DEPARTMENT OF EDUCATION

34 CFR Parts 600, 668, and 690

[Docket ID ED-2026-OPE-0133]

RIN 1840-AD99

Accountability in Higher Education and Access through Demand-driven Workforce Pell: Pell Grant Exclusion Relating to Other Grant Aid; and Workforce Pell Grants

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The Secretary of Education (Secretary) proposes to amend the regulations governing institutional eligibility, general provisions, and the Federal Pell Grant (Pell Grant) Program under title IV of the Higher Education Act (HEA) of 1965, as amended (the title IV, HEA programs). The proposed regulations would implement statutory changes to the title IV, HEA programs included in the One Big Beautiful Bill Act (OBBB), signed into law by President Trump on July 4, 2025. The OBBB made numerous changes to the HEA, including changes to student eligibility requirements for the Pell Grant Program and the establishment of Workforce Pell Grants for students who enroll in a new type of eligible program called an "eligible workforce program," intended to be a high-quality, performance-based, short-term program that supports America's workforce needs.

DATES: We must receive your comments on or before [**INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER**].

ADDRESSES: Find a plain language summary of the proposed rule and submit your comments through the Federal eRulemaking Portal at *regulations.gov*. The Department will not accept comments submitted by fax or by email or comments submitted after the comment period closes. To ensure that the Department does not receive duplicate copies, please submit your comment only once. Additionally, please include the Docket ID at the top of your comments.

Information on using *Regulations.gov*, including instructions for submitting comments, is available on the site under "FAQ." If you require an accommodation or cannot otherwise submit your comments via Regulations.gov, please contact regulationshelpdesk@gsa.gov or by phone at 1-866-498-2945. If you are deaf, hard of hearing, or have a speech disability and wish to access telecommunications relay services, please dial 7-1-1.

Privacy Note: The Department's policy is to make all comments received from members of the public available for public viewing in their entirety on the Federal eRulemaking Portal at *www.regulations.gov*. Therefore, commenters should include in their comments only information that they wish to make publicly available. Additionally, commenters should not include in their comments any personally identifiable

information (PII) in comments about other individuals. For example, if your comment describes an experience of someone other than yourself, please do not identify that individual or include any personal information that identifies that individual. The Department reserves the right to redact a portion of a comment or the entire comment at any time any PII about other individuals is included.

FOR FURTHER INFORMATION CONTACT: Aaron Washington, Office of Postsecondary Education, 400 Maryland Ave., SW, Washington, DC 20202. Telephone: (202) 202-987-0911. Email: aaron.washington@ed.gov.

SUPPLEMENTARY INFORMATION:

I. Executive Summary

The Secretary proposes to codify two changes made to the HEA by the OBBB through these regulations. The two changes are:

1. *Pell Grant Ineligibility When Other Aid Covers Full Cost.* The OBBB does not allow students to receive Pell Grant funds during any period for which they also receive grant or scholarship aid from non-Federal sources — including States, eligible institutions, or private sources — that equals or exceeds their cost of attendance (COA) for such period.

2. *Workforce Pell Grants.* The OBBB allows students to receive Pell Grants for eligible workforce programs that are 150–599 clock hours in length or an equivalent number

of credit hours and that take at least 8 weeks but less than 15 weeks of instructional time to complete (also referred to as "Workforce Pell Grants"). The OBBB establishes several other eligibility requirements for such programs, including approval by a Governor and the Secretary, and annual outcome metrics.

II. Summary of the Major Provisions of this Regulatory Action:

Pell Grant Ineligibility When Other Aid Covers Full Cost

The proposed regulations would:

- Unreserve § 690.5 and add language to prohibit a student from receiving a Pell Grant if the student received grant or scholarship assistance from non-Federal sources that equals or exceeds the student's COA for the award year.

- Add § 690.80(d) to require an eligible institution, in such cases where a student would receive non-Federal grant or scholarship assistance that equals or exceeds the student's COA, either to reduce that student's non-Federal grant or scholarship assistance, insofar as such grant or assistance is within the institution's control, or to return all Pell Grant funds and cancel any future disbursements of such funds.

Workforce Pell Grants

The proposed regulations would:

- Amend § 600.10 to require the Secretary's approval of each eligible workforce program in order to establish Pell Grant eligibility.

- Amend § 668.5 to limit the amount of an eligible workforce program that can be offered by an ineligible institution or organization through a written arrangement to 25 percent or less.

- Amend § 668.8 to add eligible workforce programs as a new type of Pell Grant eligible program.

- Amend § 668.20 to prohibit an eligible institution from taking into account any noncredit or reduced credit remedial coursework outside of required coursework (including a course in English as a second language) when determining enrollment intensity and COA for a student enrolled in an eligible workforce program, as defined under 34 CFR § 690.92, that is offered in credit hours.

- Amend § 668.32 to prohibit an individual that is enrolled or accepted for enrollment in a program that leads to a graduate credential or has attained a graduate credential from receiving a Pell Grant to enroll in an eligible workforce program.

- Add a definition of an eligible workforce program to § 690.2.

- Amend § 690.6 to allow an otherwise eligible student with a bachelor's degree to receive a Pell Grant to enroll in an eligible workforce program.

- Amend § 690.11 to prohibit a student from receiving concurrent Pell Grant awards for two or more different eligible programs.

- Add § 690.90 to provide a high-level scope and purpose of eligible workforce programs and clarify that eligible students in these programs are only eligible to receive Pell Grants and not any other title IV aid.

- Add § 690.91 to define key terms, including "cohort period," "earnings measurement period," "in-demand industry sector or occupation," "Governor," "recognized postsecondary credential," "State board," and "tuition and fees."

- Add § 690.92(a) to establish that an eligible workforce program is an undergraduate program that is at least 8 but less than 15 weeks of instruction.

- Add § 690.92(b) to establish that an eligible workforce program is 150-599 clock hours, 4-15 semester or trimester hours, or 6-23 quarter hours.

- Add § 690.92(c) to prohibit correspondence courses, study abroad, or direct assessment in eligible workforce programs.

- Add § 690.92(d) to require program approval by the Governor of a State.

- Add § 690.92(e) to require program approval by the Secretary.

- Add § 690.92(f) to require eligible workforce programs to pass the value-added earnings metric.

- Add § 690.92(g) to prevent an eligible institution from offering an eligible workforce program if it has been subject to any suspension or emergency or termination action by the Secretary during the five years preceding the date of the determination.

- Add § 690.93(a) to codify statutory requirements for Governor approval, including that the eligible workforce program provides an education aligned with the requirements of high-skill, high-wage, or in-demand industry sections or occupations, meets the hiring needs of employers, leads to a recognized postsecondary credential that is stackable and portable (or prepares students for employment for which there is only one recognized postsecondary credential), and ensures that a student receives academic credit for the program for at least one certificate or degree program at one or more eligible institutions.

- Add § 690.93(b) to require Governors to establish written policies and processes to evaluate whether a program meets the requirements under § 690.93(a), which includes requirements for institutions to submit the necessary information for the Governor to access a program's completion rate and job placement rates; involve a process for an institution to appeal the Governor's determination; and require the Governor to submit an

attestation that the State board was consulted when evaluating whether a program is an eligible workforce program.

- Add § 690.93(c) to prohibit the Governor from approving the program until it meets all the requirements under § 690.93(a).

- Add § 690.93(d) to require the Governor to provide the Secretary with a certification, including the components outlined in regulation, that an eligible workforce program was approved by the Governor and meets the requirements.

- Add § 690.93(e) to clarify that a Governor's approval expires with the expiration of the eligible institution's Program Participation Agreement.

- Add § 690.93(f) to establish a process in which a Governor provides a certification of continued approval of each eligible workforce program offered by the eligible institution prior to the expiration of an eligible institution's Program Participation Agreement.

- Add § 690.93(g) to treat a program that serves as a related technical instruction component of a Registered Apprenticeship Program as meeting the requirements of providing an education aligned with high-skill, high-wage, or in-demand industry sectors or occupations, and meeting the hiring needs of employers.

- Add § 690.93(h) to allow the Governors of two States to enter into a bilateral agreement regarding the enrollment of students located in one of those States into some or all the programs located in the other State.

- Add § 690.94(a) to require the Secretary to approve each program, after the Governor has approved the program. The program must meet the conditions under § 690.92(a) and (b) for the 12 months preceding the date on which the eligible institution applied for eligibility for the program. The program must also meet completion and job placement rates prior to application to the Department and each year subsequent to the eligible workforce program's approval.

- Add § 690.94(b) to require an eligible institution to submit to the Governor a list of students that completed the program in each award year, provide the necessary information to verify the job placement rate, and report the published tuition and fees for the eligible workforce program through a process the Secretary determines.

- Add § 690.94(c) to allow the Secretary to waive some or all the proposed requirements under § 690.94(a) and (b) related to submission of completion rates and the Governor's certification of job placement rates.

- Add § 690.94(d) to prohibit an eligible workforce program's tuition and fees from exceeding the value-added earnings of the program.

- Add § 690.94(e) to exclude certain categories of students from the numerator and denominator of the completion and placement rate calculations.

- Add § 690.95(a) to codify the value-added earnings process. An eligible workforce program's total published tuition and fees may not exceed the value-added earnings of students who are working, who received a Pell Grant for enrollment in the program, and who completed the program during the cohort period.

- Add § 690.95(b) to establish that an eligible workforce program's value-added earnings are determined by calculating the difference between the adjusted median earnings of student completers during the earnings measurement period as defined in § 690.91 and 150 percent of the U.S. Federal Poverty Guidelines applicable to a single individual for such tax year.

- Add § 690.95(c) to require the Secretary to publish the value-added earnings that will apply to the eligible workforce program for the upcoming award year no later than three months prior to the beginning of the award year.

- Add § 690.95(d) to require that an eligible institution keep published tuition and fees at or below the value-added earnings calculated for the program for all students who received a Pell Grant and first enroll in the eligible workforce program during the award year that

begins following the annual release of the program's value-added earnings.

- Add § 690.95(e) to establish that programs that have a calculated value-added earnings of zero or a negative value are not eligible programs.

- Add § 690.95(f) to require an eligible institution to provide evidence, upon request, to the Secretary that its published tuition and fees do not exceed the published value-added earnings for that award year.

- Add § 690.95(g) to establish that the Secretary will calculate the value-added earnings for an eligible workforce program using the student completion data the eligible institution reported.

- Add § 690.95(h) to establish the number of students needed for the Secretary to calculate the value-added earnings for the program.

- Add § 690.95(i) to establish that the Federal agency with earnings data will provide the Department with median annual earnings of the students whom the Federal agency has matched with earnings data.

- Add § 690.95(j) to require the Secretary to include completers from all eligible workforce programs with the same six-digit Classification of Instructional Programs (CIP) code when calculating value-added earnings.

- Add § 690.95(k) to clarify that, if more than 50 percent of students in the eligible workforce program are

not located in the State in which the eligible institution offering the program is located, the Department will not adjust the program's median earnings by the State and metropolitan area regional price parities of the Bureau of Economic Analysis.

- Add § 690.96(a) to establish a process for programs that lose eligibility. A program will become ineligible at the end of the payment period that begins following the date that the Governor acts to withdraw approval or the Governor fails to reapprove the program.

- Add § 690.96(b) to provide that, except in limited circumstances such as a pending appeal, a program will become ineligible at the end of the payment period that begins after the date that the Secretary determines that the eligible institution failed to meet the completion rate or job placement rate requirements.

- Add § 690.96(c) to provide that, if an eligible workforce program fails to meet the value-added earnings requirements, the program will become ineligible at the beginning of the award year following the release of the value-added earnings, and the Secretary will assess a liability to the eligible institution.

- Add § 690.97(a) to establish a process for an eligible workforce program to regain eligibility once it has lost it. This process would prohibit an eligible institution from reestablishing the eligibility of a

failing program or establish eligibility for a substantially similar program until two years following the date the program loses eligibility or the date the eligible institution voluntarily discontinues the failing eligible workforce program, whichever date is earlier.

- Add § 690.97(b) to establish that, if an eligible workforce program loses eligibility due to a loss of Governor approval, the program may reestablish eligibility after the Secretary receives the Governor's certification that the program has been approved, and after the Secretary determines the program has met eligibility criteria.

- Add § 690.97(c) to allow an eligible institution to request that a program's eligibility be reinstated if the program loses its eligibility due to the published tuition being higher than its value-added earnings.

Cost and Benefits:

As further detailed in the *Regulatory Impact Analysis*, the Department estimates that the proposed regulations would have significant impacts on students, educational institutions, employers, taxpayers, State governments, and the Department.

Under the proposed regulations, students would benefit from expanded access to Federal grant funds for new workforce programs that institutions are likely to offer — or may already offer — but that were previously ineligible for such funding. Students will also experience higher

wages due to the skills and credentials they gain by attending eligible workforce programs, including receiving stackable credentials that will allow them to pursue further postsecondary education and workforce training. Employers will benefit from the proposed regulations because the regulations will increase the number of skilled workers in the labor market. Institutions will benefit from the new enrollments and the resulting tuition revenues. State governments and taxpayers will also benefit from greater tax revenues and reduced expenditures on public assistance programs because of the higher wages experienced by those completing eligible workforce programs.

The Department will incur new costs to finance Pell Grants for eligible workforce programs, which are funded as part of the existing Pell Grant Program. The Department will incur new costs to implement the changes to the Pell Grant Program and monitor eligibility, as will State governments, who, if they or institutions within their State choose to participate, must certify eligible programs and monitor their completion and job placement outcomes. While taxpayers will bear the cost of financing Pell Grants to eligible workforce programs, they will also benefit indirectly from the earnings gain that Pell Grant recipients receive, such as through reduced use of public benefits programs for low-income households.

III. Directed Questions

Written arrangements to provide educational programs (§ 668.5(c))

The Department seeks comments from relevant stakeholders regarding the proposal to allow eligible institutions to enter into a written arrangement with an ineligible institution or organization for up to 25 percent of an eligible workforce program. Currently, eligible institutions may enter into written arrangements with ineligible institutions and organizations to offer a portion greater than 25 percent but less than 50 percent, if such written arrangements are reviewed and approved by the eligible institution's accrediting agency as a substantial change. During negotiated rulemaking, the Department explained that it was not applying such an option for eligible workforce programs because there is not the same level of quality assurance given the broad lack of experience in the accreditation industry in evaluating agreements for short-term programs. Moreover, the Department is concerned that the provision of eligible workforce programs by ineligible institutions and organizations could rapidly expand far beyond the intent of the statute. However, the Department also recognizes the potential value in partnerships between eligible institutions and certain ineligible organizations, such as employers and unions or non-Title IV eligible Registered

Apprenticeship related training instruction providers, that could result in the enhanced quality of eligible workforce programs. Therefore, we seek additional information from commenters regarding whether the proposed 25 percent standard for other eligible programs is an appropriate level, or whether a greater percentage of instruction could be provided by ineligible organizations under specific conditions. We request that commenters provide examples, data, or rationales for any proposed limits other than the Department's current proposal.

Ineligibility due to grant or scholarship assistance from non-Federal grants (§ 690.5)

The Department seeks feedback from relevant stakeholders about potential methods to prevent manipulation or circumvention of the new statutory limitation on Pell Grant eligibility for a student who receives grant or scholarship assistance from non-Federal sources that exceed the student's cost of attendance. Note that wages earned by the student from his or her work for their employer are not grant or scholarship assistance.

The Department is concerned that the provision, as currently written based on the language in statute, may be vulnerable to certain types of circumventions that would limit the effectiveness of the statutory requirement. For example, under the regulations as currently proposed, a student would not qualify for Pell Grant funds if they

received non-Federal assistance that equaled or exceeded their cost of attendance but could qualify for their full Pell Grant if that assistance was just one dollar less than the total cost of attendance. This provides avenues for institutions to continue to award Pell Grants when the student's COA has been paid for by non-Federal aid, either by limiting the grant or scholarship assistance that it provides to just under the student's cost of attendance, or by using professional judgment to slightly increase the student's cost of attendance.

The Department was sufficiently concerned about this possibility that it originally considered a different regulatory approach that would have required institutions to reduce Pell Grant or non-Federal grant or scholarship assistance if the combination of such assistance exceeded the student's cost of attendance. The Department ultimately chose to propose regulations that mirror the statute because we do not believe the statutory text is sufficiently flexible to allow for this interpretation. Additional information can be found in the "**Alternatives Considered**" section of this NPRM.

Because we remain concerned about this potential vulnerability, the Department seeks feedback from relevant stakeholders about how to prevent gaming of this provision, for example through additional reporting, oversight, or enforcement mechanisms. We request that commenters provide

a clear rationale for any requirement other than the Department's current proposal, including an explanation of why the alternative would provide greater net benefits to taxpayers in light of the costs it would impose on institutions or students.

Components determined by Governors (§ 690.93)

The Department seeks feedback on the proposal to allow two Governors to enter into a bilateral agreement for an eligible institution in one State to offer an eligible workforce program to students in another State through distance education so that students may use Pell Grant funds to attend a program located in another State. During negotiated rulemaking, the Department stated its concern regarding the potential for rapid proliferation of eligible workforce programs offered through distance education (§ 600.2) and the need for appropriate safeguards. Many components of an eligible workforce program center on high-wage, high-skill, or in-demand occupations and sectors in a particular State, and the employability of graduates in the State where the eligible workforce program was approved. As such, these conditions may not apply in another State where a student is located while enrolled in a distance education online program. Bilateral agreements allow the Governors of two States to determine that an eligible workforce program meets the workforce needs of both States while also

preventing the rapid proliferation of such programs among States where the program's training is not as valuable.

However, it is not the Department's intent to limit the expansion of high-quality eligible workforce programs through distance education. Specifically, the Department is concerned that distance education programs that may prepare students for the workforce in one State may not be appropriate in other States due to regional differences in the labor market. As such, multilateral agreements between Governors in numerous States may be inappropriate because they may not reflect the workforce needs in all of the States that could be parties to the agreement. Therefore, we seek comments from the public regarding whether the requirement for bilateral agreements is appropriate to limit the unchecked proliferation of eligible workforce programs in areas where they are not aligned with labor market demand, while also providing adequate flexibility for eligible institutions to quickly establish programs that offer valuable training to students in other States through distance education. We request that commenters provide examples, data, or rationale for any requirement for interstate agreements other than the Department's current proposal.

Value-added earnings: Interim Value-Added Earnings metric (§ 690.95(a))

Based on the cohort period outlined in statute (and further defined in § 690.91), the earliest time that the Department can calculate official value-added earnings for workforce programs that become eligible during the 2026-27 award year (the first year of eligibility) will be for the 2030-31 award year. A few negotiators expressed concern that eligible workforce programs' tuition and fees would not be held accountable for low earnings under the value-added earnings measurement for this four-year time period. The Department seeks feedback from the community on whether an interim value-added earnings metric should be computed, at the very least to make those applying for workforce programs to be aware of the potential earnings outcomes, and whether an eligible institution's workforce programs should be held accountable in any way to said interim earnings metric prior to the official calculation of the value-added earnings metric. We are also interested in feedback regarding whether the result of an interim measure should be made available to public, and if so, the appropriate timeframe for publishing that information. The Department requests that the public include information outlining the type of data that should be used when calculating interim earnings measurements and any actions that should be taken against an eligible institution as a result of any eligible workforce programs that fail the interim value-added earnings metric. In the interim, is

there a reliable measure of actual median earnings for these programs based on state or federal administrative data that can be used for interim purposes? If so, what is this data? Please provide all citations and sources.

Value-added earnings: Exclusion of certain students in the completer cohort (§ 690.95(a))

The Department seeks feedback from relevant stakeholders regarding the cohort of completers that are included in the calculation of the value-added earnings metric. During negotiated rulemaking, the Department and negotiators discussed the importance of excluding non-working individuals from the cohort. However, the Department also recognizes that there may be other scenarios in which it might be beneficial to exclude additional types of students, such as students who are currently enrolled in college at the time their earnings are measured. Excluding currently enrolled students has long been the practice for calculating other earnings metrics by the Department, such as the 2023 Gainful Employment regulations and earnings metrics reported in the College Scorecard.

That said, there are also strong arguments for limiting the types of students who are excluded from accountability metrics such as the value-added earnings metric. Exclusions have the potential to introduce incentives for institutions to design programs in a manner that limits the number of students who are included in the

value-added earnings calculation, or could have other unanticipated consequences.

Therefore, the Department seeks additional information from commenters regarding whether other types of students should be excluded from the cohort of individuals used to calculate the value-added earnings metric. The Department requests that commenters support their position using data (when available) and by discussing the potential administrative burden that their proposal would create or reduce for institutions, the Department, and relevant Federal agencies.

Value-added earnings: Process for combining multiple cohorts (§ 690.95(h))

To compute the value-added earnings metrics for small programs, the Department is proposing a process that combines completers from multiple cohorts until a minimum number (50) is obtained. The primary reason for combining completers from multiple cohorts is so that the Federal agency with earnings data can compute a median earnings value for eligible workforce programs without the need for privacy suppression due to small sample sizes. The specific process the Department proposes for combining cohorts is to aggregate completers from the four most recent award years (the current award year, and the three prior award years). However, the Department recognizes that there may be alternative ways to aggregate multiple years of cohorts,

for example, including completers from more than three prior award years when combining cohorts. Such an approach may allow the Department to compute a value-added earnings metric for a larger number of eligible workforce programs, making more programs subject to the value-added earnings test and providing additional consumer protection for students. This approach aligns with the consensus language on the aggregation process that the negotiating committee agreed to in week two of negotiations, under discussions regarding the accountability provisions of the OBBB. The Department seeks feedback from relevant stakeholders regarding the cohort aggregation process, particularly related to the maximum number of years included in the aggregation. The Department requests that commenters support their position using data (when available) and by discussing the potential regulatory burden that their proposal would create or reduce for the Department and relevant Federal agencies. Commenters should also identify the manner in which this can be done to prevent any potential gaming by institutions that may allow colleges to artificially inflate earnings values.

Value-added earnings: Programs serving out-of-State students (§ 690.95(k))

The Department seeks feedback on its proposal that, if more than 50 percent of students enrolled in an eligible workforce program are not located in the State in which the

eligible institution offering the program is located, the Department will not adjust the program's median earnings by the State and metropolitan area regional price parities of the Bureau of Economic Analysis when calculating the value-added earnings measurement. In these cases, the value-added earnings would simply use the national median earnings. During negotiated rulemaking, the Department expressed concerns about adjusting a program's median earnings by regional price parities if most students in the program do not actually live in the State where the program is being offered (for example, through distance education). However, the data that the Department would use to make this determination is limited. We seek feedback from the public regarding the most effective way to avoid adjusting earnings by regional price parities that are not applicable to the locations of most students in a workforce program. As part of this discussion, the Department also seeks feedback on what data to use to identify the student's location for this purpose. The Department proposed using the student's address or State of legal residence as reported on their Free Application for Federal Student Aid (FAFSA®) form at the time of enrollment. However, some negotiators discussed concerns with the accuracy of the FAFSA address information as reported by students and proposed using the student's address at the time the value-added earnings are measured as a better reflection of

potential geographic earning differences. If commenters have a proposal other than what the Department has outlined in these proposed regulations, please provide a rationale for using a different methodology, along with any specific data and calculation requirements necessary to institute an alternative approach, either for adjusting the median earnings, or when and how to identify appropriate student locations.

IV. Invitation to Comment

We invite you to submit comments regarding these proposed regulations. For your comments to have maximum effect in developing the final regulations, we urge you to clearly identify the specific section or sections of the proposed regulations that each of your comments addresses and to arrange your comments in the same order as the proposed regulations. The Department will not accept comments submitted after the comment period closes.

The following tips are meant to help you prepare your comments:

- Be concise but support your claims.
- Explain your views as clearly as possible and avoid using profanity.
- Refer to specific sections and subsections of the proposed regulations throughout your comments, particularly in any headings that are used to organize your submission. Explain why you agree or disagree with the proposed

regulatory text and support these reasons with data-driven evidence, including the depth and breadth of your personal or professional experiences. *We encourage commenters to include supporting facts, research, and evidence in their comments. When doing so, commenters are encouraged to provide citations to the published materials referenced, including active hyperlinks. Likewise, commenters who reference materials which have not been published are encouraged to upload relevant data collection instruments, data sets, and detailed findings as a part of their comment. Providing such citations and documentation will assist us in analyzing the comments.*

- Where you disagree with the proposed regulatory text, suggest alternatives, including regulatory language, and your rationale for the alternative suggestion.
- Submit your public comment only.
- Do not include personally identifiable information (PII) such as Social Security numbers or loan account numbers for yourself or for others in your submission.
- Do not include any information that directly identifies or could identify other individuals or that permits readers to identify other individuals.

Mass Writing Campaigns: In instances where individual submissions appear to be duplicates or near duplicates of comments prepared as part of a writing campaign, the Department will post one representative sample comment

along with the total comment count for that campaign to *Regulations.gov.* The Department will consider these comments along with all other comments received.

In instances where individual submissions are bundled together (submitted as a single document or packaged together), the Department will post all of the substantive comments included in the submissions along with the total comment count for that document or package to *Regulations.gov.* A well-supported comment is often more informative to the agency than multiple form letters.

Public Comments: The Department invites you to submit comments on all aspects of the proposed regulatory language specified in this NPRM, and in the Regulatory Impact Analysis and Paperwork Reduction Act sections.

The Department may, at its discretion, decide not to post or to withdraw certain comments and other materials that contain promotion of commercial services or products, and spam.

We may not address comments outside of the scope of these proposed regulations in the final rule. Comments that are outside of the scope of these proposed regulations are comments that do not discuss the content or impact of the proposed regulations or the Department’s evidence or reasons for the proposed regulations.

Comments that are submitted after the comment period closes will not be posted to *Regulations.gov* or addressed in the final rule.

We invite you to assist us in complying with the requirements of Executive Orders 12866 and 13563 and their overall requirement of reducing regulatory burden that might result from these proposed regulations. Please let us know of any further ways we could reduce potential costs or increase potential benefits while preserving the effective and efficient administration of the Department's programs and activities.

During and after the comment period, you may inspect public comments about these proposed regulations by accessing *Regulations.gov.*

Assistance to Individuals with Disabilities in Reviewing the Rulemaking Record: On request, we will provide appropriate accommodation or auxiliary aid to an individual with a disability who needs assistance to review the comments or other documents in the public rulemaking record for these proposed regulations. If you want to schedule an appointment for this type of accommodation or auxiliary aid, please contact the Information Technology Accessibility Program Help Desk at ITAPSupport@ed.gov to help facilitate this request.

Clarity of the Regulations

Executive Order 12866 and the Presidential memorandum "Plain Language in Government Writing" require each agency to write regulations that are easy to understand. The Secretary invites comments on how to make the regulation easier to understand, including answers to questions such as the following:

- Are the requirements in the proposed regulations clearly stated?
- Do the proposed regulations contain technical terms or other wording that interferes with their clarity?
- Does the format of the proposed regulations (grouping and order of sections, use of headings, paragraphing) aid or reduce their clarity?
- Would the proposed regulations be easier to understand if we divided them into more (but shorter) sections? (A "section" is preceded by the symbol "§" and a numbered heading; for example, §668.2 General definitions.)
- Could the description of the proposed regulations in the **SUPPLEMENTARY INFORMATION** section of this preamble be more helpful in making the proposed regulations easier to understand? If so, how?
- What else could we do to make the proposed regulation easier to understand?

To send any comments that concern how the Department could make these proposed regulations easier to understand, see the instructions in the **ADDRESSES** section.

V. Background

The OBBB, which President Trump signed into law on July 4, 2025, made important changes to the title IV, HEA programs, including one of the most significant changes to the Pell Grant Program in its history, to address America's workforce needs.

Specifically, the OBBB expanded Pell Grant eligibility to eligible workforce programs. These programs are shorter in duration than the undergraduate programs currently eligible for Pell Grants, and they must meet specific accountability metrics related to graduate earnings, as well as indicia of employer demand – requirements that are not applicable to other eligible programs.

The OBBB also added a new criterion for Pell Grant eligibility that does not allow students to receive Pell Grant funds if they also receive grant or scholarship aid from non-Federal sources — including States, institutions of higher education, and private sources — in a total amount that equals or exceeds their cost of attendance (COA). Eligible institutions determine the COA by establishing a budget for tuition and fees, books, supplies, housing, food, and other costs.

This NPRM complies with Section 492 of the HEA, which requires the Secretary to obtain public input and conduct negotiated rulemaking before issuing proposed regulations for the title IV, HEA programs. To meet those requirements

and implement the new statutory directives provided for in the OBBB, the Department convened the Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) negotiated rulemaking committee, which reached consensus agreement on the entirety of the regulatory text included in this NPRM.

VI. Authority for This Regulatory Action

The OBBB amended portions of the HEA related to the title IV, HEA programs administered by the Department. The Secretary has been granted broad authority by Congress to implement federal student aid programs under title IV of the HEA, including amendments made by the OBBB. See 20 U.S.C. 1221e-3, *see also* 20 U.S.C. 1082, 3441, 3471, 3474. In order to carry out functions otherwise vested in the Secretary by law or by delegation of authority pursuant to law, and subject to limitations as may be otherwise imposed by law, the Secretary is authorized to make, promulgate, issue, rescind, and amend rules and regulations governing the manner of operations of, and governing the applicable programs administered by, the Department. *See* 20 U.S.C. 1221e-3. These programs include the Federal student loan programs authorized by the HEA, as amended by the OBBB.

Waiver of HEA Master Calendar Requirements

The Harmonious-Reading Canon provides that statutes should, when possible, be interpreted in a way that renders them compatible, not contradictory, but such an approach is

not always possible if context and other considerations (including the application of other canons) make it impossible to do so, another approach to statutory interpretation, such as the General/Specific Canon must be applied. *See* Scalia & Garner, *Reading Law*, 155 (2012). The General/Specific Canon of statutory construction dictates that, in cases where a general prohibition is contradicted by a specific permission or a general permission that is contradicted by a specific prohibition, the more specific of the two provisions controls. *See* Scalia & Garner, *Reading Law*, 158 (2012). Because, as discussed below, OBBB contains provisions with effective dates that cannot possibly be implemented in regulation in accordance with the HEA's master calendar requirements, OBBB implicitly provides a limited waiver of the HEA's master calendar requirement, so far as it is necessary to promulgate regulations that give effect to those provisions. *See Dorsey v. United States*, 567 U.S. 260, 274 (2012) (stating that an agency's compliance with an existing statute "cannot justify a disregard of the will of Congress as manifested either expressly or by necessary implication in a subsequent enactment" (*quoting Great Northern R. Co. v. United States*, 208 U. S. 452, 465 (1908).

Here, the OBBB was enacted on July 4, 2025. The OBBB directs the Department to implement roughly a dozen

provisions by July 1, 2026. Many of these provisions are not self-executing and could not be implemented absent the Department promulgating regulations to provide details for institutions on how to comply with the OBBB. Congress gave the Secretary discretion within the OBBB to implement the provisions impacting the title IV, HEA programs and knew that its commands were not self-executing when directing the Secretary to take action. Congress expected the Secretary to act via rulemaking before July 1, 2026, to enable these provisions to actually go into effect.

The master calendar in the HEA provides that regulatory changes initiated by the Secretary affecting the title IV, HEA programs must be published in final form by November 1st in order for them to go into effect by July 1st of the following year. 20 U.S.C § 1089(c)(1). Section 492 of the HEA requires the Department to undertake negotiated rulemaking as part of any regulation under title IV of the HEA. In order to conduct negotiated rulemaking and meet APA requirements, the Department must have a public hearing (providing notice to the public), solicit nominations from the public to serve on a negotiated rulemaking committee, select non-Federal negotiators, hold negotiations, develop an NPRM, publish an NPRM (with at least a 30-day comment period), and then publish a final rule that responds to any substantive comments received. The fastest possible timeframe in which the negotiated

rulemaking process for the rulemaking packages assigned to the AHEAD Committee could have occurred is 149 days, which is irreconcilable with the timeline allowed by the enactment of the OBBB, due to the fact that there were 120 days between July 4, 2025, (the day the OBBB was enacted), and November 1, 2025, (the publication date of the final rule required by the master calendar).

It would not have been possible for the Department to undertake every step of the negotiated rulemaking process by November 1, 2025, in order to implement the provisions that become effective in the OBBB by July 1, 2026, which is the statutory effective date. Congress was aware of this temporal impossibility when they passed the OBBB, yet Congress decided that these provisions would still go into effect on July 1, 2026. Because these provisions are not self-implementing and cannot go into effect unless the Department promulgates a final rule, the OBBB implicitly waives the master calendar.

With important details unanswered by the plain text of the OBBB, it is clear that the policy scheme set forth in the HEA made by the OBBB cannot be implemented absent regulatory action by the Department. At the same time, even though the requirements of negotiated rulemaking are onerous, it is possible to undergo negotiated rulemaking and publish a final rule at least 30 days prior to the effective date of these OBBB provisions on July 1, 2026.

Therefore, the OBBB does not waive negotiated rulemaking nor any provision in the APA. For provisions in the OBBB that become effective July 1, 2027, and beyond, Congress did not implicitly repeal the master calendar because it is possible for the Department to publish a final rule that complies with the master calendar to implement those provisions.

Severability

"It is axiomatic" that a regulation may be invalid in part but not in whole or as applied to one set of facts but not another. *Ayotte v. Planned Parenthood of N. New England*, 546 U.S. 320, 329 (2006). If a court finds one part of a regulation is unlawful, the "normal rule" is to enjoin only that part. *Id.* (quoting *Brockett v. Spokane Arcades, Inc.*, 472 U.S. 491, 504 (1985).

It is the Department's intent that if any provision of this subpart or its application to any person, act, or practice is held invalid, the remainder of the subpart or the application of its provisions to any person, act, or practice shall not be affected thereby.

Statutes and regulations are severable if the separate provisions are "wholly independent of each other" and can operate independently. *Brockett v. Spokane Arcades, Inc.*, 472 U.S. 491, 502 (1985). That is the case here. No part herein will be affected if another part is found to be unlawful. Nor does the Department believe courts or

regulated parties would be unable to apply the rule if one part is held invalid. *C.f. Dep't of Educ. v. Louisiana*, 603 U.S. 866, 868 (2024) (per curiam) (denying the government's request to stay a preliminary injunction against an entire rule where only parts were found to be invalid because "schools would face in determining how to apply the rule for a temporary period with some provisions in effect and some enjoined").

VI. Public Participation

Section 492 of the HEA, 20 U.S.C. 1098a, requires the Secretary to obtain public involvement in the development of proposed regulations affecting programs authorized by the title IV, HEA programs. Prior to developing this NPRM, the Department obtained advice and recommendations from individuals and representatives of groups involved in the title IV, HEA programs. This outreach included a 30-day public comment period, one day of public hearings, and five days of in-person negotiated rulemaking sessions on these proposed regulations at the Department's headquarters in Washington, DC. Further details regarding these efforts are provided below.

On July 25, 2025, the Department published in the Federal Register (90 FR 35261) a notice of our intent to hold public hearings and to establish two negotiated rulemaking committees to consider regulatory changes to the title IV, HEA programs, with one committee addressing

topics including institutional and programmatic accountability and the Pell Grant Program. The engagement included a 30-day written public comment period, a virtual public hearing on August 7, 2025, and five days of negotiated rulemaking specific to this NPRM.

