

Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD)

Negotiated Rulemaking

Discussion Paper and Proposed Regulatory Text: Eligible Workforce Programs and Grant Aid from Non-Federal Sources

Session 1, December 8-12, 2025

Discussion: Student Assistance General Provisions and Federal Pell Grant Program Amendments

Background: In order to disburse Pell Grant funds to an eligible student, an eligible institution must offer an educational program that meets minimum length requirements, including credit or clock hours and weeks of instruction. In order to qualify for Federal Pell Grants under current regulations, a program must be an undergraduate program and either:

- 1) Provide at least 600 clock hours, 16 semester or trimester credit hours, or 24 quarter credit hours of undergraduate instruction offered during a minimum of 15 weeks of instruction; or
- 2) Provide at least 300 clock hours, 8 semester or trimester hours, or 12 quarter hours during a minimum of 10 weeks of instruction and admit as regular students only those who have completed the equivalent of an associate degree.

This rulemaking will implement a statutory change to these requirements by granting Federal Pell Grant eligibility for eligible workforce programs that are shorter than 600 clock hours or the equivalent and do not admit only those with an associate degree. It will also implement a separate statutory change that prevents a student from receiving a Federal Pell Grant if the student's other non-Federal aid equals or exceeds their cost of attendance.

Legislative Action: On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (Pub. L. 119-21) (OBBA) into law. The OBBA included statutory changes that affect Title 34 of the Code of Federal Regulations, expanding the Federal Pell Grant program as of July 1, 2026, to allow students to use their Pell Grant funds to access high-quality eligible workforce programs that

will increase their skills and ultimately lead to in-demand, high-wage jobs.

The OBBA also includes a provision that prevents a student from receiving a Pell Grant if the student's other non-Federal financial assistance equals or exceeds their cost of attendance.

Statutory Citation: Section 401(d)(6) and (k) and Section 481(b)(3) of the Higher Education Act of 1965, as amended (HEA).

Regulatory Citation: 34 CFR 600.10, 34 CFR 668.5, 34 CFR 668.8, 34 CFR 668.20, 34 CFR 668.32, 34 CFR 690.2, 34 CFR 690.5, 34 CFR 690.6, 34 CFR 690.11, 34 CFR 690.80, 34 CFR 690.84-97.

Proposed amendatory text in redlines below represents additions, edits, and paragraph restructuring.

Topic One: Ineligibility for Federal Pell Grants Due to Receipt of Non-Federal Financial Assistance

Federal Pell Grant Program, General Requirements (34 CFR Part 690, Subparts A-G)

The Department proposes changes that would—

- Establish that a student is not eligible for a Federal Pell Grant if the student receives grant aid from non-Federal sources in an amount that equals or exceeds the cost of attendance.
- When a student has received non-Federal grant assistance that equals or exceeds cost of attendance, require the institution to either reduce the non-Federal assistance or return the Pell Grant funds received for the award year.

PART 690—FEDERAL PELL GRANT PROGRAM

§ 690.5 Ineligibility due to assistance from non-Federal grants.

A student shall not be eligible for a Federal Pell Grant for an award year during which the student receives grant aid 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.

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§ 690.80 Recalculation of a Federal Pell Grant award.

(a) *Change in expected family contribution.*

(1) The institution shall recalculate a Federal Pell Grant award for the entire award year if the student's expected family contribution changes at any time during the award year. The change may result from—

(i) The correction of a clerical or arithmetic error under § 690.14; or

(ii) A correction based on information required as a result of verification under 34 CFR part 668, subpart E.

(2) Except as described in 34 CFR 668.60(c), the institution shall adjust the student's award when an overaward or underaward is caused by the change in the expected family contribution.

That adjustment must be made—

(i) Within the same award year—if possible—to correct any overpayment or underpayment; or

(ii) During the next award year to correct any overpayment that could not be adjusted during the year in which the student was overpaid.

(b) *Change in enrollment status.*

(1) If the student's enrollment status changes from one academic term to another term within the same award year, the institution shall recalculate the Federal Pell Grant award for the new payment period taking into account any changes in the cost of attendance.

