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: Final rule.

SUMMARY: The Secretary of Education (Secretary) amends 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 final regulations implement statutory changes to the title IV, HEA programs included in the Working Families Tax Cuts Act (WFTCA), signed into law by President Trump on July 4, 2025. In the NPRM, we referenced the WFTCA as the ''One Big Beautiful Bill''; however, for clarity and consistency in this final rule, we will instead use WFTCA. The WFTCA 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: This rule is effective July 20, 2026, except for amendatory instructions 10 and 13, which are effective May 19, 2026.

FOR FURTHER INFORMATION CONTACT: Aaron Washington, Office of Postsecondary Education, 400 Maryland Ave. SW, 5th Floor, Washington, DC 20202. Telephone: (202) 987–0911. Email: *aaron.washington@ed.gov.*

If you are deaf, hard of hearing, or have a speech disability and wish to access telecommunications relay services, please dial 7–1–1.

A brief summary of these final regulations is available at *www.regulations.gov/docket/ED-2026-OPE-0133.*

SUPPLEMENTARY INFORMATION:

Table of Contents

I. Abbreviations

Department of Education (Department)
Working Families Tax Cuts Act (WFTCA)
Secretary of Education (Secretary)
Federal Pell Grant (Pell Grant) Program
Title IV of the Higher Education Act (title IV, HEA)
Cybersecurity and Infrastructure Security Agency (CISA)
Cost of Attendance (COA)
Inspector General (OIG)
Department of Labor (DOL)
Federal Information Technology Acquisition Reform Act (FITARA)
Eligibility and Certification Approval Report (ECAR)
Eligible Training Provider List (ETPL)
State Authorization Reciprocity Agreement (SARA)
Historically Black Colleges and Universities (HBCUs)
Tribal Colleges and Universities (TCUs)
Hispanic-Serving Institutions (HSIs)
Workforce Innovation and Opportunity Act (WIOA)
Prison Education Program (PEP)
Classification of Instructional Programs (CIP)
Online Program Management (OPM)
On-the-Job Learning (OJL)

II. Executive Summary

The Secretary codifies two changes made to the HEA by the WFTCA through these regulations. The two changes are:

1. *Pell Grant Ineligibility When Other Aid Covers Full Cost.* The WFTCA prevents students from qualifying for Pell Grant funds during any period for which they also receive grant or scholarship assistance 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 WFTCA 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 WFTCA establishes several other eligibility requirements for such programs, including approval by a Governor and the Secretary, and annual outcome metrics.

1. Summary of Major Provisions of This Regulatory Action Pell Grant Ineligibility When Other Aid Covers Full Cost

These final regulations:

- 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 disbursed to the student for the award year (if any funds are still undisbursed) and cancel any future disbursements of such funds.

Workforce Pell Grants

These final regulations:

- 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, unless the written arrangement is part of a Registered Apprenticeship.
- 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, remedial, 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.
- 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 assess 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 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 § 690.95(l) to exclude a student from the value-added earnings calculation if the student was enrolled in any other educational program during the calendar year for which the Secretary obtains earnings information.
- 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.

2. Summary of Costs and Benefits

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

Under the final regulations, students will 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 final regulations because the regulations will increase the number of skilled workers in the labor market. Institutions will benefit from 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 workforce 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. Purpose of This Regulatory Action

This action establishes regulations that address statutory changes to the HEA made by the WFTCA related to eligible workforce programs and a new limitation on Pell Grant eligibility for students who receive non-Federal grant or scholarship assistance that equals or exceeds their cost of attendance. The Department refers to these provisions as a whole as ''Workforce Pell.''

Through this action, the Secretary seeks to faithfully implement the statutory requirements for eligible workforce programs while limiting administrative burden for institutions and providing flexibility for States to determine whether eligible workforce programs are adequately serving students and promoting regional economic growth. We also seek to provide simple and clear regulations for institutions to implement the new limitation on Pell Grant eligibility that will enable the Department to oversee those requirements effectively.

IV. Background

The WFTCA, 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 WFTCA 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 WFTCA also added a new criterion for Pell Grant eligibility that prevents students from receiving 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 final regulation 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 WFTCA, 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 that was included in the Notice of Proposed Rulemaking (NPRM).[1]

HEA section 482(c)(2) permits the Secretary to designate a regulation as one that an entity subject to the regulations may choose to implement earlier and outline the conditions for early implementation. The Secretary is exercising her authority under HEA section 482(c) to permit early implementation of all regulations pertaining to eligible workforce programs beginning July 1, 2026. The Secretary will assume that any institution that selects to participate in Workforce Pell through a qualifying program on the ECAR between July 1, 2026, and July 20, 2026 has elected to implement the provisions early.

V. Authority for This Regulatory Action

The WFTCA 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 WFTCA. 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 financial assistance programs authorized by the HEA, as amended by the WFTCA.

[1] NPRM—Accountability in Higher Education and Access through Demand-Driven Workforce Pell: Pell Grant Exclusion Relating to Other Grant Aid; and Workforce Pell Grants—*https://www.Federalregister.gov/documents/2026/03/09/2026-04520/accountability-in-higher-education-and-access-through-demand-driven-workforce-pell-pell-grant.*

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, the WFTCA contains provisions with effective dates that cannot possibly be implemented in regulation in accordance with the HEA's master calendar requirements, the WFTCA 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 WFTCA was enacted on July 4, 2025. The WFTCA 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 WFTCA. Congress gave the Secretary discretion within the WFTCA 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 Administrative Procedure Act (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 WFTCA, due to the fact that there were 120 days between July 4, 2025, (the day the WFTCA 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 WFTCA by July 1, 2026, which is the statutory effective date. Congress was aware of this temporal impossibility when they passed the WFTCA, 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 WFTCA implicitly waives the master calendar.

With important details unanswered by the plain text of the WFTCA, it is clear that the policy scheme set forth in the HEA made by the WFTCA 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 WFTCA provisions on July 1, 2026. Therefore, the WFTCA does not waive negotiated rulemaking nor any provision in the APA. For provisions in the WFTCA 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. Analysis of Public Comment and Changes

On March 9, 2026, the Secretary published an NPRM for these regulations in the **Federal Register** (91 FR 11378). The Department received 440 comments on the proposed regulations.

The Department has grouped the comments by the regulatory section and by similar themes. We discuss substantive issues under the sections of the regulations to which they pertain. In instances where individual submissions appeared to be duplicates or near duplicates of comments prepared as part of a write-in campaign, the Department posted one representative sample comment along with the total comment count for that campaign to *www.Regulations.gov.* We considered these comments along with all the other comments received. In instances where individual submissions were bundled together (submitted as a single document or packaged together), the Department posted all the substantive comments included in the submissions along with the total comment count for that document or package to *www.Regulations.gov.* Generally, we do not address minor, non-substantive changes (such as renumbering paragraphs, adding a word, or typographical errors) within this final rule.

1. Process for Out-of-Scope Comments

The Department does not typically address comments that are out of scope. For purposes of this final rule, out-of-scope comments are those that are not addressed in the NPRM altogether. Generally, comments that are outside of the scope of the NPRM 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.

2. Public Comments

Responses to Comments Received on Directed Questions Written Arrangements To Provide Educational Programs (§ 668.5(c))

In the NPRM, the Department proposed to permit ineligible organizations to provide only 25 percent of an eligible workforce program under the written arrangement regulations under § 668.5(c). For other programs, ineligible organizations may offer up to 50 percent of a program through a written arrangement with an eligible institution. This may only occur if the ineligible organization and institution meet certain conditions and the institution's accrediting agency has specifically determined that the institution's arrangement meets the agency's standards on written arrangements with ineligible organizations. The Department sought public comment regarding whether it should consider alternatives to the 25 percent limit.

Comments: Several commenters agreed with the Department's proposed limitation on written arrangements with ineligible institutions or organizations. One commenter expressed support for the Department's conservative approach while it awaits additional information in public comments. Other commenters stated that some institutions have outsourced large portions of academic programs to the online program management (OPM) industry. OPMs provide services including student recruitment, curriculum development, and even instruction, in the name of client institutions. The commenter stated that OPMs fail consumer protection standards, market aggressively, and target vulnerable students. The commenter stated that accreditors lack the capacity to effectively monitor OPMs.

Other commenters stated that eligible workforce programs should only be able to have written arrangements with ineligible institutions for between 0–10 percent of the eligible workforce program. Several commenters believed that because local and area employers are the intended beneficiaries of trained skilled workers, they should not also profit from tuition revenue derived from written arrangements with institutions. The commenters believed that for-profit companies in education and workforce development are known for higher prices and costs, lower quality and learner experiences, lower completion rates, and more student complaints.

Discussion: The Department thanks commenters who provided views on its directed question, including commenters who support its proposed regulations. However, the Department's views do not align with all the reasons stated for agreement with the provision. We reiterate that we recognize 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 result in the enhanced quality of eligible workforce programs. We also do not agree that ineligible organizations should be limited to providing only a tiny fraction of the program, such as 10 percent, particularly in this context where employers should play a large role. Such an amount would be so small as to be used infrequently, if ever, by outside entities seeking to enter into an arrangement with an institution. The existing 25 percent threshold is well-understood by institutions and would be consistent with the basic threshold for other types of postsecondary programs.

Our concern is that the 49 percent allowance does not provide the same level of quality assurance for eligible workforce programs as it does for traditional academic programs, 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. The Department's regulations seek to achieve a balance between supporting valuable partnerships between industry and higher education to provide eligible workforce programs and prevent the rapid proliferation of low-quality programs that are not assessed carefully

by the traditional gatekeepers of eligibility for title IV, HEA funds.

Changes: None.

Comments: Many commenters stated that the proposed 25 percent limitation on instruction delivered through written arrangements with ineligible institutions or organizations unnecessarily restricts partnerships between eligible institutions and workforce training providers where much of the applied learning occurs. Several commenters offered the example of truck driving and the commercial driver's license (CDL) process, explaining that the CDL process often includes access to equipment, certified instructors, and training facilities that institutions cannot provide independently. Commenters also stated that careers in healthcare, construction, defense, national security, and office operations often require a significant amount of applied learning. For example, in the arboriculture industry, training is offered related to climbing systems, aerial lift operations, chainsaw safety, arboricultural practices, and electrical hazard awareness.

Many commenters also stated that the 25 percent cap is not required by statute and asserted that the Department is holding eligible workforce programs to a different standard than all other title IV, HEA eligible programs. Commenters recommended a broad range of options for the percentage of an eligible program that can be offered by an ineligible entity, ranging from 35–100 percent. Other commenters conditioned arrangements between 30–75 percent depending on how high-wage, high-skill, or in-demand the occupation is. They also recommended conditioning based on whether the institution offering the eligible workforce program was in good standing with the Department, the geographic location of the institution, if the ineligible organization is the employer for which the program prepares students, the program trains in artificial intelligence, if the program is in a correctional facility, if the program is endorsed by the State board, if the program partners with cohort-based workforce training organizations, and the accrediting agency's support for the program.

Several commenters recommended that the Department permit greater portions of programs to be offered by an ineligible entity through a written arrangement. These commenters suggested that if a program is part of a Registered Apprenticeship, the ineligible entity should be permitted to offer up to 100 percent of an eligible program.

Discussion: The Department is persuaded by the commenters that written arrangements with certain types of ineligible organizations should not be limited to providing only 25 percent of an eligible workforce program. The commenters make a strong case that certain arrangements and partnerships can greatly improve the likelihood that eligible workforce programs will lead to high-wage, high-skill, or in-demand jobs.

In the case of Registered Apprenticeships, we are also persuaded by commenters that the requirements and oversight for these industry-driven, high quality career pathways address the Department's concerns about quality assurance of services provided under written arrangements. We agree with the commenters who stated that Registered Apprenticeships already have a framework for oversight, clear definitions, and rigorous program parameters. The Department's proposed regulations, agreed upon by the entire negotiated rulemaking committee, already included a provision that acknowledges quality assurance checks intrinsic to Registered Apprenticeships. Registered Apprenticeships include a work process schedule co-designed with employers and approved by DOL's Office of Apprenticeship or a State Apprenticeship Agency and WIOA permits Registered Apprenticeships to be automatically included on the State and local Eligible Training Provider Lists. Indeed, for this reason, the Department already proposed regulations under § 690.93(g) that would allow a Governor to treat a program that is part of a Registered Apprenticeship as automatically meeting the hiring needs of employers.

However, the Department disagrees with commenters' assertion that written arrangements should be used to provide 50 percent or more of an eligible program. In order to participate in the title IV, HEA programs, an entity must meet the definition of institution of higher education under Section 101 or Section 102 of the Higher Education Act.[2] There are different types of institutions of higher education under these provision, but all institutions must ''provide [ ] an educational program'' [3] or provide a ''program of training'' [4] to students. And in all these instances, the subject the statute is referring to is the institution—meaning the institution must provide the program or training to students. If the eligible institution enters into a contract that calls for 100 percent of the program or training to be provided by an ineligible third-party, the institution itself is not providing the training or program as required by Section 102. And as we have said in past regulations, ''[t]he Department agrees that using written arrangements for all or nearly all of a program could raise questions about which entity confers the credential.'' [5] The Department has previously explored the possibility of allowing an ineligible entity to offer up to 100 percent of a program through a written arrangement, most recently in the September 2, 2020, regulations related to Distance Education and Innovation. However, the Department ultimately agreed with non-Federal negotiators that doing so would raise the question of whether the eligible institution was really offering the program, as opposed to an unaccredited partner entity.[6]

At the same time, the Department does not believe that Congress implicitly meant to (within Section 102) inhibit an institution from entering into written arrangements to provide some portion of the program or training. Some functions of the program and training can be provided by third parties as demonstrated by the current existence of written arrangements in other programs qualifying for title IV, HEA program funds. This may include written arrangements to provide technological services to students, or specialized training for students that the institution does not have the experience or ability to provide.

The Department believes that when at least half the program or training is provided by an ineligible provider, that the eligible institution ceases to functionally control most of the program. When 50 percent or more of the training is being provided by an ineligible entity, the institution ceases to offer the majority of the programming. The Department acknowledges that maintaining written arrangements for more than 50 percent of a program does not mean the institution is ceding all control to the ineligible provider. But at the same time, supervision alone is not enough. The HEA requires the *institution* to provide the training or program, not the ineligible provider. Written arrangements cannot be used as an end-around to evade the requirements of the

[2] Section 102 of the HEA includes institutions of higher education that are covered under Section 101. (''the term ''institution of higher education'' for purposes of subchapter IV includes, in addition to the institutions covered by the definition in section 1001 of this title. . .'') 20 U.S.C. 1001–1002.

[3] 20 U.S.C. 1001(a)(3)

[4] 20 U.S.C. 1001(b)(1); 1002(b)(1); 1002(c)(1).

[5] Distance Education and Innovation, 85 FR 54742, 54772 (Sept. 2, 2020).

[6] See 85 FR 54804.

HEA that institutions provide the training or program.

Given all of the above, the Department has determined that ineligible institutions or organizations that provide training as part of Registered Apprenticeships should not be subject to the strict 25 percent limitation on providing an eligible workforce program. Instead, in these circumstances, ineligible institutions or organizations will be permitted to provide more than 25 percent, but less than 50 percent through a written arrangement. For all other fields of study and program types mentioned by the commenters, the Department remains concerned that allowing institutions to contract up to 49 percent of the eligible workforce program may be an indication that the institution does not have the capacity to offer the program fully had that written arrangement not been in place. The recommendations from other commenters, while in some cases providing a good rationale for the value of institution/employer partnerships, did not sufficiently address these concerns. Therefore, aside from the allowances we are providing for Registered Apprenticeships, we believe that this limitation is effective in assuring the quality of eligible workforce programs.

Changes: The Department has rewritten the regulations under 34 CFR 668.5(c)(3)(ii) to add a new paragraph (D) following paragraphs (A) through (C) in the current regulations. The new paragraph (D) would allow an ineligible institution or organization, if the other conditions in 34 CFR 668.5(c) were met, to offer more than 25 percent, but less than 50 percent of an eligible workforce program, if the program qualifies as a related instruction component for a Registered Apprenticeship, as defined in 29 CFR part 29.

Comments: Several commenters asked for guidance clarifying how the written arrangement percentage is calculated across instruction, curriculum, and support services.

Discussion: The regulations under 34 CFR 668.5(g) provide a clear and specific method for calculating the percentage of a program that is offered by an ineligible organization or institution. To determine that percentage, an institution must divide the number of semester, trimester, or quarter credit hours, clock hours, or the equivalent that is provided by the ineligible organization or organizations by the total number of semester, trimester, or quarter credit hours, clock hours, or the equivalent required for completion of the program. A course is provided by an ineligible institution or organization if the organization with which the institution has a written arrangement has authority over the design, administration, or instruction in the course, including, but not limited to—

(1) Establishing the requirements for successful completion of the course;

(2) Delivering instruction in the course; or

(3) Assessing student learning.

For more information on written arrangements please see the most recent version of the Federal Student Aid Handbook that discusses written arrangements.

In reviewing public comments on this topic, the Department noticed that some commenters may be confused about the extent of the limitation on the amount of a program that can be offered by an ineligible institution or organization under 34 CFR 668.5(c). If a program that is eligible for title IV, HEA funds is combined with job training as part of a broader training experience, such as an apprenticeship, only the portion of the experience that comprises an eligible workforce program and qualifies a student for Pell Grant funds is subject to the limitation. Hours spent on job training that is not part of the eligible workforce program, and therefore does not qualify for Pell Grant funds, are not subject to any limitations.

For example, one commenter, arguing for an increase in the allowable percentage, indicated that related instruction in their Registered Apprenticeship program occurs at the beginning and is provided entirely by the institution, with the remaining job training conducted by other entities, including employers. In that situation, using the criteria described above, the Department would view the program as being provided entirely by the institution, and not subject to the written arrangement limitations.

Changes: None.

Ineligibility Due to Non-Federal Grant or Scholarship Assistance (§ 690.5)

The Department proposed to 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. The proposed regulatory language was very similar to the statutory language. In the NPRM, the Department expressed concern about the potential for abuse of this provision, particularly when an institution has the ability to alter institutional aid or a student's cost of attendance by a very small amount in order to avoid causing the student to become ineligible for Pell Grant funds. The Department sought public comments about potential options to prevent such gaming, including oversight mechanisms.

Comments: Many commenters stated that the Department's regulations, which mirrored the statute, should not be altered, including to prevent gaming or abuse of the provision. Other commenters appeared to be confused by the provision, and a large number of questions were submitted. These commenters believed that the provision would unfairly limit a student's aid such that the student would no longer be able to receive a Pell Grant if the student received any amount of grant or scholarship assistance, as opposed to only losing Pell Grant eligibility for the award year. Two commenters were concerned that if the Department were to implement a new oversight mechanism to prevent gaming that it could impose burden on institutions and students. They suggested that it would be sufficiently cautionary to affirm that professional judgment (PJ) adjustments to COA must meet existing case-by-case documentation standards under the HEA and that the Department considers such adjustments during program reviews.

One commenter concluded that institutions using PJ to boost COA by a small amount was less likely to occur than simply reducing institutional or other aid by a small amount. They noted that in cases of PJ, the statutory documentation standards govern such decisions, which can be easily audited. They suggested that the Department consider using available student aid data to identify institutions that appear to be systematically tailoring non-Federal aid to be within $50 (or some other small amount) of meeting COA. The commenter stated that the Department could also require institutions to document the methodologies used to determine non-Federal aid and then conduct risk-based audits of institutions that appear to use gaming practices.

Discussion: The Department stated in the NPRM, and we reiterate here, that if a student's entire COA for an award year is met with non-Federal grant or scholarship aid, that student is not eligible for a Pell Grant for that award year. However, the student would retain Pell Grant eligibility for subsequent award years if the student has remaining lifetime eligibility.

The Department disagrees with commenters who argued that additional oversight of this provision is not warranted. Although we agree that the provision will only affect a small

number of individuals, it is the Department's responsibility to ensure the integrity of the title IV, HEA programs, including all statutory requirements.

We appreciate the suggestions from commenters regarding ways that the Department could evaluate implementation of this provision using administrative data or other oversight tools. The Department plans to establish an oversight process to identify cases in which institutions are abusing the provision and will take commenters' suggestions into account as it does so.

Unfortunately, commenters were unable to offer suggestions for regulatory changes that could prevent or reduce the likelihood of abuse, and the Department continues to interpret the statutory language as not expansive enough to allow the Department to limit a student's Pell Grant eligibility to the student's COA minus the total amount of the student's non-Federal grant aid. Therefore, we have made no changes to this regulatory language, but, as described above, we will develop oversight procedures to monitor its implementation at postsecondary institutions.

Changes: None.

Components Determined by Governors: Bilateral Agreements (§ 690.93(h))

The Department proposed during negotiated rulemaking 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. 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. The Department included a directed question about how to balance its concerns without making it overly burdensome to create and expand high-quality programs.

Comments: A few commenters agreed with the Department's proposal because a multilateral approach risks allowing programs to operate in States where they offer limited workforce value, undermining the program's foundational purpose. The core eligibility criteria for eligible workforce programs—alignment with high-skill, high-wage, or in-demand occupations; meeting the hiring needs of employers; and preparing students for a stackable credential—are inherently local determinations that reflect State-specific labor market conditions. The commenters asserted that bilateral agreements ensure that a State Governor executes a meaningful check that a given program meets that State's workforce needs.

Discussion: The Department agrees and thanks the commenters for their support.

Changes: None.

Comments: Many commenters disagreed with the Department's prohibition of multi-lateral agreements. Commenters believed that guardrails already exist through current reciprocity frameworks and this prohibition is applied unnecessarily to eligible workforce programs. One commenter stated that the Department created a policy separate from the realities of budgets and staffing, and the WFTCA offered no new resources to States to build or operate the Department's proposed framework for bilateral agreements to offer eligible workforce programs to students located in other States. The commenter recommended that the Department partner with State authorization experts, consider a separate rulemaking, delay this component of the regulations, bundle it into a future rulemaking session, and rely on NC–SARA in the meantime.

Several other comments stated Governors should be given discretion to determine the most effective structure for interstate agreements to meet the needs of their States. They asserted that bilateral agreements are unnecessarily limiting, in part because State boundaries do not neatly align with or adequately capture the nuances of workforce needs. The commenters argued that a bilateral agreement structure risks imposing additional layers of bureaucracy that could stifle innovation and limit opportunities for students.

Some other commenters offered alternatives, such as allowing multilateral agreements that have documented success, offering national portable credentials, allowing multilateral agreements for programs in national defense training or programs that have high-demand sector placements, automatically allowing multilateral agreements after three years after the program was approved, automatically allowing multilateral agreements after 2029, or allowing multilateral agreements between institutions that are within a specific region of the United States. Another commenter requested that the Department create and manage a multilateral eligible workforce program reciprocity agreement.

Discussion: As explained in the NPRM, the Department has concerns regarding the potential for rapid proliferation of eligible workforce programs offered through distance education (§ 600.2) and the need for appropriate safeguards. The NC–SARA framework, in which a non-governmental organization oversees multi-lateral agreements among many States, does not currently provide adequate safeguards to prevent this kind of rapid expansion, particularly given the potential for eligible workforce programs to be offered to students in States where the training is not needed for the regional economy. Eligible workforce programs are unique in that the Governor must certify that the program provides an education aligned with the requirements of high-skill, high-wage, or in-demand industry sectors or occupations and that the program meets the hiring requirements of potential employers in the sectors or occupations. Under currently established multilateral agreements for State authorization generally, an institution based in one State could offer an eligible workforce program through distance education to an individual residing in a State with completing different needs. For example, in-demand sectors or occupations in Alaska may be different from in-demand sectors or occupations in Puerto Rico. Students should not exhaust their limited Pell Grant funds on programs that will not result in entry into the workforce in a field in which the program was preparing them. Bilateral agreements are necessary to ensure that a Governor has reviewed and certified eligible workforce programs offered to students through distance education in different States.

The commenters also did not sufficiently address the Department's primary concerns related to inter-State offerings of eligible workforce programs; *i.e.,* the fact that the law requires each State to make a determination about whether a program meets the job training needs of the regional economy, and an agreement like NC–SARA—even if provided only for a particular industry—would not obligate each State to make that determination. Likewise, the Department generally cannot develop and manage a model like NC–SARA; because nothing in the WFTCA would permit such a framework and would therefore be an overreach of the Department's authority.

Nothing in this rule prohibits State Governors from entering into bilateral agreements with numerous other States. We believe that bilateral agreements are a reasonable undertaking and the

burden associated with establishing such agreements has value of its own, improving the likelihood that the programs qualifying for Pell Grant funds are in high-skill, high-wage, and in-demand sectors or occupations. Additionally, once established, the bilateral agreements may be maintained indefinitely, so long as the States continue to agree that the programs meet the statutory and regulatory requirements. This would allow industries, such as defense, to work within that framework as long as necessary.

We decline the commenters' recommendations to delay implementation of these provisions. The WFTCA has a statutorily mandated effective date for eligible workforce programs of July 1, 2026. We are unable to postpone the specific regulations surrounding bilateral agreements, as we do not have the authority to do so.

Changes: None.

Comments: One commenter asked whether programs approved in one State may receive reciprocal recognition in partner States.

Discussion: Programs approved in one State do not automatically receive reciprocal recognition in partner States and may only receive such recognition if a bilateral agreement also exists between Governors of each State. In order for an institution to establish eligibility for title IV, HEA funds for a student located in another State enrolled through distance education, the Governors of both States need to fulfill all the requirements described in § 690.93(h).

Changes: None.

Comments: One commenter recommended that the Department publish a public-facing registry of Governor-approved programs under bilateral agreements searchable by State, occupation, and credential type.

Discussion: The Department declines to regulate itself by establishing a requirement to publish Governor-approved programs, in particular because it will not have information about these programs prior to an application to the Department for the program to become eligible for title IV, HEA funds. However, we will consider publishing a list of eligible workforce programs that includes the States where they are located. Under § 690.93(h), the rule already requires Governors to publicly publish bilateral agreements.

Changes: None.

Comments: A few commenters were opposed to bilateral or multilateral agreements. One commenter stated that the WFTCA requires States to play an active role in assessing programs in the higher education sector to safeguard critical student financial aid and ensure the goals of the Workforce Pell Grant program are met. Commenters stated that allowing bilateral agreements risks dilution of local labor-market relevance and that the WFTCA neither contemplates nor provides exceptions to the general rule that Governors must assess labor markets and workforce programs in their States.

Discussion: The Department does not believe that the bilateral framework will dilute local labor-markets. The Department was very intentional in requiring that Governor of the State determine that the program being offered through distance education to individuals in his or her State meets applicable criteria under § 690.93(a) prior to certifying the program under a bilateral agreement.

Changes: None.

Comments: One commenter was concerned that Governors may refuse to enter into an agreement with another State based on political or ideological disagreements. The commenter suggested limiting discretionary denial based on non-objective criteria.

Discussion: Governors have authority and autonomy regarding whether to enter into a bilateral agreement with the Governor of another State. The Department believes this is the clearest reading of the statute and necessarily means that States can use a variety of criteria to decide whether to enter into a bilateral agreement with another State and does not intend to limit discretionary denial in this way.

Changes: None.

Comments: One commenter was concerned that institutions will try and game completion rates through selective enrollment. Institutions could improve completion rates by refusing to enroll students who may be most likely to drop out, concentrating enrollment make-up to the most academically motivated students while turning away the most economically vulnerable applicants. The commenter was also concerned that job placement rates could be gamed through temporary employment. The commenter demanded that bilateral agreement programs be subject to the job placement rate requirements of the State where the student is located, not the State where the institution is located.

Discussion: The Department declines to accommodate the commenter's demand. We have included a provision under § 690.93(h)(3) that states ''[t]he bilateral agreement includes provisions for data-sharing among the States for purposes of completion and placement rate calculations''. The Department intends to release sub regulatory guidance containing more specifics how the completion and job placement rates are calculated for States with bilateral agreements and believes this guidance will prevent institutions from 'gaming' this provision.

Changes: None.

Comments: One commenter stated that the Department should require that bilateral agreements be time-limited and subject to regular renewal, with the renewal process requiring updated labor market data demonstrating the program's continued relevance.

Discussion: Eligible workforce programs approved under a bilateral agreement are still subject to § 690.93 (e), which states that the Governor's approval expires at the expiration of the institution's Program Participation Agreement and § 690.93 (f), which says prior to the expiration of an institution's Program Participation Agreement, 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. Therefore, the Department believes the commenter's concern is already addressed through the regulations.

Changes: None.

Comments: One commenter stated that any bilateral agreement should require the receiving State's Governor to independently verify and clearly justify that the program aligns with that State's labor market needs, rather than simply accepting the originating State's determination.

Discussion: We decline the commenter's recommendation because such requirement is already established under § 690.93(h)(1).

Changes: None.

Comments: One commenter stated that bilateral agreements should include specific consumer protections for distance education students, including requirements that institutions clearly disclose to students whether the program is designed for the labor market in the originating State, provide information about job placement rates and earnings outcomes disaggregated by the State in which students are located, and disclose any additional anticipated costs to students.

Discussion: We decline the commenter's recommendation because programs included in a bilateral agreement are subject to all the outcomes measures, including job placement, completion, and value-added earnings. Given that all of these measures already exist, and because the bilateral agreement requirements are already specifically designed to protect

students enrolled in distance education programs, the Department does not believe that the value associated with making such disclosures merits the additional burden on States that such a requirement would impose.

Changes: None.

Comments: One commenter stated that Department should explicitly prohibit multilateral agreements and ensure that the bilateral framework cannot be used as a backdoor to the nationwide proliferation of Workforce Pell-eligible distance education programs that lack any connection to State and local labor markets.

Discussion: Multilateral agreements are prohibited under this regulation. The Department believes that regulatory requirements ensuring that the Governor of each State that is part of a bilateral agreement has considered the occupation(s) or sector(s) on their State's list of areas that are high-skill, high-wage, or in-demand prevent the rapid proliferation of low-quality programs that do not meet labor needs in each State where the agreement applies.

Changes: None.

Value-Added Earnings: Interim Value-Added Earnings Metric (§ 690.95(a))

The Department sought feedback from commenters on whether an interim value-added earnings metric should be computed. We requested feedback on whether this was necessary to at the very least, make those applying for workforce programs aware of the potential earnings outcomes. The Department also requested comments on 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.

Comments: Several commenters recommended that the Department not adopt an interim value-added earnings metric. They noted that most eligible workforce programs will need time to refine implementation after the program is launched. The commenters did not believe there would be an appropriate interim metric that would be both meaningful and readily attainable for institutions or States during the program's early years.

One commenter stated that the Department should only go as far as developing an optional, nonbinding advisory tool or framework.

Discussion: The Department agrees with the commenters that establishing a value-added earnings framework during the initial several years of implementation of these provisions is not feasible and would not provide an appropriate evaluation of the program's effectiveness or outcomes. We do not intend to establish a framework for an optional advisory process, although such an optional framework would be permitted if States or other non-Federal entities wish to establish such a process.

Changes: None.

Comments: One commenter recommended that the Department adopt an interim methodology for prison education programs because eligible workforce programs that enroll confined or incarcerated students beginning in 2026–27 will operate without any accountability benchmark until 2030–31. They noted this would create a four-year window during which programs with poor earnings outcomes could expand substantially at Pell Grant expense.

Discussion: The Department declines to create different interim calculations for specific programs, in this case, prison education programs. The administration of a separate calculation would be overly burdensome for both the Department and prison education programs. Note that, in order for a confined or incarcerated individual to receive a Pell Grant, the individual must be enrolled in a prison education program (PEP). A PEP has its own regulatory framework in 34 CFR 668 Subpart P. This includes approval by the Federal Bureau of Prisons, or State Department of Corrections and a best interest determination that must be concluded prior to the expiration of each postsecondary institution's program participation agreement. A PEP that is an eligible workforce program will need to comply with all the regulations under 34 CFR 668 Subpart P and 34 CFR 690 Subpart H. Therefore, there will be sufficient accountability for such program, even in the absence of an interim value-added earnings calculation.

Changes: None.

Comments: Under § 690.93(d)(9) the Department requires a Governor to take 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-added earnings. One commenter stated that, given that States are already required to take such costs into consideration, the Department should require a Governor certification under § 690.93(d)(9) to include a published comparison of program tuition to median entry-level wages for the occupations the program prepares students for, using Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) data or equivalent State data sources. The commenter asserted that this comparison should be made publicly available alongside the Governor's certification and updated annually.

Discussion: The Department declines to adopt the commenter's suggestion to require Governors to publish the evaluation under § 690.93(d)(9) publicly. The value-added earnings calculation is standardized across all eligible workforce programs, however, the Governor's review of eligible workforce programs prior to the 2030–31 award year is not standardized; each Governor will review eligible workforce programs in accordance with their own established standards and available data. Until the value-added earnings metric is calculated for the first time in 2030–31, we are extending as much flexibility to Governors as possible.

Changes: None.

Comments: Several commenters stated that the Department should encourage States to calculate interim value-added earnings for each eligible workforce program. Commenters said that the interim calculation should not affect Pell Grant eligibility.

One commenter noted that a data source that could be used for an interim value-added earnings calculation is State unemployment insurance (UI) systems. The commenter also stated that the Department should explore other sources of administrative data that may be able to produce interim value-added earnings estimates, such as the Internal Revenue Service (IRS) or the Post-Secondary Employment Outcomes (PSEO) data system. A separate commenter noted that, as an already existing data source, the interim calculations should be published in the College Scorecard.

A few other commenters encouraged the Department to create a standardized interim value-added earnings metric that requires eligible workforce programs to demonstrate their economic value to students before the full implementation of the value-added earnings calculation. Additionally, the Department should collect such data and make it publicly available at least annually, so that students, taxpayers, and researchers can access pertinent information on program approvals, earnings, and State interpretations of ''high-skill, high-wage, or in-demand'' occupations. The commenters additionally encouraged the Department to require States to submit proposals outlining how they plan to ensure compliance with the value-added earnings metric between July 1, 2026, and the 2030–31 award year, taking into account the data sources available to

them in their respective contexts. They believed these plans should include measures of program earnings at least annually, with directions on how the data are to be collected and incorporated into the State-level approval process. They further noted that the Department should require States to share plans for increasing their data capacity to be in full compliance with the value-added earnings metric by the end of the three-year interim period.

Discussion: We encourage States to calculate an interim value-added earnings metric using available administrative data, including but not limited to data available in State UI tax systems. If a Governor chooses to formally calculate interim value-added earnings, we also encourage that the result be published publicly. Only Governors have sufficient information to determine if their administrative data is sufficient to provide accurate, comprehensive information to consumers regarding interim outcomes for these programs.

Passing or failing such an interim metric would not affect Pell Grant eligibility for the eligible workforce program, but it would demonstrate to the Governor, institutions, and students whether the program is assisting completers in obtaining employment in high-wage fields or occupations. Interim calculations done by the Governor will not be submitted to the Department; therefore, it is unlikely that IRS or PSEO data can be used or publicly published. Use of Federal data would likely require a memorandum of understanding (MOU) to be ratified between the Department and the Department of Treasury or Census Bureau. Because the Department does not have the authority to require an interim value-added earnings calculation, and the Department does not know how many Governors will seek to create an interim value-added earnings calculation, nor how many would wish to rely on Federal data for those calculations, the Department believes that it would be impractical to commit to working with another Federal agency to furnish such data.

In the proposed and final regulations, we believe that we have sufficiently mitigated the downsides of the necessary delay of the value-added earnings calculation by requiring a Governor to certify that he or she will take into consideration the cost of the program and the anticipated wages of the industry or occupation prior to when the initial determination of the program's value-adding earnings is made under 34 CFR 690.95. This requirement was specifically added at the request of non-Federal negotiators in acknowledgement of the period when a program would not be assessed using the value-added earnings metric. Finally, as an additional measure to improve public understanding of these programs as early as possible, the Department intends to publish for the general public the results of value-added earnings calculations, including median earnings, for all eligible workforce programs as soon as they become available.

The Department will not require States to submit proposals outlining how they plan to ensure compliance with an interim value-added earnings calculation, because we do not have the legal authority to require an interim calculation, nor subject a program's eligibility to an interim calculation. We also do not see a need to require States to share plans for increasing their data capacity to be in full compliance with the value-added earnings metric by the 2030–31 award year because the Department, rather than States or Governors, will calculate the value-added earnings.

Changes: None.

Value-Added Earnings: Exclusion of Certain Students in the Completer Cohort (§ 690.95(a))

Institutions must keep the tuition and fees for an eligible workforce program below the program's calculated value-added earnings. Value-added earnings are calculated by determining the difference between adjusted median earnings of program completers and 150 percent of the poverty guideline for a single individual. The Department sought feedback from the community on whether certain students should be excluded from the value-added earnings metric when assembling completer cohorts, including currently enrolled students.

