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May 20, 2026

The Honorable Nicholas Kent
Under Secretary of Education
Office of Postsecondary Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

RE: Comments on Docket ID ED-2026-OPE-0100

Dear Under Secretary Kent,

The University of California (UC) welcomes the opportunity to comment on the U.S. Department of Education's proposed rule regarding Accountability in Higher Education and Access through Demand-driven Workforce Pell: Student Tuition and Transparency System (STATS) and Earnings Accountability as part of Docket ID ED-2026-OPE-0100.

As the nation's leading public research university system, serving over 300,000 students across ten campuses, UC shares the Department's goals of increasing transparency and ensuring that federal investments in higher education provide meaningful returns for students. However, we have significant concerns regarding the implementation of the Student Tuition and Transparency System (STATS) and the potential unintended consequences that the "Earnings Premium" metric might have on our mission of public service and commitment to make quality public higher education accessible.

The University of California offers the following recommendations:

- Expand sources of income to more accurately reflect earnings, including pre-tax contributions, foreign income, and business deductions and distributions.
- Establish a "safe harbor" for programs meeting a 25% threshold on graduates entering high-need public service or nonprofit roles.
- Delay initial reporting deadline to October 1, 2027, to recognize the technical resources needed by campuses to review and adjust to the new rule.
- Allow for a phased-in implementation of the total aid provision of no less than two years to ensure data accuracy and account for the increased labor and technical costs.

IRS Earnings Data

While the Internal Revenue Service (IRS) earnings data provides standardized information, current tax laws often incentivize behaviors that artificially lower true earnings. High income earners, particularly those with postsecondary education, frequently utilize lawful

mechanisms to lower their tax burden. These actions include maximizing pre-tax contributions to retirement savings or a Health Savings Account, masking income through business expense deductions or working abroad. To more accurately account for graduate financial outcomes, we recommend aligning data collection similar to the Free Application for Federal Student Aid (FAFSA) and transferring other untaxed income sources from the IRS. Specifically, we would suggest using Box 12 and Box 14 of the W-2 to pull in pre-tax benefits and Form 2555 to account for excluded foreign income. Further, we would encourage the Department to pull in distributions to shareholders from S-Corp or LLCs to account for graduates who go on to be highly successful entrepreneurs.

Earnings Premium Metric (§ 668.402) and the Public Service Mission

The University appreciates the simplification of the Accountability Measure to one Earnings Premium metric. However, we remain concerned that the proposed Earnings Premium fails to account for the societal value of degrees in essential, but historically lower-paying, fields. While most UC programs will comfortably exceed this threshold, we are deeply concerned for the 6,000 students in medical, arts (including music), professional and master's degree programs that could be at risk of losing access to Direct Loans under the proposed framework, based on our preliminary estimate. By applying a binary "pass/fail" earnings metric, the Department risks stigmatizing critical career paths, such as school psychologists, which are beneficial to the larger community but are financially undervalued by the market. We urge the Department to consider a "safe harbor" for programs where at least 25% of graduates enter public interest or non-profit sectors (e.g. K-12 teaching), ensuring these programs are not unfairly penalized.

Administrative Burden of STATS Reporting (§ 668.406)

The University appreciates the Department's reduction in reporting items that would no longer serve a purpose under the revised earnings premium. However, the number of changes on previously collected data items, including reductions, additions and clarifications, would require significant additional labor and technical resources. Specifically, the adjustment from *annual* amount of aid to *total* amount of aid for the student's entire enrollment in the program will require the financial aid office to track and aggregate disparate aid sources by student and by program. This is particularly challenging for students who withdraw and may have lengthy gaps in enrollment. Additionally, attempting to disaggregate this data at the program level, as proposed by § 668.408, would require significant upgrades to institutions' Information Technology and Institutional Research infrastructure. We request that the Department allow for a phased-in implementation of the total aid provision of no less than two years to ensure data accuracy.

As the Department notes, the "pendular regulatory changes pertaining to GE has contributed to an environment of lasting uncertainty." Past volatility did not halt institutional momentum in adjusting reporting to address the regulations of the day. Campuses have spent considerable time and dollars over the last several years revising their reporting structures, processes, and controls. While the Department endeavors to simplify this process and create stability, the proposed rule remains yet another significant

May 20, 2026

Page 3

change in terms of scope of applicability and detail. We recommend the initial data collection be postponed for one year to October 1, 2027, to allow time to build, implement and test these revised structures.

Student Warnings (§ 668.403)

The University of California is committed to transparency and accountability. We welcome the Department's student-centered approach to the proposed changes made to student warnings for programs that fail the earnings premium metric. We also support the limiting of the acknowledgment provision to prospective students. Unlike currently enrolled students, prospective students have the necessary time to complete this step without risk to their immediate financial stability. Maintaining the acknowledgement for continuing (enrolled) students introduces unnecessary barriers to receipt of their aid that supports their basic needs. We would strongly advise that the acknowledgment for continuing students not hold financial aid disbursement. Since the warning requirements under § 668.605 are triggered by the Department's earnings premium determinations, we recommend that the implementation timeline for those warnings be correspondingly delayed, consistent with our recommended extension of the initial reporting timeline.

Thank you for your consideration of these comments. We are grateful for the opportunity to engage with the Department and hope that the changes we have suggested will strengthen and increase access to higher education while ensuring appropriate guardrails are in place to protect students and taxpayers.

Best wishes,



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