Public Comments and Hearings

We received 1,864 written comments in response to the Federal Register notice. Additionally, we held a virtual public hearing on August 7, 2025. A total of 57 individuals testified virtually at the hearing.

You may view the written comments submitted in response to the July 29, 2025 "Intent to Establish Negotiated Rulemaking Committees; Correction" correction notice (90 FR 35652), by visiting the Federal eRulemaking Portal at Regulations.gov, within docket ID ED-2025-OPE-0151. Instructions for finding comments are also available on the site under "FAQ."

Transcripts of the public hearings can be accessed at https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/negotiated-rulemaking-for-higher-education-2025-2026.

Negotiated Rulemaking

On July 25, 2025, we published the notice in the Federal Register referenced earlier in the Public Participation section. That notice also set forth a

schedule for committee meetings and requested nominations for individual negotiators to serve on the AHEAD Committee.

We chose members of the negotiated rulemaking committee from individuals nominated by groups involved in the title IV, HEA programs. We selected individuals with demonstrated expertise or experience with the proposed topics. The negotiated rulemaking committee included the following members, representing their respective constituencies:

- Students who are currently enrolled and receiving assistance from the title IV, HEA programs: Eric Atchison, Arkansas State University System, and Magnus Noble (alternate), University of Illinois Springfield.

- Students who are veterans, U.S. military service members or groups representing them: Matthew Feehan, Veterans Education Project, and Julie Howell (alternate), Paralyzed Veterans of America.

- Employers and groups representing the business community, including small, medium, and large businesses: David Kafafian, Clasp, and Dennis Cariello (alternate), Hogan Marren Babbo & Rose.

- Legal assistance organizations that represent students and borrowers, consumer advocates, and civil rights groups that represent students: Tamar Hoffman, Community Legal Services of Philadelphia, and Zoe

Kemmerling (alternate), Legal Aid of the District of Columbia.

- Public institutions of higher education, including institutions eligible to receive Federal assistance under Title III and Title V of the HEA, Tribal Colleges and Universities, and Historically Black Colleges and Universities: Kristin Hultquist, HCM Strategists, and Tonjua Williams (alternate), St. Petersburg College.

- Private nonprofit institutions of higher education including institutions eligible to receive Federal assistance under Title III and Title V of the HEA, Tribal Colleges and Universities, and Historically Black Colleges and Universities: Aaron Lacey, Thompson Coburn LLP, and Joanna Roush (alternate), Liberty University.

- Proprietary institutions of higher education, as defined in 34 CFR 600.5: Jeff Arthur, ECPI University, and Ryan Claybaugh (alternate), Paul Mitchell Advanced Education.

- State workforce agencies and workforce development boards: Rachael Stephens Parker, Maryland Governor's Workforce Development Board, and Andrea DeSantis (alternate), North Carolina Department of Commerce.

- State grant agencies, and other State and non-profit higher education financing organizations: J. Ritchie Morrow, Nebraska Coordinating Commission for Higher

Education, and Elizabeth McCloud (alternate), Pennsylvania Higher Education Assistance Agency.

- State higher education executive officers, State authorizing agencies, and other State regulators: Randy Stamper, Virginia Community College System, and Heather DeLange (alternate), Colorado Department of Higher Education.

Accrediting agencies recognized by the Secretary of Education: Michale McComis, Accrediting Commission of Career Schools and Colleges, and Gedalia (Gary) Litke (alternate), Association of Advanced Rabbinical and Talmudic Schools.

- Organizations representing taxpayers and the public interest: Preston Cooper, American Enterprise Institute, and Ethan Pollack (alternate), Jobs for the Future.

After obtaining extensive advice and recommendations from the public, the Secretary, as required by Section 492 of the HEA, 20 U.S.C. 1098a, prepared draft regulations and submitted them to a negotiated rulemaking process. The committee for these proposed regulations began negotiations on December 8, 2025, and concluded on December 12, 2025. The committee reviewed and discussed draft regulations prepared by the Department, as well as alternative regulatory language and suggestions proposed by committee members. Additionally, during each negotiated rulemaking meeting, some non-Federal negotiators shared feedback that

they had received from stakeholders in their respective constituencies. This approach facilitated the inclusion of a wide array of ideas and perspectives, which contributed to the development of the consensus language.

Under the organizational protocols for negotiated rulemaking agreed to by all members of the committee, if the committee reaches consensus on the proposed regulations, the Department agrees to publish, without substantive alteration, a defined group of regulations on which the committee reached consensus — unless the Secretary reopens the process or provides a written explanation to the participants stating why she has decided to depart from the agreement reached during negotiations. In this instance, consensus is considered to be the absence of dissent by any member of the negotiated rulemaking committee (abstaining members are not considered to be dissenting from the proposal). The committee reached consensus on the entirety of the draft regulations on December 12, 2025. As a result, this NPRM reflects the consensus language with minor technical and non-substantive corrections which are noted in subsequent sections of this NPRM.

The AHEAD Committee met subsequently during the week of January 5, 2026, to consider a separate set of draft regulations related to implementing accountability provisions in the OBBB, but the regulatory provisions

discussed during that week are outside the scope of this proposed rule. The Department will publish a separate NPRM on these accountability regulations.

VII. Significant Proposed Regulations

The Department discusses substantive issues under the sections of the proposed regulations to which they pertain. Generally, we do not address proposed regulatory provisions that are technical or otherwise minor in effect.

Pell Grant Ineligibility When Other Aid Covers Full Cost

Ineligibility due to grant or scholarship assistance from non-Federal grants (§ 690.5(a) and (b))

Statute: Section 401(d)(6) of the HEA, as amended by Section 83004 of the OBBB, provides that beginning on July 1, 2026, a student shall not be eligible for a Pell Grant during any period for which the student receives grant aid from non-Federal sources in an amount that equals or exceeds the student's COA for such period.

Current Regulations: None.

Proposed Regulations: The Department proposes to establish in regulation that a student shall not be eligible for a Pell Grant for an award year during which the student receives grant or scholarship assistance from non-Federal sources (including States, eligible institutions, or private sources) in an amount that equals or exceeds the student's COA for the award year.

We also propose to clarify that "grant or scholarship assistance from non-Federal sources" does not include sources that Section 480(i) of the HEA excludes from "other financial assistance," including tax credits under section 25A of the Internal Revenue Code (IRC), distributions under section 529 of the IRC or Coverdell Education Savings Accounts, and emergency financial assistance provided to students for unexpected expenses that are a component of cost of attendance.

Reasons: The Department's proposed language mirrors the statute. When the total amount of a student's non-Federal grant and scholarship assistance equals or exceeds the student's COA, the student cannot receive a Pell Grant because Pell Grants may only be used to cover eligible expenses and, in such instances, all of the student's eligible expenses are covered by other sources of funding. When that total is less than the student's COA, the student can receive their full, calculated Pell Grant for the award year.

Eligible institutions determine a student's COA based on the costs associated with individual programs of study. The allowable costs included in a student's COA are set forth in HEA Section 472 and generally encompass all the regular costs that a student would usually pay to attend a given program at an eligible institution: tuition and fees,

books, supplies, and housing and food[1]. The COA can be further specified, on an individual basis, when a student informs his or her institution's financial aid office that they have costs that they are responsible for (for example, unusually high medical bills) that are not accounted for in the normal COA. In such cases, eligible institutions can use professional judgment on a case-by-case basis to adjust the student's COA to account for that student's unique costs.

Several negotiators expressed concern that the receipt of grant or scholarship aid would have an adverse effect and prohibit students from receiving a Pell Grant that may be necessary for their education. However, if a student's entire COA is met with non-Federal grant or scholarship aid, that student has no remaining allowable education expenses for a Pell Grant to be used for. Therefore, the student would have no need for a Pell Grant to cover education-related expenses. In addition, this provision safeguards the interests of taxpayers by only providing Pell Grants to students who need financial assistance, thereby ensuring equity with other students receiving aid from the Pell Grant Program.

During negotiated rulemaking, we received a request from a negotiator to add "assistance" for clarity and

[1] Federal Student Aid Handbook - Volume 3, Chapter 2 – Cost of Attendance - https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2025-2026/vol3/ch2-cost-attendance-budget

transparency for students. We do not believe providing this clarity would substantively change the regulation and did so.

The Department proposes that the regular exclusions from "other financial assistance" enumerated in Section 480(i) of the HEA would not be treated as non-Federal grant or scholarship assistance under this provision. For example, in Section 480(i), it states "emergency financial assistance provided to the student for unexpected expenses that are a component of the student's COA, and not otherwise considered when the determination of the student's need is made..." is not considered grant or scholarship assistance. The Department does not have the authority to exclude other types of non-Federal grant or scholarship assistance not specifically stated in the statute. This clarification does not substantively change the proposed regulation or affect the Department's enforcement of Section 480(i).

Although the Department believes its proposed regulations closely adhere to the statute, we have concerns about the vulnerability of this provision to abuse by institutions seeking to subvert the intent of the law by manipulating the amount of a student's grant or scholarship funds or by using professional judgment to slightly alter the student's cost of attendance. Because of these concerns, we have included a question regarding how to

limit such vulnerabilities under the **Directed Questions** section in this NPRM.

Recalculation of a Pell Grant award (§ 690.80(d))

Statute: Section 401(d)(6) of the HEA, as amended by Section 83004 of the OBBB, provides that beginning on July 1, 2026, a student shall not be eligible for a Pell Grant during any period for which the student receives grant aid from non-Federal sources in an amount that equals or exceeds the student's COA for such period. Additionally, Section 401(f) states that payments of Pell Grant funds shall be made in accordance with regulations promulgated by the Secretary.

Current Regulations: Current regulations under § 690.80 prescribe instances in which an eligible institution recalculates a Pell Grant award. An eligible institution is required to recalculate a Pell Grant if there is a change to the student's Student Aid Index (formerly the Expected Family Contribution) or enrollment intensity (formerly the enrollment status). The eligible institution may, but is not required to, recalculate a Pell Grant due to a change in the student's COA when the enrollment status is unaffected.

Proposed Regulations: The proposed regulation requires that if, prior to the final disbursement of a student's Pell Grant for an award year, the eligible institution becomes aware that the student has received or will receive grant

or scholarship assistance from non-Federal sources that equals or exceeds the student's COA, the eligible institution must either (1) reduce the non-Federal grant or scholarship assistance— insofar as the institution has control over such grant or assistance— until it does not equal or exceed the student's COA, or (2) return all of the Pell Grant funds that the student received for that award year pursuant to § 690.79 and cancel any future disbursements of such funds for that award year.

Reasons: The proposed regulation describes the options available to an eligible institution when it learns that a student has received or will receive non-Federal grant aid that equals or exceeds the student's COA. The Department understands that there will be circumstances when eligible institutions will not know this or become aware of it until after the final Pell Grant disbursement; in such cases the institution will not need to take any action. However, if an eligible institution becomes aware of this information prior to the final disbursement of Pell Grants for the award year, it must act in accordance with the proposed rule. The Department would like feedback from institutions to more thoughtfully understand if institutions have the resources, ability, or visibility to undertake this proposal.

Workforce Pell Grants

Date, extent, duration, and consequence of eligibility (§ 600.10(c))

Statute: Section 481(b)(3) of the HEA, as amended by Section 83002(b) of the OBBB, states that after the Governor of a State determines that a program meets specified requirements, the Secretary shall determine whether the program meets additional specified conditions necessary for the program to be considered an eligible workforce program.

Current Regulations: An eligible institution must obtain the Secretary's approval prior to offering title IV, HEA funds for certain educational programs. Currently, this requirement applies to: 1) the first direct assessment program offered by an eligible institution; 2) the first eligible prison education program offered at the first two additional locations where the eligible institution offers such programs; 3) any comprehensive transition and postsecondary program or short-term program; and 4) in cases where an eligible institution's Program Participation Agreement (PPA) includes a condition requiring such approval.

Proposed Regulations: We propose to require that an eligible institution obtain the Secretary's approval to offer an eligible workforce program, if the institution

seeks to designate the program as eligible for the Pell Grant Program.

Reasons: Section 481(b)(3) of the HEA, as amended by Section 83002(b) of the OBBB, requires that each eligible workforce program that participates in the Pell Grant Program be approved by the Secretary and requires the Secretary to determine whether the program satisfies specific statutory requirements. Per the authorizing statute the Secretary is required to proactively determine that a program meets all applicable statutory and regulatory requirements before it can be an eligible workforce program, the Department does not have discretion to regulate in this area.

Neither the OBBB nor these proposed regulations contain language specific to an accrediting agency. But during negotiated rulemaking, a negotiator requested that the Department clarify the role that accrediting agencies play in the eligible workforce program approval process. The Department addresses this in our response below. An eligible institution must be able to demonstrate that each program, including eligible workforce programs, – collectively or individually – is included within its grant of accreditation. The Department does not require the accrediting agency to approve each eligible workforce program but an accrediting agency recognized by the Department may establish its own internal processes

regarding the approval of eligible workforce programs, which must follow its established review procedures for substantive changes set forth in § 602.22. If an accrediting agency decides to approve one or more eligible workforce programs separately or based on established policies that require eligible institutions to make a substantive change request to add an eligible workforce program, the accrediting agency approval may come before or after approval by the Governor (but prior to Department approval). **Written arrangements to provide educational programs (§ 668.5(c))**

Statute: Section 484(a) of the HEA provides that a recipient of title IV, HEA program funds must be enrolled in an eligible academic program leading to a degree or certificate at an eligible institution.

Current Regulations: Section 668.5 currently sets forth the conditions under which the Secretary will consider eligible programs to include educational programs that are offered by an eligible institution that has a written arrangement, sometimes referred to as a contractual agreement, with an ineligible institution or organization. Under such an agreement, an ineligible institution or organization provides part of the educational program offered by the eligible institution. Generally, an ineligible institution or organization may provide 25 percent or less of an eligible program without approval of the arrangement by the

eligible institution's accrediting agency. Moreover, in some cases, the current regulations allow an ineligible institution or organization to provide more than 25 percent but less than 50 percent of an eligible program if the eligible institution offering the program receives approval from its accrediting agency as a substantive change, in accordance with applicable regulations under 34 CFR 602.22.

Proposed Regulations: The Department proposes that an eligible institution may enter into a written arrangement with an ineligible institution or organization to provide a portion of an eligible workforce program only if the ineligible institution does not provide more than 25 percent of the eligible workforce program. Programs under which an ineligible institution or organization provided more than 25 percent of the eligible program would not be considered to be an eligible workforce program.

Reasons: While the statute is silent on the issue of written arrangements, the Department believes that institutions offering eligible workforce programs should have some flexibility to enter into written arrangements with ineligible institutions and organizations, as they currently do with their other eligible programs. However, for written arrangements where 26 to 49 percent of the program is not provided by the eligible institution, the Department is concerned that requiring that such written arrangements be approved by the eligible institution's

accrediting agency, as is required for other eligible programs under current regulations, may not be as effective in providing quality assurance for eligible workforce programs.

During negotiated rulemaking, several negotiators expressed concern that the 25 percent limitation could stymie innovation and employer engagement in the development and implementation of eligible workforce programs. One negotiator noted that some eligible institutions may not have the capabilities to offer an eligible workforce program without assistance from ineligible institutions or organizations. The negotiator mentioned that a written arrangement could help an eligible institution start an eligible workforce program without the need to purchase expensive capital equipment of its own, as necessary training on such equipment may be available from an ineligible institution or organization through a written arrangement. The Department responded by stating that it had considered several options in developing the draft regulations, ranging from the less than 50 percent upper limit that some negotiators had proposed, to express prohibition of written arrangements for eligible workforce programs. The 25 percent threshold that was proposed in the draft regulations and agreed to by all negotiators during the committee negotiations strikes a balance between providing institutions with the same flexibility that

institutions have under existing policies for other eligible programs but offers additional assurance that the vast majority (75 percent or greater) of the eligible workforce program is provided by the eligible institution.

In proposing these regulations, the Department continues to seek public input on achieving a proper balance between providing eligible institutions with the flexibility to acquire educational resources from outside the institution that can enhance the quality of eligible workforce programs using written arrangements, while also ensuring that standards of quality assurance for the title IV, HEA programs continue be maintained for all types of eligible programs. Thus, we have included a question regarding this proposal under the **Directed Questions** section in this NPRM.

Eligible program (§668.8(n))

Statute: Section 401(k)(1) of the HEA, added by Section 83002(a) of the OBBB, states that beginning on July 1, 2026, and each subsequent year, the Secretary shall award Pell Grants to eligible students to enroll in eligible workforce programs.

Current Regulations: § 668.8 defines which programs are considered *eligible programs* for the purposes of the title IV, HEA programs. Beyond the general requirements set forth in § 668.8, § 668.8(n) specifically states that eligible programs include: direct assessment programs, comprehensive

transition and postsecondary programs, and prison education programs.

Proposed Regulations: The proposed regulations state that an eligible program includes, solely for the purposes of the Pell Grant Program, an eligible workforce program as defined in 34 CFR 690.92.

Additionally, we propose to make a technical restructuring edit to paragraph (n) due to the increasing number of eligible programs defined under the paragraph. The consensus language contained romanettes in the subparagraphs following subsection (n), however, those subparagraphs should be Arabic numerals because they are at the paragraph level instead of the subparagraph level. We have made that technical update in the proposed amendatory language.

Reasons: This is a conforming change, made to ensure consistency and alignment of the hierarchical structure throughout the Code of Federal Regulations (CFR). While we propose that the majority of eligible workforce program regulations be included under 34 CFR § 690 Subpart H, to ensure that a reader knows that the definition of an eligible program includes an eligible workforce program, we propose to add a reference to eligible workforce programs under this section of the CFR.

Limitations on remedial coursework that is eligible for title IV, HEA program assistance (§ 668.20(b) and (g))

Statute: Section 401(k)(3)(B) of the HEA, added by Section 83002(a) of the OBBB, prohibits an eligible institution from taking into account noncredit or reduced credit remedial coursework (including a course in English as a second language) when determining enrollment intensity and COA for an eligible workforce program offered in credit hours.

Current Regulations: The current regulations prescribe instances when noncredit or reduced credit remedial coursework can (§ 668.20(b)) and cannot (§ 668.20(c) and (d)) be included in a student's enrollment intensity (formerly enrollment status) and COA. For example, a remedial course cannot be below the educational level needed for a student to successfully pursue their program after one year in that course and be included in a student's enrollment intensity (§ 668.20(c)(2)). Also, in order to be included, remedial courses must be at least at the high school level, as determined by the eligible institution, its state legal authority, or its accrediting agency (§ 668.20(c)(3)(ii)).

Proposed Regulations: We propose that an eligible institution may not take into account any noncredit or reduced credit remedial coursework (including a course in English as a second language) when determining enrollment intensity and COA for a student enrolled in an eligible

workforce program, as defined under 34 CFR § 690.92, that is offered in credit hours.

Reasons: Section 401(k)(3)(B) of the HEA, added by Section 83002(a) of the OBBB, prohibits the inclusion of noncredit or reduced credit remedial coursework to determine enrollment intensity or COA for an eligible workforce program.

Section 401(d)(1) of the HEA states that the "...period during which a student may receive Federal Pell Grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance, except that any period during which the student is enrolled in a noncredit or remedial course of study, as described in paragraph (2), shall not be counted for the purpose of this paragraph.".

Section 401(d)(2) of the HEA states, "(2) Noncredit or remedial courses; study abroad.— Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the eligible institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to use already existing knowledge,

training, or skills...". However, Section 401(k)(3)(B) of the HEA, added by Section 83002(a) of the OBBB, explicitly states that Section 401(d)(2) of the HEA does not apply to an eligible workforce program. In other words, students enrolled in eligible workforce programs offered in credit hours can only receive Pell Grants for courses that they receive credit for.

The Department clarified during negotiated rulemaking that the prohibition on noncredit courses is not in reference to programs offered using clock hours. The prohibition applies specifically to noncredit courses in credit hour programs. In clock hour programs, whether or not coursework confers academic credit is irrelevant for purposes of the title IV, HEA programs. The Department interprets Sec. 401(d)(1) to apply an exception to the normal requirement that coursework in a credit hour program carry academic credit in order for that coursework to be considered for Title IV purposes.

Student eligibility (§ 668.32(c))

Statute: Section 401(k)(2)(B) of the HEA, added by Section 83002(a) of the OBBB, states that a student is not eligible for a Pell Grant in an eligible workforce program if the student is enrolled, or accepted for enrollment, in a program of study that leads to a graduate credential, or if the student has obtained a graduate credential.

Current Regulations: The existing Pell Grant Program regulations generally prohibit an individual with a baccalaureate degree or first professional degree from receiving a Pell Grant (§668.32(c)(2)(i)(A)).

Proposed Regulations: The proposed regulations clarify that an otherwise eligible student who has obtained a baccalaureate degree can receive a Pell Grant to enroll in an eligible workforce program. The proposed regulations state that a student who is receiving a Pell Grant to enroll in an eligible workforce program may not be enrolled in or accepted for enrollment in a program of study that leads to a graduate credential, nor have attained a graduate credential.

Reasons: Section 401(k)(2) of the HEA states "To be eligible to receive a Pell Grant for enrollment in an eligible workforce program the student may not "be enrolled, or accepted for enrollment, in a program of study that leads to a graduate credential; or...have attained such a credential." Section 401(k)(2) does not explicitly exclude students who possess a bachelor's degree from being eligible to receive Pell Grant funds for enrollment in an eligible workforce program. In doing so, Section 401(k) superseded the ordinary Pell Grant eligibility limitations under Section 401(d)(1) that prohibit students who have already earned a bachelor's degree from receiving Pell Grants. 20 U.S.C. 1070a (limiting eligibility to students

who have not completed their "first undergraduate baccalaureate course of study.")

Students must generally have a bachelor's degree in order to enroll in graduate programs, so the ordinary rule under subsection (d)(1) already excluded students who are enrolled in or admitted to a graduate degree program or already have a graduate degree. It would be unnecessary for Congress to change the ordinary rule, if all that was intended is to prevent graduate students or graduate degree holders from receiving a Pell Grant. As such, by necessary implication, the statute in subsection (d)(1) is supplanted for the purposes of eligibility in the Workforce Pell Grant Program by Section 401(k)(2). In effect, this means that an eligible student for the purposes of this program is: (1) a student who meets all of the other eligibility criteria in Section 401 (such as needs analysis); (2) has not earned a graduate degree, is not admitted to a graduate program, nor is enrolled in a graduate program; and (3) has not exhausted their lifetime Pell Grant eligibility of 12 semesters (or its equivalent) under Section 401 (d)(5). As such, students who already have a bachelor's degree are not disqualified from receiving Pell Grants for eligible workforce programs on that basis alone.

During negotiated rulemaking the Department agreed to provide more context regarding what constitutes a *graduate credential* in the preamble of this NPRM. A *graduate*

credential includes, but is not limited to, a graduate degree such as a master's degree or doctoral degree, a first-professional degree such as a Doctor of Medicine (MD), Doctor of Dental Surgery (DDS), or Juris Doctor (JD), a graduate certificate (including a postgraduate certificate), or another professional credential that is above the undergraduate level. A *graduate credential* does not include an undergraduate post-baccalaureate certificate.

Although it is not directly relevant to the interpretive task of construing the eligibility criteria in the OBBB related to the Workforce Pell Grant, the Department believes that allowing students with bachelor's degrees to be eligible to receive Pell Grant funds for enrollment in an eligible workforce program is beneficial. The proposed regulation allows otherwise eligible students with bachelor's degrees who require new proficiencies in order to become employed in a new high-skill, high-wage field with the ability to achieve this cost-effectively and in a short period of time. Additionally, because other applicable student eligibility requirements still apply – for example, Lifetime Eligibility Used (LEU) limits on Pell Grant eligibility – the Department believes appropriate safeguards are in place to ensure that Pell Grant funds are not overutilized for this purpose. Under § 690.6(e), LEU is the requirement that a student may receive no more than 6

Scheduled Awards, as determined by the Secretary, which is calculated as a percentage not to exceed 600 percent.

A negotiator also requested the Department add an overview of satisfactory academic progress (SAP) requirements as they relate to eligible workforce programs. Under § 668.32(f) and § 668.34, a student is required to maintain SAP in his or her course of study according to the eligible institution's published standards of SAP. The Department is not proposing to change current SAP regulations, nor are any changes to those regulations required as a result of the OBBB's amendments to the HEA. For any program less than an academic year, including all eligible workforce programs, eligible institutions must evaluate a student's SAP at the end of each payment period. If the eligible institution chooses to have a warning period,[2] it is possible for a student to receive all of their Pell Grant disbursements for the entire eligible workforce program. Alternatively, an eligible institution could choose not to have a warning period but to evaluate a student's academic progress after each payment period; in that case, if a student fails SAP at the end of the first payment period, the student would be ineligible to receive

[2] 2025-26 Federal Student Aid Handbook, ch. 1,- ("Financial aid warning is a status a school assigns to a student who is failing to make SAP. The school reinstates eligibility for aid for one payment period and may do so without a student appeal. This status may only be used by schools that check SAP at the end of each payment period and only for students who were making SAP in the prior payment period for which they were enrolled or who were in the first payment period of their program.") Available at, https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2025-2026/vol1/ch1-school-determined-requirements .

any subsequent Pell Grant disbursements unless they successfully appeal under the eligible institution's SAP appeal policy.

Definitions (§ 690.2(c))

Statute: Section 401(k)(1) of the HEA, added by Section 83002(a) of the OBBB, states that beginning on July 1, 2026, and each subsequent year, the Secretary shall award Pell Grants to eligible students enrolled in eligible workforce programs.

Current Regulations: 34 CFR § 690.2 contains a list of definitions that pertain to the Pell Grant Program.

Proposed Regulations: The proposed regulation adds a cross reference to the definition of an eligible workforce program to this section.

Reasons: This is a conforming change made to ensure consistency and alignment throughout the CFR. While we propose that the majority of the eligible workforce program regulations be under 34 CFR 690 Subpart H, the Department seeks to ensure that readers can easily find the full definition of an eligible workforce program.

Duration of student eligibility (§ 690.6(a) and (f))

Statute: Section 401(k)(2)(B) of the HEA, as added by Section 83002(a) of the OBBB, states that a student is not eligible for a Pell Grant for an eligible workforce program if that student is enrolled, or accepted for enrollment, in

a program of study that leads to a graduate credential, or if the student that has obtained a graduate credential.

Current Regulations: Section 690.6(a) generally states that a student is only eligible to receive a Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study.

Proposed Regulations: The proposed regulation exempts enrollment in an eligible workforce program from the prohibition of a student having already obtained a baccalaureate degree.

Reasons: This is a conforming change to align with § 668.32(c), to ensure consistency and alignment throughout the CFR. As discussed in detail in the **Student eligibility (§ 668.32(c))** section of this preamble, the Department interprets the statutory text to allow an individual with a bachelor's degree to receive a Pell Grant to enroll in an eligible workforce program because Section 401(k)(2)(B) of the HEA, amended by Section 83002(a) of the OBBB, only explicitly prohibits enrolling in or obtaining a credential in a graduate level program.

During negotiated rulemaking, a negotiator requested that the Department inform each student enrolling in an eligible workforce program about their LEU at specific percentages. The Department has considered the negotiator's suggestion but declines to implement it for two reasons. First, the Department already provides information on LEU

to all students, so a disclosure specific to eligible workforce programs is not necessary. Comments on the FAFSA Submission Summary inform students of their approximate Pell Grant usage at 50 percent intervals. For example, a student between 100 percent and 150 percent would see a comment reading "The limit to the total amount of Federal Pell Grants that a student may receive is the equivalent of six school years. Based upon information reported to the National Student Loan Data System (NSLDS®) database by the schools you have attended, you have received Pell Grants for the equivalent of between one and one and one-half years." Second, the Department is concerned that a disclosure such as this could be perceived as a warning to students not to enroll or continue in his or her program, rather than solely an indication of the amount of LEU the student has remaining. The Department prefers that students work directly with their institution's financial aid office regarding their Federal financial aid eligibility. However, the Department committed to providing additional guidance to the community about ensuring that students who enroll in eligible workforce programs receive clear and accurate information that Pell Grants they receive for enrollment in such programs count against their lifetime limits.

Federal Pell Grant payments from more than one institution (§ 690.11)

Statute: Section 401(k)(4) of the HEA, as added by Section 83002(a) of the OBBB, states an eligible student cannot receive a Pell Grant for enrollment in an eligible workforce program and for enrollment in another eligible program at the same time.

Current Regulations: Current § 690.11 states that a student is not entitled to receive Pell Grant payments concurrently from more than one eligible institution or from the Secretary and an eligible institution.

Proposed Regulations: The proposed regulations clarifies that a student is not entitled to receive Pell Grant payments concurrently for enrollment in an eligible workforce program and any other educational program at the same or a different eligible institution, including another eligible workforce program.

The proposed regulations also update the title of this section to "Concurrent Federal Pell Grant payments".

Reasons: This language implements the statutory prohibition on a student receiving a Pell Grant for enrollment in an eligible workforce program and for enrollment in another eligible program at the same time.

Scope and purpose (**§ 690.90)**

Statute: Section 401(k)(1) of the HEA, added by Section 83002(a) of the OBBB, states that beginning on July 1, 2026, and each subsequent year, the Secretary shall award Pell Grants to eligible students enrolled in eligible

workforce programs, in the same manner and with the same terms and conditions as the Secretary awards Pell Grants to eligible students enrolled in other eligible programs. Section 481(b)(3), as added by Section 83002(b) of the OBBB, defines the requirements for an educational program offered by an eligible institution to be considered an eligible workforce program, which differ from the requirements to be considered an eligible program for the purposes of participation in other title IV, HEA programs set forth in Section 481(b) of the HEA.

Current Regulations: None.

Proposed Regulations: We propose adding a scope and purpose section to 34 CFR § 690 Subpart H that will apply to eligible institutions that offer eligible workforce programs. In this section, we clarify that an eligible student enrolled in an eligible workforce program is only eligible for Federal financial assistance under the Pell Grant Program and no other title IV, HEA programs. In other words, students who enroll in an eligible workforce program are not eligible for Direct Loans, a Federal Supplemental Educational Opportunity Grant, Federal Work Study, or other forms of title IV assistance. Furthermore, this section clarifies that, as provided in this subpart, eligible students and eligible institutions that offer Pell Grants to students enrolled in eligible workforce programs are

subject to the same regulations and procedures that otherwise apply to title IV, HEA program participants. *Reasons*: Every subpart in 34 CFR starts with a scope and purpose section to establish the legal boundaries, intent, and application of the regulations in that subpart, defining what is covered and why the regulations exist. Therefore, we have included a scope and purpose for this new subpart.

In particular, this scope and purpose section highlights the fact that under these proposed rules, a student enrolled in an eligible workforce program would only be eligible for a Pell Grant and would not qualify for any other assistance under title IV of the HEA (such as Direct Loans, a Federal Supplemental Educational Opportunity Grant, and Federal Work Study) on the basis of enrollment in that program. Section 481(b) of the HEA sets forth the requirements for an educational program to be considered an eligible program for the purpose of participation in the title IV, HEA programs, including minimum length requirements. HEA Section 481(b)(3), added by Section 83002(b)of the OBBB, imposes specific requirements for an educational program to be considered an eligible workforce program which differ from those applicable to other eligible programs.

While an educational program has to satisfy a different set of requirements to be considered an eligible

workforce program than it must satisfy in order to be considered an eligible program for the purpose of the other the title IV, HEA programs, it is technically possible that an educational program could satisfy the statutory requirements for both an eligible workforce program and eligible program. Specifically, some educational programs of a duration of 300 and 599 clock hours could satisfy the statutory requirements to be both an eligible workforce program and eligible program for the purposes of the Direct Loan program authorized under part B of title IV of the HEA. In such situations, the Department proposes to require an institution to offer such programs as either an eligible workforce program or an eligible program for the purposes of the Direct Loan program, but not both.

The Department takes this position for several reasons. First, the Department believes that allowing programs that include between 300 and 599 clock hours to qualify for both the Pell Grant and Direct Loan programs would run counter to the intent of the statutory provisions of Workforce Pell. Those provisions build on an existing framework for funding job training programs under the Workforce Innovation and Opportunity Act (WIOA), whereby participants enrolling in programs under WIOA choose a program from a State's Eligible Training Provider List (ETPL) and can then qualify for funding to enroll in that program through Individual Training Accounts (ITAs). Under

this framework, an eligible workforce program that is included on a State's ETPL would, in many cases, allow students who qualify for Pell Grants to fund their programs fully or partially through that resource, while funding gaps for students whose Pell Grants do not fully cover training expenses, or students who do not qualify for Pell Grants, are addressed through ITAs under WIOA. In cases where these two sources of funding would be available to students enrolled in eligible workforce programs, many students would not need Direct Loan funds to cover their cost of attendance. Indeed, in some of those cases students would not even qualify for Direct Loans if amounts received from these other sources fully covered the student's cost of attendance. Second, although it is technically possible for a short-term program that qualifies for Direct Loans to also comply with the requirements for an eligible workforce program, adding the Department's proposed regulations for eligible workforce programs on top of those required for Direct Loans would result in two entirely different frameworks for the calculation of completion and placement rates for students in the programs depending on each title IV, HEA program funding source. Moreover, institutions wishing to qualify an educational program that provides between 300 and 599 clock hours for eligibility for students to receive funding under both title IV, HEA programs would be subject to a burdensome and complex array

of completion and placement rate requirements. It would require one set as mandated for Direct Loan eligibility that is calculated entirely by the institution and substantiated by non-federal auditors, and one set required for eligible workforce program eligibility, as described in **Components determined by the Secretary (§ 690.94(c))**, that is calculated either solely by the State Governor or by the institution and the Governor. The Department believes that the burden and complexity (for institutions, auditors, and the Department) that would be associated with applying the requirements for both title IV, HEA programs at the same time would not be justified by the resulting value of permitting qualification for both programs to institutions, students, and taxpayers.

This section also clarifies that eligible workforce programs are subject to all other title IV eligibility requirements, consistent with OBBB, unless the Department specifically notes in the regulations that the program is exempt from such requirement. For example (as discussed in **Written arrangements to provide educational programs (§ 668.5(c)**), we propose that an eligible institution offering an eligible workforce program is prohibited from entering into a written arrangement with an ineligible institution or organization whereby the ineligible institution or organization would provide more that 25 percent of the eligible workforce program.

Definitions – Cohort period (§ 690.91)

Statute: Section 481(b)(3)(B) of the HEA, added by Section 83002(b) of the OBBB, states that for each award year, the total amount of the published tuition and fees of an eligible workforce program for such year may not exceed the "value-added earnings" of students who received Federal financial aid and who completed the program 3 years prior to the award year. An eligible workforce program's value-added earnings are determined by calculating the difference between the median earnings of such students (as adjusted by the State and metropolitan area regional price parities of the Bureau of Economic Analysis based on the location of such program) and an amount that is equal to 150 percent of the poverty line applicable to a single individual (as determined under Section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) for such year).

Current Regulations: None.

