U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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Washington, DC 20548

B-338542

July 16, 2026

The Honorable Bill Cassidy
Chairman
The Honorable Bernie Sanders
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Tim Walberg
Chairman
The Honorable Bobby Scott
Ranking Member
Committee on Education and Workforce
House of Representatives

Subject: *Department of Education: Accountability in Higher Education and Access Through Demand-Driven Workforce Pell: Student Tuition and Transparency System (STATS) and Earnings Accountability*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Education (ED) entitled "Accountability in Higher Education and Access Through Demand-Driven Workforce Pell: Student Tuition and Transparency System (STATS) and Earnings Accountability" (RIN: 1840-AE06). We received the rule on July 6, 2026. It was published in the *Federal Register* on July 1, 2026. 91 Fed. Reg. 40136. The effective date of the rule is July 1, 2027, except for instructions 13 and 14, which are effective August 31, 2026.

According to ED, this rule amends the regulations governing institutional eligibility, general provisions, and the William D. Ford Direct Loan (Direct Loan) Program under title IV of the Higher Education Act (HEA) of 1965, as amended (the title IV, HEA programs). ED stated the rule implements statutory changes to the title IV, HEA programs included in the Working Families Tax Cuts Act, including revisions to program eligibility requirements for the Direct Loan program and the introduction of an earnings accountability framework that limits Direct Loan eligibility to programs whose graduates meet certain earnings benchmarks.

The Congressional Review Act requires a 60-day delay in the effective date of a major rule from the date of the publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). Here, the rule has a stated effective date of July 1, 2027, except for instructions 13 and 14, which are effective August 31, 2026. However, ED states in the rule that the Secretary of Education is exercising her authority under section 482(c) of the HEA to designate certain changes to part 668 of title 34 of the *Code of Federal Regulations* as ones that an entity subject to the rule may choose to implement earlier with conditions for early implementation beginning July 1, 2026. 91 Fed. Reg. at 40138–39. *See* 20 U.S.C. § 1089(c).

The rule states the Secretary has designated the elimination of all provisions pertaining to reduced institutional reporting requirements under 34 C.F.R. § 668.406 for early implementation, and will assume that any institution that chooses not to report items that have been removed has elected to implement the provisions early. 91 Fed. Reg. at 40139. The rule did not address the impact of a designation of early implementation under section 482(c) on the 60-day delay requirement of the Congressional Review Act.

Enclosed is our assessment of ED's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

Shirley A. Jones

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Philip Rosenfelt
Deputy General Counsel
Department of Education

ENCLOSURE

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF EDUCATION
ENTITLED
"ACCOUNTABILITY IN HIGHER EDUCATION AND ACCESS THROUGH DEMAND-DRIVEN WORKFORCE PELL: STUDENT TUITION AND TRANSPARENCY SYSTEM (STATS) AND EARNINGS ACCOUNTABILITY"
(RIN: 1840-AE06)

(i) Cost-benefit analysis

The Department of Education (ED) prepared an analysis of the costs and benefits for this rule. 91 Fed. Reg. 40136, 40138, 40197–40280 (July 1, 2026). ED estimated that the rule will have significant impacts on students, educational institutions, and taxpayers. *Id*. at 40138. Among other things, ED estimated that taxpayers will incur annualized costs of approximately $871 million at a 3 percent discount rate due to increased transfers of Pell Grants to programs. *Id*. at 40244.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

ED estimated that small entities will experience a 0.9 percent ($132 million) increase in their total revenue ($14,646 billion) due to this rule, with extremely small entities being the most impacted subgroup. 91 Fed. Reg. at 40269–70.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

The rule does not discuss the Act. In its submission to us, ED indicated that it did not prepare a written statement under section 202 of the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On April 20, 2026, ED published a notice of proposed rulemaking. 91 Fed. Reg. 21088. ED stated that it received 9,994 comments and responded to comments in this rule. 91 Fed. Reg. at 40144–40203.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

ED determined that this rule contains amended information collection requirements under the Act, which were submitted to and approved by the Office of Management and Budget. 91 Fed. Reg. at 40272.

Statutory authorization for the rule

ED promulgated this rule pursuant to sections 1003, 1071, 1087, 1221e-3, 1231a, and 3474 of title 20, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

ED stated that the Office of Information and Regulatory Affairs has determined that this rule is economically significant under the Order. 91 Fed. Reg. at 40197.

Executive Order No. 13132 (Federalism)

ED determined that this rule does not have federalism implications. 91 Fed. Reg. at 40280.