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Workforce Pell Grants:

Report

A Strategic Opportunity for Four-Year Institutions

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Executive Summary

The Workforce Pell program, recently enacted by Congress and signed into law by the president, represents a significant shift in federal policy for higher education. The creation of a financial aid program that is geared specifically toward workforce skills development provides institutions with both challenges and opportunities, especially considering broader trends affecting the sector.

On March 9, 2026, the U.S. Department of Education published proposed regulations implementing this program, providing critical details on program approval, state roles, and accountability metrics that will shape implementation. This paper offers trustees information to allow for clear decision-making, while highlighting the program's potential, challenges, and implementation requirements. While not an easy path forward, with careful planning, quality standards, and ongoing improvement, Workforce Pell can drive institutional renewal and student success.



Background: The Pell Grant Program

The Pell Grant program was originally created as part of the Higher Education Amendments of 1972. It serves as the primary federal investment in college affordability for low- and moderate-income students, reaching roughly 6–7 million students annually.¹ In recent years, the federal government has spent approximately \$28–\$30 billion annually on Pell Grants.² The traditional Pell Grant can be used for degree and certificate programs at eligible postsecondary institutions, including bachelor’s degrees, associate degrees, and certificate programs that are at least 600 clock hours (15–16 weeks) in length. This grant can be used for tuition, fees, room and board, books, supplies, and other educational expenses at eligible institutions. For the 2024–25 award year, the maximum grant was \$7,395.³

Workforce Pell emerged from over a decade of bipartisan policy development aimed at modernizing federal financial aid for a skills-based economy. The final legislation reflects a compromise between expanding access to workforce training and establishing strict accountability measures to prevent low-quality programs from accessing federal funds.

The newly created program, established as Section 83002 of the One Big Beautiful Bill Act (OBBBA) on July 4, 2025, extends the traditional Pell program to short-term job-training programs of 8–15 weeks. Workforce Pell is anticipated to be significantly smaller than the traditional Pell program. The Congressional Budget Office estimates that approximately 100,000 students will participate annually by 2034, with average grants of about \$2,200.⁴ The creation of this program signals a shift in federal policy to a skills-first approach that better meets the needs of today’s workforce and students.

The accountability framework for the Workforce Pell program is demanding. Unlike the pilot programs of the 2010s,⁵ which showed enrollment gains but no earnings improvements in these types of programs, the new Workforce Pell Grant program has a regulatory framework that includes several quality guardrails intended to ensure that programs provide genuine economic value.⁶ The legislative requirements create a high bar that should screen out ineffective programs while supporting high-quality providers. The program includes a significant new state role, tough penalties, and incentives for institutions to proceed with care.

This expansion comes at a crucial time, as “nontraditional” students now make up the majority of college enrollments.⁷ States have invested nearly \$10 billion in short-term credential initiatives, reflecting both demand and effective models.⁸ Also, as institutions become more dependent on tuition dollars to survive, Pew Research shows that more Americans than ever think that higher education is heading in the wrong direction.⁹

The parameters of the Workforce Pell program can serve as a potential approach to broader change across an institution. Institutions that approach this program with strong quality standards, employer partnerships, and a focus on economic mobility can expand their missions, diversify revenue, serve underserved populations, and strengthen regional workforce ecosystems. Success depends on thoughtful implementation that centers on student outcomes within the institution and after graduation.



Why Workforce Pell Matters

Today's Students¹⁰

For over a decade, the majority of students at two- and four-year institutions have not been first-time, full-time students. Nontraditional students, defined by characteristics such as age over 24, delayed enrollment, part-time attendance, financial independence, employment, family obligations, and off-campus residence, now represent the norm rather than the exception in American higher education.

Recent research shows that over half of all students are first-generation.¹¹ Some 42% identify as a race other than white. Nearly 80% work, with 30% working full-time. A total of 34% are 25 or older; 18% have dependent children, and 44% are financially independent of their parents. These students differ greatly from traditional residential students. They prefer flexible scheduling, stackable credentials, clear career paths, and support that fits around work and family obligations.

Workforce Pell directly addresses these issues. By enabling students to earn industry-recognized credentials in months rather than years, the program aligns federal financial aid with how millions of Americans actually pursue postsecondary education and workforce development, while preserving the option to stack those credentials toward longer-term degrees.

