no payments for the first

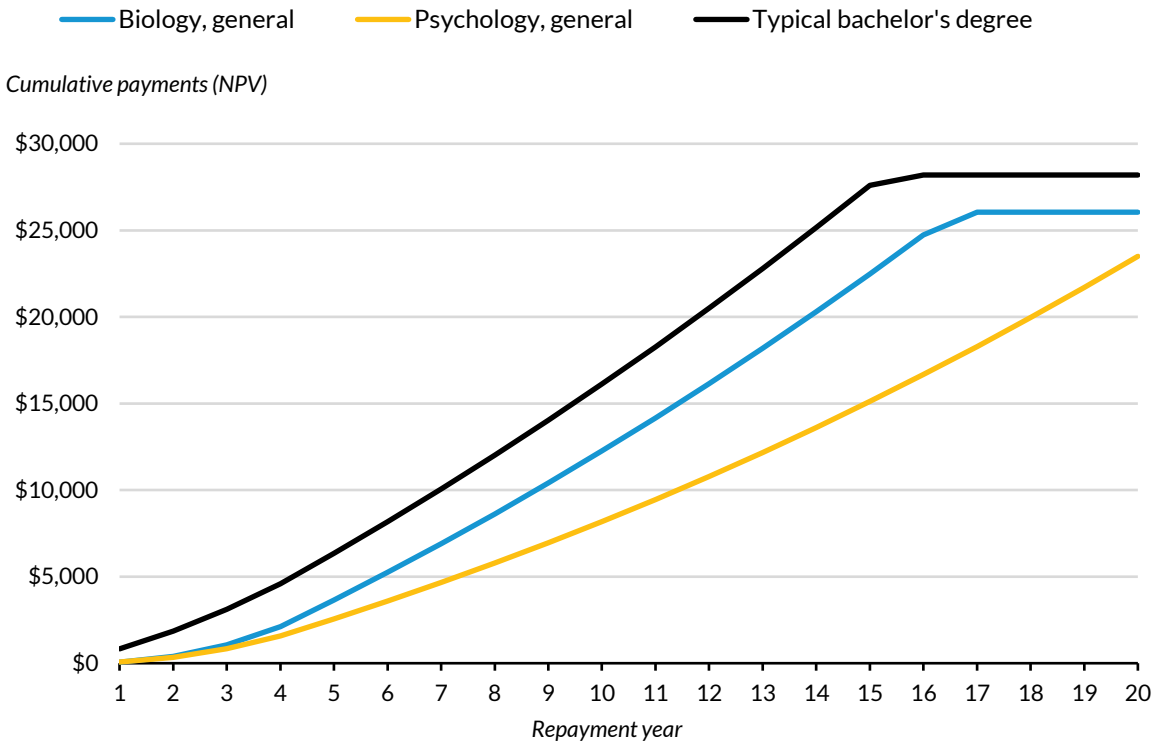
four years of repayment, and after that, their payments are still low, covering less than the accruing interest on the loan in all 10 years of repayment. The combination of low initial earnings that are below the SAVE plan's exemption and low growth result in borrowers having nearly their entire loan forgiven.

Loan Repayment for Bachelor's Degrees

For bachelor's degree recipients with low initial earnings, we estimate repayment for borrowers with degrees in biology (high growth) and those with degrees in psychology (low growth). We find that borrowers with biology degrees, despite having lower initial earnings, achieve enough income growth to fully repay their loan (figure 12). Their total loan payments are less than those of typical bachelor's degree recipients, however, because the SAVE plan forgives the biology degree recipient's unpaid interest in the first years of repayment when their required monthly payments are less than the accruing interest. That shows that low initial earnings can still impose a small cost on the government under the SAVE plan, despite the borrower's high earnings growth that allows them to fully repay the loan.

FIGURE 12

Student Loan Repayment Projections for Bachelor's Degrees with Low Initial Earnings



URBAN INSTITUTE

Source: Authors' calculations using College Scorecard data.

