

To Whom It May Concern:

We, the undersigned, represent the members and constituents of nonprofit organizations dedicated to the study and teaching of music history, theory, culture, economics, law, and industry. Our collective mission is to advance the study and teaching of music, and to represent the interests of the professionals who do this work and the public that relies on and supports it.

We are writing today to respectfully submit comments on the Student Tuition and Transparency System (STATS) and earnings accountability framework detailed in the notice of proposed rulemaking (NPRM), published April 20, 2026.¹ While we support the statute’s overall goal of ensuring that students are not saddled with excessive educational loan debt, we believe that some of the NPRM’s methodologies risk systematically misclassifying high-quality music programs and undermining America’s historic and world-transformational role as a site for music study and performance—in addition to its being home to the world’s largest recorded music industry (\$11.5 billion year-end revenue in 2025).² In response to the Department of Education’s (DOE) solicitation for feedback, we offer the following observations and suggestions based on our collective expertise in post-secondary music education and the career paths of music program graduates.

I) On § 668.2(b): Definition of Earnings—Proposed Earning Measurements Do Not Adequately Capture Freelance Income

The NPRM proposes using IRS data—W-2 wages plus net self-employment earnings recorded in Form 1040 (Schedule SE)—to measure program graduate earnings. We believe this change will seriously underestimate the true earned income of many music program graduates. Due to the nature of their work, many music graduates earn a statistically significant percentage of their income through 1099 and/or 1040 (Schedule C) activity (e.g., private studio teaching, freelance performance, work with religious organizations, recording, and contract teaching). This income is not adequately captured in the current framework, which is based on the College Scorecard methodology.³ The goal of the proposed rule is to determine the relative earnings power of program graduates. However, for W-2 workers, it appears that “gross” earnings are calculated, but for freelance workers only “net” earnings are captured. Because of this, the rule risks disproportionately deflating earnings calculations for graduates of fields like music, where sole proprietorship is the norm.

In the NPRM, the Department dismisses the concern that its proposed framework will suppress income calculations for freelancers by citing a 2022 study of Texas barbers’ tips, claiming that

¹ U.S. Department of Education, Notice of Proposed Rulemaking (NPRM), “Accountability in Higher Education and Access Through Demand-Driven Workforce Pell: Student Tuition and Transparency System (STATS) and Earnings Accountability,” *Federal Register* 91, no. 75 (April 20, 2026): 21088–21205, <https://www.govinfo.gov/content/pkg/FR-2026-04-20/pdf/2026-07666.pdf>.

² Recording Industry Association of America, “2025 Year-End Music Industry Revenue Report,” accessed May 12, 2026, <https://www.riaa.com/reports/2025-year-end-music-industry-revenue-report-riaa/>.

³ The rule indicates that it will use the College Scorecard methodology, which calculates program graduate income by linking federal student financial aid data with IRS W-2 earnings and Schedule SE (Form 1040) earnings.

“the difference would be insufficient to cause programs to pass the earnings premium test.”⁴ However, the data on barbers is not generalizable to all other fields, and certainly not to fields in which income flows substantially through Form 1040 (Schedule C) as gross business activity. Citation of this study also implies that there are large gaps between the median earnings calculations and the pass/fail benchmarks that simple recalculation could *not* overcome. In the case of music program data, we find this conclusion to be inaccurate. According to the Department’s own published Accountability in Higher Education and Access Through Demand-driven Workforce Pell (AHEAD) Committee data, which is used to model program evaluations, eighty-one (81) music programs missed their benchmark by an average of only \$6,645.⁵ This amount is well within the margin that could be explained by overreliance on income data based on net profit/loss from sole proprietorships or underreporting of freelance income that does not meet the required reporting threshold.

Moreover, the government already acknowledges the problematic scale of income underreporting among sole proprietors and those engaged in the “gig economy.” According to a 2023 study by the US Government Accountability Office, gig workers underreport their income at rates that result in a roughly \$80 billion annual federal tax gap.⁶ Compounding this, the One Big Beautiful Bill Act of 2025 (OBBBA) raised the 1099 per-payee reporting threshold for non-employee compensation, rents, and other services from \$600 to \$2,000. In effect, gig workers, who are engaged for multiple, small-dollar gigs by a variety of different payers (as is often the case with musicians and music educators) are particularly likely to see a gap between the DOE benchmark and their reported income. Indeed, the OBBBA’s change to the reporting threshold is prone to exacerbate the problem of income underreporting. As the STATS rule takes effect, third-party reporting of income among musicians and music educators will substantially shrink and the Department’s IRS-derived earnings figures will become less, not more, accurate. With federal student loan eligibility based on such close margins and a binary pass/fail system based on benchmark cliffs, we believe the DOE should rethink its approach to measuring the income of music program graduates and other gig workers.