Comments: Many commenters recommended excluding currently enrolled students from the value-added earnings metric. Commenters noted that eligible workforce programs are intended to lead to a credential that is stackable and portable. They argued that institutions should not be penalized when students choose to continue their postsecondary enrollment in other programs after graduating from an eligible workforce program, and that including such students would necessarily deflate program earnings outcomes since currently enrolled students generally earn less than students who are not enrolled.

Discussion: The Department is persuaded by the commenters who proposed excluding currently enrolled students from the value-added earnings metric. In addition to the points raised about credential stackability, the Department believes that this decision is relatively administratively easy to execute, since the Department maintains enrollment data for students who received title IV, HEA funds and can therefore remove such students from a cohort.

There are significant differences between excluding currently enrolled students from the value-added earnings cohort and excluding them from the job placement rate. Notably, it would usually be much more difficult for institutions to abuse the value-added earnings metric by ensuring continued enrollment for potentially up to several years (until the earnings measurement year). This differs from the job placement metric, which until the 2028–29 award year is measured in the second quarter after the individual exits the program and would therefore be easier for institutions to potentially manipulate. Additionally, including enrolled students in the job placement metric reduces the likelihood that institutions could easily manipulate the value-added earnings metric by encouraging students to move directly from an eligible workforce program into another program.

Changes: The Department amends the regulations to include paragraph (l) under § 690.95 that states, ''The Secretary excludes a student from the value-added earnings calculation if the Secretary determines that the student was enrolled in any other educational program at the institution or at another eligible institution during the calendar year for which the Secretary obtains earnings information under paragraphs (g) and (h) this section.''

Comments: One commenter recommended three exclusions that reflect documented barriers specific to formerly confined or incarcerated individuals that are entirely outside of a postsecondary institution's control. The exclusions they commended included:

- Students subject to active occupational licensing restrictions. The commenter believed that counting these students in the value-added earnings cohort at suppressed wages punishes programs for the collateral consequences of the criminal justice system, not for poor educational outcomes;
- Students subject to active parole or probation conditions that restrict employment. The commenter contextualized this request by noting that supervision conditions frequently prohibit employment in certain

industries, with certain employers, or during certain hours; and

• Students who completed the program within a correctional facility and who were not released until more than 90 days after the cohort period ended. They noted, that for in-facility programs, students may complete training 6–18 months before their release date. Their post-completion employment opportunity depends entirely on their release date, not their completion date. Measuring earnings in the second quarter after program exit—when the student may still be incarcerated—structurally produces a zero-earnings result for students who have not had any opportunity to enter the labor market.

Discussion: The Department notes that, for all these recommendations, in the value-added earnings metric, a completer is not included in the median earnings until three full years after program completion. Also, an individual that is not employed is not included in the median earnings, as only individuals that are working are included in this metric.

We decline exclusions for currently or formerly incarcerated students from the value-added earnings metrics. Under the regulations for prison education programs at § 668.238(a)(7), postsecondary institutions are prohibited from enrolling a confined or incarcerated individual into PEPs designed to lead to licensure or employment for a specific job or occupation if such job or occupation typically involves prohibitions on the licensure or employment of formerly confined or incarcerated individuals.

It is incumbent upon the postsecondary institution to counsel a student regarding the viability of their post-graduation employment prospects in relation to any parole or probation conditions that restrict employment. If a completer still has a restriction or condition during the time when value-added earnings for the program is calculated then the program may not best suit the students' need. Pell Grant eligibility is limited; therefore, students should not exhaust eligibility on eligible workforce programs that may not lead to employment after completion.

We decline the third recommendation because the Department calculates the value-added earnings three years after completion of the eligible workforce program, which aligns with the first full tax year following the award year in which the student completed the eligible workforce program. Offering an eligible workforce program is voluntary; it is incumbent upon an institution to decide if they are able to offer an eligible workforce program that also functions as a prison education program complying with all statutory and regulatory requirements.

Changes: None.

Comments: A few commenters stated that students that are currently enrolled should not be excluded from value-added earnings because the goal of an eligible workforce program is to get completers into the workforce as soon as possible, because value-added earnings are calculated using median earnings of those who completed the program three years prior, commenters believed that was an ample amount of time to secure employment.

Discussion: The Department disagrees with the commenter who urged the Department to continue including currently enrolled students in the value-added earnings metric. The Department did take the commenter's concern into consideration, and we chose not to exclude currently enrolled individuals from the placement rate calculation because, in addition to operational challenges we believe that would be substantially more likely to cause institutions to establish eligible workforce programs that are designed to move students into continued enrollment rather than the workforce.

Changes: The Department will exclude students enrolled in an educational program during the earnings measurement period, or the next full tax year, from median earnings when the value-added earnings metric is calculated.

Comments: One commenter recommended treating students that are currently enrolled as a partial value of 0.5. For example, students continuing in education would count for 0.5 in the denominator. The commenter argues that this would have the effect of tempering negative impacts from a subset of students directly transitioning to new programs out of an eligible workforce program, while also disincentivizing the creation of programs that funnel students into additional enrollment instead of the workforce.

Discussion: The Department does not believe we have the legal authority to treat a student that is enrolled in a program as a partial value. We decline the recommendation because the commenter did not provide any legislative or regulatory examples of such a proposal currently existing or being legally supportable.

While the Department believes that there is a basis for excluding certain individuals from the calculation from a program's value-adding earnings entirely, such as in the case of students who completed a program and are now enrolled in another educational program, the statute does not provide any basis for weighting any individual (or category of individuals) included in the calculation of a program's value-adding earnings differently from any other individuals included in the same calculation. *See* HEA Sec. 481(b)(3)(A)(iv)(IV). Because of this, the Department believes that it would be improper to attempt to add such a factor into the calculation, much less determine what weighting value should be ascribed to currently enrolled students (or any other class of individuals).

Changes: None.

Comments: One commenter recommended that the Department exclude individuals in subsidized employment placements required by TANF, Medicaid work requirements, or court-ordered service programs.

Discussion: We decline to exclude these individuals. If graduates do not obtain employment, but instead need to access public benefits, that should be reflected in median earnings so as to accurately describe student outcomes.

Changes: None.

Comments: One commenter recommended that value-added earnings results be disaggregated and published by employment status (full-time/part-time) and by caregiver-identified status where data permit, so that programs serving predominantly part-time workers are evaluated in the appropriate context.

Discussion: We decline the commenter's recommendation. The statute does not distinguish between full-time or part-time positions. The purpose of receiving Pell Grant funds under the Workforce Pell provisions is to obtain high-wage employment after completing the program. The value-added earnings calculation is a standardized method for evaluating earnings. The Department has provided various exceptions that include exclusions for individuals who are not working. The Department does not believe that part-time employment can be accurately and consistently distinguished from employment that is low-wage, and we therefore do not believe it would be useful to further disaggregate value-added earnings results in the manner described by the commenter.

Changes: None.

Value-Added Earnings: Process for Combining Multiple Cohorts (§ 690.95(h))

The Department sought feedback from relevant stakeholders regarding the

process of computing the value-added earnings metric for programs with small numbers of students. The Department was particularly interested in feedback pertaining to its proposed method for aggregating multiple years of cohorts together to increase cohort sizes.

Comments: A few commenters proposed that the Department modify the method it uses to aggregate completers from small programs to reach the minimum cohort size needed for the value-added earnings calculation. Some commenters advocated that the Department use completers from the cohort period and up to four additional award years, for a maximum of five award years. One commenter argued that this process would be advantageous because programs in emerging fields (such as artificial intelligence (AI)) may have small cohort sizes initially. Alternatively, one commenter argued against this approach, noting that expanding the cohort aggregation process to include additional years—beyond four years of program completers—would not realistically represent the present-day outcomes of the program.

Other commenters expressed concern that the cohort aggregation process proposed for calculating the value-added earnings metric does not match the cohort aggregation process in the recently released STATS and Earnings Accountability NPRM (91 FR 21088), published April 20, 2026. One commenter noted that maintaining different cohort aggregation processes will create unnecessary administrative burden on the Department. Another commenter noted that consistent cohort aggregation processes are critical for giving students clear and consistent information about program outcomes. Both commenters advocated for the simpler two-year and four-year cohort aggregation structure that was previously used in the 2014 and 2023 gainful employment regulations. Commenters noted that this approach would be simpler, reduce burden on the Department, better facilitate comparability of earnings across time, and reduce year-to-year variability in how a program's earnings are measured.

Another commenter was similarly concerned about the misalignment in cohort aggregation processes across this regulation and the proposed cohort aggregation process from the consensus language for the STATS and Earnings Accountability regulations. To address this, the commenter recommended changing the cohort aggregation process to match the process in the recently released STATS and Earnings Accountability NPRM. Under this approach, the commenter proposed that the Department could aggregate cohorts at the six-digit Classification of Instructional Program (CIP) code level across eight years to reach a minimum threshold of 30 completers for calculating value-added earnings. Should that number not be reached, completers at the four-digit CIP code and credential level would be added. If the minimum number of completers was still not reached, then the process would repeat at the two-digit CIP code and credential level.

Discussion: The Department agrees with commenters who suggested simplifying and aligning the cohort aggregation process with the processes used in prior regulations. The Department disagrees with commenters who suggested adding a fifth award year to the cohort aggregation process and with commenters who suggested aggregating cohorts to the four-digit and two-digit CIP code level. The Department considered several factors when making these determinations.

First, the Department agrees that a revised process will reduce administrative burden. The current cohort aggregation process included four individual steps, iteratively aggregating completers from the cohort period and three prior award years. The Department agrees with commenters who contemplated combining the last two steps into a single step (adding completers from the second and third prior award years at the same time, rather than individually). Such an approach reduces the amount of burden on the Department when creating program completer lists, since it would not have to design an individual process to add completers from the second and third prior award years individually.

Second, the Department agrees that aligning the cohort aggregation processes will provide clearer information to students. The simplified cohort aggregation process contemplated by commenters will better ensure that earnings information is consistently reported to students, since the Department would no longer need to maintain two separate cohort aggregation processes. Furthermore, a streamlined process will reduce complexity for the Department, who would otherwise have to design and administer two distinct cohort aggregation processes.

Third, the Department agrees that a streamlined process will improve cohort consistency over time, allowing for more consistent earnings comparisons over time. The simplified cohort aggregation process contemplated by commenters will enhance the likelihood that cohorts are consistently aggregated to the same level each year, thereby reducing the possibility of year-to-year fluctuations due to differences in cohorts that are included in any one particular year.

Lastly, the Department agrees with commenters who argued to align the cohort aggregation processes from this regulation with the cohort aggregation process used in the STATS and Earnings Accountability NPRM. As part of this alignment process, the Department believes it is necessary to lower the cohort aggregation threshold for these regulations in this final rule from 50 to 30, which will allow the Department to use the same cohort aggregation process across both regulations, thereby forming consistent cohorts.

The Department disagrees with commenters who proposed adding a fifth year to the cohort aggregation process and with commenters who proposed aggregating up to the four-digit and two-digit CIP code level. Aggregating for additional years beyond the fourth prior year risks reducing the ability of the Department to measure a program's present-day outcomes. Similarly, because eligible workforce programs are relatively short in duration, the Department is concerned that aggregating cohorts using four-digit and two-digit CIP codes will risk combining program outcomes that are from entirely different types of programs, which may unfairly benefit or disadvantage certain types of programs.

Changes: The Department will update the regulations under § 690.95(h) to account for an additional year when combining cohorts. We amend paragraph (h)(1), (h)(2), (h)(3), strike paragraph (h)(4), and redesignate (h)(5) to (h)(4) as follows:

(h)(1) If the final list of students who completed the program during the cohort period includes at least 30 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 30 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 30 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 30 students, the Secretary adds students who completed the same program during the second and third award years 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;

(4) 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.

Comments: In response to the directed question, one commenter asked if the Department needs to—or should—create carveouts for certain fields or rural public institutions. The commenter used an example of a Hydrogeology program, which may graduate less than 50 students over a three-year period. The commenter also noted that, for such programs, two or three years of program or student data is needed before they can understand what the right 'regulatory specificity' is. They also asked if, for such programs, language could be built that functions more as a temporary framework or guidance that can be modified in the future.

Discussion: The Department disagrees with the commenter. Using enrollment in undergraduate certificate programs, the Department estimated the size of existing short-term certificate programs. For that reason, we do not believe it is necessary to wait for two to three years of program or student data, as the commenter requested, to determine an appropriate cohort aggregation procedure. Furthermore, the Department does not believe it has the authority to delay the implementation of these regulations due to the hypothetical example raised by the commenter, nor does it have the authority to create exemptions to the cohort aggregation process for specific institutions or programs based on their location.

Changes: None.

Value-Added Earnings: Programs Serving Out-of-State Students (§ 690.95(k))

The Department sought 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.

Comments: While some commenters supported the Department's position, several commenters disagreed with the Department's proposal. These commenters stated that the Department should not default to national median earnings for programs serving mobile or out-of-State students without an approved State alternative methodology, as national benchmarks may not reflect the economic value of programs aligned with States' regional labor markets. One commenter suggested that the Department allow institutions to appeal a determination regarding the student location if the institution can prove that more than 50 percent of students in the eligible workforce program are located in the State in which the eligible institution offering the program is located. They described this appeal as strictly limited to institutions with more than 50 percent of students outside the State. In the instance of an appeal, the commenters proposed that institutions could use IRS data to confirm the students' location.

Discussion: We decline the commenter's recommendation. We believe that adding an appeals process would add significant, additional burden to the process. The standardized method that requires 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 will result in consistent application of the regulation.

During negotiated rulemaking, the Department proposed to use information provided on the FAFSA form by an applicant regarding their permanent address as the means of determining the State in which the student is located. We chose this method in part because of precedence for the use of this method in the Financial Value Transparency and Gainful Employment metric calculation process, with the attendant savings in operational costs, as well as because the Department's strong view is that institutions should not be granted the ability to interpret an individual's true ''location'' due to the likelihood that some institutions would use such discretion to place students in a State that would be most beneficial to the program's value-added earnings calculation. For this reason, the Department continues to believe that the best indication of a permanent location must be provided by the individuals themselves—who do not have an incentive to choose a State that best benefits the program and the institution—and not by institutions, which do have such an incentive.

Changes: None.

Comments: One commenter stated that the approach introduces a separate structure for determining student location that may not align with these established institutional determinations. They noted that the reported State of residence on the FAFSA form may not reflect a student's actual physical location during enrollment or the labor market in which the student ultimately earns wages. As a result, institutions may face conflicting Federal expectations regarding how student location is defined and applied. The commenter recommended that the Department:

- Define determination of ''student location'' consistently across 690.95(k), 600.9(c)(2), and 668.43(c)(3)(ii), or explicitly distinguish the purposes and definitions if differences are necessary.
- Permit institutions to rely on student location determinations already made for compliance with 600.9(c)(2) and 668.43(c)(3)(ii), where those determinations are based on documented and consistently applied institutional policies; and
- Provide clear guidance on how discrepancies between Federal data sources and institutional records will be resolved, including which source will be considered authoritative for purposes of value-added earnings calculations.

Another commenter recommended that the Department allow institutions to use verified institutional records to determine student location, where available. In addition, they believed the Department should consider flexible reporting options for students experiencing homelessness, such as allowing institutions to identify students as in-State or out-of-State based on enrollment or service data, rather than relying solely on addresses reported on the FAFSA form. The commenter stated that FAFSA data are not a reliable location indicator for students experiencing homelessness.

Discussion: We decline the commenters' suggestions. The standardized method of using the student's address or State of legal residence as reported on their FAFSA form at the time of enrollment, will result in consistent application of the regulation. That said, the Department appreciates these comments and commits to evaluating its instructions for students to enter a permanent address on the FAFSA form in light of its importance for the process of calculating value-added earnings and other uses for the STATS and Earnings Accountability process.

The regulations under 34 CFR 600.9(c)(2), and 668.43(c)(3)(ii) were designed for a different purpose than these requirements; specifically, those regulations were designed to establish where an individual is located for State authorization purposes and for purposes of determining whether an institution was required to ensure that licensing requirements for a particular State were met if a student was located in that State. These requirements give the institution more control over the process of determining a student's location for this purpose, and the Department continues to believe that they are reasonable for that purpose to ensure that a program does not lose eligibility due to a technicality. Conversely, these regulations pertain to a process for determining where a student is located for purposes of the value-added earnings calculation, where the benefit of using an individual's indication of their personal address outweighs the benefit of an institution having control over that process, particularly given the potential for institutional gaming of that process, as described in the Department's response to the comment above.

Furthermore, the Department does not believe that a clear, consistent method exists to establish the specific location of an individual who is homeless, and the potential benefit of establishing a complicated framework for addressing such cases for the purposes of the value-added earnings calculation does not outweigh the significant costs, complexity, and burden associated with establishing an alternative process for determining their location. Many homeless individuals change locations within the same State and lack access to transportation; others may shift location across State lines and lack a permanent location.

Changes: None.

Responses to Comments Received on NPRM

General Comments

Comments: Many commenters urged the Department to strengthen engagement with the Department of Labor, Department of Health and Human Services, the Small Business Administration, employers, businesses, adult education providers, State higher educational officials, correctional facilities, State workforce boards, Governors, US territories, accrediting agencies, nonprofit workforce organizations, organizations that work with unaccompanied homeless youth, postsecondary institutions, and other stakeholders to promote the successful implementation of eligible workforce programs.

Commenters requested the Department release sub regulatory guidance on all provisions in the final regulations, including clarification on the Department of Labor's (DOL) role in the rules and if DOL or the Department of Education has the ultimate authority over eligible workforce programs. A few commenters also requested a unified data reporting pathway so that institutions report program data once, to avoid having to report to both DOL and the Department of Education.

Many commenters requested more guidance on other provisions outside of the regulations that impact student, program, and institutional eligibility, including areas such as satisfactory academic progress, ability to benefit, eligible career pathway programs, prison education programs, and written arrangements. Commenters also requested examples of how Governors will calculate outcome measures. Commenters recommended additional written guidance be provided through various publications including the Federal Student Aid (FSA) Handbook, frequently asked questions, Dear Colleague Letters, or Electronic Announcements. They also recommended that the Department conduct webinars and workshops with stakeholders.

Several commenters also stressed that the Department prioritize the timely release of final regulations, release technical specifications, and provide interim guidance to support implementation. Commenters also requested guidance, systems, and communications tailored to the new eligible workforce program student population, particularly those in PEPs and in the military. Commenters warned that although each proposed eligible workforce program requirement may seem reasonable on its own, the combined effect could sharply reduce the number of programs able or willing to participate, especially early on. The commenters expressed concern that programs that are high-quality but have limited administrative capacity may be discouraged from applying under a brand-new, fast-moving eligibility system. The commenters claimed that many States may still be determining how to structure and resource their new responsibilities, and that the lack of clear Federal guidance may increase the likelihood of inconsistent implementation, delays, and confusion for students. The commenters believed this uncertainty may ultimately deter institutions from seeking approval, which limits the intent and goals of eligible workforce programs.

Discussion: The Department commits to continue collaboration with stakeholders, monitor implementation closely, and prepare additional guidance or resources to ensure consistent and timely access to Pell Grants in eligible workforce programs across all States and institutions. The Department believes this final regulation provides additional clarity and guidance and we commit to providing follow-up resources as needed by eligible workforce programs writ large. The structure of these regulations provides eligible workforce programs with the time and flexibility needed to adapt their programs to meet the requirements of this final rule.

Changes: None.

Comments: A few commenters expressed concern that expanding Pell Grant eligibility to workforce programs could increase overall Pell Grant expenditures, particularly during a time when the Pell Grant program is projected to face funding shortfalls. The commenter urged the Department to work closely with Congress to secure sustainable long-term funding for both traditional Pell Grants and Pell Grants funding for eligible workforce programs. The commenter also suggested several potential policy changes for broader Pell Grant reform, including modifying the Pell Grant eligibility formula to better target aid to the neediest students, redesigning the year-round Pell Grant model to distribute benefits more broadly, and restructuring Pell Grants as a multiyear grant to promote persistence and completion.

Discussion: The Department recognizes that the statutory expansion of Pell Grant eligibility for eligible workforce programs may influence program expenditures, as estimated in Table 4.1 in the Regulatory Impact Analysis. The Department will continue to work closely with Congress, which holds the authority to appropriate additional resources, and will provide timely information to support informed budgetary decision-making. With respect to the commenters' suggested broader reforms, such as modifying the Pell Grant eligibility formula, redesigning the year-round Pell Grant structure, or establishing multiyear Pell Grant awards, these policy considerations extend beyond the scope of this rulemaking. Any such changes would require separate statutory or regulatory action and cannot be adopted within this final rule.

Changes: None.

Comments: One commenter was particularly concerned with the

influence of foreign adversaries over the United States. The commenter was acutely interested in the role eligible workforce programs could play in national defense. For example, the commenter stated that the Department should create more checks to ensure that foreign adversaries do not have undue influence in eligible workforce programs, such as requiring the Department to create a National Security Workforce Priority list and a Workforce Pell Grant Foreign Payment Monitoring Protocol. The commenter also suggested the Department conduct threat assessments of eligible workforce programs in collaboration with the Federal Bureau of Investigations and annual consultation with the Department of War. The commenter was also interested in how artificial intelligence could be used by foreign adversaries for economic warfare.

Finally, the commenter stated that the Department did not consider several additional statutes when drafting the NPRM and must add policies, frameworks, and reviews to the final regulation that consider applicable statutes including the CHIPS Act, the Foreign Agents Registration Act, the Economic Espionage Act, Federal Information Technology Acquisition Reform Act, Defend Trade Secrets Act, the Wolf Amendments framework, Bank Secrecy Act, International Emergency Economic Powers Act, Evidence-Based Policymaking Act, Federal Acquisition Regulations, and the Government Performance and Results Act.

Discussion: The Department declines the commenter's requests. Throughout the 60-comment submission that included hundreds of demands, the commenter did not provide one example of current foreign influence that would warrant inclusion of the recommendations in the final rule. While the commenter did mention the Confucius Institutes, as of 2023, according to the Government Accountability Office, there were fewer than five Confucius Institutes still active within the United States. Most importantly, an eligible workforce program cannot be offered by a Confucius Institute because it is not an eligible institution. The Department expects postsecondary institutions to comply with all applicable Federal laws. The Department does not have enforcement authority over most of the Federal laws the commenter included in the submission. The appropriate Federal agency with jurisdiction will oversee proper enforcement of such laws and the Department is committed to working with any Federal agency that seeks assistance in enforcing Federal laws. Section 117 of the HEA requires institutions of higher education to report covered gifts and contracts from foreign entities to the Department. We recently released guidance on a new Reporting Portal for Reporting of Foreign Gifts and Contracts under Section 117 of the HEA to increase transparency and oversight of these transactions.[7]

Changes: None.

Comments: Two commenters urged the Department to make eligible workforce programs effective immediately, rather than waiting until July 2026. Drawing on personal experience with months-long WIOA processing delays after being laid off, one commenter argued that the current system keeps qualified workers from starting training in a timely manner. The commenter further argued that accelerating Pell Grants for eligible workforce programs would allow displaced workers to enroll directly in short-term college programs without having to navigate slow, burdensome approval pipelines.

Discussion: The Department appreciates the commenter's experience and agrees that timely access to high-quality workforce training is critical for displaced workers seeking to re-enter the labor market. However, the effective date is shaped by statutory requirements, system-readiness constraints, and the timeline necessary for States and institutions to build and certify eligible workforce programs.

Changes: None.

Comments: One commenter urged the Department to require institutions offering eligible workforce programs to proactively inform students about the full range of Federal, State, and local public benefits and supports for which they may be eligible. The commenter asserted that, because eligible workforce program students are low-income and face substantial non-tuition costs and often cannot access Federal student loans, students may face significant financial gaps that could push them toward predatory private loans or excessive work hours. The commenter recommended requiring institutions to provide clear benefits information to all eligible workforce program students; designate a staff member or office responsible for connecting them to benefits such as SNAP, TANF, CCDF, Medicaid, the Earned Income Tax Credit, and the Child Tax Credit; and report how they are informing students of such options.

Discussion: We recognize that students in short-term programs may experience non-tuition costs. We also agree that students may benefit from information about Federal, State, and local public benefit programs for which they may be eligible. At the same time, the Department declines to establish a new regulatory requirement that institutions provide individualized benefits counseling, designate a dedicated benefits access office, or report benefits outreach activities as a condition of Pell Grant funding for eligible workforce programs. The statutory framework for eligible workforce programs under the WFTCA does not provide authority for the Department to impose such requirements on institutions, nor does it require institutions to administer, screen for, or coordinate eligibility across public benefits such as SNAP, TANF, CCDF, Medicaid, or tax credits. These benefits are administered under separate Federal and State authorities, each with their own eligibility structures and verification processes. Nevertheless, we reiterate that institutions retain broad discretion to offer student support services, including referrals to public benefit programs, financial coaching, or emergency aid, as part of their existing student services infrastructure. Many institutions already assist students in connecting to external supports, and we encourage institutions and States to continue these efforts where feasible.

Changes: None.

Comments: A few commenters urged the Department to adopt strong oversight and safeguards as it implements eligible workforce programs. The commenters warned that expanding Pell Grants to short-term workforce programs introduces significant risks, as similar expansions in the past enabled predatory, low-quality, high-cost programs, particularly among for-profit institutions and newer online credential providers (*e.g.,* tech bootcamps, OPM-run programs), to prey on unsuspecting students.

The commenters cited several examples of abuse, including deceptive marketing, inflated job-placement rates, misuse of income-share agreements, lack of transparency, weak instruction, and revenue-sharing arrangements that divert Federal funds away from accredited institutions. The commenters argued that strict guardrails are necessary to ensure eligible workforce programs will not supercharge the ability for low-quality educational

[7] Electronic Announcement General–25–46: *https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2025-12-01/new-reporting-portal-reporting-foreign-gifts-and-contracts-under-section-117-higher-education-act-1965-implementation-planned-january-2026-and-reminder-january-reporting-deadline.*

providers to participate in potentially predatory behaviors, reiterating that student protection must be the Department's priority.

Discussion: Safeguarding students and protecting Federal funds remain central priorities for the Department.

As described throughout this final rule, the Department has established a comprehensive accountability framework for eligible workforce programs designed to prevent low-quality or predatory programs from gaining or maintaining Pell Grant eligibility. These safeguards include Governor certification requirements under § 690.93 to ensure programs align with high-skill, high-wage, or in-demand occupations, Secretary-determined performance requirements under § 690.94, including minimum completion and job placement thresholds, a value-added earnings metric under § 690.95 to verify that programs lead to earnings meaningfully higher than the poverty line, clear limitations on written arrangements and restrictions on the role of ineligible entities, consistent with the Department's broader oversight of third-party program delivery, and prohibitions on reestablishing failing or substantially similar programs for two years under § 690.97. Collectively, these measures are intended to ensure that only high-quality workforce programs serving students' interests can receive Pell Grant funds, while preventing providers, whether for-profit, online, or operating through contractual arrangements, from exploiting the new program structure.

Changes: None.

Comments: One commenter argued that, for eligible workforce programs to receive Pell Grants and be effective, the Department must be fully functional and capable of implementing the program. The commenter expressed strong concern that the dismantling of the Department will undermine the Department's ability to carry out the law. They criticized the reductions in force and efforts to move Federal Student Aid operations to the Department of the Treasury and note that these structural changes were not addressed in the NPRM.

Alternatively, a different commenter supported the Department's efforts to fully implement the Workforce Pell Grant provisions at current staffing levels. The commenter stated that the Department should leverage its existing capacity which will promote continuity, reduce administrative fragmentation, and minimize implementation risk. The commenter stated that the introduction of new personnel is neither necessary nor wise, particularly because it could cause duplicative functions or dilute accountability within established operational structures.

Discussion: The Department disagrees with the commenter's assertion that it does not have sufficient staff to implement the Workforce Pell Grant law and regulations. Furthermore, the Department affirms its commitment to implementing eligible workforce programs faithfully, transparently, and in accordance with all statutory requirements. We will continue to coordinate across offices, provide technical assistance to States, institutions, and accrediting agencies, and maintain the infrastructure necessary to safeguard title IV, HEA funds and support students' access to high-quality- workforce training programs. This commitment will remain regardless of any operational shifts.

The Department thanks the other commenter for their support of our efforts to implement the Workforce Pell Grant provisions under current operational conditions.

Changes: None.

Comments: One commenter recommended the Department to clearly state that developing eligible workforce programs is voluntary for both States and institutions. The commenter also requested that programs be allowed to withdraw from participation for any reason, not just solely due to failure to meet eligibility requirements.

Discussion: Developing eligible workforce programs is indeed voluntary for both States and institutions. States are not required to approve eligible workforce programs, and institutions are not required to seek approval or offer eligible workforce programs. This voluntary approach is consistent with the statutory structure, which allows States and institutions to determine whether participation aligns with their workforce development strategies and institutional priorities. Regarding program withdrawal, the Department agrees that institutions should have the flexibility to discontinue eligible workforce programs for any reason. The regulations do not restrict withdrawal solely to cases of failure to meet eligibility requirements. Institutions may choose to withdraw an eligible workforce program from participation in the Pell Grant program at their discretion, whether due to changes in institutional priorities, program restructuring, or other considerations. If a program is withdrawn, the institution must follow the appropriate notification and reporting procedures to ensure compliance with Federal requirements and to protect the interests of enrolled students.

Changes: None.

Comments: A few commenters recommended the development of a centralized, public-facing list of eligible workforce programs approved for participation in the Pell Grant program. One commenter asserted that such a list would ensure students are well supported in navigating these new programs and opportunities. The commenter recommended that the Department utilize the Federal Student Aid Data Center to provide students and employees with a trusted resource to verify the program's eligibility. Another commenter requested that the list be searchable by State, occupation, and credential type.

Discussion: While the Department declines to add specific regulatory language to this rule regarding the commenter's recommendation, we do commit to exploring the possibility of releasing information about approved eligible workforce programs as soon as it becomes available. Additionally, in the preamble to the NPRM, we strongly encouraged Governors to maintain and publish a list of eligible workforce programs in their State.

The Committee on Appropriations for Departments of Labor, Health and Human Services, and Education, and related agencies directed the Department to collect and report to Congress a complete list of institutions of higher education and programs that have gained eligibility for Workforce Pell Grants, and the Department will explore the possibility of releasing such information to the broader public when it provides the information to Congress.

Changes: None.

Comments: Several commenters requested that the Department require specific curriculum or instruction in every eligible workforce program, such as problem solving and teamwork.

Discussion: The Department does not regulate, control, or direct the curriculum and instructional materials used by higher education institutions and is primarily concerned with the eligible workforce program meeting our eligibility requirements outlined in 34 CFR 690 Subpart H. Governors will determine in-demand occupations, which will focus the institutions' program offerings in areas that will help graduates gain high-wage employment.

Changes: None.

General Agreement With the Proposed Regulations

Comments: Many commenters expressed appreciation for the Department's efforts to expand access to

Pell Grants through the eligible workforce program initiative. A few commenters strongly supported the inclusion of Registered Apprenticeships within this framework, with one noting that recognizing Registered Apprenticeship completion as a recognized postsecondary credential and enabling related instruction to qualify for Pell Grant funding in eligible workforce programs represents an important step toward strengthening workforce development in skilled trades.

Several commenters supported using Pell Grants to cover transportation programs, noting that the cost of these programs can be unaffordable for many students. The commenters believed this final rule will help address critical workforce shortages in essential industries like trucking.

Discussion: The Department thanks the commenters for their support.

Changes: None.

General Opposition to the Proposed Regulations

Comments: One commenter expressed opposition to government funding for higher education, arguing that it leads to higher costs. Instead, the commenter suggested providing free, public continuing education for workforce training or higher education.

Discussion: Congress has expressly directed the Department to implement statutory changes that expand Pell Grant eligibility to eligible workforce programs and to establish accountability requirements for those programs. Decisions about replacing or restructuring Federal student financial aid programs fall within Congress's legislative authority, not the Department's regulatory authority.

Changes: None.

Comments: One commenter erroneously believed Pell Grants would be eliminated with this final rule.

Discussion: This final rule does not eliminate the Pell Grant program. Rather, it allows students to receive Pell Grants for programs that were previously ineligible. These programs, referred to as ''eligible workforce programs,'' are intended to be high-quality, performance-based, short-term programs that support America's workforce needs.

Changes: None.

Rulemaking

Comments: One commenter stated that Congress would have put a waiver to the master calendar requirements in statute, if its intention was for the Department to implement these regulations on July 1, 2026. Given this, the commenter believed that the final rules issued in 2026 should have an implementation date of July 1, 2027, at the earliest. The commenter stated that abiding by the master calendar gives institutions the proper amount of time to prepare for the changes implemented by the Department, adequately inform students and families of the changes to their student aid, and plan for the smoothest possible transition.

Discussion: We decline the commenter's suggestion. Section 401(k) of the HEA states that ''For the award year beginning on July 1, 2026, and each subsequent award year, the Secretary shall award grants (to be known as 'Workforce Pell Grants') to eligible students under paragraph (2) in accordance with this subsection.'' We intend to implement these final regulations on July 1, 2026.

Changes: None.

Comments: Several commenters were pleased with the negotiated rulemaking process. However, one commenter urged the Department to provide more time for future negotiated rulemakings so that appointed experts can fully understand the issues, consult stakeholders, and work toward consensus. The commenter also stressed the need for broader and more comprehensive institutional representation on the negotiating committee.

Discussion: The Department strives to balance the need for thorough deliberation with statutory timelines and administrative requirements, and we select negotiators with the goal of ensuring balanced representation across the communities most affected by the regulations. We will continue to apply this principle in future rulemakings to ensure negotiators have sufficient time to review materials, consult with stakeholders, and engage meaningfully in the discussions.

Changes: None.

Pell Grant Ineligibility Due to Non-Federal Grant or Scholarship Assistance (§ 690.5(a) and (b))

Comments: There was a general understanding that this regulation implements the new provision in the HEA established by the WFTCA. One commenter agreed with the provision because it would be a responsible allocation of Federal dollars by declining Pell Grants in cases where students' cost of attendance is already met and using those funds for students who have need instead.

Discussion: The Department thanks commenters for their understanding of the issue.

Changes: None.

Comments: A few commenters urged the Department to clarify how the new Pell Grant ineligibility rule for students who receive non-Federal grants equaling or exceeding their cost of attendance will interact with State ''last-dollar'' grant programs and Promise programs. One commenter asked the Department to confirm that these programs may continue operating as last-dollar aid without jeopardizing Pell Grant eligibility as long as total non-Federal aid remains below COA. The commenter noted that the NPRM's request for ideas to prevent ''gaming'' is unnecessary because the statute already provides adequate oversight mechanisms, and Congress did not create new reporting or enforcement requirements for this provision. The commenter also highlighted potential inequities: institutions can adjust their own aid to avoid overawards, but they cannot adjust private or external scholarships which means students with identical financial circumstances could receive different Pell Grant outcomes. The commenter recommended the Department create clear guidance and communication materials for external scholarship providers.

Additionally, the commenter asked for clarification surrounding how WIOA funds should be treated under the new rule, given WIOA's historical use as last-dollar aid. The commenter urged the Department to explicitly exclude WIOA funding from counting as non-Federal aid for Pell Grant eligibility purposes. Finally, the commenter requested clarification on how to handle cases where a student's Pell Grant eligibility increases after all aid has been disbursed and non-Federal aid already meets COA. The commenter asked the Department to specify whether institutions may disburse the additional Pell Grant amount or must first reduce non-Federal aid before releasing additional Pell Grant funds.

Other commenters also requested that WIOA funds be allowed to work together with Pell Grants and that the Department publish guidance explaining how to braid such funding effectively while minimizing administrative burden on institutions and students. Commenters encouraged the Department of Education to build on its collaboration with the DOL in this effort.

One commenter was unclear about how grant and scholarship assistance would be defined in the regulations.