State Investment

Workforce Pell is not an expedition into uncharted territory. A comprehensive 2025 analysis documents 111 active state-funded short-term credential initiatives across 34 states, representing at least \$8.1 billion in current investments. When combined with inactive programs, states have collectively committed nearly \$10 billion to short-term nondegree pathways.¹² The advent of Workforce Pell may slow some state investment in the short term but is not a large enough program to replace these state efforts.

State programs furnish key proof of concept and operational models for institutions considering Workforce Pell participation:

- **Virginia's New Economy Workforce Credential Grant** (formerly FastForward, \$140.8 million invested): Demonstrates 90% completion rates and moderate wage gains for participants with 67% obtaining industry-recognized credentials. Over 60% of participants had no prior postsecondary experience, confirming that these programs effectively reach nontraditional learners.¹³
- **Tennessee's Comprehensive Model** (over \$1.5 billion across several programs): Shows how states can create coordinated pathways from short-term credentials through associate and bachelor's degrees with robust student support and employer engagement.¹⁴



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- **Texas’s Performance-Based Funding** (\$605.7 million for sub-associate credentials in community colleges): Demonstrates how outcomes-based accountability can be integrated into institutional funding models, rewarding programs that deliver results.¹⁵
- **Iowa, Louisiana, and several other states** already collect detailed noncredit program data through existing workforce funding models, providing templates for the data infrastructure that Workforce Pell will require.¹⁶

These precedents are significant. Institutions do not need to create new models or enter unknown territory; they can instead learn from established state programs. These models have already developed effective quality standards, employer partnerships, data collection, and student support, offering a road map for maximized success with Workforce Pell.

Student View and Program Requirements

Student View

Students taking part in the Workforce Pell program will not be college students who also take a short course; instead, they will be workforce training participants using a model different from what most four-year institutions are currently designed to serve.

From a financial aid perspective, students must complete the Free Application for Federal Student Aid (FAFSA), as Workforce Pell eligibility will be determined through the same process as traditional Pell Grants. Students demonstrate financial need through FAFSA, and the same income-based eligibility criteria apply.¹⁷

Students cannot receive both a Workforce Pell Grant and a regular Pell Grant concurrently.¹⁸ This prohibition extends beyond receiving aid from two institutions—students cannot be enrolled in any other educational program, including another workforce program, while receiving Workforce Pell.¹⁹ Additionally, Workforce Pell counts against the student lifetime Pell eligibility limit of 12 semesters (six academic years). For degree-holding career changers, this lifetime limit is less concerning, since they likely have already used Pell for their bachelor’s degree.²⁰ For students without degrees who might later pursue degrees, using Pell for short-term credentials reduces their remaining eligibility for longer programs.

The March 2026 draft regulations confirm that students with bachelor’s degrees are eligible for Workforce Pell—a significant departure from traditional Pell rules. The regulations clarify that individuals who have completed a bachelor’s degree can receive Pell Grants for workforce programs, as long as they have not enrolled in or completed a graduate-level program.²¹ However, students enrolled in or accepted to graduate programs, or who have earned graduate credentials (including master’s degrees, doctoral degrees, first professional degrees such as JDs or MDs, or graduate certificates) are ineligible.



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Additionally, students must be enrolled in an eligible institution. Providers must be an accredited institution of higher education already authorized to participate in federal student aid programs under Title IV of the Higher Education Act.²² However, institutions will still need to decide how students will engage in a Workforce Pell program. What will be the admissions criteria? Will the criteria differ from a more traditional acceptance?

These shorter credential programs are designed to be complete, stand-alone credentials (although portability/stackability is discussed below), not supplementary to degree programs. Also, the new law made changes to how Pell is combined with other financial aid programs (discussed in detail below).

Program Requirements²³

Workforce Pell's requirements create a quality framework focused on credential value. The following features reflect both the statutory language and the March 2026 Notice of Proposed Rulemaking (NPRM), which codifies the consensus reached during the December 2025 negotiated rulemaking.²⁴

Duration and structure: Programs must be 150–599 clock hours, completed in 8–15 weeks. This ensures sufficient depth while maintaining the flexibility that nontraditional students require.

