



Beyond “Do No Harm”: The Next Era of Value-Based Accountability Policy

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Key Points

- Higher education policy has shifted toward “value” as the central organizing principle. After decades focused on access, affordability, and completion, policymakers are now asking whether college actually delivers meaningful economic returns to students—reflecting growing evidence that outcomes vary widely.
- The One Big Beautiful Bill Act marks a turning point by introducing universal, outcomes-based accountability. For the first time, federal policy requires programs to “do no economic harm” to maintain access to student loans, establishing a baseline expectation for economic outcomes.
- The current policy is an important but incomplete first step and should evolve, in time, to include price. Because the accountability system focuses only on earnings, it fails to capture return on investment; incorporating cost would better align incentives, protect students, and distinguish high-value programs from those that are merely adequate.

Higher education policy does not evolve in a straight line. It moves in waves, often organized around a single, compelling idea that captures the attention of policymakers, philanthropists, thought leaders, and practitioners alike. Over the past several decades, each of these waves has reflected a real concern, but each has also narrowed the policy conversation in ways that shape what comes next.

Beginning in the 1960s and continuing through the early 2000s, the dominant focus was *access*: expanding enrollment and ensuring that more students, particularly those from disadvantaged backgrounds, could enroll in higher education. That emphasis gave way to a period centered on *affordability*, driven by rising tuition and concern about growing student debt. Then, the conversation shifted toward *completion*, as policymakers worried about not just who enrolls but who actually finishes.

Today, a new organizing principle has taken hold: *value*. Increasingly, the question is not simply whether students can access, afford, or complete college but whether higher education delivers meaningful economic returns. This reflects a growing recognition that higher education outcomes are highly variable and that too many students leave with debt and limited economic return. It also nods to the fact that students, for the most part, enroll in higher education for the pecuniary benefits.¹

The passage of the reconciliation legislation in summer 2025, often referred to as the One Big Beautiful Bill Act (OBBBA), marks a turning point in this evolution. For the first time, federal policy embedded a meaningful, universal, outcomes-based accountability standard in the federal financial aid program. By requiring that programs meet a “do no economic harm”

threshold—ensuring that typical graduates earn at least as much as they would have without the degree—the law established a floor for acceptable performance and attached real consequences for failing degree programs.

The prohibition on doing economic harm is, in reality, a tiny step into the realm of value-based accountability. It does not punish weak performance or reward exceptional performance. Instead, it simply denies the absolute-worst-performing programs access to student loans. As I discuss later, the reform’s modest nature is both a feature and a liability.

This report argues that the next phase of federal higher education accountability should build, in time, on the foundation the OBBBA established by introducing a more nuanced measure of value that incorporates price and, therefore, serves as a proxy for return on investment. By using this model, policymakers could better align incentives with student success and ensure that the system delivers not just access, affordability, and completion but genuine economic opportunity.

The Chronology of Themes in Higher Education Reform

The emergence of value as a guiding principle in higher education policy is best understood in the context of the policy frameworks that preceded it. Over the past several decades, federal and state efforts have been shaped by three dominant priorities—access, affordability, and completion—each reflecting a distinct diagnosis of the system’s shortcomings and giving rise to a set of policy interventions and intellectual movements.

The modern era of higher education policy began with a sustained focus on expanding access. The Higher Education Act of 1965 established the federal government’s central role in financing postsecondary education, grounded in the belief that increasing college attendance would promote individual opportunity and economic growth.² Over time, this commitment was reinforced through expansions of the Pell Grant program and the creation of the Stafford loan program, which extended credit to a broad population of students.

By the 1990s and early 2000s, access had become closely tied to concerns about equity, with policymakers and researchers emphasizing gaps in college enrollment across income and demographic groups. Initiatives such as the Hope Scholarship Tax Credit and the Lifetime

Learning Credit, both enacted in 1998, aimed to reduce financial barriers and encourage broader participation.³ Thought leadership during this period largely treated enrollment itself as a primary policy goal, with relatively limited attention given to variation in student outcomes after matriculation.