Discussion: The Department clarifies that grant and scholarship assistance is aid that does not have to be repaid. It encompasses dollars that are explicitly

called grants and scholarships as well as funds that are not, such as tuition reimbursements. ''Last-dollar'' grant and scholarship programs, including WIOA funds, will continue to be packaged as they have been; the difference is that now once all non-Federal grant and scholarship aid equals or exceeds the COA, the student becomes ineligible for a Pell grant. In many cases, the relevance of this provision will be clear early—for example, students who receive a ''full-ride'' scholarship will not be eligible for a Pell Grant, and the institution will be aware of that at the beginning of the year. When non-Federal grants and scholarships accumulate over the award year, the institution will need to check with each receipt of funds to ensure that they do not total an amount that equals or exceeds the COA; if it does and Pell Grant funds remain to be disbursed, the institution will need to adjust the amount to below the COA for the student to retain the Pell Grant. Barring that, the Pell Grant must be returned, as explained in § 690.80. Note that institutions are used to monitoring late-arriving aid because they are required to address potential overpayments at any time during the payment period.[8]

Because WIOA funds are provided through the DOL, they are considered Federal dollars, even though they are distributed by the States, and do not count toward the total of non-Federal scholarship and grant aid. To the extent that any funds are directly traceable to the U.S. Government, those would also be Federal dollars that do not count toward the relevant total. If funds are directly traceable to States or other non-Federal sources, they would count toward the total and in a sufficient amount will result in Pell Grant ineligibility.

Changes: None.

Comments: Several commenters expressed concern that the new Pell Grant exclusion might have the harmful effect of discouraging existing support from non-Federal sources or would otherwise interrupt the flow of that support. The types of support referenced by the commenters included employer sponsorships, philanthropic assistance, and local workforce development funding. The commenters stated that participants in workforce training programs have costs beyond tuition and fees, including transportation, childcare, and housing, etc., that are associated with participating in training. They claimed that removing Pell Grant eligibility would especially harm needy students, who have earned their scholarships and grants, while allowing Pell Grants to work alongside other funds would ensure those students can complete their programs successfully.

Some commenters thought that the new rule effectively changed Pell Grants from being ''first-dollar'' to ''last-dollar'' aid. They noted that this would be a significant change because it would replace Federal entitlement aid with private and institutional funds.

Some commenters misunderstood the provision and its implications. For example, one worried that the rule could unintentionally penalize programs that are most effectively serving participants facing the greatest barriers. They offered an example in which a student who received transportation support, tool allowances, and a housing stipend from a State emergency assistance program (all non-Federal grant or scholarship aid) ''could be deemed ineligible for Pell if the combined amount approaches their COA, even if none of these funds are paying for training itself.''

One of the commenters requested that there be a carveout for defense worker educational benefits and that State workforce development grants specifically designed to supplement Federal financial aid be excluded from the calculation if the State grant's authorizing legislation includes a Federal aid preservation clause.

Another commenter asked that State assistance that is designed to offset a component of the COA be excluded from this determination.

Finally, one commenter asserted that high-need populations frequently receive non-Federal aid exceeding the COA ''by design,'' which, under the new law and regulation, would cause them to lose Pell Grant eligibility.

Discussion: The Department does not agree that funders would be inclined to retract aid for students who become ineligible for Pell Grants because their COA is covered. A logical conclusion on the part of funding providers would be that their funding is even more important given that the student will not receive a Pell Grant. The opposite case would seem to make such funding more likely to disappear: if the COA were mostly or entirely covered by a Pell Grant, the student would then be in less need of the non-Federal funding.

Under the new law and regulations, scholarship providers, States, employers, institutions, and any other non-Federal funder of higher education are free to provide students with as much grant or scholarship assistance as they desire, to include more than the student's COA if they choose, but students will not be eligible to receive a Pell Grant in those cases. The implication of the new law is clear: Pell Grants are intended to cover the costs of higher education for needy students; they are not intended to be a financial reward for students who have no need, and, by definition, students whose entire COA has been met or exceeded by non-Federal grant or scholarship dollars have no financial need or unmet educational expenses as defined under the law.

Also, some commenters demonstrated a lack of understanding of exactly what the COA entails, which is more than just tuition and fees. It typically includes an allotment for food, housing, transportation, and childcare, as well as other costs that are associated with obtaining an education. When the COA is fully funded, the assumption is that all costs that will be incurred while the student is enrolled in the program will be met. When the normal COA for a student in a given program does not anticipate special circumstances and there are extra costs, such as abnormally high medical bills to the student or a family member, financial aid administrators at the school are permitted to exercise PJ to adjust for such circumstances and increase the COA if warranted.

Regarding the commenter who worried that the rule could unintentionally penalize programs that are most effectively serving participants facing the greatest barriers, their logic was flawed in that, if the combined non-Federal funds only approach the COA but do not equal or exceed it, the Pell Grant remains intact. Indeed, in the example the commenter provided, if none of the funds are paying for training—which is the largest or second-largest element in the COA—it is a given that the combined aid is not close to reaching the COA.

The reasoning above demonstrates both the value and importance of the new Pell Grant exclusion. When students' COA has been met or exceeded (with dollars that they do not have to pay back or work for), the total cost of obtaining their education is covered and more funding is unnecessary.

Further, the Department notes that the exclusion is related to non-Federal grant and scholarship aid. The Department wrote in the NPRM that 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

[8] Federal Student Aid Handbook—Volume 3, Chapter 3—Packaging Aid—*https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2025-2026/vol3/ch3-packaging-aid#pid_1455637*.

financial assistance.'' We codified this in § 690.5(b), and it includes 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 the cost of attendance. We do not have the authority to make other exclusions recommended by the commenter that are not prescribed in statute. The law does not provide carveouts for State grants or defense worker education benefits.

The Department takes issue with the commenters' claim that Pell Grants are no longer ''first-dollar'' aid. This is not the case. Pell Grants (when not automatically determined according to HEA rules) are still calculated by subtracting the Student Aid Index from the maximum Pell Grant for the award year; other aid is not accounted for. What the new law and regulations establish is that, when students' combined non-Federal grant and scholarship aid is equal to or exceeds the COA, the student will receive no Pell Grant. Aid administrators will package students normally, Pell Grant first and then other aid, and as soon as it is clear that the non-Federal grants and scholarships will equal or exceed the COA, the Pell Grant is removed, or the other aid is adjusted as explained under § 690.80(d). Often, though, as we stated above, the aid office will be able to determine which students may face this situation at the outset. Students will not be considered for a Pell Grant when they receive a ''full ride'' scholarship that covers the entirety of their COA. It *is* the case that for the relatively few students who become ineligible for a Pell Grant because their entire education costs are met in this way, Federal aid will have been displaced by private or institutional dollars.

Finally, it is not our understanding that high-need students frequently receive non-Federal grant aid in excess of the COA ''by design.'' State and private funders have a strong vested interest in not exceeding the amount required for students to complete their education, as it preserves limited funds for other students who do have need. To the extent that these providers deliberately fund students over the COA, they will cause them to lose Pell Grant eligibility for said award year.

It is more likely that funding programs function in the manner that one State higher education agency described to the Department. They have programs that provide last-dollar aid to students who receive Pell Grants and that cover the balance, up to the COA, after the Pell Grant has been applied. In such a situation, there is no danger to the student's Pell Grant eligibility because the State grant is in an amount less than the COA by the value of the Pell Grant.

To provide an illustrative example, a student with a COA of $12,000 receives a $7,000 Pell Grant. The State higher education agency then provides a $5,000 grant to cover the student's remaining costs. This procedure has been the case and will continue to be so under the new rules. But assume that after aid has been awarded and some of it disbursed that the student receives a $6,000 private scholarship. If under the State's rules, the student is permitted to keep its grant, the Pell Grant also remains intact because the combined State grant and private scholarship is $11,000, which is $1,000 less than the COA. If the private scholarship was $8,000 and the total of non-Federal aid was $13,000 and the scholarship could not be adjusted, the school would need to reduce the amount of the State grant by more than $1,000 (so that the total is less than $12,000) if it has the authority to do so. If it can't reduce the State grant and the total cannot otherwise be brought under $12,000, under § 690.80(d) the entirety of the Pell Grant would need to be returned. This assumes that Pell Grant dollars remain to be disbursed. If the entire Pell Grant had been disbursed when the private scholarship was received, the school would not need to do anything.

Changes: None.

Comments: One commenter was opposed to the regulation because they believed it would harm the neediest of students. By excluding students from Pell Grant eligibility when their non-Federal grant aid exceeds cost of attendance, the commenter believed the rule effectively penalizes low-income students for securing State, institutional, or private scholarships, and aid they depend on to cover basic living expenses, which is not fully reflected in cost-of-attendance formulas.

Discussion: As a foundational matter, the Federal student financial assistance programs are designed to cover educational expenses. As explained in the previous section, this rule will not deprive Pell Grant-eligible students of funds needed to cover the cost of their education. Cost of attendance includes tuition and fees, housing, food, books, supplies, and several other allowable costs.[9] If a student receives non-Federal grant or scholarship assistance that in total is greater than or equal to the COA, there is no need to be met. If the student were to receive a Pell Grant in this instance, it would cause his or her need to be exceeded. For example, a student enrolls in a one-year program at a university, and the total cost of the program is $20,000, which includes $2,000 in tuition and fees, $500 in books, $13,000 in housing, and $4,500 in food. If the student receives a non-Federal scholarship for $20,000, his entire cost is covered by the non-Federal scholarship. The student would not be eligible for a Pell Grant in this case.

Changes: None.

Comments: One commenter was concerned about the new rule because there will be a cliff effect in that students whose other grant aid is one dollar less than the COA will receive a full Pell Grant, while those whose grant aid is one dollar over the COA will get no Pell Grant. As the commenter observed, ''This approach is inequitable and may discourage institutions, States, and foundations from offering generous scholarships.'' The commenter suggested a more gradual approach to reducing Pell Grant dollars or, if the law does not allow for that, the Department should ''implement oversight measures to prevent manipulation of scholarship amounts.''

Discussion: The commenter touches on the possible gaming that we raised in our directed question about this issue. As we note above, however, the new regulation remains as drafted in the NPRM because we believe that is the surest reading of the statute. The Department will consider possible oversight measures in the future if the potential problem we have foreseen actually arises.

Changes: None.

Comments: One commenter was concerned that the flexibility afforded to schools in determining their COA could ''result in inconsistent or inaccurate calculation of non-tuition expenses for short-term programs, particularly those related to basic needs.'' If COA determinations do not reflect the true cost, students could face unmet financial need. To address this concern, the commenter asked that ''the Department either (a) remove this provision for the Workforce Pell Grant program or (b) revise it to replace 'cost of attendance' with 'tuition' in the context of Workforce Pell Grant.'' Another commenter similarly asserted that COA budgets are often understated,

[9] 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.*

leaving the possibility that students have unmet costs.

Discussion: Institutions have long had considerable discretion, as outlined by the law, in how they create their COA budgets, and those do include non-tuition expenses. As noted above, the use of COA is intended to cover the complete cost for a student to attend the educational program. However, the Department cannot correct for what may be inconsistent approaches from one school to the next that are allowable under the law. In general, schools are incentivized to ensure that their COA does not leave unmet financial need; doing otherwise puts students in stressful financial situations that distract them from their program of study and that they feel obliged to rectify, such as by requesting a PJ adjustment. When students believe that their budgets are inadequate, they are able to request PJ adjustments to them, as we explain above, but such adjustments are intended for the special circumstances of individual students and not as a general corrective for COA budgets that are lacking. Also, the Department's oversight of PJ discourages its overuse.

As for the suggestions, the HEA does not allow for revising the new provision or excluding eligible workforce programs from it. Moreover, it is not clear how the suggestion under (b) to replace COA with tuition in the context of Workforce Pell Grants would help since that would involve reducing the amount at which other grant aid would cause the student to lose Pell Grant eligibility.

Changes: None.

Comments: One commenter stated that the treatment of Workforce Pell Grants received by students who are simultaneously receiving employer-paid educational assistance under IRC Sec. 127 (up to $5,250 annually excluded from income) is unclear in the proposed rule. The commenter asked, ''If an employer's Sec. 127 educational assistance plan covers the full cost of an employee's Workforce Pell Grant program, must the institution return the Workforce Pell Grant?'' The commenter requested that:

- the final rule contains explicit guidance on the interaction between Workforce Pell Grants and IRC Sec. 127 employer educational assistance,
- employer educational assistance not be counted as non-Federal grant or scholarship assistance for purposes of the Pell Grant exclusion rule, and
- the Department coordinate with the IRS and Treasury to ensure that students receiving employer-sponsored Workforce Pell Grant program training can stack Sec. 127 benefits and Pell Grants without losing eligibility for either.

Discussion: Employer-provided educational assistance counts as non-Federal scholarship aid for the purpose of the Pell Grant exclusion. There is no provision in the law to exclude that type of assistance, and, as we note above, the Department is not at liberty to exclude it from counting as one of the many types of non-Federal grants and scholarships students can receive. It would be impossible for the Department to attempt to provide an exhaustive list here of all types of relevant aid.

As for students losing eligibility for employer-provided education assistance, nothing in this rulemaking necessitates that outcome; it is up to employers whether they will provide that aid. The new regulations will solely impose Pell Grant ineligibility in those cases when the COA is covered or exceeded by non-Federal grants or scholarships. See the above discussion regarding why this still leaves students entirely able to pay for their education. Also, in cases where students in workforce programs have their whole COA paid for with, for example, employer assistance, their limited Pell Grant eligibility is preserved for any later programs that they might enroll in, such as a bachelor's degree program.

Changes: None.

Comments: Another commenter also expressed concern that employer-provided tuition benefits would unduly cause students/employees to lose Pell Grants that typically cover expenses such as transportation and housing. They suggested that the Department (1) exempt employer-provided tuition assistance from the non-Federal aid exclusion; (2) provide clear guidance distinguishing tuition assistance from wages; (3) clarify how partial employer tuition assistance should be treated in Pell Grant eligibility calculations; and (4) permit students to remain eligible for Pell Grants for non-tuition components of the COA such as transportation and housing, even where employer-provided assistance fully covers tuition cost.

Discussion: As noted above, employer-provided tuition assistance would count as non-Federal scholarship aid. Such tuition assistance is not wages, nor do wages count in the calculation for determining this new Pell Grant ineligibility provision. Partial tuition assistance by definition would not make a student Pell Grant-ineligible since it would not cover the COA. Finally, in situations where the employer-provided assistance fully covers tuition but no other elements of the COA, the student would remain eligible for Pell Grants unless there were other non-Federal grant or scholarship aid that, combined with the employer assistance, equaled or exceeded the COA.

Changes: None.

Pell Grant Ineligibility Due to Non-Federal Grant or Scholarship Assistance (§ 690.80(d))

Comments: One commenter asked for guidance regarding an example they provided involving subsequent ISIR transactions that show increased Pell Grant eligibility after funds have already been disbursed and packaging completed. The example they provided described a student with a $20,000 COA that receives $18,000 in non-Federal grant aid and $3,000 in Pell Grant funds, which are fully disbursed. A subsequent non-Federal scholarship of $2,000 brings the total of such aid to $20,000. A later ISIR transaction then increases the student's Pell eligibility to $5,000. The commenter requested that the Department clarify what happens in this scenario.

Discussion: Because the late-arriving scholarship increases the total non-Federal grant aid so that it equals the COA, and an additional transaction was made that increased the student's Pell Grant by $2,000, § 690.80(d) applies. The school can reduce the non-Federal aid to below the COA and award the additional Pell funds. If it cannot or chooses not to do so, the entire Pell Grant must be returned, and the student's COA would be met by the $20,000 in non-Federal aid.

If there had been no subsequent transaction that resulted in additional Pell Grant eligibility—all the Pell Grant funds had been disbursed already—the school would not have needed to do anything when the additional non-Federal scholarship arrived even though it caused the total amount of such aid to equal the COA.

Changes: None.

Eligible Workforce Programs

Date, Extent, Duration, and Consequence of Eligibility (§ 600.10(c))

Comments: A few commenters stated that a risk of the proposed framework is that institutional eligibility for an eligible workforce program bypasses the accreditor quality assurance process because the Secretary's program review does not incorporate accreditor assessment of program quality.

Discussion: As discussed in the NPRM, an eligible institution must be able to demonstrate that each program (including eligible workforce programs, collectively or individually) is formally

accredited and included within its grant of accreditation. The Department does not require the accrediting agency to approve each eligible workforce program individually, and 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 may do so. Such approval may come before or after approval by the Governor (but must be provided prior to Department approval). There is not a need to add additional regulatory language requiring accreditation because existing regulations cover this requirement.

Changes: None.

Comments: A few commenters stated that the current proposal unnecessarily restricts program eligibility to accredited institutions participating in title IV, HEA programs which risks excluding a large segment of high-performing workforce training providers already validated through State workforce systems. Several commenters urged the Department to allow State-approved Eligible Training Provider List (ETPL) programs to qualify for Workforce Pell Grant eligibility, regardless of institutional accreditation status, provided they meet all other programmatic and accountability requirements. A different commenter stated that ETPL programs offered at eligible institutions should automatically receive Governor and Department approval. Other commenters asked that ineligible organizations that provide social services to communities, such as after-school care, healthcare, and security, be Pell Grant eligible.

Discussion: We decline the commenters' recommendations. The Department does not have authority to create a separate eligibility pathway or designate additional categories of programs outside of the Workforce Pell Grant statutes. A student (§ 668.32), program (§ 668.8), and postsecondary institution (34 CFR 600) must meet all Pell Grant eligibility requirements.

Section 102(a) of the HEA defines institutions of higher education eligible to disburse title IV, HEA assistance to enrolled students. Also, paragraph (a)(5) of section 101 states that such institutions must be ''. . . accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.''

We acknowledge that there may be similarities between programs on a State ETPL and eligible workforce programs; however, there are also differences between the statutory requirements for the two types of programs. WIOA, which includes the ETPL provisions, and the HEA, which includes provisions for Pell Grant eligibility and eligible workforce programs, are different statutes. Governors and the Department must ensure that a program on a State ETPL meets all the requirements under the HEA to become an eligible workforce program.

Changes: None.

Comments: One commenter asked if there would be pilot opportunities or phased implementation for institutions and requested the Department clarify this.

Discussion: No, there will not be pilot opportunities or phased implementation. All institutions wishing to offer an eligible workforce program will have to follow the same procedures and processes outlined in regulations.

Changes: None.

Comments: One commenter stated that many institutional accreditors do not currently include noncredit programs in their scope of review. This creates an ''accreditation bottleneck,'' as the commenter termed it, and noted this creates a structural barrier that may prevent otherwise high-quality programs from accessing Pell Grants for eligible workforce programs. The commenter recommended that the Department explicitly encourage institutional accreditors to develop expedited review processes for eligible workforce programs and acknowledge the role that specialized programmatic accreditors can play in providing program-level quality assurance for workforce training in emerging fields. The commenter stated that the Department's own Fund for the Improvement of Postsecondary Education grant has invested in building this capacity.

Discussion: While the Department cannot require additional structure outside the statutory framework, we will consider how we might provide sub-regulatory guidance that helps accrediting agencies develop the expertise necessary to fulfill their role in ensuring the quality of eligible workforce programs in a timely manner.

The Department announced the Accreditation, Innovation, and Modernization (AIM) committee on January 27, 2026.[10] Those interested in the regulatory process related to accrediting agencies may wish to follow the rulemaking process.[11] Additionally, the Department has taken administrative steps to clarify and streamline the process for new accrediting agencies to enter the market.

Changes: None.

Comments: One commenter urged the Department to go beyond the preamble and include clear regulatory expectations that accreditors must review Workforce Pell Grant programs—including non-credit programs—and update their scopes of recognition accordingly. The commenter stated that doing so will close a critical oversight gap, strengthen program quality, and ensure that this new expansion of Pell Grant eligibility is implemented with the rigor and accountability that students and taxpayers deserve. The commenter mentioned the Department could mirror requirements under the prison education regulations in 34 CFR Subpart P or require accreditor approval of the first three eligible workforce programs that an institution offers.

Discussion: We decline the commenter's suggestion because the authorizing statute does not specify how accrediting agencies should review programs. We believe that an accrediting agency is equipped to establish its own internal processes regarding the approval of eligible workforce programs. There is a specific provision in the authorizing statute for prison education programs that requires consideration of accrediting agencies: an institution is prohibited from offering a prison education program if ''during the 5 years preceding the date of the determination'' the institution was subject to ''any adverse action by the institution's accrediting agency or association.'' The Department also notes that we are required to approve every eligible workforce program, unlike prison education programs.

Changes: None.

[10] AIM **Federal Register** notice—*https://www.Federalregister.gov/documents/2026/01/27/2026-01620/intent-to-establish-negotiated-rulemaking-committee.*

[11] AIM website—*https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/negotiated-rulemaking-higher-education-2026.*

Comments: One commenter recommended that the Department explore ways to better align the eligible workforce program and PEP approval processes to reduce duplicative burden on experienced correctional education providers. The commenter stated that the Department should consider integrating the eligible workforce program approval into the existing PEP application.

Discussion: The Department declines to combine the eligible workforce program and PEP process because they are two distinct program types with unique sets of statutory and regulatory requirements.

Changes: None.

Limitations on Remedial Coursework That Is Eligible for Title IV, HEA Program Assistance (§ 668.20(b) and (g))

Comments: One commenter thanked the Department for allowing remedial coursework for clock-hour programs and asked that we codify that allowance in regulation.

Discussion: In the preamble to the NPRM, the Department proposed that an eligible institution may not take into account, when calculating title IV, HEA program awards, 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.

After further internal discussion, the Department determined that, normally, programs offered in clock hours may include remedial coursework up to the thresholds outlined in 34 CFR 668.20(e). Our proposed language limited the prohibition on remedial coursework to programs offered in credit hours. The WFTCA states that ''. . . the provisions of subsection (d)(2) shall not be applicable to eligible workforce programs. . .''. Section 401 (d)(2) of the HEA states noncredit, remedial, and study abroad courses can be included in a student's Pell Grant eligibility. Therefore, these types of courses cannot be included in a student's Pell Grant eligibility in an eligible workforce program. Nothing in Section 401 (d)(2) differentiates between credit or clock-hour programs. We do not believe the statute allows the Department to limit the prohibition on remedial coursework to only credit-hour programs. The Department clarifies in the final rule that eligible workforce programs offered in credit hours or clock hours are prohibited from including remedial coursework in a student's eligibility.

Changes: The regulations will revise § 668.20(g) to clarify that an institution may not take into account any noncredit, remedial or reduced credit remedial course for a student enrolled in an eligible workforce program. The regulations will no longer distinguish between credit or clock hour programs; however, they will continue to permit consideration of clock-hour, non-remedial coursework in both types of programs.

Comments: A few commenters requested that the Department clarify in the final rule or sub-regulatory guidance that clock-hour programs are not subject to the prohibition on institutions considering noncredit or partial credit remedial coursework when calculating title IV, HEA program award amounts.

Discussion: We stated in the NPRM—''The Department clarified during negotiated rulemaking that the prohibition on noncredit courses is not in reference to programs offered using clock hours.'' Eligible workforce programs can be offered in credit hours or clock hours. Neither the statute nor the regulations prevent a non-credit clock hour program from qualifying as an eligible workforce program. However, the statute and regulations do prohibit an institution from considering remedial coursework in a clock hour program when determining a student's eligibility for title IV, HEA program funds.

Changes: None.

Comments: One commenter asked the Department to clarify the level of non-credit to credit articulation that is required for eligibility. Other commenters asked for additional guidance regarding which noncredit programs would be considered eligible workforce programs.

Discussion: These regulations do not require an institution to perform noncredit to credit articulation for every eligible workforce program. However, the rule does prohibit remedial coursework, including coursework that leads to partial credit or coursework that does not lead to academic credit, from being included in an eligible workforce program, as described in the statute. For practical purposes, this means that an institution cannot include in its calculation of a student's eligibility for Pell Grant funds any coursework not required for completion of the program. The only coursework that can make up the eligible workforce program is the coursework that is a part of the formal program of study.

In order to qualify as eligible workforce programs, clock hour programs would need to fulfill the normal requirements for program eligibility as well as the new and unique requirements for eligible workforce programs. The normal requirements for program eligibility require, among other things, that the clock hour program lead to a recognized credential conferred by the eligible institution. Therefore, as long as the clock hour program meets all the applicable requirements, including leading to a credential provided by the institution, it does not have to confer credit in order to qualify as an eligible workforce program.

Changes: None.

Comments: A few commenters asked the Department to provide clear pathways for noncredit, employer-led programs to qualify, particularly where they demonstrate strong workforce outcomes.

Another commenter stated that prohibited programs that are fully noncredit but that lead to licensure should be eligible for Pell Grants. The commenter stated that individuals who complete the noncredit programs are fully licensed and go right into the workforce. Credit is not necessary to obtain employment in their chosen field.

A different commenter stated that this provision could limit access for students who need basic skills, ESL, or contextualized learning to succeed.

Discussion: A noncredit employer-led program cannot be Pell Grant eligible. First, the program cannot be employer-led. An eligible institution (*e.g.,* college or university) can enter into a written arrangement as prescribed in § 668.5 with an ineligible organization such as an employer (see section § 668.5 for more information), but the employer cannot offer an eligible workforce program. The HEA requires a program to be offered by an eligible institution that is accredited and authorized by a State, and it requires completion of the program to ultimately result in the conferral of academic credit, either at the institution or at another eligible institution. The Department has no authority to extend eligibility more broadly to other providers.

Changes: None.

Student Eligibility (§ 668.32(c))

Comments: One commenter stated that the prohibition against an individual with a graduate credential receiving a Pell Grant to enroll in an eligible workforce program is clearly stated in the statute. The commenter wanted to know how reporting would work operationally. The commenter stated that questions on the FAFSA are confusing and there is no FAFSA question about graduate credentials.

Discussion: The Department is working to update our systems and processes to account for eligible workforce programs. Although we cannot provide more information about operations within this rule or its preamble, we commit to releasing guidance to the community as necessary.

Changes: None.

Comments: One commenter stated that the Department should let eligible workforce programs operate within standard-term rules if they are operating under Pell Grant Formula 1 or 2.

Discussion: Regarding Pell Grant formulas and program type or academic calendar requirements, the commenter is correct that under § 668.4 and § 690.63 there are specific limitations that prevent Pell Grant formulas 1, 2 and 5 from being used with workforce programs due to length and coursework restrictions. For example, an eligible workforce program cannot use Pell Grant formula 1, even if it contains a standard term, since Pell Grant formula 1 requires a program to consist of at least 30 instructional weeks in duration. Similarly, Pell Grant formula 2 cannot be utilized since that formula would require two standard terms to exist within an eligible workforce program which cannot occur due to program length restrictions. And of course, Pell Grant Formula 5 cannot be applied since that pertains to correspondence programs and workforce programs are prohibited from containing any correspondence courses.

Therefore, when determining Pell Grant award amounts for eligible workforce programs, institutions will be required to use Pell Grant formula 3 for term-based programs and Pell Grant formula 4 for nonterm credit-hour and clock-hour programs. In addition, though it is possible to have a single term workforce program, it is important to keep in mind that under § 690.63(f), a single Pell Grant disbursement may not exceed 50 percent of a Pell Grant annual award. If this occurs, an institution would be required to make at least two disbursements.

These limitations exist because no allowances or exceptions were established in the WFTCA for eligible workforce programs when using the existing Pell Grant formulas. With that said, it is important to remember that an institution is permitted to have multiple types of academic calendars including term-based and nonterm based programs and can use different Pell Grant formulas with separate academic programs.

Changes: None.

Comments: Several commenters expressed support for allowing bachelor's degree holders to receive Workforce Pell Grants.

Discussion: The Department thanks the commenters for their support.

Changes: None.

Comments: One commenter recommended prohibiting individuals who have bachelor's degrees from receiving a Pell Grant to enroll in an eligible workforce program. The commenter stated that extending eligibility to bachelor's degree holders represents a significant departure from the long-standing statutory prohibition. The commenter also noted the risks of expanding eligibility, particularly at a time when the Pell Grant program faces a projected shortfall and resources must be carefully targeted to those with the greatest need.

Discussion: We decline the commenter's recommendation. The WFTCA makes specific reference to the prohibition of an individual accepted for enrollment in a program of study that leads to a graduate credential or an individual that has already obtained a graduate credential. The statute is silent on bachelor's degrees, therefore, without a clear prohibition, individuals with bachelor's degrees may receive a Pell Grant for the specific purpose of enrolling in an eligible workforce program. We are excited to provide individuals with bachelor's degrees the opportunity to reskill or upskill to better compete on a national and global scale.

We disagree with the commenter's assertion that extending eligibility to bachelor's degree holders represents a significant departure from the long-standing statutory prohibition. Currently, under Section 401(d)(4) of the HEA and § 690.6(c) students with a bachelor's degree can receive a Federal Pell Grant for a post-baccalaureate teacher certification program.

The Department responded to concerns about the projected shortfall under the ''General Comments'' section above.

Changes: None.

Comments: A few commenters encouraged the Department to adopt additional safeguards to disaggregate outcomes data by requiring separate reporting for bachelor's degree holders and non-bachelor's degree holders. Another commenter stated that the Department should require institutions to report the percentage of students in a program who hold a bachelor's degree as a transparency metric. This would allow policymakers, students, and the public to assess whether eligible workforce programs are delivering real value to the intended population. In addition, the commenter stated that the Department should establish clear thresholds to prevent institutions from disproportionately enrolling individuals with prior degrees.

Discussion: Neither the statute nor the regulations contain provisions that require such disaggregation. We decline to create additional burden for the Department and institutions. Eligible workforce programs are not only subject to a value-added earnings metric, but also job placement and completion rate calculations. Those outcome metrics represent a higher standard than most other programs, including direct assessment programs, eligible career pathway programs, and prison education programs.

Changes: None.

Comments: A few commenters recommended allowing individuals who already hold graduate degrees to participate in Workforce Pell Grants.

Discussion: The statute does not permit the Department to adopt the commenters' suggestion. Section 401(k)(2)(B) of the HEA, added by Section 83002(a) of the WFTCA, 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.

Changes: None.

Comments: One commenter stated that the Department must explicitly codify, through regulatory or sub-regulatory guidance, that postbaccalaureate teacher licensure and certification are not considered graduate credential programs for the purposes of this rule.

Discussion: Postbaccalaureate teacher licensure and certification are not considered graduate credentials. We stated in the NPRM that 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.

Changes: None.

Comments: One commenter stated that the Department should clarify in the final rule that students enrolled in a program meeting all Federal criteria under § 690.92 are eligible for a Pell Grant retroactively to the start of the

payment period in which they enrolled, provided State certification is completed within that payment period.

Discussion: Students become eligible for a Pell Grant in the payment period during which the workforce program is approved by the Secretary.

Changes: None.

Duration of Student Eligibility (§ 690.6(a) and (f))

Comments: One commenter stated that eligible workforce programs can be a successful pathway for identifying students that will successfully graduate from a four-year program, especially in STEM. The commenter recommended adding a requirement that students with less than a bachelor's degree have their ACT or SAT recorded and reported. Students with test scores above the average nationwide test scores of students attending four-year public institution should then be advised that they have the ability to complete a four-year college degree.

Discussion: The Department does not have the authority to require students to report their ACT or SAT scores as part of enrolling in an eligible workforce program. The SAT and ACT exams are generally used as part of college admissions standards. The Department has limited authority in an institution's admissions criteria. The Department's authority is generally limited to student eligibility for the programs that we administer, such as the Pell Grant program. For more information on student eligibility for a Pell Grant, please review Volume 1 of the most recent FSA Handbook.[12]

Changes: None.

Federal Pell Grant Payments From More Than One Institution (§ 690.11)

Comments: A few commenters recommended adding language to § 690.11(b) to clarify that students receiving a Pell Grant to enroll in an eligible workforce program may still receive non-title IV aid and support. One commenter stated that these supports include public benefits such as housing assistance, SNAP, TANF, WIOA, institutional emergency aid, and private or State grants and scholarships. The commenter also recommended explicitly stating that students in eligible workforce programs remain eligible for wraparound supports, such as food pantries, housing assistance, transportation, childcare, and case management, on the same basis as other students.

Discussion: The Department does not have authority over SNAP, TANF, WIOA, or wraparound supports; therefore, we cannot speak to an individual's continued eligibility for those programs if the student receives a Pell Grant.

The Department notes that there is a prohibition on receipt of Pell Grant funds under § 690.5 if a student receives non-Federal grant or scholarship assistance that meets or exceeds the student's cost of attendance. SNAP, TANF and WIOA are Federal programs, therefore, a student's receipt of aid from those programs would not affect a student's eligibility for a Pell Grant. We explained in the preamble to the NPRM 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), the NPRM 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.

Finally, a student can receive non-title IV support such as a private grant, State grant, or private scholarship when enrolling in an eligible workforce program. We encourage students to seek out resources that will assist them in their educational endeavors; however, if the student's total non-Federal grants and scholarship assistance for an award year equal or exceed the student's cost of attendance, the student will not be eligible to receive a Pell Grant.

Changes: None.

Scope and Purpose (§ 690.90)

Comments: One commenter stated that the Department should reconsider the blanket exclusion of eligible workforce programs from the Federal Supplemental Educational Opportunity Grant (FSEOG) and Federal Work-Study (FWS) programs. The commenter argued that this would help ensure that these programs provide low-debt pathways towards a credential.

Discussion: The Department does not have the authority to make such a change. The statute (Section 401(k) of the HEA) clearly indicates that an individual that enrolls in an eligible workforce program is eligible for a Pell Grant but does not refer to any other title IV, HEA program. Program eligibility requirements for all other title IV, HEA programs are described under Section 481(b) of the HEA, and that section requires additional weeks and hours for academic programs to qualify.

Changes: None.

Comments: Several commenters were concerned that defining eligible workforce programs as only eligible to participate in the Pell Grant program will significantly hamper students' ability to access and afford such programs, which undermines Congressional intent. One commenter requested that the Department:

- Disclose the number of institutions and programs that participate in the title IV, HEA programs under the existing short-term Direct Loan program provisions;
- Advise Congress on technical correction language that could satisfactorily merge eligible workforce programs and short-term Direct Loan programs and also consider making students in such programs also eligible for other title IV, HEA programs to enhance affordability; and
- Write the final rule to automatically be amended to merge eligible workforce programs with short-term Direct Loan programs in the case of Congressional action without requiring additional rulemaking.

Another commenter requested that the Department add the following language to § 690.90: ''In some instances, a student attending an eligible workforce program may also be eligible to borrow under the William D. Ford Direct Loan Program if the workforce program simultaneously meets the criteria applied to an eligible short-term educational program under 34 CFR 668.8(d)–(g).''

Discussion: As of April 2, 2026, there are 63 unduplicated schools offering short-term programs qualifying for Direct Loan funds and 80 such programs altogether.

As discussed in the NPRM,[13] 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 programs, which build on an existing framework for funding job training programs under WIOA and have alternative sources of funding. We reject the commenter's suggestion to add language to the regulation that would permit an eligible workforce program to qualify for Direct Loan eligibility if it meets the requirements under § 668.8(d)-(g). The completion and

[12] FSA Handbook, Volume 1—*https://fsapartners.ed.gov/knowledge-center/fsa-handbook.*

[13] 91 FR 11389

placement rate methodology for eligible workforce programs and short-term Direct Loan programs is different, and the methodology as it pertains to Direct Loan programs is out of the scope of these regulations. We will provide flexibility to Governors regarding the calculation of those rates for eligible workforce programs until the 2029–30 award year to encourage institutional offering of eligible workforce programs.

We decline the commenter's suggestion regarding advising Congress on a technical correction because we do not agree with the recommendation for the reasons described in the preamble to the NPRM.

Changes: None.

Comments: Several commenters stated that institutions or the Department should be required to provide clear, accessible advisement on the short- and long-term implications of Pell Grant usage, including effects on lifetime eligibility limits.

Discussion: Per the NPRM, the Department already provides information on lifetime eligibility limits, usually referred to as the Pell Grant ''Lifetime Eligibility Used'' (Pell 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 their program rather than solely an indication of the years of Pell Grants they have remaining. The Department prefers that students work directly with their institution's financial aid offices regarding their Federal financial aid eligibility.

Changes: None.

Definitions—Cohort Period (§ 690.91)

Comments: One commenter stated that the cohort period is insufficient because: (1) security clearance processing averages 12–24 months, (2) DOD and DARPA funded programs often use multi-year bridge periods between training completion and full performance employment and (3) defense-track graduates may accept lower initial-year compensation in exchange for career trajectory positions whose long-term value is not captured in short cohort windows.

Discussion: We decline the commenter's suggestion because the statute clearly defines the cohort period. Section 481(b)(3)(B) of the HEA, added by Section 83002(b) of the WFTCA, 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 three years prior to the award year.

Changes: None.

Comments: One commenter recommended that the Department measure outcomes based on the time from individual enrollment or completion because adult learners often follow nonlinear educational pathways, requiring accountability frameworks that recognize stop-out and re-entry patterns.

Discussion: We must decline the commenter's suggestion. Section 481(b)(3) of the HEA requires an analysis of earnings for individuals who completed their eligible workforce programs, ''. . . 3 years prior to the award year, as such earnings are determined. . .''. Therefore, the Department cannot make such a change as the current timeline is a statutory requirement.