Proposed Regulations: The proposed regulations define the cohort period as the award year that ends three full award years prior to the beginning of the award year for which value-added earnings are being determined.

Reasons: The proposed regulations implement the statutory requirement that the cohort for the value-added earnings calculation is "...students who received Federal financial aid under this title and who completed the program 3 years prior to the award year...". For context, the Department

will request the median earnings from the Federal agency with earnings data for individuals who completed the eligible workforce program and received a Pell Grant during the cohort period to complete the value-added earnings calculation (see the discussion under § 690.95 for more information).

Section 481(b)(3)(A)(iv)(IV) states that the value-added earnings metric is calculated using the earnings of Pell Grant recipients who "received Federal financial aid under this title and who completed the program 3 years prior to the award year" from eligible workforce programs. It is not possible to calculate value-added earnings for a program that has not yet become eligible because no students could have received Federal financial aid to attend a program that is not yet an eligible program. Therefore, the Department interprets the statute to mean that the value-added earnings metric only becomes relevant once individuals have graduated from an eligible workforce program and enough time has passed to calculate the value-added earnings.

During negotiated rulemaking, several non-Federal negotiators requested that the Department stress in regulation that the cohort period only include individuals that completed the eligible workforce program three "full" award years prior to the current award year. Negotiators believed that unless the Department defined the cohort

period in this way, we could have included the earnings of individuals that completed the program but, their earnings would not reflect the full impact of having participated in an eligible workforce program. By establishing a cohort period that is three full award years prior to the current award year, we ensure that a program completer has an amount of time between the completion of the eligible workforce program and obtaining a job that that appropriately captures corresponding increases in income associated with completion of the program. This also means that the 2030-31 award year is the first time the value-added earnings measure can be calculated for programs that begin in the 2026-27 award year due to the fact that such programs will first receive Pell Grants during the 2026-27 award year. The Department ultimately accepted the negotiators' reasoning and adopted the change.

Definitions – Earnings measurement period (**§ 690.91**)

Statute: Section 481(b)(3)(B) of the HEA, as added by Section 83002(b) of the OBBB, states that the value-added earnings for an eligible workforce program are determined by calculating the difference between the median earnings of such students, as adjusted by the State and metropolitan area regional price parities of the Bureau of Economic Analysis based on the location of such program, and 150 percent of the poverty line applicable to a single individual as determined under Section 673(2) of the

Community Services Block Grant Act (42 U.S.C. 9902(2)) for such year.

Current Regulations: None.

Proposed Regulations: The proposed regulations define an earnings measurement period for the value-added earnings calculation as the first full tax year following the award year in which the student completed the eligible workforce program.

Reasons: The proposed regulation implements the statutory requirement that the Department obtain median earnings for eligible workforce program completers. The Department originally proposed to obtain from the Federal agency with earnings data "[t]he median earnings of such students during the most recent tax year for which data is available at the time of the calculation, as adjusted by the State and metropolitan area regional price parities of the Bureau of Economic Analysis based on the location of such programs."[3] The Department did not define an earnings measurement period in the original proposal sent to negotiators. During negotiated rulemaking, one negotiator asserted that the Department needs to more clearly define the specific tax year for which we would obtain median earnings of eligible workforce program completers, which does not need to be the same tax year for all completers.

[3] Dep't of ED, AHEAD Negotiated Rulemaking Discussion Draft and Draft Amendatory Text, (December 2025), available at - https://www.ed.gov/media/document/2025-ahead-discussion-draft-112625.pdf.

Another negotiator believed that the tax year in question should be the first full tax year following the award year in which the student completed the eligible workforce program. That timeframe would allow the evaluation of earnings for one full working year after having participated in the eligible workforce program. The negotiator noted that if the Department uses the earnings information from the tax year in which the individual completed the eligible workforce program, it may not be indicative of a full year of earnings potential of the completer. The Department ultimately agreed with the negotiator's assertion that using earnings from the first full tax year following the award year in which the student completed the program is consistent with the statute. Thus, the proposed regulation defines it here for two reasons: (1) to ensure that all students would have a year's worth of earnings and (2) to clarify the point at which the Department is able to perform the value-added earnings calculation after receiving the proper tax information from the Federal agency with earnings data.

In our illustrative example from the prior section (**Definitions - Cohort period**), the cohort period for the 2030-31 award year includes completers who graduated during the 2026-27 award year. The 2026-27 award year ends June 30, 2027. The first full tax year following the award year is the 2028 tax year (January 1, 2028, through December 31,

2028), therefore, the 2028 tax year is tax year for which the Department would request earnings information for and use as the basis for calculating the program's value-added earnings.

Definitions – In-demand industry sector or occupation (§ 690.91)

Statute: Section 481(b)(3)(B) of the HEA, as added by Section 83002(b) of the OBBB, states that the term *in-demand sector or occupation* has the meaning given in Section 3 of WIOA. Section 3 of WIOA defines that term to mean (i) an industry sector that has a substantial current or potential impact (including through jobs that lead to economic self-sufficiency and opportunities for advancement) on the State, regional, or local economy, as appropriate, and that contributes to the growth or stability of other supporting businesses, or the growth of other industry sectors; or (ii) an occupation that currently has or is projected to have a number of positions (including positions that lead to economic self-sufficiency and opportunities for advancement) in an industry sector so as to have a significant impact on the State, regional, or local economy, as appropriate.

Current Regulations: None.

Proposed Regulations: The proposed regulation defines an *in-demand industry sector or occupation* identically to how that term is defined in Section 3 of WIOA.

Reasons: The Department is required by law to use the definition of in-demand industry sector or occupation as defined under WIOA. This definition will be used by Governors to decide whether or not to approve a program under § 690.93. We use the term "in-demand industry sector or occupation" under §690.93(a)(1), which states that an eligible workforce program is (in part) a program that "provides an education aligned with the requirements of high-skill, high-wage (as identified by the State pursuant to Section 122 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342)), or in-demand industry sectors or occupations[.]" The Department also proposes using the term in §690.93(b)(1)(ii) which states that a Governor must have a written policy for determining whether a program meets the hiring requirements of employers in an in-demand sector or occupation and that the program prepares students for such employment.

Definitions – Governor (§ 690.91)

Statute: Section 481(b)(3)(B) of the HEA, as added by Section 83002(b) of the OBBB, states that Governor means the chief executive of a State. Section 103 of the HEA defines *State* to mean "in addition to the several States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States." Section

103 of the HEA further defines *Freely Associated States* to mean "the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau."

Current Regulations: None.

Proposed Regulations: We propose to define Governor as (1) the chief executive of a *State or outlying area* as defined under Section 3 of WIOA or (2) if an eligible institution is located on Tribal lands, the Tribal government.

Reasons: To the extent possible, the Department has sought to align eligible workforce programs with pre-existing definitions and concepts under WIOA; therefore, we have proposed to use the definition of Governor under WIOA. The Governor's approval is the first step in the full approval process for an eligible workforce program.

The chief executive of a State is the governor of one of the 50 States and mayor of the District of Columbia. The chief executive of an outlying area is the highest public official in the US Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and the Republic of Palau.

Traditionally, for purposes of the title IV, HEA programs, Tribes have had autonomy to make decisions regarding the authorization of postsecondary eligible institutions. *See* 34 CFR 600.9(a)(2)(ii). The proposed language would provide Tribes the ultimate authority over determinations of approved programs. Tribes would still need to consult with the State board, as required under

proposed § 690.93(a) in order to approve the program. The Department believes this compromise achieves the goal of maintaining Tribal sovereignty over these decisions while also ensuring State boards are consulted as required by the statute.

A governor can designate a public official in the State or outlying area, including someone at the State workforce or education department, the State agency overseeing workforce programs to make approval decisions on behalf of the governor. A governor must inform the Department of the designated office through a process as determined by the Secretary.

Definitions – Recognized postsecondary credential (§ 690.91)

Statute: Section 481(b)(3)(B) of the HEA, added by Section 83002(b) of the OBBB, states that "recognized postsecondary credential" has the meaning given in Section 3 of WIOA.

Current Regulations: None.

Proposed Regulations: We propose to define "recognized postsecondary credential" as a credential consisting of an industry-recognized certificate or certification, a certificate of completion of a Registered Apprenticeship under 29 CFR Part 29, a license recognized by the State involved or Federal Government, or an associate or baccalaureate degree.

Reasons: The training and instruction that an apprentice receives through a Registered Apprenticeship program are designed to provide them with the knowledge necessary to obtain a license. Additionally, the Department is required by law to use the definition of a recognized postsecondary credential as contained in WIOA; however, we amended the definition based on the recommendation of a negotiator, adding the word "Registered" in front of apprenticeship. 29 CFR Part 29 establishes the procedures for an apprenticeship to be registered with the Department of Labor's Office of Apprenticeship, and the two terms are synonymous under the WIOA statute and regulations. Therefore, the Department agreed with the rulemaking committee that a certificate, as defined under 29 CFR 29.2, that a student receives from a Registered Apprenticeship would be a recognized postsecondary credential.

A negotiator also requested that the Department clarify the portion of the definition that states a recognized postsecondary credential can be "a license recognized by the State involved or Federal Government." For context, the "recognized postsecondary credential" is a part of the Governor's approval process of the program under §690.93(a)(3). The Governor must ensure that the program either (1) leads to a recognized postsecondary credential that is stackable and portable across more than one employer; or (2) prepares students for employment in an

occupation for which there is only one recognized postsecondary credential and provides students with such a credential upon completion of the program.

Several elements of this definition warrant additional discussion. Under the definition of an "educational program" in 34 CFR 600.2, in order to qualify for any type of title IV, HEA program funds, a program must lead to "an academic, professional, or vocational degree, or certificate, or other recognized educational credential..." This credential may not be the same as the "recognized postsecondary credential" conferred upon completion of both educational requirements and non-academic requirements such as on-the-job training, work experience, or a licensure exam. The Department understands that licensure for employment in an occupation generally is not granted by the eligible institution upon completion of a program. Instead, licensure is typically granted by a Federal, State or local government, licensure body, or association, and the education a student receives as part of an eligible program may meet only the educational requirements for a license. Similarly, a Registered Apprenticeship program requires a related instruction component that may be met by an eligible workforce program, but the program also requires a substantial amount of on-the-job learning with an employer, which may occur over several years. In these cases where the education included in an eligible workforce program

meets the educational requirements for a recognized postsecondary credential but does not meet all the requirements for such a credential, the program nonetheless fulfills the requirement to lead to a recognized postsecondary credential under proposed 34 CFR § 690.93(a)(3)(i). This is because it is necessary to obtain the educational component in order to obtain licensure. Additional discussion of this concept as it pertains to Registered Apprenticeship programs can be found under the section **Components determined by Governors (§ 690.93(g)).**

Definitions – State board (**§ 690.91)**

Statute: Section 481(b)(3)(B) of the HEA, as added by Section 83002(b) of the OBBB, states that State board has the meaning given in Section 3 of WIOA.

Current Regulations: None.

Proposed Regulations: We propose to define State board to mean the State workforce development board established under Section 101 of WIOA and 20 CFR 679 Subpart A.

Reasons: The Department is required by Section 481(b)(3)(B) of the HEA, added by Section 83002(b) of the OBBB, to use the definition of *State board* as contained in WIOA. The Governor would be required to consult with the State board in making his or her decision whether to approve a workforce program. Ultimately, the Governor would need to attest to having consulted with the State board on the certification form developed by the Secretary.

Additionally, we propose making a technical correction due to the incorrect cross-reference. The consensus language referenced 34 CFR 679 Subpart A, but the correct reference here is 20 CFR 679 Subpart A. We have made that technical correction in the amendatory language.

Definitions – Tuition and fees (§ 690.91)

Statute: Section 481(b)(3)(A)(iv)(IV) of the HEA, as added by Section 83002(b) of the OBBB, states that for each award year, the total amount of the published tuition and fees of the program for such year is an amount that does not exceed the value-added earnings of students who received Federal financial aid and who completed the program 3 years prior to the award year.

Current Regulations: None.

Proposed Regulations: We propose to define *tuition and fees* to mean the institutional charges for an eligible workforce program.

Reasons: As set forth above, Section 481(b)(3)(A)(iv)(IV) of the HEA, added by Section 83002(b) of the OBBB, limits the total amount of tuition and fees that an eligible institution may charge to students enrolled in an eligible workforce program. Therefore, it is necessary for the Department to define what constitutes *tuition and fees*. The Department chose to define *tuition and fees* to mean "the institutional charges for an eligible workforce program" because such charges include those direct education related

costs which must be paid to the institution for enrollment in an educational program. Institutional charges do not include living expenses such as food, housing, and transportation. The concept of "institutional charges" has a long regulatory history and has applications throughout the general provisions regulations for the title IV, HEA programs and will be understandable to financial aid staff at schools who are accustomed to the concept[4]. The concept of "institutional charges" also has the advantage of including most fees charged by institutions, but excluding discretionary expenses that such as tickets to concerts or athletic events. Discretionary expenses are not fixed nor are they controlled by the institution, so such expenses would not be considered as part of an institution's compliance with the value-added earnings calculation. We note that the concept of institutional charges traditionally includes food and housing if contracted with the institution; however, for purposes of this definition we are only referring to the published tuition and fee portion of institutional charges associated with the eligible workforce program. This is because the statute refers to tuition and fees, which ordinarily means costs for the educational services provided by the institution.

[4] Federal Student Aid Handbook – Volume 4, Chapter 2 - https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2025-2026/vol4/ch2-disbursing-title-iv-funds

As set forth in § 690.94(d), on a yearly basis, the Secretary must confirm that each eligible workforce program complies with the requirement that the program's published tuition and fees do not exceed the value-added earnings of the eligible workforce program. To enable the Secretary to make this determination, under proposed § 690.94(b)(2), the eligible institution would be required to report the published tuition and fees for an eligible workforce program. To collect information regarding tuition and fees charged by the eligible institution to students for enrollment in an eligible workforce program, the Department may be able to utilize the reporting requirements under the current regulations at §668.408(a)(2)(vi) or our consensus language from the Student Tuition and Transparency System (STATS) and Accountability rulemaking at §668.406(a)(2)(iv). The Department will provide sub-regulatory guidance to institutions on the reporting of tuition and fees. Additionally, under proposed §690.95(f), the eligible institution must provide, upon request, evidence satisfactory to the Secretary that its published tuition and fees do not exceed the published value-added earnings for that award year.

Eligible workforce program – program length limitations (§ 690.92(a) and (b)

Statute: Section 481(b)(3)(A) of the HEA, as added by Section 83002(b) of the OBBB, states that an eligible

workforce program must be at least 150 clock hours of instruction, but less than 600 clock hours of instruction, or an equivalent number of credit hours and be offered by an eligible institution during a minimum of 8 weeks, but less than 15 weeks.

Current Regulations: None.

Proposed Regulations: The proposed regulation establishes the minimum and maximum program length for an eligible workforce program. We propose to require an eligible workforce program to have a duration of between 8 to 14 weeks of instruction. For a program offered in clock hours, we propose to require an eligible workforce program to be between 150 to 599 clock hours. For a program offered in credit hours, we propose to require an eligible workforce program to be between 4 to 15 semester or trimester hours or between 6 to 23 quarter hours.

Reasons: The Department proposes these limitations because Section 481(b)(3)(A) of the HEA, as added by Section 83002(b) of the OBBB, explicitly restricts the types of academic progress measurements for eligible workforce programs to credit and clock hours and establishes clear limits on both the length of time in which an eligible workforce program can be offered and the number of credit or clock hours that may be included in such program.

Rather than explicitly provide the amount of credit hours that may be included in an eligible workforce

program, the statutory language states that a program offered in credit hours must be the equivalent of least 150 clock hours of instruction, but less than 600 clock hours of instruction. Section 481(b) of the HEA, when establishing minimum requirements for credit or clock hours in eligible programs, has done so using ratios of 37.5 clock hours to each semester hour and 25 clock hours to each quarter hour. Therefore, to determine the minimum and maximum number of credit hours for an eligible workforce program, we divided 150 and 599 by 37.5 for programs that use semester and trimester hours and by 25 for programs that use quarter hours. This method is also consistent with established instructional measurement equivalencies under §668.8(d)(1)(ii) and (d)(2)(ii). Therefore, the equivalent number of credit hours for 150 to 599 clock hours is 4 to 15 semester or trimester hours or 6 to 23 quarter hours.

During negotiated rulemaking, several negotiators requested that the Department expand the duration of an eligible workforce program beyond 14 weeks. The Department noted that the statute is clear that the duration of an eligible workforce program is a minimum of 8 weeks, but less than 15 weeks. In other words, a program cannot last or exceed 15 weeks, therefore, the Department is proposing a 14-week maximum duration. The Department lacks the statutory authority to further extend the maximum allowable length of a program.

For all eligible programs, "a week of instructional time" is defined in two ways under 34 CFR 668.3(b). The term can mean any period of seven consecutive days in which at least one day of regularly scheduled instruction or examinations occurs, or, after the last scheduled day of classes for a term or payment period, at least one scheduled day of study for examinations occurs. For a program offered using asynchronous coursework, it can also mean any period of seven consecutive days in which the institution makes available the instructional materials, other resources, and instructor support necessary for academic engagement and completion of course objectives. This period must also be one in which the institution expects enrolled students to perform educational activities demonstrating academic engagement during the week. The Department proposes, for purposes of consistency and integrity in the title IV, HEA programs, to use this definition in the context of eligible workforce programs. The HEA, as amended by the OBBB, does not require a program to run for a sequential time period, therefore, it is acceptable for an eligible workforce program to have non-sequential weeks of instructional time, as defined in the previous paragraph. The program would be considered an eligible workforce program as long as the weeks of instructional time used to determine the students' Pell Grant eligibility do not exceed a total of 14 weeks. For

example, non-sequential weeks of coursework that occur over a year but only include 14 weeks of instructional time (as defined under 34 CFR 668.3(b)) applicable to the student's Pell Grant eligibility is acceptable.

We also understand that in rare instances some students may take slightly longer than 14 weeks of instructional time to complete their eligible workforce program. This could be due to illness or other unforeseen circumstances in the student's life. An individual student may take longer than the published duration of the eligible workforce program; however, this cannot be the norm for most students. If most students in the program take more than 14 weeks of instructional time to complete the program, then the program is not less than 15 weeks of instructional time, and the school's program length must be adjusted accordingly. This ensures that institutions are not able to circumvent the maximum length requirement by declaring a course to be 14 weeks or less, when in practice it takes most students longer than that to complete it. At the same time, this approach provides flexibility such that institutions may provide flexible arrangements to students who have difficult life circumstances unrelated to the course.

Eligible workforce program – prohibition on offering correspondence courses, study abroad, and direct assessment coursework (§ **690.92(c))**

Statute: Section 481(b)(3)(A)(ii) of the HEA, as amended by Section 83002(b) of the OBBB, states that "*a program is an eligible program for purposes of the Workforce Pell Grant program under section 401(k) only if it is not offered as a correspondence course...*". Section 401(k)(3)(B) of the HEA, as added by Section 83002(a) of the OBBB, provides that the provisions of subsection (d)(2) of the same section, which allow for the consideration of study abroad coursework in Pell Grant eligibility calculations, shall not be applicable to eligible workforce programs. Section 481(b)(3)(A) of the HEA, added by Section 83002(b) of the OBBB, outlines what makes a workforce program eligible for Pell Grant funds. Section 481(d) of the HEA provides that the term "eligible program" includes an instructional program that, in lieu of credit hours or clock hours as the measure of student learning, utilizes direct assessment of student learning or the direct assessment of student learning by others.

Current Regulations: None.

Proposed Regulations: The proposed regulation prohibits an eligible workforce program from offering correspondence courses, coursework as part of a study abroad program, or credit or clock hour equivalencies that are part of a direct assessment program.

Reasons: The Department believes that the statute explicitly prohibits eligible workforce programs from

offering correspondence courses and study abroad coursework. Section 481(b)(3)(A)(ii) of the HEA, as amended by Section 83002(b) of the OBBB, states that "*a program is an eligible program for purposes of the Workforce Pell Grant program under section 401(k) only if it is not offered as a correspondence course...*". In addition, Section 401(k)(3)(B) of the HEA, as amended by Section 83002(a) of the OBBB, states that "*the provisions of subsection (d)(2) shall not be applicable to eligible workforce programs*." Section 401(d)(2) of the HEA allows study abroad programs to receive Pell Grants, but since this provision is excluded for eligible workforce programs, this means eligible workforce programs are prohibited from offering study abroad. Furthermore, although direct assessment programs are required to maintain a clock or credit hour equivalence, they do not measure academic progress in credit or clock hours, and therefore an eligible workforce program is not permitted to offer direct assessment coursework. As stated in 34 CFR 668.10, an eligible institution must establish a methodology to reasonably equate each module in the direct assessment program to either credit hours or clock hours. We do not believe academic progress can be measured in a sufficiently uniform way in direct assessment coursework to comply with the statute and thus would not permit such coursework in an eligible workforce program.

Eligible workforce program – requirements for approval by the Governor (**§ 690.92(d)**)

Statute: Section 481(b)(3)(A)(iii) of the HEA, as added by Section 83002(b) of the OBBB, states that the Governor of a State determines whether a program meets certain requirements to qualify as an eligible workforce program.

Current Regulations: None.

Proposed Regulations: The proposed regulation requires that an eligible workforce program be approved by the Governor of a State through a process meeting the requirements under § 690.93.

Reasons: Section 481(b)(3) of the HEA, added by Section 83002(b) of the OBBB, explicitly states that the Governor of a State, after consultation with the State board, shall determine whether a program meets certain requirements to qualify as an eligible workforce program. States have a major role in the program approval process because they are well positioned to identify high-skill, high-wage, and in-demand sectors or occupations needed within the State and understand the hiring requirements of employers within these industries and occupations. The Department interprets this text to mean that the Governor of a State must approve each eligible workforce program. For more information on the Governor's approval process, see § 690.93 of the *Significant Proposed Regulations* section.

Eligible workforce program – requirements for approval by the Secretary (§ **690.92(e))**

Statute: Section 481(b)(3)(A)(iv) of the HEA, as added by Section 83002(b) of the OBBB, states that after the Governor of a State determines that a program meets certain requirements, the Secretary shall determine whether the program meets other conditions to be considered an eligible workforce program.

Current Regulations: None.

Proposed Regulations: The proposed regulation requires that an eligible workforce program meet the requirements established by the Secretary as described in §690.94. The proposed regulations outline the requirements an eligible workforce program must meet, as follows. The program must be offered by an eligible institution and must exist for at least 12 months before the Secretary determines whether the program qualifies as an eligible workforce program. The program must have a verified completion rate of at least 70 percent each award year, within 150 percent of the normal time for completion. The program must have a verified job placement rate of at least 70 percent each award year, measured 180 days after completion. The total amount of the published tuition and fees of the program for such year is an amount that does not exceed the value-added earnings of students who received Federal financial aid under this title and who completed the program 3 years prior to the

award year. Earnings are determined by calculating the difference between the median earnings of such students, as adjusted by the State and metropolitan area regional price parity of the Bureau of Economic Analysis based on the location of such program, and 150 percent of the poverty line for a single individual for the appropriate tax year.

Reasons: Section 481(b)(3) of the HEA, as added by Section 83002(b) of the OBBB, explicitly states that after the Governor of a State determines that a program meets the requirements, then the Secretary determines if the program meets other conditions to be considered an eligible workforce program. The Department interprets this text to mean that the Secretary must approve each eligible workforce program. For more information on the Secretary's approval process, see section § 690.94 of the *Significant Proposed Regulations* section.

Eligible workforce program – Value-Added Earnings (§ 690.92(f))

Statute: Section 481(b)(3)(A)(iv)(IV) of the HEA, as added by Section 83002(b) of the OBBB, states that for each award year, the total amount of the published tuition and fees of an eligible workforce program for such year is an amount that does not exceed the value-added earnings of students who received Federal financial aid under this title and who completed the program 3 years prior to the award year.

Current Regulations: None.

Proposed Regulations: The proposed regulation requires that an eligible workforce program comply with the annual value-added earnings requirements described under §690.95.

Reasons: Section 481(b)(3)(A)(iv)(IV) of the HEA, as added by Section 83002(b) of the OBBB, states that "...for each award year, the total amount of the published tuition and fees of the program for such year is an amount that does not exceed the value-added earnings of students who received Federal financial aid under this title and who completed the program 3 years prior to the award year." For more information on the value-added earnings requirements, see section §690.95 of the *Significant Proposed Regulations* section.

Eligible workforce program – limitations due to actions taken by the Secretary (**§ 690.92(g)**)

Statute: Section 487 of the HEA allows the Department to establish criteria for eligible institutions to follow as part of the eligible institution's PPA to participate in the title IV, HEA programs.

Current Regulations: None.

Proposed Regulations: The proposed regulation prohibits eligible institutions from offering an eligible workforce program if they have been subject to any suspension, emergency action, or termination of programs during the five years preceding the date of the determination.

Reasons: Eligible institutions that have faced suspension, emergency action, or termination of programs within the past five years are at a higher risk for compliance issues because they have had compliance issues in the past. Allowing these eligible institutions to offer eligible workforce programs has a higher likelihood of exposing students to programs that may not meet quality or financial responsibility standards. This limitation has been used in other programs, for example, the prison education program under § 668.236(a)(5)(i), to safeguard program integrity and protect students and Federal funds.

Components determined by Governors (§ 690.93(a))

Statute: Section 481(b)(3)(A)(iii) of the HEA, added by Section 83002(b) of the OBBB, states that after consultation with the appropriate State board, the Governor must approve the program.

Current Regulations: None.

Proposed Regulations: The proposed regulation requires that prior to the Secretary's review of compliance with statutory and regulatory requirements to be an eligible workforce program, the Governor, after consultation with the State board, approves the program to be offered to students in that State. The Governor would approve the program by determining that the program meets the four statutory criteria in a sequence to be determined by the Governor. The Governor would determine that the program

provides an education aligned with the requirements of high-skill, high-wage (as identified by the State pursuant to section 122 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342)), or in-demand industry sectors or occupations. The Governor would also examine the program to determine if it meets the hiring requirements of potential employers in the relevant sectors or occupations. The Governor would ensure that the program either 1) leads to a recognized postsecondary credential that is stackable and portable across more than one employer, or 2) prepares such students for employment in an occupation for which there is only one recognized postsecondary credential and provides such students with such a credential upon completion of the program. The Governor would ensure that the program prepares students to pursue one or more certificate or degree programs at one or more eligible institutions (which may include the eligible institution providing the program), including by ensuring that a student, upon completion of the program and enrollment in such a related certificate or degree program, receives academic credit for the program that will be accepted toward meeting such certificate or degree program requirements.

Reasons: This section very closely mirrors the statute, with minor, non-substantive technical edits to account for regulatory formatting. The Department contemplated

providing additional regulatory context to the statutory framework in the HEA; however, ultimately, we decided against doing so in §690.93(a). We believe that Governors may be currently implementing several of the requirements enumerated in the proposed regulations through other programs in their States authorized under the Carl D. Perkins Career and Technical Education Act of 2006 (Perkins V) and WIOA; therefore, the Department proposes to provide Governors the flexibility to establish policies that best serve students in their specific States. While Governors would have substantial flexibility, we propose under §690.93(b) that Governors would be required to publish written policies that would be used to evaluate if a program meets the four criteria and provide additional context in the regulations as to what these policies must incorporate.

We note that in cases where students enroll in an eligible workforce program through distance education and said students are located in a State other than a State where the Governor approved the program, the program may be subject to a bilateral agreement. For more information on bilateral agreements, please see § 690.93(h) of the *Significant Proposed Regulations* section.

Finally, during negotiated rulemaking, a negotiator asked the Department to encourage Governors to publish lists of eligible workforce programs on a publicly

accessible website. The Department agrees with the negotiator's suggestion, and although we are not requiring this as part of our regulations, we strongly encourage Governors to maintain and publish a list of eligible workforce programs in their State. Governors may wish to use the existing processes established to disseminate the State list of WIOA eligible training providers to members of the public, as described in 20 CFR 680.500, or update those processes to more effectively disseminate both eligible workforce programs qualifying for Pell Grant funds and WIOA eligible training providers to the public.

Components determined by Governors (§ 690.93(b))

Statute: Section 481(b)(3)(A)(iii) of the HEA, added by Section 83002(b) of the OBBB, requires the Governor to approve a program.

Current Regulations: None.

Proposed Regulations: The proposed regulations require that the Governor shall establish, after consultation with the State board, a process for an institution to request a determination that a program meets the requirements of § 690.3(a) and that is publicly available and includes the criteria the Governor will use to determine if a program meets each of the requirements. This shall include the State's methodology to determine and periodically review which occupations and industry sectors are high-skill, high-wage (as identified by the State pursuant to Section

122 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342)), or in-demand, including the competencies needed in such industries and occupations, as identified by the State pursuant to Section 102 of WIOA, and where the list of such occupations and sectors will be made publicly available. The Department encourages States to make the list of such occupations and sectors publicly available in searchable and easy to navigate formats. The aforementioned periodic review must be done not less than every two years concurrent with development and modification of the State Plan under Section 102(c) of WIOA. In addition, we encourage Governors to include such lists in their State's WIOA State Plan as soon as possible.

The Governor's process must include a written policy for determining whether a program meets the hiring requirements of employers in the high-skill, high-wage, or in-demand sectors and occupations for which the program prepares students for employment. The review must consider whether the expected competencies for which the recognized postsecondary credential intends align with the competencies needed in such high-skill, high-wage, or in-demand sectors and occupations. Further, these determinations must incorporate direct input from employers, which may be secured from the state board and local workforce development boards, industry or sector partnerships, sponsors of Registered Apprenticeship

programs, joint labor-management partnerships, or through other methodologies established by the State.

The process would be required to include a written policy for determining if a credential is stackable and portable. The process must also document connections to additional credentials, consider, if available, real-time labor market information and other data showing whether students have obtained additional credentials through career pathways, and include a process for employer validation.

The proposed process must include a written policy for institutions to establish that an eligible workforce program will ensure the award of academic credit toward a certificate or degree program upon a student's successful completion of the eligible workforce program and enrollment in such certificate or degree program. Furthermore, it requires that such credit will be accepted at one or more eligible institutions through written agreements, including established articulation agreements, transfer-of-credit agreements, consortium or partnership agreements, or similar arrangements.

The process must include the information an institution must submit to the Governor to assess an eligible workforce program on the criteria established, including the job placement standards under 36 CFR 690.94(a)(2)(ii), and, if applicable, alternative

completion and placement standards under 34 CFR 690.94(a)(2)(i). Those standards shall include the information necessary for the Governor to make the appropriate job placement calculations using administrative data, such as wage records.

The proposed regulations require that the Governor's process includes the timeline for the Governor's consultation with the state board and a determination that a program meets the requirements. There also must be a process for an institution to appeal that determination, and such process must include clear, transparent and timely procedures that are applied consistently and equitably at all eligible institutions. Finally, the process would need to include an attestation affirming that a State board consultation occurred.

Reasons: The Department believes it is important for Governors to have written policies on how programs would be approved and transparency when policies change. Written policies establish a framework for consistent and standardized program approval. Written policies would also make the approval process clear and transparent for eligible institutions by outlining what information is necessary for said institutions to submit its program to the Governor for approval.

We note that these proposed requirements for written policies are all based on the statutory requirements

contained in the regulations under §690.93(a) and are cross-referenced to the written policies below with the requirements under §690.93(a). We encourage Governors to post all written policies prominently to appropriate websites and to use plain language.

Included in the first component of the proposed process is the State's methodology for determining and periodically reviewing high-skill, high-wage, or in-demand sectors or occupations as required by §690.93(a)(1). During negotiated rulemaking, the Department accepted a recommendation from several negotiators to align the periodic review process with development and modification of the WIOA State Plans. WIOA State Plan development or modifications include reviews of occupations and sectors that occur every two years, which would eliminate overlap or redundancy between WIOA and title IV regulations. The list of occupations must be posted publicly, and as noted above, the Department encourages the list to be posted prominently and in plain language.

The second component that would require a written policy for how the Governor will determine whether the program meets the hiring requirements of employers is tied to the requirements proposed under §690.93(a)(2). We propose for a State's policy to incorporate consideration of the alignment between the expected competencies for which the recognized postsecondary credential intends and

the competencies needed in the relevant sectors and occupations to ensure students are equipped with the skills needed to obtain employment. Additionally, the proposed regulations require direct input from employers because employers can speak directly to their own hiring needs. We note that this information could be obtained through many methodologies as determined by the Governor, including from the State board. Governors are already required by statute to consult with the State board; therefore, we believe this would not be an overly burdensome policy to establish. The proposed regulation provides Governors with broad latitude to determine how these requirements should be incorporated in their written policy.

The third component, requiring a written policy for how the Governor will determine if a credential obtained upon completion of the program is stackable and portable, is tied to requirements proposed under §690.93(a)(3). The written policy must include a means to establish if the credential has documented connections to additional credentials. The policy must also consider, if available, data showing whether students have obtained additional credentials through career pathways and real-time labor market information, where available, and include a process for employer validation. Further, as many states have established strategies to assess credentials and identify "credentials of value", these components are commonly used

evidence for establishing stackability and portability.[5] We received several proposals from negotiators during negotiated rulemaking to define "stackable" and "portable." As noted throughout this preamble, we attempted to align as much of the proposed regulations as possible with WIOA. WIOA does not define stackable or portable. The Employment and Training Administration at the Department of Labor released guidance in its publication entitled: Understanding Postsecondary Credentials in the Public Workforce System,[6] that provides a sub-regulatory definition of stackable and portable credentials that may be useful for States as they develop their written policies.

The fourth component that would require a written policy to ensure that academic credit will be awarded to students, and that credit will be accepted at one or more eligible institutions and is tied to requirements under proposed §690.93(a)(4). We accepted a suggestion from multiple negotiators that the arrangements should be written and ratified through a formal arrangement between eligible institutions. A formalized arrangement is important for consistency, clarity, and transparency for students. Note that under HEA Sec. 481(b)(3)(A)(iii)(IV)

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[5] Advance CTE, The State of Career Technical Education, (2025), available at, https://careertech.org/wp-content/uploads/2025/09/StateofCTE_Credentials_2025_FullReport.pdf

[6] Understanding Postsecondary Credentials in the Public Workforce System - https://www.dol.gov/sites/dolgov/files/ETA/advisories/TEN/2020/TEN_25-19.pdf.

the written policy can be within the same eligible institution offering the eligible workforce program.

The fifth component would require Governors to have a process to inform eligible institutions what to submit to the Governor in order for the Governor to calculate placement and completion calculations. This is tied to requirements under §690.94(a)(2) and (b)(1). These provisions require specific annual placement and completion rates for eligible workforce programs. The Department believes that it is important for Governors to clearly publish what information is necessary for them to calculate the completion and placement rates because it would standardize the process and make the data expectations clear for the stakeholders.

The sixth component, which is explained within the regulatory text itself, requires Governors to provide a process and timeline for consultation with the State board and a process for an appeal of a program's denial. This policy would provide clear, transparent, and timely procedures for eligible institutions which can be applied consistently and equitably across all eligible institutions.