(2)

(i) If the student's projected enrollment status changes during a payment period after the student has begun attendance in all of his or her classes for that payment period, the institution may (but is not required to) establish a policy under which the student's award for the payment period is recalculated. Any such recalculations must take into account any changes in the cost of

attendance. If such a policy is established, it must apply to all students.

(ii) If a student's projected enrollment status changes during a payment period before the student begins attendance in all of his or her classes for that payment period, the institution shall recalculate the student's enrollment status to reflect only those classes for which the student actually began attendance.

(c) *Change in cost of attendance.* If the student's cost of attendance changes at any time during the award year and his or her enrollment status remains the same, the institution may (but is not required to) establish a policy under which the student's award for the payment period is recalculated. If such a policy is established, it must apply to all students.

(d) *Receipt of assistance from non-Federal grants.* If at any time during the award year the student receives 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 reduce the non-Federal assistance until it does not equal or exceed the student's cost of attendance or return all of the Federal Pell Grant funds that the student received for that award year.

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Topic Two: Workforce Pell Technical and Conforming Changes

The Department proposes various technical and conforming changes to 34 CFR Part 600, Part 668, and Part 690 to implement the OBBB's Workforce Pell provisions, as described below.

Institutional Eligibility (34 CFR Part 600)

The Department proposes changes to Part 600 that would—

- Require the Secretary's approval of each eligible workforce program in order to establish Pell Grant eligibility.

Student Assistance General Provisions (34 CFR Part 668)

The Department proposes changes to Part 668 that would—

- Limit the amount of an eligible workforce program that can be offered by an ineligible institution or other organization through a written arrangement to 25 percent or less of the program.
- Add eligible workforce programs as one type of title IV-eligible program (technical change).
- Prohibit an institution from including noncredit, remedial, and English as a second language coursework when determining Pell Grant awards for students who are enrolled in an eligible workforce program offered in credit hours.
- Prohibit an individual from receiving a Pell Grant for enrollment 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 attained a graduate credential.


Federal Pell Grant Program, General Requirements (34 CFR Part 690, Subparts A-G)

The Department proposes changes to Part 690 that would—

- Add a cross-reference to the proposed definition of an eligible workforce program (technical change).
- Prohibit a student from receiving concurrent Pell Grants for any reason, including when a student is concurrently enrolled in a traditional program and an eligible workforce program at the same institution.
- Reserve sections § 690.84-690.89.

**PART 600—INSTITUTIONAL ELIGIBILITY UNDER THE HIGHER EDUCATION
ACT OF 1965, AS AMENDED**

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


 *Educational programs.*

(1) An eligible institution that seeks to establish the eligibility of an educational program must obtain the Secretary's approval—

(i) Pursuant to a requirement regarding additional programs included in the institution's Program Participation Agreement (PPA) under 34 CFR 668.14;

(ii) For the first direct assessment program under 34 CFR 668.10, the first direct assessment program offered at each credential level, and for a comprehensive transition and postsecondary program under 34 CFR 668.232;

(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); ~~and~~

(iv) For an eligible workforce program as defined under 34 CFR  690.92; and

(~~iv~~) 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.

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PART 668—STUDENT ASSISTANCE GENERAL PROVISIONS

§ 668.5 Written arrangements to provide educational programs.

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 *Written arrangements between an eligible institution and an ineligible institution or organization.* Except as provided in paragraph (d) of this section, if an eligible institution enters into a written arrangement with an institution or organization that is not an eligible institution under which the ineligible institution or organization provides part of the educational program of students enrolled in the eligible institution, the Secretary considers that educational program to be an eligible program if—

- (1) The ineligible institution or organization has not—
 - (i) Had its eligibility to participate in the title IV, HEA programs terminated by the Secretary;
 - (ii) Voluntarily withdrawn from participation in the title IV, HEA programs under a termination, show-cause, suspension, or similar type proceeding initiated by the institution's State licensing agency, accrediting agency, or guarantor, or by the Secretary;