Possible Solution(s): The challenges of fully accounting for low-dollar gig income and disambiguating individual income from business income in sole proprietorships are thorny ones. All the same, we suggest that earnings calculations be construed using gross self-employment receipts (Schedule C, Part I, Line 7, Form 1040), *not* net profit/loss business income (as is calculated on Schedule C, Part II, Line 31 and reported on Schedule SE, Form 1040). Doing so would more accurately capture the actual earnings of graduates of programs like music, who earn significant income through gig/contract work. We also suggest postponing enforcement of sanctions until the effects of raising the 1099 per-payee reporting threshold from \$600 to \$2,000 can be fully evaluated. Specifically, we recommend an implementation delay of three (3) years before further evaluation to allow small businesses and sole proprietors to become better

⁴ U.S. Department of Education, NPRM, “III. Directed Questions: General Definitions: Earnings (§ 668.2(b)),” 21090.

⁵ U.S. Department of Education, AHEAD program performance data, accessed May 10, 2026, <https://www.ed.gov/media/document/ahead-session-2-program-performance-data-debt-earnings-and-earnings-test-metrics-112908.xlsx>.

⁶ U.S. Government Accountability Office, *Sole Proprietor Compliance: Treasury and IRS Have Opportunities to Reduce the Tax Gap*, GAO-24-105281, October 19, 2023 (publicly released November 15, 2023), <https://www.gao.gov/products/gao-24-105281>.

educated about the law and aware of the raised threshold. If, as we think likely, the Department sees statistically significant earnings decreases across fields like music, where many graduates work as freelancers or start small businesses, it should consider alternative approaches to evaluating the health of the educational programs that train and produce these music professionals and entrepreneurs.

II) On § 668.2(b): Definition of Field of Study—Reliance on Four-Digit CIPs Conflates Music Subdisciplines

The rule laid out in this section treats programs sharing a four-digit Classification of Instructional Programs (CIP) code as “substantially similar.”⁷ We find that they are often *not* substantially similar. For instance, the four-digit CIP code for “Music” (50.09) bundles together fifteen distinct subdisciplines with very different career trajectories. Under the proposed rule, degree programs in vocal performance (50.0908) are considered functionally identical to programs in musicology/ethnomusicology (50.0905) for the purposes of post-graduation earnings calculations. The AHEAD Committee data confirms this, making no distinction between these subfields in its calculations.⁸ However, the training and career path of a PhD musicologist or ethnomusicologist are not “substantially similar” to those of an opera singer with a Master of Music (MM), and neither are they “substantially similar” to those of a recording engineer with a Bachelor of Fine Arts (BFA). Institutional organization compounds the problem. For example, an institution awarding many performance degrees and few musicology degrees may show low aggregate earnings even if its graduates with musicology degrees have strong workforce placement and much higher incomes than its performance majors. In this case, the musicology program would be unfairly penalized because of data imprecision.

The NPRM suggests that the Department already understands that four-digit CIP codes do not provide sufficient granularity to make certain decisions. It proposes eliminating the definition of “substantially similar programs” when establishing new programs, which suggests that it recognizes that a CIP code is often overly encompassing.⁹ In these cases, the Department appears to recommend consulting the CIP SOC Crosswalk, the joint effort by the Bureau of Labor Statistics and the National Center for Education Statistics that matches six-digit CIP codes with six-digit detailed descriptions from the 2018 Standard Occupational Classification (SOC), as a confirming measure.¹⁰ However, the Department does not apply the same caution to the calculation and evaluation of an underlying dataset. In effect, for the STATS/earnings accountability proposed rule, actual earnings data and graduate-level, field-specific benchmarks are calculated according to four-digit CIP classification alone.