Finally, the Governor would be required to include in their attestation that the Governor consulted with the State board. This requirement is intended to provide a written record of the consultation with the State board.

Components determined by Governors (§ 690.93(c))

Statute: Section 481(b)(3)(A)(iii) of the HEA, added by Section 83002(b) of the OBBB, states that after consultation with the appropriate State board, the Governor must determine whether to approve the program.

Current Regulations: None.

Proposed Regulations: The proposed regulations require that the Governor shall not approve a program until it meets all the requirements of paragraph (a) and paragraph (b) of §690.93.

Reasons: The proposed regulations are designed to ensure that a Governor has established written and published policies for eligible institutions to follow prior to reviewing a program and has reviewed each program based on those policies prior to approval.

Components determined by Governors (§ 690.93(d))

Statute: Section 481(b)(3)(A)(iii) of the HEA, added by Section 83002(b) of the OBBB, states that after consultation with the appropriate State board, the Governor must determine whether to approve the program.

Current Regulations: None.

Proposed Regulations: The proposed regulation requires that the Secretary documents the Governor's approval and determination that a program meets all applicable requirements by accepting a certification by the Governor that includes the following—

(1) The name of the program;

(2) The 6-digit Classification of Instructional Programs (CIP) Code of the program;

(3) The Standard Occupational Classification (SOC) codes(s) for the occupation(s) for which the program prepares individuals for employment;

(4) A signed statement that the program was approved by the Governor and that the program currently meets, and has met for the 12 months immediately preceding the certification, the requirements described in §690.93(a);

(5) The date the eligible workforce program was approved;

(6) If applicable, a certification that the State determined that the program meets the alternative completion and placement standards under 34 CFR 690.94(a)(3)(i);

(7) An agreement that, upon request of the Secretary of Education or Secretary of Labor, the Governor will make available to the Secretary of Education and Secretary of Labor documentation of its process for making the determination in paragraph (a) of §690.93;

(8) An agreement that the Governor will inform the Department of Education and Department of Labor and the eligible institution within 15 calendar days of its final decision to withdraw approval of the eligible workforce program;

(9) A certification that the Governor takes into consideration the cost of the program and the anticipated wages of the industry or occupation prior to the initial determination of the program's value-adding earnings is made under §690.95; and

(10) Such other information as the Secretary of Education or Secretary of Labor may require.

Reasons: The Secretary must know the name of the program in order to fulfill the statutory and regulatory requirements, including but not limited to being able to approve the correct program once an eligible institution's application is received for review by the Secretary of Education under §690.94. We must obtain the CIP code and the 6-digit SOC code to fulfill the statutory and regulatory requirements, including but not limited to, enforcing the two-year prohibition on a program regaining eligibility due to loss of eligibility due to a program's failure to meet the placement and completion rates under §690.97(a). Additionally, such data elements facilitate important information sharing about how to find training programs that prepare individuals for in-demand occupations.

The Department proposes to collect a signed statement that the program meets, and has met for the 12 months immediately preceding the certification, all of the requirements under §690.93(a) and we propose to collect the date the eligible workforce program was approved. This

requirement is necessary because Section 481(b)(3)(A)(iv)(I) of the HEA requires that the program be offered by the eligible institution "for not less than 1 year prior to the date on which the Secretary makes a decision...". Note that this proposed regulation would not require the Governor's process to have been in place to assess the requirements under 690.93(a) for one full year, but merely requires the Governor to validate that, at the time of the determination, the program had met those criteria for at least the 12 months prior.

The Department also proposes that an eligible workforce program must submit placement and completion rates to have the program approved by the Secretary. Under proposed §690.94(a)(2)(i), for the 2026-27, 2027-28, and 2028-29 award years only, as determined through a certification from the Governor, based on the Governor's analysis using administrative data, including wage records, a program use alternative data to assess completion and placement rates. After the 2028-29 award year, the placement and completion rate calculations would be different. The alternative data are intended to provide an "on ramp" to States and institutions that do not yet have the administrative data to conduct the full placement and completion rate calculations. We also discuss the rates in further detail in the §690.94(a) section of this preamble.

The Department of Education and the Department of Labor will work in close partnership to implement the eligible workforce program process. Neither Department intends to dictate a state's written policies or approval process of an eligible workforce program. However, to ensure program integrity, both Departments must reserve the right to request additional documentation from the Governors, if necessary, regarding the policies and program approval. In addition, both Departments need to know within 15 calendar days of a Governor's final decision to withdraw approval of an eligible workforce program. We note that the Department of Education would not need to be informed of an ongoing investigation; we only need to be informed of the Governor's final decision to withdraw approval of the program.

As noted in the definition of *cohort period* under §690.91, the first time the Department would calculate the value-added earnings under §690.95 is during the 2030-31 award year. During negotiated rulemaking, a negotiator requested that the Department develop an alternative method to calculate the value-added earnings prior to 2030-31. The statute says that the value-added earnings is calculated based on the earnings of individuals that completed the program three years prior to the current year, therefore, the Department does not have the authority to require

institutions to implement the value-added earnings prior to 2030-31.

During negotiated rulemaking, the Department accepted a proposal from one of the negotiators to add a requirement for the Governor to certify that he or she has taken into consideration the cost of the program as it compares to the anticipated wages of the industry or occupation prior to the Department's determination of the program's value-adding earnings. The negotiator argued that such an evaluation was necessary given the time between the establishment of a program and the first time that the value-added earnings for the program would be calculated, during which there would be no required evaluation of the economic value of the program to students. The Department believes that such an evaluation is likely to occur even without this requirement and that it is reasonable to expect a Governor to consider whether the program provides adequate economic value to program completers while also considering the overall economic impact of additional entrants to high-skill, high-wage, or in-demand industry sectors or occupations. The Department also clarified during negotiated rulemaking that it would not expect a State to conduct additional comparisons of the program's cost versus anticipated wages in the field after the initial evaluation described in the regulation; such

additional evaluations would be duplicative of the value-added earnings calculation performed by the Department.

Finally, because these are Federal funds, the Department may request other information to ensure program efficacy and integrity. This is a provision we have incorporated into many of our regulations. For example, in the application process for prison education programs under §668.239(b)(9) we state that the Secretary can request "[s]uch other information as the Secretary deems necessary."

Components determined by Governors (§ 690.93(e) and (f))

Statute: Section 481(b)(3)(A)(iii) of the HEA, added by Section 83002(b) of the OBBB, states that after consultation with the appropriate State board, the Governor must determine whether to approve the program.

Current Regulations: None.

Proposed Regulations: The proposed regulations require that the Governor's approval, under paragraph (a) of this section, ends at the expiration of the eligible institution's PPA. We also propose that prior to the expiration of an eligible institution's PPA, the Governor must provide, through a process determined by the Secretary, a certification of continued approval of each eligible workforce program offered by the eligible institution.

Reasons: The Department seeks to ensure that the Governor remains active in the oversight and accountability of an eligible workforce program. After the Governor approves the program, the eligible institution would apply to the Secretary for approval. After the Secretary approves the program, it would become an eligible workforce program. The Department does not believe that approval of the eligible workforce program should last in perpetuity without any further evaluations by the Governor of the eligible workforce program's regulatory compliance with the criteria required to be an eligible workforce program. An eligible institution's PPA can be in effect from one to six years, ensuring some level of periodic review of programs.

Components determined by Governors (§ 690.93(g))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b) of the OBBB, establishes the requirements for Governors to approve eligible workforce programs.

Current Regulations: None.

Proposed Regulations: We propose that a program which serves as a related technical instruction component of a Registered Apprenticeship Program meets the requirements of paragraph (a)(1) and (a)(2) of § 690.93.

Reasons: The related technical instruction component of a Registered Apprenticeship Program provides apprentices with the knowledge of subjects related to the occupation and is the component of the Registered Apprenticeship program that

would commonly seek to become Pell Grant eligible after approval by the Secretary. Registered Apprenticeship Programs go through a rigorous registration process administered by the Department of Labor under 29 CFR Part 29. Since Registered Apprenticeships are paid jobs with an employer that operate under approved program standards structured to prepare apprentices with the qualifications for a specific occupation, all programs that serve as a related technical instruction component of a Registered Apprenticeship program meet the requirement of paragraph (a)(2) of §690.93. Further, as Registered Apprenticeships are linked to demonstrated hiring needs, the Department of Labor has consistently asserted that Registered Apprenticeship programs qualify as occupations in-demand in the local labor market under WIOA and Registered Apprenticeships are automatically eligible for inclusion on state eligible training provider lists under WIOA section 122.[7] Accordingly, a Governor must consider a program that serves as a related technical instruction component of a Registered Apprenticeship program to provide education that aligns with the requirements high-skill, high-wage, or in-demand industry sectors or occupations and that the program meets the hiring requirements of potential employers. While the proposed regulation does not extend such treatment to

[7] Dep't of Labor, Training and Employment Guidance Letter No. 08, (May 17, 2021), available at https://www.dol.gov/sites/dolgov/files/ETA/advisories/TEGL/2021/TEGL_8-19_Change-1.pdf

the requirement at paragraph (a)(3) of § 690.93, the Department notes that a program that serves as a related technical instruction component of a Registered Apprenticeship program does in all cases lead to a Registered Apprenticeship Certificate of Completion, as defined in 29 CFR § 29.2 Definitions, including interim credentials, which are considered to be a recognized postsecondary credential that is nationally portable. Further, there are many ways a Registered Apprenticeship Certificate of Completion may be determined to meet the state's criteria for being a recognized postsecondary credential that is stackable, including those described in guidance from the Department of Labor.[8]

Components determined by Governors (§ 690.93(h))

Current Regulations: None.

Proposed Regulations: The Department proposes that the Governors of two States may enter into a bilateral agreement, that is published publicly, regarding the enrollment of students located in one of those States into some or all of the programs located in the other State, under certain conditions.

First, the Governor in the State in which the student is located, in consultation with the State board, would need to include the occupation(s) or sector(s) on the list

[8] Dep't of Labor, Training and Employment Notice No. 25-19, (June 8, 2020), available at https://www.dol.gov/sites/dolgov/files/ETA/advisories/TEN/2020/TEN_25-19.pdf

developed under the process set forth in 34 CFR 690.93(b)(1)(i). Second, the Governor of the State in which the eligible institution(s) offering such program(s) is located would be required to determine, in consultation with the State board, that the program meets the conditions under 34 CFR 690.93(a). Finally, the bilateral agreement would be required to include provisions for data-sharing among the States for purposes of completion and placement rate calculations.

Reasons: The Department recognizes that there may be instances where students who live in one State may wish to use Pell Grants to pay for eligible workforce programs offered by an institution that is located in another State (where the program is approved by the other State). Further, during rulemaking, several negotiators asked if an eligible workforce program could be offered through distance education (defined under 34 CFR § 600.2) to students located in a different State than where the eligible institution is located. The Department has two significant concerns about allowing nationwide reciprocity for eligible workforce programs offered via distance education.

First, such reciprocity is more likely to lead to rapid proliferation of certain types of eligible workforce programs offered through distance education that are not aligned to local workforce needs, and because the oversight

framework for these programs is only now being developed, there is significant risk associated with allowing rapid widespread adoption of programs. Rapid expansion of eligible workforce programs could reduce the Department's ability to provide oversight of institutions, and has the potential to incentivize educational offerings at scale rather than to smaller groups of students. Both of those risks were realized during the rapid expansion of distance education during the 2000s.

Second, the Department is concerned that nationwide reciprocity, without constraints, would circumvent statutory intent that eligible workforce programs fulfill specific local, regional, and State workforce needs. Many components of an eligible workforce program center on high-wage, high-skill, or in-demand occupations and sectors and employability in the State where the eligible workforce program is approved. For example, if a Governor of a State on the east coast of the United States approves an eligible workforce program based on the factors in his or her State, those same factors may not apply to students seeking to enroll in the same eligible workforce program on the west coast of the United States.

At the same time, the Department does not seek to discourage high-quality eligible workforce programs offered through distance education. We propose to permit bilateral agreements between two Governors, as opposed to

multilateral agreements that allow multiple Governors to offer eligible workforce programs to students through distance education. The bilateral agreements would ensure that Governors are more intentional about program offerings and students' Pell Grant eligibility is not used for enrollment in eligible workforce programs that will not lead to job opportunities and will have insufficient return on investment where the student lives. The Governor of the State where the student is located would be required to ensure that the list developed under 690.93(b)(1)(i) includes the occupation(s) or sector(s) that are relevant in the State where the student program is located because students should only enroll in eligible workforce programs that will prepare them to enter the workforce upon completion.

The bilateral framework encourages two Governors to speak directly to one another about each other's specific State standards. This is in contrast to a multilateral agreement that may have an independent reciprocity or membership organization that has national standards that may not actually meet the needs of the student where the student is located.

Finally, there are annual completion and placement metrics that must be met each year for the eligible workforce program to maintain eligibility. The bilateral agreement includes provisions for data-sharing among the

States for purposes of completion and placement rate calculations so that the Governor where the eligible institution is located can properly evaluate and certify that the eligible workforce program meets all appropriate outcome metrics.

There are also operational aspects that support the efficacy of bilateral agreements. As noted in the previous paragraph, Governors would still need to comply with the completion and job placement metrics discussed under §690.94(a). Eligible institutions and Governors would need to obtain, analyze, and share information with the Department about students in different states than where the eligible institution is located. This would require complex and thoughtful agreements better suited to bilateral than multilateral agreements. These regulations also would not prevent a State from entering into more than one bilateral agreement with other States. Additionally, the Department's proposal does not prevent an institution from seeking approval in multiple states pursuant to the written policies and processes of each state.

After a written bilateral agreement is ratified, the eligible institutions offering eligible workforce programs in both States would be able to disburse Pell Grants to eligible students not located in the State where the eligible institution is located.

We note that this provision would not apply to an individual who is attending an eligible workforce program in person and resides in a different State than where the eligible workforce program is offered.

The Department has made a technical update to the consensus language under § 690.93(h)(1) and (2). We changed "State Board" with an upper case "B" to "State board" with a lower case "b".

Components determined by the Secretary (§ 690.94(a))

Statute: Section 481(b)(3)(A)(iv) of the HEA, as added by Section 83002(b) of the OBBB, requires that "...after the Governor of such State makes the determination that the program meets the requirements..." under § 690.93 "...the Secretary determines that..." the program meets additional requirements prior to approving the program. The requirements as outlined in statute are (1) the program must have been offered by the eligible institution for not less than 1 year, (2) the program must meet completion and job placement rates and (3) the program's tuition and fees cannot exceed value-added earnings.

Current Regulations: None.

Proposed Regulations: The proposed regulation states that after the Governor determines that the program meets the requirements under 34 CFR § 690.93, the Secretary will use documentation from the eligible institution to determine

that the program has met the conditions under 34 CFR 690.92(a) and (b) for the 12 months preceding the date on which the eligible institution applied for eligibility for the program.

The proposed regulation also requires the program to meet specific placement and completion rate requirements for the 2026-27 through 2028-29 award years, as determined through a certification from the Governor and based on the Governor's analysis using administrative data, including wage records. The program would need to have a completion rate of at least 70 percent, within 150 percent of the normal time to completion, and a job placement rate of at least 70 percent, calculated as the percentage of students that are employed during the second quarter after exiting the program.

The Department's proposal states that for each award year after the 2028-29 award year, the program would be required to have a completion rate of at least 70 percent, within 150 percent of the normal time of completion. Specifically, the job placement rate of at least 70 percent is calculated as the percentage of students who are employed in the occupation(s) for which the program prepares students (as established under 34 CFR 690.93 (b)) or in a comparable high-skill, high-wage, or in-demand occupation during the second quarter after successfully completing the program. This is determined through a

certification from the Governor and based on the Governor's analysis using available administrative data, including wage records.

Reasons: Under 34 CFR 600.10, we propose to require Department approval of each eligible workforce program, and under this section we describe this approval, which eligible institutions initiate by submitting satisfactory documentation to the Secretary through a process that would be outlined in sub-regulatory guidance.

While Governors would play an initial role by evaluating the elements of workforce program under their purview, the Secretary's determination provides a final layer of oversight to maintain consistency and integrity across States and eligible institutions. These requirements provide a uniform framework for evaluating eligible workforce programs across States and eligible institutions, limiting disparities that could undermine program integrity. By setting minimum standards such as instructional duration, alignment with workforce needs, and performance benchmarks, the Department improves the likelihood that Pell Grant funds are directed to eligible workforce programs that deliver meaningful educational and economic outcomes. This approach reinforces accountability and fulfills the Department's responsibility to protect both students and taxpayer resources.

Under the proposed regulations, the Secretary would determine that the program comprises 8-14 weeks of instruction, 150-599 clock hours, 4-15 semester hours, or 6-23 quarter hours, and that the program had met these conditions for the 12 months preceding the date on which the eligible institution applied for eligibility of the program. As discussed under §690.92(a) and (b), the limits on hours and calendar duration of the program are statutory. The OBBB also requires that "the program has been offered by the eligible institution for not less than 1 year prior to the date on which the Secretary makes a determination...". We note that our proposal under §690.93(d)(4) also requires that the Governor determine that the program has met all the requirements for the Governor's approval for at least 12 months preceding the Governor's certification.

The OBBB states that "for each award year, the program has a verified completion rate of at least 70 percent..." and "...the program has a verified job placement rate of at least 70 percent...", therefore, in regulation we propose that the program would need to meet completion and placement outcomes to establish and maintain Pell Grant eligibility. The rates would be submitted to the Department each year through a process determined by the Secretary.

The Department seeks to provide flexibility for the upcoming award years regarding the completion rate. We

understand that many Governors and eligible institutions may not collect standardized data, and we propose an alternative to the strict standards in the initial years following the implementation of eligible workforce programs. For the 2026-27, 2027-28, and 2028-29 award years, the Governor would use the appropriate administrative data source and methodology for their state to certify a 70 percent completion rate within 150 percent of normal time to completion. For example, at least 70 percent of individuals that enroll in an 8-week program must complete the program within 12 weeks. The proposed regulation would also require the Governor to use administrative data to calculate the completion rate during these award years. If the Governor does not collect completion information for programs, then he or she must begin collecting the necessary information to certify the completion rate.

For the 2029-30 award year and beyond, the completion rate would be calculated under §668.8(f), where the eligible institution would calculate the completion rate instead of the Governor. The components of the calculation and the process for performing it are prescribed in that section of the regulations. Similar to the proposal for the completion rates, the Department also proposes to provide an interim approach that aligns with an existing WIOA performance indicator for the calculation of job placement

rates during the initial implementation period for these regulations. For the 2026-27, 2027-28, and 2028-29 award years, the Governor would use administrative data to certify a 70 percent job placement rate, calculated as the percentage of students that are employed during the second quarter after exiting the program. The Department chose this approach because all states currently report on this indicator for their WIOA programs and should be able to use existing administrative data sources, including wage records, and collection methodologies to assess and certify this requirement. The use of administrative data sources data collection burden for the Governor as well as provides a highly credible source for determination of participant employment. WIOA currently requires reporting on all participants who leave a program, not just those who finish it, and the Department proposes to align directly with the WIOA indicator. In order to align with current WIOA reporting requirements, the Department's proposal also does not include parameters for the sector or occupation for which the exiting student must be employed for this reason.

The Department proposes that exiting students must be employed at any point during the second quarter after exiting the program in order to align with requirements under WIOA. This is generally consistent with the 180-day timeframe for capturing placements under the statute and it is also consistent with the Department's intent, described

throughout this preamble, to align our regulations with requirements under WIOA. Section 116 of WIOA requires job placement outcomes for participants in several WIOA-funded programs to be measured during the second quarter after exiting the program. For example, if an individual exits the program in March, he or she would need to be employed between July and September in order to be counted as a placement. Additionally, the Department's proposal measures job placement in the second quarter after exit because quarterly wage records are the primary administrative data set that will be used to verify job placement.

For the 2029-30 award year and beyond, 70 percent of students who complete the program (not just exit), must be employed in the occupation or occupations for which the program prepares the student or in a comparable high-skill, high-wage, or in-demand occupation, as determined by Governors using administrative data. The Department believes it is important that students benefit from the program by obtaining employment in occupations in the workforce program's applicable field and that this proposal is the most appropriate way to measure the job placement rate of a program. Accordingly, the Department believes it would not be adequate to count a program completer who obtains employment or retains his or her current employment in a field that is unrelated to the education provided through the workforce program towards the program's job

placement rate. We have chosen not to define "comparable" occupation. During negotiated rulemaking, a negotiator suggested providing some examples in the preamble of comparable occupations; however since States determine which occupations are high-skill, high-wage, or in-demand, we believe the Governor should have considerable autonomy to determine how to assess if an occupation is comparable to the training received. The Department intends to work with the Department of Labor to develop sub-regulatory guidance for Governors to support State implementation of this requirement. We propose to only measure completers in job placement for the 2029-30 award year and beyond to provide States time to develop the appropriate reporting mechanisms and administrative data sources, such as enhancing wage records to include occupational information. Note that during negotiated rulemaking the proposal was to measure completers in job placement for the 2028-29 award year, however, a negotiator requested an additional year to provide States additional time and the Department agreed.

During negotiated rulemaking, a negotiator requested that the Department publicly publish the completion and job placement rates for transparency purposes. While the Department does not commit in regulation or in this preamble to publicly publish the completion or placement rates for each eligible workforce program, we will explore the benefits and practicability of publishing rates in the

future. We seek comments on the benefit of publishing these rates and how best to do this.

Components determined by the Secretary (§ 690.94(b))

Statute: Section 481(b)(3)(A)(iv)(II), (III), and (IV) of the HEA, as added by Section 83002(b) of the OBBB, provides that as a condition of eligibility for an eligible workforce program, such program must have completion and placement rates of at least 70 percent. That section also provides that an eligible workforce program's published tuition and fees may not "exceed the value-added earnings of students who received Federal financial aid under this title and who completed the program 3 years prior to the award year...".

Current Regulations: None.

Proposed Regulations: The proposed regulations require that for each award year after the date that the eligible workforce program is approved, the eligible institution must submit to the Governor a list of students who completed the program during the award year and the information necessary for the Governor to verify the job placement rate for that year. We also propose that the eligible institution report the published tuition and fees for the workforce program to the Secretary.

Reasons: For 2029-30 and each year thereafter, the Governor must determine the job placement rate based on program completers; therefore, an institution offering an eligible

workforce program must submit a list of all students that completed the eligible workforce program each award year. Also, under paragraph (d) of this section, the Secretary would confirm that the eligible workforce program's published tuition and fees do not exceed the value-added earnings, and an institution's submission of tuition and fees for eligible workforce programs is the intended mechanism for the Secretary to make that confirmation.

Components determined by the Secretary (§ 690.94(c))

Statute: Sections 481(b)(3)(A)(iv)(II) and (III) of the HEA, as added by Section 83002(b) of the OBBB, state that "...for each award year, the program has a verified completion rate of at least 70 percent, within 150 percent of the normal time to completion" and "...for each award year, the program has a verified job completion rate of at least 70 percent, measured 180 days after completion".

Current Regulations: None.

Proposed Regulations: The proposed regulation states that the Secretary may waive some or all of the requirements related to submission of completion rates and the Governor's certification of job placement rates if the Secretary determines that completion or placement rates will be calculated under a separate process established by the Secretary. Or, alternatively, in the case of the job placement rate certification described in 34 CFR 690.94(a)(2)(ii)(B), the Secretary determines that the

Governor is making progress towards that certification but needs an additional award year using the certification described in 34 CFR 690.94(a)(2)(i)(B).

Reasons: Regarding the completion rates, the Department continually updates and modernizes its systems. In the future, we may be able to calculate completion rates for eligible workforce programs internally, reducing burden and costs to eligible institutions. If the Department or its vendors are eventually able to calculate completion rates, these proposed regulations establish clear authority for the Department to waive the completion rate calculations in favor of a more efficient and streamlined process.

Regarding the job placement rate, the Department understands that establishing new data systems is a major undertaking. For that reason, we have proposed flexibility in these regulations for three full award years. However, we also acknowledge that some States may need additional time to fully establish sufficient systems. Governors may contact the Secretary, through a process determined by the Secretary, to request an additional year of flexibility in calculating job placement rates under the approach described in 34 CFR 690.94(a)(2)(i)(B) after the 2028-29 award year. This is a similar one-year extension that the Department provides to certain States under the ability-to-benefit state process in §668.156(g).

Components determined by the Secretary (§ 690.94(d))

Statute: Section 481(b)(3)(A)(iv)(IV) of the HEA, added by Section 83002(b) of the OBBB, states that "...for each award year, the total amount of the published tuition and fees of the program for such year is an amount that does not exceed the value-added earnings of students who received Federal financial aid under this title and who completed the program 3 years prior to the award year."

Current Regulations: None.

Proposed Regulations: The Department proposes that for each award year, the Secretary will confirm that the published tuition and fees of the eligible workforce program do not exceed its value-added earnings, consistent with 34 CFR 690.95.

Reasons: The proposed regulation was suggested by a negotiator during negotiated rulemaking in order to ensure that the Department will monitor and evaluate institutional compliance with the value-added earnings requirements using data provided by institutions. The Department agreed to the proposal and plans to use the information provided by institutions regarding published tuition and fees to perform an administrative check for compliance.

Components determined by the Secretary (§ 690.94(e))

Statute: Sections 481(b)(3)(A)(iv)(II) and (III) of the HEA, as added by Section 83002(b) of the OBBB, state that "...for each award year, the program has a verified completion rate of at least 70 percent, within 150 percent

of the normal time to completion" and "...for each award year, the program has a verified job placement rate of at least 70 percent, measured 180 days after completion".

Current Regulations: None.

Proposed Regulations: The proposed regulation states that a student is not included in the numerator or denominator of the completion or placement rates if the student dies; experiences the onset of a medical condition that prevents employment; is ordered to the uniformed services, including service performed under Title 10 or Title 32 of the United States Code, for a period of more than 30 days; or becomes incarcerated.

Reasons: During negotiated rulemaking, several negotiators raised concerns that the completion rate could be negatively impacted by factors outside of the control of either the eligible institution or the student which could cause an eligible workforce program to lose eligibility. The Department agreed that it was reasonable to exclude students from consideration in completion or placement rates in such circumstances, and in collaboration with negotiators the Department developed this list of exclusions. This list of exclusions from the completion rate can also be applied to the calculation when it is performed under the requirements established in §668.8(f).

Several negotiators suggested the Department to add "continuing education" as a category for exclusion in the

numerator and denominator of the completion rate. The negotiators believed that because recognized postsecondary credentials from workforce programs are stackable, students are encouraged to continue their education by enrolling in a sequence of educational programs. The Department clarified that the primary intent of a workforce program is to obtain a job upon completion. While institutions must ensure the stackability of the recognized postsecondary credential a program leads to when developing or enhancing programs, in the Department's view, the primary focus should be for graduates to obtain a job in the occupation(s) the program prepares students for after program completion. The importance of the job placement rate metric in the statute supports the idea that the intended goal for students is to become employed not long after completing the workforce program in a job related to the eligible workforce program. Additionally, the value-added earnings metric in the statute is designed to ensure that graduates are earning enough to justify the program's cost. The Department also pointed out that for students who want to enroll in further education than what workforce programs typically provide, students have access to all other, longer title IV eligible programs. The Department believes that the primary focus of obtaining employment is not inconsistent with the requirements for an eligible program to lead to a recognized postsecondary credential

that is stackable and prepare students to pursue one or more certificate or degree programs. Instead, the overall objective is for students to gain the specific skills needed to enter high-skill, high-wage, or in-demand occupations or industries while also ensuring that when a student continues their education to upskill throughout the course of their career, they can easily build upon the education received through the eligible workforce program.

We also made technical edits to the consensus language by (1) changing the romanettes to Arabic numerals and (2) moving the "or" from (e)(2) to (e)(3).

Value-added earnings (§ 690.95(a))

Statute: Section 481(b)(3) of the HEA, added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that for each award year the total amount of the published tuition and fees of an eligible workforce program cannot exceed the value-added earnings of students who received Federal financial aid and who completed the program three years prior to the award year.

Current Regulations: None.

Proposed Regulations: The Department proposes that, for each award year, an eligible workforce program's total published tuition and fees may not exceed the value-added earnings of students who are working, received a Pell Grant for enrollment in the program, and completed the program during the cohort period.

Reasons: The proposed regulation aligns an eligible institution's eligible workforce program tuition and fee requirements with the requirements of the statute.

The Department proposes to include in the value-added earnings students who were "working" in part to more accurately determine the true earning potential of program completers and avoid any unintentional distorting of the median earnings. In addition, we chose the term "working" to align with current data retrieval procedures within the College Scorecard process that captures non-zero income for individuals without specific employment history.

Similarly, the Department submits a directed question as to whether it should include or exclude in the value-added earnings students who are enrolled at an institution of higher education at the point when earnings are measured after completing the eligible workforce program. The consensus language does not include an exception for these students, but the Department is particularly interested in hearing from the public regarding this provision. Interested commenters should review the Supplementary Information section III ("**Directed Questions**"), found earlier in this document, for a complete description of the information sought by the Department regarding the changes outlined in § 690.95(a).

Because the statute indicates that the value-added earnings are only to be computed for students who receive

Federal financial aid, we further clarified that these earnings only apply to students who receive a Pell Grant given that Pell Grants are the only type of title IV aid students enrolled in eligible workforce programs can receive. Moreover, the value-added earnings requirement is an outcome-based approach to determine the efficacy of providing Pell Grants to students enrolled in workforce programs.

Finally, to implement the statutory requirement of evaluating students who completed the program three years prior to the award year, we developed a formal cohort period and grouped completers accordingly. We define the cohort period as the award year that ends three full award years prior to the beginning of the award year for which value-added earnings are determined.

Value-added earnings (§ 690.95(b))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that a value-added earnings measurement will be computed for workforce programs by calculating the difference between the median earnings of applicable students as adjusted by the State and metropolitan area regional price parities based on the location of the program and 150 percent of the poverty line associated with a single individual.

Current Regulations: None.

Proposed Regulations: The Department's proposed regulatory language indicates that the Department of Education will determine an eligible workforce program's value-added earnings by calculating the difference between the median earnings of applicable students during the earnings measurement period as adjusted by the State and metropolitan area regional price parities based on the location of the program and 150 percent of the poverty line associated with a single individual for the appropriate tax year.

Reasons: The Department's regulatory language closely mirrors the statutory text with a few clarifying statements. To obtain a better picture of earning potential for all applicable students over a consistent period and to provide parity among students from different award years as appropriate, the Department developed an earnings measurement period definition within the value-added earnings calculation. The earnings measurement period is the first full tax year following the award year in which the student completed the eligible workforce program. For example, the earnings measurement period for a student that completes a workforce program in the 2026-27 award year is the 2028 tax year. Many negotiators supported this approach to ensure that students completing workforce programs were given an opportunity to demonstrate their earning potential over a full tax year, avoiding the possibility of

calculating median earnings based on partial income from only a portion of a tax year.

In addition, to be consistent with the earnings measurement period, the Department specified that the 150 percent poverty line figure would be computed from the same tax year associated with the earnings measurement period associated with the cohort period. For background information on the Federal poverty guidelines, we guide readers to review the most recent Federal Register Notice published by the Department of Health and Human Services.[9] The notice states - "The poverty guidelines are not defined for Puerto Rico or other outlying jurisdictions. In cases in which a Federal program using the poverty guidelines serves any of those jurisdictions, the Federal office that administers the program is generally responsible for deciding whether to use the contiguous-states-and-DC guidelines for those jurisdictions or to follow some other procedure." The Department will use the poverty guidelines for the 48 Contiguous States and the District of Columbia in order to calculate the value-added earnings for US territories and the Republic of Palau.

Value-added earnings (§ 690.95(c))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that for each

[9] Dep't of HHS, Annual Update of the HHS Poverty Guidelines, 91 FR 1797 (Jan. 15, 2026), available at https://www.federalregister.gov/documents/2026/01/15/2026-00755/annual-update-of-the-hhs-poverty-guidelines.

award year, the total amount of the published tuition and fees of a workforce program cannot exceed the value-added earnings.

Current Regulations: None.

Proposed Regulations: The Department proposes to publish value-added earnings for any eligible workforce programs no later than three months prior to the beginning of the upcoming award year.

Reasons: Since the value-added earnings may cause an eligible institution to have to reduce tuition and fees for an eligible workforce program, the Department is committed to providing value-added earnings as early as possible. Setting a firm timeframe impels the Department to meet specific commitments while giving eligible institutions a set deadline as to the latest the eligible institution can expect to receive the value-added earnings. Negotiators expressed concerns that the three-month timeframe may prove difficult since many schools will likely have already published their tuition rates for the upcoming award year. Though the Department understands the negotiators' concerns, we are limited when value-added earning calculations can be finalized due to the necessity of obtaining completer lists validated by eligible institutions and ultimately acquiring median earnings for such students from other federal agencies.

The Department commits to providing value-added earnings for eligible workforce programs to affected institutions as soon as possible, which we hope will be earlier than the formal three-month deadline. Because an eligible workforce program's tuition and fees may have to be reduced for the program to remain title IV eligible in the upcoming award year, eligible institutions may want to provide caveats for prospective students when publishing tuition and fee rates for eligible workforce programs. Of course, eligible institutions are under no obligation to reduce tuition and fees associated with eligible workforce programs; however, if tuition and fees are not adjusted as required, the specific workforce program loses title IV eligibility in the upcoming award year.

During negotiated rulemaking, a negotiator requested that in addition to providing the value-added earnings to eligible institutions offering eligible workforce programs, the Department should publicly publish the value-added earnings for transparency and consumer awareness. While the Department will not commit in regulation or in this preamble to publishing value-added earnings publicly for each eligible workforce program, we will explore the practicability and benefits of publishing value-added earnings for the higher education community at large at some point in the future.

Value-added earnings (§ 690.95(d))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that for each award year, the total amount of the published tuition and fees of a workforce program cannot exceed the value-added earnings.

Current Regulations: None.

Proposed Regulations: The Department proposes that eligible workforce programs, whose tuition and fees do not remain at or below the value-added earnings, will lose eligibility for title IV, HEA program funds for all students who first enroll in the workforce program during the award year that begins after the annual release of the program's value-added earnings.

Reasons: Consistent with the statute, the Department proposes to establish in regulation that in order for a workforce program to remain eligible for title IV, HEA program funds, the program's published tuition and fees must be at or below the value-added earnings. As described in § 690.95(c), the Department anticipates that it will provide an institution with the value-added earnings for its programs no later than three months prior to the beginning of the award year to which the value-added earnings will apply. By allowing a timeframe by which tuition and fees must be adjusted, the Department provides an option for eligible institutions who seek to keep their workforce program(s) eligible for title IV, HEA program

funds. In addition, so as not to penalize students currently attending eligible workforce programs or cause disruptions in these students' enrollment, the loss of program eligibility only impacts students who first enroll in the upcoming award year that starts after the release of the value-added earnings. This provision reduces institutional burden by not requiring eligible institutions to adjust tuition and fees during the current award year or mid-program and allows eligible institutions time to notify prospective students starting in the next award year with regard to any changes in eligibility for title IV, HEA program funds.

Value-added earnings (§ 690.95(e))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that for each award year, the total amount of the published tuition and fees of a workforce program cannot exceed the value-added earnings.