(iii) Had its certification to participate in the title IV, HEA programs revoked by the Secretary;

(iv) Had its application for recertification to participate in the title IV, HEA programs denied by the Secretary; or

(v) Had its application for certification to participate in the title IV, HEA programs denied by the Secretary;

(2) The educational program offered by the institution that grants the degree, certificate, or other recognized educational credential otherwise satisfies the requirements of § 668.8; and

(3)

(i) The ineligible institution or organization provides 25 percent or less of the educational program, including in accordance with 34 CFR 602.22(b)(4); or

(ii)

(A) The educational program is not an eligible workforce program;

(AB) 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);

(BC) The eligible institution and the ineligible institution or organization are not owned or controlled by the same individual, partnership, or corporation; and

(ED) 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.

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§ 668.8 Eligible program.

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(d) *Proprietary institution of higher education and postsecondary vocational institution.* An eligible program provided by a proprietary institution of higher education or postsecondary vocational institution—

(1)

(i) Must require a minimum of 15 weeks of instruction, beginning on the first day of classes and ending on the last day of classes or examinations;

(ii) Must be at least 600 clock hours, 16 semester or trimester hours, or 24 quarter hours;

(iii) Must provide undergraduate training that prepares a student for gainful employment in a recognized occupation; and

(iv) May admit as regular students persons who have not completed the equivalent of an associate degree;

(2) Must—

(i) Require a minimum of 10 weeks of instruction, beginning on the first day of classes and ending on the last day of classes or examinations;

(ii) Be at least 300 clock hours, 8 semester or trimester hours, or 12 quarter hours;

(iii) Provide training that prepares a student for gainful employment in a recognized occupation; and

(iv)

(A) Be a graduate or professional program; or

(B) Admit as regular students only persons who have completed the equivalent of an associate degree;

(3) For purposes of the FFEL and Direct Loan programs only, must—

(i) Require a minimum of 10 weeks of instruction, beginning on the first day of classes and ending on the last day of classes or examinations;

(ii) Be at least 300 clock hours but less than 600 clock hours;

(iii) Provide undergraduate training that prepares a student for gainful employment in a recognized occupation;

(iv) Admit as regular students some persons who have not completed the equivalent of an associate degree; and

(v) Satisfy the requirements of paragraph (e) of this section;

or

(4) For purposes of a proprietary institution of higher education only, is a program leading to a baccalaureate degree in liberal arts, as defined in 34 CFR 600.5(e), that—

(i) Is provided by an institution that is accredited by a recognized accrediting agency or association that was defined as a regional accrediting agency or association on October 1, 2007, and has held such accreditation since October 1, 2007, or earlier; and

(ii) The institution has provided continuously since January 1, 2009.


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(n) *Other eligible programs.* For title IV, HEA program purposes, *eligible program* includes —

(i) ~~a~~ A direct assessment program approved by the Secretary under § 668.10;

(ii) ~~,—a~~ A comprehensive transition and postsecondary program approved by the Secretary under § 668.232;

(iii) ~~,—and a~~ An eligible prison education program under subpart P of this part; and

 (iv) For purposes of the Federal Pell Grant Program only, an eligible workforce program under 34 CFR § 690.92.

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

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(b) Except as provided in paragraphs (c), ~~and~~ (d), and (g) of this section, in determining a student's enrollment status and cost of attendance, an institution shall include any noncredit or reduced credit remedial course in which the student is enrolled. The institution shall attribute the number of credit or clock hours to a noncredit or reduced credit remedial course by—

- (1) Calculating the number of classroom and homework hours required for that course;
- (2) Comparing those hours with the hours required for nonremedial courses in a similar subject; and
- (3) Giving the remedial course the same number of credit or clock hours it gives the nonremedial course with the most comparable classroom and homework requirements.

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 (g) An institution may not take into account any noncredit or reduced credit remedial course, including a course in English as a second language, for a student enrolled in an eligible workforce program, as defined under 34 CFR 690.92, that is offered in credit hours.