Notes: NPV = net present value. Repayment estimates are discounted to present values. We assume borrowers start repaying in their first year after graduation and make all payments on time with no early prepayments. We calculate payments using the median borrower's income that is reported in the College Scorecard using the first, fourth, and fifth years after completion as they are reported in the dataset but with the following adjustments. Because the Scorecard data are adjusted for inflation and reported in constant dollars, we inflate the earnings in the fourth and fifth years to include additional 3 percent annual inflationary growth to accurately assess the borrower's student loan payments in SAVE over time (loan payments are calculated on a borrower's nominal income, not their inflation-adjusted income). We use the 2022 federal poverty level for calculating SAVE's exemption, which corresponds with the first year of earnings in our analysis, and we increase it for inflation at a constant 3 percent annual rate. Because we are missing second- and third-year earnings, we interpolate those amounts as two equal increases between the first and fourth years. For years beyond the fifth, we inflate fifth-year earnings at a constant 5 percent annual rate, which is equivalent to 3 percent inflation plus 2 percent real growth. We assume a 5 percent fixed interest rate on undergraduate loans and a 7 percent fixed rate on graduate and professional loans. We assume a single-person household for payment calculations.

Borrowers with bachelor's degrees in psychology have initial earnings similar to those of their peers with biology degrees, but the lower earnings growth rate will result in lower student loan repayment rates. The borrowers' low initial earnings combined with low earnings growth do not generate payments high enough to cover even accruing interest for several years, which is then forgiven. Psychology majors will make payments of about $23,500 on a typical loan when repaid in SAVE and are

likely to have unpaid balances remaining and forgiven after 20 years of repayment under SAVE. They will also repay longer than typical bachelor's degree recipients and those with low earnings but high growth, like biology majors. That could be considered a penalty that the borrower experiences for low earnings growth, even if they eventually have their loans forgiven.

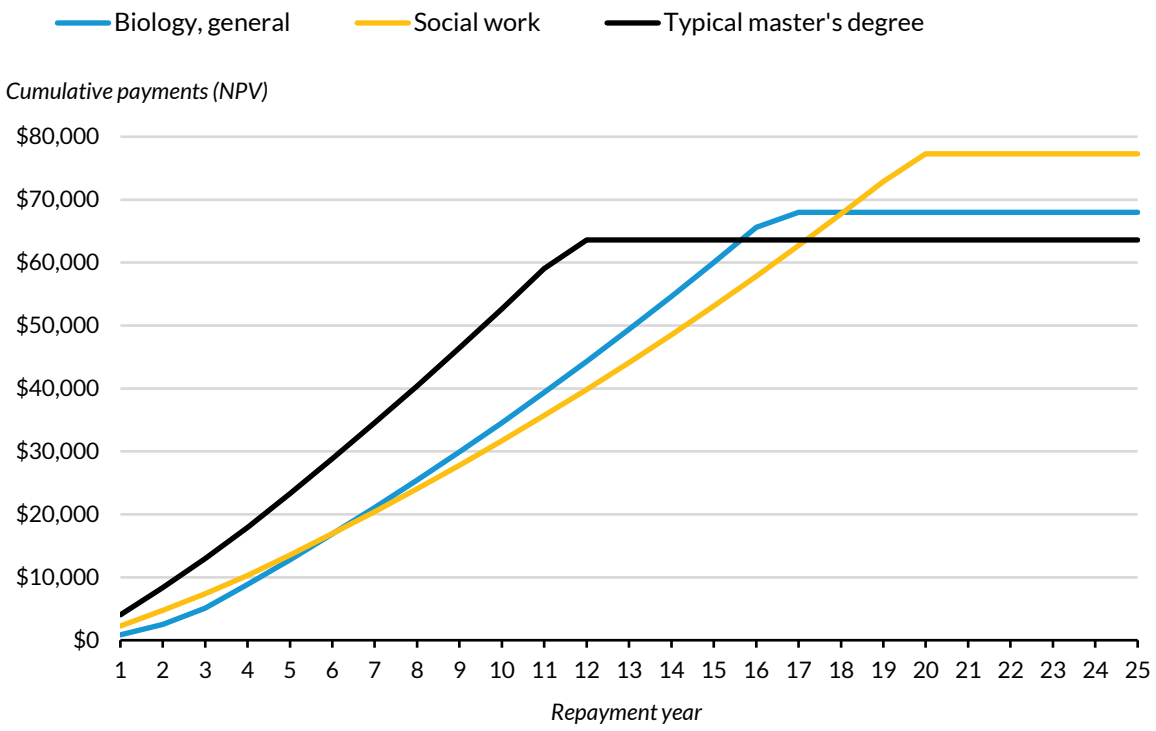
Loan Repayment for Master's Degrees

For master's degree recipients with low initial earnings, we estimate repayment for borrowers with degrees in biology (high growth) and those with degrees in social work (low growth).[26] All the borrower profiles we estimate for master's degrees fully repay their loans within 25 years of payments before SAVE's loan forgiveness would be triggered (borrowers with graduate school debt qualify for loan forgiveness after 25 years of payments, at least 5 years later than undergraduates).