Possible Solution(s): The identification of both undergraduate programs and graduate-level field benchmarks should be made much more specific in terms of subfield. Following the Department’s own suggestions, the CIP SOC Crosswalk should be consulted, and the

⁷ U.S. Department of Education, NPRM, “IX. Significant Proposed Regulations: Certification Requirements for GE Programs and Eligible Non-GE Programs (§ 668.604),” 21115.

⁸ U.S. Department of Education, AHEAD program performance data.

⁹ U.S. Department of Education, NPRM, “IX. Significant Proposed Regulations: Substantially Similar Program (§ 668.2(b)),” 21103.

¹⁰ U.S. Department of Education, NPRM, “IX. Significant Proposed Regulations: Earnings Threshold (§ 668.2(b)),” 21101.

Department should use six-digit CIP codes to accurately define and benchmark fields and programs before imposing any punitive actions.

III) On § 668.2(b): Earnings Threshold—Avoiding Suppression of Uncommon Fields of Study

The Department recognizes that programs in “uncommon fields of study and in less-populated states” risk producing “non-representative values [that] programs are judged against.”¹¹ This is a grave concern, particularly for academic music studies programs, which typically produce fewer than ten graduates per year. The Department suggests defining fields at the two-digit CIP for the purposes of bundling datasets to get a statistically reasonable median earnings calculation. Yet that approach would further exacerbate program conflation. For instance, if a small MA music theory program were evaluated as part of a two-digit CIP grouping, the fate of academic music theorists would be decided by calculations derived from fields as diverse as Illustration (50.0410), Acting (50.0506), and Ceramic Arts (50.0711). Any data gleaned from such confluences would be overly noisy and there is an outsized risk that small programs that perform well would be affected by the failures of larger programs with which they have little in common.

Possible Solution(s): For small-cohort graduate programs whose overall health cannot be adequately captured by statistically reliable IRS data, the Department should recognize the reality of imprecision and either withhold judgment or accept qualitative outcome data instead. The Department could consider requiring reports that outline membership in professional societies, publication/research activity, and graduate career placement as supplementary evidence before enforcing title IV sanctions.

IV) On § 668.601–§ 668.605 Pell Grant Collateral: Disproportionate Risk to Dedicated Music Institutions

One of the NPRM’s harshest penalties for programs whose graduates fail to hit income benchmarks is the loss of Pell Grant eligibility. According to the current rule, if “more than half of [an] institution’s title IV, HEA recipients or title IV, HEA revenue are from low-earning outcome programs,” then *all* its programs would lose Pell Grant eligibility.¹² This is uniquely punishing for music students due to the ways music schools are organized. Post-secondary music education in the United States largely descends from the European conservatory model, meaning that there are many accredited institutions dedicated *solely* to music studies. The lack of four-digit CIP code diversification at America’s world-renowned conservatories—such as the Cleveland Institute of Music, the Manhattan School of Music, and The Juilliard School—leave them uniquely vulnerable. The proposed rule implies that when a music CIP code (50.09) cohort fails at The Juilliard School—and again, the reliance on four-digit CIP code classification conflates Juilliard students who study violin performance (50.0911) with those who study orchestral conducting (50.0906)—then the entire conservatory risks losing its Pell Grant eligibility. Put bluntly, as written, the proposed rule is likely to disqualify students at The Juilliard School, regularly ranked the best music school in the country and the world, from

¹¹ U.S. Department of Education, NPRM, “III. Directed Questions: Earnings Threshold (§ 668.2(b)),” 21090–21091.

¹² U.S. Department of Education, NPRM, “IX. Significant Proposed Regulations: Earnings Accountability Scope and Purpose (§ 668.601),” 21110.

receiving both federal student loans (which must be repaid) *and* Pell Grants that do *not* add to student indebtedness (because they need not be repaid).

As a field, music students are also disproportionately exposed to these risks at larger institutions because music schools often exist as discrete entities within a larger university structure. For instance, at Vanderbilt University in Nashville, the Blair School of Music is wholly separate from the university's College of Arts and Sciences. The risk of losing Pell Grant eligibility for students in the College of Arts and Sciences is relatively low because students in history, economics, psychology, and other fields are grouped together in a larger whole. Thus, the income underperformance of one or two programs is unlikely to constitute 50% of enrollees of the College.