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§ 668.32 Student eligibility.

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(c)

(1) For purposes of the ACG, National SMART Grant, and FSEOG programs, does not have a baccalaureate or first professional degree;

(2) For purposes of the Federal Pell Grant Program—

(i)

(A) Does not have a baccalaureate or first professional degree;

or

(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

(ii) If the student is a confined or incarcerated individual as defined in 34 CFR 600.2, is enrolled in an eligible prison education program as defined in § 668.236;

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PART 690—FEDERAL PELL GRANT PROGRAM

§ 690.2 Definitions.

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(c) Other terms used in this part are:

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Eligible workforce program: a program as defined under 34 CFR § 690.92.

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§§ 690.3-690.45 [Reserved]

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§ 690.6 Duration of student eligibility.

(a) Except as provided in paragraphs (c), ~~and~~ (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.

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(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.

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§ 690.11 Concurrent Federal Pell Grant payments ~~from more than one institution.~~

(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.

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§§ 690.84-690.89 [Reserved]

Topic Three: Workforce Pell Definitions

Federal Pell Grant Program, Workforce Pell (34 CFR Part 690, Subpart H)

The Department proposes changes to Part 690 that would—

- Create a new 34 CFR 690 Subpart H to establish regulatory requirements for Workforce Pell
- Establish a scope and purpose section to provide a high-level description of eligible workforce programs and prevent institutions from offering Direct Loans or any other type of Title IV aid to students enrolled in such programs
- Define key terms, including “in-demand industry sector or occupation”, “tuition and fees”, “Governor”, “recognized postsecondary credential”, and “State board”
- Establish minimum and maximum lengths for an eligible workforce program including duration in calendar time (8-14 weeks of instruction), clock hours (150-599) and credit hours (4-15 semester/trimester hours and 6-24 quarter hours) consistent with statutory limitations
- Prohibit an institution from awarding Pell Grant funds to a student who is studying abroad while enrolled in an eligible workforce program
- Prohibit an institution from offering correspondence courses in an eligible workforce program
- Prohibit an institution from offering an eligible workforce program through direct assessment
- Prevent an institution from offering an eligible workforce program if it has been subject, during the five years preceding the date of the determination, to any suspension, emergency action, or termination action by the Secretary

34 CFR 690 Subpart H Eligible Workforce Program

§ 690.90 Scope and purpose.

This subpart establishes regulations that apply to 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 institutions that offer Federal 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:


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 an apprenticeship, a license recognized by the State involved or Federal Government, or an associate or baccalaureate degree, that meets the requirements under 34 CFR 668.8.


 *State board:* A State workforce development board established under section 101 of the Workforce Innovation and Opportunity Act and 34 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 that it is an undergraduate program that—


- (a) Requires a minimum of 8 weeks, but less than 15 weeks of instruction;
- (b) (i) Is at least 150 clock hours but less than 600 clock hours;
- (ii) At least 4 but less than 16 semester or trimester hours; or
- (iii) At least 6 but less than 24 quarter hours;
- (c) Is not offered using—
 - (i) Correspondence courses, as defined under 34 CFR 600.2;
 - (ii) Coursework that takes place as part of a study abroad program; or

 (iii) Credit or clock hour equivalencies that are part of a direct assessment program under 34 CFR §668.10.

(d) Is approved by the Governor through a process as described in 34 CFR § 690.93;

(e) Meets the requirements established by the Secretary as described in 34 CFR § 690.94;

(f) Complies with the annual value-added earnings requirements as described in 34 CFR § 690.95; and

(g)  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.

