

How two new rules are reshaping career education

Career Pathways

By: **Dana Godek** December 9, 2025

In “The Wizard of Oz,” Dorothy pulls back the curtain and discovers that the all-powerful wizard is just a man with a microphone and good marketing.

For many students, the new gainful employment (GE) and financial value transparency (FVT) rules are doing something similar: pulling back the curtain on college programs that have promised life-changing opportunities but delivered little more than debt. This is particularly true for students from marginalized backgrounds.

I know this story personally. I aged out of foster care at 18 with no money, no parents and no one to help me make life decisions. A proprietary college recruiter promised me a fast track into a broadcasting career.

What I got instead was a worthless associate’s degree, \$30,000 in debt, and no job prospects. It took years of working my way to recover credits in my local community college before I eventually overcame the setback.

This history is one reason the current federal policy shift feels both overdue and deeply personal.

What the GE + FVT rules actually do

The new gainful employment and financial value transparency rules fundamentally change the way the federal government decides which college programs deserve access to federal financial aid.

Instead of assuming that anything offered by a college has inherent value, the government is now asking a more pointed question: Does this program actually improve a student’s economic future compared to what they could earn with a high school diploma or a short-term workforce certificate?

Under these rules, colleges must show evidence that their graduates earn more than typical high school graduates and more than those completing equivalent certificates that are often available through high school CTE, workforce boards or industry credentialing bodies. Programs that cannot demonstrate this “value add” are now at risk of losing eligibility for Pell Grants, federal loans and work-study.



to earn. If graduates are leaving with more debt than their earnings justify, the program will face sanctions.

Just as importantly, colleges must show that their programs actually prepare students for occupations that require postsecondary education. If the same skills can be acquired through a high school program, a non-college workforce certificate, an industry exam or through employer-based apprenticeships, then the program is not considered to provide true postsecondary value.

In those cases, GE and FVT treat the program as duplicative, and duplicative programs will no longer qualify for federal financial aid.

What this amounts to is a dramatic reframing of federal financial aid: the measure of eligibility is no longer whether a college chooses to offer a program, but whether the program meaningfully improves students' economic prospects beyond what they could gain elsewhere, for less time and far less money. '

The rules do not eliminate certificate or short-term programs; instead, they insist that students receive a clear return on the investment the federal government is subsidizing in their name.

The new rules also require colleges to prove that their programs lead to real jobs that genuinely need postsecondary training. If the same skills can be earned through high school CTE, short-term workforce certificates, industry credential exams or employer-based apprenticeships, the federal government no longer considers the college version essential. In other words, a program must offer training that cannot be easily or affordably obtained elsewhere.

This shifts the burden onto institutions to demonstrate that their curriculum connects directly to occupations with clear educational requirements. Programs that fail to show this level of workforce relevance risk losing access to federal financial aid.

A short runway for redesign

Taken together, these provisions establish one clear expectation: colleges must offer postsecondary programs that provide training unavailable through cheaper or shorter alternatives.

The federal government no longer considers the college version a distinct value-add if students can gain the same competencies through high school CTE, non-credit workforce certificates, recognized industry exams or employer-based apprenticeships.

This shift—requiring institutions to demonstrate unique, labor-market relevance—eliminates a great deal of redundancy across the education-to-workforce landscape and creates a more coherent definition of what counts as postsecondary education.

The implementation timeline adds urgency. Institutions will begin receiving gainful employment performance data well before any loss of aid eligibility takes effect, and sanctions will phase in over the next aid cycle.



Which programs are most at risk?

Programs that duplicate training already available through high school or short-term workforce providers are particularly vulnerable. These include:

- “Pre-cert” or non-credential medical assisting programs
- Early childhood certificates below state-required levels
- General IT technician programs without recognized industry credentials
- Office administration, hospitality or customer service tracks
- Basic trades preparation lacking licensure or apprenticeship progression

These pathways often show no wage premium over high school-level certificates, thus causing them to fail the GE earnings-premium test.

Implications for FAFSA eligibility

Students can still enroll in these programs, but Pell Grants, federal loans and work-study will not be available if the program fails the gainful employment test. For districts, colleges and state agencies, this means:

For K12 systems

- Ensure high school CTE aligns to true industry credentials.
- Avoid duplicating college programs that may soon lose aid eligibility.
- Strengthen early college/dual enrollment to guarantee real value add.

For colleges

- Audit all certificate- and sub-associate programs for GE exposure.
- Document wage premiums over high-school or workforce-certificate alternatives.
- Work with K12 partners to clarify which programs require postsecondary training.

For states

- Update program approval processes to align with GE/FVT expectations.
- Support redesign or teach-out plans for low-value programs.

Which states are most at risk?

While the gainful employment rule evaluates programs, some states face higher exposure due to their heavy concentration of for-profit, Title IV participating, non-degree career-training institutions. The latter are a major portion of the programs most likely to fail the new standards.



types most likely to be affected.

The gainful employment rule doesn't evaluate states; it evaluates programs. That's an important distinction to make.

However, for states, it's useful to understand where program exposure may be more concentrated. The list below is a directional indicator based on the number of for-profit, Title IV, non-degree institutions—not a prediction of which states will lose the most programs. It simply reflects where the largest clusters of potentially vulnerable program types are located.

Five states most at risk

State	For-profit career training institutions	Why risk is high
California	179	Large, diverse for-profit sector; major concentration of certificate-level training programs.
Texas	149	High statewide demand for short-term workforce programs; multiple proprietary chains.
Florida	99	Extensive non-degree for-profit sector; historically mixed GE outcomes.
Illinois	75	Dense urban career-college ecosystem; many sub-associate programs.
New York	71	Large volume of Title-IV vocational schools; significant certificate-level offerings.

Source: National Center for Education Statistics (2023), *Digest of Education Statistics, Table 317.30*. Based on the number of non-degree, private for-profit, Title IV institutions as an assumed proxy for GE-exposed programs.

Federal aid for good

In the end, the new rules are doing for higher education what Dorothy did in "The Wizard of Oz": pulling back the curtain and forcing the truth into the open. The federal government will not subsidize programs that exist more on showmanship than substance, especially when students can gain the same skills through high-school career pathways or low-cost workforce certificates.

The aim is to take students over the rainbow without carrying worthless debt. That's a bit of magic students deserve.



differentiating pathways.

These rules provide an opening. Institutions that act quickly can redefine their value proposition and help students cross the threshold into careers with real mobility, not debt.

Michael Moore, a national leadership and organizational development consultant and executive coach, contributed to this article.