The 70/70 standard:²⁵ Requiring 70% completion rates and 70% job placement rates (measured at 180 days) creates clear accountability. These thresholds are achievable, and these standards are high enough to exclude weak programs.

Value-Added Earnings (VAE) test: Programs must show that median graduate earnings (three years after completion) are over 150% of the federal poverty line plus tuition. This prevents overpricing and enables upward career mobility.²⁶ This new and complex accountability metric is described in some detail in the draft regulations. (See Appendix 1 for more detail.)

Portability/stackability requirement: Programs must lead to credentials that are portable, stackable across more than one employer, or prepare students for entry-level employment where there is only one recognized postsecondary credential. This protects students' ability to continue their education and ensures that short-term credentials are stepping-stones, not endpoints. This creates two pathways: credentials recognized by several employers that can potentially build toward higher-level credentials or degrees (e.g., a CompTIA A+ certification that is industry-recognized and could stack toward an associate degree in IT); or programs where there is essentially one standard credential for entry (e.g., CDL truck driving, certain health-care certifications).

State role: OBBBA legislative language specifically says that the governor's office is responsible for determining program eligibility and that governors must consult with state workforce boards authorized under the Workforce Innovation and Opportunity Act (WIOA). There is no statutory role for a state's higher-education entity. NPRM²⁷ extensively details the governor's responsibilities. Governors must establish publicly available processes that include:

- Methodology to determine high-skill, high-wage, or in-demand occupations (reviewed at least every two years)
- Written policies for determining employer hiring requirements



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- Written policies for assessing credential stackability and portability
- Written policies for ensuring that academic credit transfers to degree programs
- Required information institutions that must submit, including completion and placement data
- Appeal processes for institutions whose programs are denied
- Attestation of state workforce board consultation

Governors must provide detailed certifications including the program name, six-digit CIP code,²⁸ SOC codes,²⁹ signed approval statement, approval date, and agreements to share documentation with the secretary of education and the secretary of labor. Additionally, governor approval expires when an institution's Program Participation Agreement (PPA) expires, requiring recertification.

Each state will develop its own processes for these reviews and certifications.³⁰ This means that there could be 50 different approval processes across the states. States are just beginning this process, though it will likely be informed by extant state-funded short-term certificate programs. Institutions must begin engaging now with their governors and workforce boards.

Penalties, Restrictions, and Accreditation

In addition to the quality requirements, trustees should be aware that the program includes penalties, restrictions, and accreditation limitations.

Penalties: If a program fails the 70/70 performance metrics (completion and placement) or the VAE test, it faces a mandatory two-year waiting period before it can reapply for eligibility. This ban applies to any “substantially similar program” within the same general instructional area at that institution, preventing schools from simply renaming a failing program in order to regain funding.³¹

Federal pass-through restrictions: The draft regulations³² limit written arrangements with ineligible institutions or organizations to a maximum of 25% of an eligible workforce program. This is more restrictive than the standard for other eligible programs, which allow 25%–49% with accreditor approval as a substantive change. For workforce programs, the 25% limit is absolute. There is no pathway to exceed it through accreditor approval.

This restriction significantly constrains four-year institutions hoping to partner with specialized training providers, employer training programs, or coding boot camps. The department expressed concern that allowing higher percentages would enable rapid, unchecked proliferation of programs beyond the statute's intent and questioned whether accreditors have sufficient experience evaluating short-term program partnerships.

Noncredit and remedial coursework prohibition: For workforce programs offered in credit hours, institutions cannot include any noncredit or reduced-credit remedial coursework (including ESL courses) when determining enrollment intensity or cost of attendance (COA).³³ This differs from traditional Pell, where remedial courses can count toward enrollment status if they meet certain criteria.



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This creates a challenge for institutions serving students who may need developmental education. Programs must ensure that students are prepared to earn credit in every course from day one. Institutions may need to offer prerequisite refresher programs outside Pell eligibility or design programs, assuming that students arrive with the necessary foundational skills.

