

April 8, 2026

Nicholas Kent
Under Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Submitted electronically

Re: Workforce Pell Grant Program Draft Regulations ([Docket ID ED-2026-OPE-0133](#))

Dear Under Secretary Kent,

This letter is submitted on behalf of EdTrust, a national nonprofit organization dedicated to advancing policies and practices that dismantle racial and economic barriers in the American education system, in response to the Department of Education's Notice of Proposed Rulemaking (NPRM) establishing program eligibility requirements for the Workforce Pell Grant program.

We appreciate the opportunity to comment on the proposed regulations for implementing the new Workforce Pell Grant program. We are encouraged by the Department of Education's (the Department) proposed rule, which gained consensus from negotiators. We ask that the Department, at a minimum, maintain the important protections that were agreed upon during the negotiated rulemaking session. We also urge the Department to strengthen the guardrails in the regulation to ensure that states approve programs that lead to credentials of value and promote upward economic mobility for students. Below, we include responses to several of the Department's directed questions, in addition to recommendations that will improve the proposed rule.

Written Arrangements to Provide Educational Programs (§ 668.5(c))

The Department's proposed regulation currently allows eligible institutions to enter into a written arrangement with an ineligible entity to provide up to 25% of an eligible workforce program. Given the condensed nature of Workforce Pell programs, even 25% is a significant portion to outsource to an ineligible provider. We agree with the Department that exceeding the 25% cap would jeopardize program integrity. We share concerns about the potential risks associated with allowing ineligible institutions or organizations to deliver

portions of eligible workforce programs and **recommend that the Department maintain or lower the 25% allowance for eligible institutions to enter into written arrangements with ineligible institutions to provide educational programs to their students.**

While partnerships with employers and other training providers could provide valuable opportunities to enhance a student's education, the need for strong guardrails in these arrangements is crucial given the increased risks of [low-quality programming, fraud, waste, and abuse](#) when institutions partner with ineligible entities to deliver short-term programs. Ineligible entities are not subject to the same accreditation standards, regulatory requirements, or student protections as eligible institutions. Without appropriate safeguards, there is a risk that programs may become overly reliant on third-party providers for large portions of the curriculum, potentially undermining program quality and student success. **To address this concern, we recommend that the Department require:**

- Eligible institutions to retain responsibility for program design, curriculum approval, assessments, and instructional oversight
- Eligible institutions to provide justification for why the arrangement with the ineligible entity is necessary for program offerings and the criteria used for selecting that partner entity
- Written agreements that clearly document the roles and responsibilities of each party, including responsibilities for curriculum, instruction, student support, and compliance with federal requirements

Finally, it's crucial for programs to provide transparency to prospective students through clear disclosures about written agreements. **We recommend that the Department:**

- Require programs to disclose written arrangements with third-party providers to students prior to enrollment
- Require institutions to publicly disclose on the program's website the identity of the third-party provider, the portion of the program delivered, and the services students will receive from the third-party partner
- Establish enforcement mechanisms or penalties for institutions that misreport or fail to disclose written arrangements

We acknowledge that carefully structured partnerships can provide benefits in certain circumstances, particularly when industry partners offer specialized training resources or expertise that institutions cannot easily replicate. For this reason, we support allowing written agreements with ineligible entities to provide no more than 25% of a Workforce Pell

program, provided that strong oversight mechanisms are in place and disclosures are required for students.

Components Determined by Governor § 690.93 (Bilateral Agreements)

EdTrust shares the Department's concern that Workforce Pell programs designed to meet the needs of one state may not necessarily translate to another state due to differences in industry demand, licensing requirements, or labor market conditions. Allowing bilateral agreements between two states is an important safeguard to ensure that programs, particularly those offered through distance education, align with workforce needs in the student's location and are carefully reviewed by the appropriate state authorities.

We encourage the Department to maintain bilateral agreements while limiting them to neighboring states with shared borders and similar workforce needs, industry sectors, and labor market conditions. Regional bilateral agreements could be particularly valuable in areas with integrated economies, such as metropolitan regions or interstate industry corridors. Research consistently shows that labor markets frequently extend across state boundaries, particularly in large metropolitan and regional economies. [For example](#), the Washington, DC metropolitan region spans the District of Columbia, Maryland, and Virginia; the New York metropolitan region includes parts of New York, New Jersey, and Connecticut; and the Chicago metropolitan area extends across Illinois, Indiana, and Wisconsin. In these regions, employers routinely recruit workers across state lines, and workers often live in one state while working in another. [Federal labor market analyses](#) also recognize that economic regions are often defined by commuting patterns and industry clusters rather than political boundaries. These realities suggest that, in certain circumstances, allowing bilateral agreements in a particular region can effectively support how workforce demand operates in practice.

However, if such agreements are permitted, it will be essential that they are developed thoughtfully, include safeguards to ensure that programs meet all eligibility requirements across both states, and that data is shared to ensure accountability for outcomes.