Despite starting with low initial earnings, graduates with biology degrees are likely to repay similar amounts on their loans under SAVE as a typical master's degree recipient but over a longer period (figure 13). They fully repay by the 17th year of repayment, whereas the typical master's degree borrower would fully repay after 12 years. Their total payments are slightly higher than for typical borrowers with master's degrees because their repayment term is longer and they accrue more interest as a result. Biology graduates also have some interest forgiven in the initial years they begin repayment because their earnings are not high enough to cover accruing interest. Without that benefit, their cumulative payments would be higher.

FIGURE 13

Student Loan Repayment Projections for Master's Degrees with Low Initial Earnings



URBAN INSTITUTE

Source: Authors' calculations using College Scorecard data.
Notes: NPV = net present value. Repayment estimates are discounted to present values. We assume borrowers start repaying in their first year after graduation and make all payments on time with no early prepayments. We calculate payments using the median borrower's income that is reported in the College Scorecard using the first, fourth, and fifth years after completion as they are reported in the dataset but with the following adjustments. Because the Scorecard data are adjusted for inflation and reported in constant dollars, we inflate the earnings in the fourth and fifth years to include additional 3 percent annual inflationary growth to accurately assess the borrower's student loan payments in SAVE over time (loan payments are calculated on a borrower's nominal income, not their inflation-adjusted income). We use the 2022 federal poverty level for calculating SAVE's exemption, which corresponds with the first year of earnings in our analysis, and we increase it for inflation at a constant 3 percent annual rate. Because we are missing second- and third-year earnings, we interpolate those amounts as two equal increases between the first and fourth years. For years beyond the fifth, we inflate fifth-year earnings at a constant 5 percent annual rate, which is equivalent to 3 percent inflation plus 2 percent real growth. We assume a 5 percent fixed interest rate on undergraduate loans and a 7 percent fixed rate on graduate and professional loans. We assume a single-person household for payment calculations.

Borrowers with master's degrees in social work have the longest repayment term among the three profiles we estimated because their earnings have the slowest growth. It takes them about 20 years to fully repay under the SAVE plan. They also have the highest total payments because they accrue more interest over their longer repayment term.

Social workers are often employed in jobs that qualify them for the Public Service Loan Forgiveness (PSLF) program, in which case they would qualify for loan forgiveness after only 10 years of payments instead of 25 under SAVE. Although social workers' lower initial earnings and slow earnings growth extend their loan repayment term and cause them to pay more, these borrowers, under PSLF, have substantial balances forgiven (Delisle 2023).

Social workers' low initial earnings, rather than their low earnings growth rate, are what lead to loan forgiveness under PSLF. Even borrowers with high earnings growth, such as those with biology degrees, would qualify for a similar amount of forgiveness under PSLF because of their low initial earnings. The 10-year loan forgiveness time frame under PSLF is short compared with these borrowers' debts and monthly payments, resulting in similar amounts of loan forgiveness, regardless of growth rate.