Changes: None.

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

Comments: One commenter requested greater clarity on this definition. The commenter was concerned that some States may use these terms as entry barriers and artificially limit Pell Grants to favored occupations.

Discussion: We decline to add additional regulatory text because Section 481(b)(3)(B) of the HEA, as added by Section 83002(b) of the WFTCA, states that the term in-demand sector or occupation has the meaning given in Section 3 of WIOA. We have used the exact definition in WIOA in these final regulations.

We believe that Governors are very familiar with the phrase ''in-demand industry sector or occupation'' because they are required to identify those occupations under their WIOA State plans. A WIOA State plan is a plan submitted to the DOL and the Department by each US State and other qualifying areas that outlines its workforce development system's four-year strategy.

Ultimately, under § 690.93(a), Governors certify programs prior to final approval by the Department for Pell Grant eligibility. The Department does not seek to limit a Governor's authority to make decisions about in-demand occupations in their States. Under § 690.93(b), Governors are required to publicly publish the methodology they used to determine which occupations in their States are in-demand.

Changes: None.

Comments: One commenter stated that each Governor will apply the definition of ''in-demand industry sector or occupation'' differently. This will result in many different definitions of what constitutes an in-demand occupation for eligible workforce programs.

Discussion: Section 481(b)(3)(B) of the HEA, as added by Section 83002(b) of the WFTCA, states that the term in-demand sector or occupation has the meaning given in Section 3 of WIOA. The Department will not define ''in-demand industry sector or occupation'' beyond the WIOA definition.

Changes: None.

Comments: One commenter stated that the Department should ensure the definition reflects regional labor market conditions, including the use of local labor market data and employer engagement processes.

Discussion: The definition already describes exactly what the commenter is requesting—(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. As such, the Department will not make a change to the regulations here as what the commenter has requested is already in place.

Changes: None.

Comments: One commenter stated that the definition of ''high-skill, high-wage, or in-demand'' occupations varies significantly by region. Rural labor markets differ substantially from metropolitan areas, and a uniform Federal standard may not accurately reflect regional workforce realities. They stated that flexibility in defining in-

demand occupations at the State or regional level is critical.

Another commenter stated that the Department should also provide baseline Federal guidance to promote greater consistency across States while preserving flexibility to reflect regional economic conditions. Without these updates, reliance on static or outdated labor market projections may result in misalignment between training programs and actual workforce needs.

Discussion: The Department is required by statute to use the definition in WIOA. The HEA does not prescribe specific in-demand industry sector or occupations, but instead it gives Governors the flexibility to determine what those occupations are based on the definition.

Changes: None.

Definitions—Governor (§ 690.91)

Comments: A few commenters had concerns with the definition of ''Governor'' as it relates to Tribal Colleges and Universities. One commenter demanded that the Department conduct Tribal consultation under Executive Order 13175 before the final rule is published, given that Tribal governments are among the entities that would be required to process program approvals and that tribal colleges may seek workforce program eligibility.

Another commenter requested that the Department change the regulatory language from ''(2) If an institution is located on Tribal lands, the Tribal government'' to ''(2) The chartering Tribal Government(s) for a Tribal College or University, as defined in section 316(b)(3)(A) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b)(3)(A))'' because this definition takes into account instances where a consortium of Tribes may be the chartering entities for a Tribal college or university rather than a single Tribe. The commenter believes that their proposed definition will ensure that all Tribal colleges and universities fall under the same regulatory structure for participation in the Workforce Pell Grant program and that they may work with their chartering Tribal Government(s).

The commenter also requested that the Department consider a requirement for a Tribal government to have the choice to consult with either a State board or a designated entity within their Tribal community. The commenter also requested that the Department provide maximum flexibility to Tribal governments to determine what constitutes sufficient consultation.

Discussion: The Department notes that Executive Order 13175 states, ''is intended only to improve the internal management of the executive branch, and is not intended to create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law by a party against the United States, its agencies, or any person.'' Therefore, the Department does not believe that commenter has any legal basis to make such a demand, regardless of whether Executive Order 13175 is applicable to this rulemaking action or not.

Executive Order 13175 states that, in formulating or implementing policies that have tribal implications, agencies shall recognize the right of the Indian tribes to self-government and supports tribal sovereignty and self-determination. Executive Order 13175 states, in part, ''with respect to Federal statutes and regulations administered by Indian tribal governments, the Federal Government shall grant Indian tribal governments the maximum administrative discretion.''

We believe that these principles have been upheld throughout this process and that no consultation with tribal officials is required by Executive Order 13175. Tribes are not mentioned in the WFTCA; however, 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). In the NPRM, the Department notes that we considered the impact to Tribes and have added language to acknowledge their ultimate authority over determinations of approved programs. Tribes would still need to consult with the State board, as required by statute and under proposed § 690.93(a), in order to approve the program. Only consultation is necessary, Tribes do not have to accept the recommendation of the State board. 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.

Changes: None.

Comments: One commenter recommended that the Department amend the regulations to make the eligible workforce programs available to eligible students and institutions in the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI). The commenter believes the right of these Freely Associated States to offer eligible workforce programs is enshrined in the Compacts of Free Association. The commenter also urged that the WFTCA does not require the Department to use the definition of Governor in WIOA, which excludes the FSM and the RMI from participation in WIOA programs. The commenter stated the Department should use the definition of a ''State'' in the HEA that includes the FSM and RMI. The commenter acknowledges that approval of a program requires the Governor to consult a State board. Neither the FSM nor the RMI have State boards under WIOA. The commenter proposed that States that do not participate in WIOA should have the Governor or Chief Executive consult with a duly constituted board with similar membership and overall aims of ensuring alignment with workforce needs. The commenter argued that these boards may look slightly different but would accomplish the same purpose and would be compliant with WFTCA.

Discussion: The Department declines the commenter's suggestion. Section 209(b)(1)(D) of Public Law 118–42 provides that postsecondary institutions located in the Freely Associated States may participate in the Pell Grants, Federal Work Study (FWS), and Federal Supplemental Educational Opportunity Grant (FSEOG) programs,[14] however, even the commenter acknowledged that Governors must consult with the State board as defined under WIOA, and offered suggestions on how to except the Freely Associated States from the statutory requirement. Because the FSM and RMI do not have State boards as defined under WIOA, they cannot fulfill the consultation requirement in statute.

All citizens of the Freely Associated States meet citizenship eligibility requirements for the Pell Grant program. Citizens of the RMI and FSM may receive a Pell Grant to enroll in an eligible workforce program at an eligible institution that is not located in the RMI or the FSM.

Changes: None.

Comments: One commenter ask for asked for clarification on the term ''outlying areas.''

Discussion: Section 3(45) of WIOA defines the outlying areas as: American Samoa, Guam, the Northern Mariana Islands, Palau, and the U.S. Virgin Islands.

Changes: None.

Definitions—Recognized Postsecondary Credential (§ 690.91)

Comments: A few commenters recommended amending the definition to include nationally recognized career-readiness certification and a range of industry-recognized credentials.

[14] Electronic Annoucement (GENERAL-24-50)—*https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2024-04-29/state-tuition-and-title-iv-eligibility-citizens-freely-associated-states.*

Commenters stated that these types of certifications enhance employability and earnings potential.

Discussion: We decline the commenter's recommendation. The definition of recognized postsecondary credential already states that it includes ''...an industry-recognized certificate or certification''. We believe that Governors are very familiar with recognized postsecondary credentials because they are required to identify those credentials under WIOA for performance accountability purposes.

Ultimately, under § 690.93(a), Governors certify programs prior to final approval by the Department for Pell Grant eligibility. The Department does not seek to limit a Governor's authority to make decisions about a recognized postsecondary credential in their State. Also, for transparency, under § 690.93(b), Governors are required to publicly publish how the State will determine 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.

Changes: None.

Comments: A few commenters recommended adding ''diploma'' throughout the regulations wherever academic ''certificates and degrees'' are referenced or whenever major examples of postsecondary credentials are mentioned.

Discussion: The Department cannot account for every type of credential awarded in every State or eligible area. The definition of a recognized postsecondary credential is ''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''. Under section § 690.93(a) the Governor is tasked with ensuring that the program leads to a recognized postsecondary credential; therefore, it is in the Governor's authority to determine that a diploma is a recognized postsecondary credential in that State.

Changes: None.

Definitions—Tuition and fees (§ 690.91)

Comments: A few commenters stated that some institutions' structure course material costs as institutional charges, entering into arrangements with publishers or vendors to provide required materials and billing students for those materials as part of their institutional fees, and therefore controlled by the institution. The commenter asked the Department to confirm that the cap on tuition and fees under the value-added earnings calculation would apply to those costs regardless of how they are labeled or what they cover.

The commenter recommended that the Department require disclosure of whether required course materials are bundled into institutional charges or charged separately, and what options students have to obtain required materials at lower or no cost.

Discussion: Any costs for an eligible workforce program that would be considered part of tuition and fees, or other institutional charges (including books and supplies in certain circumstances) will be included in the amounts of tuition and fees that are subject to the value-added earnings cap on tuition and fees. Costs for books, supplies, or other course-related materials are subject to the cap if students lack a ''real and reasonable'' opportunity to purchase them elsewhere, or if they are bundled into tuition, because these costs are considered institutional charges.

The Department declines to require additional disclosures beyond those already required under the cash management regulations in 34 CFR 668 Subpart K for course materials that are bundled into institutional charges. Any such disclosure requirements would be outside the scope of these regulations.

Changes: None.

Comments: One commenter requested that personal large screen computers and devices qualify as ''supplies'' within the definition of tuition and fees for students enrolled in eligible workforce programs.

Discussion: We decline the commenter's suggestions. Supplies are a separate allowable cost within a student's cost of attendance. Unless they meet the definition of ''institutional charges'' as described above, supplies are separate and apart from tuition and fees. The value-added earnings calculation represents a cap on tuition and fees, not supplies.

Changes: None.

Eligible Workforce Program—General Comments (§ 690.92)

Comments: A few commenters wanted to clarify the flexibility approved eligible workforce programs have to update, revise, or otherwise modify their curriculum content in response to evolving employer skill needs and labor market conditions.

Discussion: Under the proposed framework, institutions retain flexibility to revise, refine, and modernize their program curriculum to ensure alignment with current industry standards and workforce needs. We recognize that employer expectations and regional labor market dynamics can change quickly, and programs must be able to adapt to remain relevant and to support positive student outcomes.

At the same time, any curricular modifications must remain consistent with the program information and assurances provided at the time of approval. Institutions are not required to seek reapproval for routine updates that do not alter the program's core competencies, objectives, or structure. However, more substantive changes, such as those that modify program length, credential level, or the competencies that form the basis of eligibility, may require notification or resubmission so that the Department can ensure that the program continues to meet all statutory and regulatory requirements. The Department aims to balance necessary institutional flexibility with appropriate safeguards to ensure program quality, transparency, and accountability.

Changes: None.

Comments: Several commenters argued that the proposed regulations should require additional guardrails to adequately protect students from fraud, abuse, and low-quality programs. Specifically, one commenter recommended that institutions subject to recent significant oversight actions such as the revocation, withdrawal, or termination of institutional accreditation, or comparable adverse actions taken by State authorizing agencies be barred from establishing workforce programs. The commenter asserts that allowing such institutions to access Pell Grant funds for workforce programs exposes students to heightened risk and undermines the integrity of the program. They argued that restricting eligibility for institutions with serious recent compliance or quality issues is a necessary safeguard to ensure that only institutions meeting basic standards of accountability and student protection are permitted to offer eligible workforce programs.

Discussion: As described in existing program integrity regulations, including the administrative capability and financial responsibility standards, the Department already evaluates whether institutions have been subject to serious adverse actions by State or Federal agencies or by accrediting agencies, and uses that information in determining institutional eligibility and oversight status.

The Department agrees that maintaining strong guardrails is essential to protecting students and

safeguarding Federal funds; however, the Department declines to adopt a categorical prohibition that would automatically bar institutions with recent oversight actions from offering eligible workforce programs. Instead, the Department will continue to rely on its existing authorities to assess institutional risk, take action when needed to protect students from fraud or abuse, and ensure that only institutions that meet core quality and accountability standards participate in Federal student aid programs.

Changes: None.

Comments: One commenter urged the Department to ensure that the Pell Grant's eligibility criteria for eligible workforce programs explicitly accommodate short-term programs that teach tradespeople to deploy AI systems for business operations to address the non-employer business crisis and enable self-employment and micro-enterprise formation in high-demand trade occupations.

Discussion: The Department appreciates the commenter's interest in ensuring that short-term training programs focused on deploying AI systems for business operations may participate as an eligible workforce program. As noted elsewhere in this rule, eligible workforce programs must meet all requirements established under the HEA as amended by the WFTCA, including approval by a Governor and the Secretary, and meet required outcome metrics. To the extent that a short-term program teaching AI-related skills meets all statutory and regulatory requirements for an eligible workforce program, including program length, alignment with high-skill, high-wage, in-demand sectors or occupations as determined by the Governor, and successful completion and job placement outcomes, it may qualify for Pell Grant funds. Decisions regarding whether AI-related training aligns with in-demand industry sectors or occupations fall within the processes defined for Governors under § 690.93.

Changes: None.

Comments: One commenter expressed concern about the Department's interpretation of the statutory phrase ''upon completion'' in the eligible workforce program eligibility section. The commenter explains that in many short-term workforce programs, credential assessments are often administered after the instructional program ends and not necessarily within the program's 8 to 14 week duration. Because institutions do not control the scheduling or availability of external testing bodies, requiring credential attainment within the program window would be unrealistic and unfair. The commenter recommends that the Department allow institutions a reasonable period after program completion (such as three months) for students to test for and earn their third-party credential, rather than strictly adhering to the program's instructional timeline.

The commenter also expressed concern about the significant administrative burden community colleges will face when implementing Pell Grants for eligible workforce programs, especially regarding manual updates to the FAFSA form. They explain that, based on information shared at the Federal Student Aid (FSA) conference in Spring 2026, financial aid administrators will be required to manually check a box on each FAFSA form to indicate that a student is enrolled in an eligible workforce program and then manually uncheck it if the student withdraws. The commenter emphasizes that this process will require staffing capacity that many institutions simply do not have. The commenter additionally noted that no additional funding is being provided to support the implementation of eligible workforce programs. The commenters urged the Federal government to avoid imposing new requirements in regulations or guidance that would add substantial administrative burdens to institutions that are already overstretched.

Discussion: There are two credentialing components of an eligible workforce program that must be considered: (1) the requirement that the program qualifies for title IV, HEA program funds; and (2) the requirement for a Governor's certification. Regarding the requirement pertaining to title IV, HEA program funds, under § 668.8(c) an eligible program provided by an eligible institution must lead to an associate, bachelor's, professional, graduate degree, certificate or nondegree recognized credential. Institutions cannot have a practice of waiting months after the individual has completed the eligible workforce program to award a credential. The credential must be awarded to the student upon successful completion of the program.

That said, the Department does not expect an institution to award a credential until the student has fulfilled all the program's requirements, which could include assessments that take place after the completion of coursework. The Department expects an institution to ensure that such assessments take place at a reasonable time soon after the student's completion of a program to prevent a student from being unable to make use of the training they recently completed.

Regarding the Governor's certification, the Governor must certify that eligible workforce programs lead to a recognized postsecondary credential as defined under § 690.91. The recognized postsecondary credential does not have to be the same credential that is awarded to the student upon successful completion of the eligible workforce program, as the recognized postsecondary credential an eligible workforce program leads to could be conferred by an entity that is not the institution and may require additional steps to be completed by the student before the credential is awarded. For example, an eligible workforce program that serves as the related instruction component of a Registered Apprenticeship program leads to the recognized postsecondary credential of a Registered Apprenticeship certificate of completion. However, the recognized postsecondary credential is only awarded after the student completes both the related instruction component (in this case offered as the eligible workforce program) and the OJL learning component specified in the Registered Apprenticeship program's approved standards. Note that in a circumstance where receipt of a credential for completion of the eligible workforce program does not occur at the same time that the student receives the recognized postsecondary credential, a student would be included in the placement rate calculation two quarters after the student exits or completes the eligible workforce program. Both the requirement for title IV, HEA eligibility and the Governor's requirements can be the same credential, certification, degree or diploma. However, for an individual credential to satisfy both requirements it must meet all the requirements of both regulations under § 668.8(c) and § 690.91 and must be awarded to the student upon successful completion of all requirements for the eligible workforce program.

Regarding concerns about administrative burden, the Department is working diligently to ensure that all internal systems are updated to accommodate the statutory changes. As with any new program, there will be new reporting requirements to ensure statutory and regulatory compliance. For example, the Department must be able to identify eligible workforce program completers in order to calculate the value-added earnings under § 690.95.

Changes: None.

Comments: One commenter was concerned that while their program satisfies the program-length and credit-hour requirements under § 690.92, their school cannot apply for approval of an eligible workforce program because Governor certification and Secretary approval processes do not yet exist. They argued that institutions should not be penalized by delays outside their control and that the Department should avoid adding regulatory rigidity on top of the statutory time constraints. To address these concerns, the commenter recommended that the Department create a provisional eligibility pathway for programs that already meet the substantive criteria in §§ 690.92 and 690.93(a) but are waiting on State-level certification. The commenters suggested that provisional approval would allow Pell Grant disbursement, with the understanding that it could be revoked if certification is later denied. The commenter also recommends publishing a clear timeline for Secretary approval decisions for programs submitted in the 2026–27 award year, and waiving the § 690.94(a) requirement that programs demonstrate 12 months of completion and job-placement outcomes during the first award year (2026–27), since no institution can produce retrospective outcomes for program types that did not legally exist before WFTCA.

Discussion: The Department declines the commenter's suggestions. The Department is obligated to administer eligibility for Workforce Pell Grants consistent with the statutory and regulatory structure established by Congress. Under § 690.93 and § 690.94, Governor certification must precede the Secretary's approval of a program, and the Secretary may approve a program only after determining that all statutory and regulatory requirements have been satisfied, including the certification steps assigned to State authorities. Additionally, statute does not permit the Secretary to approve or provisionally approve programs that have not completed the mandatory State-level certification under § 690.93. The Secretary's authority to determine program eligibility is bounded by explicit statutory criteria and cannot be expanded through regulation to allow approval prior to completion of the required State processes. The Department also notes that the statutory framework requires the Secretary to consider specific outcome metrics prior to approval and on an annual basis thereafter.

Changes: None.

Comments: One commenter raised concerns about State-specific rules that may make eligible workforce program guidelines less favorable to postsecondary career centers. The commenter provided an example of eligible workforce programs in Ohio that would be required to align to other ''stackable'' credentials and would be discouraged from offering programs that are ''dead ends for students.'' The commenter is concerned this could offer an unfair justification to disallow the use of Pell Grants for CDL (or other short-term postsecondary programs) if CDL programs (or other similar programs) are not aligned with college credit. The commenter asserted that career centers have long viewed their mandate to offer programming that aligns with industry needs. The commenter stated that their institutions are accredited by ACCSC and COE, which helps ensure Pell Grant funds are being spent on training programs aligned with in-demand careers as 70% or more of graduates meet the accreditation standard of receiving related employment.

Discussion: The Department appreciates the commenter's concerns regarding how State-specific policies such as those in Ohio that emphasize stackability and alignment with credit-bearing pathways may affect the approval of certain short-term programs, including CDL training offered by career centers. However, the Department does not direct how States implement their review frameworks beyond the requirements in § 690.93. States may adopt more detailed policies, provided they remain consistent with the statute and regulations. Nothing in this rule prohibits the approval of CDL or similar short term workforce programs so long as they meet the statutory requirements. CDL programs may satisfy those requirements if the Governor determines that the program aligns with an in-demand occupation, meets employer hiring requirements, and results in a credential that is recognized and portable within the occupation, even if it does not carry college credit. The regulations do not require that credentials be credit-bearing, nor do they require alignment with a degree pathway in every instance. Rather, the Governor must determine that completers can receive academic credit toward at least one certificate or degree if the student chooses to pursue further education. A workforce credential may satisfy this requirement through articulation, transfer-of-credit agreements, or other documented pathways. States retain flexibility in determining how such credit recognition is established. Additionally, the Department recognizes that many accredited postsecondary career centers may meet accreditation standards requiring high rates of related employment, however, accreditation alone does not substitute for the Governor's statutory role in certifying eligible workforce programs.

Changes: None.

Comments: One commenter urged the Department to add a new paragraph § 690.92 (h) to read: Does not offer, or affiliate with any company that offers, financing for the program using a private educational loan, including an income share agreement or any similar type of credit product, other than loans or payment plans that charge no interest to the student. The commenter argued that the eligible workforce program rule should include strong protections to prevent institutions from steering students into risky or high-cost private financing products. They noted that previous short-term workforce-training pilots showed students often needed to borrow to complete programs, even though earnings gains were modest, creating a risk of unmanageable debt. To address this, the commenter urged the Department to prohibit institutions from entering into any arrangements such as preferred-lender relationships with entities offering private financing for eligible workforce programs. This would include private loans, income-share agreements, and outcome-based financing products. They contend such safeguards are necessary to protect students in short-term workforce programs from being pushed toward harmful debt.

Discussion: We decline the commenter's suggestions. The statutory framework in section 481(b)(3) of the HEA defines the required elements of an eligible workforce program, and the Department is not authorized to expand those criteria to impose additional restrictions on institutional financing arrangements. Existing consumer protection provisions under the HEA, including requirements governing preferred lender relationships and disclosures, already apply to institutions that choose to offer or facilitate private financing. Adding an eligibility condition unrelated to the statutory definition of an eligible workforce program would exceed the Department's authority and risk creating inconsistency with long-standing Title IV structures.

Changes: None.

Eligible Workforce Program (§ 690.92(a) and (b))

Comments: Many commenters requested that the Department expand the proposed eligible workforce program

length. Commenters are concerned that the program length limits may unintentionally exclude high-quality workforce programs, particularly those in healthcare, manufacturing, commercial driving, construction, and other skilled trades. The commenters encouraged targeted flexibility for high-quality programs that exceed or fall below this timeframe. Several commenters also recommended that the Department allow for modular or segmented program structures that align with apprenticeship models, including the ability to recognize portions of multi-year programs as eligible workforce programs. A few commenters requested that the Department clarify that program eligibility is determined based on total instructional hours completed so program duration may extend beyond the nominal range when necessitated by part-time enrollment, temporary interruptions, or similar circumstances, provided that the program remains otherwise compliant. Other commenters urged the Department to provide flexibility to pre-apprenticeship programs that may fall short of the program length minimums.

A few commenters requested the Department expand an eligible workforce program's length to 80–599 clock hours and 8–29 weeks. One commenter argued that expanding the program length would allow many more workforce programs to become eligible, especially at community colleges, and qualify for Pell Grant funding. The commenter mentioned that the current regulations do not accommodate programs designed for part-time students, stating that most adult learners enroll in evening or weekend courses and meet two nights per week. The commenter also pointed out that the current 10 hour per week assumption is unrealistic and misaligned with community college students' schedules.

Another commenter recommended changing the maximum length of instruction for eligible workforce programs from the proposed 14 weeks to 24 weeks. The commenter argued that this would allow underemployed individuals to work part-time while attending training, as condensing a 600-hour training course to 14 weeks would require training for 8 or more hours a day. The commenter also asserted that extending the program length aligns with the inclusion of related technical instruction in Registered Apprenticeship programs, which allows an employee to work full-time but attend training over 9–12 months, with typically only 144 hours of instruction.

A different commenter stated that the majority of students who participate in workforce development courses are adults who work during the day and that trade classes such as HVAC, Plumbing, Carpentry, Welding, Machining Technology require 16 to 17 weeks for all relevant material to be covered.

Discussion: We decline the commenters' recommendations to extend the program length limits. The Department cannot adopt the commenters suggested changes because the statutory framework established by WFTCA sets explicit minimum and maximum program lengths for eligible workforce programs. Section 481(b)(3)(A) of the HEA, as amended by the WFTCA, requires that an eligible workforce program includes at least 150 but less than 600 clock hours of instruction and at least 8 but less than 15 weeks of instructional time. The Department does not have the discretion to expand either the lower or upper bounds of these ranges. Similarly, while the Department recognizes that many adult students enroll part time, the Department cannot alter the statutory requirement that workforce programs fall within a specified timeframe window. Institutions and Governors retain flexibility to design programs that meet statutory requirements while serving part-time or working students, but the Department cannot adopt an alternative structure that would conflict with the statute. Programs that do not meet the statutory thresholds may continue to pursue other Federal, State, or employer-sponsored funding sources, but they cannot be designated as eligible workforce programs for the purpose of receiving Pell Grant funding for eligible enrolled students.

Moreover, we recognize that some training models, such as related technical instruction in Registered Apprenticeship programs, may span longer periods, and so we want to reiterate how we count instructional time. 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. For purposes of consistency and integrity in the title IV, HEA programs, this definition is used in the context of eligible workforce programs as well. The HEA, as amended by the WFTCA, does not require a program to run for a sequential time, 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 is less than 15 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 programs. 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 do not circumvent the maximum length requirement by declaring a program to be less than 15 weeks, when in practice it takes most students longer than that to complete it. At the same time, this approach allows institutions to provide flexible arrangements to students who have difficult life circumstances unrelated to the program.

Changes: None.

Comments: One commenter sought clarification as to whether a 2000-hour program that includes 196 hours of front-loaded related technical instruction (*i.e.,* classroom/lab instruction and practicum), along with employer-led, work-based, paid learning for the balance of apprenticeship hours would qualify as an eligible workforce program for Pell Grant purposes. The commenter asserted that their apprenticeships meet the requirements for inclusion on the ETPL and have received substantial direct and sub-granted funding from DOL. The

commenter noted that their programs have consistently exceeded WIOA and grant-mandated performance requirements and have met all administrative requirements associated with the expenditure of Federal funds.

Another commenter recommended that the Department recognize competency-based completion as an alternative basis for program length eligibility, using Registered Apprenticeship competency standards as benchmarks and accept workforce-specific accreditation standards as an alternative compliance pathway. The commenter requested clear conversion guidance for time-based programs covering hybrid instruction and work-based learning hours.

A different commenter argued that OA Circular 2026–01 (published by the DOL's Office of Apprenticeship), explicitly clarifies that 144 annual related technical instruction hours has always been a recommendation under 29 CFR 29.5(b)(4), not a regulatory floor, which means that competency-based (CB) programs have no fixed hour count at all. The commenter argued that front-loading and out-of-class instruction are also explicitly permitted, and that this creates a direct inter-agency conflict: proposing a new rigid clock-hour floor at the same time that the DOL is moving away from fixed hours. The commenter noted that a Registered Apprenticeship delivering related technical instruction through a CB framework—which OA has actively encouraged—cannot demonstrate compliance with a minimum clock-hour requirement that is structurally incompatible with how the program is designed. The commenter requested inter-agency consistency.

Another commenter explained that CDL training programs generally range from three to eight weeks, but that the shorter programs may fall below the eight-week minimum required for Pell Grant eligibility as an eligible workforce program. They noted that programs including hazmat endorsements or meeting entry-level driver training (ELDT) requirements tend to be longer and more comprehensive, making them more likely to meet statutory duration requirements. The commenter requested that the Department clarify how hours for endorsement preparation and ELDT components should be counted toward a program's total length.

Discussion: A Registered Apprenticeship program's related instruction could qualify as an eligible workforce program. The related instruction component of a Registered Apprenticeship program could be delivered through several eligible workforce programs if each eligible workforce program is at least 150 clock hours or its equivalent in credit hours. For example, if a 4-year Registered Apprenticeship program has 600 clock-hours of related instruction, with 150 clock-hours each year, this could be delivered across four separate eligible workforce programs. As noted in our NPRM, all programs that serve as a related instruction component of a RAP meet the requirements in § 690.93 (a)(1) and (2), and as long as the program serving as a related instruction component meets other requirements, including the program length requirements in § 690.92 (a) and (b), receives Governor approval (§ 690.93) and the Secretary's approval (§ 690.94), and meets the value-added earnings requirements in § 690.95, the program serving as a related instruction component may be eligible for Pell Grants as an eligible workforce program. While the commenter is correct that certain program design and delivery flexibilities that are available to Registered Apprenticeship programs are inconsistent with the requirements for an eligible workforce program, this is due to the statutory framework for eligible workforce programs established in the WFTCA and not something the Department has the discretion to address.

As a general principle, program length is determined based on all instructional hours that are required for a student to complete the program as it is approved and offered by the institution. When ELDT components are integrated into the required curriculum rather than offered as optional or stand-alone modules, those hours may be counted toward the program's total instructional time, provided they are necessary for program completion.

The Department will offer further clarification in future guidance to support providers in structuring programs that align with statutory thresholds while maintaining appropriate rigor and industry relevance.

Changes: None.

Comments: A few commenters were concerned about the maximum length for eligible programs being 599 clock hours or the equivalent. One commenter asked the Department to acknowledge in the final rule's preamble that many defense manufacturing training programs, particularly those involving Computer Numerical Control (CNC) machining, nondestructive testing (NDT), welding to American Welding Society (AWS) or military specifications, and composite fabrication for aerospace applications, require instructional hours at or near 600 clock hours. The commenter asserted that programs operating at the upper boundary of the eligibility window will need to compress content or omit material that is standard in industry-recognized credentials for defense applications. The commenter asked the Department to encourage Governors and State workforce boards to consider this tension when evaluating eligible workforce programs under § 690.93 and encouraged the Department to signal its intent to work with Congress on future adjustments to the clock-hour ceiling, should evidence indicate that defense-critical training programs are being constrained by it. Another commenter stated that related technical instruction designed to lead to a bachelor's degree cannot be structured within 599 clock hours.

A different commenter stated that the rule does not consider clock hour requirements that each State mandates for legal practice. The commenter added that most trade schools must comply with State requirements for State licensure. For example, in Colorado, a massage therapist must obtain a minimum of 650 hours to be licensed in Colorado, while an esthetician needs 600 hours. The commenter stated that if the government makes Pell Grant funding unachievable, some trade schools may be forced to close. The commenter requested that the eligible workforce program minimum and maximum clock-hour requirements be re-evaluated with State requirements in mind.

Discussion: The Department appreciates the commenter's perspective on the instructional demands of defense manufacturing training programs, including CNC machining, nondestructive testing, welding, and aerospace related composite fabrication. We recognize that many high-skill technical training programs, particularly those tied to defense critical occupations, may require substantial instructional time and that some institutions structure these programs at or near 600 clock hours. Although we understand the commenter's concern that some programs may feel pressure to compress or omit content to fit within the statutory window, decisions about modifying the clock hour ceiling for eligible workforce programs rest solely with Congress. Accordingly, the Department cannot commit to pursuing legislative changes nor encourage Governors or State workforce boards to interpret the statute beyond its plain terms. Governors retain flexibility under § 690.93 to evaluate whether programs align with high-skill, high-wage, or in-

demand sectors and occupations, and may consider a wide range of labor market and employer validated information as part of that process. But neither Governors nor the Department may approve a workforce program that exceeds the statutory program length limits.

Furthermore, it is not mandatory for a trade school to alter its existing programs that qualify for title IV, HEA program assistance so that they meet the shorter length requirements for eligible workforce programs. Trade schools that participate in the title IV, HEA programs can maintain their current program offerings and clock-hour requirements. For example, an institution offering a program that is at least 600 clock hours and 15 weeks of instruction in length would be permitted to continue offering that program (assuming it continues to meet all other title IV, HEA requirements), and that program would not be subject to any of the requirements under § 690 Subpart H.

Changes: None.

Comments: A few commenters argued that the NPRM used outdated clock-to-credit-hour conversion ratios (37.5 and 25) to translate the statutory 150–599 clock-hour limits into semester and quarter credit ranges for Pell Grant eligibility in eligible workforce programs. One commenter pointed out that because the Department updated these ratios in § 668.8(k)–(l) to 30 and 20, the NPRM's reliance on the older formulas creates inconsistencies with how institutions convert hours for other non-degree programs. The commenter is concerned that discrepancy could cause programs to appear eligible or ineligible incorrectly, leading to inequitable treatment and practical design challenges for institutions. The commenter urged the Department to clarify which conversion ratios apply, and if the legacy ratios were used mistakenly, to publish corrected thresholds. At the same time, the commenter recommended keeping the NPRM's program length limits (4–15 semester credits and 6–23 quarter credits) since some institutions have already begun designing programs around these ranges. The commenter also requested explicit guidance confirming that institutions should use the existing regulatory conversion formula when determining Pell Grant eligibility in eligible workforce programs to ensure consistent and accurate implementation across sectors.

Discussion: The principles for the clock-to-credit conversion under 668.8(k) and (l) are distinct from establishing the equivalent number of credit hour to clock hour requirements in the eligible workforce program authorizing statue. In the NPRM, the Department stated that we used the same methodology for establishing the equivalences under 668.8(d), that is 37.5 for semester/trimester hours and 25 for quarter hours. We provided an example of how the clock-to-credit conversion applies during negotiated rulemaking under Materials distributed by the Department during Day 1: Calculation of a Federal Pell Grant for an Eligible Workforce Program. The conversion is designed to set a lower limit of clock hours for title IV, HEA program purposes for programs that do not lead to a degree or that are not fully acceptable into a degree program.

Changes: None.

Comments: One commenter expressed concern regarding low-quality credential mills in defense technology fields. The commenter proposed a tiered minimum clock hour structure: Tier 1 (basic workforce skills): 150–299 hours, eligible for Pell Grants as an eligible workforce program with standard accountability; Tier 2 (intermediate technical skills in in-demand fields): 300–499 hours, eligible for enhanced Pell Grant award amounts (up to 150 percent of a standard Pell Grant); and Tier 3 (advanced technical skills in National Security Workforce Priority CIP codes): 500–599 hours, eligible for Defense Workforce Pell Grants with alternative accountability metrics and DOD consultation requirement.

Discussion: We decline the commenter's proposal. Section 481(b)(3)(A) of the HEA, as added by Section 83002(b) of the WFTCA, 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. The statute does not authorize the Department to create a tiered system of Pell Grant award amounts, alternative metrics, or DOD consultation requirements.

Changes: None.

Comments: One commenter stated that, given the existence of partial credits, it is notable that the language that the Department had seemed to use during rulemaking describing quarter credits was ''6 to 23'' but actually should be ''6 to less-than 24 quarter credits'' when describing the maximum number of quarter credit hours. Another commenter points out that the NPRM proposes a ceiling of 599 clock hours, instead of the statutory 600 clock hours. The commenter requests that the Department confirm whether this one-hour reduction from the statutory ceiling is intentional, and if so, identify the policy rationale.

Discussion: The regulatory language mirrors the statute; § 690.92 (b)(i) states that an eligible workforce program ''Is at least 150 clock hours but less than 600 clock hours, while § 690.92 (b)(iii) states that such a program is ''. . . at least 6 but less than 24 quarter hours . . .''

Changes: None.

Comments: A few commenters proposed replacing ''and'' with ''or'' between paragraphs § 690.92 (a) and (b) to increase flexibility. One commenter believes requiring both 150–599 hours and a minimum of 8 weeks but less than 15 weeks creates unnecessary and restrictive scheduling challenges. The commenter argued that using only clock hours as the primary mechanism for both program length and the calculation of students' Pell Grant eligibility will better ensure comparability and fairness across programs with different instruction delivery schedules. A few commenters also pointed out that 599 clock hours/14 weeks would mean 42.8 hours/week, and one commenter asked for clarification on how hours may be distributed.

Another commenter asserted that using both thresholds may unintentionally exclude high-quality training programs that are designed in direct partnership with industry and aligned to current hiring needs. The commenter stated that some programs fall below the proposed minimum thresholds not because they lack rigor or value, but because they are intentionally designed to deliver targeted, job-relevant skills as efficiently as possible. The commenter argues that requiring programs to meet a fixed number of hours may necessitate the addition of content that is not essential to job readiness, creating unnecessary costs for learners and delays for employers seeking to fill open positions. The commenter believes allowing this flexibility would better align eligible workforce programs with the realities of today's labor market and support more effective partnerships between employers and education providers.

Discussion: We decline the recommendations to allow an eligible workforce program to meet one of the length conditions but not the other because the WFTCA requires both conditions in § 690.92 (a) and (b) to be met for the program to be considered an eligible workforce program. Regarding the comment about scheduling concerns, we want to reiterate that in the context of eligible workforce programs, the HEA, as amended by the WFTCA, does not require a program to

run for a sequential time. Therefore, it is acceptable for an eligible workforce program to have non-sequential weeks of instructional time. A program would be considered an eligible workforce program as long as the weeks of instructional time used to determine the students' Pell Grant eligibility are less than 15 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 believe this flexibility will help address scheduling concerns.