As college participation expanded, particularly among students from less affluent households, attention increasingly turned to the cost of attendance and the burden of student debt. Rising tuition, particularly at public institutions following reductions in state appropriations, contributed to growing concern that higher education was becoming financially out of reach for many students.⁴

Policy responses during this era focused on mitigating these costs, often through the student loan system. The introduction of income-driven repayment plans, beginning with Income-Contingent Repayment in the 1990s and expanding significantly with Income-Based Repayment in 2007 and Pay as You Earn in 2012, reflected a shift toward protecting borrowers from unaffordable payments.⁵ These policies were grounded in the recognition that debt burdens could be difficult to manage, but they addressed mostly repayment rather than the underlying cost of the educational investment.

At the same time, federal lending expanded significantly. The Deficit Reduction Act of 2005 effectively eliminated borrowing limits for graduate students through the Grad PLUS loan program.⁶ While this expansion increased access to financing, it also contributed to rising debt levels and, according to subsequent research, may have put upward pressure on tuition prices in graduate education.⁷

By the early 2010s, policymakers began to shift their focus to outcomes, particularly graduation rates. The completion agenda emerged in response to evidence that many students who enrolled in college failed to earn a degree, limiting the economic benefits of higher education and raising concerns about wasting time and resources. The Obama administration’s college-completion agenda, including its goal for the United States to regain global leadership in college attainment by 2020, elevated competition as a central metric of institutional performance.⁸ At the state level, performance-based funding models tied a portion of institutional appropriations to metrics such as

graduation rates and time to attaining a degree, further reinforcing the emphasis on completion.⁹

Thought leadership during this period emphasized institutional responsibility for student success, highlighting factors such as advising, remediation, and program structure. Though these efforts increased the focus on whether students finished what they started, they stopped short of addressing whether completion translated into meaningful economic outcomes.

Together, these three eras reflect an evolution in how policymakers have understood the challenges facing higher education. Each phase focused on a real and important problem but left critical questions unanswered. Whereas access asked whether students could enroll, affordability asked whether they could pay, and completion asked whether they could finish, the value framework asks a more fundamental question: whether the investment was worth it.

The Emergence of Value as the Dominant Policy Framework

The shift toward value is the product of nearly two decades of policy development and thought leadership aimed at confronting a question that policymakers long avoided: whether higher education actually delivers meaningful economic returns for students.

An early and highly visible turning point came with the 2006 report of the Commission on the Future of Higher Education, commonly known as the Spellings Commission. The report elevated concerns about transparency, outcomes, and accountability, arguing that students and policymakers lacked reliable information about institutional performance and calling for better data on student outcomes.¹⁰ Though many of its recommendations were not immediately implemented, the report helped reorient the policy conversation toward a broader concern with results.

The Spellings Commission argued that

colleges and universities must become more transparent about cost, price, and student success outcomes, and must willingly share this information with students and families. Student achievement, which is inextricably connected to institutional success, must be measured by institutions on a “value-added” basis that takes

into account students’ academic baseline when assessing their results.¹¹

In the years that followed, this emphasis on transparency took a more concrete form. The introduction and subsequent expansion of the College Scorecard marked a significant step toward making outcomes, particularly earnings, visible at the institutional and program levels. By linking administrative earnings data to specific colleges and fields of study, the College Scorecard provided a new empirical foundation for evaluating higher education investments and reinforced the idea that returns vary widely across programs.

Making data on student outcomes available might seem like an innocuous change, given Americans’ current skepticism toward higher education. But when the College Scorecard was first proposed, along with an outcomes-based grading scheme to be administered by the Department of Education, leaders from many institutions voiced their outrage in the opinion pages of major newspapers. For example, Drew Gilpin Faust, then-president of Harvard University, wrote in a letter to *The New York Times* that “equating the value of education with the size of a first paycheck badly distorts broader principles and commitments essential to our society and our future.”¹²

The argument was that education could not be measured in dollars and cents. Critics of the value reforms argued that higher education created better citizens and imparted knowledge and skills that made our world a better place to live in. The attitude that education’s benefits were not measurable might have been the reason it took so long for financial return on investment, or value, to become a central theme in policymaking.

At the same time, federal policy began to move beyond transparency and toward accountability. The Obama-era gainful employment regulations were one of the first systematic attempts to tie eligibility for federal student aid to labor market outcomes. These regulations introduced standards for student financial outcomes, considering earnings and debt, which would need to be surpassed for programs to maintain eligibility for federal student aid programs. However, the regulations applied to few programs—namely, those that were designed, explicitly, to prepare students for career or job placement.¹³ Although limited in scope, this reform

marked an important step in translating the concept of value into enforceable policy.

