

# Consensus Reached, Questions Remain: Pell Workforce Rulemaking Recap

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On Friday, the U.S. Department of Education (the Department) concluded a week-long session focused on drafting regulations that further detail how short-term workforce programs can access federal Pell Grants. Congress created this new Workforce Pell Grant program through the One Big Beautiful Bill Act (OBBA), passed last summer. Starting July 1, 2026, students can use their Pell Grant at an eligible program approved by their Governor in their state of residence.

While all students should be able to access financial aid to pursue their chosen postsecondary pathway, Congress and the U.S. Department of Education have a responsibility to students and taxpayers to ensure that limited Pell Grant resources are used on programs that will pay off for students, especially programs with an explicit workforce focus. This expansion of the Pell Grant creates a brand-new program, and there are many questions about how states will approve programs, how accountability metrics will be calculated, and how oversight of these programs will be conducted. Stakeholders hoped to have these questions answered through last week's [negotiated rulemaking process](#), and while we got some clarity, the process itself was extremely rushed and cut short. Here are some of the key takeaways.

## Key Takeaways

### *1. Aggressive Timeline and Rushed Process Generated Concerns*

Negotiated rulemaking is a highly technical process established under the Higher Education Act (HEA) that requires the Department to select and convene negotiators who represent constituencies significantly impacted by the topic to discuss and reach consensus on new rules that govern HEA Title IV programs. This process is typically scheduled for over three months, with two to three one-week sessions for review and discussion of the covered topics. This also gives negotiators time to check in with their constituencies and propose alternative language. Additionally, there is typically a public comment period at the end of each day to allow the public to weigh in.

The Trump administration departed from those norms by only allowing one week-long session for the discussion of the new Workforce Pell Grant program and preemptively deciding that they will focus the week-long session in January on the broader topic of [accountability for all higher education programs](#). The Department also declined to have public comment periods at the end of each day.

The [negotiators](#) had little time to fully prepare for discussion as the Department released their draft proposal less than two business days before the session started on December 8th. This led to a chaotic week full of questions, late nights, and alternative proposals. The Department then pushed for a consensus vote on Friday morning despite negotiators requesting that they use the remainder of their scheduled time for further discussion. The committee reached consensus, meaning that the [agreed upon draft](#) will be published for public comment in early 2026.

## ***2. Fundamentals Established While Leaving Most Consequential Decisions to States***

The proposed rule largely leaves most decisions about program approval to the states, and while some may be excited about that, designing and implementing a new Governor-led approval process won't be easy. Governors must work with their workforce boards, and likely with their higher education agencies, legislatures, and other impacted stakeholders. States don't get any additional money to do this. This is also not a one-and-done approval process; approvals will expire and require routine reapproval. Governors will be required to establish and document the process for program approval; publish their method for identifying high-skill, high-wage, or in-demand occupations; and they must review these determinations at least every two years. The [draft rule](#) goes into detail about what the process must include. Below is a list of who does what.

### **Workforce Pell Grant fundamentals in the law**

- Programs must be at least 150 but less than 600 clock hours during a minimum of eight but less than 15 weeks in length
- Programs must have been in existence for one year prior to approval
- Programs must be offered by an accredited institution of higher education

### **Governor approval of eligible Workforce Pell Grant programs must ensure the following**

- Programs must be aligned to a high skill, high wage, or in-demand industry sector or occupation in that state, as defined by the state
- Ensure that programs align with the hiring requirements of potential employers
- Leads to a stackable and portable recognized postsecondary credential
- Leads to academic credit toward a subsequent credential or degree at one or more institutions

### **Secretary of Education approval of Workforce Pell Grant programs must ensure the following**

- Programs must have 70% completion rate
- Programs must have a 70% job placement rate
- Programs must pass a value-added earning (VAE) test where published tuition and fees cannot be higher than the difference between a graduate's average earnings and 150% of the federal poverty line

### **3. Accredited Institutions, Unreviewed Programs**

OBBBA makes clear that Workforce Pell Grant programs are to be offered only by accredited institutions. The problem is that institutional accrediting agencies don't always review non-credit or non-degree programs, meaning that there is no guarantee that Workforce Pell Grant programs have been reviewed for quality, even when offered by an accredited institution. The Department did not agree with proposals that would require programs to go through an accreditation approval process.