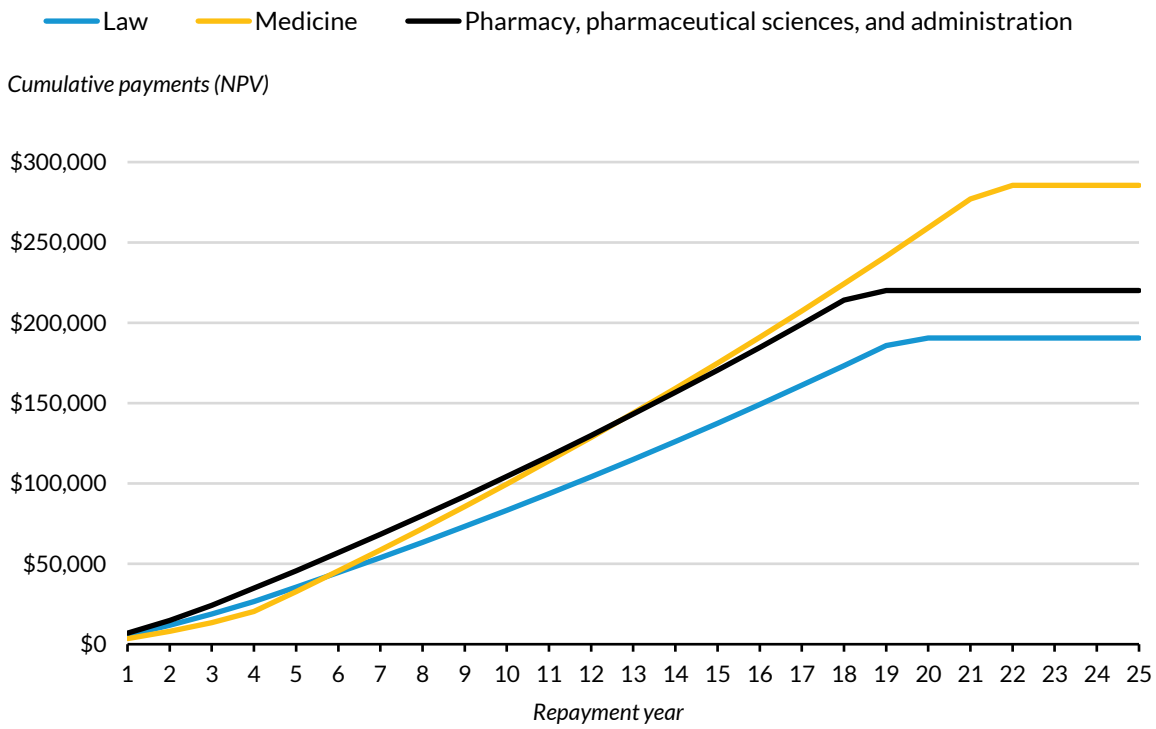
Loan Repayment for Professional Degrees

Because there are not enough professional fields to create different low- and high-growth groups that we used throughout this analysis, we estimate loan repayment for the three largest fields: medicine, pharmacy, and law.

Borrowers with degrees in medicine have the lowest initial earnings of the group ($66,000) but the fastest growth. That growth causes them to fully repay their loans even though they have larger debts and lower initial earnings than borrowers in the other two fields do (figure 14). But borrowers with degrees in medicine also have a large amount of unpaid interest forgiven during their initial low-earning years. We provide a more detailed estimate of the value of the SAVE plan's interest waiver in a separate publication, which shows that borrowers with degrees in medicine might have substantial interest forgiven because of their larger-than-average loan balances (Delisle and Cohn 2024). Medicine graduates' low initial earnings are also likely to result in large forgiven balances if they qualify for PSLF.

FIGURE 14

Student Loan Repayment Projections for Professional Degrees



URBAN INSTITUTE

Source: Authors' calculations using College Scorecard data.
Notes: NPV = net present value. Repayment estimates are discounted to present values. We assume borrowers start repaying in their first year after graduation and make all payments on time with no early prepayments. We calculate payments using the median borrower's income that is reported in the College Scorecard using the first, fourth, and fifth years after completion as they are reported in the dataset but with the following adjustments. Because the Scorecard data are adjusted for inflation and reported in constant dollars, we inflate the earnings in the fourth and fifth years to include additional 3 percent annual inflationary growth to accurately assess the borrower's student loan payments in SAVE over time (loan payments are calculated on a borrower's nominal income, not their inflation-adjusted income). We use the 2022 federal poverty level for calculating SAVE's exemption, which corresponds with the first year of earnings in our analysis, and we increase it for inflation at a constant 3 percent annual rate. Because we are missing second- and third-year earnings, we interpolate those amounts as two equal increases between the first and fourth years. For years beyond the fifth, we inflate fifth-year earnings at a constant 5 percent annual rate, which is equivalent to 3 percent inflation plus 2 percent real growth. We assume a 5 percent fixed interest rate on undergraduate loans and a 7 percent fixed rate on graduate and professional loans. We assume a single-person household for payment calculations.