Topic Four: Governor Approval of Eligible Workforce Programs

Federal Pell Grant Program, Workforce Pell (34 CFR Part 690, Subpart H)

The Department proposes changes to Part 690 that would—

- Codify statutory requirements for a State Governor or their designee to determine that an eligible workforce program meets certain requirements, including—
 - Alignment with high-skill, high-wage or in-demand industry sections or occupations;
 - Meeting the hiring needs of employers;
 - Either leading to a recognized postsecondary credential that is stackable and portable or preparing students for employment for which there is only one recognized postsecondary credential;
 - Preparing students to pursue at least one certificate or degree program at one or more institutions; and
 - Ensuring that, upon completion of an eligible workforce program, a student receives academic credit for the program that will be accepted towards meeting such certificate or degree program requirements at a program offered by the institution or another institution, and that credit is acceptable towards credential requirements
- Require the Governor to establish a process that an institution must follow to request a determination that an eligible workforce program meets the statutory requirements for Governor approval. This would include the Governor publishing its policies and procedures for each element of the approval process
- Specify that a State Governor may not approve an eligible workforce program until it meets all applicable requirements
- Establish requirements for the State Governor to document for the Secretary—
 - The name of the program
 - The Classification of Instructional Programs (CIP) Code of the program
 - Approval of the program
 - The date the program was approved
 - Alternative completion and job placement rates (if applicable)
 - An agreement to make documentation available to the Secretary of Education and Labor upon request

- o An agreement to inform the Secretary of Education and Labor if the Governor withdraws approval of the program, and
 - o Any other information the Secretary may require
- Require the Governor to reapprove an eligible workforce program prior to each expiration of the institution's Program Participation Agreement in perpetuity
- Permit the Secretary to approve an eligible workforce program no sooner than one year after the Governor determines that the program met all applicable requirements
- Specify that a program that includes the required technical component for a Registered Apprenticeship Program meets the requirement for "alignment with high-skill, high-wage or in-demand industry sections or occupations"

§ 690.93 Components determined by Governors

(a) Prior to the Secretary's evaluation of an eligible workforce program, the Governor, after consultation with the State board, approves the program 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 an eligible workforce 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;

(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 the competencies for which the recognized postsecondary credential the program leads to denotes mastery and the competencies needed in such industries and occupations;

(B) Incorporates direct input from employers, which may be secured from the state board and local workforce development boards, industry or sector partnerships, sponsors of Registered Apprenticeship programs, joint labor-management partnerships, or through other methodologies established by the State; and

(C) Considers any program that serves as related instruction for a Registered Apprenticeship program in a high-skill, high-wage, or in-demand occupation with active apprentices as meeting the hiring requirements of employers for such occupation;

(iii) A written policy for determining if a credential is stackable and portable that establishes documented connections to additional credentials, considers 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 guarantee 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;

(2) The information an institution must submit to the Governor to assess an eligible workforce program on the criteria established under paragraph (1), including the job placement standards under 36 CFR 690.94(a)(2)(ii), and, if applicable, alternative completion and placement standards under 34 CFR 690.94(a)(2)(i), which shall include the information necessary for the Governor to make the appropriate job placement calculations using administrative data, such as wage records;

(3) The process and timeline for the Governor's consultation with the state board and a determination that an eligible workforce program meets the requirements in paragraph (a), and the process for an institution to appeal that determination; and

(4) An attestation that the state board has been consulted.

(c) The Governor shall not approve an eligible workforce 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 an eligible workforce program meets the requirements in paragraph (a) of this section by accepting a certification by the Governor or their designee that includes the following—

- (1) The name of the program;
- (2) The Classification of Instructional Programs (CIP) Code of the program;
- (3) A signed statement that the eligible workforce program was approved by the Governor and that the program meets the requirements described in paragraph (a);
- (4) The date the eligible workforce program was approved;
- (5) If applicable, a certification that the State determined that the program meets alternative completion and placement standards under 34 CFR 690.94(a)(3)(i);
- (6) 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;

(7) 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; and

(8) 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.

(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 includes the required technical instruction component for a Registered Apprenticeship Program that meets the requirements of 29 CFR Part 29 is considered to meet the requirements of paragraph (a)(1) of this section.