To strengthen the value of these agreements for students, we recommend that the Department consider the following guardrails when states enter into bilateral agreements:

- Require participating states to demonstrate shared labor market needs or overlapping industry sectors and occupations that justify the agreement.
- Allow agreements only among geographically neighboring states or within clearly defined regional labor markets.

- Require periodic review of agreements to ensure that the programs continue to align with regional workforce needs and economic conditions.

In addition, greater clarity is needed regarding accountability and data collection when programs are offered across state lines through bilateral agreements. When students enroll in a workforce program located in another state via distance education, it is important to establish clear responsibilities for tracking program outcomes and ensuring transparency. **To address this issue, we recommend that the Department clarify:**

- How it will ensure consistent reporting and oversight when programs operate across state boundaries

Overall, we support the Department's goal of preventing the unchecked proliferation of distance education workforce programs that may not align with regional labor market demands. Allowing for limited, regional bilateral agreements between states with shared workforce needs, paired with clear criteria for workforce alignment and strong accountability mechanisms, provides an important safeguard to ensure meaningful economic opportunities for students.

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

EdTrust urges the Department to require a robust interim earnings metric that is operative from the first award year of program eligibility. As currently proposed, eligible workforce programs will not be subject to the value-added earnings test until the 2030-31 award year, leaving a gap of four full academic years during which programs may receive Pell Grant funding with no enforceable earnings-based accountability.

This means that low-income students who enroll in the first cohort of eligible workforce programs in 2026-27 will have no assurance that those programs meet the earnings threshold that is the central consumer protection built into the statute. If programs that would ultimately fail the value-added earnings (VAE) test are permitted to operate and expand for four years before any accountability mechanism is triggered, the students most harmed could be those who can least afford it.

We encourage the Department to require programs seeking approval for Workforce Pell to demonstrate, as a condition of initial approval, that completers earn median earnings above 150% of the federal poverty line. States should be permitted to rely on state unemployment insurance (UI) wage records, which are already used nationwide for [Workforce Innovation and Opportunity Act \(WIOA\) performance measurement](#) and are available in all states. Because UI wage records provide a standardized and administrative

source of median earnings data, they offer an appropriate basis for evaluating whether a program is likely to meet the VAE earnings threshold. The state should also certify that programs are not charging more than the median earnings.

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

EdTrust supports the exclusion of continuing education students from the VAE completer cohort if they are enrolled in a postsecondary program when their earnings are measured. This is consistent with the exclusion framework established under the 2023 Gainful Employment Rule. The earnings of students enrolled in continuing education at the time of measurement do not reflect the labor market return of the workforce program, as they likely have reduced or no earnings. Their enrollment reflects a decision to invest in further education and training and including them in the earnings calculation would unfairly penalize programs for an outcome that is both intentional and positive.

The case for exclusion is grounded in a substantial body of evidence on stackable credentials. Research from [RAND](#) and others demonstrates that students from low-income backgrounds who build credentials over time see meaningful, sustained earning gains that far exceed those of students who complete a certificate without continuing their education. Since workforce programs are statutorily required to lead to stackable, portable credentials, continuing education is a legitimate and intended outcome of program completion, not a failure of the program's workforce mission.

Exclusion from the earnings calculation should not mean exclusion from accountability reporting on other metrics. Consistent with the WIOA's treatment of continuing education in relation to education and job placement metrics, the Department should recognize continued enrollment as a positive placement outcome.

The 2022 [College Scorecard Technical Review Panel](#) reached a similar conclusion, recommending that programs separately report the share of completers who went on to earn further credentials, so that consumers and researchers could clearly see both pathways. **EdTrust encourages the Department to adopt this approach, ensuring that students who continue their education are visible in program outcome reporting as a distinct and successful pathway, rather than being excluded from the data.**

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

The process the Department uses to combine multiple cohorts for the purpose of computing the VAE metric for small Workforce Pell programs differs from the method used

for combining cohorts for the [broader earnings-based accountability measure](#). We recommend that the Department reconcile the two methods to reduce complexity and confusion between the metrics.

We encourage the Department to remain mindful of data currency as it finalizes this methodology, since earnings averaged over too many years may not accurately reflect what a program's current completers can expect to earn in the labor market. We also support the Department's attention to potential gaming and hope the final rule will include clear guardrails that prevent institutions from manipulating completion or enrollment patterns to influence cohort composition.

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

EdTrust supports the Department's recognition that regional price parity adjustments should not apply to programs in which most students are not located in the state where the institution is based.

EdTrust supports using the student's FAFSA address or state of legal residence at the time of enrollment as the basis for this determination. Workforce programs delivered through distance education disproportionately serve working adults who are already established in their communities. [Research](#) suggests that online adult learners are anchored in the communities where they live at the time of enrollment, and many online students choose to enroll in their state rather than relocating. The FAFSA address, therefore, serves as a reasonable and administratively feasible proxy for the geographic labor market in which program completers will ultimately participate. It also draws on data the Department already collects and verifies, reducing administrative burden without impacting accuracy.