Law graduates would also fully repay their loans under SAVE despite their low initial earnings because their earnings grow rapidly in later years. Law graduates would, however, receive large benefits under PSLF and would likely qualify for substantial amounts of interest forgiveness in their early years of repayment under SAVE because their initial payments are not high enough to cover accruing interest (Delisle and Cohn 2024). Unpaid interest under SAVE complicates any decision in a

quality assurance policy to measure earnings later for these degrees. Measuring earnings later could more accurately capture the earnings potential of law degrees but it would fail to capture the cost to the government in unpaid interest during initial low-earning years.

Conclusion

Until recently, data on earnings outcomes for individual higher education institutions and fields of study have been limited to the first few years after students leave school. Policies that would establish earnings standards have also focused on early-career earnings. But newly available College Scorecard data have begun to provide a longer-term perspective.

Our analysis of these new data suggests that graduates from many large fields of study start with low earnings but then catch up to their peers by the fifth year after graduation. Assessing early earnings for these credentials risks sending a false signal that the payoff from these credentials is low. These include certificates and associate's degrees in liberal arts and general studies, as well as some large bachelor's degree fields, such as biology. Based on those findings, policymakers might want to avoid measuring earnings for these credentials in the first few years after students complete. But a later measurement year should be adjusted higher to account for general earnings growth over time.

The high earnings growth these fields experience might be partly because of graduates going on to pursue further credentials, such as bachelor's and master's degrees. Policymakers, therefore, might need to carefully consider how such factors should be treated in quality assurance rules and consumer disclosures. There are trade-offs to including (or excluding) these students in the earnings measure for the cohort for their initial degree. Weighing those trade-offs is outside the scope of this report, but our findings reveal that the effects of students pursuing further credentials on earnings data might be large for some fields.

Our analysis also reveals new information about the fields that industry representatives argued have significant earnings gains in the fourth and fifth years after graduation that are not captured in policies such as the gainful employment rule. These fields include certificates in cosmetology and master's degrees in social work and in clinical psychology and counseling. We find that these fields in fact show some of the lowest earnings gains within their credential groups. Sometimes the earnings growth might increase the chances these credentials meet minimum earnings standards, but we find nothing exceptional about the earnings growth for these fields that would merit special treatment in policy development.

We do not attempt to determine the optimal point for measuring earnings in quality assurance policies for higher education, but our analysis reveals that measuring earnings in graduates' early years could penalize some large fields that produce strong earnings in later years. The College Scorecard's lack of consistent earnings data for each of the first five years after students leave school also limits our ability to assess which year might provide the best measurement. Policymakers should consider collecting more consistent and complete earnings data to ensure that policies that tie government aid to these data are based on a full understanding of graduates' earning trajectories.

Appendix

TABLE A.1

First-, Fourth-, and Fifth-Year Earnings for Fields Identified in the Analysis

	Year 1	Year 4	Year 5
Certificates			
Allied health and medical assisting services	$26,942	$29,610	$31,326
Audiovisual communications technologies and technicians	$18,126	$28,849	$31,091
Cosmetology and related personal grooming services	$18,147	$22,310	$23,395
Dental support services and allied professions	$24,284	$28,622	$29,891
Electrical and power transmission installers	$39,588	$51,285	$54,908
Health and medical administrative services	$27,619	$30,697	$32,540
HVAC	$36,014	$43,101	$45,862
Liberal arts and sciences, general studies, and humanities	$28,098	$38,484	$42,946
Precision metal working	$34,564	$41,486	$43,849
Radio, television, and digital communication	$20,030	$29,239	$31,593
Somatic bodywork and related therapeutic services	$21,022	$24,037	$25,329
Associate's degrees			
Allied health and medical assisting services	$36,221	$40,871	$42,064
Biological and physical sciences	$26,445	$43,858	$48,838
Business administration, management, and operations	$35,222	$42,107	$45,318
Criminal justice and corrections	$34,271	$42,562	$45,837
Design and applied arts	$25,421	$35,044	$37,265
Health services, allied health, and health sciences, general	$36,836	$43,447	$49,114
Health and medical administrative services	$27,466	$30,963	$32,852
Liberal arts and sciences, general studies, and humanities	$28,279	$38,262	$42,180
Social sciences, general	$25,856	$35,515	$39,399
Bachelor's degrees			
Anthropology	$28,546	$42,015	$47,806
Biology, general	$32,025	$51,953	$62,122
Communication disorders sciences and services	$26,370	$53,506	$58,680
Design and applied arts	$32,513	$49,413	$53,393
Drama and theatre arts and stagecraft	$20,821	$31,198	$33,658
English language and literature, general	$30,632	$45,016	$49,283
Film and video and photographic arts	$24,954	$39,677	$44,186
Fine and studio arts	$25,223	$38,274	$41,406
Health and physical education and fitness	$31,584	$49,660	$55,614
History	$32,645	$48,550	$53,100
Human development, family studies, and related services	$33,463	$42,446	$46,494
Journalism	$35,918	$51,383	$56,731
Music	$28,313	$37,991	$41,731
Natural resources conservation and research	$34,680	$51,514	$57,055
Psychology, general	$31,948	$46,143	$50,934
Radio, television, and digital communication	$30,383	$47,490	$52,099
Research and experimental psychology	$32,584	$52,438	$59,444
Rhetoric and composition and writing studies	$32,373	$45,346	$49,709
Romance languages, literatures, and linguistics	$34,459	$51,124	$56,319
Sociology	$34,321	$48,908	$53,156
Master's degrees			
Biology, general	$42,481	$69,745	$71,234
Clinical, counseling, and applied psychology	$53,059	$60,293	$64,159
Communication and media studies	$60,275	$74,711	$79,995