Current Regulations: None.

Proposed Regulations: The Department proposes that workforce programs that have calculated value-added earnings of zero or a negative value will lose eligibility for title IV, HEA program funds.

Reasons: Value-added earnings are calculated, in part, to demonstrate the financial strength and earning potential of program graduates. Having a zero or negative value-added

earnings measurement exhibits a lower earning potential, reducing the efficacy of Pell Grants to assist students in gaining high wage, high skill jobs, and ultimately harms taxpayer investments in these particular programs.

In addition, since the statute prohibits workforce programs' tuition and fees from exceeding value-added earnings, it was noted by Department officials and negotiators that workforce programs with zero or negative value-added earnings would not be financially sustainable because eligible institutions would be unable to charge students any tuition and fees. And if they were unable to charge fees and tuition, then there would not be eligible expenses that Pell Grants could be used for.

Value-added earnings (§ 690.95(f))

Statute: Section 481(b)(3) of the HEA, added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that for each award year, the total amount of the published tuition and fees of an eligible workforce program cannot exceed the value-added earnings.

Current Regulations: None.

Proposed Regulations: The Department proposes that, upon request from the Secretary, an eligible institution must provide satisfactory evidence that its published tuition and fees for an eligible workforce program for a given award year do not exceed the value-added earnings.

Reasons: As outlined in the statute, a key principle of the value-added earnings calculation is to require institutions to keep tuition and fees for eligible workforce programs at or below the value-added earnings result. Though eligible institutions would provide data regarding tuition and fees to the Department through the Department's administrative systems, supporting documentation would not necessarily be required alongside initial submissions of data regarding published tuition and fees. Through this additional requirement, the Department improves its ability to enforce these requirements by requiring institutions to provide supporting evidence of the actual tuition and fees charged to students in a particular eligible workforce program.

Value-added earnings (§ 690.95(g))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that for each award year, the total amount of the published tuition and fees of a workforce program cannot exceed the value-added earnings of students who received Federal financial aid and who completed the program three years prior to the award year.

Current Regulations: None.

Proposed Regulations: The Department proposes to use student completion data reported by eligible institutions to compile a list of Pell Grant recipients who completed an eligible workforce program during a specific cohort period

as defined under § 690.91. The Department will then provide the completer list to eligible institutions to review and update as appropriate within a 60-day evaluation period. After the completer list has been updated or the evaluation period has ended, the Department will forward the final list to a Federal agency to obtain the median annual earnings of the students on each completer list and use the earnings data to calculate the value-added earnings distributed to all pertinent eligible institutions.

Reasons: To align with statutory requirements of using earnings data of student completers who received Pell Grants during a specific cohort period, the Department aims to utilize Pell Grant and student enrollment information reported by eligible institutions in the Department's Common Origination and Disbursement system (COD) and the National Student Loan Database system (NSLDS). However, since system errors and data input mistakes can occur, once the Department provides the completer list to an eligible institution, the Department seeks to provide the eligible institution adequate time to review the student data and make any necessary corrections. Accurate student completion data is critical to computing official value-added earnings. The Department believes that a 60-day timeframe, which is similar to other institutional review periods, provides a sufficient amount of time for eligible institutions to examine the student completion data while

giving the Department adequate time to provide the data to the Federal agency collecting a program's median annual earnings. This process is also aligned with the current process for Financial Value Transparency / Gainful Employment that institutions are accustomed to, and for which the Department has already established an infrastructure and process.

Value-added earnings (§ 690.95(h))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that for each award year, the total amount of the published tuition and fees of a workforce program cannot exceed the value-added earnings of students who received Federal financial aid and who completed the program three years prior to the award year.

Current Regulations: None.

Proposed Regulations: The Department proposes to require a minimum number of students (50) to have completed an eligible workforce program in the cohort period (as explained in §690.91) in order to send student information to the Federal agency compiling aggregate earnings data. If there are not at least 50 students on the final completer list who received a Pell Grant, the Department will add students who completed the same program during the first award year prior to the cohort period to try and obtain 50 completers. If still under 50 completers, the Department

will add more students from two award years prior to the cohort period. And finally, if still under 50 completers, the Department will add more students from three award years prior to the cohort period. After going back three award years, prior to the cohort period, if the final completer list has at least 30 completers, the Department will forward the student information to the Federal agency to compile aggregate earnings data necessary for the value-added earnings calculation. If after going back three award years prior to the cohort period (for a total of four award years), the Department is still unable to produce a final list with at least 30 completers, the Department will not calculate a value-added earnings measurement for that particular workforce program for that award year.

Reasons: In order to obtain aggregate earnings data from the Federal agency with the most timely and accurate earnings data, a minimum number of individuals on a completer list (at least 16) must exist with usable income records in order to protect individual income privacy when supplying earnings data to the Department. Since the Department would only request earnings data once a year, the Department believes 50 completers should be adequate to ensure a sufficient number of student completers are provided to a Federal agency in order to obtain the requisite aggregated earnings data to compute value-added earnings. Requiring at least 50 completers in the cohort

period and the following two prior award years, if necessary, allows for the removal of students from the earnings data for myriad reasons (e.g., data corruption, missing data, no reported income, etc.) while still meeting the minimum number of individuals with valid income necessary to produce aggregated earnings data. In the third and final award year completer list prior to the cohort period, the Department reduces the final completer list figure to 30 students in order to make every effort to compute value-added earnings for an eligible workforce program. Though less than the initial 50 student completer requirement, 30 completers are still almost double the minimum number of individuals with income needed to generate aggregated earnings data and should be adequate in most instances to assist with the Department's aim in minimizing the number of eligible workforce programs where no value-added earnings can be computed, thus reducing occurrences where no tuition and fee evaluation can occur.

The Department chose these cohort size thresholds (between 30 and 50 completers) because some individuals who attend eligible workforce programs may not be participating in the labor market, elevating the likelihood that the Federal agency with earnings data is unable to match them to income data during the period when earnings are measured. Requiring that all cohorts have at least 30 individuals through this cohort aggregation process

enhances the ability of the Department to calculate the value-added earnings metric for programs to better protect students and taxpayer investment.

In addition, similar to other formulaic computations where minimum student cohort sizes are necessary, such as with cohort default rates or Gainful Employment calculations, the Department believes that the value-added earnings component is such a critical part of validating the efficacy of eligible workforce programs that using aggregate student earnings across multiple periods is preferable to not computing any value-added earnings for a particular workforce program, as the law does not specifically exempt programs with small student populations.

Though the statute does not set a minimum number of completers nor discuss using student data from multiple award years, the Department believes that calculating the value-added earnings for the maximum possible number of eligible workforce programs is consistent with the statutory requirement. Additionally, because the inability to calculate a value-added earnings for a given program would result in no constraints on that program's tuition and fees, maximizing the number of programs for which the Department can calculate value-added earnings is crucial in order to protect students and taxpayers while promoting

viable workforce programs that have a positive impact on local and state workforce needs.

The Department acknowledges that there are numerous ways small programs could be aggregated for the purpose of computing the value-added earnings metric. Therefore, the Department submits a directed question about the process it has proposed, with a focus on the maximum number of prior award years that should be potentially included when aggregating small programs. The proposed rule suggests aggregating a maximum of four cohorts (completers from the current award year and the three prior award years), and the Department is interested in public feedback as to whether more or less years should be considered. Interested commenters should review the Supplementary Information section III ("**Directed Questions**"), found earlier in this document, for a complete description of the information sought by the Department regarding the changes outlined in § 690.95(h).

Value-added earnings (§ 690.95(i))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that a value-added earnings measurement will be computed for workforce programs by calculating the difference between the median earnings of applicable students as adjusted by the State and metropolitan area regional price parities based on the

location of the program and 150 percent of the poverty line associated with a single individual.

Current Regulations: None.

Proposed Regulations: The Department proposes that when receiving median annual earnings from Federal agencies for all applicable students on an eligible workforce program's final completer list, the earnings data will be provided to the Department in aggregate, not individual, form. In addition, the Department will only use the aggregate earnings data to compute value-added earnings when median annual earnings information exists for at least 16 students who completed the program. If the reports from records of earnings contain information from fewer than 16 students who completed the program, the Department will not calculate the value-added earnings for an eligible workforce program for that award year. The Department seeks comment on this approach.

Reasons: The Department consistently prioritizes the protection of privacy. By only requiring the receipt of aggregate earnings, the Department minimizes the risk that any individual student earnings amount can be surmised. In addition, after consultation with Federal agencies, Department economists, and data security specialists, the Department has determined that the standards for the federal agency with the most accurate and up-to-date wage information require at least 16 unique earning sources when

aggregating data to protect individual student income data. Therefore, if the Department cannot obtain the aggregated median earnings data from at least the minimum number of student records (16) necessary to safely and securely protect individual student earnings data, the Department would not use any aggregated earnings data and, as a result, would not calculate the value-added earnings for a particular eligible workforce program. With this approach, the Department seeks to balance Congress' expectation that eligible workforce programs are subject to value-added earnings requirements against the need to safeguard individual student data integrity and privacy.

Value-added earnings (§ 690.95(j))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that for each award year, the total amount of the published tuition and fees of a workforce program cannot exceed the value-added earnings of students who received Federal financial aid and who completed the program three years prior to the award year.

Current Regulations: None.

Proposed Regulations: The Department proposes that when calculating value-added earnings, completers from all eligible workforce programs with the same six-digit CIP code are included.

Reasons: First, the Department seeks to align the process for obtaining earnings for workforce programs with our current Gainful Employment (GE) and eligible non-GE program definitions found in § 668.2(b). Programs are defined as a combination of the eligible institution's six-digit Office of Postsecondary Education ID (OPEID) number, the program's six-digit CIP code as assigned by the eligible institution or determined by the Secretary, and the program's credential level. In addition, the Department is concerned that due to the nature of short-term career focused programs, eligible institutions may attempt to create several programs geared to similar occupations with varying results of student success, which could result in very small cohorts that are not large enough for the Department to calculate the value-added earnings. Therefore, by incorporating completers from all eligible workforce programs within the same six-digit CIP code, the Department seeks to avoid a situation where an eligible institution creates a similar workforce program with the same six-digit CIP code in an effort to avoid value-added earnings' concerns in another workforce program.

Furthermore, combining all completers from like programs with the same six-digit CIP codes may also reduce the need to roll-up completer earnings data from prior award years (§ 690.95(h)), thus potentially allowing for calculation of the value-added earnings using primarily

students in the first available cohort period rather than those from prior years. Using completer earnings from similar programs is also more likely to produce more accurate earning evaluations across comparable careers and occupations.

Finally, we note that although this methodology may result in limitations on tuition and fees for multiple programs with the same six-digit CIP code, eligible institutions would be permitted to charge different amounts of tuition and fees for individual programs so long as the amounts charged per program are at or below the value-added earnings figure.

Value-added earnings (§ 690.95(k))

Statute: Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the OBBB, states that a value-added earnings measurement will be computed for workforce programs by calculating the difference between the median earnings of applicable students as adjusted by the State and metropolitan area regional price parities based on the location of the program and 150 percent of the poverty line associated with a single individual.

Current Regulations: None.

Proposed Regulations: The Department proposes that when calculating value-added earnings, if more than 50 percent of the student completers described in §690.95(a) are not located in the state in which the eligible institution

offering the eligible workforce program is located, the Department will adjust the program's median earnings as defined in §690.95(b) by the national price parity, which is equivalent to multiplying the program's median earnings by a factor of 1.0.

Reasons: Regional price parities for state and metropolitan areas are traditionally used to demonstrate how prices for goods and services vary geographically, allowing for accurate comparisons of buying power and real income across different regions. Regional price parities were introduced into the value-added earnings process to modify the median annual earnings of program completers (either by increasing or decreasing the value) to more fairly account for regional differences with respect to earning potential.

However, since eligible workforce programs can be taught via distance education, the Department sought to account for instances where a majority of students enrolled in a workforce program do not live in the state where the eligible institution is located. In those instances, the Department would use the national price parity when determining the program's median annual earnings and simply utilize the national median earnings. This methodology was adopted, in part, because the Department is unable to obtain individual student earnings data from Federal agencies due to data security and privacy issues. We believe this approach will help minimize incorrect

adjustments (positive or negative) to median earnings where a majority of student completers live outside the state where the eligible institution is located, thus creating the most accurate earnings measurement possible in the value-added earnings calculation based upon the available data.

Since this approach directly impacts the value-added earnings outcomes and may influence whether eligible institutions choose to create distance education workforce programs, the Department indicated during negotiated rulemaking that we would specifically seek feedback from the community to ensure that we consider all possibilities when finalizing this regulation. Therefore, interested commenters should review the Supplementary Information section III ("**Directed Questions**"), found earlier in this document, for a complete description of the information sought by the Department regarding the changes outlined in § 690.95(k).

Loss of eligibility (§ 690.96(a))

Statute: While the HEA does not reference what happens when an eligible workforce program loses eligibility, Section 481(b)(3) of the HEA, added by Section 83002(b) of the OBBB, states that the Governor of a State determines whether a program meets certain requirements to qualify as an eligible workforce program.

Current Regulations: None.

Proposed Regulations: The Department proposes that any eligible workforce program that loses a Governor's approval would lose eligibility for title IV, HEA program funds. The program would become ineligible at the end of the payment period that begins following the date that the Governor acts to withdraw approval or the date the Governor fails to reapprove the program.

Reasons: A Governor's approval serves as a critical safeguard to ensure that workforce programs meet State-established standards and align with local workforce priorities. When a Governor withdraws approval or fails to reapprove a program, it indicates that the program no longer satisfies these requirements. Continuing eligibility under such circumstances would undermine program integrity and expose students and Federal funds to unnecessary risk. Therefore, the Department proposes that any eligible workforce program losing a Governor's approval be deemed ineligible at the end of the payment period following the Governor's action. This approach would reinforce accountability, protect students, and ensure that Federal resources support only programs that maintain State endorsement.

During negotiated rulemaking, one negotiator requested that the Department clarify its position regarding an eligible workforce program's loss of eligibility. The negotiator expressed concern that under § 690.171(d)(10) an

eligible institution may be deemed financially irresponsible if the eligible institution or one or more of its programs loses eligibility to participate in another Federal educational assistance program due to an administrative action against the eligible institution or its programs. The Department clarifies that § 690.171(d)(10) is a discretionary trigger, and it is unlikely that an eligible institution would be considered financially irresponsible solely based on the closure of one eligible workforce program.

Loss of eligibility (§ 690.96(b))

Statute: While the HEA does not reference what happens when an eligible workforce program loses eligibility, Section 481(b)(3) of the HEA, added by Section 83002(b) of the OBBB, states that the Secretary shall determine whether a program meets the conditions to be considered an eligible workforce program.

Current Regulations: None.

Proposed Regulations: The Department proposes that an eligible workforce program will become ineligible at the end of the payment period that begins after the date that the Secretary determines that the eligible institution failed to meet the completion rate or job placement rate requirements. However, the Secretary would not make such a determination while a program's eligibility, approval, or

reported completion rate of job placement is in an appeal status or awaiting the Governor's final certification.

Reasons: The Department's proposed approach reflects the statutory mandate to ensure that Pell Grant funds support programs that deliver meaningful outcomes for students. By tying eligibility to these performance metrics, the Department would reinforce accountability and program integrity while minimizing disruption for students currently enrolled. Additionally, during negotiated rulemaking, one negotiator encouraged the Department to explicitly state that the Secretary would act only after the Governor had made final determinations on pending appeals. The Secretary discourages Governors from allowing institutions to engage in lengthy completion and job placement rate appeal process, which could result in students continuing to enroll in programs that do not meet the legal requirements for an extended period. The Department agreed with the negotiator and proposed that the Secretary would not make such a determination while a program's eligibility, approval, or reported rates are under appeal or awaiting a Governor's final approval. This safeguard would ensure due process for eligible institutions and prevent premature loss of eligibility during ongoing administrative or State reviews, balancing fairness with the need to protect student and taxpayer resources.

Loss of eligibility (§ 690.96(c))

Statute: While the HEA does not reference what happens when an eligible workforce program loses eligibility, Section 481(b)(3) of the HEA, added by Section 83002(b) of the OBBB, states that the Secretary shall determine whether a program meets the conditions to be considered an eligible workforce program.

Section 487 of the HEA grants the Secretary the authority to fine, limit, suspend and terminate an eligible program's or an eligible institution's participation in the title IV, HEA assistance programs. The aforementioned actions can include an imposition of a civil penalty whenever the Secretary has determined, after reasonable notice and opportunity for hearing, that such institution has violated or failed to carry out a provision of the HEA.

Current Regulations: None.

Proposed Regulations: The Department proposes for a program to become ineligible at the beginning of the award year following the release of the value-added earnings if it becomes ineligible because its published tuition and fees exceed its value-added earnings, or because its value-added earnings is equal to or less than zero. We also propose that the Secretary would assess a liability for amounts of Pell Grants disbursed for students enrolled in the eligible workforce program during the award year for which the

value-added earnings were calculated and would collect such liability from the eligible institution.

Reasons: The Department's proposed regulations regarding the timing of an eligible workforce program's loss of eligibility are intended to promote clarity and predictability for institutions while minimizing disruption for students enrolled mid-year in such a program. Value-added earnings serve as a critical measure of whether a program provides sufficient economic benefit relative to its cost, consistent with statutory requirements to safeguard the integrity of Pell Grant funds. During negotiated rulemaking, the Department agreed to one negotiator's request to clarify the regulatory text, stating that if an institution receives Pell Grants in its first award year and fails to meet the value-added earnings requirement, those funds would be treated as a liability against the institution, and the Department would seek to recover them. By linking eligibility to these outcomes, the Department reinforces accountability and ensures that taxpayer resources support programs that deliver meaningful value. Additionally, the proposed regulation would authorize the Secretary to assess and collect liabilities for Pell Grants disbursed during the award year for which the value-added earnings were calculated, ensuring that eligible institutions (not students or taxpayers), bear the

financial responsibility when programs fail to meet performance standards.

As an illustrative example of §690.96(c)(2), the Department provides the institution with value-added earnings during the 2029-30 award year on March 1, 2030, more than three months prior to the beginning of the award year. These value-added earnings are applicable to the tuition and fees for the program for the 2030-31 award year. The institution charges $5,000 in tuition and fees for the eligible workforce program during the 2029-30 award year, and the value-added earnings for the eligible workforce program is $2,500. For the remainder of the 2029-30 award year, the institution can continue charging enrolled students $5,000 in tuition and fees. However, for the 2030-31 award year, the institution must reduce its tuition and fees to a maximum of $2,500 or voluntarily withdraw its program from eligibility for title IV, HEA program funds. If the institution continues to charge students $5,000 in tuition and fees and offers Pell Grant funds to enrolled students during the 2030-31 award year, the Secretary will assess a liability for the amounts of Pell Grants disbursed for students enrolled in the program for that award year.

Regaining eligibility (§ 690.97(a))

Statute: While the HEA does not reference a process for an eligible workforce program to regain eligibility once it

has lost it, Section 481(b)(3) of the HEA, added by Section 83002(b) of the OBBB, states that the Secretary shall determine whether a program meets the conditions to be considered an eligible workforce program.

Current Regulations: None.

Proposed Regulations: The Department proposes that if an eligible workforce program loses eligibility because it fails to meet completion rate or job placement rate requirements under 34 CFR 690.94(a)(2), or if an eligible institution voluntarily discontinues a failing eligible workforce program, the eligible institution would be prohibited from reestablishing that program's eligibility or creating a substantially similar program with the same four-digit CIP code and leads to employment in occupations with identical SOC codes for two years following the date the program lost eligibility or the date the eligible institution voluntarily discontinues the failing workforce program, whichever comes earlier.

Reasons: During negotiated rulemaking, several negotiators expressed concern that the Department's original proposal to rely solely on four-digit CIP codes as the criterion for determining program eligibility was overly broad and could lead to program misclassification, inhibit innovation, and impose undue restrictions based on imprecise categorizations. After discussing several alternatives with the committee, the Department agreed to revise its proposed

approach to include only programs with the same four-digit CIP code that lead to employment in occupations with identical SOC codes. We believe that this compromise position is a more flexible framework to ensure accurate classification and to support the development of programs that meet workforce needs while maintaining accountability. A SOC code is a 6-digit Federal code used by the Federal government and businesses to classify workers into distinct occupational categories based on job duties. Our proposal narrows the focus to prohibiting institutions from creating new programs that are substantially similar to one another.

The Department proposes a two-year restriction on reestablishing eligibility for a failing workforce program or creating a substantially similar program with the same four-digit CIP code and identical SOC codes to prevent eligible institutions from circumventing accountability requirements through minor program modifications. This waiting period would ensure that eligible institutions take meaningful steps to address deficiencies that resulted in poor completion or job placement outcomes, rather than make superficial changes to regain eligibility. By requiring a two-year gap, the Department would promote substantive program improvement, protect students from enrolling in programs with a history of failure, and safeguard Pell Grant funds from being used for programs that have not demonstrated compliance with minimum performance standards.

This approach aligns with similar guardrails in the Department's GE regulations, which restrict eligible institutions from quickly relaunching failing programs under the same CIP/SOC codes.

Regaining eligibility (§ **690.97(b))**

Statute: While the HEA does not reference a process for an eligible workforce program to regain eligibility once it has lost it, Section 481(b)(3) of the HEA, added by Section 83002(b) of the OBBB, states that after the Governor determines that a program meets certain requirements, the Secretary shall determine whether the program meets other conditions to be considered an eligible workforce program.

Current Regulations: None.

Proposed Regulations: The Department proposes that if an eligible workforce program loses eligibility due to a loss of Governor approval, the program may reestablish eligibility after the Secretary receives the Governor's certification that the program has been approved and after the Secretary determines the program has met eligibility criteria.

Reasons: The Department's proposed requirements for re-establishing eligibility are intended to ensure that State oversight, a critical safeguard for program quality and alignment with workforce priorities, is fully restored before Pell Grant funds are disbursed. Additionally, requiring the Secretary's verification of compliance with

Federal standards would prevent programs from reentering without addressing deficiencies that led to the initial loss of eligibility. This dual confirmation process would protect students from enrolling in programs that fail to meet minimum standards and safeguard taxpayer resources by ensuring that only programs with demonstrated integrity and value regain eligibility.

Regaining eligibility (§ **690.97(c))**

Statute: While the HEA does not reference a process for an eligible workforce program to regain eligibility once it has lost it, Section 481(b)(3) of the HEA, added by Section 83002(b) of the OBBB, states that the Secretary shall determine whether a program meets the conditions to be considered an eligible workforce program.

Current Regulations: None.

Proposed Regulations: The Department proposes that if an eligible workforce program loses eligibility because its published tuition exceeds its value-added earnings, the eligible institution may request reinstatement only through a process described by the Secretary. This process would require the eligible institution to obtain a new certification of the Governor's approval, submit documentation of the program's current published tuition and fees, attest that tuition and fees have been reduced and will remain equal to or less than the program's recalculated value-added earnings, and request a

recalculation of those earnings to confirm compliance for the next award year.

Reasons: These safeguards would prevent temporary or superficial adjustments, reinforce State and Federal oversight, reestablish compliance with the regulations, and ensure that reinstated programs provide meaningful economic value to students while protecting taxpayer resources.

VIII. Regulatory Impact Analysis

Executive Orders 12866 and 13563

Under Executive Order 12866, the Office of Management and Budget (OMB) must determine whether this regulatory action is "significant" and, therefore, subject to the requirements of the Executive Order and subject to review by OMB. Section 3(f) of Executive Order 12866 defines a "significant regulatory action" as an action likely to result in a rule that may—

(1) Have an annual effect on the economy of $100 million or more (adjusted every 3 years by the Administrator of OIRA for changes in gross domestic product), or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, territorial, or Tribal governments or communities;

(2) Create serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impacts of entitlement grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise legal or policy issues for which centralized review would meaningfully further the President's priorities, or the principles stated in the Executive Order, as specifically authorized in a timely manner by the Administrator of OIRA in each case.

The Department estimates the net budget impact to be $3.0 billion for FY 2026 to FY 2035. This proposed rule is expected to be considered an Executive Order 14192 regulatory action. We estimate that this rule generates $16.7 million in annualized costs at a 7% discount rate, discounted relative to year 2024, over a perpetual time horizon.

We have also reviewed these regulations under Executive Order 13563, which supplements and explicitly reaffirms the principles, structures, and definitions governing regulatory review established in Executive Order 12866. To the extent permitted by law, Executive Order 13563 requires that an agency—

(1) Propose or adopt regulations only on a reasoned determination that their benefits justify their costs (recognizing that some benefits and costs are difficult to quantify);

(2) Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives and considering—among other things and to the extent practicable—the costs of cumulative regulations;

(3) In choosing among alternative regulatory approaches, select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity);

(4) To the extent feasible, specify performance objectives rather than the behavior or manner of compliance a regulated entity must adopt; and

(5) Identify and assess available alternatives to direct regulation, including economic incentives—such as user fees or marketable permits—to encourage the desired behavior, or provide information that enables the public to make choices.

Executive Order 13563 also requires an agency "to use the best available techniques to quantify anticipated present and future benefits and costs as accurately as possible." The Office of Information and Regulatory Affairs of OMB has emphasized that these techniques may include "identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes."

Consistent with OMB Circular A-4, we compare the proposed regulations to the current regulations. In this regulatory impact analysis, we discuss the need for regulatory action, potential costs and benefits, net budget impacts, and the regulatory alternatives we considered.

Elsewhere in this section under *Paperwork Reduction Act of 1995*, we identify and explain burdens specifically associated with information collection requirements.

1. Need for Regulatory Action

These proposed regulations are needed to implement statutory changes in the OBBB that expand the Pell Grant Program as of July 1, 2026, to include students who attend eligible workforce programs. The proposed regulations also implement a separate provision under the OBBB preventing a student from receiving a Pell Grant if the student's non-Federal financial assistance equals or exceeds their cost of attendance. Note this Regulatory Impact Analysis is limited to the provisions in the OBBB that establish Pell Grant eligibility for eligible workforce programs and excludes any analysis of the provisions affecting Pell Grant reductions for students receiving other aid that fully covers their cost of attendance. The Department estimates that the potential costs, benefits, transfers, and net budget effects of the Pell Grant reduction provision are *de minimis*.

The Department has limited discretion in implementing many provisions in the OBBB with respect to establishing a process to allow eligible workforce programs to receive Pell Grants. Most of the changes included in these proposed regulations simply modify the Department's regulations to reflect statutory changes made by the OBBB. In some cases, the Secretary has exercised her limited discretion to implement certain provisions which are discussed in the "alternatives considered" section of this RIA.

Changes included in these proposed regulations represent a consensus between the Department and a Committee of non-Federal negotiators. Consensus was reached after a week of thoughtful negotiated rulemaking as required under the HEA.

2. Summary of Proposed Provisions

A summary of the proposed provisions are listed in Table 2.1.

Table 2.1 – Summary of Key Changes in the Proposed Regulations

Provision	Regulatory Section	Description of proposed provision
Pell Grants and Eligible Workforce Programs		
Date, extent, duration, and consequence of eligibility	§ 600.10	Would require the Secretary's approval of each eligible workforce program in order to establish Pell Grant eligibility.
Written arrangements to provide	§ 668.5	Would limit the amount of an eligible workforce program that can be offered by an

educational programs				ineligible institution or organization through a written arrangement to 25 percent or less.
Eligible program		§ 668.8		Would add eligible workforce programs as a new type of Pell Grant eligible program.
Limitations on remedial coursework that is eligible for title IV, HEA program assistance		§ 668.20		Would prohibit noncredit, remedial, and English as a second language coursework from inclusion in the calculation of title IV awards for students enrolled in an eligible workforce program.
Student eligibility		§ 668.32		Would prohibit an individual that is enrolled or accepted for enrollment in a program that leads to a graduate credential or has attained a graduate credential from receiving a Pell Grant to enroll in an eligible workforce program.
Definitions		§ 690.2		Would add a definition of an eligible workforce program to § 690.2.
Ineligibility due to grant or scholarship assistance from non-Federal grants		§ 690.5		Would prohibit a student from receiving a Pell Grant if the student received grant or scholarship assistance from non-Federal sources that equals or exceeds the student's COA for the award year.
Duration of student eligibility		§ 690.6		Would allow an otherwise eligible student with a bachelor's degree to receive a Pell Grant to enroll in an eligible workforce program.
Federal Pell Grant payments from more than one institution		§ 690.11		Would prohibit a student from receiving concurrent Pell Grant awards for two or more different eligible programs.
Recalculation of a Federal Pell Grant		§ 690.80		Would require an eligible institution to reduce a student's non-Federal grant or scholarship assistance or return all the Pell Grant funds and cancel any future

				disbursements of such funds if a student receives non-Federal grant or scholarship assistance that equals or exceeds the student's COA.
Scope and purpose		§ 690.90		Would provide a high-level scope and purpose of eligible workforce programs and clarify that eligible students in these programs are only eligible to receive Pell Grants and not any other title IV aid.
Definitions		§ 690.91		Would define key terms, including "cohort period," "earnings measurement period," "in-demand industry sector or occupation," "Governor," "recognized postsecondary credential," "State board," and "tuition and fees."
Eligible workforce program		§ 690.92		Would establish that an eligible workforce program is an undergraduate program that is at least 8 but less than 15 weeks of instruction and is 150-599 clock hours, 4-15 semester or trimester hours, or 6-23 quarter hours. Would prohibit correspondence courses, study abroad, or direct assessment in eligible workforce programs. Would prevent an eligible institution from offering an eligible workforce program if it has been subject to any suspension, emergency action, or termination action by the Secretary during the five years preceding the date of the determination.
Components determined by Governors		§ 690.93		Would require the Governor to approve each program by confirming that the eligible workforce program provides an education aligned with the requirements of high-skill, high-wage, or in-

				demand industry sections or occupations, meets the hiring needs of employers, leads to a recognized postsecondary credential that is stackable and portable (or prepares students for employment for which there is only one recognized postsecondary credential), and ensures that a student receives academic credit for the program for at least one certificate or degree program at one or more eligible institutions. Would require Governors to establish written policies and processes to evaluate whether a program meets the requirements. Would establish a process in which a Governor provides a certification of continued approval of each eligible workforce program offered by the eligible institution prior to the expiration of an eligible institution's Program Participation Agreement. Would ensure programs serving as related instruction for Registered Apprenticeship Programs meet certain approval criteria. Would allow the Governors of two States to enter into a bilateral agreement regarding the enrollment of students located in one of those States into some or all the programs located in the other State.
Components determined by the Secretary		§ 690.94		Would require the Secretary to approve each program, after the Governor has approved the program. Would require the program to meet eligibility conditions for the 12 months preceding the

				date on which the eligible institution applied for eligibility for the program. Would require the program to meet completion and job placement rates prior to application to the Department and each year subsequent to the eligible workforce program's approval. Would create procedures for submission of the completion and job placement rates, such as flexibilities through the 2029-30 award years, waivers and exclusions for certain groups of students in the calculations.
Value-added earnings		§ 690.95		Would prohibit an eligible workforce program's total published tuition and fees from exceeding the value-added earnings for all students who first enroll in the eligible workforce program during the award year that begins following the annual release of the program's value-added earnings. Would establish that value-added earnings is determined by calculating the difference between the adjusted median earnings of student completers (who are working) during the earnings measurement period and 150 percent of the Federal Poverty Line applicable to a single individual for such tax year. Would establish the number of students needed for the Secretary to calculate the value-added earnings for the eligible workforce program. Would establish that programs that have a value-added earnings of zero or a negative value are not eligible programs.

Loss of eligibility		§ 690.96		Would establish a process for programs that lose eligibility. A program will become ineligible at the end of the payment period that begins following the date that the Governor acts to withdraw approval, the Governor fails to reapprove the program, or the Secretary determines that the eligible institution failed to meet the completion rate or job placement rate requirements. Would provide that if an eligible workforce program fails to meet the value-added earnings requirements, the program will become ineligible at the beginning of the award year following the release of the value-added earnings, and the Secretary will assess a liability to the eligible institution.
Regaining eligibility		§ 690.97		Would establish a process for an eligible workforce program to regain eligibility once it has lost it. Would prohibit an eligible institution from reestablishing the eligibility of a failing program or establish eligibility for a substantially similar program until two years following the date the program loses eligibility or the date the eligible institution voluntarily discontinues the failing eligible workforce program, whichever date is earlier. Would establish that if an eligible workforce program loses eligibility due to a loss of Governor approval, the program may reestablish eligibility after the

				Secretary receives the Governor's certification that the program has been approved, and after the Secretary determines the program has met eligibility criteria. Would allow an eligible institution to request that a program's eligibility be reinstated if the program loses its eligibility due to the published tuition being higher than its value-added earnings.

3. Discussion of Costs and Benefits

The proposed regulations establishing Pell Grants for eligible workforce programs result in benefits to students, employers, institutions of higher education, and taxpayers. The Department, States, and eligible institutions will bear new administrative costs to implement the program. Note that costs for one party which are completely offset by benefits to another party are classified as transfers, as required by OMB Circular A-4. Transfers and the net budget impacts of the proposed regulation are discussed later in this RIA.

Prior to the enactment of the OBBB, Pell Grants were restricted to programs that were at least 600 clock hours, (16 semester or trimester credit hours) in length during a minimum of 15 weeks of instruction or programs that were at least 300 clock hours (8 semester or trimester credit hours) during a minimum of 10 weeks of instruction,

provided that they admit only students who have completed the equivalent of an associate degree.

The OBBB included statutory changes to expand the Pell Grant Program as of July 1, 2026, to allow workforce programs with a shorter duration to be eligible for Pell Grants if those programs also meet additional requirements to be considered eligible workforce programs.

Specifically, eligible workforce programs must meet a minimum and maximum length requirement, including duration in calendar time (8-14 weeks of instruction), as well as clock hours (150-599 clock hours) or credit hours (4-15 semester/trimester hours and 6-24 quarter hours). Eligible workforce programs must also align with high-skill, high-wage, or in-demand industry occupations and meet the hiring needs of employers as determined and approved by the State Governor in the State in which the program is offered. The credential must be stackable and portable or prepare students for employment for which there is only one recognized postsecondary credential.

Eligible workforce programs also must meet several outcome and quality assurance rules that are not currently required of other programs for Pell Grant eligibility. Specifically, eligible workforce programs must have completion rates and job placement rates of at least 70 percent. Computing and verifying these outcome-based metrics will be administered by Governors and the

Department. Additionally, the program's published tuition and fees may not exceed the value-added earnings of Pell Grant recipients who complete the program, adjusted according to the relevant price parity (Metropolitan Statistical Area, State, or National). Value-added earnings are defined as the median earnings of working individuals, less the 150 percent of the poverty line for a single individual. The Department will compute the value-added earnings metric and assess whether programs are in compliance.

Costs of the Proposed Regulations:

The proposed regulations would impose costs on the Department, Governors, and eligible institutions. These costs are discussed in order.

First, the proposed regulations will create new administrative costs for the Department related to operating the Pell Grant Program. We estimate that, based on comparable changes made in the past, those administrative costs would average $5.3 million (using a 3 percent discount rate) in systems and other changes on an annualized basis over the 2026-2035 period (Table 4.2). These are costs associated with activities such as collecting data and making alterations to Department systems.