But there is a smaller margin for variability within a music school. Should the calculated outcomes show even a \$500 deficit on the earnings benchmark, the entire music school would lose its Pell Grant eligibility. (And this, again, is in part because the four-digit CIP code data does not adequately capture the diversity of music programs, their graduates' career outcomes, and the complexities of a "gig economy.") The rule also does not define "institution" in these provisions, making it possible that risk-averse universities will be tempted to preemptively close music units to protect the parent institution's Pell Grant eligibility.

Possible Solution(s): Pell Grant ineligibility and/or full title IV termination should require case-by-case reviews that are distinct from the Direct Loan eligibility determination that is made according to four-year data alone. Additionally, the definition of "institution" for Pell eligibility/full title IV termination purposes should be clarified to apply to the largest category of institutional organization (for instance, Vanderbilt University and not the university's Blair School of Music). Furthermore, highly specialized schools, such as music conservatories, should be either wholly exempt from automatic loss of Pell Grant eligibility due to their high degree of specialization, or their failure percentage rate should be raised to at least 75% to accommodate the unique challenges presented by the conservatory model.

V. On § 668.603(b): Appeals and Implementation—Notice, Opportunity to Cure, and Alignment with the APA

The proposed rule considers program performance based on the income of its graduates four years out from the degree. It also indicates that institutions will be informed if they appear to be failing two years out—to provide warning of the likely impending loss of Direct Loan eligibility. However, there is no indication that institutions will be given an opportunity to address issues of underperformance or review the underlying data used to reach a DOE determination at any point, thus preventing them from submitting corrections or alternative outcome data before title IV sanctions are enforced. In fact, the rule specifically limits the grounds for appeal to instances where "the Department erred in the calculation of the program's earnings premium measure."¹³ This is in tension with the Administrative Procedure Act, which considers government sanctions as lawful only if the institution has "been given (1) notice by the agency in writing of the facts or

¹³ U.S. Department of Education, NPRM, "IX. Significant Proposed Regulations: Low-Earning Outcome Programs (§ 668.603)," 21112.

conduct which may warrant the action; and (2) opportunity to demonstrate or achieve compliance with all lawful requirements.”¹⁴ By comparison with the proposed rule, the Department’s existing cohort default rate framework (34 C.F.R. § 668.187) is much more specific with regard to appeal procedures. It requires proper notification of failure status before loss of eligibility and guarantees that sanctions will not go into effect while appeal or cure periods are in progress.¹⁵

The Department’s rationale for limiting appeals to a single, highly specific cause is defended in the NPRM as a necessary mechanism to avoid “institutions inundating both the Department and, potentially, the courts with cumbersome appeals.”¹⁶ However, we believe that there are countless gray areas inherent in the income calculations and program classifications that undergird the proposed framework and that the Department should preserve, rather than scale back, its review and appeals process to avoid unintended harms. Loss of title IV and Pell Grant eligibility, for even one semester, could cause irreversible damage to many programs and individual students. The magnitude of the rule’s impact on institutions and students who may be currently pursuing a degree or on the verge of matriculating warrants a more rigorous procedural framework for appeals and the rectification of unintended adverse impacts.

Possible Solution(s): The Department should follow the procedures outlined in the cohort default rate framework for notifying institutions of their status and giving them the opportunity to respond. Appeals should not be limited to a single cause and the proposed rule should be written so that it is in full alignment with the requirements of the Administrative Procedure Act. When in doubt, the Department should err on the side of avoiding unintended harms arising from data imprecision.

Thank you for considering our comments and possible solutions. We believe the solutions proposed above are consistent with the statute’s text and purpose, accord with existing regulations of the Department of Education, may be accomplished using the Department’s existing infrastructure and data architecture, and will reduce false-positive failures and unintended adverse impacts. We welcome the opportunity to further advise the Department on ways the STATS/earnings accountability notice of proposed rulemaking (NPRM) can be materially improved to better serve all students and better reflect the contributions of musicians, music educators, and other music professionals to the nation’s economy.

Signed,

American Musicological Society (AMS)
College Music Society (CMS)
Society for American Music (SAM)
Society for Music Theory (SMT)
Society for Ethnomusicology (SEM)

¹⁴ Administrative Procedure Act, 5 U.S.C. § 558(c) (2018).

¹⁵ 34 C.F.R. § 668.187 (2025).

¹⁶ U.S. Department of Education, NPRM, “IX. Significant Proposed Regulations: Low-Earning Outcome Programs (§ 668.603),” 21114.