EdTrust also supports the Department's proposed 50% threshold for determining when the national median earnings benchmark applies in lieu of a state-level regional price parity adjustment. This threshold provides a clear standard that appropriately targets programs where the regional adjustment would be disconnected from the actual experience of most enrolled students. **We encourage the Department to monitor how this threshold operates in practice and to revisit it if evidence emerges that programs clustered near the 50% mark are being systematically over- or under-adjusted.**

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

To ensure that the regulation accurately reflects the type of aid that does not count against a student when determining whether their cost of attendance is covered by non-federal aid

for the purposes of determining Pell Grant eligibility, we recommend that the Department explicitly state in the regulation that “grant or scholarship assistance from non-federal sources” does not include the following four sources of aid outlined in Section 480(i) of the Higher Education Act (HEA):

- A tax credit taken under section 25A of the Internal Revenue Code of 1986, or a distribution that is not includable in gross income under section 529 of that code, under another prepaid tuition plan offered by a state, or under a Coverdell education savings account under section 530 of that code
- **Assistance provided by a state that is designated to offset a specific component of the cost of attendance. If that assistance is excluded from other financial assistance or the cost of attendance, it shall be excluded from both**
- Payments made and services provided under part E of Title IV of the Social Security Act to or on behalf of any child or youth for whom the state agency has responsibility for placement, care, or supervision, including the value of vouchers for education and training and amounts expended for room and board for youth who are not in foster care but are receiving services under section 477 of that act
- Emergency financial assistance provided to the student for unexpected expenses that are part of the student’s cost of attendance and not otherwise considered when determining the student’s need

Other Recommendations

Student Eligibility

The proposed regulations allow students who already hold a bachelor's degree to receive Pell Grants for eligible workforce programs. However, including bachelor's degree holders in the same VAE completer cohort as students without a prior degree creates a serious risk of earnings inflation, which could systematically misrepresent the program’s value for the students it is primarily designed to serve.

Students who already hold a bachelor's degree are likely to [earn more](#) in the labor market because of their prior educational attainment. Pooling these students with first-time credential earners when calculating median VAE earnings could allow programs that serve a significant share of bachelor's degree holders to meet the VAE threshold, even if their outcomes for students without degrees are below the 150% poverty line benchmark.

EdTrust urges the Department to require institutions to calculate and report VAE separately for students with and without a bachelor’s degree, and to ensure that the VAE metric used for eligibility purposes reflects the earnings of students without a

prior bachelor's degree. This approach would ensure that the accountability function of the VAE metric is not diluted by the labor market advantages of degree holders and would give prospective students a more accurate picture of the economic value a program is likely to deliver for them.

If separate calculations raise concerns for small programs that may fall below minimum cohort size thresholds, the Department could apply this requirement only when bachelor's degree holders constitute more than a defined percentage — for example, 20% — of a program's completer cohort.

Loss of Eligibility (§ 690.96(c))

In the proposed rule, the Department states that following the release of the VAE, a program would become ineligible at the beginning of the award year if its published tuition and fees exceed its value-added earnings, or if its value-added earnings are equal to or less than zero. The Department also proposes that the Secretary will assess a liability for Pell Grants disbursed for students enrolled in the eligible workforce program during the award year for which the VAE were calculated and would collect such liability from the eligible institution. **We urge the Department to ensure that this time does not count toward a student's lifetime Pell eligibility limit.**

Data Transparency

The Department should ensure that students have access to clear and actionable information about Workforce Pell programs. In addition to outcomes on completion, job placement, and earnings, students should have access to information about the number of students enrolled in the program and the total cost of attendance. This information should be made publicly available by the Department on an easily accessible website. These disclosures would help prospective students understand and compare their options.

Clarification of Interagency Authority

Finally, we encourage the Department to clarify the role of the Secretary of Labor in the Workforce Pell program. While interagency collaboration will be necessary, the statutory authority for the Workforce Pell Grant program resides within the HEA, which places the administration of Title IV programs under the authority of the Secretary of Education. The Department should specify the authority under which the Secretary of Labor would request additional information.

We hope the Department will consider these regulatory improvements to ensure that students benefit from approved programs that lead to credentials of value and upward economic mobility. We also encourage the Department to pair these efforts with adequate implementation support for states. The Workforce Pell program presents an opportunity for states to leverage program requirements to improve longitudinal data systems, better align education with workforce needs, and develop systems for accountability and oversight, but only if they are equipped with the necessary resources.

If you have any questions about this comment, please contact Reid Setzer, director of government affairs, at rsetzer@edtrust.org.

Sincerely,

EdTrust