	Year 1	Year 4	Year 5
Criminal justice and corrections	$57,367	$61,869	$65,936
Ecology, evolution, systematics, and population biology	$72,717	$90,403	$99,299
Education, general	$59,667	$64,991	$68,252
Film and video and photographic arts	$28,928	$47,300	$51,642
Health professions and related clinical sciences, other	$75,127	$107,758	$107,504
Health and physical education and fitness	$47,876	$57,128	$61,239
International relations and national security studies	$70,600	$93,545	$102,145
Journalism	$50,023	$63,729	$70,846
Library science and administration	$48,359	$54,640	$56,465
Mental and social health services and allied professions	$49,620	$55,281	$58,692
Natural resources conservation and research	$60,226	$72,830	$78,069
Public relations, advertising, and applied communication	$63,001	$77,245	$82,994
Security science and technology	$63,601	$79,597	$82,602
Social work	$53,811	$60,505	$64,058
Student counseling and personnel services	$51,820	$58,624	$61,522
Teacher ed. and prof. dev., specific levels and methods	$54,491	$59,067	$61,827
Teacher ed. and prof. dev., specific subject areas	$59,462	$62,822	$65,415
Professional degrees			
Chiropractic	$49,619	$55,256	$58,789
Dentistry	$117,807	$147,128	$159,165
Law	$88,380	$111,983	$122,540
Medicine	$65,568	$113,033	$174,355
Optometry	$98,234	$115,059	$118,895
Pharmacy, pharmaceutical sciences, and administration	$101,578	$140,455	$142,845
RN, nursing administration, nursing research, and clinical nursing	$130,596	$133,607	$138,271
Rehabilitation and therapeutic professions	$74,548	$81,271	$82,885
Veterinary medicine	$98,792	$109,303	$119,351

Source: Authors' calculations using College Scorecard data.

Note: ed. and prof. dev. = education and professional development; HVAC = heating, air conditioning, ventilation, and refrigeration maintenance technology and technician; RN = registered nursing. Earnings are in constant 2022 dollars. Includes all fields of study identified in this analysis for high rates of failure on an earnings test based on initial-year earnings. Our sample includes programs with earnings data in the first and fifth years to align with figures 1 through 7. Sample sizes might therefore differ slightly for fourth-year earnings measures.

Notes

[1] Financial Value Transparency and Gainful Employment, 88 Fed. Reg. 70004 (Oct. 10, 2023).

[2] College Cost Reduction Act, H.R. 6951, 118th Cong. (2024).

[3] Streamlining Accountability and Value in Education for Students Act, S. 1971, 118th Cong. (2023).

[4] Data that cover students as late as 10 years after enrollment have been available since the initial College Scorecard collection efforts began more than a decade ago, but those data are not disaggregated by field of study and exclude graduate degrees.

[5] In 2023, the College Scorecard published earnings for the fourth year after students complete their credential, and this year, the Scorecard published data for the fifth year, the latest year available.

[6] We use earnings for all bachelor's degree recipients, not those that are specific to the field of study. For example, earnings for master's degrees in education are compared against earnings for the typical bachelor's degree recipient, regardless of field of study.