These policy developments were accompanied by and, in many ways, motivated by a growing body of research documenting substantial heterogeneity in the returns to higher education. Analyses of program-level outcomes showed that while many degrees yield strong economic returns, a nontrivial share leave students with earnings insufficient to justify the costs they incurred.¹⁴ This challenged the long-standing assumption embedded in federal policy that access to college was itself a sufficient good.

The Value Era: Correcting Course

The emergence of value as the dominant framework is a response to the limitations of previous policy eras. The access agenda succeeded in expanding enrollment, particularly among historically underrepresented groups, but did not ensure meaningful economic gains. The affordability agenda drew attention to rising tuition and student debt but often focused on easing repayment burdens rather than addressing whether the underlying investment delivered adequate returns. The completion agenda shifted attention to graduation rates but still stopped short of asking whether completing a degree translated into improved economic outcomes.

What distinguishes the current moment is a willingness to bring these strands together into a coherent policy framework. The accountability provisions introduced in the OBBBA are the culmination of this trajectory. By tying eligibility for federal student loans to earnings outcomes, the law moves beyond transparency and limited regulatory experiments to establish, for the first time, a system-wide expectation that programs must deliver measurable economic benefits.

In this sense, value is not merely a new idea; it is the logical end point of a long-running shift in policy thinking.

The OBBBA as the Inflection Point

Overview of the Policy

The OBBBA's accountability framework reflects a broader shift in how policymakers approach higher

education reform. Rather than attempting to define educational quality in abstract terms or imposing detailed federal controls on institutional behavior, the law adopts a simpler, more targeted approach: It sets a basic expectation for outcomes and attaches consequences when that expectation is not met.

The legislation introduced two standards, one for undergraduate degree programs and another for graduate degree programs. For undergraduate programs, the median earnings of employed graduates four years after leaving school must exceed the median earnings of employed high school graduates age 25–34 in the same state as the institution.¹⁵ The idea is that the median wage among young high school graduates serves as a rough counterfactual for the wages a college graduate could have earned had they not enrolled in their program of study.

The law sets a similar standard for graduate programs, except that the median earnings of graduates four years out are compared with the median earnings of workers in the state with only a bachelor's degree.¹⁶ Again, the idea is that a student who hadn't completed graduate school could have earned that or a similar wage, which is the implied counterfactual in a back-of-the-envelope measure of value-added earnings. A graduate or undergraduate program that fails this standard two out of any three consecutive years will lose eligibility for its students to borrow from the federal student loan programs.¹⁷

This is, of course, less precise than some metric of value added empirically based on individual characteristics and circumstances, but it does a reasonable job. And its simplicity offers other advantages I discuss later.

At the core of the reform is a straightforward principle: Programs that consistently leave students worse off financially than if they had never enrolled should not continue to receive access to federal student loan funding. This departs from earlier policy frameworks, which largely allowed institutions to participate in the federal aid system with limited regard for student outcomes. It marks the first time outcomes-based accountability has been implemented as a universally binding condition.

Importantly, the policy does not dictate how institutions achieve this standard. It does not require uniformly high earnings, nor does it explicitly privilege particular fields of study. Instead, it establishes a reasonable floor—a baseline expectation that programs

receiving federal support will, at a minimum, improve students' economic prospects. In doing so, it preserves institutional flexibility while introducing a clear form of accountability. This is key because innovation does not come from mandates. Instead, it comes from setting standards that align with our true objectives and allowing institutions to respond to the pressure those standards impose by generating their own solutions.

Limitations of the Current Standard

The OBBBA's accountability framework is a meaningful step forward, but it is also deliberately modest. By setting a minimum earnings threshold, the law defines an important baseline for acceptable performance and establishes real consequences. But in doing so, the policy answers only the most basic version of the question at the center of the value framework: Are students at least no worse off for having enrolled?

A standard built on doing no economic harm establishes a floor, not a measure of quality. Programs that clear the threshold may still deliver weak returns relative to the cost students incur. Two programs can produce similar earnings outcomes while charging very different prices, leaving students in markedly different financial positions. This omission matters because cost is central to how students experience the value of higher education. Borrowing \$20,000 for a program that leads to moderate earnings may be a sound investment; borrowing \$80,000 for the same outcome may not. Under the current framework, those differences are largely invisible.