Most of these estimated costs will be incurred during the first two years of implementation. The Department is

developing its own internal systems and working with a Federal agency with earnings data to provide the information needed to determine if programs pass the value-added earnings test. The Department will also establish a new system and data collection for assessing program tuition levels to determine whether programs meet the value-added earnings test. The Department is updating the Common Origination and Disbursement (COD) system, the National Student Loan Data System (NSLDS), and other systems to receive new data, enable the disbursement of Pell Grant funds to individuals who have already obtained a bachelor's degree, and support ongoing operations of the expanded Pell Grant Program.

The COD system is designed to support origination, disbursement, and reporting for Direct Loan, Pell Grant, and the Teacher Education Assistance for College and Higher Education (TEACH) Grant programs. The system uses a single "Common Record" (XML format) for efficiency and eliminating duplicate student and borrower data, providing a centralized system for title IV, HEA program administration used by the Department and all institutions across the country that participate in the delivery of federal student aid. NSLDS is the central database for all federal student aid, tracking title IV loans and grants (like Pell Grants) through their entire lifecycle, from approval to repayment or closure. The system provides an integrated view for

students, institutions, and servicers to manage aid, loan status, balances, and enrollment. It consolidates data from institutions, lenders, and programs, enabling users to access loan history, disbursement details, and servicer information via the FSA Partner Connect portal.

The Department must also establish systems and processes for coordinating with Governors who will have to certify that each program in each State meets eligibility requirements prior to the institution submitting the program to the Department for final approval of Pell Grant eligibility.

The long-term administrative costs to implement the proposed regulations are minimal. There will be some additional costs to maintain the necessary data sharing with a Federal agency with earnings data, as well as to maintain the Department's COD, NSLDS, and other system changes in future years to account for ongoing development, operations, and maintenance. Additional costs will be incurred to train and support institutions of higher education and to monitor the program.

Second, the proposed regulations will create new administrative costs for States, although participation in the program is voluntary. Specifically, Governors will have to determine industry occupations that are "in-demand" and "meet the hiring needs of employers" in the State. While many States may classify industry occupations associated

with eligible workforce programs as "high-skill, high-wage," others may have to establish a new process for doing so. Further, States that have existing processes for classifying industry occupations in this manner may wish to amend their process given the new availability of federal funding. This may occur, for example, if Governors decide they wish to target Pell Grants to workers in a particular set of industries. Because of this, we anticipate that State governments will incur new costs related to the process for defining which industry occupations meet the definition of an "in-demand industry sector or occupation."

States will also incur costs associated with administering Pell Grants for eligible workforce programs. Specifically, States are tasked with calculating program completion rates (until the 2028-29 award year) and job placement rates (in perpetuity) to determine which programs meet the definition of an eligible workforce program. To do so, States will have to establish new processes to verify that programs have completion rates and job placement rates above 70 percent. This process may require new personnel costs, data assembly costs, communication costs, and other administrative costs. States must compute completion rates and job placement rates annually, meaning States will incur initial start-up costs establishing the process and additional costs associated with computing these metrics on an annual basis.

Third, higher education institutions will incur minimal costs related to compliance with the proposed rule regarding Pell Grant eligibility for students who receive non-Federal grant or scholarship assistance that equals or exceeds cost of attendance. Institutions would need to modify their systems and train staff to monitor whether additional non-Federal grant or scholarship assistance is awarded to a Pell Grant recipient that affects that individual's eligibility for Pell Grant funds.

Institutions already monitor the receipt of new assistance but would experience additional burden to evaluate whether the total non-Federal grant or scholarship assistance equals or exceeds the student's COA. While the Department estimates only a small number of students would potentially be affected by this change (approximately 5,040 students), all institutions must still establish systems to monitor aid awards and will therefore incur costs under the proposed rule.

Benefits of the Proposed Regulations:

The proposed regulations provide benefits to four groups: students, institutions of higher education, employers, and taxpayers. These benefits are discussed in that order.

First, students will benefit through several channels, the first of which is from the positive effect the proposed rule will have on postsecondary enrollment, persistence,

and completion outcomes. An abundance of research, including IES studies on the Workforce Pell Grant experimental sites initiative, finds that these grant programs positively affect these outcomes,[10] implying that students will attain higher levels of postsecondary education due to the expanded availability of Pell Grants to enroll in eligible workforce programs relative to the current baseline. This, in turn, may result in additional benefits for students, given that postsecondary participation is associated with higher levels of happiness, health, and civic engagement, among other benefits.[11] Furthermore, it is possible that some students who would otherwise unsuccessfully attend a two- or four-

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[10] Thomas, J., Gonzalex, N. Paxton, N., Wiegand, A., & Hebbar, L., (2020). The Effects of Expanding Pell Grant Eligibility for Short Occupational Training Programs: Results for the Experimental Sites Initiative. US Department of Education: Institute for Education Sciences, https://ies.ed.gov/sites/default/files/migrated/nces_pubs/ncee/pubs/2021001/pdf/2021001.pdf; Thomas, J., Gonzalez, N., Williams, B., Paxton, N., Hu, J., Wiegand, Al, Hebbar, L., (2024). The Effects of Expanding Pell Grant Eligibility for Short Occupational Programs: New Results on Employment and Earnings from the Experimental Sites Initiative. US Department of Education: Institute for Education Sciences, https://ies.ed.gov/sites/default/files/ncee/document/2025/01/NCEE%202025-005r.pdf; Deming D., & Dynarski S. (2010). College aid. In Levine P. B., Zimmerman D. J. (Eds.), *Targeting investments in children: Fighting poverty when resources are limited* (pp. 283–302). Chicago, IL: University of Chicago Press; and Nguyen, T. D., Kramer, J. W., & Evans, B. J. (2019). The effects of grant aid on student persistence and degree attainment: A systematic review and meta-analysis of the causal evidence. *Review of educational research*, *89*(6), 831-874.

[11] Milligan, K., Moretti, E., & Oreopoulos, P. (2004). Does education improve citizenship? Evidence from the United States and the United Kingdom. *Journal of Public Economics*, 88(9-10), 1667-1695; Oreopoulos, P. & Salvanes, K. G. (2011). Priceless: the nonpecuniary benefits of schooling. *Journal of Economic Perspectives*, 25(1), 159-184; Doyle, W. R., & Skinner, B. T. (2017). Does postsecondary education result in civic benefits?. *The Journal of Higher Education*, *88*(6), 863-893; and Cutler, D. M., & Lleras-Muney, A. (2010). Understanding differences in health behaviors by education. *Journal of health economics*, *29*(1), 1-28.

year program are instead diverted to short-term programs, saving these students in terms of lost time away from the labor market and higher expenses for tuition and fees.

To better understand potential effects on enrollment, we estimate how much enrollment in short-term certificate programs may increase as a result of the regulation. In the "Net Budget Impact" section (Table 4.1), the Department estimates that there will be an average of 187,000 Pell Grant recipients per year in eligible workforce programs between FY 2026 and FY 2035. As a high-end estimate (where we assume all of these Pell Grant recipients are new college students), this suggests that the proposed rule would increase enrollment in short-term certificate programs by approximately 13 percent relative to current levels.[12] As a low-end estimate (where we assume one in five of these recipients are new college students), this suggests enrollment in these programs would increase by approximately 3 percent relative to current levels. As a middle-ground estimate, we take the midpoint between the low-end and high-end estimates. Under this method, this implies an estimated 8 percent enrollment growth in short-term certificate programs relative to current levels.

[12] This estimate is derived by assuming that all of the 187,000 new Pell Grant recipients per year are new college students, and by using a denominator of 1.4 million students, which is the number of completers in undergraduate certificate programs that are less than 900 clock hours in length using IPEDS completers data from the 2024 award year.

Second, students will benefit because the proposed rule will expand the supply of potentially high-value, short-term certificate programs. Research suggests that Federal subsidies allow institutions to create new programs and expand the sizes of existing ones, especially for short-term programs that are intended to "stack" with other credentials.[13] This implies that the proposed rule may prompt institutions to create and expand the number of potentially high-value, short-term certificate programs they offer.

To estimate how institutions may expand their short-term certificate programs due to the proposed rule, we first used data from the Integrated Postsecondary Education Data System (IPEDS) to examine the current landscape of undergraduate certificate programs. Approximately 60 percent of undergraduate certificate programs that are less than one year (or approximately 900 clock hours) in length are offered at public two-year institutions, and an additional 28 percent are offered at public four-year institutions (Table 3.1). A majority of undergraduate certificate programs that are less than one year in length are offered in fields related to STEM, Consumer and Public Service, Business, and Skilled Trades (Table 3.2).

[13] Anderson, D. M., & Daugherty, L. (2023). Community colleges can increase credential stacking by introducing new programs within established technical pathways. *The Journal of Higher Education*, *94*(6), 745-765.

The data suggest that, as an upper-bound estimate, as many as 28,000 existing undergraduate certificate programs could potentially qualify as eligible workforce programs given the length of these programs. This estimate was derived by summing the total number of programs shown in columns 1 and 2 of Table 3.1.[14] In addition to these currently existing programs, some number of new programs will also be created and will meet the requirements to be classified as an eligible workforce program. Assuming a proportional growth in new programs to match the estimated 8 percent enrollment growth, this would imply that there could be as many as 2,200 new undergraduate certificate programs that get created as a result of the proposed rule.[15]

In practice, however, the Department anticipates that a much smaller share of undergraduate certificate programs will ultimately qualify as eligible workforce programs given the other requirements (beyond program length) that programs must meet. It is difficult for the Department to provide a precise estimate on how many programs may qualify

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[14] Eligible workforce programs must be between 150 and 600 clock hours (or the equivalent of 8-14 weeks) in length. Unfortunately, data in IPEDS do not classify programs using these thresholds. Instead, they categorize undergraduate certificate programs as "less than 12 weeks in length" and "between 12 weeks and 1 year in length." Therefore, it is not possible to distinguish the precise number of existing certificate programs that meet the criteria to be an eligible workforce program. Instead, we sum the two categories (in columns 1 and 2) together. This method results in overcounting programs because it includes programs that are shorter than 150 clock hours in length and also programs that are longer than 600 clock hours in length – neither of which meet the definition to be an eligible workforce program.

[15] The 8% enrollment growth projection comes from the middle-ground estimate described above when discussing the first benefit to students.

as eligible workforce programs using existing data on short-term certificate programs because we currently lack visibility into those programs' completion rates and job placement rates, and whether the programs will be classified as aligned with requirements of high-skill, high-wage, or in-demand sectors or occupations by States — all of which are important determinants for estimating the number of programs that could be eligible, among other requirements.

Table 3.1 - Undergraduate Certificate Programs by Sector, Level, and Program Length

Sector	Program Length				Total
	Less than 12 Weeks	12 Weeks to Less than 1 Year	1 Year to Less than 2 Years	2 or More Years	
	(1)	(2)	(3)	(4)	(5)
A. 4-Year Institutions					
Public	697	6,969	3,151	187	11,004
Private Nonprofit	64	1,113	477	74	1,728
For-profit	24	289	342	21	676
B. 2-Year Institutions					
Public	1,216	14,410	10,506	613	26,745
Private Nonprofit	3	35	100	75	213
For-profit	94	391	779	189	1,453
C. Less-Than 2-Year Institutions					
Public	252	668	1,155	5	2,080
Private Nonprofit	4	40	74	0	118
For-profit	211	1,463	1,655	9	3,338
Total	2,565	25,378	18,239	1,173	47,355

Notes: The sample of programs is limited to certificate programs (award levels 1, 4, 20, and 21) that had at least one reported completer during Award Years 2022-23 or 2023-24. Second majors are not included.
Source: Integrated Postsecondary Education Data System (IPEDS).

Table 3.2 - Undergraduate Certificate Programs by Field of Study and Program Length

Broad Field of Study	Program Length				Total
	Less than 12 Weeks	12 Weeks to Less than 1 Year	1 Year to Less than 2 Years	2 or More Years	
	(1)	(2)	(3)	(4)	(5)
Skilled Trades	427	3,698	3,920	489	8,534
Business	202	3,801	1,902	36	5,941
Consumer and Public Services	465	5,632	4,047	211	10,355
Law and Protective Services	95	1,423	747	21	2,286
Health	952	3,504	4,211	185	8,852
Liberal Arts & Humanities	84	1,944	606	64	2,698
STEM	340	5,376	2,806	167	8,689
Total	2,565	25,378	18,239	1,173	47,355

Notes: See Table 3.1 above for information on sample of programs. Field of Study categories come from Christensen & Turner (2022) and are created by grouping two-digit CIP codes ("Skilled Trades"=47,48,46,49; "Business"=52; "Consumer and Public Services"=31,9,50,10,25,13,44,12,19); "Law and Protective Services"=22,43; "Health"=51; "Liberal Arts, Humanities, and Social Sciences"= 5,24,30,23,42,16,45,38,39,54; and "STEM"= 14,41,15,11,4,26,27,29,40,1,3).
Source: Integrated Postsecondary Education Data System (IPEDS).

Despite the lack of data on key eligibility criteria among existing certificate programs, it remains likely that the influx of Federal funding from Pell Grants for eligible workforce programs will result in an expansion in short-term certificate programs, creating a more-robust set of programmatic options for students to consider. Program creation and growth will be abetted by the $107 million in funding the Departments of Education and Labor provided to help institutions of higher education create and expand high-quality, short-term certificate programs.[16]

The Department's analysis of existing short-term certificate programs provides some insight into the fields that may be most common among eligible workforce programs.

[16] Department of Education (2025). "FIPSE-SP Program FY 2025 Awards: Supporting Capacity-Building for High-Quality Short-Term Programs." www.ed.gov/media/document/fy-2025-fipse-sp-awards-funding-summary-short-term-programs-112923.pdf. Department of Labor (2025). "US Department of Labor Announces Availability of $65M in Grants to Help Community Colleges Increase Access to In-Demand, High-Quality Training." www.dol.gov/newsroom/releases/eta/eta20260217.

Given the current distribution of short-term undergraduate certificate programs (Table 3.2), programs in Health, Consumer and Public Service, Business, and Skilled Trades could be the most common types of programs that expand due to the proposed rule.

The third way students will benefit from the proposed rule is through the higher earnings they achieve after participating in high-value, short-term certificate programs. A large body of empirical research from multiple States finds that short-term certificate programs provide lucrative returns to participants. On average, the earnings gains associated with completing a short-term certificate program range from $1,200-$2,000 per year,[17] with some studies finding even larger earnings gains ranging between $3,800-$5,200 per year.[18] These earnings gains are realized by students over a number of years following program exit, and for many students, these gains

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[17] Bahr, P. R., & Columbus, R. (2025). Labor Market Returns to Community College Noncredit Occupational Education. *Educational Evaluation and Policy Analysis*, 01623737251360029; Carruthers, C. K., & Sanford, T. (2018). Way station or launching pad? Unpacking the returns to adult technical education. *Journal of Public Economics*, *165*, 146-159; Darolia, R., Guo, C., & Kim, Y. (2025). The Labor Market Returns to Very Short-Term Rapid Postsecondary Certificates. *Economics of Education Review*, *107*, 102681; Jepsen, C., Troske, K., & Coomes, P. (2014). The labor-market returns to community college degrees, diplomas, and certificates. *Journal of Labor Economics*, *32*(1), 95-121; and Stevens, A. H., Kurlaender, M., & Grosz, M. (2019). Career technical education and labor market outcomes: Evidence from California community colleges. *Journal of Human Resources*, *54*(4), 986-1036.

[18] Bahr, P. R., Dynarski, S., Jacob, B., Kreisman, D., Sosa, A., & Wiederspan, M. (2015). Labor Market Returns to Community College Awards: Evidence from Michigan. A CAPSEE Working Paper. *Center for Analysis of Postsecondary Education and Employment;* and Xu, D., Bird, K. A., Cooper, M., & Castleman, B. L. (2024). Noncredit Workforce Training, Industry Credentials, and Labor Market Outcomes. EdWorkingPaper No. 24-959. *Annenberg Institute for School Reform at Brown University*.

represent a sizeable earnings increase that is often enough to pull the individual out of poverty.

One reason the proposed rule is likely to result in an average increase in students' earnings is because eligible workforce programs must pass a value-added earnings test on an annual basis to remain in the program (which will first be computed for the 2030-31 award year under the proposed rule). When the value-added earnings test is in effect, this means the average earnings gains (defined as the difference between a program's adjusted median earnings[19] and 150 percent of the Federal poverty line) of Pell Grant recipients who complete the program must equal or exceed the program's tuition prices. Eligible workforce programs that fail to clear this benchmark must reduce tuition until it is at or below the value-added earnings or they are not eligible to access Pell Grants.

To better understand the impact of this provision, we again analyzed current undergraduate certificate programs as a proxy to better understand the programs that would likely pass the value-added earnings test. To do so, we used program-level earnings data from the College Scorecard, program-level completer counts from IPEDS, and

[19] Median program earnings are adjusted using the regional price parity (all items) from the metropolitan statistical area where the college is located. If the program is offered at a college that is not in a metropolitan statistical area, the state-level regional price parity is used. The median earnings at programs who enroll a majority of students from out of state are not adjusted using regional price parities. Regional price parity data comes from the Bureau of Economic Analysis.

program-level data on tuition and fees reported by institutions to the Department of Education.[20]

Results are shown in Tables 3.3, 3.4, 3.5, and 3.6. There are two important caveats to these analyses. First, these results are likely to represent upper-bound estimates on program pass rates because this analysis only includes undergraduate certificate programs *with earnings data*. This means our analysis does not include program-level earnings outcomes for any undergraduate certificate program that is less than 300 clock hours (or equivalent) in length. This limitation may upwardly bias our tuition and earnings estimates relative to the subset of programs that may ultimately qualify as eligible workforce programs.[21] Second, these estimates are based on the stock of *existing* undergraduate certificate programs. Our estimates do not account for the possible interactive effects that could occur if newly created certificate programs (due to the availability of Federal funding) alter composition of existing programs. Similarly, the analysis does not account

[20] Specifically, using 4-digit CIP codes, credential level, and OPEID, we merge College Scorecard data, IPEDS completers data, and data reported by colleges to the Department of Education on program-level tuition and fees. When necessary, we used College Scorecard crosswalks to link UNITIDs (from IPEDS) to 6-digit OPEIDs. A small share of undergraduate certificate programs may be omitted from our analysis because their college did not report tuition and fees data to the Department of Education through the Financial Value and Transparency (FVT) data reporting.

[21] In other words, the average length of undergraduate certificate programs in our sample is necessarily longer, on average, than the programs that will qualify as eligible workforce programs. If the earnings outcomes of shorter certificate programs (not observed in our data) differ from the earnings outcomes of longer certificate programs (included in our data), than the pass rates we estimate could vary from actual program pass rates.

for the possibility that newly created undergraduate certificate programs will have different tuition levels and earnings outcomes than the stock of undergraduate certificate programs that currently exist.

With those caveats in mind, we begin by presenting information on the average tuition and fees of short-term undergraduate certificate programs (Table 3.3). The data come from program-level tuition data reported by institutions to the Department of Education for students who completed their education during the 2023-24 award year. There is large variation in the sticker prices of undergraduate certificate programs, ranging from $4,100 (the average for public institutions) to $19,300 (the average for private non-profit institutions). Programs that are less than one year in length are typically less expensive. At public institutions, these programs have an average sticker price of just under $3,600.

Table 3.3 – Median Tuition and Fees of Undergraduate Certificate Programs, by Length and Sector

Sector	Program Length		Total
	Less-Than One Year	One Year or Longer	
Public	$3,588	$4,578	$4,083
Private Nonprofit	$15,038	$23,630	$19,334
For-Profit	$15,148	$20,152	$17,650
Total	$11,258	$16,120	$13,689

Notes: The sample of programs includes all undergraduate certificate programs that appear in both IPEDS Completers data and Financial Value Transparency program-level reporting as submitted by September 30, 2025. Program tuition data corresponds to the median sticker price (tuition and fees) charged to students who completed the program during

the 2023-24 award year excluding individuals charged no tuition and fees. Monetary values are in 2024 dollars. Program medians are averaged by sector, weighting them by the number of completers in the program (from IPEDS). Some certificate programs may be omitted because their college did not report program tuition data to the Department of Education.
Source: Integrated Postsecondary Education Data System (IPEDS) and data reported by colleges to the Department of Education on program-level tuition and fees.

Next, in Table 3.4 we formally estimate the share of undergraduate certificate programs that pass the value-added earnings test. To pass, the following must be true of the program:

$$\text{(Published Tuition \& Fees)} \leq \text{(Adjusted Median Earnings)} - \text{(150 percent Poverty Line)}$$

where "Published Tuition & Fees" is the sticker price of the program and "Adjusted Median Earnings" is the median earnings of Pell Grant recipients measured three years after program exit, adjusted using regional price parity based on where the institution is located.[22] All monetary values are adjusted to 2024 dollars using the Consumer Price Index for All Urban Consumers. In 2024, 150 percent

[22] In our analyses, we estimate "Published Tuition & Fees" by using the median sticker price (published tuition and fees) charged to title IV students in the program. For "Adjusted Median Earnings," we use the median earnings of title IV completers from the program measured 1-year after exit, adjusted using the regional price parity (RPP) based on where the college is located. Colleges located in a metropolitan statistical area (MSA) are adjusted using the MSA's RPP, and colleges not located in an MSA are adjusted using the state's RPP. 1-year program earnings are used because they correspond to when program earnings will be measured (3 years after exit) of Pell Grant recipients in eligible workforce programs.

of the Federal Poverty Line for a single individual was equal to $22,590.

As an upper-bound estimate, we estimate that 46 percent of existing undergraduate certificate programs could pass the value-added earnings test. Pass rates are highest at undergraduate certificate programs offered at public institutions (84 percent), while pass rates are lowest at undergraduate certificate programs offered at for-profit institutions (14 percent). However, approximately half of programs at for-profit institutions could pass the value-added earnings test if they lowered tuition prices because median earnings of their completers exceed 150 percent of the poverty line.

Table 3.4 - Estimated Value-Added Earnings of Undergraduate Certificate Programs, by Sector

Sector	Adjusted Median Earnings	Value-Added Earnings (VAE)	% Failing the VAE Test		% Passing the VAE Test
			VAE <= FPL150	FPL150 < VAE < Tuition	VAE >= Tuition
	(1)	(2)	(3)	(4)	(5)
Public	$41,812	$19,222	9.4	7.0	83.6
Private Nonprofit	$36,460	$13,870	31.5	36.6	31.9
For-Profit	$28,876	$6,286	36.8	49.7	13.5
Total	$35,020	$12,430	24.0	29.8	46.2

Notes: The sample includes all undergraduate certificate programs with data on program-level earnings (from the College Scorecard), tuition and fees (from Financial Value & Transparency reporting), and program completer counts (from IPEDS). When necessary, programs are aggregated to the 4-digit CIP and averages are weighted by program completers (from IPEDS). All monetary values are in 2024 dollars. The value-added earnings (VAE) is the difference between column 1 and $22,590, which is the Federal Poverty Line for a single individual in 2024. Adjusted median earnings are the median earnings of title IV, HEA program completers who are working and not enrolled in college measured one year after program exit for students who existed during the 2017-18/2018-19 and 2018-19/2019-20 award years, adjusted using the regional price parity of where the college is located. Programs are counted as passing the VAE if the estimated VAE equals or exceeds the total tuition and fees of the program.

Source: The College Scorecard, IPEDS, and data reported by colleges to the Department of Education on program-level tuition and fees.

Table 3.5 repeats this analysis, except value-added earnings pass rates are disaggregated by broad field of study. This analysis shows that pass rates vary substantially across fields. For example, over half of undergraduate certificate programs in Skilled Trades, Business, Law/Protective Services, and STEM are estimated to pass the value-added earnings test. Conversely, fewer than 5 percent of undergraduate certificate programs in Consumer and Public Services are estimated to pass the value-added earnings test. Approximately a quarter of programs in Consumer and Public Services fields could pass the value-added earnings test if they lowered tuition prices.

Table 3.5 - Estimated Value-Added Earnings of Undergraduate Certificate Programs, by Broad Field of Study

Broad Field of Study	Adjusted Median Earnings	Value-Added Earnings (VAE)	% Failing the VAE Test		% Passing the VAE Test
			VAE <= FPL150	FPL150 < VAE < Tuition	VAE >= Tuition
	(1)	(2)	(3)	(4)	(5)
Skilled Trades	$42,174	$19,584	4.1	34.7	61.2
Business	$37,793	$15,203	13.0	3.0	84.0
Consumer and Public Services	$20,035	-$2,555	72.7	23.2	4.1
Law and Protective Services	$55,451	$32,861	1.2	3.4	95.4
Health	$38,490	$15,900	9.3	39.1	51.6
Liberal Arts & Humanities	$29,156	$6,566	20.9	33.9	45.2
STEM	$43,766	$21,176	6.1	24.2	69.7

Notes: See Table 3.4 for information on the programs in the sample, variable definitions, and calculations. Programs are grouped into Broad Field of Study categories using the method described in Table 3.2.
Source: The College Scorecard, IPEDS, and data reported by colleges to the Department of Education on program-level tuition and fees.

Lastly, Table 3.6 displays the characteristics of the 15 largest undergraduate certificate programs[23] (measured by number of completers during the 2022-23 and 2023-24 award years) and whether these programs are likely to pass the value-added earnings test. Like the prior table, these results reveal the large variation in pass rates across programs. Among the 15 largest undergraduate certificate programs, some fields (such as Cosmetology and Somatic Body Work) have pass rates below 5 percent. Many of these programs, however, could pass the value-added earnings test if they lowered tuition prices. Programs in other fields (such as Ground Transportation, Allied Health, Criminal Justice & Corrections, and Business Administration) have pass rates above 90 percent, implying that the earnings gains experienced by graduates from these certificate programs almost always exceed tuition prices.

Table 3.6 - Estimated Value-Added Earnings of Undergraduate Certificate Programs (15-Largest Undergraduate Certificate Programs)

Program (4-digit CIP)	Adjusted Median Earnings	Value-Added Earnings (VAE)	% Failing the VAE Test		% Passing the VAE Test
			VAE <= FPL150	FPL150 < VAE < Tuition	VAE >= Tuition
	(1)	(2)	(3)	(4)	(5)
Cosmetology and Related Personal Grooming Services	$19,227	-$3,363	77.8	21.3	0.9
Practical Nursing, Vocational Nursing and Nursing Assistants	$47,805	$25,215	1.3	12.4	86.3
Allied Health and Medical Assisting Services	$29,557	$6,967	9.0	70.5	20.5
Precision Metal Working	$41,447	$18,857	0.9	31.0	68.1
Vehicle Maintenance and Repair Technologies	$39,363	$16,773	7.3	40.4	52.3
Health and Medical Administrative Services	$30,314	$7,724	14.4	57.0	28.6
Business Administration, Management and Operations	$38,888	$16,298	3.7	0.9	95.4
Liberal Arts and Sciences, General Studies and Humanities	$28,570	$5,980	22.1	32.4	45.5
Allied Health Diagnostic, Intervention, and Treatment Professions	$56,646	$34,056	0.7	8.3	91.0
Electrical and Power Transmission Installers	$47,559	$24,969	5.2	41.7	53.1
Dental Support Services and Allied Professions	$26,541	$3,951	26.3	59.6	14.1
Criminal Justice and Corrections	$57,949	$35,359	0.3	3.7	96.0
Heating, Air Conditioning, Ventilation & Refrigeration Maintenance	$38,868	$16,278	0.2	51.8	48.0
Ground Transportation	$46,237	$23,647	0.0	1.9	98.1
Somatic Bodywork and Related Therapeutic Services	$21,684	-$906	54.6	43.7	1.7

[23] Programs are defined using 4-digit CIP codes.

Notes: This table displays the 15 largest undergraduate certificate programs (defined at the 4-digit CIP level) and ranked using the number of completers in the program during the 2022-23 and 2023-24 award years. See Table 3.4 for information on the programs in the sample, variable definitions, and calculations.
Source: The College Scorecard, IPEDS, and data reported by colleges to the Department of Education on program-level tuition and fees.

Together, the estimates from Tables 3.4, 3.5, and 3.6 suggest that programs offered in certain sectors and fields are more likely to pass the value-added earnings test than others. Our estimates suggest that students who attend short-term certificate programs offered at public colleges and in fields related to health, transportation, and business will experience the largest earnings gains, and are therefore likely to benefit the most from the proposed rule. In summary, this analysis reveals that many students will benefit from the proposed rule through the positive earnings gains they experience by attending eligible workforce programs.

The final benefit to students is the way the proposed rule will influence students' decisions to pursue higher levels of postsecondary education. Research shows that short-term certificate programs may serve as an "on-ramp" for students to pursue additional levels of postsecondary education, with low-income students experiencing the largest effects.[24] Thus, as low-income students use the

[24] Daugherty, L., Anderson, D. M., Kramer, J. W., & Bozick, R. (2021). Building Ohio's Workforce through Stackable Credentials. Research Brief. RB-A207-1. *RAND Corporation*; Daugherty, L., Bahr, P. R., Nguyen, P., May-Trifiletti, J., Columbus, R., & Kushner, J. (2023). Stackable Credential Pipelines and Equity for Low-Income Individuals: Evidence from Colorado and Ohio. Research Report. RR-A2484-1. *RAND Corporation*;

Pell Grant to pursue high-value, short-term programs, some subset of those enrollees will be motivated and prepared to pursue higher levels of postsecondary education such as an associate or bachelor's degree program – an outcome they would not have considered in the absence of their enrollment in the short-term program. These students are likely to experience additional earnings gains when they obtain additional credentials. Eligible workforce programs are required to provide stackable credentials, a requirement that will likely increase the likelihood that students pursue additional credentials.

The second group who will benefit from the proposed rule are institutions of higher education. Like students, institutions of higher education will benefit through several channels. First, institutions of higher education may experience increases in enrollment in high-value, short-term certificate programs due to the expansion in Pell Grant eligibility to eligible workforce programs.[25] Ultimately, these enrollment increases will lead to greater revenue for institutions. Much of this revenue will come from the Pell Grant Program directly. However, institutions may earn revenue beyond what is provided by Pell Grants in situations where the Pell Grant does not fully cover the

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Bohn, S., & McConville, S. (2018). Stackable credentials in career education at California community colleges. *Public Policy Institute of California*; and Zaber, M. A., Phillips, B. M., & Daugherty, L. (2025). *Examining Short-Term Credentials and Student Outcomes in Indiana*. RAND.

[25] See previously cited research by Thomas et al (2020), Thomas et al (2024), Deming & Dynarski (2010), and Nguyen et al (2019).

cost of the program and students or other entities pay those additional costs with their own funds.

Second, institutions of higher education will benefit from greater enrollment in other types of postsecondary programs (such as associate and bachelor's degree programs). This is because high-value, short-term certificate programs serve as an "on-ramp" for students to pursue additional levels of postsecondary education.[26] As the Pell Grant Program drives enrollment into eligible workforce programs, some of these students will choose to pursue enrollment in additional postsecondary programs. As a result, institutions of higher education will benefit from the additional tuition and fees revenues they receive from these new enrollments.

Third, institutions of higher education will benefit because the new eligibility requirements for Pell Grants will allow institutions to create and expand short-term programs.[27] Currently, short-term certificate programs (those that are less than 300 clock hours in length) are relatively limited in scale because they are typically ineligible for Federal financial assistance. Because of the proposed rule, institutions may choose to expand these short-term certificate programs since they will now be eligible for Federal Pell Grants. This growth will benefit

[26] See previously cited research by Daugherty et al (2021), Daugherty et al (2023), Bohn & McConville (2018), and Zaber et al (2025).
[27] See previously cited research by Anderson & Daugherty (2023).

the institution through the effect it has on tuition revenue and through the spillover effects that short-term certificate programs have on enrollment in other types of postsecondary education programs.

The third group that will benefit from the proposed rule are employers. Employers from many industries regularly cite a "skills gap" in the American labor force, meaning there is a mismatch between the skills that potential workers have and the skills that employers are looking for.[28] The proposed rule will enhance the skills of the American labor force by increasing the rate at which individuals pursue high-value, short-term certificate programs.[29] Employers may benefit from the proposed regulation because it increases the pool of skilled individuals they are able to find and hire.[30] In turn, this may allow firms to expand, ultimately increasing revenues and profits.

Lastly, taxpayers will benefit from the proposed rule in two ways. First, taxpayers (and society at large) will benefit due to the higher level of earnings experienced by individuals who participate in potentially high-value, short-term programs. As discussed above, there are significant earnings gains for participants in short-term

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[28] Bessen, J. (2014). Employers aren't just whining–the "skills gap" is real. *Harvard Business Review*, *25*.

[29] See previously cited research by Deming & Dynarski (2010) and Nguyen et al (2019).

[30] Crockett, A., Perlmeter, E.R., & Zhang, X. (2024). "How Valuable is a Short-Term Credential for a Job Seeker? It's Complicated." Federal Reserve Bank of Dallas. www.dallasfed.org/cd/communities/2024/2408.

certificate programs, and those earnings gains translate into higher levels of revenue collected through Federal and State taxes.[31] Those revenues can then be used to pay down the national debt or spent on other policy priorities that benefit taxpayers and society.

We provide a back-of-the-envelope estimate on how much tax revenue could be generated through the proposed rule (note these estimates are illustrative and not included in the net budget impact estimates). To do so, we assume that 187,000 individuals will receive a Pell Grant per year to attend an eligible workforce program, and that the average annual earnings gain experienced by these individuals is $2,000. Assuming the $2,000 earnings gain is taxed at a 12 percent rate, this provision could yield an additional $449 million in tax revenue over 10 years.[32]

Second, the positive effects on earnings will result in fewer individuals in poverty. In turn, this means that fewer individuals will rely on social safety net programs such as Unemployment Insurance, the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and the Women,

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[31] See previously cited research by Bahr & Columbus (2025), Carruthers & Sanford (2018), Darolia et al (2025), Jepsen et al (2014), Stevens et al (2019), Bahr et al (2015), and Xu et al (2024).

[32] This estimate is calculated by multiplying the $2,000 earnings increase by 12% by 187,000 individuals, times ten years. The 187,000 estimate comes from ED's recipient estimates in the Net Budget Impact (Table 4.1), and the $2,000 earnings gain estimate comes from previously cited research by Bahr & Columbus (2025), Carruthers & Sanford (2018), Darolia et al (2025), Jepsen et al (2014), Stevens et al (2019), Bahr et al (2015), and Xu et al (2024). The 12% marginal tax rate is the current Federal tax rate for individual tax filers earning between $11,001 and $44,725 annually.

Infants, and Children (WIC) program. Taxpayers will benefit due to the reduction in costs associated with these safety net programs.

To better understand this benefit to taxpayers, Table 3.7 displays data on the pre-enrollment earnings levels of independent students prior to enrolling in an undergraduate certificate program.[33] On average, these individuals report annual earnings between $20,400 to $24,500 prior to their enrollment. Given that 150 percent of the Federal poverty threshold for a single individual is $22,590 (in 2024) and that the average estimated earnings gains of short-term programs (from the literature) ranges between $1,200 to $2,000 per year, this implies that the median independent student who enrolls in short-term certificate program will be pulled above 150 percent of the Federal poverty threshold after completing a short-term certificate program. Ultimately, this increase in earnings reduces the cost burden on Federal safety net programs, benefiting both students as well as taxpayers and society (these effects are not included in the net budget impact estimates).