Accreditation: A final element to consider is accreditation. On the surface, it appears as though four-year institutions are already eligible because they are accredited. However, the statute introduced a new layer of federal oversight for the accreditors. Recognized accreditors must specifically seek an “expansion of scope” and “interim accreditation authority” from the Department of Education to oversee Workforce Pell programs. Accreditors must demonstrate to the National Advisory Committee on Institutional Quality and Integrity (NACIQI) that they have specific standards in place to evaluate the 150–599 clock-hour program format. Trustees (or their administrations) should verify that their accreditor has secured this authority.

Together, these requirements create a complex system focused on high-quality programming to meet high standards and produce positive outcomes. Institutions must consider the complete system to ensure that they can comply before moving forward. If so, Workforce Pell can increase access and advance economic mobility, workforce relevance, and student success.

Implementation Status and Timeline

According to the statute, Workforce Pell is due for implementation by July 1, 2026. Following the passage of the law, the department conducted negotiated rulemaking in December 2025 and January 2026, reaching consensus on regulatory language. On March 9, 2026, the department published the Notice of Proposed Rulemaking in the *Federal Register*, opening a 30-day comment period closing April 8, 2026.

NPRM notes that the department will review comments and publish final regulations before the July 1, 2026, statutory deadline. Several factors make full implementation by that date unlikely:

Federal process timing: The department must review public comments, potentially revise regulations, and publish final rules, which typically requires 60–90 days after comment period closure.

State readiness challenges: Most states are just beginning to develop governor approval processes, state board consultation frameworks, and data infrastructure for calculating completion and placement rates. The regulations require states to establish written policies, public methodologies for identifying in-demand occupations, appeal processes, and data-sharing agreements, none of which exists in most states today.

Institutional preparation: Institutions need time to design programs, secure employer partnerships, develop data systems, train financial aid staff on new packaging requirements, and navigate new accreditor approval processes.

Initial accountability phase: For award years 2026–27, 2027–28, and 2028–29, the proposed regulations require governors to calculate and certify completion and placement rates using state administrative data.³⁴ This gives states (not the federal government) primary responsibility during the initial phase. It also means that states must rapidly develop capacity that currently does not exist in many jurisdictions.



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In practice, implementation during 2026–27 will be limited, with fuller implementation occurring in 2027–28 as states finalize processes and institutions develop programs.³⁵ Institutions should view 2026–27 as a planning year rather than expect immediate large-scale enrollment.

The Interim Period (2026–30)

Understanding the phased accountability timeline is crucial for strategic planning. Based on the current draft regulations:

- The Interim Phase: 2026–27 through 2028–29 is the proof-of-concept period for institutions to establish programs and build track records.
 - Programs face only the 70/70 completion and placement standards
 - No VAE accountability (VAE requires three years of graduate earnings data)
 - States calculate and certify completion/placement rates using administrative data
 - Placement rates measure employment in ANY job (not occupation-specific)
- The Transition Year: 2029–30
 - First VAE calculations begin for programs that began in 2026–27
 - Placement rate requirements tighten to require employment in target occupations or comparable fields
 - Federal government may begin calculating some completion/placement rates directly rather than relying solely on state certifications
- Full Accountability: 2030–31 and beyond
 - All programs face the complete accountability framework: 70/70 standards plus VAE
 - Programs failing VAE become immediately ineligible
 - Historical data provide clearer benchmarks for earnings expectations

Institutions have a four-year window to establish programs, refine delivery models, and build evidence of success before facing earnings-based accountability. However, programs that barely meet 70% completion or placement during interim years might struggle when placement standards tighten in 2029–30. Institutions should use the interim period to try to exceed minimum standards, building buffers against inevitable year-to-year fluctuations and ensuring that programs succeed when full accountability begins.



The Strategic Opportunity

A Potential Market Advantage

Four-year institutions possess a competitive advantage in the Workforce Pell landscape that community colleges and for-profit providers cannot easily replicate. Unlike traditional Pell, Workforce Pell extends eligibility to students who already hold bachelor's degrees (but not graduate degrees), creating an untapped market segment that aligns with four-year institutional strengths and addresses a critical gap in federal financial aid policy. Four-year institutions' primary competitive advantage is being able to serve the millions of bachelor's degree holders seeking career transitions, up-skilling, or re-skilling. This population of degree-holding career changers represents a potential target market. The lifetime Pell eligibility limit may reinforce four-year institutions' competitive advantage. By focusing on students who already have a bachelor's degree, four-year institutions do not need to be as concerned about Pell usage limiting future opportunities.