Changes: None.

Comments: One commenter approved of the minimum length of workforce programs being set at 8 weeks because they believe it will help prevent a longstanding problem of low-quality CDL mills that undertrain new commercial motor vehicle operators in three-to-six-week courses. The commenter asserted that this accelerated model is a direct contributor to preventable truck crashes and fatalities. The commenter also stated that for more than three decades, the false ''truck driver shortage'' narrative has fueled a cottage industry of low-quality CDL mills sustained by government job training funds and predatory tuition-repayment agreements. The commenter was also concerned that CDL mills inflate instructional hours by counting watching videos, sitting in a classroom without an instructor, waiting for a truck, and riding along instead of driving. The commenter believed that a clear and enforceable definition of instruction is needed so that the clock-hour requirements will not be meaningless, and because such tactics have been used for decades to game WIOA and State grants requirements. The commenter argued that employment outcomes, not course completion, must be the primary measure of program quality.

The commenter further suggested that to prevent Pell Grant exploitation in eligible workforce programs, the Department must implement strong oversight to include unannounced audits of actual instructional hours, verification of behind-the-wheel time per student, independent validation of job placement outcomes, clear definitions of ''instruction'' versus ''idle time,'' and penalties for schools that manipulate data.

Discussion: The Department thanks the commenter for supporting the minimum length of eligible workforce programs. Regarding the potential concerns for CDL mills suggested, it is not clear exactly how that would occur given the constraints of the rules outlining eligible workforce programs. A situation where students were enrolled in two instances of the same program to shorten its length would violate the restriction on concurrent enrollment in § 690.11(b). Also, the minimums in § 690.92 would apply—*e.g.,* students would have to take at least 150 clock hours over at least 8 weeks of instruction.

Existing regulations at 34 CFR 600.2 define clock hours and credit hours, and the requirements under those definitions preclude the kind of gaming of the meaning of instruction that the commenter described.

As for what outcome metrics should determine program quality and eligibility, the new regulations enforce not only a specific program completion percentage but also a job placement percentage (as the commenter seems to affirm) as well as a value-added earnings metric. Finally, on the commenter's suggestions for audits and penalties, the new programs will be subject to the established rules and requirements of other title IV, HEA programs, which include not only oversight by the Department but by accreditors and States too. We think that these established oversight requirements, in addition to the new program-specific regulations, will be sufficient quality enforcement mechanisms for eligible workforce programs.

Changes: None.

Comments: One commenter recommended that hours spent on employer-connected projects supervised by industry specialists count toward clock-hour requirements.

Discussion: All clock hours earned by the student must be associated with the actual eligible workforce program. Under 34 CFR 600.2 a clock-hour is defined, in part, as a 50- to 60-minute class, lecture, or recitation in a 60-minute period or a 50- to 60-minute faculty-supervised laboratory, shop training, or internship in a 60-minute period. In addition, as outlined in these regulations regarding written arrangements, in most cases an eligible workforce program can consist of up to 25 percent of instruction taught by an ineligible institution or organization (*e.g.,* employer, etc.), unless it serves as a related instruction component of a Registered Apprenticeship program, as defined in 29 CFR part 29.2, which allows an ineligible entity to provide more than 25 percent but less than 50 percent of the program. Therefore, as long as the employer-connected projects are formally part of the student's program of study and the hours earned fall within the written arrangement thresholds, it is possible for a student to earn clock hours connected with employer instruction.

Changes: None.

Eligible Workforce Program (§ 690.92(c))

Comments: A few commenters urged the Department to remove the NPRM's categorical exclusion of direct assessment coursework from eligible workforce programs, arguing that neither the WFTCA statute nor title IV regulations support such a prohibition. One commenter argued that Congress intentionally excluded only correspondence courses (not direct assessment) and historically has treated direct assessment as an approved instructional modality integrated into title IV, HEA programs through Department-approved credit- and clock-hour equivalencies. The commenter argued that excluding direct assessment contradicts longstanding regulatory interpretation, undermines congressional intent to expand flexible, workforce-aligned pathways, and disregards the strengths of competency-based programs designed for working adults. The commenter asserted that approved direct assessment programs already undergo rigorous oversight and that concerns about uniform progress measurement are unfounded given existing title IV mechanisms.

Discussion: The Department declines the recommendation to remove the prohibition on direct assessment programs. We acknowledge the value these programs can provide for adult learners and workforce-aligned education; however, as noted, the Department interprets the WFTCA's amendments to the HEA as expressly limiting eligible workforce programs to those measured in credit hours, clock hours, or their statutory equivalents, and not to alternative measures of progress such as competency-based direct assessment. Although direct assessment programs may incorporate equivalency frameworks under 34 CFR 668.10, these frameworks serve distinct functions within the broader title IV, HEA program system and do not override the specific statutory language governing eligible workforce programs. The Department must therefore implement the program in a manner consistent with the explicit terms and conditions Congress established. The Department also notes that the accountability structure for eligible workforce programs, focused on completion, employment, and earnings measures, relies on consistent, comparable definitions of program length and student progress. The

Department believes that adhering closely to statutory clock- and credit-hour constructs is necessary to ensure consistency, prevent inadvertent eligibility expansions beyond Congressional authorization, and support smooth implementation by States, institutions, and accreditors.

Changes: None.

Comments: One commenter requested that the Department confirm that the statutory study abroad exclusion applies to traditional postsecondary study abroad programs and does not extend to multi-State related technical instruction delivery, international employer OJL components, or any other registered apprenticeship program that bears no operational resemblance to study abroad as that term is used in the postsecondary context. The commenter also argued that the prohibitions on correspondence courses and direct assessment are regulatory implementation choices, and not statutory mandates. Therefore, the commenter requested that the Department revise or carve out Registered Apprenticeship related technical instruction. The commenter noted that OA Circular 2026–01 explicitly lists out-of-class work including self-study, correspondence courses, and electronic media as counting toward related technical instruction hours, and that § 690.92(c) would prohibit instruction methods OA has affirmatively authorized for registered programs. The commenter stated that OA's competency-based (CB) registration framework is, by definition, a direct assessment model where competency is demonstrated without fixed credit or clock hours. The commenter argued that prohibiting direct assessment at the Department level categorically disqualifies CB apprenticeship related technical instruction from becoming an eligible workforce program, including programs OA has actively promoted and funded. Finally, the commenter argued that Circular 2026–01's front-loading and out-of-class provisions explicitly anticipate hybrid and distance related technical instruction delivery, and that § 690.92(c)'s modality restrictions could restrict these OA-authorized delivery approaches.

Discussion: The Department declines to revise § 690.92(c) or carve out registered apprenticeship related technical instruction from the statutory restrictions. Section 401(k) of the HEA, as amended, expressly prohibits eligible workforce programs from offering study-abroad coursework, correspondence courses, or direct assessment coursework. These prohibitions are statutory mandates and not matters of regulatory discretion.

Changes: None.

Eligible Workforce Program (§ 690.92(d), (e), and (f))

Comments: Many commenters expressed concerns that the dual approval requirements in 34 CFR 690.92(d), (e), and the outcome requirement under (f) may become administratively burdensome and could limit the availability of eligible workforce programs.

Discussion: The requirements under § 690.93, § 690.94 and § 690.95 are statutory and cannot be eliminated.

Change: None.

Eligible Workforce Program (§ 690.92(g))

Comments: One commenter agreed with the provision that prohibits institutions from offering an eligible workforce program if it has been subject to suspension, emergency, or termination action by the Secretary during the 5 years preceding the date of the determination. The commenter asked several clarifying questions and made several recommendations, including for the provision to be expanded to include HEA Sec. 117 enforcement actions, NDAA Sec. 1085 compliance failures, DOJ FARA enforcement actions, and BIS/OFAC sanctions actions against the institution or its key personnel. The commenter also suggested a mandatory self-disclosure requirement for any institution that has been the subject of any Federal enforcement action in the prior 5 years and submitted a workforce program for Department approval.

Discussion: The Department declines to make changes based on the commenter's demands. As noted in the NPRM the Department was simply mirroring this provision with the provision under the PEP regulations. Additionally, mandatory self-disclosure of Departmental actions in the last five years is unnecessary because the Department already maintains records of actions that it takes against eligible institutions so disclosures would be redundant. Furthermore, to address the commenter's clarifying questions:

(1) Does a suspension that was appealed and reversed count toward the 5-year prohibition? No.

(2) Does a termination for a single program (not the institution's entire title IV, HEA program eligibility) count toward the institution-wide eligible workforce program prohibition? No.

(3) Does an emergency action that was resolved by consent agreement before becoming a final order count? No.

(4) Do actions against predecessor institutions or acquired programs count against current institutional eligibility?—We need more information to provide an answer to this question. If this situation arises, the Department will review and provide feedback.

Changes: None.

Comments: One commenter argued that § 690.92(g) is overly broad and could force program suspension based on minor or unresolved compliance issues. The commenter also believes that the five-year prohibition is disproportionate relative to other regulations and should be aligned with the two-year prohibition under section 690.97(a). The commenter also noted that the statute does not expressly impose such a bar on eligible workforce programs.

Discussion: The Department's intent is not to require program suspension for minor or technical compliance issues, nor to impose disproportionate consequences for issues that can be promptly resolved. Rather, § 690.92(g) is designed to address significant or sustained noncompliance issues that raise questions about program integrity or about the institution's ability to deliver the approved eligible workforce program in accordance with statutory and regulatory requirements. Regarding the duration of the prohibition, the five-year period in § 690.92(g) reflects the seriousness of circumstances in which a program is suspended due to noncompliance with the foundational conditions for participation. This period is intended to ensure that institutions take necessary corrective actions and that students are protected from repeated or systemic deficiencies. The Department believes that this approach is consistent with its broad responsibility to safeguard program quality and appropriate use of Federal funds.

While the commenter notes that the statute does not expressly impose such a prohibition, the Secretary has authority to promulgate regulations governing the manner of operations of the applicable programs administered by the Department (*See* 20 U.S.C. 1221e–3). These programs include the Federal student financial assistance programs authorized by the HEA, as amended by the WFTCA, such as the Pell Grant program.

Changes: None.

Comments: One commenter argued that the rule should explicitly bar ''risky'' institutions from being able to provide Pell Grants to students enrolled in eligible workforce programs. They proposed that § 690.92(g) be strengthened to disqualify any

institution that, within the previous five years, has experienced a revocation, suspension, withdrawal, or termination of institutional accreditation or State authorization. They also urged the Department to consider additional indicators of risk such as placement on Heightened Cash Monitoring, findings of fraud or misconduct by regulators or courts, or loss of programmatic accreditation as potential grounds for ineligibility. To implement this approach, the commenter suggested adding specific disqualification language to § 690.92(g) to ensure that institutions with demonstrated compliance or oversight problems cannot offer eligible workforce programs. The commenter's suggested language was: (g) is offered by an institution that, during the five years preceding the date of the determination, has not been subject to: (i) any revocation, suspension or termination of programs under this title; (ii) any revocation, withdrawal or termination of accreditation by an institutional accreditor; or (iii) any revocation, suspension, withdrawal, or termination of State authorization by a State authorizing agency.

Discussion: We decline the commenter's suggestion and believe there are sufficient guardrails in these final regulations. Commenters will note that eligible workforce programs require three separate outcomes metrics, approval by the Governor and the Department, and periodic reapproval by the Governor prior to the expiration of the institution's Program Participation Agreement.

Changes: None.

Components Determined by the Governor (§ 690.93(a))

Comments: One commenter pointed out that some students in eligible workforce programs will be eligible for both Pell Grants and WIOA funding. The commenter requested that States add a question to their Eligible Training Provider system for new course offerings to indicate if the training is eligible for Pell Grants. The commenter argues that this will ensure appropriate distribution of funds.

Discussion: We encourage States to acknowledge whether or not a program qualifies for Pell Grant funds to make the process easier for prospective students to understand, but we do not intend to make this a requirement. The statutory framework established by the WFTCA and implemented in this final rule outlines specific requirements for Governor approval, Secretary approval, and annual program accountability, but it does not authorize the Department to prescribe operational changes to State WIOA data systems. States retain the flexibility to manage their Eligible Training Provider Lists (ETPLs) and related systems in a manner that aligns with their own administrative processes and workforce needs. Although States may choose to incorporate Pell Grant and eligible workforce program information into their ETPL systems, doing so is not required under the HEA or this regulation. The Department will continue to work collaboratively with the DOL on eligible workforce program implementation and recognizes that States may independently adopt coordination strategies, such as adding new ETPL fields, if they determine such steps will support effective program administration.

Changes: None.

Comments: Many commenters recommended requiring stakeholders other than the State board to be consulted as a part of the Governor's certification process including: State higher education executive officers, other State officials, local workforce boards, private sector partners, elementary and secondary school teachers, adult education providers, nonprofit organizations, WIOA providers, employers, associations, the artificial intelligence industry, the Department of War, and State legislatures. Some commenters also recommended that entities other than the Governor be able to certify the program.

Discussion: We decline the commenters' recommendations. Section 481(b)(3)(A)(iii) of the HEA, added by Section 83002(b) of the WFTCA, states that after consultation with the appropriate State board, the Governor must approve the program. The Governor is ultimately responsible for the decision whether to certify the program and is only legally required to consult with the State board. The State board cannot certify the program in place of the Governor. The Governor has the authority to work with any other organization during the certification process; however, neither the law nor the Department's regulations require the Governor to do so.

During negotiated rulemaking there was broad representation from State workforce agencies and workforce development boards, State grant agencies, and other State and non-profit higher education financing organizations, and State higher education executive officers, State authorizing agencies, and other State regulators that provided important feedback and agreement with our proposal.

The Department also intends to continue our collaboration with the Department of Labor, and we will release guidance as necessary to assist Governors in certifying programs.

Changes: None.

Comments: One commenter recommended that the Department encourage Governors to assess device access gaps in their eligible program populations and to consider partnerships with computer ownership ecosystem organizations—nonprofit organizations that refurbish and distribute computers, connect recipients with technical support, and build sustainable local device access networks—as part of their broader student support strategy.

Discussion: We believe the commenter's suggestion is outside of the scope of the regulations.

Changes: None.

Comments: Several commenters questioned the legal basis for Governor certification of each program. Commenters were concerned that the denial is unappealable and that the requirement is burdensome. In a separate comment, the same commenter demanded that the Department publish a major questions analysis in the final rule specifically addressing whether the Supreme Court's holdings in *Biden* v. *Nebraska,* 600 U.S. 477 (2023) and *West Virginia* v. *EPA,* 597 U.S. 697 (2022) require Congress to expressly authorize the Governor veto architecture before it can be implemented.

Discussion: The Department maintains that all regulations promulgated under this rulemaking do not raise constitutional issues, including the components to be determined by the Governor. The major questions doctrine discussed in the cases cited by one commenter applies when an administrative agency is interpreting a statute to determine the scope of its own authority. *See Biden* v. *Nebraska* at 504–06; *West Virginia* v. *EPA* at 721. It provides that an agency must point to ''clear congressional authorization'' when the agency claims extraordinary authority to resolve issues of ''deep economic and political significance.'' *Biden* v. *Nebraska* at 506 (internal quotation marks omitted). The commenter fails to explain why a doctrine that cabins the authority of an agency applies to the provision at issue. This provision places requirements on the Governors; it does not grant authority to an agency. The WFTCA requires the Governor to certify all eligible workforce programs meet specific conditions. Section 481(b)(3)(A)(iii) of the HEA, added by Section 83002(b) of the WFTCA, states

that after consultation with the appropriate State board, the Governor determines that the program meets specific requirements outlined in statute and copied under § 690.93(a).

Furthermore, to the extent that the commenter is actually concerned about the non-delegation doctrine (as opposed to the major question doctrine), the Department does not believe that the doctrine is violated because the Secretary retains ultimate authority to approve programs and distribute funds. *See Fed. Commc'ns Comm'n* v. *Consumers' Rsch.,* 606 U.S. 656, 694 (2025). The Department also notes the States have long played a role in determining whether an institution is eligible to participate in title IV, HEA programs. See, *e.g.,* 20 U.S.C. 1001(a)(2) and 1002(a)(1).

The Governor has the statutory mandate to certify each program. The Department will not mandate a standardized appeals process; however, under § 690.93(b)(3) Governors are required to publish the process and timeline for the Governor's consultation with the State board and a determination that a program meets the requirements, 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.

Changes: None.

Comments: Many commenters stated that there is considerable overlap in requirements for eligible workforce programs and programs authorized under the Carl D. Perkins Career and Technical Education Act (Perkins V) and the Workforce Innovation and Opportunity Act (WIOA). Commenters claimed that programs authorized under Perkins V and WIOA have been vetted for quality and outcomes relating to workforce preparation. Commenters suggested that programs authorized under Perkins V and WIOA be eligible for automatic certification from the Governor. The commenters stated automatic certification would reduce burden on institutions, Governors, and the Federal Government. It would also expedite the timeframe for certification of eligible workforce programs.

Other commenters provided a wide range of programs that should receive expedited or automatic certifications including programs in teacher education and healthcare or programs that received programmatic accreditor approval.

Discussion: We decline the commenters' suggestions. The Department appreciates that there are similarities in programs funded under Perkins V and WIOA; however, the commenters should note that eligible workforce programs are authorized under the Higher Education Act (HEA). Governors cannot rely on approval of programs under different statutes to supplant any and all review requirements outlined under the HEA. We have made concessions where possible; for example, under § 690.93 (g) a program that serves as a related instruction component of a Registered Apprenticeship Program meets the requirements of paragraphs (a)(1) and (a)(2) of this section.

The Department also appreciates the request that programs related to certain sectors or occupations receive expedited certification; however, we decline to require Governors to expedite approvals of certain programs. We believe that Governors are best suited to create policies and timelines for approval and assessments of programs in their States.

The Department is developing an official form [15] that Governors must use to certify that the program meets all the requirements under § 690.93(a). The form will be in plain language and published prior to July 1, 2026.

Changes: None.

Comments: Many commenters urged the Department to either define or provide clear guidance about the ''stackable and portable'' provision under § 690.93(a)(3)(i) that states an eligible workforce program can lead to a recognized postsecondary credential that is stackable and portable across more than one employer.

Discussion: We decline to define stackable and portable in regulation. Creating a Federal definition may conflict with the definition of stackable and portable that Governors may have already created under their WIOA State plans. We also believe that Governors should have the flexibility to determine stackability and portability as it relates to their specific populations. The Department provided a link [16] to DOL guidance in the NPRM that provides detailed guidance on stackable and portable credentials. The Department also intends to continue collaborating with DOL and will provide additional public guidance as necessary. Note that the program does not have to only lead to a recognized postsecondary credential that is stackable and portable across more than one employer. Alternatively, that program could prepare students for employment in an occupation for which there is only one recognized postsecondary credential.

Changes: None.

Comments: One commenter encouraged the Department to provide guidance on meaningful employer engagement, support sector partnerships, and elevate models that successfully integrate industry input into workforce training programs. Another commenter urged the Department to make technical assistance available so States can take full advantage of the flexibilities in implementation and conduct iterative evaluations as learner and provider data become available.

Another commenter similarly suggested the Department:

- Seek direct employer involvement in curriculum alignment, ongoing feedback loops between education and industry;
- Seek regional collaboration with multiple sectors;
- Publish clear guidance on how employers should be engaged at the State and program level;
- Support sector partnerships and regional collaboration models; and
- Provide Federal leadership in elevating best practices and reducing barriers to employer participation.

Discussion: The Department may provide guidance as needed; however, paragraph (a)(2) of this section requires Governors to consult with the State board to certify that the program ''[m]eets the hiring requirements of potential employers . . .''. We believe that there is a sufficient requirement already in the regulation that establishes employer input and each individual State and the outlying area will have unique processes for engaging with employers. The Department does not seek to infringe on the autonomy of Governors by prescribing strict or confusing guidance at the Federal level.

Changes: None.

Comments: Several commenters requested that the Department allow eligible workforce programs that do not confer academic credit but still deliver measurable workforce outcomes.

Discussion: We decline the commenters' recommendation. Section 481(a)(4) of the HEA states that one of the requirements of an eligible workforce program is ''. . . that a student, upon completion of the program and enrollment in such a related certificate or degree program, will receive academic credit for the Workforce Pell Grant program that will be accepted toward meeting such

[15] State Workforce Program Certification—*https://www.Federalregister.gov/documents/2026/03/20/2026-05528/agency-information-collection-activities-comment-request-state-workforce-program-certification*

[16] 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*

certificate or degree program requirements . . .''. Completion of an eligible workforce program must lead to academic credit, either at the same institution or another institution.

Changes: None.

Comments: One commenter stated that the Department should clarify that credits awarded for Workforce Pell Grant programs must apply toward the core program requirements of the related certificate or degree program, not simply count as elective credits.

Discussion: The Department declines the suggestion. The provisions under paragraph (a) will remain as close to the statute as possible. Governors have the authority to set the recommended requirement in their States if they wish.

Changes: None.

Comments: One commenter requested that the Department remove the requirement that programs must be aligned with high-skill, high-wage, or in-demand industry sectors. The commenter stated that the requirement should be replaced with objective criteria such as: Registered Apprenticeship status, completion rate targets, and positive value-added earnings. The commenter also requested that all U.S. Department of Labor Registered Apprenticeships that have operated for at least 24 months with verified completion data should be automatically eligible for Workforce Pell Grants, bypassing gubernatorial certification.

Discussion: We decline the commenters' recommendations. Section 481(b)(3)(A)(iii) of the HEA, added by Section 83002(b) of the WFTCA, states that after consultation with the appropriate State board, the Governor must approve the program. The Governor is ultimately responsible for the decision whether to certify the program.

Changes: None.

Comment: One commenter recommended explicitly requiring Governors to evaluate whether programs are reasonably expected to pass the value-added earnings test under § 690.95.

Discussion: We decline the commenter's recommendation. Under § 690.93(d)(9), we require the Governor to certify that he or she will take 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.

Changes: None.

Comments: One commenter urged the Department to define in the final regulations what evidence is sufficient to demonstrate stackability from credit articulation so that institutions can structure their programs with confidence and avoid duplicative or contradictory compliance burdens.

Discussion: We decline the commenter's recommendation because Governors will establish these requirements under their written policies. Under § 690.93(b), Governors are required to have a written policy for determining if a credential is stackable and portable. Governors are also required to have 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.

Changes: None.

Comments: One commenter urged the Department to confirm that when a registered apprenticeship program's related instruction has already achieved Workforce Pell Grant eligibility in one State, a Governor in another State may treat that determination as satisfying § 690.93(a)(3) and (a)(4) for the same program.

Discussion: We decline the commenter's recommendation. The Governor of each State is required to ensure that each program offered in his or her State meets the requirements under § 690.93(a). A Governor cannot automatically accept that a program approved in one State will meet the needs of students in his or her State without a separate review or the existence of a bilateral agreement. Two Governors can establish a bilateral agreement under § 690.93(h) to offer eligible workforce programs through distance education to individuals not located in the State where the institution is located, under which some or all of the programs approved by the Governor of one State can be offered to individuals in the other State without a separate review if the program prepares students for employment in an occupation or industry that is on the list of high-skill, high-wage, or in-demand sectors or occupations in the state where the student is located.

Changes: None.

Comments: One commenter urged the Department to clarify in the final rule that consultation with the State board under § 690.93 requires documentation and substantive engagement not merely a notification.

Discussion: We decline the commenter's suggestion. We believe that Governors need autonomy and flexibility to engage with the State board as the Governors deem appropriate. As long as the State board is consulted the Governor will have fulfilled the regulatory requirements.

Changes: None.

Comments: One commenter recommended that the Department define the requirement for ''stackable and portable'' credentials as equivalent to the provision that requires completion of an eligible workforce program to lead to academic credit. The commenter argued that although the two components are distinct requirements in the statute, in practice they reflect the same underlying concept: enabling students to build toward additional credentials. The commenter also recommended that the Department extend the statutory exception for single-credential occupations to both provisions.

Discussion: The requirements for a recognized postsecondary credential to be ''stackable and portable across more than one employer'' under Section 481(b)(3)(A)(iii)(III) and the requirement for such a credential to prepare students ''to pursue 1 or more certificate or degree programs at 1 or more institutions of higher education'' under subsequent paragraph (IV) are distinct statutory requirements. The Department and the Secretary cannot make them equivalent without rendering one of the two concepts meaningless. Additionally, even assuming that the Secretary had such power, equivalence between the two concepts could only reasonably be applied to the concept of ''stackable,'' since the statute refers to portability ''across more than one employer.''

Finally, the Department has stated repeatedly that our intent is to ensure that States have flexibility in the way that they define such concepts, and defining the two things in the same way would prevent States from defining them differently in accordance with their preferences and distinct needs.

Changes: None.

Comments: One commenter suggested that the Department permit eligible workforce programs to satisfy the academic credit requirement through formal articulation agreements that are under development. The commenter also recommended that a credential prepares students for credit-bearing programs, even when academic credit is awarded upon subsequent enrollment. Finally, the commenter encouraged the

Department to recognize industry and training programs that have been evaluated for academic articulation using established standards such as the American Council on Education (ACE) Learning Evaluation.

Discussion: The Department declines the commenter's recommendations. If an articulation agreement is still in the proposal phase and has not been ratified, it provides students with no assurance that they will receive credit at another institution for completion of the program. We also do not believe that such an allowance could be supported under the statute, which requires that credit ''will be accepted'' toward meeting certificate or degree program requirements. The institution cannot know with certainty that credits will be accepted without a ratified agreement.

Per the statute, academic credit must be awarded upon completion of the eligible workforce program, not upon enrollment in a subsequent program as the commenter suggested. Finally, this provision is certified by the Governor. The Department cannot mandate that Governors accept standards established by a non-Federal entity such as ACE; however, they may use ACE standards as a resource or guidance in establishing their own certification policies.

Changes: None.

Components Determined by the Governor (§ 690.93(b))

Comments: One commenter recommended that the Governor's written policy requires documentation of specific employer commitments to hire or interview graduates of the program, rather than general attestations of workforce demand. The commenter also recommended that the Department, in sub-regulatory guidance, encourage Governors to accept programmatic accreditation from specialized accreditors as evidence of program quality when evaluating the hiring requirements criterion. A program that has undergone rigorous review by an accreditor with subject-matter expertise in the relevant field provides a stronger quality signal than one that has been reviewed only at the institutional level by an accreditor that may lack technical expertise in the program's field of instruction.

Discussion: The Department declines the commenter's suggestions. We believe that it is an overreach of our authority to require employers to agree to hire or interview graduates of the program and the Department has no mechanism to oversee such a requirement. The commenter's suggestion would require that the Department revoke Pell Grant eligibility from an eligible workforce program for which an employer did not offer an interview or job offer to a graduate, and this would be complex, disruptive, and costly to oversee and enforce effectively. Job placement requirements under § 690.94(a) must be fulfilled annually, and the Department believes these are sufficient guardrails to ensure that Pell Grant funds are provided to eligible workforce programs that lead to job placement. Additionally, the regulations under 690.93(b)(1)(ii)(B) state that Governors must publish policies that 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.

We also decline the request for sub-regulatory guidance that encourages Governors to accept programmatic accreditation from specialized accrediting agencies as evidence of program quality when evaluating the hiring requirements criterion. Governors have the flexibility in their States to determine the underlying process that informs their certifications of programs. The Governors can use accreditation from programmatic accrediting agencies as a part of the certification process for programs.

Changes: None.

Comments: Several commenters stated that the requirement to publish written policies is too burdensome and will delay the certification of programs. The commenters assert that States that do not collect data will need to establish data sharing agreements with other State agencies and postsecondary institutions.

One commenter recommended that the Department require that a Governor's written process includes documentation of the data-sharing agreements necessary to calculate completion and placement rates. This commenter recommended that the process specify which agencies must be parties to those agreements, what data elements must flow, and at what intervals. The commenter also recommended that Department further clarify that data-sharing agreements between Governors and private-sector outcomes tracking platforms that maintain cross-agency data on behalf of program participants satisfy this requirement—provided the platform meets Federal data privacy and security standards under FERPA and applicable State law.

Discussion: The Department declines to require Governors to publish the data-sharing agreements necessary to calculate completion and placement rates because the agreements may contain confidential student wage information or other sensitive information that could compromise student privacy.

We acknowledge that it may take time for Governors to develop and publish policies; however, we believe that the publication of certification policies is an important step in transparency and standardization of the certification process in the State. We acknowledge that some States may have limited public-sector data infrastructure to calculate job placement and completion rates. If a State has a ratified contract or ratified memorandum of understanding with a private-sector outcomes tracking platform, then that would satisfy job placement and completion requirements specified under § 690.94(a) that the Governor use administrative data in the outcomes calculations.

Changes: None.

Comments: One commenter asked how Governor approval processes would be standardized across States.

Discussion: First, a degree of standardization among States will result from the process under § 690.93(a). That section prescribes the statutory and regulatory requirements for Governors to evaluate prior to certifying a program. Additionally, under § 690.93(b) Governors are required to publish their policies for certifying programs, which will provide information to Governors of other States and is likely to result in adoption of similar processes among States with similar needs and resources.

However, the Department does not believe that standardization among States with respect to approval processes is necessarily beneficial in all circumstances. Our stated intent in developing these regulations is to ensure that States have adequate flexibility to design approval processes commensurate with their economic needs and administrative resources, which precludes a degree of standardization. Therefore, the Department will not standardize the process beyond the current requirements.

Changes: None.

Comments: Several commenters encouraged the Department to require Governors, in their written policies, to give favorable consideration to institutions that have in-demand programs such as teaching programs and programs preparing healthcare workers, or programs that offer free or subsidized bridge or remedial programs alongside eligible workforce programs. The commenters argue that this wraparound

educational support improves outcomes.

Discussion: We decline the commenters' recommendation. The statute does not authorize the Department to require that Governors give special preference to specific programs, and such an approach would also impose the Federal government's opinions about what constitutes high-need, high-skill, or in-demand occupations or sectors, a responsibility that the statute specifically delegates to States. Also, we remind the commenter that, per § 668.20, remedial coursework cannot be included in a student's Pell Grant eligibility for an eligible workforce program.

Changes: None.

Comments: Several commenters recommended that the Department require strict timelines for Governor approval to reduce variability and uncertainty.

Discussion: We decline the commenter's recommendations. We do not wish to require standardized timeframes or application procedures on all 50 State Governors and chief executives of outlying areas. We believe this would be overly prescriptive and may negatively impact Governors' ability to fully analyze programs that are submitted to them for approval. Additionally, the only way to enforce this timeline would be to restrict institutions in the State from offering eligible workforce programs if the Governors did not adhere to prescribed Federal timelines, which would not be a desirable outcome from either the perspective of the State or Federal governments.

Changes: None.

Comments: One commenter stated that the regulatory text must be revised to clarify that high-skill and high-wage determinations are made pursuant to Perkins V rather than WIOA. The commenter recommended that we add the following to the end of (b)(1)(i): ''. . . and the development and submission of the State Plan under Sec. 122 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342);''.

Discussion: The parenthetical the first sentence of the paragraph says: ''(as identified by the State pursuant to section 122 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342)''. The Department believes that parenthetical makes it clear that these determinations are made pursuant to that portion of the law.

Changes: None.

Comments: One commenter requested that the Department encourage Governors to develop lists of high-skill, high-wage and in-demand occupations and sectors using high-quality, real-time labor market information from the best available public and private-sector data, including data obtained through public-private partnerships, to assess evolving skill needs and labor market demand.

Discussion: We agree with the commenter and encourage Governors to use high-quality data in developing their lists of occupations and sectors meeting these criteria. We will also consider incorporating this best practice into sub-regulatory guidance for States in the future.

Changes: None.

Components Determined by the Governor (§ 690.93(d))

Comments: Many commenters asked the Department to eliminate or amend the program eligibility requirements that must be met 12 months prior to approval to allow institutions to be nimble to evolving industry needs. The commenters argue that a high-quality program may have been offered for many years, and slight program modifications that might result in a restart of the 12-month clock would delay approval and create barriers for students to access these proven programs.

Commenters provided many recommendations on the provision, including that the Department:

- Consider a process through which programs the Governor determines are substantially similar to programs that meet the requirement may remain eligible;
- Consider alternative pathways for promising new programs to receive Pell Grant support during a probationary period, subject to outcomes-based review;
- Allow the program to simply exist for a least one year at the time of certification regardless of if it meets the regulatory requirements under 690.93(a);
- Allow programs to exist at some point in the previous year and currently meet the regulatory requirements.

Another commenter stated that some programs are modified to meet the requirements of the eligible workforce program regulations which may entail strict State approvals for the program. The commenter requested preamble language around what changes the Department would consider to be substantive; for example, program time, credit- or clock-hour thresholds, CIP/SOC codes, or substantive name changes.

Discussion: The 12-month period is required under the HEA—''. . . the program has been offered by the eligible institution for not less than 1 year . . .''. The program must meet the requirements under § 690.93(a) for at least 12 months. If a program does not meet the requirements on July 1, 2026, the institution must wait to submit the program to the Governor for certification until it meets the 12-month requirement. Modifications to a program are acceptable as long as the modifications do not cause the program to no longer meet the standards in § 690.93(a). The Governor is not required to determine if the program meets time or clock- or credit-hour thresholds, or to investigate issues related to the program's CIP or SOC code because those areas will be reviewed by the Secretary. The Governor's responsibility is to certify that the program meets the requirements under paragraph § 690.93(a) for the 12 months preceding his or her certification.

Note that the program is not required to continuously enroll students for the entire 12 months, but for any periodic program offerings during the last 12 months of the program's existence, the program must have met the requirements under § 690.93(a). For example, an 8-week, 150 clock hour welding program is offered by an eligible institution two times per year, one starting in January 2027 and one starting in September 2027. The eligible institution submits its request for certification to the Governor in January 2028. The Governor can certify that the program meets all requirements because the program has been in existence for a year, even though the program was only offered in January and September 2027.

Changes: None.

Comments: One commenter requested that the Department remove references to the Department of Labor. The commenter stated that the statutory text authorizing the program, does not contain a single reference to the Secretary of Labor or the U.S. Department of Labor. The commenter also stated that establishing the Secretary of Labor as co-administrator of the program would make an already exceptionally complex process convoluted and more confusing for Governors.

Discussion: Throughout the rulemaking process, drafting of NPRM and final rule, the Department has collaborated with the Department of Labor. We believe the references to the DOL in the regulatory text are necessary to maintain this important and necessary collaboration. We will be sure to streamline the process and will avoid duplicative processes across agencies.

Changes: None.

Comments: Two commenters suggested requiring that programs be offered for at least one year in the same modality (for example, using distance education or in person) before they are approved. One commenter stated that research indicates that outcomes may be weaker for students enrolled in exclusively online programs relative to students enrolled in in-person programs. The commenter stated that the final rules should require that programs be offered for at least one year under the same modality (*e.g.,* distance education or in-person), in evaluating their eligibility for Workforce Pell Grants. Another commenter argued that student outcomes can vary depending on program modality, requiring the program to be offered for at least one year under the same modality would provide helpful information for students about their likely outcomes when they choose a program.

Discussion: The Department declines the commenters' recommendations. The Governor is only tasked with ensuring that the program meets the Statutory requirements under § 690.93(a). Additionally, the establishment of requirements for bilateral agreements between State Governors ensures that there is additional level of scrutiny on programs offered through distance education and a greater likelihood that both States are aware of the modality that the program is using. The Department does not believe a separate limitation is necessary, and establishing a guardrail in this context would limit a Governor's ability to determine whether a program was appropriate for their State regardless of modality.

Changes: None.

Components Determined by the Governor (§ 690.93(e))

Comments: Several commenters asked the Department to remove requirements that the Governor must reapprove the program prior to the expiration of the Program Participation Agreement. Program Participation agreements are at the institutional level and operate on varying timelines, which would result in inconsistent and arbitrary reapproval cycles across eligible workforce programs. Commenters believed that the provision adds unnecessary administrative complexity that risks diverting resources to a Program Participation Agreement-driven reapproval process that could create delays in program approvals and reapprovals.

Discussion: The Department declines the commenter's recommendation. Per the NPRM, 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 will 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.

Changes: None.

Comments: One commenter stated that the rule should require annual re-certification of approval by Governors.

Discussion: The Department declines the recommendation because we believe that it would be overly burdensome for Governors and would not result in substantially improved oversight, either by Governors or the Department. This rule requires that Governors (1) certify all programs (2) certify job placement rates annually (3) until 2028–29 certify completion rates annually and (4) re-certify the program prior to the expiration of the Program Participation Agreement. We believe this is sufficient oversight.