The result is an accountability framework that may allow many high-cost, low-value programs to persist. Institutions can meet the minimum earnings threshold without demonstrating that the returns to their programs justify the cost to students. Estimates indicate that 95 percent of students are enrolled at institutions that clear the standard set forth in the OBBBA.¹⁸ In this sense, the current system risks replicating a familiar pattern in higher education policy: addressing one dimension of the problem while leaving another largely untouched.

There are also important distributional implications. Students with fewer resources are less able to absorb the consequences of weak returns, particularly when those returns are paired with high levels of debt. A framework that ignores price may therefore fail to fully protect the students most vulnerable to poor outcomes.

None of this diminishes the reform's importance. Establishing a minimum standard for outcomes was a critical first step and required a significant shift in policy thinking. But it should be understood as exactly that: a first step.

Policy Proposal: Evolving the Accountability Framework

By focusing exclusively on whether graduates meet a minimum earnings threshold, the new status quo defines success in terms of avoiding harm. The next phase of reform should build on this foundation by incorporating a more complete measure of value.

A natural evolution of the current framework would be to incorporate price directly into accountability. Rather than relying on a single earnings threshold, policymakers could adopt a value-based metric that evaluates whether the returns to education justify its cost. One approach would be to assess whether graduates earn enough to repay the cost of their education within a defined period, such as 10 years. This type of measure preserves the core logic of the existing system while making it more sensitive to the financial realities students face.

Importantly, such a reform would expand—not replace—the current accountability structure. The “do no economic harm” standard should remain as a baseline safeguard, ensuring that no program receiving federal support leaves students worse off than if they had not enrolled. A value-based measure would operate alongside this threshold, creating a more complete framework that distinguishes between programs that merely meet the minimum standard and those that deliver strong returns relative to their cost.

This dual approach would also improve institutional incentives. Under the current system, federal standards can be met by producing graduates with sufficiently high earnings, regardless of the price students pay to achieve those outcomes. A value-based framework would introduce a second margin of adjustment: cost. Institutions would have stronger incentives to align pricing with expected outcomes, encouraging greater discipline in program design and tuition setting.

At the same time, incorporating price would make the system more equitable across fields of study. Programs that lead to lower-paying but socially valuable

careers would not be disadvantaged simply because their graduates earn less, provided that they could demonstrate value by maintaining affordability and ensuring that students can reasonably repay their loans. This approach recognizes that value is determined by the relationship between earnings and cost, not earnings alone.

Of course, implementing a value-based system would require careful design. Policymakers would need to determine appropriate benchmarks, account for variation across programs and regions, and ensure that measures are transparent and resistant to manipulation. But these challenges are manageable and outweighed by the benefits of moving toward a more complete and economically coherent accountability framework.

The key point is that the direction of reform is clear. The OBBBA established the principle that outcomes matter and that institutions should be held accountable for them. The next step is to refine that principle by incorporating price, ensuring that accountability reflects not just whether students succeed but whether their success justifies the investment they were asked to make.

Implications for Institutions, Students, and Society

The shift toward a value-based accountability framework has important implications for institutions, students, and society. By tying federal financing more closely to outcomes and, potentially, to the relationship between outcomes and price, policy changes the incentives that shape behavior across the higher education system.

Institutions respond to the incentives embedded in federal policy, and introducing outcomes-based accountability is a meaningful change in those incentives. In a system that conditions access to federal student loans on student earnings, programs that fail to deliver acceptable outcomes will face real consequences. This will create a stronger institutional imperative to ensure that academic offerings are aligned with labor market demand and that students are positioned for economic success after completion.

A value-based framework that incorporates both earnings outcomes and cost would extend this logic further by introducing cost as a second dimension

of accountability. Institutions could no longer rely solely on improving outcomes to meet federal standards; they would also face pressure to justify the cost of their programs by those outcomes. This would create a dual margin of adjustment: Institutions could respond by improving earnings outcomes, reducing costs, or both.

This would likely lead to several changes in institutional behavior. First, colleges might reassess program portfolios, scaling back or eliminating offerings that consistently fail to demonstrate value. Second, institutions might place greater emphasis on program design, including stronger connections to labor market needs, improved career services, and clearer pathways to completion. Third, pricing strategies might come under increased scrutiny, particularly in high-cost programs whose returns are uncertain.

From students' perspective, the new accountability framework introduced in the OBBBA will send an unambiguous message about any low-performing programs they are considering. The inability to borrow from the federal loan program may make enrollment out of reach for some students. And, in the long term, since funding constraints may drive low-performing programs to close, students likely won't have the option to enroll in these programs at all.