Table 3.7 - Estimated Pre-Enrollment Earnings of Independent Students in Undergraduate Certificate Programs, by Sector

[33] Income data comes from information title IV recipients filed on the FAFSA prior to enrolling in their program. The sample includes independent students in undergraduate certificate programs (regardless of program length) who enrolled in an undergraduate certificate program during the 2023-24 award year. Individuals with zero earnings are excluded from the median.

Sector	Median Pre-Enrollment Earnings
Public	$24,518
Private Nonprofit	$21,718
For-Profit	$20,448
Total	$22,228

Notes: Earnings values come from the income of individuals reported on the FAFSA prior to entering their program. Earnings include the income of independent students entering an undergraduate certificate program during the 2023-24 award year. Individuals with zero pre-enrollment earnings are excluded from the median value. Monetary values are measured in 2024 dollars.
Source: Data from the Office of Federal Student Aid (FAFSA Submissions).

4. Net Budget Impact

Table 4.1 provides an estimate of the net Federal budget impact of these proposed regulations that are summarized in Table 2.1 of this RIA. The baseline for the estimated net budget impact is the President's Budget for FY 2026 (PB 2026) in order to capture the full impact of the legislative changes implemented by the proposed regulations.

Table 4.1 - Estimated Costs, New Recipients, and Outlays Associated with Workforce Pell

Award Years (AY) 2026-27 - 2030-31					
	AY 2026-27	**AY 2027-28**	**AY 2028-29**	**AY 2029-30**	**AY 2030-31**
Discretionary Program Cost ($m)	263	264	265	267	268
Mandatory Program Cost ($m)	51	51	51	52	52
Total Program Cost ($m)	**314**	**315**	**316**	**319**	**320**
New Recipients	184,000	184,000	185,000	187,000	187,000
	FY 2026	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Discretionary Outlays ($m)	79	260	264	266	267
Mandatory Outlays ($m)	16	51	51	51	52
Total Outlays ($m)	**95**	**311**	**315**	**317**	**319**

Continued for Award Years (AY) 2031-32 - 2035-36					
	AY 2031-32	**AY 2032-33**	**AY 2033-34**	**AY 2034-35**	**AY 2035-36**
Discretionary Program Cost ($m)	269	270	271	273	274
Mandatory Program Cost ($m)	52	52	52	52	52
Total Program Cost ($m)	**321**	**322**	**323**	**325**	**326**
New Recipients	188,000	188,000	189,000	190,000	191,000
	FY 2031	**FY 2032**	**FY 2033**	**FY 2034**	**FY 2035**
Discretionary Outlays ($m)	268	269	270	272	273
Mandatory Outlays ($m)	52	52	52	52	52
Total Outlays ($m)	**320**	**321**	**322**	**324**	**325**

The Pell Grant Program has traditionally served students in bachelor's and associate degree programs, with a smaller number of certificate students. Moving forward, the number of certificate and credential programs that are eligible for Pell Grants will expand, resulting in an estimated increase in Pell Grant recipients of over 180,000 each year between award years 2026-27 and 2035-36.

The recipient estimates in Table 4.1 reflect the portion of projected undergraduate enrollment, who are not in a degree program and would be financially eligible for a Pell Grant (i.e., have a sufficiently low Student Aid Index, which considers income and family size). The Department's recipient estimates are informed by the National Center for Education Statistics (NCES) enrollment projections and National Postsecondary Student Aid Study (NPSAS) data on the percentage of undergraduates in non-

degree programs. The estimated cost reflects an average award of approximately $1,710, which is prorated from the Short-term Pell Experimental Sites Initiative. The experiment piloted an expansion of Pell Grants for short-term programs aligned with regional workforce needs to a limited group for evaluation from 2012 to 2017. The average award for the experiment was $1,312 at a time when the Pell Grant maximum award ranged from $5,550 (in 2012) and $5,815 (in 2017).[34] The recipient estimate combined with the average award results in a program cost estimate of over $300 million per award year and outlays of $3.0 billion for FY 2026 to 2035.

Accounting Statement:

As required by OMB Circular A–4, we have prepared an accounting statement showing the classification of the expenditures associated with the provisions of these proposed regulations. Table 4.2 provides our best estimate of the changes in annual monetized transfers that may result from these proposed regulations. Expenditures are classified as transfers from the Federal government to affected student loan borrowers.

Table 4.2 - Accounting Statement: Classification of Estimated Annualized Expenditures (in millions)

[34] Institute of Education Sciences (2020). "The Effects of Expanding Pell Grant Eligibility for Short Occupational Training Programs: Results from the Experimental Sites Initiative." https://ies.ed.gov/use-work/resource-library/report/evaluation-report/effects-expanding-pell-grant-eligibility-short-occupational-training-programs-results-experimental.

Category	Benefits
Expanded Pell Grant availability benefits recipients as grant aid is positively associated with postsecondary enrollment, persistence, and completion outcomes	Not quantified
Expanded supply of high-value, short-term certificate programs	Not quantified
Increased earnings for recipients who achieve a certificate from a high-value, short-term programs	Not quantified
Potential influence of short-term programs on students' decisions to pursue higher levels of postsecondary education	Not quantified
Increased enrollment and associated non-Pell Grant revenues at institutions with successful Workforce Pell programs	Not quantified
Increased pool of skilled individuals employers are able to hire, ultimately increasing revenues and profits	Not quantified
Taxpayer benefits from higher level of earnings experienced by individuals who participate in high-value, short-term programs and reduced poverty and reliance on social safety nets	Not quantified

Category	Costs	
	3 percent	7 percent
Costs of compliance with paperwork requirements	$13.88	$13.58
Costs to State Governments to administer Workforce Pell programs	Not Quantified	
Costs of system changes for the Department to implement the proposed regulations	$0.57	$0.67

Federal implementation staffing and contract costs	$1.4	$1.6
Federal long-term staffing increases	$0.90	$0.87
Additional ongoing contract costs to operate and maintain systems to administer regulatory provisions	$2.14	$2.09

Category	Transfers	
	3 percent	7 percent
Increased transfers from Federal government to Pell recipients at Workforce Pell programs	$294	$289

5. Alternatives Considered

During the negotiated rulemaking process, the Department received more than 80 proposals from non-Federal negotiators representing numerous impacted constituencies on a variety of issues. Throughout the *Significant Proposed Regulations,* we noted proposals that were accepted by the committee, all other proposals were discussed and declined. To view all proposals submitted, see here: *https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/negotiated-rulemaking-for-higher-education-2025-2026*.

This section will outline significant alternatives of the proposed regulations not discussed during negotiated rulemaking.

§ 600.10 Date, extent, duration, and consequence of eligibility.

In this rule, we propose that the Secretary approve every eligible workforce program. During initial discussions, the Department considered requiring the Secretary to proactively approve only the first eligible workforce program offered by an institution. Requiring the Secretary to approve one eligible workforce program is similar to the Department's current process for the Direct Assessment Program (§ 668.10) and Prison Education Programs (§ 668 Subpart P). After internal discussion, we determined that the OBBB requires the Secretary to approve each eligible workforce program. Section 481(b)(3) of the HEA states "...*after the Governor of such State makes the determination that the program meets the requirements...the Secretary determines that-...*" the program meets other requirements like the minimum and maximum number hours and weeks in the program. The Department interprets that language to mean that the Secretary is required to proactively ensure that the program meets all the statutory and regulatory requirements to become an eligible workforce program.

§ 668.5 Written arrangements to provide educational programs.

In this rule, we propose to limit the amount of an eligible workforce program that can be offered by an

ineligible institution or organization through a written arrangement to 25 percent or less. Currently up to 50 percent of an eligible program can be offered by an ineligible institution or entity with the approval of the institution's accrediting agency. During initial discussions, the Department considered allowing institutions to contract out more than 25 percent of the eligible workforce program, but determined that an institution that seeks to offer an eligible workforce program should be able to demonstrate that it can provide and offer at least three-quarters of the program without relying on outside vendors. The Department is open to feedback on written arrangements; therefore, we have asked a specific question in the *Directed Questions* section.

§ 668.20 Limitations on noncredit or remedial coursework that is eligible for Title IV, HEA program assistance.

In this rule, the Department proposes to prohibit inclusion of noncredit or remedial courses in a student's eligibility. The Department is aware that many institutions currently offer noncredit programs that do not confer academic credit and also are not measured in clock hours. These noncredit programs usually culminate in a certificate or credential conferred by the institution. The Department considered allowing noncredit programs that are not offered in clock hours to be considered eligible programs; however, we are constrained by statute. Section 401(k) of the HEA

which states, "...*the provisions of subsection (d)(2) shall not be applicable to eligible workforce programs;*". Section (d)(2) of the HEA states, "(2) Noncredit or remedial courses; study abroad.— Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the eligible institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to use already existing knowledge, training, or skills...".

Programs must be offered in either credit hours or clock hours to be considered eligible workforce programs for the purposes of receiving a Pell Grant. This means noncredit programs offered in clock-hours could be considered an eligible workforce program, so long as the noncredit program also meets all of the other eligibility criteria.

§ 668.32 Student eligibility and § 690.6 Duration of student eligibility.

In this rule, the Department proposes to allow eligible students who have already obtained a bachelor's degree who then enroll in an eligible workforce program under § 668.32 (and a conforming change in § 690.6) to be

eligible to receive a Pell Grant. Currently, under § 668.32(c)(2), "For purposes of the Federal Pell Grant Program [the student]...Does not have a baccalaureate or first professional degree...". The Department considered applying the bachelor prohibition on Pell Grants to students enrolled in an eligible workforce program. Section 401(k)(2)(B)(i) of the OBBB states that a student, "be enrolled, or accepted for enrollment, in a program of study that leads to a graduate credential. Section 401(k) of the OBBB makes no mention of a student with a bachelor's degree; therefore, we do not believe eligible individuals enrolled in an eligible workforce program after obtaining a baccalaureate degree are prohibited from receiving Pell Grants.

§ 690.5 Ineligibility due to grant or scholarship assistance from non-Federal grants, and § 690.80 Recalculation of a Federal Pell Grant award.

In this rule, the Department proposes to prohibit a student from receiving a Pell Grant if the student receives grant or scholarship assistance from non-Federal sources that equals or exceeds the student's COA for the award year. For example, a student is eligible for $7,000 in Pell Grants for the year based on SAI, enrollment intensity, and COA. If a Pell-eligible student's COA is $7,000, and the student receives a scholarship for $6,000, then the student

can receive their full calculated Pell Grant for the award year.

The Department considered the alternative that, if at any time during the award year the student receives assistance from non-Federal sources that, in combination with the student's Pell Grant disbursements, exceeds the student's COA, the institution must reduce either the Federal Pell Grant or the non-Federal grant or scholarship assistance until the amount that exceeds the COA is eliminated. For example, a student is eligible for $6,000 in Pell Grants for the year based on SAI and enrollment intensity. If the student's COA is $7,000, and the student receives a scholarship for $6,000, then the institution would have to either reduce the student's Pell award by $5,000 (to not exceed COA) or reduce the scholarship by $5,000 (to not exceed COA). We determined that we did not have the authority to require a reduction in Pell Grant or non-Federal grant or scholarship assistance in this manner. The proposed text is a more direct read of the statute.

§ 690.90 Scope and purpose.

In this rule, the Department proposes to limit eligible workforce programs to Pell Grant Program eligibility. We considered expanding eligibility to other title IV aid programs, such as the Federal Direct Loan program. However, because the OBBB amended section 401 of

the HEA, we determined that the statutory framework only allows eligible workforce programs to access Pell Grants.

§ 690.91 Definitions

The OBBB defines a Governor as "the chief executive of a State." In this rule, the Department proposes to align the definition of *Governor* with WIOA to mean "the chief executive of a State or outlying area as defined under section 3 of the Workforce Innovation and Opportunity Act...". In WIOA, an outlying area is American Samoa, Guam, the Northern Mariana Islands, Palau, and the U.S. Virgin Islands. A conflict exists between WIOA and the HEA. In addition to all States, territories, and countries covered under the WIOA definition, the HEA definition of a "State" includes the Republic of the Marshall Islands and the Federated States of Micronesia. The Department considered extending eligibility to eligible institutions in the Republic of the Marshall Islands and the Federated States of Micronesia to offer eligible workforce programs. The Department determined that eligible institutions in neither the Republic of the Marshall Islands nor the Federated States of Micronesia could offer an eligible workforce program because section 481 of the OBBB requires the Governor of a State to approve the eligible workforce program "...after consultation with the State board...". Neither the Republic of the Marshall Islands nor the

Federated States of Micronesia have a State board as defined in WIOA.

§ 690.93 Components determined by Governors

Prior to negotiated rulemaking, the Department considered not regulating on the Governor's approval process. We intended to copy the exact text from the OBBB regarding the Governor's approval making no additional clarifications nor add any additional requirements.

As noted throughout this proposed rule, we worked in direct collaboration with the U.S. Department of Labor (DOL). During our discussions, DOL recommended the framework under § 690.93(b) that requires written and published methodologies, policies, and timeframes for how Governors will approve an eligible workforce program. The Department believes it is important for Governors to have written policies on how programs would be approved. Written policies establish a framework for consistent and standardized program approval. Written policies would also make the approval process clear and transparent for eligible institutions outlining what information is necessary for eligible institutions to submit to the Governor for program approval.

The Department's original proposal[35] for the Components determined by Governors did not contain proposed rules on

[35] Discussion Draft and Amendatory Text - https://www.ed.gov/media/document/2025-ahead-discussion-draft-112625.pdf.

bilateral agreements between Governors to offer eligible workforce programs through distance education to students outside the State where the institution is located. As noted under the *Significant Proposed Regulations,* several negotiators asked if an eligible workforce program could be offered through distance education (defined under 34 CFR § 600.2) to students located in a different State than where the eligible institution is located. The Department has two significant concerns about allowing nationwide reciprocity for eligible workforce programs offered online.

First, the Department is concerned that nationwide reciprocity, without constraints, would bypass Congressional intent that eligible workforce programs fulfill specific local, regional, and State workforce needs. Second, such reciprocity is more likely to lead to rapid proliferation of certain types of eligible workforce programs offered through distance education, and because the oversight framework for these programs is only now being developed, there is significant risk associated with allowing rapid widespread adoption of programs that may or may not be of low quality.

We understand that the proposal is likely to receive significant interest and have asked for specific feedback in the *Direct Questions* section.

§ 690.94 Components determined by the Secretary

The OBBB requires that eligible workforce programs annually meet a completion outcome for enrolled students. The completion outcomes are detailed in our proposal under § 690.94(a)(2)(i)(A) and (a)(2)(ii)(A). The Department did not initially consider exempting any population of student from the completion rate calculation because the OBBB does not specifically instruct the Department to do so. Indeed, there could be a number of reasons why a student does not complete an eligible workforce program, many of which should be considered in order to reflect the true completion rate for the eligible workforce program

However, during negotiated rulemaking, several negotiators raised concerns that the completion rate could be negatively impacted by factors completely outside of the eligible institution's control, which would not reflect the true completion rate, and which then could cause an eligible workforce program to lose eligibility. In collaboration with negotiators, the Department developed this list of exclusions. A student is not included in the numerator or denominator of the completion or placement rate if the student dies; experiences the onset of a medical condition that prevents employment; is ordered to the uniformed services, including service performed under Title 10 or Title 32 of the United States Code, for a period of more than 30 days; or becomes incarcerated.

§ 690.95 Value-added earnings

The Department considered three alternatives related to the calculation of the value-added earnings metric. These include: the "cohort period" and "earnings measurement period" for the value-added earnings metric; the method for computing earnings for small programs; and the method for adjusting earnings using regional price parities (RPPs).

Value-Added Earnings Timeline.

The statute does not specify the first award year that value-added earnings will be measured. The statute is also ambiguous about which completer cohort should be used to measure earnings. Under the Department's initial proposal, we determined that because Congress specified that a program's value-added earnings shall be based on "...*the earnings of students who received Federal financial aid under this title and who completed the program 3 years prior to the award year...*", the first award year in which the value-added earnings could be calculated is the 2029-30 award year using the earnings of students who graduated during the 2026-27 award year.[36]

Non-Federal negotiators raised two concerns regarding the Department's proposal. First, the Department's initial proposal does not always allow for three full years to transpire before earnings are measured. Second, negotiators

[36] Under this proposal, there is exactly three years between the start date of the 2029-30 award year (July 1, 2030) and the start of the 2026-27 award year (July 1, 2026).

argued that this timeline is incongruent with the timeline for when Federal tax records are filed each year.

Alternatively, non-Federal negotiators proposed measuring earnings for the first time during the 2030-31 award year using completers from the 2026-27 award year. Under this alternative, all Pell Grant completers who graduate from an eligible workforce program would then have at least three full years between when they graduated and when earnings are measured.

The Department agreed with the negotiators' recommendation. Measuring earnings in 2029-30 (as the Department initially proposed) rather than 2030-31 (which the Department and negotiators ultimately agreed upon) could result in some scenarios where program earnings are measured less than three full after students complete their program, which the Department believes would be incongruent with statutory intent.

Value-Added Earnings Computation for Small Programs.

To protect individual privacy when the Department obtains earnings data to compute the median earnings of each program, data must include a minimum number of individuals (at least 16) with usable income records for which the median earnings value is derived. Programs with fewer than 16 completers during an award year will not meet this threshold.

The Department considered several options to address this issue. First, the Department considered excluding these small programs and exempting them from the value-added earnings requirement.

As discussed earlier in this proposed rule, the Department ultimately rejected such an approach. The Department and non-Federal negotiators believe that the value-added earnings component is a critical part of validating the efficacy of an eligible workforce program. Furthermore, the Department believes that Congress intends the Department to make every effort to produce a value-added earnings metric for all programs to protect students and taxpayers. Failing to calculate this metric for small programs could risk program expansion in unpredictable ways.

Second, to ensure small programs will be included in the value-added earnings test, the Department considered aggregating small programs with cohorts of completers from up to three prior award years or until between 30 to 50 completers are reached. The Department ultimately adopted this overall approach in this proposed rule but also considered different variations, both of which related to the tax years used to measure income for individuals in aggregated cohorts.

Some non-Federal negotiators argued that the earnings of individuals in aggregated cohorts should all be measured

using tax records from the most-recently available year. Other non-Federal negotiators argued that measuring earnings using data from the most-recent tax year would create an inconsistent earnings metric, where some individuals would have earnings measured three years after program exit, and others (from prior cohorts that are included due to cohort aggregation) would have their earnings measured between 4 and 6 years after exit. Ultimately, the Department rejected this approach because we believe measuring earnings for a period longer than three full years after program exit is inconsistent with statutory intent and would unfairly benefit small programs by upwardly biasing program earnings.

Instead, the Department proposed consistently measuring earnings 3 full years after program exit for all individuals in the cohort period, including for individuals in aggregated cohorts.[37] Earnings values would then be adjusted for inflation to align with a single year.

The Department and non-Federal negotiators ultimately agreed that this method was preferable because all students in the aggregated cohort would be measured three full years after they exit from their program, preventing the scenario

[37] To provide an example, if a program is small and therefore includes completers from the aggregated 2026-27, 2027-28, and 2028-29 award years, the earnings of the 2026-27 completers would be measured in 2030-31 (three full years after these students exited), the earnings of 2027-28 would be measured in 2031-32 (three full years after these students exited), and the earnings of 2028-29 completers would be measured in 2032-33 (three full years after these students exited).

where some individuals (those from prior cohorts) have a longer time horizon for measuring earnings.

Regional Price Parities.

When adjusting program earnings by the regional price parities index, the Department initially considered the following process. First, the Department would identify the location of the institution (using the six-digit OPEID of the institution) that the program was offered at. If that location was in a metropolitan statistical area (MSA), the earnings value would be adjusted using the regional price parity of that MSA. If the location was not in an MSA, the earnings value would be adjusted using the regional price parity of the state.

Non-Federal negotiators raised concerns about programs that enrolled few students from the area in which the college is physically located. They argued programs that enroll a majority of students from out of state would unfairly have their earnings adjusted using a price parity metric that is not representative of the prices their students pay.

The Department subsequently considered an alternative approach (which it adopted in this proposed rule) whereby the earnings of completers from programs that enroll a majority of students from out of State are adjusted using the national regional price parity (rather than the MSA or State-level measure). The Department and negotiators

believed that the national-level regional price adjustment (which multiplies median earnings by a factor of 1.0, the national average) more accurately represents the price differentials students in these programs experience.

§ 690.97 Regaining eligibility

Programs may regain eligibility immediately after losing eligibility by following the steps in § 690.97(b) and (c) due to revocation or the Governor's approval or failure of value-added earnings. The Department considered mirroring this timeline for failure of completion or job placement rates under § 690.96(a); however, during internal discussions, concerns arose that a program's failure of placement and completion rates is indicative of a more serious problem. An eligible workforce program is short by nature; therefore, we believe that enrolled students should complete the programs at a high rate, and also the programs are meant to result in a high-skill, high-wage, and in-demand job. Due to these concerns expressed by Department staff, we propose that the institution may not seek to reestablish the eligibility of the failing program or to establish eligibility for a substantially similar program until two years following the earlier of the date the program loses eligibility or the date the institution voluntarily discontinues the failing workforce program.

Regulatory Flexibility Act

This section considers the effects that the proposed regulations may have on small entities in the Educational Sector as required by the Regulatory Flexibility Act (RFA, 5 U.S.C. *et seq.,* Public Law 96-354) as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA). The purpose of the RFA is to establish as a principle of regulation that agencies should tailor regulatory and informational requirements to the size of entities, consistent with the objectives of a particular regulation and applicable statutes. The RFA generally requires an agency to prepare a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements under the Administrative Procedure Act or any other statute unless the agency certifies that the rule will not have a "significant impact on a substantial number of small entities."

These proposed regulations are needed to implement statutory changes in the OBBB that expand the Pell Grant Program as of July 1, 2026, to include students who attend eligible workforce programs. The proposed regulations also implement a separate provision under the OBBB preventing a student from receiving a Pell Grant if the student's non-Federal financial assistance equals or exceeds their cost of attendance.

The Secretary certifies, under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.), that this proposed

regulatory action will not have a significant economic impact on a substantial number of small entities. For the purposes of this certification the Department has defined "significant economic impact" as increasing or reducing a small entity's revenues by more than 3 percent, and a "substantial number of small entities" as more the 5 percent of institutions that meet the Department's definition of a small entity. The Department estimates that fewer than 5 percent of small entities would see their revenues affected by more than 3 percent as a result of the proposed rule. For the purposes of this certification, the Department of Education defines "small entities" by reference to enrollment, to allow meaningful comparison of regulatory impact across all types of higher education institutions. We construct four different categories of small entities for the purposes of classifying higher education institutions: (1) Extremely Small (1-249 FTE, full-time equivalent student enrollees); (2) Very Small (250-499 FTE); (3) Moderately Small (500-749 FTE); and (4) Small (750-999 FTE).

Table 5.1 summarizes the number of institutions in each of these categories. In total, 53 percent of institutions are classified as small institutions under the enrollment-based definition. Specifically, 33 percent are Extremely Small (1-249 FTE), 9 percent are Very Small (250-

499 FTE), 6 percent are Moderately Small (500-749 FTE), and 5 percent are Small (750-999 FTE).

Table 5.1 - Number of Small Institutions Under Enrollment-Based Definition

	Small Entities					All Colleges	Percent Small
	Extremely Small (1-249 FTE)	Very Small (250-499 FTE)	Moderately Small (500-749 FTE)	Small (750-999 FTE)	Small Subtotal		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Public	181	73	74	91	419	1,780	23.54
2-Year	181	68	68	81	398	1,233	32.28
4-Year	0	5	6	10	21	547	3.84
Non-Profit	455	138	142	111	846	1,638	51.65
2-Year	159	34	21	8	222	251	88.45
4-Year	296	104	121	103	624	1,387	44.99
For-Profit	983	242	80	63	1,368	1,540	88.83
2-Year	954	227	70	57	1,308	1,438	90.96
4-Year	29	15	10	6	60	102	58.82
Total	1,619	453	296	265	2,633	4,958	53.11

Notes: Institutions are defined using OPEID6 identification codes.
Source: Department analysis using 2022-23 and 2023-24 IPEDS data.

As seen in Table 5.2, small entities (all four categories combined) in the public sector generate $3.5 billion in revenues annually, small entities (all four categories combined) in the private non-profit sector generate $12.3 billion in revenues annually, and small entities (all four categories combined) in the for-profit sector generate $4.2 billion in revenues annually. An outsized share of these revenues come from institutions in the largest category of small entities (institutions with 750-999 FTE). These institutions make up just 9 percent of all institutions classified as a small entity (having fewer than 1,000 FTE) but comprise 38 percent of the annual revenues generated by these institutions.

Table 5.2 - Total Revenue at Small Institutions and All Institutions in 2023-24 ($ in millions).

	Small Entities					All Colleges	Percent Small
	Extremely Small (1-249 FTE)	Very Small (250-499 FTE)	Moderately Small (500-749 FTE)	Small (750-999 FTE)	Small Subtotal		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Public	203.5	431.4	956.9	1,939.7	3,531.6	433,146.1	0.82
2-Year	203.5	340.9	799.2	1,498.8	2,842.3	104,190.5	2.73
4-Year	0.0	90.5	157.8	441.0	689.3	328,955.6	0.21
Non-Profit	1,998.1	2,293.1	3,192.2	4,769.0	12,252.5	275,556.3	4.45
2-Year	294.6	213.0	241.9	106.2	855.8	12,257.1	6.98
4-Year	1,703.5	2,080.0	2,950.3	4,662.8	11,396.7	263,299.3	4.33
For-Profit	1,361.8	1,157.6	705.6	934.5	4,159.4	18,684.4	22.26
2-Year	1,299.2	1,042.8	555.9	754.6	3,652.5	9,581.4	38.12
4-Year	62.6	114.7	149.7	179.9	506.9	9,102.9	5.57
Total	3,563.4	3,882.1	4,854.7	7,643.3	19,943.5	727,386.8	2.74

Notes: Institutions are defined using OPEID6 identification codes.
Monetary values are measured in 2023 nominal dollars.
Source: Department analysis using 2022-23 and 2023-24 IPEDS data.

To determine the extent to which the proposed rule would impact small entities, the Department implemented a two-step process. First, the Department used data from IPEDS and NSLDS to estimate the share of completers from programs that are less than 12 weeks in length who would be Pell Grant recipients. Second, using the values from step 1 and the average estimated Pell Grant disbursement to eligible workforce programs ($1,710), the Department then estimated the total revenue that could be derived annually from such disbursements relative to institutions' total annual revenues.

Using this methodology, the Department estimates that just 45 small entities (or approximately 2 percent) could have an increase in total revenues of 3 percent or more due to the proposed rule. Additionally, this regulatory action

does not impose new reporting requirements or compliance burdens on these entities. Any potential effects are minimal, indirect, or result from voluntary participation in a Federal program. Therefore, the Department concludes that this rule will not have a significant economic impact on a substantial number of small entities, in accordance with 5 U.S.C. 605(b).

Paperwork Reduction Act of 1995

As part of its continuing effort to reduce paperwork and respondent burden, the Department provides the general public and Federal agencies with an opportunity to comment on proposed and continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506(c)(2)(A)). This helps make certain that the public understands the Department's collection instructions, respondents can provide the requested data in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the Department can properly assess the impact of collection requirements on respondents.

§ 690.5 Ineligibility due to grant or scholarship assistance from non-Federal grants; § 690.80 Recalculation of a Federal Pell Grant award.

Summary

Proposed § 690.5 would make a student ineligible for a Pell Grant during an award year in which the student

receives non-Federal grant or scholarship assistance that equals or exceeds the student's COA. Under § 690.80(d), we propose that, if prior to the final disbursement of a student's Pell Grant for the award year, the institution becomes aware that the student has or will receive grant or scholarship assistance from non-Federal sources that equals or exceeds the student's COA, the institution must either: reduce the non-Federal grant or scholarship assistance until it does not equal or exceed the student's COA or return all of the Pell Grant funds that the student received for the award year and cancel any future disbursements.

Burden

Proposed § 690.5 would now require an institution to monitor, through the final Pell Grant payment for an award year, whether additional non-Federal grant or scholarship assistance is awarded to a Pell Grant recipient that impacts that individual's eligibility for Pell Grant funds. Institutions already monitor the receipt of new assistance; however, institutions would experience additional burden to evaluate whether the total non-Federal grant or scholarship assistance equals or exceeds the student's COA. If the grant or scholarship assistance does not equal or exceed the COA, the school does not have to adjust the student's Pell Grant award. If non-Federal grant or scholarship assistance equals or exceeds the COA, the school will

either (1) reduce the total non-Federal grant or scholarship aid to be at least $1 less than the COA or (2) return the full Pell Grant amount. An institution would need to work with the sources of the non-Federal grant or scholarship and the student to determine what option best meets the student's specific needs.

The Department estimates that currently 18,000 students per year receive non-Federal grants and scholarships that exceed their program's COA. Of those, we estimate approximately 28 percent also receive a Federal Pell Grant. This would result in approximately 5,040 students who could lose Pell Grant eligibility each year due to non-Federal funds exceeding their program's COA.

Complying with these new regulations would require an institution to review the regulations and regulatory guidance, train staff, update policies and procedures, and potentially make system changes for purposes of tracking non-Federal aid. Financial aid offices will need to adjust a student's aid package for this new reason, increasing burden on institutions. We believe this will add a total of 1.5 hours of burden per student that is potentially impacted by this regulation.

1.5 hours X 5,040 students = 7,560 burden hours

§ 690.11 Concurrent Federal Pell Grant payments

Summary

Proposed § 690.11 clarifies that a student cannot receive a Pell Grant for enrollment in an eligible workforce program concurrently with any other educational programs, including another eligible workforce program.

Burden

Institutions are already required to ensure a student is not receiving Pell Grant funds concurrently with another institution. This regulation would add a small amount of burden to highly automated processes that already exist at financial aid offices by requiring the institution to evaluate whether a student enrolled in an eligible workforce program is also enrolled in and receiving Pell Grant funds for another program at the same institution. The Department estimates it will take 1 minute per 1,000 students to perform this additional check. With approximately 6 million Pell recipients per year, we estimate there will be an increase of 100 additional burden hours.

6,000,000/1000 = 6,000 minutes = 100 additional burden hours.

§ 668.32 Student eligibility; § 690.6 Duration of student eligibility.

Summary

In nearly all cases, a student who has already obtained a bachelor's degree is not eligible for a Pell Grant. Under proposed regulations, students holding

bachelor's degrees, and who are otherwise eligible for a Pell Grant, would not be disqualified for a Pell Grant if they are enrolled in an eligible workforce program. Proposed 690.32(c)(2)(i)(B)(2)(i) and (ii) would, however, disqualify a student from eligibility for a Pell Grant to enroll in an eligible workforce program if the student is enrolled or accepted for enrollment in a program of study that leads to a graduate credential or has attained a graduate credential.

Burden

Institutions receive information from a student's FAFSA regarding the highest level of education attained by the student. For eligible workforce programs, there will no longer be a burden associated with an institution's verification that the student has not obtained a bachelor's degree. However, that burden is replaced with documenting a student is not enrolled or accepted for enrollment in a program that leads to a graduate credential, nor have they already attained a graduate credential.

Institutions must update their systems and train staff to account for these changes in regulations. The Department believes it will take 3 hours per eligible institution to make these updates. This adds 16,878 additional burden hours.

5,626 institutions x 3 hours = 16,878 burden hours.

Once relevant updates have been made, the use of automation and technology reduces much of the burden on schools for this requirement. Because of this, the Department does not believe there will be any increase in burden for an institution on a day-to-day basis.

§ 668.20 Limitations on noncredit or remedial coursework that is eligible for Title IV, HEA program assistance.

Summary

Proposed § 668.20 prevents students enrolled in eligible workforce programs measured in credit hours from using a Pell Grant for noncredit or reduced credit courses such as remedial coursework or English as a second language courses.

Burden

Institutions must identify noncredit or reduced credit remedial courses and exclude them from their aid packaging policies for eligible workforce programs measured in credit hours. Under § 668.20(c)(2), institutions are currently permitted, but not required, to include some or all noncredit and reduced credit remedial courses for consideration when packaging title IV, HEA program assistance. Since this new requirement deviates from regular processes, we anticipate there will be an increase of burden on institutions.

Institutions will need to review and become familiar with the regulations (4 hours), train staff (2 hours),

update policies and procedures (5 hours), update relevant technical systems (8 hours), and update materials and websites (3 hours). This increases burden by 22 hours for schools implementing eligible workforce programs. If there are 100 institutions with eligible workforce programs after year one of implementation of these regulations, there would be an increase in 2,200 burden hours.

100 schools x 22 hours = 2,200 total burden hours

§ 690.91 Definitions; § 690.2 Definitions; § 600.10 Date, extent, duration, and consequence of eligibility; § 690.90 Scope and purpose; § 690.92 Eligible workforce program; § 668.5 Written arrangements to provide educational programs; § 668.8 Eligible program; § 690.90 Scope and purpose; § 690.92 Eligible workforce program; § 668.32 Student eligibility; § 668.5 Written arrangements to provide educational programs.

Summary

§ 690.91 defines terms used in 34 CFR 690 Subpart H. § 690.2 defines an eligible workforce program. § 600.10 establishes title IV eligibility for workforce programs if the workforce program is approved by the Secretary. § 668.8 and § 690.90 limit title IV, HEA program eligibility to only Pell Grants for students enrolled in an eligible workforce program. § 690.92 contains the program requirements of an eligible workforce program. § 668.5 would limit eligible workforce programs to offer no more

than 25 percent of their program with an ineligible institution through a written arrangement.

Burden

These proposed regulations create a new type of program eligible for Pell Grants. Institutions must consider whether or not these regulations have an impact on their programs and whether or not any updates need to be made to their internal processes and procedures. Even institutions not interested in pursuing approval of an eligible workforce program will have an increase of burden due to the proposed regulations. For example, an institution may currently offer programs similar to eligible workforce programs but decide not to seek Secretary approval for them. An institution who otherwise participates in the title IV, HEA programs would want to ensure their staff was familiar these changes so they can determine whether or not a particular program was eligible for a Pell Grant.

The Department estimates it will take an average of 4 burden hours for institutions to review and consider the changes to title IV regulation. In 2024, there were 5,626 title IV eligible institutions. This results in a total of 22,504 additional burden hours.

5,626 X 4 hours = 22,504 burden hours

§ 690.93 Components determined by Governors

Summary

Proposed § 690.93 outlines requirements for the Governor to approve an institution's application for an eligible workforce program.

Burden

These regulations would create burden on States. In order to approve an eligible workforce program, the Governor will need to review statutory and regulatory requirements (3 weeks), consult with their State board (4 weeks), create and publicly publish steps in their eligible workforce program approval process (7 weeks), review applications for eligible workforce programs (7 weeks), and finally, approve or deny the program (2 weeks.)