[7] Some fields might produce earnings in line for their credential group even though fewer than 75 percent of programs pass the earnings test. These fields are often close to the 75 percent cutoff or there are a minority of programs in that field with weak earnings, while most programs produce earnings well above the threshold.

[8] In some limited cases, this approach results in programs categorized as having high or low earnings growth when their earnings growth is close to what is typical for their credential group. We do not emphasize these "on-the-line" fields in our findings and conclusions.

[9] We use this definition rather than the total number of degrees awarded because the earnings data are for only students who receive federal aid.

[10] Data for the second and third years are not consistent with the first, fourth, and fifth years because they either include nonworking individuals in the denominator or exclude students who went on to earn a higher credential. We include data for the fourth year in an appendix.

[11] Earnings in the first year after completion were measured in 2020 and 2021 for the pooled cohorts of students who completed in the 2018–19 and 2019–20 school years. Earnings in the fourth year are for the pooled cohort of students who completed in 2014–15 and 2015–16, measured in 2019 and 2020. Earnings in the fifth year are from the pooled cohort of students who completed in 2014–15 and 2015–16, measured in 2020 and 2021. All earnings are adjusted to 2022 dollars throughout this report. We weight aggregate earnings measurements by the number of first-year earners reported in the data.

[12] Preston Cooper, "Community College Students Need Better Options, Not Free Tuition," *Forbes*, April 29, 2021, https://www.forbes.com/sites/prestoncooper2/2021/04/29/community-college-students-need-better-institutions-not-free-tuition/.

[13] The gainful employment rule also measures earnings among graduates who are not working, and it excludes graduates who go on to earn a higher credential, which is different from the earnings data in our analysis. The College Scorecard data we use for this analysis include only working individuals and graduates who went on to earn a higher credential. There are not data in the Scorecard for multiple years that correspond to the gainful employment rule's method for measuring earnings.

[14] We measure the number of students completing the degree using counts of students included in the College Scorecard's earnings measurement.

[15] See Judy Chu, Barbara Lee, and Scott H. Peters, letter to Miguel Cardona, June 20, 2023, https://www.reginfo.gov/public/do/eoDownloadDocument?pubId=&eodoc=true&documentID=237192;

Barbara R. Snyder (president, Association of American Universities), "Docket ID ED-2023-OPE-0089: Financial Value Transparency and Gainful Employment (GE), Financial Responsibility, Administrative Capability, Certification Procedures, Ability to Benefit (ATB)," letter to Miguel Cardona, June 20, 2023, https://www.aau.edu/sites/default/files/AAU-Files/Key-Issues/Higher-Education-Regulation/AAU-NPRM%202023-OPE-0089-Comments-FINAL.pdf; Financial Value Transparency and Gainful Employment, 88 Fed. Reg. 70004 (Oct. 10, 2023); and American Psychological Association, "RE: Notice of Proposed Rulemaking; Financial Value Transparency and Gainful Employment (GE), Financial Responsibility, Administrative Capability, Certification Procedures, Ability to Benefit (ATB) – Docket No. ED-2023-OPE-0089," letter to Nassar Paydar, assistant secretary for postsecondary education, June 20, 2023. Document available from proposal author.

16 2019–20 National Postsecondary Student Aid Study, PowerStats table gmjard.

17 For certificates and associate's degrees, cutoff points for the earnings growth quartiles are as follows: the 25th percentile is a $4,126 increase in the fifth year, the median is a $6,337 increase, and the 75th percentile is a $11,425 increase. For master's degrees, the cutoff points are as follows: the 25th percentile is a $5,942 increase, the median is a $9,692 increase, and the 75th percentile is a $14,511 increase.

18 Financial Value Transparency and Gainful Employment, 88 Fed. Reg. 70004 (Oct. 10, 2023).

19 Financial Value Transparency and Gainful Employment, 88 Fed. Reg. 70004 (Oct. 10, 2023).

20 Financial Value Transparency and Gainful Employment, 88 Fed. Reg. 70004 (Oct. 10, 2023).

21 Financial Value Transparency and Gainful Employment: List of Approved Classification of Instructional Program (CIP) Codes for Qualifying Graduate Programs, 89 Fed. Reg. 53986 (Jun. 28, 2024).