Changes: None.

Comments: One commenter recommended that institutions be required, as part of their Program Participation Agreement, to certify annually that Workforce Pell Grant programs continue to meet completion, placement, and other statutory requirements. Because Workforce Pell Grant programs are short in duration and outcomes may change quickly based on labor market conditions or program design, annual certification would provide an additional safeguard to ensure that institutions are actively monitoring program performance and compliance with statutory requirements.

Discussion: The Department declines the commenter's recommendation because we believe it will be overly burdensome in addition to the existing requirements. Governors will provide annual certification on job placement in perpetuity and completion rate certification until the 2028–29 award year. We believe this is sufficient and in accordance with the statute. *Changes:* None.

Components Determined by the Governor (§ 690.93(g))

Comments: None.

Discussion: In the Department's proposed regulations, paragraph § 690.93(g) stated ''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.'' We have updated the phrase ''related technical instruction'' to ''related instruction'' in the final rule because that is the precise term used in 29 CFR part 29. This is a technical change and does not substantively change the regulation.

Changes: Paragraph § 690.93(g) will read: ''(g) A program that serves as a related instruction component of a Registered Apprenticeship Program meets the requirements of paragraph (a)(1) and (a)(2) of this section.''

Comments: Several commenters requested that the Department provide more clarification on the related instruction component of a Registered Apprenticeship, especially if taught via distance education.

Discussion: The related instruction component of a Registered Apprenticeship will typically be the component of the Registered Apprenticeship that qualifies for Pell Grant funds. However, on-the-job training under a Registered Apprenticeship program may also be part of an eligible workforce program so long as any included training hours are associated with either credit or clock hours that are required to complete the eligible workforce program. Additionally, any weeks during which such training takes place must be included in the total weeks of instruction in the program.

There is no Department of Education restriction on offering the related instruction component through distance education; however, institutions should consult with the Department of Labor, State laws, or other Federal laws, prior to offering the related instruction component through distance education. Note that if the distance education component is being offered to individuals not located in the State, then the Governor will need to ratify a bilateral agreement under § 690.93 (h). An alternative might be to simply seek approval in multiple States directly by obtaining approval from the Governors of those other States.

Changes: None.

Components Determined by the Secretary—General Comments (§ 690.94)

Comments: One commenter stated that the NPRM discloses no Inspector General (OIG) audit framework for any of the data (completion, job placement, and value-added earnings). The commenter stated that an institution whose program is at risk of losing eligibility due to a low job placement rate has a powerful financial incentive to inflate that rate by claiming placements that did not occur, by

counting temporary or part-time employment as full placement, or by coaching graduates to falsely report job placements. The commenter demanded that the Department:

- Include an explicit OIG audit rights provision requiring institutions and Governors to maintain all program approval documentation, job placement verification records, and completion rate data for 7 years and to make them available to the Department's OIG upon request.
- Require certified job placement rates be supported by third-party verifiable evidence such as employer verification letters, State unemployment insurance cross-reference data, or linked IRS W–2 data (not self-reported by institutions).
- Include a fraud risk assessment for each program's job placement rate reporting methodology.
- Publish an eligible workforce program fraud detection program including anomaly-detection algorithms that flag programs with statistically improbable completion or placement rate improvements.

Discussion: The Department currently maintains specific regulations on record retention under 34 CFR 668.24, and we decline to amend those regulations regarding eligible workforce programs because such a change was not discussed during negotiated rulemaking and is out of the scope of these rules. Additionally, we believe that existing record retention requirements are sufficient for this purpose.

Regarding the suggestions related to the OIG, the Department does not typically publish OIG audit frameworks in regulation because the OIG is an independent office within Federal agencies tasked with detecting and preventing fraud, waste, and abuse. During an audit or investigation, postsecondary institutions are required to make information available to the OIG upon request. Additionally, in carrying out its duties and responsibilities, the OIG is authorized to request from any Federal, State, or local government agency the information and assistance it deems necessary. *See* 5 U.S.C. 406(a)(3). This would include the OIG requesting information and assistance from any Federal, State, or local agency involved in the Workforce Pell Grant program.

Finally, regarding the concern that institutions will attempt to manipulate job placement rates of their eligible workforce programs, please note that the regulation requires the Governor to certify job placement using administrative data. This means an institution cannot self-certify job placement, but instead the Governor must establish a process to obtain administrative data, such as UI wage data, in order to certify job placement for an eligible workforce program each year.

Changes: None.

Comments: One commenter was concerned that the review by the Secretary is not broad enough to ensure that all State programs are properly aligned with the regulations. They recommended that section 690.94 include the Secretary's evaluation and approval of the Governors' certification process.

The commenter was also concerned about the administrative burden and implementation delay tied to individual program approval. The proposed regulations require the Secretary to approve each individual eligible workforce program, as opposed to only the first program offered by an institution.

Discussion: Section 690.93 allows the Departments of Education and Labor to request the Governor's documentation of his or her process as well as ''Such other information as the Secretary of Education or Secretary of Labor may require.'' While the regulations give latitude to Governors in the exercise of their obligations regarding Workforce Pell Grants, the Department does possess oversight authority.

As for the Department approving every program, we indicated in the NPRM preamble that ''After internal discussion, we determined that the WFTCA 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 of 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.

Changes: None.

Comments: One commenter expressed concern that institutions would direct students to risky loan options to help pay for eligible workforce programs. The commenter recommended that the Department prohibit schools in § 690.94 from entering into any arrangements or affiliations with anyone offering financing for the school's eligible workforce programs via private loans or unproven products like income share agreements and outcomes-based loans.

Discussion: The Department declines these suggestions. We do not have authority to establish limits on a student's choice to borrow a private loan or enter into an income share agreement, nor to establish greater limitations on an institution's ability to establish relationships with lenders beyond the requirements that already exist under the Truth in Lending Act and the regulations under 34 CFR part 601. We also do not believe such guardrails are necessary given the availability of other types of funding for such programs.

Changes: None.

Components Determined by the Secretary—(§ 690.94(a))

Comments: One commenter requested that for 2026–27 only the Department should waive the requirement under § 690.94(a) that a program demonstrate completion and job placement rates for the 12 months preceding the institution's application for approval. They asserted that no institution could have 12 months of pre-application outcome data for a program type that did not exist before the law created it.

Discussion: The completion and placement rates under § 690.94(a) do not apply to the 12-month period prior to the establishment of the program. However, under § 690.94(a)(2)(i), for the 2026–27, 2027–28, and 2028–29 award years the Governor must certify that, based on the Governor's analysis using administrative data, the program meets the completion and placement rate requirements *prior* to becoming eligible for title IV, HEA program funds for the first time. The Governor must use the most recent available data for this purpose, which is from the most recent 12 months of available administrative data.

Changes: None.

Comments: Several commenters pointed out that the job placement rate is calculated based on all program exiters rather than completers. Commenters asserted this contradicts the authorizing statute, which states that a program must have a ''verified job placement rate of at least 70 percent, measured 180 days after completion.''

Discussion: The language of the regulation uses ''exiting'' for students who were in the program in the three years prior to 2029–2030 and ''successfully completing'' for those after that period. The first three years also permit employment in any job to count in the placement rate for the metric, while after that period the job must be in a field related or comparable to the program's training. The Department explained this in the

preamble of the NPRM, where we stated, ''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. Congress provided that this program should go into effect beginning on July 1, 2026, and the Department is making this accommodation to ensure that the program can be operational beginning on that effective date and while the states transition to using completion data. Without a temporary change here, the program would be functionally ineffective and non-operable until such data is collected which runs counter to the structure of the statute. The use of administrative data sources reduces 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 finish (withdraw, transfer, complete) a program, not just those who successfully complete it, and the Department proposes to align directly with the WIOA indicator.'' We have not changed our opinion on this issue.

Changes: None.

Comments: Several commenters disagreed with the regulatory requirement that, after the 2028–29 award year, only those employed in the occupation(s) for which the program prepares students count towards the job placement calculation. They asserted that this is contrary to the statute, which lacks such a requirement.

Discussion: The Department concluded that because of the language of the law that requires the eligible workforce program to provide ''an education aligned with the requirements of high-skill, high-wage or in-demand industry sectors or occupations'' and that requires the value-added earnings metric, the expectation is that students who complete the program be employed in a related occupation. A program completer employed (or retaining prior employment) in a food service job could not appropriately be considered a ''verified job placement'' of an eligible workforce program that prepares students for an in-demand occupation within the aviation sector. Additionally, the regulation allows for the job to be ''a comparable high-skill, high-wage, or in-demand occupation,'' and this comparability is determined by the Governor. Therefore, there is some latitude for employment in similar if not the same occupation that the program prepares students for or in a different occupation that is still directly tied to the training. Finally, in the WFTCA, Congress used the term ''job placement rate,'' which the Department has previously interpreted to mean placement within the occupation for which students are training for or in a related comparable occupation.[17] See the preamble of the NPRM for more information on this specific issue.

Changes: None.

Comments: One commenter was concerned that institutions will try and game completion rates through selective enrollment and institutions would try to improve completion rates by refusing to enroll students likely to drop out and instead concentrate on enrolling the most motivated students while turning away the most economically vulnerable applicants. The commenter was also concerned that job placement rates could be gamed through temporary employment. Institutions could count any paid employment in the placement rate, including a graduate's pre-existing part-time job, or a temporary holiday retail position. The commenter proposed that:

- The completion rate calculation must include all students who enrolled, not just those who met a satisfactory academic progress threshold;
- The job placement rate must count only full-time employment (30+ hours per week) in a position requiring the skills taught in the program, verified against State UI wage records or the National Directory of New Hires within 6 months of graduation; and
- Anomaly detection algorithms must flag programs with year-over-year completion rate increases exceeding 15 percentage points as candidates for fraud review.

Discussion: The Department declines the commenter's suggestions. We believe that the completion and job placement rates as defined in these final regulations are sufficiently rigorous. It is impossible for the regulations to address every specific circumstance; therefore, the Department will defer to duly elected Governors to certify completion and job placement rates through the 2028–29 award year. For the 2029–30 award year and beyond, the Governor will continue to certify job placement rates by ensuring completers are employed in an occupation for which the program prepares students, or a comparable high-skill, high-wage, or in-demand occupation.

The Department will continue to provide guidance to Governors regarding the completion and job placement rates. Institutions are also required to submit annual audits to the Department and, if necessary, may also be subject to Department-initiated compliance reviews.

Anyone who suspects fraud, waste, or abuse may contact the Department's Office of Inspector General.

Changes: None.

Comments: One commenter thought that the three-year delay of employment in a program-related field for the placement metric allows for poor outcomes that do not serve students. They recommended several criteria for jobs in the first three years, such as advancement potential, alignment with the training, minimum time in the job, and minimum quality thresholds. They also recommended that the placement metric include disaggregated reporting by, for example, student population, to allow for distinguishing programs that serve a large percentage of high-barrier students.

Discussion: The decision to allow a three-year initial period in which the job placement metric would look at employment generally rather than specific employment related to the program was reached during negotiated rulemaking. The consensus was that because the necessary systems for administering eligible workforce programs would take time to develop, some flexibility was needed in the initial phase for the job placement metric.

Also, adding to reporting requirements, such as disaggregation, will introduce more complexity to a process that will already be challenging to implement. We decline to require it at the outset of establishing eligible workforce programs, though our approach and concerns could change in the future.

Changes: None.

Comments: Several commenters asked that the Department clarify that self-employment (including the formation or operation of a sole proprietorship, LLC, or other micro-enterprise) count as employment for the job placement metric.

Discussion: The Department agrees with the commenters that self-employment does count as being placed in a job and would count toward meeting the 70 percent placement requirement. Self-employed individuals often spend more time in their job than those who are employees of another business. The plain-language definition of ''employed'' includes self-employment; thus, a reader can infer from the current regulatory text that self-employed individuals would count toward a program's job placement requirement. The Department notes that

[17] 34 CFR 668.8(g).

self-employment is not typically available in administrative data related to employment and therefore is an example of a scenario where supplemental data would need to be collected in order to verify employment outcomes, and that such usage of supplemental data is permissible under the final rule. We do not believe an amendment to the language of the regulation is necessary.

Changes: None.

Comments: Two commenters suggested that a system similar to the Federal Employment Data Exchange System (FEDES) would be helpful for wage and employment information if it were reestablished. They also mentioned the State Wage Interchange System (SWIS) as a source of relevant information.

Discussion: The Department thanks the commenters for their input. We will consider and use appropriate sources for the information necessary to implement the various aspects of eligible workforce programs.

Changes: None.

Comments: One commenter agreed that the allowance of Governors to certify completion and placement rates with available data was sensible, especially given that ''most States do not have a Statewide longitudinal data system (SLDS) capable of producing the calculations the final framework will require the flexibility provided for the initial three award years gives States time to build that infrastructure.'' However, the commenter noted that there is a potential cliff effect after three years due to States not being able to create the necessary infrastructure by the transition in 2029–30 to the full framework. This drop-off will not be due to faulty programs but to the lack of that infrastructure. The problem is more acute for programs inside correctional facilities, which operate under siloed systems that do not talk to each other in a standardized format.

The commenter suggested that the Department should elucidate, in sub-regulatory guidance, the specific data elements a Governor's certification must document during the 2026–27 through 2028–29 period and provide a clear mapping from those elements to the full § 690.94(a)(2)(ii) calculation that takes effect in 2029–30. The commenter argued that providing this information would allow institutions to develop data collection practices from the first day of enrollment in alignment with the final standard and not require retrofitting documentation years later. The commenter also suggested that the Department ''explicitly affirm that private-sector outcomes tracking platforms that meet the data element requirements—including completion documentation, credential attainment, employer placement, UI wage record integration, and 36-month longitudinal tracking—satisfy the evidentiary standard for Governor certification.'' The commenter asserted that this would accelerate data infrastructure deployment in States that lack the public-sector capacity to build these systems before July 1, 2026.

Discussion: The Department thanks the commenter for these suggestions. Because Governors have significant discretion in how they will fulfill their eligible workforce program obligations, especially in the first three years, they are authorized to take advantage of available resources that will help them with those obligations, including private-sector data that the Governors believe to be reliable. Governors are free to follow the suggestions here to be as effective and efficient in managing eligible workforce programs in the near future as well as at the transition in 2029–30. However, with this final rule, the Department is not prescribing additional specific requirements beyond the current regulations that Governors and institutions must follow in their administration of eligible workforce programs pertaining to the data infrastructure.

We also note that the Department is currently preparing a Governor certification form that will clearly describe the elements that a Governor must certify for an eligible workforce program to be approved by the Department for the purposes of the title IV, HEA programs. This form will provide many of the benefits, such as certainty about specific requirements, sought by the commenter.

Changes: None.

Comments: One commenter, a nonprofit organization that supports defense manufacturing communities in the U.S., observed that the timeline of 180 days post-program completion for acquiring a job does not work well with jobs that require a security clearance. As the commenter observed, many positions in defense manufacturing require at least a Secret-level security clearance, and the Defense Counterintelligence and Security Agency (DCSA) currently processes Secret-level clearances 6 to 12 months from the date employers submit the investigation request. Top Secret clearances can take 12 to 18 months or longer. This means that most (if not almost all) students who receive a conditional offer of employment contingent on obtaining a Secret- or Top Secret-level clearance will count as non-placements for the rate calculation. As the commenter explained, ''The clearance timeline is controlled entirely by DCSA, a Federal agency, and is outside the control of the student, the employer, and the educational institution.'' This incongruity between the job placement timeline and that for acquiring a security clearance will have the perverse effect of disincentivizing the creation of eligible workforce programs in industries that require security clearances, at a time when the current administration has made workforce development for defense manufacturing a top priority.

The commenter offered two possible solutions, working either together or alone. First, the commenter stated that because the situation described is one that is outside the control of students, institutions, and employers, and lack of control was a key reason behind the Department's choice of placement rate exclusions in § 690.94(e), adding to that list positions that require a security clearance would make sense and would solve the problem. The commenter suggested the following addition to the section:

(5) Has received a documented conditional offer of employment in the occupation for which the eligible workforce program provides training, where commencement of employment is contingent upon completion of a personnel security investigation conducted by the Defense Counterintelligence and Security Agency or its successor agency, and such investigation remains pending at the conclusion of the applicable measurement period.

The commenter argued that this exclusion would appropriately remove affected job seekers from the placement calculation.

Second, as an addition to the above or as an alternative, the commenter suggested that the Department ''amend § 690.94(a)(2) to extend the job placement measurement window from 180 days to 365 days for programs in occupations that the Governor or State workforce board has identified as requiring a security clearance as a standard condition of employment.'' Under this approach, the commenter stated that clearance-dependent placements would be counted when they actually occur rather than be excluded from the calculation entirely.

Discussion: The Department appreciates the thoughtful argument for considering the special case of program completers in fields that require security clearances. We agree that students who complete a program in such a field and have a conditional job offer should not

count as non-placements for the relevant metric. However, we do not believe that creating another class of excluded students in § 690.94(e) is justified. Instead, we will note here, and in future guidance, that students who receive tentative job offers that are contingent upon the receipt of a security clearance that is still outstanding at the end of the placement period will count as job placements for the calculation.

Changes: None.

Comments: One commenter, a provider of educational assessments, explained that while the 70 percent completion and placement rates do provide rigor that will support program quality, the placement figure could be too high a bar during economic downturns and in the face of the impending effects that AI will have on the job market. They suggested that the Department ''consider using a broad and proven career-readiness certification as a proxy for this requirement during potentially challenging economic periods.'' This would help ensure that students have the skills to complete the training program and become employed. Programs could still demonstrate the value they are delivering without their eligibility being tied to labor demands they do not control. They opined that high-quality work-readiness assessments, by themselves and in addition to industry-specific certifications, can support strong outcomes. They also offered that an assessment that they provide could be useful in this regard. It results in the National Career Readiness Certificate (NCRC), a goal of which is ''helping learners demonstrate the cross-sector foundational skills employers value and supporting stronger employment outcomes.''

Discussion: The 70 percent job placement rate requirement is statutory; it was added to HEA Section 481 by the WFTCA. The Department cannot create an alternative to that metric through regulation. However, that does not preclude programs from making use of the kind of assessment that the commenter mentioned.

Changes: None.

Comments: One commenter asked, ''What systems are expected for tracking job placement and earnings outcomes?''

Discussion: The new regulations under § 690.94(a)(2)(ii)(B) give Governors latitude for how to track job placement after 2028–29; they state that the rate will be ''determined through a certification from the Governor, based on the Governor's analysis using available administrative data, including wage records.'' As we noted in the NPRM preamble, we understand that establishing new data systems regarding the job placement rate is a major undertaking, so we have proposed flexibility for three full award years, and we also acknowledge that some States may need additional time. Governors may contact the Secretary to request an additional year of flexibility in calculating job placement rates after the 2028–29 award year.

As for tracking earnings, the new regulations explain under § 690.94(a)(2) that the Department will obtain from a ''Federal agency with earnings data the median annual earnings of the students'' on the program completers list that we provide. Section 690.95 explains the whole value-added earning process.

Changes: None.

Comments: One commenter noted that the regulations call for Governors to use administrative data, such as ''enhanced wage records'' to determine, starting with the 2029–30 award year, the job placement rate in an occupation for which the program prepared the student. The commenter went on to stress the importance of the Department and DOL continuing their partnership and providing opportunities to accelerate State adoption of enhanced wage records. They recommended an internal review of programs currently authorized whose funds may be expanded for this purpose and affirmed that DOL has already established a precedent by expanding the use of Workforce Data Quality Initiative (WDQI) grants for enhancing and modernizing State wage records. The commenter stated that the Department could do the same by prioritizing enhancing wage records under the Statewide Longitudinal Data Systems (SLDS) grants, which would align with ED's Supplemental Priority on Career Pathways and Workforce. Wage record enhancements and integration of these data within education and workforce systems would help States determine which programs meet the requirements of an eligible workforce program.

The commenter also suggested that the Department and DOL support States by facilitating the interstate exchange of wage data for eligible workforce programs, which the commenter argued would ensure that States report job placement rates for all students, including those outside of the State where they completed their program. The commenter posited that this is the reason DOL created the State Wage Interchange System (SWIS) and concluded that without the Department and DOL's facilitation of a national interstate agreement on wage data, States would be left to create bilateral agreements and a secure exchange of data—administrative burdens that ''would likely result in underreported earnings and misconceptions of underperformance.''

Discussion: The Department thanks the commenter for the observations and suggestions. The new regulations do mention ''wage records'' sans ''enhanced,'' but they are written generally enough to allow for the kind of enhancement that the commenter encourages, and we are determined to continue to work with DOL to create an infrastructure that will foster the creation and continuance of productive workforce programs.

Changes: None.

Comments: Multiple commenters requested that the Department publish the program completion and job placement metrics for eligible workforce programs.

Discussion: As we noted in the NPRM, a negotiator requested during rulemaking that we publish the completion and job placement rates for transparency purposes. We did not commit to that in regulation or in the NPRM preamble, but we noted that we would explore the benefits and practicability of publishing rates in the future. Our position on that has not changed.

Changes: None.

Comments: One commenter, representing a State community college system, noted that they have been successful in delivering high-quality programs in conjunction with employers. However, they have not been requiring SSNs for the majority of non-credit programs and therefore would struggle to verify the employment rate of completers from previous cohorts, making valuable programs ineligible for approval until the 2027–28 school year despite meeting all other requirements. They recommended either suspending or providing a waiver for the requirement for 2026–27 until such data can be collected and verified.

Also, according to the commenter, the requirement after 2028–29 by which learners are to be employed in the occupation(s) for which they were trained will require significant technical alteration to unemployment wage reporting systems and likely a legislative change. The commenter asserted that if the State is unable to achieve both things, the programs would become ineligible workforce programs and lose access to Pell Grant funding. Without significant funding and political support, this State and others would not be able to meet the requirement. The Secretary should provide a mechanism that allows States

to demonstrate efforts in these areas and receive a waiver when those efforts fail.

Discussion: As noted in § 690.94(c), the Secretary may waive some or all of the requirements under paragraphs (a) and (b) of that section 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. In the case of the job placement rate certification post-2028–29, the Secretary can determine that the Governor is making progress towards making such certification but will need an additional award year using the pre-2028–29 certification. We expect these flexibilities to operate in cases such as those the commenter described. Additionally, the Department notes that enhancing Unemployment Insurance wage records to include occupation data is merely one way for States to determine if a program completer meets the job placement rate post-2028–29. The Governor could determine that the State will verify job placement within a comparable high-wage occupation through an earnings threshold for placements aligned with the State's definition of ''high-wage.''

Changes: None.

Comments: One commenter expressed concern that requirements under the Secretary's review will be administratively burdensome to institutions and limit the availability of eligible programs. Also, the 70 percent completion and job placement rate requirement may present challenges in sectors that are characterized by seasonal employment patterns and project-based work.

Discussion: As noted above, there are flexibilities built into the regulations to allow for the implementation of this new type of program, and the Department expects to use that latitude as warranted. That said, the completion and placement percentages are required in the statute and cannot be changed.

Changes: None.

Comments: One commenter, while generally agreeing with the completion and placement metrics, affirmed that 70 percent is too strict for ''high-barrier populations'' such as those with felony records, recovering from addiction, or lacking reliable housing. In each case there are factors that can negatively affect program persistence or the search for employment, and this is not necessarily a reflection on the program's quality. The commenter suggested that the Department conduct a study of programs that serve a significant percentage (*e.g.,* 25) of such students to see if there are alternative benchmarks that could be used for programs with high-barrier enrollment but that still indicate sufficient program quality.

Another commenter also suggested adopting some risk adjustment, safe harbors, or expanded exclusions to account for the added risk that attaches to programs serving high-barrier populations.

Still another asked that the Department allow in regulation for the completion and placement rates to be lower than 70 percent in this situation.

Discussion: The WFTCA established the 70 percent thresholds for eligible workforce programs and did not include a carveout for those that serve distinct populations of students. Therefore, we do not think there is statutory authority to establish alternative metrics or lower rates for programs that serve significant percentages of high-barrier students.

Changes: None.

Comments: One commenter suggested that the required thresholds could be so rigid that they may incentivize schools to modify programs in ways that improve the relevant outcomes but that reduce educational quality. For example, schools might narrow admissions criteria, compress curricula, or deprioritize essential competencies to meet completion, placement, or earnings benchmarks. They recommended that the Department issue clearer guidance to States, provide transitional flexibilities and phased implementation, and consider possible safe harbors for established high-quality programs in high-demand sectors.

Discussion: The regulations do include considerable flexibility for programs and States, especially in the early years of establishing eligible workforce programs, but there is no statutory provision for setting aside the metrics as explained in the law and these regulations. Certain activities by schools are outside the control of the Department, such as having narrow admissions criteria, while others such as reducing program quality seem unlikely, and even if they did occur, the job placement and value-added earnings metrics would serve as correctives to program weakening especially since students graduating from perceived substandard programs will have difficulty finding work in jobs that pay well enough.

Changes: None.

Comments: One commenter appreciated the 70 percent completion and placement thresholds as well-calibrated. However, they also asserted that because the rule does not specify data formats, transmission frequency, or interoperability standards for institutional reporting to Governors, each State will build tracking systems, creating fragmentation that increases compliance costs. Standardized data schemes would be critical in countering this problem, so the commenter encouraged the Department to issue technical guidance on reporting formats with the final rule.

Discussion: With the rollout of eligible workforce programs, the Department intends to provide not only these regulations and policy guidance to States and institutions but also technical guidance that will assist with the efficient and effective implementation of these new programs.

Changes: None.

Comments: One commenter asked that the Department provide technical assistance, model approval templates, model data-sharing agreements, and peer-learning opportunities so that States can learn from one another as they build sustainable systems. According to the commenter, the Department should also facilitate secure, appropriate sharing of relevant datasets with the DOL and other Federal agencies as well as with States to reduce burden.

Discussion: As noted elsewhere, we intend to provide further guidance regarding both the policy and technical aspects of the implementation of eligible workforce programs, and we will continue to accept input from the community about that.

Changes: None.

Comments: A few commenters warned that the requirement that 70 percent of program completers obtain employment introduces practical concerns. Rural institutions often serve students who cross State lines for employment, making outcomes tracking difficult without a national or interoperable data system, which does not exist. Also, the infrastructure and data systems necessary to track student employment vary widely by State. As a result, institutions may be held accountable for outcomes they cannot reliably measure. One commenter believes that the DOL asserted that the national adoption of usable enhanced wage records would require legislative action in 40 or more States, followed by a period of testing and implementation. In addition, not all students enrolled in short-term programs are seeking immediate employment; many are upskilling or adding credentials to existing careers. The proposed metric does not account for these legitimate and valuable student choices.

Discussion: The current lack of data systems is a known factor and one that will be addressed as the initial years of

the first phase of eligible workforce programs development. There are flexibilities, such as the provision under § 690.94(c), built into that development to account for this and other current insufficiencies. As noted above, the Department intends to work with DOL, States, and schools to bring about the necessary technology so that all involved with eligible workforce programs are well served.

No doubt many students enroll in current short-term programs (which do not have a statutorily required job placement measure) to upskill or add credentials, and those are legitimate motivations for continuing education. What we are saying is that for *these* short-term programs, eligible workforce programs, swift placement in a well-paying, in-demand job is the primary end, as we have explained elsewhere. This must be top of mind in the design and operation of, and the participation in, these programs. Students looking for educational opportunities that provide immediate continuing coursework after program completion and that are not contingent on specific metrics may choose from all the other available educational programs offered at postsecondary institutions.

Changes: None.

Comments: One commenter asserted that narrowing the job placement metric to focus on job placement regardless of occupation would reduce complexity and result in more uniformity across States and programs. They asked that the Department remove the requirement that placement be ''in the occupation'' as well as the ''comparable'' occupation language.

Discussion: The statutory language for eligible workforce programs emphasizes that such programs train individuals in certain in-demand fields and gives Governors authority to make the relevant certifications. There is no statutory justification for counting unrelated positions following the completion of an eligible workforce program towards the job placement metric, and the Department intends to align the regulation with the statute after providing a reasonable period of time for States to develop the necessary reporting infrastructure.

Changes: None.

Comments: One commenter noted that current data systems that would be used in support of the metrics have limitations: wage data are lagged, occupational alignment is difficult to verify, interstate and self-employment outcomes are hard to capture, and verification can be resource intensive. Because of this, the commenter recommended the following to improve accuracy while reducing administrative burden: allowing multiple methods of outcome verification, including wage records, employer verification, apprenticeship and sector partnership data; leveraging existing WIOA and ETPL reporting systems; phasing in earnings-based accountability under § 690.95 to avoid reliance on incomplete early data; and using eligible workforce program implementation as an opportunity to strengthen workforce data infrastructure.

Discussion: The Department disagrees with the commenter's assertions. The commenter mistakenly believes that the burden to calculate earnings-based metrics falls on State governments. This is inaccurate. Instead, wage data will be computed by the Department in conjunction with a Federal agency with earnings data. These wage data, which are inclusive of self-employment income, will be of the highest quality since they will be based on individuals' tax records. Further, many States have data systems in place to track employment, which may serve as the basis for verifying job placement rates. The Department has taken numerous steps to mitigate burden on various entities and does not believe the changes recommended by the commenter are necessary or appropriate.

Changes: None.

Comments: One commenter asked to modify § 690.94(c) so that the Department could waive or modify, for a limited transition period, some or all requirements under § 690.94(a) and (b) during the first two award years if a State demonstrates that necessary cross-agency data linkages or wage record matching processes are not operational. A waiver would include interim reporting requirements and a plan for full compliance.

Discussion: The Department declines to make this change because we think that the current § 690.94(c) allows for sufficient flexibility in the determination of the performance metrics. Additional forms of flexibility would also require additional time and resources from Department personnel who review requests for such waivers that we do not believe are merited.

Changes: None.

Comments: One commenter, representing a U.S. Territory, asked for flexibility for the completion and placement rate metrics because it has not had to certify these measures before; it has limited data and capacity to match participants with wage records; many of its programs have small cohorts in which one or two participants could be the difference between passing and failing; many participants seek employment outside the territory, making it hard to verify wage records; and seasonal and limited local openings make it difficult to achieve in the short term a passing percentage when otherwise the program will have good long-term outcomes.

Another commenter also pointed out the statistical volatility with small cohort sizes and the negative effect on the completion and placement rates. They recommended that the Governor's certification authority under § 690.93 serve as the primary quality assurance mechanism rather than apply automatic ineligibility thresholds to samples too small to produce statistically reliable rates.

Discussion: Participation in the program established by these final regulations is voluntary; if a State or territory determines it does not have the capacity or resources to carry out the program's eligibility requirements, nothing in this final regulation forces it to do so. The Department also notes that, with smaller cohort sizes, it will be easier to verify job placement rates and completion rates as there are fewer students the State or territory is responsible for tracking.

The Department further notes that tracking completion and job placement rates is particularly important for small programs, as other accountability metrics in these final regulations (such as the value-added earnings metric) will not cover very small programs. As discussed in the NPRM and during the negotiated rulemaking session, these outcome metrics are essential components in ensuring these short-term programs lead to strong outcomes. Furthermore, these metrics are required by statute.

Changes: None.

Comments: Two commenters, one a State higher education agency and the other a State community college board, were concerned about the job placement reporting that will begin with the 2029–30 academic year. Currently, the commenters' State does not have the ability to access the data needed, so they asked that the requirement be phased in during a longer time period to allow the State to be able to set up the necessary data infrastructure.

Discussion: The Department noted in § 690.94(c)(2) that in the case of the job placement rate certification in question, the Secretary may determine that a Governor is making progress towards making such certification but needs an additional award year using the certification for the first three years of establishing eligible workforce programs. If it becomes clear by that time (ca. 2031) that States are still

having difficulties, the Department can revisit the issue.

Changes: None.

Comments: Two commenters asked for clarification about whether a person who was continuously employed in the same job during and after the eligible workforce program would count as a placement for the metric. One of the commenters asked whether eligible workforce programs can be used for upskilling in the same job or if the intent is for a student to obtain a new job post-graduation.

Discussion: Neither the law nor the regulations are prescriptive regarding whether a placement must involve a new employer or occupation, or whether it can be the same occupation that the student had when first enrolling in the eligible workforce program. As long as the student's post-graduation job meets the requirements in § 690.94(a), it would count as a placement for the purpose of the metric.

Changes: None.

Comments: One commenter asked what the terms ''program completion'' and ''exiting'' mean, especially in the context of incarcerated students. The commenter indicated that, for incarcerated students, both terms include the date a person becomes legally available for employment.

Discussion: These terms have commonly understood meanings. Program completion means the student has met all the necessary requirements of the program, and exiting means the student is no longer in the program, whether it was completed or not.

Changes: None.

Comments: A few commenters argued in favor of attestation of completion and placement rates by independent auditors. One also asserted that the certification of those rates by the Governors in § 690.93 and § 690.94 goes beyond the language of the law, which indicates that the Secretary determines those data. *See* HEA Section 481(b)(3)(A)(iv).

Discussion: The Department disagrees with the commenter that regulatory requirements for auditor attestation of State-calculated completion and placement rates are necessary. The Department expects to perform oversight of State-calculated completion and placement rates to improve the likelihood that such rates are being calculated in accordance with the law and regulations.

Changes: None.

Comments: A few commenters were concerned about how Governors would acquire and use the necessary administrative data to certify completion and placement rates.

Discussion: The Department believes that Governors are best positioned to certify this information. As noted above, this will include, in the case of the placement rate, wage records, potentially enhanced, as well as other information they possess that would be relevant. We do offer a technical amendment to 690.94(a)(2)(i) by removing the phrase ''using administrative data, including wage records'' and placing it under subparagraph (B) so that it applies specifically to job placement since wage records will serve that purpose, as we have discussed earlier, rather than the completion rate. Completion information is housed at the institution and in State datasets.

Changes: 34 CFR 690.94(a)(2)(i) will now read: ''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, 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, *using administrative data, including wage records;*''.

Components Determined by the Secretary—(§ 690.94(b))

Comments: One commenter worried about the reporting requirements for institutions in this section given their limitations in accessing timely and complete data. The commenter suggested that fulfilling the requirements be a joint venture shared by State systems and DOL.

Discussion: The tasks in § 690.94 are a joint venture. Section 690.94(b) instructs institutions to report the published tuition and fees for the eligible workforce program (through a process determined by the Secretary) and to 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. And under § 690.94(a) it is the Governor's analysis using administrative data, including wage records, that establishes that the program meets the relevant standards.

Changes: None.

Comments: One commenter asked that, for the completers' list, the Department require institutions to report the share of students without prior educational attainment at entry to provide context for outcomes, such as when programs are most effective supporting career progress for those already making a reasonable wage.

Discussion: The Department declines this request because such a reporting requirement would require new definitions and would add administrative burden for institutions. At a later time, the Department will consider other reporting and data collection mechanisms to provide the public with valuable information about eligible workforce programs.

Changes: None.

Components Determined by the Secretary—(§ 690.94(c))

Comments: One commenter referenced § 690.94(c)(1) and stated that the regulations allow the Department to establish another method for computing placement rates. They urged us to consider utilizing a process at the Federal level similar to the one proposed for generating value-added earnings. To do so, we would either tap into a Federal data source that includes employment as well as earnings data, or simply use earnings as a proxy for placement, which would be possible if the ''in-occupation'' element is dropped from the placement rate, which the commenter argued for. Performing this computation at the Federal level using the same data generated for value-added earnings would greatly alleviate burdens otherwise placed on the States and would capture data on students regardless of where they live and work. Federal sources would also capture entrepreneurs, Federal employees, and others who may not be part of State unemployment insurance records.

Discussion: The Department believes that Governors are best suited to certify job placement and completion rates because they have direct access to administrative data necessary to calculate the rates. Governors are also best suited to interact directly with institutions under the purview of their State's authorization. As we have explained elsewhere in this final rule, we have good reason to require in-occupation employment for the job placement metric beginning in 2029–30. However, § 690.94(c)(1) provides flexibility to consider other possibilities in the future that might facilitate the operation of eligible workforce programs without sacrificing proper oversight.

Changes: None.

Comments: One commenter observed that the waiver process under § 690.94(c) creates a sequencing problem: the institution must first satisfy all requirements at the State level, the Governor must certify that the program meets all applicable criteria,

including placement rate criteria, and only then does the program proceed to the Secretary for Federal approval. The Secretary's waiver authority is not a factor until after the Governor has already completed a full review and certification. But the Governor's certification itself requires taking placement rate requirements into account. An institution has no way to know whether a waiver will apply to its program. A Governor has no basis on which to certify placement rate compliance in anticipation of a waiver process whose criteria, scope, and timeline have not been defined. The commenter urged the Department to publish sub-regulatory guidance prior to the first award year that clearly defines the waiver process under § 690.94(c), including the criteria the Secretary will use, how institutions or Governors may initiate a waiver request, and what the timeline for a waiver determination will be relative to the State approval process.