Topic Five: Secretary of Education Approval of Eligible Workforce Programs

Federal Pell Grant Program, Workforce Pell (34 CFR Part 690, Subpart H)

The Department proposes changes to Part 690 that would—

- Require an institution to submit documentation to the Secretary that the program has been in existence for at least one year from the date of the Governor's approval.
- Establish requirements for completion and placement rates for eligible workforce programs, including—
 - Establishing the definitions and minimum criteria for such rates in accordance with the statute
 - Establishing the procedures for calculating completion and placement rates through
 - Allowing, for the 2026-27 and 2027-28 awards year only, submission of a certification by a State Governor that the program met the completion and placement rate requirements using flexible definitions
 - For the 2028-29 and each award year after, requiring completion rates and Governor certified placement rates meeting more specific standards
 - Requiring that an institution submit to the Governor a list of students that completed the program during the award year
- Require an institution to annually report tuition and fees to the Department
- Allow the Secretary to waive the requirements for calculation and submission of completion and placement rates under certain conditions if data can be obtained through other means

§ 690.94 Components determined by the Secretary

(a) After the Governor determines that the program meets the requirements under 34 CFR § 690.93, the institution must submit to the Secretary documentation that—

(1) The program has been in existence for at least one year from the date that the Governor determines that the program met the regulatory requirements. The Secretary considers a program to

have been in existence for at least one year if the eligible workforce program has met the conditions under 34 CFR § 690.92(a) and (b) and 34 CFR § 690.93(a) for at least one year.

(2) The program meets placement and completion rate requirements—

(i) For the 2026-27 and 2027-28 award years only, as determined through a certification from the Governor, based on the Governor's analysis using administrative data, including wage records, that the eligible workforce 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 student that are employed during the second quarter after exiting the program;

(ii) For each award year after the 2027-28 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 for which the program prepares students(as identified through the process established under 34 C.F.R. 690.93 (b)) or a comparable high-skill, high-wage, or in-demand occupation during

the second quarter after successfully completing the program, as determined through a certification from the Governor, based on the Governor's analysis using available administrative data, including wage records.

(b) For each award year after the date that the eligible workforce program is approved, the institution must—

(1) Submit to the Governor, or an entity designated by 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 subsection related to submission of completion rates and the Governor's certification of job placement rates if—

(1) The Secretary determines that completion or placement rates will be calculated under a separate process established by the Secretary; or

(2) In the case of the job placement rate certification described in 34 CFR 690.94(a)(2)(ii)(B), the Secretary determines that the Governor is making progress towards making such certification but needs an additional award year using the certification described in 34 CFR 690(a)(2)(i)(B).

Topic Six: Value-Added Earnings Calculation

Federal Pell Grant Program, Workforce Pell (34 CFR Part 690, Subpart H)

The Department proposes changes to Part 690 that would—

- Codify the requirements for value-added earnings, including—
 - Prohibiting an eligible workforce program's published tuition and fees from exceeding the value-added earnings of students who (1) are working, (2) received a Pell Grant for enrollment in the eligible workforce program, and (3) completed the program during the applicable cohort period
 - Establishing the criteria for the value-added earnings calculation, which is determined by calculating the difference between median earnings (adjusted by regional price parities) and 150 % of the poverty line
- Establish procedures for the Secretary to provide a completers list of at least 50 students to institutions and allow institutions to make corrections to the completers list prior the Secretary obtaining earnings data
- Provide that if the completers list for an eligible workforce program does not contain at least 50 students who completed the program three years prior to the award year, the Secretary will add students from earlier award years until a sufficient number of students is reached
- Explain the conditions under which the Secretary will request the median earnings from the Federal agency with earnings data
- Provide that if the Federal agency with earnings data is unable to identify earnings records for at least 16 completers from the list provided by the Secretary, the value-added earnings metric will not be calculated for the program
- State that the Secretary includes completers from all eligible workforce programs with the same six-digit CIP code when calculating the value-added earnings metric.

§ 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 period described in paragraph (h)(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 most recent tax year for which data is available at the time of the calculation, as adjusted by the State and metropolitan area regional price parities of the Bureau of Economic Analysis based on the location of such programs; 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.