Because of its all-or-nothing nature, this policy has the advantage of sending an exceedingly clear signal to students and institutions. But a drawback is that it lacks the ability to signal varying levels of quality, which you might be able to achieve if lending limits were throttled in proportion to some measure of value. Put differently, students can easily see the difference between the worst-performing programs and all the others. But they are not given signals about the varying returns in positive return-on-investment programs. That feature could be considered for future iterations of reform.

Reasonable Concerns About the OBBBA's Implications for Public-Serving Occupations

Most public concerns about the OBBBA's reforms focus on cumulative effects on society. There is a general belief that many low-earning occupations that this change may affect deliver massive social benefits. This argument often cites professions like teaching and

social work. The current version of outcomes-based accountability does not seem to concentrate effects on programs leading to these professions, but the critique that earnings don't capture the entire benefit of a particular educational pathway is legitimate. It is true that if the bar is ever raised, social work programs in particular could lose access to federal loan programs.

On one hand, this is an important consumer protection, as it ensures that we don't saddle another generation of social workers with unaffordable debt burdens. On the other hand, it disrupts the pathway that feeds an important profession that serves the public good.

In the specific case of social work, there are a few solutions. First, states could undertake licensing reform to allow social workers to be employed without graduate degrees. Some have argued that this field has been a victim of credential inflation and that the work could be done with the skills generally obtained in an undergraduate degree program. But if states don't believe that to be the case, they can also directly subsidize the social work profession by either increasing wages in the public sector (which would drive up wages from private employers as well) or offering direct subsidies through tax credits for people working in areas of public need.

In other words, introducing accountability into the federal lending program may affect the distribution of skills produced by higher education. But instead of making allowances for poor programs and saddling workers with the cost of delivering this public good, direct subsidy programs should be introduced to create the desirable investment in these areas of work.

The key takeaway is that by redefining accountability in terms of value, policymakers can influence how institutions operate and how students make decisions, moving the system closer to one that consistently delivers meaningful economic opportunity.

Conclusion: The Next Phase of Reform

Including outcomes-based accountability in the OBBBA was a watershed moment. For the first time, federal policy establishes a clear and universal expectation that programs must deliver measurable economic benefits to access student loan funding. That is a substantial and long-overdue reform.

At the same time, the policy is intentionally limited. By focusing on a "do no economic harm" standard, policymakers chose a measure that is simple and broadly defensible. It sets a clear floor for acceptable performance without requiring complex judgments about how much value is enough. That simplicity is not incidental. A more ambitious or technically complex standard, particularly one incorporating price or more nuanced measures of return, would have required greater consensus and, with it, greater political capital.

The very features that make the policy incomplete, its simplicity and low bar, are what made it politically viable.

This same tension will shape future reforms. On one hand, the case for an accountability system that incorporates both earnings and price is strong. Such a system would provide a more complete measure of value, better align institutional incentives, and more effectively protect students from poor investments. On the other hand, it would inevitably complicate the policy and could weaken the coalition that made the initial reform possible.

Moreover, the introduction of outcomes-based accountability was a significant shift in expectations for institutions, and it will take time for the higher education system to adapt. Allowing this framework to operate—and to reshape institutional behavior—may do more to advance the goals of reform than pursuing additional changes in the short run would. For this reason, the most effective near-term strategy may not be to shift to value-based accountability immediately.

A broader political logic is also at work. The OBBBA's most important achievement may not be the specific threshold it sets but the precedent it establishes: that federal higher education policy can, and should, hold institutions accountable for student outcomes. Once that principle is accepted and operationalized, it becomes easier to build on over time. Future reforms can refine and extend the framework incrementally, rather than attempting to introduce a fully developed system all at once.

In this sense, the current moment should be understood as both an end point and a beginning. It is the culmination of a long shift toward recognizing the importance of value in higher education. But it is also the foundation for the next phase of reform—one that will need to balance precision with simplicity, ambition with political feasibility.

The question is no longer whether higher education should be accountable for the outcomes it delivers. That principle is now embedded in federal policy. The challenge ahead is to determine how far and how fast

to extend it—ensuring that the system not only avoids harm but ultimately delivers the kind of value that students and taxpayers have long been promised.

About the Author

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Notes

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