Discussion: The Department expects that Governors and institutions will seek a waiver once they are aware that the standard procedures related to completion and placement rates under § 690.94(a) and (b) will be a problem and prior to the situation that the commenter describes. We intend to provide more information about the waiver process in the future.

Changes: None.

Components Determined by the Secretary—(§ 690.94(e))

Comments: Several commenters were concerned that the accountability metrics will not properly account for the unique conditions of the incarcerated and asked for modifications or carveouts for that group. One commenter, an organization that deals with the reentry of incarcerated individuals, approved of the Department's exclusion of incarcerated persons from the completion and placement rate calculations. However, they noted that more information is needed, and they asked for an expansion of the incarcerated category.

The commenter believes that, because the regulations do not specify how institutions and Governors will document the exclusion, there will be inconsistent application of it by programs that serve incarcerated students, and there will be an arbitrary variation in the metrics for such programs. Governors certifying job placement rates will not have a standardized methodology for identifying students who become incarcerated after program completion because wage records do not capture that status.

The commenter recommended that the Department provide ''sub-regulatory guidance specifying that institutions may document incarceration status through matching against Department of Corrections (DOC) custody records, State VINE (Victim Information and Notification Everyday) notification systems, or National Corrections Reporting Program data.'' The commenter also suggests that the Department specify that students who are incarcerated after completing the program but before the earnings measurement period are excluded from the value-added earnings cohort as well as the completion and placement rate calculations.

Also, the commenter stated that the Department should expand the exclusion to cover students who are placed on parole or community supervision and whose supervision conditions restrict employment in the credential's target occupation because this is a documented barrier for those in skilled trades and construction, where employers are often prohibited by contract or licensing requirements from hiring individuals under active supervision. According to the commenter's professional experience in a few States, 12–18% of program completers who were incarcerated face supervision restrictions that limit their access to the specific occupations for which they were trained. The commenter asserted that counting such students as placement failures would unfairly disadvantage programs serving that population.

Discussion: As Governors have latitude in documenting other requirements related to eligible workforce programs, they will also have latitude in determining how to document the incarceration exclusion. We accept the commenters' suggestions of sources that can document incarcerated status and intend to provide additional guidance in the future to help institutions with that task.

Students who are incarcerated after completing their program but before the earnings measurement period are not likely to be counted in the value-added earnings metric because presumably such former students will not be employed and will be left out of the calculation anyway.

Regarding the expansion of incarcerated individuals to include persons who have supervision restrictions that can affect their employment or otherwise provide carveouts for students who were incarcerated, this would involve adding a category to the current list of exclusions since such former students are not incarcerated. The Department has no plans to increase that list for now. A supervision restriction does not mean that a person cannot obtain employment, it means there may be conditions on their release. It is an institution's responsibility to advise a prospective student on employment outcomes for a prospective program because Pell Grant funds are limited. If an individual would face difficulties obtaining employment post completion due to restrictions, then the program may not be in the individual's best interest.

Changes: None.

Comments: Numerous commenters recommended that the Department add to the list of those who are excluded from the completion and placement rates students who have continued their education immediately after completing the workforce program. They asserted that because of the portability and stackability of workforce programs and their potential to lead to certificate or degree programs, the intent of the law is plain: continuing education is one expected outcome of Workforce Pell Grant programs. Also, the commenters stated that research has shown that there is a positive relationship between educational attainment and economic outcomes. Therefore, one commenter argued, proposed performance measures should allow for continued education to be considered a positive program outcome and not one that could work against the continuation of workforce programs. The commenter stated that the Department could instead offer alternative calculations or waivers when continued education is commonly and intentionally chosen.

Several commenters observed that excluding continuing students from the placement calculation is also negative because it fails to register what is a positive outcome of the Workforce Pell Grant program; they recommended counting such students the same as job placements in the calculation.

Other commenters suggested that the Department disaggregate job placements between employment and further education or training or non-placements between unemployment and further education.

Discussion: The Department acknowledges that eligible workforce programs are intended to be stackable and portable, but we decline the commenters' recommendations. Per the NPRM, the Department stated 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 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 earn enough to justify the program's cost. We also wrote that, for students who want to enroll in further education than what workforce programs typically provide, the 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 prepares 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. For these reasons the Department has significant concerns about excluding currently enrolled students from the job placement rate metric and rejects the commenters' recommendation. Similarly, the Department also declines the suggestion to further disaggregate job placement rates and continued enrollment because of these concerns related to burden and feasibility.

Changes: None.

Comments: Another commenter agreed with the Department's justification for not having in the list of exclusions students who continue their education but also offered an alternative: have students who are continuing in another program after completing the workforce program count as 0.5 students for the purpose of the job placement metric. This would provide a middle ground that is less likely to cause programs to fail the metric and allow some students to at least pursue more education before entering the job market. He provided a couple of numerical examples to demonstrate how it would work.

Discussion: While we appreciate the commenter's novel suggestion as a compromise for what was a lengthy discussion during negotiations, we decline to change the list of exclusions to include students in continued education for the reasons stated above. Furthermore, for the reasons described above, the Department does not believe it has the authority to count students who continue their education as 0.5 for the purpose of the placement rate metric.

Changes: None.

Value-Added Earnings—General Comments (§ 690.95)

Comments: One commenter stated that security clearances can take a substantial amount of time for individuals working in the defense industry. If completers experience delayed entry into defense employment because of clearance process, their earnings during the measurement period may be zero. The commenter recommended that the Department consider this interaction.

Discussion: The Department declines to make changes to the regulations based on the commenter's statements. Section 481(b)(3) of the HEA, added by Section 83002(b)(3)(A)(iv)(IV) of the WFTCA, 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. Per the NPRM, 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 an earnings measurement period that is the first full tax year following the award year in which the student completed the eligible workforce program, we ensure that a program completer has an amount of time between the completion of the eligible workforce program and obtaining a job that appropriately captures corresponding increases in income associated with completion of the program. Even an extended period when an individual was awaiting a security clearance would not cause an individual's earnings to be limited under the timeline that the Department has established.

Changes: None.

Comments: Several commenters requested that data be published publicly. A commenter asked the Department to disaggregate outcome data by race, age, income, and justice-system involvement.

Discussion: The Department may make available information pertaining to the value-added earnings measure; however, the Department declines to disaggregate the data beyond statutory requirements. This proposal raises significant concerns about student privacy, particularly for eligible workforce programs with small numbers of completers and for all eligible workforce programs where the number of individuals who may be involved with the justice system is small. There are also legal limitations to the Department's ability to use student-level data for purposes that are not strictly necessary to administer the title IV, HEA programs.

Changes: None.

Comments: One commenter asked who will calculate value-added earnings.

Discussion: The Department will calculate and publish the value-added earnings in conjunction with a Federal agency with earnings data.

Changes: None.

Comments: Commenters stated that institutions will need clear guidance on how to report tuition and fees to the Department. One commenter stated that clear direction will be critical to ensure consistent implementation across institutions and to avoid confusion about how tuition and fees should be matched to student-level earnings in the value-added earnings calculation. The commenter requested that guidance clarify how the value-added earnings threshold operates in the context of differential tuition.

Discussion: Value-added earnings will not be calculated until 2030. This provides the Department with ample time to work with stakeholders and release guidance on the value-added earnings framework. We will release sub-regulatory guidance and implement systems' changes as necessary to effectuate the value-added earnings metric.

Changes: None.

Value-Added Earnings (§ 690.95(a))

Comments: Many commenters encouraged the Department to provide flexibility in the application of the value-added earnings metric, including consideration of alternative or supplemental measures of program success where appropriate. The commenters also recommended that the

Department consider phased implementation or pilot approaches to allow institutions and States to adapt to these requirements over time. Commenters were concerned that the value-added earnings calculation does not consider the populations that may have lower wages including confined or incarcerated individuals, individuals in occupations like teaching and healthcare, underrepresented populations, U.S. territories, and workers in rural or remote regions of the United States.

A few commenters were concerned that the value-added earnings metric places too much emphasis on short-term wages. Commenters stated that socially important occupations such as human services and public sector roles may not produce high wages. The commenter urged the Department to adopt a broader accountability framework that includes completion, persistence, employer satisfaction, and longer-term wage growth.

Some commenters asked the Department to develop a supplemental relative earnings gain metric for programs serving documented high-barrier populations. Other commenters suggested alternative calculations that the Department should adopt. Examples of commenters' suggestions include:

- Measuring the percentage increase in earnings from pre-enrollment to post-completion;
- Drawing upon different cohort data aggregation models that are currently codified in the Department's regulations for foreign medical schools at 34 CFR 600.55(f)(4)(ii);
- Extending the timeframe for retrieving median earnings. For example, using 5- or 10-year median earnings for individuals working in healthcare, supplemented by shorter-term data where available;
- Incorporating small-State and small-cohort adjustments;
- Permitting States to supply supplemental wage record data or other State administrative data for both interim and ongoing earnings analysis;
- Excluding confined or incarcerated individuals enrolled in an eligible prison education program from the value-added earning calculation; and
- Exceptions for Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), and Hispanic-Serving Institutions (HSIs) that have smaller student bodies, serve more economically disadvantaged students, and operate in regional labor markets with lower median wages.

Discussion: The Department declines the commenters' recommendations. Section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the WFTCA, states that a value-added earnings metric will be computed for eligible workforce programs by calculating the median earnings of students who completed the program, adjusted by the State and metropolitan area regional price parities based on the location of the program. The statute then directs the Secretary to subtract from that value 150 percent of the poverty guidelines to arrive at the value-added earnings for the eligible workforce program.

The Department does not have the authority to amend a statutorily mandated formula. Please note that the value-added earnings formula takes into account many of the commenters' concerns: (1) It will not be published until 2030, and we have declined to require an interim calculation; (2) It only considers the earnings of individuals who completed the eligible workforce program, while all other individuals who did not complete or withdrew from the program are not included in the median earnings; (3) The median earnings is adjusted by State and metropolitan area regional price parities; (4) It only considers earnings from those who are working at the time that the calculation is conducted, while individuals who are not working at the time the calculation is conducted are excluded from median earnings; (5) Individuals enrolled in any educational program at an institution eligible for title IV, HEA funds (regardless of whether the program itself qualifies for title IV, HEA funds) when the value-added earnings are calculated are excluded from the calculation; and (6) if the cohort is still too small after the cohort expansion under (h), the value-added earnings will not be calculated for that year and the program will remain eligible for Pell Grant funds. On this statutory basis and for these reasons, the Department believes this value-added metric is fair and accurate, and it will not be adjusted further in the final rule.

Changes: None.

Value-Added Earnings (§ 690.95(b))

Comments: A few commenters requested adjustments to the poverty line adjustment. Some commenters felt that the adjustment sets a low bar for programs to meet, while others felt that it sets a high bar that may be difficult to meet for some eligible workforce programs.

Discussion: The Department declines the commenter's suggestion. Section 481(b)(3) of the HEA, added by Section 83002(b)(3)(A)(iv)(IV) of the WFTCA, states that the figure must be ''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.''

Changes: None.

Comments: Some commenters had concerns about the use of State and metropolitan area regional price parities to adjust median earnings. Commenters believed that rural areas with lower median wages will generate lower value-added earnings thresholds, which limits the tuition that rural programs can charge, which limits the viability of operating rural programs. One commenter stated that Governors in States with large rural populations will face pressure to approve programs that serve urban labor markets where job placement rates are high and earnings are strong, while rural workforce training programs that serve the same national defense and critical infrastructure needs with geographically dispersed graduates will struggle to meet the same performance thresholds.

Discussion: The Department believes the commenters are mistaken. Rural programs will not be disadvantaged when the value-added earnings are calculated since program earnings are adjusted for regional price differences using metropolitan or State regional price parities. Thus, rural areas (where earnings outcomes may be lower) are upwardly adjusted to account for the prices in the regional area. Additionally, section 481(b)(3) of the HEA, as added by Section 83002(b)(3)(A)(iv)(IV) of the WFTCA, states that a value-added earnings measurement will be computed for workforce programs in part by calculating the median earnings of applicable students as adjusted by the State and metropolitan area regional price parities based on the location of the program. We do not have the authority to amend a statutorily mandated formula in the way that the commenters propose.

Changes: None.

Comment: One commenter proposed measuring earnings three years after the date on which graduates complete their program. The commenter argued that this measure would better reflect Congressional intent and would harmonize the earnings measure across the value-added earning metric from section 83002 of the WFTCA with the earnings premium metric from section 84001 of WFTCA. The commenter also requested that the Department produce a tuition-to-discretionary earnings measure as soon as practicable, and to use the earnings outcomes of eligible workforce programs in program recertification processes.

Discussion: The Department appreciates the commenter's concern about ensuring that eligible workforce programs provide meaningful value to students. While we share those concerns, we disagree with the commenter's notion that our process for measuring earnings is inconsistent with Congressional intent. The Department notes that the statutory language used in Sec. 83002 differs from that of Sec. 84001, which is why the Department uses different methods for measuring earning years. In Sec. 83002 (the section describing the value-added earnings metric), the statute says that the earnings measure will be based on students who ''completed the program 3 years prior to the award year,'' which is consistent with the process the Department has proposed. For example, in 2030, the Department would calculate the value-added earnings metric from earnings in tax year 2028 based on students who completed the program 3 years prior (*i.e.,* those who completed during the 2026–27 award year).

This differs from the process proposed in the STATS and Earnings Accountability NPRM due to the different language used by Congress in Sec. 84001. In that section, Congress specifically includes the phrase ''before the year of determination'' to signal how years should be counted. Because of the difference in language used across the two different sections of the statute, the Department does not believe it is appropriate to harmonize the way that earnings years are counted.

The Department also appreciates the commenter's concern about producing earnings metrics as soon as practicable. The Department agrees with this concern, and as noted in the NPRM, will publish the earnings-related metrics for eligible workforce programs as soon as practicable, and we will continue to use all relevant information when reviewing programs in the recertification process.

Changes: None.

Comment: One commenter requested that the Department clarify in its final rule how the regional price parity (RPP) for the metropolitan area of the program (or of the State, if the regional price parity for the metropolitan area is not available) will be computed, asking whether the Department intends to multiple or divide to make such an adjustment. The commenter also argued that, for programs not located in a metropolitan statistical area, the Department should use the regional price parity for the non-metropolitan areas of the State rather than the State-level regional price parity.

Discussion: The Department thanks the commenter for the opportunity to clarify. To conduct the adjustment, the Department will divide the median earnings outcome by the relevant regional price parity. Specifically, the calculation for the value-added earnings metric will be the following:

- Value-added earnings = (Adjusted Median Earnings) − (150% Poverty Threshold)

where adjusted median earnings value is computed as:

- (Adjusted Median Earnings) = (Median Earnings) × (100/Regional Price Parity)

where a Regional Price Parity of 100 would represent the national regional price parity.

We disagree with the commenter's recommendation to use the regional price parity associated with non-metropolitan areas of the State for cases where programs are not located in a metropolitan statistical area. The statute clearly states that the Department will use the *State*-level regional price parities in these instances.

Changes: None.

Value-Added Earnings (§ 690.95(c))

Comments: Some commenters stated that tuition and fees at most institutions nationwide are required to be set and approved by an institution's Board of Trustees for each academic year, often more than three months in advance of the next academic year. Therefore, a minimum of three months advance notice falls short of adequate lead time. Commenters stated that the Department should provide these calculations no less than six months prior to each academic year, giving institutions the much-needed time to establish tuition and fee structures.

Discussion: The Department declines the commenter's recommendation. We will make efforts to provide the value-added earnings as early as possible, particularly given the regulatory text requiring release of that information no later than three months prior to the beginning of the award year. An institution's Board of Trustees may set tuition and fees for an eligible workforce program at any time; however, if that tuition and fees is higher than the value-added earnings for a given eligible workforce program, the institution would have a choice: it could reduce the tuition and fees to no more than the value-added earnings, or it could continue to operate the program without Pell Grant eligibility.

Changes: None.

Value-Added Earnings (§ 690.95(d))

Comment: One commenter proposed that, for the purposes of calculating the value-added earnings metric, that tuition be defined precisely the same as already established in 34 CFR 668.408(a)(2)(vi), specifically, as ''the total tuition and fees assessed to the student for the award year.'' The commenter argued that this would provide needed clarity for institutions and prevent the need for sub-regulatory guidance to clarify this in the future.

Discussion: The Department does not plan to adopt this change but will keep the commenter's recommendation for consistency in mind for the STATS and Earnings Accountability NPRM and, as much as circumstances allow, will seek to make the definition of ''tuition and fees'' in those regulations as consistent as possible with the definition in these regulations.

Changes: None.

Value-Added Earnings (§ 690.95(h))

Comments: A few commenters were concerned that if an eligible workforce program cannot generate a sufficient number of completers across the cohort expansion for the Secretary to calculate value-added earnings for the program, then a program with no calculated value-added earnings would lose Pell Grant eligibility.

Discussion: If there are an insufficient number of completers to calculate the value-added earnings, even after the cohort expansion, the Department would simply not calculate a value-added earnings metric for that year. In that situation, the program would not lose Pell Grant eligibility.

Changes: None.

Comments: A few commenters were concerned that the cohort expansion process takes into account the earnings of individuals who completed an eligible workforce program up to seven years prior. Commenters were concerned that data from the value-added earnings would not be indicative of completers actual earnings potential of the eligible workforce program. Commenters claimed that the same group of students already measured would be reincluded for every cohort expansion. Commenters urged the Department to create alternate methodologies to calculate value-added earnings for programs with small cohorts.

Discussion: Please see responses under § 690.95(h) of the directed questions sections for information on changes to the cohort expansion. There is a mandate in the authorizing statute to calculate value-added earnings. In

any instance that the cohort is too small, the Department must take into consideration previous completers because the consequence of not doing so would be that the Department would be unable to calculate the value-added earnings metric for programs with smaller cohorts.

The Department also notes that, at most, completers from 4 prior years could be included in the cohort (assuming programs are aggregated to the fullest extent), not 7 prior years. The Department further notes that aggregating multiple cohorts of completers (for small programs) is a feature of the regulation, not a deficit, since aggregating multiple years of completers can help smooth over year-to-year variations in earnings outcomes caused by labor market fluctuations.

Changes: None.

Value-Added Earnings (§ 690.95(j))

Comments: A few commenters urged the Department to allow programs to appeal or request reconsideration if CIP code aggregation produces misleading results for graduates.

Discussion: The Department declines the commenters' recommendation to allow for an appeals process to the value-added earnings metric for several reasons. First, an appeals process would add significant burden and complexity to the process. Second, unlike Section 84001 of WFTCA, Section 83002 did not include an appeals requirement, suggesting that Congress did not intend for this measure to be appealed.

Third, the earnings data used in the value-added earnings metric are computed by a Federal agency with earnings data, which is subject to strict privacy constraints. Fourth, the Department will not allow reconsiderations of the value-added earnings metric because we are providing institutions 60 days to make corrections to the completers list under § 690.95(g)(1)(ii). If corrections are made or the original list is correct, the Department would consider the institution to have substantiated the information, obviating the need for reconsideration.

Changes: None.

Comments: Several commenters requested that the Department remove the requirement that all programs under the same six-digit CIP code be required to reduce tuition and fees below the value-added earnings. One commenter stated that at the six-digit CIP code level programs could be substantively different in purpose, geography, or delivery model.

Discussion: The Department cannot adopt the commenters' suggestion because they are mistaken. The National Center for Education Statistics defines the six-digit CIP code level as the most detailed level for grouping highly similar programs.[18] Programs sharing the same six-digit CIP code and credential level are highly similar in nature; therefore, the Department contends that these programs should be subject to the same value-added earnings metric. This also reduces the likelihood that an institution will attempt to create multiple similar programs with small cohorts under the same 6-digit CIP code in an effort to avoid having a value-added earnings metric calculated for the program, or to improve the results of the metric for one of several programs.

Changes: None.

Loss of Eligibility—General Comments (§ 690.96)

Comments: A few commenters strongly supported the accountability framework established in § 690.96. One commenter asserted that when institutions set program prices above their value and more than what the law allows, they impose real costs on students and taxpayers. Another commenter expressed their belief that this provision will help prevent bad actors from re-entering the system under different names.

Discussion: The Department thanks the commenters for their support.

Changes: None.

Comments: One commenter observed that the Department uses the term ''failing program'' inconsistently across § 690.96, § 690.97, and other title IV, HEA program regulations (*i.e.,* 34 CFR 668.16(t) and 668.171(c)(2)(iii)). They argued that the term is unclear and overly negative and recommended defining it precisely or replacing it with more neutral terms (*e.g.,* ''vulnerable program,'' ''at risk program,'' ''program on the bubble''). The commenter highlighted that ''failing'' is used in different ways, sometimes referring to a program that fails earnings metrics twice in three years, other times referring to a program that fails once and is vulnerable, or to one discontinued voluntarily before determination of eligibility.

Discussion: The Department declines the commenter's recommendation. The phrase ''failing program'' was used in the preamble to the NPRM to describe a program that did not meet the outcome metrics as proposed. The phrase ''failing program'' is accurate. If a program does not meet the outcomes metrics (value-added earnings, job placement, and completion), then the program would fail, and would subsequently become ineligible to participate in the Pell Grant program. A program that does not meet the outcomes metrics is not ''at-risk'' or ''vulnerable'', because that would imply that the program could continue to be a Pell Grant eligible program. The only method for a failing program to regain eligibility is to follow the requirements under § 690.97.

Changes: None.

Comments: One commenter noted that a regular review with supplemental guidance would allow the Department to better understand the long-standing and current review processes that accreditors have in place for short-term and workforce programs.

Discussion: The Department believes that its existing recognition review cycle, monitoring activities, and established documentation requirements already provide a sufficient framework for understanding accreditor review processes.

Changes: None.

Comments: One commenter noted that while Governors may have appeal processes, the proposed rule does not establish Department-level appeal procedures for programs losing eligibility, even though the Department will determine completion rates beginning in the 2029–30 award year. The commenter recommends clarifying when appeals apply and who adjudicates them.

Another commenter argued that the proposed rule on loss of Pell Grant eligibility for Workforce programs lacks adequate due process protection, including notice, opportunity to correct data, and a formal administrative hearing before termination of eligibility. The commenter proposed:

- A mandatory 90-day notice-and-cure period before loss of eligibility under § 690.96, during which the institution may submit corrected completion rate, job placement rate, or earnings data;
- An administrative hearing right before final loss of eligibility determination;
- An expedited reinstatement pathway for programs whose loss of eligibility was based on data error rather than genuine program failure; and
- A stay of loss of eligibility pending appeal for programs that demonstrate the error was in ED's data calculation, and not the institution's reporting.

Discussion: The Department declines the commenters' suggestions. The

[18] See page 2 of *https://nces.ed.gov/ipeds/cipcode/Files/2020_CIP_Introduction.pdf,* where six-digit CIP codes are referred to as ''the most detailed program classifications within the CIP.''

Department does not establish a separate, Department-level appeal process for programs that lose eligibility based on these Federal performance metrics. Instead, institutions may challenge the Department's determinations through existing administrative processes only when they believe the Department has made an error in the calculation or use of required data. For example, under § 690.95(g)(1)(ii) institutions have 60 days to correct the list of completers before the Department requests median earnings from the Federal agency with earnings data. The Department's determinations rely on standardized, Federally reported data rather than subjective program evaluations; therefore, we do not believe additional Department-level appeal procedures are necessary.

Under § 690.96(b) the Department provides that an institution may appeal completion and job placement rates to the certifying Governor, ''. . . 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.'' We believe that this meets the statutory threshold for appeal consideration.

Changes: None.

Comments: One commenter asked for clarification on how program performance and failure would be defined under the rule. The commenter was unclear as to whether performance metrics would be based on initial enrollment numbers, completion rates, or post-program employment outcomes, and whether failure to place participants in jobs will be considered a determining factor.

Discussion: Programmatic loss of eligibility is covered under § 690.96, which explains when ineligibility occurs if the program fails the Governor-determined requirements under § 690.93, the Secretary-determined requirements are under § 690.94, and the value-added earnings metric are under § 690.95.

Changes: None.

Comments: A few commenters argued that the withdrawal provisions rely too heavily on short-term completion, job placement, and earnings metrics that do not accurately reflect the circumstances of many learners, especially those balancing work, caregiving, transportation challenges, or irregular schedules. They noted that short-term programs often serve individuals with complex participation patterns and that rigid metrics could unintentionally discourage institutions from enrolling learners who need flexibility, thereby narrowing access. The commenters also cautioned that rapid eligibility loss under §§ 690.96 and 690.97 may push providers to prioritize risk avoidance rather than student access, despite the reality that many workforce pathways are intentionally designed as longer-term, stackable credential sequences created in partnership with employers. To address these concerns, the commenters recommended adding flexibility or contextual adjustments to the accountability system. The commenters noted possible approaches include recognizing part-time enrollment patterns, considering documented external barriers, or allowing institutions to submit supplemental narrative explanations for performance variations. They also recommended that students who continue their education be counted favorably in job placement metrics, potentially through waivers or alternative calculations for programs with strong outcomes but high rates of continued education.

Discussion: While the Department recognizes that many eligible workforce programs serve learners with diverse needs and that stackable program structures often support continued education as a positive outcome, the Department believes that maintaining clear, consistent, and measurable performance standards is essential to safeguarding both program integrity and student value. The regulations are designed to ensure that programs receiving Federal funds reliably support students in obtaining employment aligned with their training, while still permitting institutions to design flexible delivery models that respond to learner needs. Although the Department does not adopt the commenters' suggestions, the Department will continue to monitor implementation and consider whether additional guidance is warranted to support equitable accountability across varied program structures.

Changes: None.

Loss of Eligibility (§ 690.96(a))

Comments: One commenter asserts that a Governor's decision to approve or withdraw approval of eligible workforce programs should be final. They argue that the statute intentionally assigns approval authority to Governors because States understand local labor market needs. The commenter believes the Department should establish a national minimum standard but should not override the Governor's decision, as the statute does not grant the Secretary authority to overturn State determinations.

Discussion: The Department declines the commenter's recommendation because the regulations do not have a provision in which the Department would overrule a Governor's decision to withdraw recognition. Also, the statute provides a Secretarial approval role. The Department does not agree that State decisions can override the Secretary's authority and therefore declines to adopt the recommendation to make a Governor's decision binding.

Changes: None.

Loss of Eligibility (§ 690.96(b))

Comments: Several commenters were concerned that if a Workforce Pell Grant program loses eligibility while students are still enrolled, learners could abruptly lose Pell Grant funding and be forced to stop their training, delay completion, or assume unexpected financial burdens. The commenters argued that students should not bear consequences if eligibility loss stems from institutional or State compliance issues rather than student performance. The commenters highlighted that without a required teach-out or continuation process students lack basic protections from such disruptions. To address this risk, the commenter recommended that the Department require institutions whose programs lose eligibility implement a teach-out plan or otherwise ensure continued financial support for currently enrolled students until they complete the program. They asserted that a teach-out plan provides a structured pathway allowing students to finish their training at the same institution or a comparable approved provider without added cost, thereby safeguarding students' investment of time and effort and preventing interruptions in their education.

Other commenters argued that the immediate loss of eligibility triggered by failing a completion or job placement threshold creates significant volatility, especially for small programs where the failure of a single student can swing results. They noted that such volatility imposes real costs and disruptions on States, institutions, and prospective students who may have arranged work schedules, childcare, or other commitments prior to enrollment. To address this, the commenters proposed a warning-year system: programs that fall below the 70 percent threshold would be placed on probation for one year and would only lose eligibility if they fail again the following year. They noted that this approach aligns with common accreditor practice and

provides programs a fair chance to correct issues before facing the two-year ineligibility period under § 690.97(a).

Another set of commenters were concerned that Workforce Pell Grant programs can lose eligibility by failures driven by economic conditions outside institutional control, such as labor-market downturns. The commenters noted that recent national reports show weak job prospects for graduates even without a recession, and warned that during recessions or regional slowdowns, the required 70% job placement rate may be unattainable in fields commonly served by Workforce Pell Grant (*e.g.,* construction, manufacturing). The commenters also emphasized that there has been no comprehensive study confirming that Congress's statutory outcome expectations are realistically achievable across economic cycles. The accountability model, they argued, fails to account for labor-market volatility, yet penalizes institutions as if performance were fully within their control. To address these concerns, the commenters recommended giving each approved workforce program a set eligibility period, during which institutions would be held harmless from loss of eligibility even if metrics later fall short. Under this approach, failure to meet metrics would affect future eligibility only, preventing sudden disruption to programs and avoiding punitive consequences tied to broader economic forces that institutions cannot influence.

Discussion: The Department declines the recommendations. The existing framework provides institutions with flexibility to support students in the event of eligibility loss, and the Department believes that establishing a mandatory, uniform teach-out or continued-funding requirement for Workforce Pell Grant programs would be operationally burdensome and beyond the intended scope of this rule. The regulatory structure is designed to maintain a clear and predictable accountability system that protects students while preserving institutional flexibility, and therefore the Department also declines to adopt a probationary or warning-year system. With respect to commenters' concerns about broader labor-market fluctuations, the statutory performance requirements for Workforce Pell Grant programs are designed to ensure that participating programs demonstrate value and lead to employment even in varied labor-market environments. The Department does not have the authority to suspend or modify the statutory thresholds during economic downturns, nor to provide an eligibility safe harbor once a program becomes ineligible. The Department will continue to monitor implementation and consider whether additional guidance or best-practice recommendations may help institutions minimize student disruption in circumstances where programs lose eligibility.

Changes: None.

Loss of Eligibility (§ 690.96(c))

Comments: One commenter argued that the regulation should state that the Department will ''attempt to recover'' liabilities rather than ''collect'' them, because actual collection is not always possible. The commenter argued that the Department prematurely assumes it will collect liabilities when, under existing Pell Grant regulations, institutions must first report and return overpayments through the Common Origination and Disbursement (COD) system. The commenter indicated that only after that process, and only if institutions fail to return funds, does the Department initiate liability recovery.

Discussion: The Department declines to make the suggested change. We believe the current terminology appropriately reflects both the Department's obligations and longstanding title IV administrative processes. While we acknowledge that actual collection may not always be possible, the Department is nonetheless required to pursue recovery of improperly spent Federal funds. The use of ''collect'' in § 690.96(c) does not predetermine that all liabilities will in fact be recovered; rather, it reflects the Department's responsibility to initiate and carry out the established collection process when an institution fails to meet its regulatory obligations.

Changes: None.

Comments: A few commenters sought clarity about whether institutions could face retroactive liability for failing the value-added earnings metric during the multi-year transition period before the first official value-added earnings thresholds are published. They interpreted § 690.96(c) to mean that starting in the 2030–31 award year the Department will publish each program's value-added earnings threshold annually and assess liability only if an institution exceeds that threshold in the following award year. However, commenters were concerned that language in the NPRM referencing liability in the ''first award year'' is ambiguous and could be misread to imply that liability applies to Pell Grant funds disbursed before value-added earnings thresholds exist, which would unfairly impose retroactive penalties on programs that acted in good faith during the transition.

The commenters therefore urged the Department to clarify in the final rule that no value-added earnings liability applies to any award year prior to the first publication of value-added earnings for a program, and that ''first award year'' should unequivocally mean the first year in which a published value-added earnings threshold is in effect—not the program's first year of Pell Grant eligibility.

Discussion: As described in the NPRM, the phrase ''first award year'' refers to the first award year in which a published value-added earnings threshold is operative for compliance purposes, not the program's first year of Pell Grant eligibility. Consistent with this intent, institutions will not incur liability for Pell Grant funds disbursed in award years preceding the initial publication of a program's value-added earnings. In the NPRM we provided an illustrative example of § 690.96(c)(2)—value-added earnings provided during the 2029–30 award year would apply to a program's tuition and fees for the 2030–31 award year. If the institution charges $5,000 in tuition and fees for the eligible workforce program during the 2029–30 award year but 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 Pell Grant funds. If the institution continues to charge students $5,000 in tuition and fees and offers Pell Grants 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.

Changes: None.

Comments: One commenter notes that, under the proposed rule, a program would lose eligibility at the start of an award year if its tuition and fees exceed its value-added earnings or if the program's value-added earnings are zero or negative. In such cases, the Department would also assess institutional liability for Pell Grants disbursed during that award year. The commenter urges the Department to ensure that this period does not count against a student's Pell LEU, arguing that students should not be penalized when a program becomes ineligible due to value-added earnings-based determinations.

Discussion: As noted in the NPRM, when a program's value-added earnings are zero or negative or when its tuition and fees exceed its published value-added earnings, the program becomes ineligible at the start of the subsequent award year, and the institution (not the student) is responsible for any associated Pell Grant liability assessed for that award year. The Department agrees that students should not be penalized for institutional noncompliance or for value-added earnings-based determinations that occur after students have already received aid in good faith. Consistent with this principle, students would have their Pell LEU restored.

Changes: None.

Regaining Eligibility—General Comments (§ 690.97)

Comments: A few commenters supported the Department's proposal. One commenter agreed that four-digit CIP codes strike the right balance by avoiding the over-aggregation of two-digit families and the excessive fragmentation of six-digit codes, while ensuring meaningful distinctions among program areas. The commenter stated that using four-digit codes enhances the accuracy and integrity of outcomes-based metrics, prevents institutions from relabeling essentially identical programs, and aligns with existing Department practice across accountability frameworks. The commenter urged the Department to retain the four-digit CIP methodology in the final rule because it provides clarity, comparability, and reliable program classification for institutions, regulators, and students.

Discussion: The Department thanks the commenters for their support.

Changes: None.

Regaining Eligibility (§ 690.97(a))

Comments: One commenter expressed their belief that there needs to be consistency within the CIP code language throughout the final regulations. The commenter believed the agreement to go from four digits to six digits was reached during negotiations to ensure a more specific classification for the instruction provided with the individual programs.

Discussion: We believe the commenter is referring to the requirement that 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 (1) the same four-digit CIP code, and (2) 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.

The reference to the four-digit CIP code was intentional; therefore, we decline the commenter's recommendation. As we described in the NPRM, 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 led 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. We use the six-digit CIP code in reference to the value-added earnings metric with is separate for the completion and job placement metrics.

Changes: None.

Comments: A few commenters recommend that the Department strengthen its proposal for regaining eligibility after a program fails the completion or job placement test. The commenters are concerned that the current approach creates a loophole because institutions are allowed to reestablish programs in the same field of study if the new program does not list identical SOC occupation codes. One commenter warns that institutions could relaunch failing or discontinued programs under the same four-digit CIP code simply by selecting a different SOC code, even if the new program is nearly identical to the one that failed. The commenter argues that this would allow institutions to make superficial changes such as relabeling a truck-driving program under a related SOC code for bus drivers or shuttle drivers without addressing underlying quality problems, thereby continuing to enroll students in low-earning programs. One commenter argues that negotiators reached consensus on a stronger standard: institutions should be prohibited from restarting a failing program under the same four-digit CIP code if the new program shares any SOC codes with the failing six-digit CIP program. The commenter strongly urges the Department to apply this approach to Workforce Pell Grant programs, ensuring consistency across title IV, HEA program accountability systems. The commenter further recommends that the Department explicitly bar institutions from offering any substantially similar low-earning program whether similar in curriculum, employment trajectory, or occupational alignment after a program has failed. In their view, this is necessary to prevent institutions from exploiting SOC-based loopholes, ensure true program improvement, and protect taxpayers and students from repeated cycles of poor outcomes.

Another commenter proposed that the Department should limit the ability for colleges to restart programs in the same four-digit CIP code as a program that lost eligibility. This commenter also recommends extending the limitation on when programs could regain eligibility, increasing the prohibition from two to three years. Additionally, the commenter suggested that programs should not be able to be created in the same four-digit CIP if one of their programs fail the value-added earnings metric.

Discussion: The Department appreciates the commenters' concerns about preventing colleges from evading the accountability metrics to be an eligible workforce program, and the Department shares this concern. These regulations are being established with the intention of preventing institutions from circumventing accountability requirements and ensuring that only high-quality, performance-based programs remain eligible for Workforce Pell Grants. We do not inadvertently want to allow institutions to repackage failing programs under new SOC codes without substantive changes to program content or outcomes. The Department will continue to monitor implementation closely and use its existing authorities to address attempts to evade accountability, including circumstances in which a newly proposed program is substantially similar in curriculum or occupational focus to one that previously failed to meet required thresholds.