"Governor" is defined as the chief executive of a State or outlying area or the Tribal government where an institution is located. The Department estimates there will be 59 Governors that decide to create the new approval process required for establishing an eligible workforce program.

If we assume a 40-hour workweek and 23 weeks, this totals an additional 920 hours per Governor. This adds 54,280 burden hours.

920 hours x 59 Governors = 54,280 burden hours.

Governors will also need to report to the Department the approval of an eligible workforce program. The Department plans to seek OMB approval of a new form for the requirements of Governor approval. Burden hours for a

Governor to complete the actual application will be assessed under the development of a new form, 1845-NEW. This form will be created and made available for comment through a full public clearance package before being made available for use by the effective date of the regulations.

§ 690.94 Components determined by the Secretary

Summary

Proposed § 690.94 outlines the requirements for Secretary approval of an eligible workforce program. Institutions will be required to seek Secretary approval by submitting an application in order to offer Pell Grants to otherwise eligible students enrolled in eligible workforce programs. § 690.94 also requires an institution with an eligible workforce program to submit to the Governor a list of students who completed the program during the award year and other information necessary for the Governor to verify a job placement rate. Institutions offering eligible workforce programs will also be required to report to the Department the published tuition and fees for the eligible workforce program.

Burden

The application requirements involve burden. Eligible workforce programs will have additional application requirements beyond what an institution is accustomed to when applying for a new program qualifying for title IV, HEA program funds. Institutions will be required to develop

and prepare to apply for an eligible workforce program by seeking approval from the Governor prior to seeking program approval from the Secretary. We believe that it will take 15 weeks for internal preparation at the institution which could consist of reviewing new statutory requirements, identifying which programs may qualify, compiling program details, and gaining any relevant internal approvals needed prior to their submission to the Governor.

The submission of the application itself will be completed through a process institutions are already accustomed to using. Proposed regulations would require an update to the form an institution completes: 1845-0012, Application for Approval to Participate in Federal Student Aid Programs. The Department anticipates that eligible workforce programs will increase the number of programs qualifying for title IV, HEA program funds overall and therefore increase the number of responses to 1845-0012. Section 690.94 contains burden for institutions. The Department estimates it will take an institution approximately 20 weeks to prepare to seek Governor approval of their programs. Assuming a 40-hour work week, this creates an additional 800 burden hours on institutions. With 100 programs, this would create an additional 80,000 burden hours to this collection.

100 programs x 800 hours = 80,000 burden hours.

Section 690.94 would also result in additional burden for States. Institutions with an eligible workforce program would submit to their Governor a list of students that completed the program during the award year each award year. States would be required to review this information to verify the job placement rate each year. The Department believes that ten different states will be completing these requirements during the first three years these regulations are effective. If it takes a State 20 hours to review and verify the information submitted by the institution, this would add 200 additional burden hours to States.

10 States x 20 hours = 200 burden hours

§ 690.95 Value added earnings

Summary

Proposed regulations would require an institution to ensure an eligible workforce program's published tuition and fees do not exceed value-added earnings. There will be no additional burden on institutions to calculate the value-added earnings as the Secretary will publish the value-added earnings that apply to an eligible workforce program each award year. However, the regulations do require an institution to evaluate the accuracy of the data submitted to NSLDS that is ultimately used to construct cohorts of students for purposes of the value-added earnings calculation. Institutions are already accustomed to doing this for all other programs to comply with

Financial Value Transparency. Due to technology and automation, the Department does not believe this regulation will have any meaningful impact on burden for institutions to comply with.

Institutions would also be required to publish their tuition and fees for their eligible workforce programs. Should tuition and fees exceed the calculated value-added earnings, the eligible workforce program would lose eligibility for title IV, HEA program funds.

Burden

The Department estimates it will take 1.5 hours each award year to publish their tuition and fees. If there are 100 programs that would create 150 additional burden hours. 100 programs x 1.5 hours = 150 burden hours.

An institution with an eligible workforce program must provide to the Secretary documentation that their published tuition and fees do not exceed the value-added earnings. We believe that the Department will request this information from 1 percent of eligible workforce programs each award year. If only one institution is required to provide this additional information to the Secretary, the number of respondents to this proposed requirement falls below the PRA threshold of 10 respondents and therefore does not impact burden on this proposed regulation.

§ 690.96 Loss of eligibility

Summary

§ 690.96 proposes that a program will become ineligible for title IV aid if it fails to meet any of the prescribed requirements or if an institution voluntarily discontinues a failing workforce program.

Burden

The Department anticipates there will not be many programs, if any, to lose eligibility within the next 3 years. Upon renewal of this information collection, we will have more data to support whether an eligible workforce program will lose eligibility. At this time, we do not believe ten 10 or more programs will lose eligibility and therefore do not believe this proposed regulation adds burden to the regulatory collection.

§ 690.97 Regaining Eligibility

Summary

Proposed § 690.97 outlines the requirements to regain program eligibility should an eligible workforce program lose eligibility for any reason.

Burden

The Department does not anticipate there will be many, if any, losses of eligibility within the next 3 years. Because of this, we do not think enough programs that have lost eligibility will seek to regain eligibility. This means that this proposed regulation does not add burden to this regulatory collection.

Collection of Information

For institutions, we used the median hourly wage for Education Administrators, Postsecondary (11-9033) from the U.S. Bureau of Labor Statistics. In 2024 this was $49.98. To account for overhead costs and benefits, the Department has multiplied by this wage by two, resulting in hourly costs of $99.96.

Regulation	**Requirement**	**OMB Control #**	**Burden Hours**	**Costs**
§ 690.5 Ineligibility due to grant or scholarship assistance from non-Federal grants; § 690.80 Recalculation of a Federal Pell Grant award.	Students receiving nonfederal grant and scholarship that exceed Cost of Attendance are not eligible for Pell. Schools must update their current processes and procedures.	1845-NEW	1.5 hours x 5,040 students = 7,560 additional burden hours.	$99.96 x 7,560 = $755,698
§ 690.11 Concurrent Federal Pell Grant payments	Institutions must ensure a student does not receive a Pell Grant in an eligible workforce program concurrently with any other title IV eligible programs.	1845-NEW	6,000,000/1000 = 6,000 minutes = 100 additional burden hours.	$99.96 x 100 = $9,996

Regulation	Requirement	OMB Control #	Burden Hours	Costs
§ 668.32 Student eligibility; § 690.6 Duration of student eligibility.	Allows students who have already received bachelor degrees to otherwise qualify for a Pell Grant to enroll in an eligible workforce program. Prevents a student with a master's credential from receiving a Pell Grant for an eligible workforce program.	1845-NEW	5,626 institutions x 3 hours = 16,878 burden hours.	$99.96 x 16,878 = $1,687,125
§ 668.20 Limitations on remedial coursework that is eligible for title IV, HEA program assistance	Prevents Pell from funding noncredit or reduced credit hour courses to students enrolled in eligible workforce programs.	1845-NEW	100 schools x 22 hours = 2,200 total burden hours.	$99.96 x 2,200 = $219,912
§ 690.91 Definitions; § 690.2 Definitions; § 600.10 Date, extent, duration, and consequence of	Schools must review and consider new regulations.	1845-NEW	5,626 schools x 4 hours = 22,504 additional burden hours.	$99.96 x 22,504 = $2,249,500

Regulation	Requirement	OMB Control #	Burden Hours	Costs
eligibility; § 690.90 Scope and purpose; § 690.92 Eligible workforce program; § 668.5 Written arrangements to provide educational programs; § 668.8 Eligible program; § 690.90 Scope and purpose; § 690.92 Eligible workforce program; § 668.32 Student eligibility; § 668.5 Written arrangements to provide educational programs.				
§ 690.93 Components determined by Governors	Various requirements for Governor approval, including ensuring programs meet workforce needs and have been operating for at least one year.	1845-NEW	920 hours x 59 Governors = 54,280 burden hours.	$99.96.98 x 54,280 = $2,712,914

Regulation	Requirement	OMB Control #	Burden Hours	Costs
§ 690.94 Components determined by the Secretary	Various requirements for Secretary approval, including ensuring program length, completion rate, and placement rate requirements are met. States must verify the calculated job placement rate each year.	1845-NEW	100 programs x 800 hours = 80,000 burden hours 10 States x 20 hours = 200 burden hours	$99.96 x 80,000 = $7,996,800 $99.96 x 200 = $19,992
690.95 Value added earnings	Requirements for institutions to publish tuition and fees for eligible workforce programs.	1845-NEW	100 programs x 1.5 hours = 150 burden hours.	$99.96 x 150 = $14,994
§ 690.96 Loss of eligibility	Regulations for when an eligible workforce program loses eligibility	N/A	N/A	N/A
§ 690.97 Regaining Eligibility	Regulations for regaining eligibility after an eligible workforce	N/A	N/A	N/A

Regulation	Requirement	OMB Control #	Burden Hours	Costs
	program loses eligibility.			
Total			183,872	$15,666,931

Intergovernmental Review

This program is subject to Executive Order 12372 and the regulations in 34 CFR part 79. One of the objectives of the Executive Order is to foster an intergovernmental partnership and a strengthened Federalism. The Executive Order relies on processes developed by State and local governments for coordination and review of proposed Federal financial assistance.

This document provides early notification of our specific plans and actions for this program.

Assessment of Education Impact

In accordance with Section 411 of the General Education Provisions Act, 20 U.S.C. 1221e-4, the Secretary particularly requests comments on whether these final regulations would require transmission of information that any other agency or authority of the United States gathers or makes available.

Federalism

Executive Order 13132 requires us to provide meaningful and timely input by State and local elected officials in the development of regulatory policies that

have Federalism implications. "Federalism implications" means substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. The proposed regulations do not have Federalism implications.

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List of Subjects

34 CFR Part 600

Colleges and universities, Grant programs-education, Reporting and recordkeeping requirements, Student aid, Vocational education.

34 CFR Part 668

Administrative practice and procedure, Colleges and universities, Consumer protection, Grant programs-education, Reporting and recordkeeping requirements, Student aid, Vocational education.

34 CFR Part 690

Colleges and universities, Education of disadvantaged, Grant programs-education, Reporting and recordkeeping requirements, Student aid.

Nicholas Kent,

Under Secretary of Education.

For the reasons discussed in the preamble, the Secretary of Education proposes to amend parts 600, 668, and 690 of title 34 of the Code of Federal Regulations as follows:

PART 600— INSTITUTIONAL ELIGIBILITY UNDER THE HIGHER EDUCATION ACT OF 1965, AS AMENDED

1. The authority citation for part 600 continues to read as follows:

Authority: 20 U.S.C. 1001, 1002, 1003, 1088, 1091, 1094, 1099b, and 1099c, unless otherwise noted.

2. Amend § 600.10 by revising paragraphs (c)(1)(iii) and (iv) and adding (c)(1)(v) to read as follows:

§ 600.10 Date, extent, duration, and consequence of eligibility.

* * * * *

(c)* * *

(1)* * *

(iii) For an undergraduate program that is at least 300 clock hours but less than 600 clock hours and does not admit as regular students only persons who have completed the equivalent of an associate degree under 34 CFR 668.8(d)(3);

(iv) For an eligible workforce program as defined under 34 CFR 690.92; and

(v) For the first eligible prison education program under subpart P of 34 CFR part 668 offered at the first two additional locations as defined under § 600.2 at a Federal,

State, or local penitentiary, prison, jail, reformatory, work farm, juvenile justice facility, or other similar correctional institution.

* * * * *

PART 668—STUDENT ASSISTANCE GENERAL PROVISIONS

3. The general authority citation for part 668 continues to read as follows:

Authority: 20 U.S.C. 1001-1003, 1070g, 1085, 1088, 1091, 1092, 1094, 1099c, 1099c-1, and 1231a, unless otherwise noted.

4. Amend § 668.5 by revising paragraph (c)(3)(ii) to read as follows:

§ 668.5 Written arrangements to provide educational programs.

* * * * *

(c)* * *

(3)* * *

(ii)(A) The educational program is not an eligible workforce program;

(B) The ineligible institution or organization provides more than 25 percent but less than 50 percent of the educational program, in accordance with 34 CFR 602.22(a)(1)(ii)(J);

(C) The eligible institution and the ineligible institution or organization are not owned or controlled by the same individual, partnership, or corporation; and

(D) The eligible institution's accrediting agency or, if the institution is a public postsecondary vocational educational institution, the State agency listed in the Federal Register in accordance with 34 CFR part 603 has specifically determined that the institution's arrangement meets the agency's standards for executing a written arrangement with an ineligible institution or organization.

* * * * *

5. Amend § 668.8 by revising paragraph (n) to read as follows:

§ 668.8 Eligible program.

The restructuring and addition read as follows:

* * * * *

(n) *Other eligible programs.* For title IV, HEA program purposes, *eligible program* includes —

(1) A direct assessment program approved by the Secretary under § 668.10;

(2) A comprehensive transition and postsecondary program approved by the Secretary under § 668.232;

(3) An eligible prison education program under subpart P of this part; and

(4) For purposes of the Federal Pell Grant Program only, an eligible workforce program under 34 CFR § 690.92.

* * * * *

6. Amend § 668.20 by:

a. Revising paragraph (b).

b. Adding paragraph (g).

The revision and addition read as follows:

§ 668.20 Limitations on remedial coursework that is eligible for Title IV, HEA program assistance.

* * * * *

(b) Except as provided in paragraphs (c),(d), and (g) of this section, in determining a student's enrollment status and cost of attendance, an institution shall include any noncredit or reduced credit remedial course in which the student is enrolled. The institution shall attribute the number of credit or clock hours to a noncredit or reduced credit remedial course by—

* * *

(g) An institution may not take into account any noncredit or reduced credit remedial course, including a course in English as a second language, for a student enrolled in an eligible workforce program, as defined under 34 CFR 690.92, that is offered in credit hours.

7. Amend § 668.32 by:

a. Revising paragraph (c)(2)(i)(B).

b. Adding paragraph (c)(2)(i)(B)(*1*) and (*2*).

The revision and addition read as follows:

§ 668.32 Student eligibility.

* * * * *

(c) * * *

(2) * * *

(i) * * *

(B)(*1*) Is enrolled in a postbaccalaureate teacher certificate or licensing program as described in 34 CFR 690.6(c); or

(*2*) Is enrolled in an eligible workforce program as defined under 34 CFR 690.92 and —

(*i*) Is not enrolled or accepted for enrollment in a program of study that leads to a graduate credential; and

(*ii*) Has not attained a graduate credential; and

* * * * *

PART 690—FEDERAL PELL GRANT PROGRAM

8. The authority citation for part 690 continues to read as follows:

Authority: 20 U.S.C. 1070a, 1070g, unless otherwise noted.

9. In § 690.2 amend paragraph (c) by adding, in alphabetical order, the definition of "Eligible workforce program" to read as follows:

§ 690.2 Definitions.

The addition reads as follows:

* * * * *

(c) Other terms used in this part are:

* * *

Eligible workforce program: A program as defined under 34 CFR § 690.92.

* * * * *

10. Add § 690.5 to read as follows:

§ 690.5 Ineligibility due to grant or scholarship assistance from non-Federal grants.

(a) A student shall not be eligible for a Federal Pell Grant for an award year during which the student receives grant or scholarship assistance from non-Federal sources, including States, eligible institutions, or private sources, in an amount that equals or exceeds the student's cost of attendance for the award year.

(b) Grant or scholarship assistance from non-Federal sources does not include sources that are excluded under Section 480(i) of the Higher Education Act of 1965, as amended.

11. Amend § 690.6 by:

a. Revising paragraph (a).

b. Adding a new paragraph (f).

The revision and addition read as follows:

§ 690.6 Duration of student eligibility.

* * * * *

(a) Except as provided in paragraphs (c), (d), and (f) of this section, a student is eligible to receive a Federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study.

* * *

(f) Notwithstanding paragraph (a) of this section, an otherwise eligible student enrolled in an eligible

workforce program as defined under 34 CFR 690.92 may receive a Federal Pell Grant.

* * * * *

12. Revise § 690.11 to read as follows:

§ 690.11 Concurrent Federal Pell Grant payments.

(a) A student is not entitled to receive Federal Pell Grant payments concurrently from more than one institution or from the Secretary and an institution.

(b) A student is not entitled to concurrently receive a Federal Pell Grant for enrollment in an eligible workforce program and any other educational program at the same or a different institution, including another eligible workforce program.

13. Amend § 690.80 by adding paragraph (d) to read as follows:

§ 690.80 Recalculation of a Federal Pell Grant award.

* * * * *

(d) *Receipt of assistance from non-Federal grants.* If, prior to the final disbursement of a student's Pell Grant for an award year, the institution becomes aware that the student has received or will receive grant or scholarship assistance from non-Federal sources that equals or exceeds the student's cost of attendance as described in 34 CFR 690.5, the institution must either –

(1) Reduce the non-Federal grant or scholarship assistance until it does not equal or exceed the student's cost of attendance; or

(2) Return all of the Federal Pell Grant funds that the student received for that award year pursuant to 690.79 and cancel any future disbursements of such funds for that award year.

§§ 690.84-690.89 [Removed and reserved]

14. Remove and reserving §§ 690.84-690.89.

15. Add subpart H, consisting of §§ 690.90 through 690.97, to read as follows:

Subpart H Eligible Workforce Program

Sec.

§ 690.90 Scope and purpose.

This subpart establishes regulations that apply to eligible institutions that offer eligible workforce programs. An eligible student enrolled in an eligible workforce program is only eligible for Federal financial assistance under the Federal Pell Grant Program and no other title IV, HEA program. Unless provided in this subpart, eligible students and eligible institutions that offer Pell Grants to students enrolled in eligible workforce programs are

subject to the same regulations and procedures that otherwise apply to title IV, HEA program participants.

§ 690.91 Definitions

The following definitions apply to this subpart:

Cohort period: The award year that ends three full award years prior to the beginning of the award year for which value-added earnings are being determined.

Earnings measurement period: The first full tax year following the award year in which the student completed the eligible workforce program.

In-demand industry sector or occupation:

(1) An industry sector that has a substantial current or potential impact (including through jobs that lead to economic self-sufficiency and opportunities for advancement) on the State, regional, or local economy, as appropriate, and that contributes to the growth or stability of other supporting businesses, or the growth of other industry sectors; or

(2) An occupation that currently has or is projected to have a number of positions (including positions that lead to economic self-sufficiency and opportunities for advancement) in an industry sector so as to have a significant impact on the State, regional, or local economy, as appropriate.

Governor: (1) The chief executive of a State or outlying area as defined under Section 3 of the Workforce Innovation and Opportunity Act (Public Law 113-128); or

(2) If an institution is located on Tribal lands, the Tribal government.

Recognized postsecondary credential: A credential consisting of an industry-recognized certificate or certification, a certificate of completion of a Registered Apprenticeship under 29 CFR Part 29, a license recognized by the State involved or Federal Government, or an associate or baccalaureate degree.

State board: A State workforce development board established under section 101 of the Workforce Innovation and Opportunity Act and 20 CFR 679 Subpart A.

Tuition and fees: The institutional charges for an eligible workforce program.

§ 690.92 Eligible workforce program

An educational program is an eligible workforce program if the Secretary determines it is an undergraduate program that meets the requirements under 34 CFR 668.8 and —-

(a) Requires a minimum of 8 weeks, but less than 15 weeks of instruction;

(b)(i) Is at least 150 clock hours but less than 600 clock hours;

(ii) At least 4 but less than 16 semester or trimester hours; or

(iii) At least 6 but less than 24 quarter hours;

(c) Is not offered using—

(i) Correspondence courses, as defined under 34 CFR 600.2;

(ii) Coursework that takes place as part of a study abroad program; or

(iii) Credit or clock hour equivalencies that are part of a direct assessment program under 34 CFR §668.10.

(d) Is approved by the Governor through a process as described in 34 CFR § 690.93;

(e) Meets the requirements established by the Secretary as described in 34 CFR § 690.94;

(f) Complies with the annual value-added earnings requirements as described in 34 CFR § 690.95; and

(g) Is offered by an institution that, during the five years preceding the date of the determination, has not been subject to any suspension, emergency action, or termination of programs under this title.

§ 690.93 Components determined by Governors

(a) Prior to the Secretary's evaluation of whether a program is an eligible workforce program, the Governor, after consultation with the State board, approves the program to be offered to students in that State by determining that the program—

(1) Provides an education aligned with the requirements of high-skill, high-wage (as identified by the State pursuant to section 122 of the Carl D. Perkins Career and Technical

Education Act (20 U.S.C. 2342)), or in-demand industry sectors or occupations;

(2) Meets the hiring requirements of potential employers in the sectors or occupations described in paragraph (a)(1) of this section;

(3) Either–

(i) Leads to a recognized postsecondary credential that is stackable and portable across more than one employer; or

(ii) With respect to students enrolled in the program–

(A) Prepares such students for employment in an occupation for which there is only one recognized postsecondary credential; and

(B) Provides such students with such a credential upon completion of the program; and

(4) Prepares students to pursue one or more certificate or degree programs at one or more eligible institutions (which may include the eligible institution providing the program), including by ensuring–

(i) That a student, upon completion of the program and enrollment in such a related certificate or degree program, will receive academic credit for the program that will be accepted toward meeting such certificate or degree program requirements; and

(ii) The academic credit described in paragraph (i) will be acceptable toward meeting such certificate or degree program requirements.

(b) The Governor shall establish, after consultation with the state board, a process for an institution to request a determination that a program meets the requirements in paragraph (a) of this section that is made publicly available and includes–

(1) The criteria the Governor will use to determine if a program meets each of the requirements described under paragraph (a), which shall include—

(i) The State's methodology to determine and periodically review which occupations and industry sectors are high-skill, high-wage (as identified by the State pursuant to section 122 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342)), or in-demand, including the competencies needed in such industries and occupations, as identified by the State pursuant to section 102 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3112), and where the list of such occupations and sectors will be made publicly available. Such review shall be done not less than every two years concurrent with development and modification of the State Plan under Section 102(c) of the Workforce Innovation and Opportunity Act;

(ii) A written policy for determining whether a program meets the hiring requirements of employers in the high-skill, high-wage, or in-demand sectors and occupations that the program prepares students for employment in, that—

(A) Considers whether the expected competencies for which the recognized postsecondary credential intends, align with the competencies needed in such high-skill, high-wage, or in-demand sectors and occupations;

(B) Incorporates direct input from employers, which may be secured from the state board and local workforce development boards, industry or sector partnerships, sponsors of Registered Apprenticeship programs, joint labor-management partnerships, or through other methodologies established by the State; and

(iii) A written policy for determining if a credential is stackable and portable that establishes documented connections to additional credentials, considers, if available, data showing whether students have obtained additional credentials through career pathways, real-time labor market information, and includes a process for employer validation; and

(iv) A written policy for institutions to establish that an eligible workforce program will ensure the award of academic credit towards a certificate or degree program upon a student’s successful completion of the eligible workforce program and enrollment in such certificate or degree program, and that such credit will be accepted at one or more eligible institutions through written agreements, including established articulation agreements,

transfer-of-credit agreements, consortium or partnership agreements, or similar arrangements;

(2) The information an institution must submit to the Governor to assess an eligible workforce program on the criteria established under paragraph (1), including the job placement standards under 36 CFR 690.94(a)(2)(ii), and, if applicable, alternative completion and placement standards under 34 CFR 690.94(a)(2)(i), which shall include the information necessary for the Governor to make the appropriate job placement calculations using administrative data, such as wage records;

(3) The process and timeline for the Governor's consultation with the state board and a determination that a program meets the requirements in paragraph (a), and the process for an institution to appeal that determination and that such process shall include, clear, transparent and timely procedures that are applied consistently and equitably at all eligible institutions; and

(4) An attestation that the state board has been consulted.

(c) The Governor shall not approve a program until it meets all the requirements of paragraph (a) of this section, as determined through the process established under paragraph (b) of this section.

(d) The Secretary documents the Governor's approval and determination that a program meets the requirements in

paragraph (a) of this section by accepting a certification by the Governor that includes the following—

(1) The name of the program;

(2) The 6-digit Classification of Instructional Programs (CIP) Code of the program;

(3) The Standard Occupational Classification (SOC) codes(s) for which the program prepares individuals for employment;

(4) A signed statement that the program was approved by the Governor and that the program currently meets, and has met for the 12 months immediately preceding the certification, the requirements described in paragraph (a);

(5) The date the eligible workforce program was approved;

(6) If applicable, a certification that the State determined that the program meets alternative completion and placement standards under 34 CFR 690.94(a)(3)(i);

(7) An agreement that, upon request of the Secretary of Education or Secretary of Labor, the Governor will make available to the Secretary of Education and Secretary of Labor documentation of its process established under paragraph (b) for making the determination in paragraph (a) of this section;

(8) An agreement that the Governor will inform the Department of Education and Department of Labor and the institution within 15 calendar days of its final decision to withdraw approval of the eligible workforce program;

(9) A certification that the Governor takes into consideration the cost of the program and the anticipated wages of the industry or occupation prior to the initial determination of the program's value-adding earnings is made under 34 CFR 690.95; and

(10) Such other information as the Secretary of Education or Secretary of Labor may require.

(e) The Governor's approval, under paragraph (a) of this section, expires at the expiration of the institution's PPA.

(f) Prior to the expiration of an institution's PPA, the Governor must provide, through a process determined by the Secretary, a certification of continued approval of each eligible workforce program offered by the institution.

(g) A program that serves as a related technical instruction component of a Registered Apprenticeship Program meets the requirements of paragraph (a)(1) and (a)(2) of this section.

(h) The Governors of two States may enter into a bilateral agreement, that is published publicly, regarding the enrollment of students located in one of those States into some or all of the programs located in the other State, so long as -

(1) The Governor in the State in which the student is located, in consultation with the State board, includes the

occupation(s) or sector(s) on the list developed under the process set forth in 34 CFR 690.93(b)(1)(i);

(2) The Governor of the State in which the institution(s) offering such program(s) is located has determined, in consultation with the State board, that the program meets the conditions under 34 CFR 690.93(a); and

(3) The bilateral agreement includes provisions for data-sharing among the States for purposes of completion and placement rate calculations.

§ 690.94 Components determined by the Secretary

(a) After the Governor determines that the program meets the requirements under 34 CFR § 690.93, the Secretary evaluates documentation from an eligible institution to determine that the following requirements have been met -

(1) The program has met the conditions under 34 CFR § 690.92(a) and (b) for the 12 months preceding the date on which the institution applied for eligibility for the program.

(2) The program meets placement and completion rate requirements—

(i) For the 2026-27, 2027-28, and 2028-29 award years only, as determined through a certification from the Governor, based on the Governor’s analysis using administrative data, including wage records, that the program meets the following standards—

(A) A completion rate of at least 70 percent, within 150 percent of the normal time to completion; and

(B) A job placement rate of at least 70 percent, calculated as the percentage of students that are employed during the second quarter after exiting the program;

(ii) For each award year after the 2028-29 award year—

(A) A completion rate of at least 70 percent, within 150 percent of the normal time of completion, as determined under 34 CFR 668.8 (f); and

(B) A job placement rate of at least 70 percent, calculated as the percentage of students who are employed in the occupation(s) for which the program prepares students (as identified through the process established under 34 C.F.R. 690.93 (b)) or a comparable high-skill, high-wage, or in-demand occupation during the second quarter after successfully completing the program, as determined through a certification from the Governor, based on the Governor's analysis using available administrative data, including wage records.

(b) For each award year after the date that the eligible workforce program is approved, the institution must—

(1) Submit to the Governor a list of students that completed the program during the award year and the information necessary for the Governor to verify the job placement rate for such award year; and

(2) Report the published tuition and fees for the eligible workforce program through a process determined by the Secretary.

(c) The Secretary may waive some or all of the requirements under paragraphs (a) and (b) of this section related to submission of completion rates and the Governor's certification of job placement rates if–

(1) The Secretary determines that completion or placement rates will be calculated under a separate process established by the Secretary; or

(2) In the case of the job placement rate certification described in 34 CFR 690.94(a)(2)(ii)(B), the Secretary determines that the Governor is making progress towards making such certification but needs an additional award year using the certification described in 34 CFR 690.94(a)(2)(i)(B).

(d) For each award year, the Secretary confirms the eligible workforce program's published tuition and fees do not exceed the value-added earnings of the eligible workforce program, consistent with 34 CFR 690.95.

(e) A student is not included in the numerator or denominator of completion or placement rates if the student—

(1) Dies;

(2) Experiences the onset of a medical condition that prevents employment;

(3) Is ordered to service in the uniformed services, including service performed under Title 10 or Title 32 of the United States Code, for a period of more than 30 days; or

(4) Becomes incarcerated.

§ 690.95 Value-added earnings

(a) For each award year, an eligible workforce program's total published tuition and fees may not exceed the value-added earnings of students who are working, received a Pell Grant for enrollment in the program, and completed the program during the cohort period defined in 34 CFR 690.91 and described in paragraph (i)(2).

(b) An eligible workforce program's value-added earnings are determined by calculating the difference between—

(1) The median earnings of such students during the earnings measurement period as defined in 34 CFR 690.91, as adjusted by the State and metropolitan area regional price parities of the Bureau of Economic Analysis based on the location of such programs; and

(2) 150 percent of the poverty line applicable to a single individual as determined under section 673(2) of the Community Service Block Grant Act (42 U.S.C. 9902(2)) for such tax year.

(c) No later than three months prior to the beginning of the award year, the Secretary will publish the value-added

earnings that will apply to the eligible workforce program for that upcoming award year.

(d) The institution must keep published tuition and fees at or below the value-added earnings calculated for the program for all students who first enroll in the eligible workforce program during the award year that begins following the annual release of the program's value-added earnings.

(e) Programs that have a calculated value-added earnings of zero or negative value shall not be eligible for Federal Pell Grant funds.

(f) The institution must provide, upon request, evidence satisfactory to the Secretary that its published tuition and fees does not exceed the published value-added earnings for that award year.

(g) In calculating the value-added earnings for an eligible workforce program, the Secretary uses student completion data that the institution is required to report to the Secretary to support its administration of, or participation in, the title IV, HEA programs to—

(1) Compile a list of students who received Federal Pell Grant funds and who completed each program during the cohort period, after which the Secretary—

(i) Provides the list to institutions; and

(ii) Allows each institution to correct the information reported by the institution on which the list was based, no

later than 60 days after the date the Secretary provides the list to the institution;

(2) Obtain from a Federal agency with earnings data the median annual earnings of the students on each list, as provided in paragraph (h) of this section; and

(3) Calculate the value-added earnings and provide it to the institution.

(h)(1) If the final list of students who completed the program during the cohort period includes at least 50 students, the Secretary sends information about those individuals to the Federal agency with earnings data;

(2) If the final list of students who completed the program during the cohort period does not include at least 50 students, the Secretary adds students who completed the same program during the first award year prior to the cohort period. If the combined number of completers from both award years includes at least 50 students, the Secretary sends information about those individuals to the Federal agency with earnings data;

(3) If the final list of students who completed the program during the cohort period and the first award year prior to the cohort period does not include at least 50 students, the Secretary adds students who completed the same program during the second award year prior to the cohort period. If the combined number of completers from all three award years includes at least 50 students, the Secretary sends

information about those individuals to the Federal agency with earnings data;

(4) If the final list of students who completed the program during the cohort period and the first and second years prior to the cohort period does not include at least 50 students, the Secretary adds students who completed the same program during the third award year prior to the cohort period. If the combined number of completers from all four award years includes at least 30 students, the Secretary sends information about those individuals to the Federal agency with earnings data;

(5) If the final list of students who completed the program during the cohort period and the first, second and third award years prior to the cohort period does not include at least 30 students, the Secretary does not calculate value-added earnings for the program for that award year.

(i) For each list submitted to the Federal agency with earnings data, the agency returns to the Secretary median annual earnings of the students on the list whom the Federal agency with earnings data has matched to earnings data, in aggregate and not in individual form.

(1) If the Federal agency with earnings data includes reports from records of earnings on at least 16 students who completed the program, the Secretary uses the median annual earnings provided by the Federal agency with

earnings data to calculate the value-added earnings for the program.

(2) If the Federal agency with earnings data includes reports from records of earnings on less than 16 students who completed the program, the Secretary does not calculate the value-added earnings for the program for the award year.

(j) When calculating value-added earnings, the Secretary includes completers from all eligible workforce programs with the same six-digit CIP code.

(k) Notwithstanding paragraph (b) of this section, if more than 50 percent of students described in paragraph (a) are not located in the State in which the institution offering the program is located, the Department will not adjust the program's median earnings by the State and metropolitan area regional price parities of the Bureau of Economic Analysis.

§ 690.96 Loss of eligibility

If an eligible workforce program fails to meet the requirements -

(a) Under 34 CFR 690.93, the program will become ineligible at the end of the payment period that begins following the date that-

(1) The Governor acts to withdraw approval for an eligible workforce program; or

(2) The Governor fails to reapprove the program.

(b) Under 34 CFR 690.94, the program will become ineligible at the end of the payment period that begins after the date that the Secretary determines that the institution failed to meet the completion rate or job placement rate requirements, except that the Secretary will not make such a determination while a program's eligibility, approval, or reported completion rate of job placement rate is in an appeal status or awaiting the Governor's final approval determination.

(c) Under 34 CFR 690.95 -

(1) The program will become ineligible at the beginning of the award year following the release of the value-added earnings; and

(2) The Secretary will assess a liability for amounts of Pell Grants disbursed for students enrolled in the eligible workforce program during the award year for which the value-added earnings were calculated and shall collect any such liability from the institution.

§ 690.97 Regaining eligibility

(a) If an eligible workforce program loses eligibility based on the Secretary's determination that the program's completion rate or job placement rate failed to meet the requirements under 34 CFR § 690.94(a)(2) or the institution voluntarily discontinues a failing eligible workforce program, the institution may not seek to reestablish the eligibility of the failing program, or to establish

eligibility for a substantially similar program sharing both (i) the same four-digit CIP code, and (ii) identical SOC codes according to the CIP SOC Crosswalk that is provided by a Federal agency, until two years following the earlier of the date the program loses eligibility under 34 CFR § 690.96(b) or the date the institution voluntarily discontinues the failing workforce program.

(b) If an eligible workforce program loses eligibility due to a loss of Governor approval described in (a) of this section, the program may reestablish eligibility after the Secretary receives the Governor's certification that the program has been approved as provided under 34 CFR 690.93(c), and after the Secretary determines the program has met eligibility criteria under 34 CFR 690.94.

(c) If an eligible workforce program loses eligibility because its published tuition is higher than its value-added earnings under 34 CFR 690.89(e), the institution may, through a process described by the Secretary, request that the program's eligibility be reinstated by-

(1) Providing to the Secretary a new certification of the Governor's approval of the program as provided under 34 CFR §690.93(c);

(2) Submitting to the Secretary documentation of the program's current published tuition and fees and an attestation that the tuition and fees have been reduced and

will remain equal to or less than the program's recalculated value-added earnings; and

(3) Requesting a recalculation of the program's value-added earnings to determine whether the program's updated tuition and fees that will apply to the next award year exceed the program's value-added earnings.

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