(b) 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.

(c) 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.

 (d) Programs that have a calculated value-added earnings of zero or negative value shall not be eligible for Federal Pell Grant funds.

 (e) 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.

(f) 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 (g) of this section; and

(3) Calculate the value-added earnings and provide it to the institution.

 (g)

- (1) If the final list of students who completed the program three years prior to the award year includes at least 50 students, the Secretary sends information about those individuals to the Federal agency with earnings data;
- (2) If the final list of students who completed the program three years prior to the award year does not include at least 50 students, the Secretary adds students who completed the same program during the award year prior to the list. If the combined number of completers from both award years includes at least 50 students, the Secretary sends information about those individuals to the Federal agency with earnings data;
- (3) If the final list of students who completed the program three and four years prior to the award year does not include at least 50 students, the Secretary adds students who completed the same program during the award year prior to the list. If the combined number of completers from all three award years includes at least 50 students, the Secretary sends information about those individuals to the Federal agency with earnings data;
- (4) If the final list of students who completed the program three, four, and five years prior to the award year does not include at least 50 students, the Secretary adds students who completed the same program during the award year prior to the list. If the combined number of completers from all four award

years includes at least 30 students, the Secretary sends information about those individuals to the Federal agency with earnings data;

(5) If the final list of students who completed the program three, four, five, and six years prior to the award year does not include at least 30 students, the Secretary does not calculate value-added earnings for the program for that award year.

(h) 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.

(i) When calculating value-added earnings, the Secretary includes completers from all eligible workforce programs with the same six-digit CIP code.

Topic Seven: Losing and Regaining Eligibility

Federal Pell Grant Program, Workforce Pell (34 CFR Part 690, Subpart H)

The Department proposes changes to Part 690 that would—

- Terminate the eligibility of an eligible workforce program at the end of the payment period that begins after the date that the program loses either the Governor's approval or the Secretary's approval
- Terminate the eligibility of an eligible workforce program as of the beginning of the award year following a determination that the program does not meet the value-added earnings requirements
- Permit a program to regain eligibility under certain conditions if it loses eligibility due to completion/placement rate failure
- Prohibit a program from regaining eligibility for two years after failure to meet completion or placement rates
- Permit a program to regain eligibility after the Governor's reapproval
- Establish a process for regaining eligibility due to failure of value-added earnings

§ 690.96 Loss of eligibility

If an eligible workforce program fails to meet the requirements

—

(a) Under 34 CFR 690.93, the program will become ineligible at the end of the payment period that begins following the date that—

(1) The Governor withdraws approval for an eligible workforce program; or

(2) The Governor fails to reapprove the program.

(b) Under 34 CFR 690.94, the program will become ineligible at the end of the payment period that begins after the date that the Secretary determines that the institution failed to meet the requirements.

(c) Under 34 CFR 690.95, the program will become ineligible at the beginning of the award year following the release of the value-added earnings.

§ 690.97 Regaining eligibility

(a) If an eligible workforce program loses eligibility based on failure of completion or placement rates 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 eligible workforce program, or to establish eligibility for a substantially similar eligible workforce program sharing the same four-digit CIP code, until two years following the earlier of the date the program loses eligibility under 34 CFR § 690.96(b) or the date the institution voluntarily discontinues the failing workforce program.

(b) If an eligible workforce program loses eligibility due to a lack of Governor approval, the program may reestablish eligibility after the Secretary receives the Governor's

certification that the program has been approved as provided under 34 CFR 690.93(c).

(c) If an eligible workforce program loses eligibility because its published tuition is higher than its value-added earnings under 34 CFR 690.89(e), the institution may, through a process described by the Secretary, request that the program's eligibility be reinstated by-

(1) Providing to the Secretary a new certification of the Governor's approval of the program as provided under 34 CFR §690.93(c) that addresses how the institution complies with the value-added earnings requirement;

(2) Submitting to the Secretary documentation of the program's current published tuition and fees and an attestation that the tuition and fees 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 that will apply to the next award year.