22 Financial Value Transparency and Gainful Employment: List of Approved Classification of Instructional Program (CIP) Codes for Qualifying Graduate Programs, 89 Fed. Reg. 53986 (Jun. 28, 2024).

23 We estimate debt levels based on the median program-level debt in the College Scorecard. For graduate borrowers, this debt does not include loans they might have taken out for undergraduate studies.

24 Repayment estimates are discounted to present values. We assume borrowers start repaying in their first year after graduation and make all payments on time with no early prepayments. We calculate payments using the median borrower's income that is reported in the College Scorecard using the first, fourth, and fifth years after completion as they are reported in the dataset but with the following adjustments. Because the Scorecard data are adjusted for inflation and reported in constant dollars, we inflate the earnings in the fourth and fifth years to include additional 3 percent annual inflationary growth to accurately assess the borrower's student loan payments in SAVE over time (loan payments are calculated on a borrower's nominal income, not their inflation-adjusted income). We use the 2022 federal poverty level for calculating SAVE's exemption, which corresponds with the first year of earnings in our analysis, and we increase it for inflation at a constant 3 percent annual rate. Because we are missing second- and third-year earnings, we interpolate those amounts as two equal increases between the first and fourth years. For years beyond the fifth, we inflate fifth-year earnings at a constant 5 percent annual rate, which is equivalent to 3 percent inflation plus 2 percent real growth. We assume a 5 percent fixed interest rate on undergraduate loans and a 7 percent fixed rate on graduate and professional loans. We assume a single-person household for payment calculations.

25 Katherine Knott, "Biden's SAVE Plan Blocked by Federal Court," Inside Higher Ed, July 19, 2024, https://www.insidehighered.com/news/government/student-aid-policy/2024/07/19/federal-appeals-court-halts-bidens-save-plan

26 We exclude debt from undergraduate studies in the initial loan balance. We assume a 7 percent interest rate on loans for graduate and professional degree borrowers (compared with 5 percent for undergraduates) throughout our analysis to reflect that the federal student loan program charges higher interest rates on loans to these students.

References

CBO (Congressional Budget Office). 2024. "Federal Student Loan Programs." Washington, DC: CBO.

Delisle, Jason. 2023. "Public Service Loan Forgiveness and the SAVE Plan for Federal Student Loans: Loan Forgiveness Estimates for Teachers and Social Workers." Washington, DC: Urban Institute.

Delisle, Jason, and Jason Cohn. 2022. *Master's Degree Debt and Earnings: New Federal Data Expose Risks for Students and the Government*. Washington, DC: Urban Institute.

Delisle, Jason, and Jason Cohn. 2024. "Who Benefits from the SAVE Plan's Student Loan Interest Waiver?" Washington, DC: Urban Institute.

Esani Institute. 2023. "Why Gainful Employment 3.0 Will Hurt Those It Is Designed to Protect." Alpharetta, GA: Esani Institute.

FSA (Office of Federal Student Aid). 2022. *National Student Loan Data System: Enrollment Reporting Guide*. Washington, DC: US Department of Education, FSA.

About the Authors

Jason Delisle is a nonresident senior fellow in the Center on Education Data and Policy at the Urban Institute. His work focuses on higher education finance and regulation. Delisle has published papers and articles on student debt, college enrollment, the for-profit higher education sector, and international higher education. Delisle holds a BA in government from Lawrence University and an MPP from the George Washington University.

Jason Cohn is a research associate in the Center on Education Data and Policy, where he focuses on higher education topics. He graduated from the University of North Carolina at Chapel Hill with bachelor's degrees in economics and public policy and completed his master's degree in public policy at the George Washington University.

Statement of Independence

The Urban Institute strives to meet the highest standards of integrity and quality in its research and analyses and in the evidence-based policy recommendations offered by its researchers and experts. We believe that operating consistent with the values of independence, rigor, and transparency is essential to maintaining those standards. As an organization, the Urban Institute does not take positions on issues, but it does empower and support its experts in sharing their own evidence-based views and policy recommendations that have been shaped by scholarship. Funders do not determine our research findings or the insights and recommendations of our experts. Urban scholars and experts are expected to be objective and follow the evidence wherever it may lead.

URBAN
INSTITUTE · ELEVATE · THE · DEBATE

500 L'Enfant Plaza SW
Washington, DC 20024

www.urban.org