Furthermore, the Department clarifies that if institutions start and then end a program before the earnings outcomes are measured (including for the purpose of trying to circumvent the value-added

earnings metric), the Department will use the earnings outcomes for the program's former completers to establish limits on the amount of tuition and fees that can be charged for the program.

The Department disagrees with the suggestion to use the value-added earnings metric as a trigger for preventing new programs from being created in the same CIP code. The Department has established a process to prevent colleges from re-starting programs in the same CIP based on job placement rates and completion rates, which we believe is sufficient to prevent potential gaming.

Changes: None.

Comments: One commenter was concerned that institutions will try and game completion rates through selective enrollment and institutions would improve completion rates by refusing to enroll students likely to drop out, concentrating enrollment in the most motivated students while turning away the most economically vulnerable applicants. The commenter was also concerned that job placement rates could be gamed through temporary employment. The commenter demanded that a program re-designation with a new CIP code does not reset the cohort if the new program shares more than 50 percent of curriculum content with the prior program.

Discussion: The Department declines the commenter's suggestions. We believe the completion and job placement rate requirements set forth in these final regulations, along with Governor certification for the 2026–27 through 2028–29 award years, provide sufficiently rigorous safeguards against manipulation. Beginning in the 2029–30 award year, job placement must be verified using available administrative data and must reflect employment in the occupation(s) for which the program prepares students or a comparable high-skill, high-wage, or in-demand occupation, which mitigates the concern that institutions will rely on temporary or incidental employment to satisfy the placement requirement. With respect to cohort resetting, § 690.97(a) already prohibits an institution from reestablishing eligibility for a failing program or establishing eligibility for a substantially similar program until two years have elapsed.

Changes: None.

Comments: Several commenters asked the Department to define the term ''substantially similar.'' One commenter explained that institutions need clarity on when changes to a program create a truly new program versus a modified version considered similar for regulatory purposes. The commenter recommended that the Department issue a non-exhaustive list of factors institutions should use in determining similarity, such as CIP code, credential type, instructional content, and target occupation.

Discussion: As mentioned in the NPRM, a program is considered substantially similar if it shares both the same four-digit CIP code and identical SOC codes under the Federal CIP–SOC crosswalk, and we do not believe additional regulatory language is necessary.

Changes: None.

Comments: One commenter is concerned about the proposed two-year prohibition on reestablishing eligibility for failing Workforce Pell Grant programs under § 690.97(a). They argue that the timeline is too long given the short-term, fast-changing nature of workforce programs and the rapidly evolving labor-market needs they are intended to meet. According to the commenter, a two-year ineligibility period may be appropriate for longer degree-granting programs but is disproportionate for shorter workforce programs that must adapt quickly to employer demand. Therefore, the commenter recommended reducing the ineligibility period to one year to allow programs to respond more rapidly to workforce needs and regain eligibility sooner after making improvements.

Discussion: The Department declines to shorten the re-establishment timeline. A shorter period, such as the one-year prohibition recommended by commenters, would reduce the incentive for institutions to fully address quality concerns and could lead to rapid cycling of program failures and restarts, undermining the integrity of the Workforce Pell Grant program.

Changes: None.

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 $3.2 billion for FY 2027 to FY 2036. Quantified economic impacts include annualized transfers of $294 million at 3 percent discounting and $289 million at 7 percent discounting for FY 2027 to FY 2036, paperwork burden ($13.9/$13.6 million) administrative updates to Government systems ($0.6/$0.7 million), staffing ($2.3/$2.5 million), and contract costs for ongoing systems operation and maintenance costs ($2.14/$2.09 million) at 3 percent and 7 percent discounting for FY 2026 to FY 2035, respectively. The administrative costs are annualized based on a window from FY 2026 to FY 2035 based on Federal Student Aid's anticipated timeframe for updates. Transfers annualized based on the FY 2027–FY 2036 budget window for the President's Budget2027 baseline (PB_2027). Therefore, based on our estimates, the Office of Information and Regulatory Affairs (OIRA) has determined that this proposed rule is ''economically significant'' under section 3(f)(1) of E.O. 12866 and subject to OMB review.

This final regulation is considered an Executive Order 14192 regulatory action. The Department estimates that this rule generates $17.6 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 these final 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 final regulations are needed to implement statutory changes in the WFTCA that expand the Pell Grant Program as of July 1, 2026, to include students who attend eligible workforce programs. The final regulations also implement a separate provision under the WFTCA 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 WFTCA 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 WFTCA with respect to establishing a process to allow eligible workforce programs to receive Pell Grants. Most of the changes included in these final regulations simply modify the Department's regulations to reflect statutory changes made by the WFTCA.

Responses to Comments Received in NPRM on the Regulatory Impact Analysis

Comments: One commenter stated that the Unfunded Mandates Reform Act (2 U.S.C. 1531) requires agencies to assess the effects of regulatory actions on State, local, and tribal governments and prepare a written statement for any rule that would impose costs exceeding $100 million annually. The commenter stated that the rule would cost $500 million in the first year and provided estimates of costs as follows—at 200 staff hours per entity at $75 per hour, this costs $840,000 nationally and for State board consultation: each program approval requires State board involvement. The commenter also stated that if 5,000 programs seek approval nationally in Year 1, at 8 staff hours per consultation at $75 per hour, this costs $3,000,000 nationally, for Governor certification preparation: 5,000 certifications at 4 hours each at $75 per hour = $1,500,000 nationally, for annual re-certification for an expanded program base in Year 3 and beyond: potentially $10,000,000 annually, and for IT system development to track program approvals, certifications, bilateral agreements, and re-certifications: $5,000,000 to $50,000,000 nationally. The commenter had the following proposals:

- A complete UMRA cost analysis published in the **Federal Register** with a 60-day comment period before the Workforce Pell Grant final rule is published.
- Congressional notification under UMRA Sec. 202 if the rule imposes costs exceeding the UMRA threshold.
- A proposed appropriation to fund Governor's administration of the requirements.

In a separate comment, the same commenter stated the Congressional Review Act requires agencies to submit major rules with an economic annual effect of $100 million or more to Congress and the GAO before they take effect. The commenter demanded that the Department submit the final rule to Congress and GAO as a CRA major rule before it takes effect.

Discussion: The Department declines the commenter's suggestions. The Department notes that the commenter did not provide any sources, documentation, or evidence to support the assertions they made pertaining to the amount of the staff hours, hourly rates, or number of programs that they used to claim the proposed rule would result in $500 million in first-year compliance costs. The commenter fails to explain the basis for the differing costs and does not provide sources for the Department's consideration. The Department does not have the authority to appropriate funds to Governors, only the Congress had the power to appropriate funds. Section 481(b)(3)(A)(iii) of the HEA, added by Section 83002(b) of the WFTCA, states that after consultation with the appropriate State board, the Governor approves the program, therefore, Congress mandated that the programs be certified by the Governor.

Changes: None.

Comments: One commenter stated that the Regulatory Flexibility Act/RFA (5 U.S.C. Secs. 601–612) requires agencies to analyze the economic impact of proposed rules on small entities and to consider alternatives that achieve regulatory objectives with less burden on small businesses. The NPRM proposes new eligibility requirements that will impose major compliance costs specifically on small workforce training providers.

The commenter believed that under § 690.95(h), if an eligible workforce program cannot generate a list of at least 30 completers across a 4-year cohort combination, the Secretary does not calculate value-added earnings for the program. The commenter believed that a program that does not pass the value-added earnings requirement is ineligible to participate in the Pell Grant program. The commenter believes that failure due to the lack of a sufficient cohort is a violation of the RFA. The commenter has the following proposals:

- A complete RFA small entity analysis covering all categories of small workforce training providers including for-profit training companies, SBIR awardees, community-based training organizations, apprenticeship sponsors, and tribal education entities.
- An RFA impact statement specifically addressing how the proposed rules will affect small defense technology training companies including SBIR Phase II awardees with fewer than 50 employees.

Discussion: The Department declines the commenter's demands. Beginning on page 11425 of the NPRM the Department noted that ''. . . 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.

Changes: None.

Comments: One commenter stated that the Department's proposed rule does not include a cost-benefit analysis under OMB Circular A–4 comparing the expected credential quality and workforce outcomes of 150-hour programs versus 400-hour programs versus 550-hour programs. Without this analysis, the rule is arbitrary. The commenter stated that the Department has no evidence-based reason to set the minimum at 150 hours rather than 250 or 350 hours for specific CIP code categories. The commenter asked for an analysis of:

- Completer earnings by program length tier;
- Expected employer satisfaction rates by program length tier;
- Expected credential portability and stacking potential by program length tier; and
- Expected adversary-quality risk by program length tier (longer programs have more time for adversary-affiliated content injection).

In a separate comment, the same commenter stated that Executive Order 12866 and OMB Circular A–4 require significant Federal rules to include a rigorous cost-benefit analysis comparing the net social benefits of the proposed rule against its costs and against alternative approaches. The commenter raised that:

- OIRA require the Department to supplement the cost-benefit analysis with quantified estimates of (1) State government compliance costs under the Governor certification architecture, (2) fraud risk leakage under the proposed completion and placement rate framework, (3) adversary-nation risk cost of operating Workforce Pell Grant programs without provider screening, and (4) the relative fraud risk of 150-hour versus 350-hour program minimum designs;
- The supplemental cost-benefit analysis be published for public comment before the final rule is published; and
- OIRA condition approval of the final rule on the Department providing a complete quantified cost-benefit analysis that addresses all demands.

Discussion: The Department declines to make changes based on the commenter's suggestions. The Department fulfilled the requirements of Executive Order 12866 and OMB Circular A–4 in our Regulatory Impact Analysis in the NPRM. Further, section 481(b)(3)(A) of the HEA, as added by Section 83002(b) of the WFTCA, 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. The Department does not have the authority to circumvent the statute by creating alternative clock-hour minimums or maximums or establishing a tier clock-hour program framework. Furthermore, the Department notes that it provided a justification regarding the assumptions it used regarding program lengths given the limitations of available Federal data (see the discussion leading up to tables 3.1 and 3.2). For those reasons, the commenter's suggestions would not be feasible or appropriate.

Changes: None.

Comments: One commenter stated that the Regulatory Impact Analysis and cost-benefit framework make no reference to 19 U.S.C. 1307, UFLPA, or Executive Order 13126, which together prohibit Federal programs from supporting supply chains contaminated by forced labor. The commenter also stated that the analysis estimates $3 billion in Federal outlays over FY 2026–FY 2035 and projects significant benefits to students, employers, and taxpayers. However, the analysis does not account for:

- Whether program equipment procurement involves goods produced with forced labor;
- Whether value-added earnings calculations are distorted by artificially suppressed input costs in forced labor-linked supply chains; or
- Whether the Federal government's investment in workforce programs may indirectly support procurement ecosystems that violate 19 U.S.C. 1307.

The commenter asserts that under the Foundations for Evidence-Based Policymaking Act (44 U.S.C. 3520), Federal regulatory impact analyses must support sound causal inference and that the RIA omits a known and documented cost distortion factor does not satisfy this standard.

Discussion: The Department rejects the commenter's assertions. The regulatory impact analysis accounted for all statutorily required components. The US Customs and Border Patrol enforce 19 U.S.C. 1307 and UFLPA, not the U.S. Department of Education. The Department of Education expects that all eligible institutions comply with all applicable Federal laws, but we decline to comment on laws or policies that we do not enforce. Executive Order 13126 is in regard to specific prohibitions on procurement of goods. The DOL maintains this list,[19] and Department is not procuring goods in this regulation.

Changes: None.

Comments: One commenter suggested that the Department should provide sensitivity analyses to show the possibility of lower student participation in the first years, higher participation in the outyears, and higher average awards. The commenter speculates that for-profit institutions will charge more and possibly take advantage of the lag in losing eligibility. The commenter also says the Department fails to mention the Pell Grant shortfall. Finally, the commenter points to the findings of the Institute of Education Sciences (IES) study on the experimental site and questioned the estimated tax revenue gains from completers' higher earnings.

Discussion: The Department appreciates the suggestions for sensitivity analyses regarding the number of students and award size; however, we do not believe it is necessary. While it is plausible that enrollment will ramp up in the outyears, we believe the guardrails for this program will adequately prevent against significantly increased student participation in low-quality programs. Furthermore, an increase in costs speculated by the commenter would not have a substantial impact on the shortfall over a 10-year period. The commenter asserts that the IES study found no increase in earnings over the medium or long term, however that is a misunderstanding of the IES study. That study did not examine the effect of short-term programs relative to pre-program earnings. Rather, it examines the post-enrollment earnings of individuals who attend short-term programs by comparing the earnings outcomes of students who received a grant to those that did not. The

[19] For more information, see *www.dol.gov/agencies/ilab/reports/child-labor/list-of-products.*

Department does not believe this is an appropriate counterfactual to estimate the earnings gains associated with short-term programs. Instead, the Department cites numerous empirical studies that examine the earnings gains of graduates who attended short-term certificate programs relative to their own pre-enrollment earnings levels. Finally, the commenter questioned the accuracy of the Department's estimate that the proposed rule would result in higher tax revenue due to an increase in grant recipients' earnings. The Department acknowledges the concerns about accuracy and was careful to note in the Regulatory Impact Analysis that the revenue estimate was for illustrative purposes only and not included in the net budget impact.

Changes: None.

Summary of the Final Regulations

A summary of the final regulations is listed in Table 2.1.

TABLE 2.1—SUMMARY OF KEY CHANGES IN THE FINAL REGULATIONS

Provision	Regulatory section	Description of provision
Pell Grants and Eligible Workforce Programs		
Date, extent, duration, and consequence of eligibility.	§ 600.10	Requires the Secretary's approval of each eligible workforce program in order to establish Pell Grant eligibility
Written arrangements to provide educational programs.	§ 668.5	Limits 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. The final regulation is updated to permit an exception in which a written arrangement can allow an ineligible entity to offer more than 25 percent but less than 50 percent of the educational program with the approval of the institution's accrediting agency. A written arrangement for an eligible workforce program may only exceed the 25 percent threshold if it serves as the related instruction component of a Registered Apprenticeship program, as defined in 29 CFR Part 29.2.
Eligible program	§ 668.8	Adds 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	Prohibits 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. The final regulation is updated to prohibit remedial coursework for clock-hour programs in addition to the preexisting prohibition on remedial coursework in credit-hour programs.
Student eligibility	§ 668.32	Prohibits 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	Adds a definition of an eligible workforce program to § 690.2.
Ineligibility due to grant or scholarship assistance from non-Federal grants.	§ 690.5	Prohibits 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	Allows 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	Prohibits a student from receiving concurrent Pell Grant awards for two or more different eligible programs.
Recalculation of a Federal Pell Grant	§ 690.80	Requires 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	Provides 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	Defines 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	Establishes 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. Prohibits correspondence courses, study abroad, or direct assessment in eligible workforce programs. Prevents 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.

TABLE 2.1—SUMMARY OF KEY CHANGES IN THE FINAL REGULATIONS—Continued

Provision	Regulatory section	Description of provision
Components determined by Governors	§ 690.93	Requires 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. Requires Governors to establish written policies and processes to evaluate whether a program meets the requirements. Establishes 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. Ensures programs serving as related instruction for Registered Apprenticeship Programs meet certain approval criteria. Allows 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	Requires the Secretary to approve each program, after the Governor has approved the program. Requires the program to meet eligibility conditions for the 12 months preceding the date on which the eligible institution applied for eligibility for the program. Requires 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. Creates 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	Prohibits 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. Establishes that value-added earnings are 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. Establishes the number of students needed for the Secretary to calculate the value-added earnings for the eligible workforce program. Establishes that programs that have a value-added earnings of zero or a negative value are not eligible programs. This final regulation is updated to (1) exclude the earnings of individuals who are enrolled in an educational program when the value-added earnings metric is calculated and (2) Simplify the cohort expansion process when there are not enough completers in a cohort to calculate value-added earnings.
Loss of eligibility	§ 690.96	Establishes 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. Provides 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	Establishes a process for an eligible workforce program to regain eligibility once it has lost it. Prohibits an eligible institution from reestablishing the eligibility of a failing program or establishing 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. Establishes 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. Allows 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

These final regulations establishing Pell Grants for eligible workforce programs will result in benefits to students, employers, institutions of higher education, and taxpayers. Additionally, 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 these final regulations are discussed later in this RIA.

Prior to the enactment of the WFTCA, 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 WFTCA 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 Final Regulations

These final regulations will impose costs on the Department, Governors, and eligible institutions. These costs are discussed in order.

First, these final 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 is also establishing systems and processes for coordinating with Governors who will 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 these final 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, these final regulations will create new administrative costs for States, although the Department notes that 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 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 (until the 2028–29 award year) and job placement rates (in perpetuity) over multiple years, 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 these final regulations in relation to the processes they

establish to determine Pell Grant eligibility for students who receive non-Federal grant or scholarship assistance that equals or exceeds cost of attendance. Institutions will 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 believes only a small number of students would potentially be affected by this change, all institutions must still establish systems to monitor aid awards and will therefore incur costs under these final regulations.

Benefits of the Final Regulations

These final 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 these final regulations 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,[20] 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.[21] Furthermore, it is possible that some students who would otherwise unsuccessfully attend a two- or four-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 2027 and FY 2035. As a high-end estimate (where we assume all of these Pell Grant recipients are new college students), this suggests that these final regulations would increase enrollment in short-term certificate programs by approximately 13 percent relative to current levels.[22] 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.

Second, students will benefit because these final regulations 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.[23] This implies that these final regulations 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 these final regulations, 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).

The data imply 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.[24] 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 are created as a result of these final regulations.[25]

In practice, however, the Department anticipates that a much smaller share of

[20] 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.

[21] 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.

[22] 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.

[23] 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.

[24] 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.

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

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 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

Note: 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: Intergrated 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.[26]

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. 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

[26] 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.*

the most common types of programs that expand due to these final regulations.

The third way students will benefit from these final regulations 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,[27] with some studies finding even larger earnings gains ranging between $3,800-$5,200 per year.[28] These earnings gains are realized by students over a number of years following program exit, and for many students, these gains represent a sizeable earnings increase that is often enough to pull the individual out of poverty.

One reason these final regulations are 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). 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 [29] 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 program-level data on tuition and fees reported by institutions to the Department of Education.[30]

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.[31] 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 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

[27] 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.

[28] 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.*

[29] 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.

[30] 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.

[31] 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.

TABLE 3.3—MEDIAN TUITION AND FEES OF UNDERGRADUATE CERTIFICATE PROGRAMS, BY LENGTH AND SECTOR—Continued

Sector	Program length		Total
	Less-than one year	One year or longer	
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:

(Published Tuition & Fees) ≤ (Adjusted Median Earnings) − (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.[32] All monetary values are adjusted to 2024 dollars using the Consumer Price Index for All Urban Consumers. In 2024, 150 percent 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 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 value-added earnings if the estimated value-added earnings 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—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)	(1)	(2)	(3)	(4)	(5)
Skilled Trades	$42,174	$19,584	4.1	34.7	61.2

[32] 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.

TABLE 3.5—ESTIMATED VALUE-ADDED EARNINGS OF UNDERGRADUATE CERTIFICATE PROGRAMS, BY BROAD FIELD OF STUDY—Continued

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)	(1)	(2)	(3)	(4)	(5)
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 [33] (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

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

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

experience the largest earnings gains, and are therefore likely to benefit the most from these final regulations.

The final benefit to students is the way these final regulations 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.[34] Thus, as low-income students use the 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. Further, eligible workforce programs are required to provide stackable credentials, which may increase the likelihood that these students pursue additional credentials.

The second group who will benefit from these final regulations 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.[35] 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 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.[36] 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.[37] 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 these final regulations, institutions may choose to expand these short-term certificate programs since they will now be eligible for Federal Pell Grants. This growth will benefit 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 these final regulations 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.[38] These final regulations will enhance the skills of the American labor force by increasing the rate at which individuals pursue high-value, short-term certificate programs.[39] Employers may benefit from these final regulations because they may increase the pool of skilled individuals that employers are able to find and hire.[40] In turn, this may allow firms to expand, ultimately increasing revenues and profits.

Lastly, taxpayers will benefit from these final regulations 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 certificate programs, and those earnings gains translate into higher levels of revenue collected through Federal and State taxes.[41] 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 these final regulations (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 is estimated to yield up to an additional $449 million in tax revenue over 10 years.[42]

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, 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

[34] 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;* 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.

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

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

[37] See previously cited research by Anderson & Daugherty (2023).

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

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

[40] 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.*

[41] 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).

[42] 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 2026 Federal statutory marginal income tax rate for individual tax filers earning between $12,400 and $50,400. The effective marginal Federal income tax rate for this population may be lower.

in an undergraduate certificate program.[43] 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

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 final regulations that are summarized in Table 2.1 of this RIA. The baseline for the estimated net budget impact is the PB_2027 in order to capture the full impact of the legislative changes implemented by the final regulations.

TABLE 4.1—ESTIMATED COSTS, NEW RECIPIENTS, AND OUTLAYS ASSOCIATED WITH WORKFORCE PELL

Award Years (AY) 2027–28—2031–32

	AY 2027–28	AY 2028–29	AY 2029–30	AY 2030–31	AY 2031–32
Discretionary Program Cost ($m)	264	265	267	268	269
Mandatory Program Cost ($m)	51	51	52	52	52
Total Program Cost ($m)	315	316	319	320	321
New Recipients	184,000	185,000	187,000	187,000	188,000
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Discretionary Outlays ($m)	260	264	266	267	266
Mandatory Outlays ($m)	51	51	51	52	52
Total Outlays ($m)	311	315	317	319	320

Continued for Award Years (AY) 2032–33—2036–37

	AY 2032–33	AY 2033–34	AY 2034–35	AY 2035–36	AY 2036–37
Discretionary Program Cost ($m)	270	271	273	274	275
Mandatory Program Cost ($m)	52	52	52	52	52
Total Program Cost ($m)	322	323	325	326	327
New Recipients	188,000	189,000	190,000	191,000	191,000
	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Discretionary Outlays ($m)	269	270	272	273	274
Mandatory Outlays ($m)	52	52	52	52	52
Total Outlays ($m)	321	322	324	325	326

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

[43] 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.

180,000 each year between award years 2027–28 and 2036–37.

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).[44] The recipient estimate combined with the average award results in a program cost estimate of over $300 million per award year and outlays of $3.2 billion for FY 2027 to 2036.

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 final regulations. Table 4.2 provides our best estimate of the changes in annual monetized transfers that may result from these final regulations. Expenditures are classified as transfers from the Federal government to affected student loan borrowers. The administrative costs are annualized based on a window from FY 2026 to FY 2035 based on Federal Student Aid's anticipated timeframe for updates. Transfers annualized based on the FY 2027–FY 2036 budget window for the PB 2027 baseline.

TABLE 4.2—ACCOUNTING STATEMENT: CLASSIFICATION OF ESTIMATED ANNUALIZED EXPENDITURES

[In millions]

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 final 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 in FY 2027–FY 2036 from Federal government to Pell recipients at Workforce Pell programs	$319	$320

5. Alternatives Considered

As part of the development of these final regulations, the Department engaged in the negotiated rulemaking process in which we received comments and proposals from non-Federal negotiators representing numerous impacted constituencies. These included higher education institutions, State officials, legal assistance organizations, and employers. Non-Federal negotiators submitted a variety of proposals relating to the issues under discussion. Information about these proposals is available on our negotiated rulemaking website at: *https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/negotiated-rulemaking-for-higher-education-2025-2026.*

We received 440 comments and considered them all as alternatives. We updated several provisions in the regulatory text that are listed in Table 2.1 of the Regulatory Impact Analysis.

600.10 Date, Extent, Duration, and Consequence of Eligibility

In this rule, we require that the Secretary approve every eligible workforce program. During its initial

[44] 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.*

analysis of the statutory requirements, 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 WFTCA 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 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, with a single exception for Related Apprenticeships (discussed under the Directed Questions section). 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.

§ 668.20 Limitations on Noncredit or Remedial Coursework That Is Eligible for Title IV, HEA Program Assistance

In this rule, the Department prohibits inclusion of noncredit, remedial or partial credit remedial courses in a student's eligibility for title IV, HEA program funds. 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 a noncredit program 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 allows 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 WFTCA 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 WFTCA 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 prohibits 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, 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 limits 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 statute 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 statute defines a Governor as ''the chief executive of a State.'' In this rule, the Department aligns 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 WFTCA 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 WFTCA regarding the Governor's approval, making no additional clarifications nor adding any additional requirements.

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 for the Components determined by Governors did not contain proposed rules on bilateral agreements between Governors to offer eligible workforce programs through distance education to students outside the State where the institution is located. During negotiated 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 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 *Directed Questions* section.

§ 690.94 Components Determined by the Secretary

The WFTCA requires that eligible workforce programs annually meet a completion outcome for enrolled students. The completion outcomes are detailed in under § 690.94(a)(2)(i)(A) and (a)(2)(ii)(A). The Department did not initially consider exempting any population of students from the completion rate calculation because the statute 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. 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. 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 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.

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 adopted this overall approach in the NPRM, but based on public comments, made further revisions to this method for this final rule. Specifically, public commenters expressed concern that the cohort aggregation process would create significant burden on the Department because it is inconsistent with the aggregation process proposed in the STATS and Earnings Accountability NPRM (91 FR 21088), published April 20, 2026.

To reduce burden, the Department agreed with public commenters that it would be beneficial to further streamline the cohort aggregation process. In this final rule, the Department ultimately adopted a cohort aggregation process that aggregates small programs up to 30 title IV completers, first using the program completers from the most recent award year, then, if 30 title IV completers has not been achieved, pooling these completers with title IV completers from the program during the prior award year (to form a two-year pooled cohort), and lastly, if 30 title IV completers still has not been achieved, pooling these completers with title IV completers from if the prior two award years (to form a four-year pooled cohort). If the program still has not achieved at least 30 title IV completers after this aggregation process, the program would not have a value-added earnings measure calculated for this award year.

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 will consistently measure earnings three full years after program exit for all individuals in the cohort period, including for individuals in aggregated cohorts, which aligns with the earnings year associated with the first full tax year after each respective cohort completes. 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 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 identifies 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, an 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 these final 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 final regulations are needed to implement statutory changes in the WFTCA that expand the Pell Grant Program as of July 1, 2026, to include students who attend eligible workforce programs. The final regulations also implement a separate provision under the WFTCA 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 final 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	139	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 shown 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	104,109.5	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

TABLE 5.2—TOTAL REVENUE AT SMALL INSTITUTIONS AND ALL INSTITUTIONS IN 2023–24—Continued

[$ 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)
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

The Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) requires the Department to consider the impact of paperwork and other information collection burdens imposed on the public. According to the 1995 amendments to the Paperwork Reduction Act (5 CFR 1320.8(b)(2)(vi)), an agency may not collect or sponsor the collection of information, nor may it impose an information collection requirement unless it displays a currently valid Office of Management and Budget (OMB) control number.

This final rule will impose new information collection requirements. As required by the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department submitted these information collection requirements to OMB for its review. The Office of Management and Budget approved these new information collection requirements associated with this final rule and assigned it OMB Control Number 1845–0188.

Responses to Comments Received in NPRM on the Paperwork Reduction Act of 1995

Comments: One commenter disputed the Department's estimate of zero hours of PRA burden for this NPRM on the stated grounds that the regulatory action implements statutory changes from the WFTCA and no new information collection is proposed. The commenter asserts that the NPRM creates new Governor certification requirements, new Secretary approval processes, new value-added earnings reporting mandates, new job placement rate reporting, new completion rate tracking, and new annual outcome metrics. The commenter stated that the Department's failure to estimate and disclose this burden is a PRA violation.

Discussion: The Department rejects the commenter's assertions. The Department estimated burden for all required sections on pages 11427–11431 of the NPRM [45] for an estimated total of 183,872 hours, not zero. This estimate of 183,872 hours includes all of the burden identified by the commenter.

Changes: None.

Comments: One commenter stated that the proposed information collection does not require institutions to report on supply chain integrity for procured program equipment and materials. Under 44 U.S.C. 3506(c)(3), collections must ensure practical utility. The commenter stated that a program accountability framework that cannot identify whether Federally funded equipment procurement involves forced-labor-produced goods lacks necessary oversight value.

Discussion: The Department rejects the commenter's assertion. Practical utility under the PRA is defined as the actual usefulness of the information being collected. Information on supply chain integrity for procured program equipment and materials would not be useful for the Department with respect to the scope of this collection. The Department fulfilled all statutory requirements in our estimation of paperwork and information collection burden.

Changes: None.

690.5 Ineligibility Due To Grant or Scholarship Assistance From Non-Federal Grants; § 690.80 Recalculation of a Federal Pell Grant Award

Summary

Section 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), 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

Section 690.5 now requires an institution to monitor, through the final Pell Grant payment for an award year, whether additional non-Federal grant or

[45] Accountability in higher education and access through demand-driven workforce Pell—*www.Federalregister.gov/documents/2026/03/09/2026-04520/accountability-in-higher-education-and-access-through-demand-driven-workforce-pell-pell-grant.*

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 may 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 will 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 meets or exceeds 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 will 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 × 5,040 students = 7,560 burden hours.

§ 690.11 Concurrent Federal Pell Grant Payments

Summary

Section 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 may 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 the new 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. Section 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 × 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

Section 668.20 prevents students enrolled in eligible workforce programs from using a Pell Grant for noncredit, remedial, 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. 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 in 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 × 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

Section 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, unless the written arrangement meets the requirements for an exception under § 668.5(c)(3)(ii)(D).

Burden

These 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. 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 is familiar with 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, HEA programs regulation. In 2024, there were 5,626 title IV-eligible institutions. This results in a total of 22,504 additional burden hours.

5,626 × 4 hours = 22,504 burden hours.

§ 690.93 Components Determined by Governors

Summary

Section 690.93 outlines requirements for the Governor to approve an institution's application for an eligible workforce program.

Burden

These regulations 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 × 59 Governors = 54,280 burden hours.

Governors will also need to report to the Department the approval of an eligible workforce program. The Department is currently seeking OMB approval of a new form for the requirements of Governor approval. Burden hours for a Governor to complete the actual application have been assessed under the development of a new form, 1845–NEW. A **Federal Register** Notice was published on March 20, 2026 (91 FR 13598) opening the 60-day public comment period for this form using the docket ID ED–2026–SCC–0595.

§ 690.94 Components Determined by the Secretary

Summary

Section 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 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. Regulations require an update to a 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 × 800 hours = 80,000 burden hours.

Section 690.94 also results 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. Based upon discussion with affected parties, the Department believes that ten different states will be completing these requirements during the first three years these regulations are effective. The Department will reassess burden upon renewal of this collection in three years as required by the Paperwork Reduction Act. If it takes a State 20 hours to review and verify the information submitted by the institution, this adds 200 additional burden hours to States.

10 States × 20 hours = 200 burden hours.

§ 690.95 Value Added Earnings

Summary

New 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 for an institution to publish tuition and fees. If there are 100 programs that would create 150 additional burden hours.

100 programs × 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. The Department anticipates this will create burden on institutions. Burden for this requirement will be assessed under a new OMB number and will be made available for a 60-day and a 30-day public comment period before being made available for use.

§ 690.96 Loss of Eligibility

Summary

Section 690.96 requires that a program become ineligible for title IV, HEA program 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 10 or more programs will lose eligibility and therefore do not believe this regulation adds burden to the regulatory collection at this time.

§ 690.97 Regaining Eligibility

Summary

Section 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 regulation does not add burden to this regulatory collection at this time.

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 non-Federal grant and scholarships that exceed Cost of Attendance are not eligible for Pell. Schools must update their current processes and procedures.	1845–NEW	1.5 hours × 5,040 students = 7,560 additional burden hours.	$99.96 × 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 × 100 = $9,996.
§ 668.32 Student eligibility; § 690.6 Duration of student eligibility.	Allows students who have already received bachelor's 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 × 3 hours = 16,878 burden hours.	$99.96 × 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 × 22 hours = 2,200 total burden hours.	$99.96 × 2,200 = $219,912.

Regulation	Requirement	OMB control #	Burden hours	Costs
§ 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.	Schools must review and consider new regulations.	1845–NEW	5,626 schools × 4 hours = 22,504 additional burden hours.	$99.96 × 22,504 = $2,249,500.
§ 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 × 59 Governors = 54,280 burden hours.	$99.96 × 54,280 = $2,712,914.
§ 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 × 800 hours = 80,000 burden hours 10 States × 20 hours = 200 burden hours.	$99.96 × 80,000 = $7,996,800 $99.96 × 200 = $19,992.
690.95 Value added earnings.	Requirements for institutions to publish tuition and fees for eligible workforce programs.	1845–NEW	100 programs × 1.5 hours = 150 burden hours.	$99.96 × 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 program loses eligibility.	N/A	N/A	N/A.
Total			183,872	$15,666,931.

Intergovernmental Review

This program is subject to E.O. 12372 and the regulations in 34 CFR part 79. One of the objectives of the E.O. is to foster an intergovernmental partnership and strengthen Federalism. The E.O. 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 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

E.O. 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.

Accessible Format: On request to the program contact person(s) listed under **FOR FURTHER INFORMATION CONTACT**, individuals with disabilities can obtain this document in an accessible format. The Department will provide the requestor with an accessible format that may include Rich Text Format (RTF) or text format (txt), a thumb drive, an MP3 file, braille, large print, audiotape, or compact disc, or other accessible format.

Electronic Access to This Document: The official version of this document is the document published in the **Federal Register**. You may access the official edition of the **Federal Register** and the Code of Federal Regulations at *www.govinfo.gov.* At this site you can view this document, as well as all other documents of this Department published in the **Federal Register**, in text or Adobe Portable Document Format (PDF). To use PDF, you must have Adobe Acrobat Reader, which is available free at the site.

You may also access documents of the Department published in the **Federal Register** by using the article search feature at *www.Federalregister.gov.* Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

List of Subjects

34 CFR Part 600

Colleges and universities, Grants 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, Grants 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 amends 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 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);

(B) The eligible institution and the ineligible institution or organization are not owned or controlled by the same individual, partnership, or corporation;

(C) 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; and

(D) If the educational program is an eligible workforce program, it serves as a related instruction component of a Registered Apprenticeship program, as defined in 29 CFR part 29.2.

* * * * *

■ 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) introductory text; and

■ 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, remedial 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, remedial 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.

■ 7. Amend § 668.32 by revising paragraph (c)(2)(i)(B) to 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.

* * * * *
(c) * * *
Eligible workforce program: A program as defined under § 690.92.
* * * * *

■ 10. Effective May 19, 2026, add § 690.5 to read as follows:

§ 690.5 Ineligibility due to non-Federal grant or scholarship assistance.

(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 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. Effective May 19, 2026, amend § 690.80 by adding paragraph (d) and removing the parenthetical authority citation 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 reserve §§ 690.84–690.89.

■ 15. Add subpart H, consisting of §§ 690.90 through 690.97, to read as follows:

Subpart H—Workforce Pell

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)(1) Is at least 150 clock hours but less than 600 clock hours;

(2) At least 4 but less than 16 semester or trimester hours; or

(3) At least 6 but less than 24 quarter hours;

(c) Is not offered using—

(1) Correspondence courses, as defined under 34 CFR 600.2;

(2) Coursework that takes place as part of a study abroad program; or

(3) 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 § 690.93;

(e) Meets the requirements established by the Secretary as described in § 690.94;

(f) Complies with the annual value-added earnings requirements as described in § 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; and

(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;

(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 § 690.94(a)(2)(ii), and, if applicable, alternative completion and placement standards under § 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 § 690.94(a)(2)(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 § 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 program participation agreement under 34 CFR 668.13.

(f) Prior to the expiration of an institution's program participation agreement, 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 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 § 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 § 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 § 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, 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, using administrative data, including wage records;

(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 § 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 § 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 § 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 § 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 § 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 30 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 30 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 30 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 30 students, the Secretary adds students who completed the same program during the second and third award years prior to the cohort period. If the combined number of completers from these award years in which students completed the program includes at least 30 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, 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.

(l) The Secretary excludes a student from the value-added earnings calculation if the Secretary determines that the student was enrolled in any other educational program at the institution or at another eligible institution during the calendar year for which the Secretary obtains earnings information under paragraphs (g) and (h) of this section.

§ 690.96 Loss of eligibility.

If an eligible workforce program fails to meet the requirements—

(a) Under § 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 § 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 § 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 § 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 § 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 § 690.93(c), and after the Secretary determines the program has met eligibility criteria under § 690.94.

(c) If an eligible workforce program loses eligibility because its published tuition is higher than its value-added earnings under § 690.95(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 § 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.

[FR Doc. 2026–10013 Filed 5–18–26; 8:45 am]

BILLING CODE 4000–01–P