The other problem is that the law requires that Workforce Pell Grant programs award credit towards another degree or credential, but without an accreditor review on the front-end, there is no guarantee of this. The Department did add language that requires states to verify that programs have documentation of articulation agreements or similar arrangements that credits earned will transfer to one or more institution.

### **4. Distance Education and State Approval**

One of the biggest issues at the table was concerning online programs and where they would need to be approved. For example, if a Workforce Pell Grant program was delivered online and the institution offering the program was already authorized to provide distance education in several states, would the Workforce Pell Grant program still require separate approval from the Governor in each state? Institutions must be authorized to operate in a given state, but the Governor's approval for Workforce Pell Grant programs is distinct in that it is a determination based on workforce needs in the state. Some negotiators argued that existing reciprocity agreements should be sufficient, but the Department reiterated that labor market needs differ from state to state and would need to be approved by the Governor. The Department agreed to compromise language that allows for bilateral agreements for out-of-state online programs, which would also require data-sharing provisions between states.

This means that an online Workforce Pell Grant program will need to be approved by the Governor in the state where the institution is located and the Governor of the states where enrolled students reside in order to verify that the program meets the state's workforce needs. This is designed to prevent students from using their Pell Grants on programs that don't lead to high-skill, high-wage, or in-demand jobs where they live.



## 5. On-Ramp for Initial Approval Period

Another contentious issue was related to the short timeline to implementation and how states will establish required processes for program approval, collect necessary data, and assess programs before their value-added earnings data is available. The Department's initial proposal set a two-year "on-ramp" period with less rigorous metrics, but ultimately extended that by one year. During the on-ramp period, programs need to demonstrate a 70% job placement rate before a more stringent in-field job placement rate is required in 2029-2030.

### Timeline:

- **July 1, 2026:** Implementation date set in law; the Department approval process is operational
- **2026-27:** First-year programs can receive approval (on-ramp year)
- **2027-28:** On-ramp year
- **2028-29:** Extended last year of the on-ramp period
- **2029-30:** First year VAE can be calculated (measuring 2026-27 completers' 2028 earnings) and more stringent job placement

For these short-term programs focused on preparing participants for employment in a high-skill, high-wage, or in-demand job, we would of course want to know how many individuals go on to get jobs in related fields. The problem is that most states don't have this information. A state's wage record and unemployment data sometimes include an individual's industry, but not their occupation. For example, someone can complete a certified nursing assistant (CNA) Workforce Pell Grant program and go on to work at a hospital, but the state won't have information on whether they work as a CNA or if they work at the hospital gift shop.



## ***6. Stackability vs. Employment for Job Placement Rates***

There was ongoing discussion about the language in the law that requires programs to articulate and lead to credit in further education, while the Department said multiple times that short-term Workforce Pell Grant programs are primarily intended to connect individuals to the workforce. Some negotiators at the table argued that students pursuing additional education immediately after program completion should be excluded from job placement rates so that those students would not count against a program's job placement rate, but also so that students wouldn't be steered toward immediate employment if they wanted to pursue additional education. Ultimately, the Department did not exclude continuing education students from a program's job placement rate, arguing that the program is workforce-focused and students can pursue further education after gaining employment.

The Department ultimately agreed to exempt students from the completion and placement rates if a student dies, develops a disabling medical condition preventing employment, is called to active military service for more than 30 days, or becomes incarcerated.

## **What's Next**

Since the rulemaking committee reached consensus on the draft regulatory language, the Department will use the agreed upon text as the draft regulation that will be posted on the Federal Register for a public comment period of 30 days. The Department will then review and respond to public comments before finalizing the rule by July 1, 2026. During this time, stakeholders who have ideas on how to improve the regulation should submit their comments to the Department. While these steps are taking place, states should already be planning their approval process. In the coming weeks and months, stakeholders should engage their institutions and states to inform them how best to design their state-level requirements and data collection frameworks for the benefit of students.

On January 5th, the negotiating rulemaking committee will reconvene for the second week-long session focusing on financial value transparency (FVT) and Gainful Employment (GE) revisions, and crafting regulations for the "do no harm" accountability standard created for all Title IV programs in OBBBA.