The workforce currently includes millions of bachelor's degree holders actively seeking career transitions spurred by technological disruption (especially AI), industry transformation, personal circumstances, geographic relocation, or the desire for more meaningful work. Workforce Pell creates federal support for a market that has been both unserved by policy and underserved by most four-year institutions.

Moreover, this population is countercyclical to traditional enrollment challenges.³⁶ While the number of 18-year-old high school graduates is projected to decline,³⁷ the population of working adults seeking re-skilling grows during economic disruption and technological change.

Revenue Diversification and Enrollment Stability

Workforce Pell represents more than a new federal funding stream; it creates pathways to serve populations that can fundamentally stabilize institutional enrollment³⁸ during demographic uncertainty.

Counter-demographic enrollment base: The 41.9 million Americans with some college but no credential are predominantly aged 25–64 and are entirely unaffected by declining birthrates and the projected enrollment cliff.³⁹ This population already has some postsecondary experience and credit, making them strong prospects for stackable credential completion. Recent data confirm that adult learners are returning to school: ages 25–29 grew 3.3%, and ages 30+ grew 2.7% in fall 2025.⁴⁰

Countercyclical enrollment: Economic disruption increases demand for re-skilling and up-skilling programs while enrollment from traditional students might decline. Industry transformation (especially from AI and automation) drives sustained demand for workforce credentials regardless of demographic cycles. Career changers actively seek education during periods of economic uncertainty, providing enrollment stability.



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Pipeline development opportunities: Short-term credentials serve as low-risk entry points for students to reengage with higher education, with many continuing toward associate or bachelor's degrees. Certificate completers demonstrate commitment and capability, making them strong prospects for degree program recruitment. Data show that the number of students stacking credentials is increasing.⁴¹

Employer partnership revenue: Workforce training partnerships generate customized education contracts with corporations seeking to up-skill their workforce. Tuition reimbursement arrangements with employers sustain enrollment from corporate partners through multiyear commitments. Employer-sponsored cohorts reduce marketing costs and improve completion rates through peer support and employer accountability.⁴²

The enrollment data reinforce this opportunity: With private nonprofit four-year institutions declining 1.6% while certificate programs grew 28.3% over four years, there is clearly demand for flexible, workforce-aligned credentials.⁴³ Institutions that can capture even a modest share of this market would substantially strengthen their enrollment position.⁴⁴

Mission Alignment and Regional Impact

For institutions committed to economic mobility, workforce development, and regional engagement, Workforce Pell enables new forms of mission fulfillment:

- **Serving underserved populations:** The Some College, No Credential (SCNC) population, working adults, and career changers have been largely excluded from federal financial aid. Workforce Pell creates pathways for institutions to serve these populations with mission-aligned programming.
- **Strengthening regional workforce ecosystems:** Workforce Pell creates incentives for deeper employer engagement, helping institutions become essential partners in regional economic development.
- **Building degree completion pathways:** Stackable credentials can serve as on-ramps for SCNC students to complete bachelor's degrees, helping institutions fulfill their commitment to credential completion.
- **Demonstrating institutional relevance:** At a time when public confidence in higher education is declining, Workforce Pell allows institutions to demonstrate concrete economic value and responsiveness to workforce needs.

The opportunity is significant, but success depends on understanding where an institution sits relative to other institutions. Four-year institutions cannot compete with two-year colleges or certificate programs on price, geographic reach, or speed. Instead, they should focus on quality, outcomes, credential recognition, portability and stackability to bachelor's degrees, and brand reputation.

This should not be about pursuing funding alone. Four-year institutions should focus on serving populations for which they have true competitive advantages and can deliver strong outcomes. This will drive sustainable success.



Managing Challenges and Risks

The Lifetime Eligibility Question

Students have 12 semesters (six academic years) of Pell eligibility over their lifetime, and Workforce Pell Grants count toward this limit. For students who may later pursue degrees, using Pell for short-term credentials could reduce funding available for longer-term programs. Importantly, institutions should take the time to understand their own pathways and have a clear understanding of how their feeder institutions (e.g., community colleges) manage these programs, in order to ensure that transfer students do not run out of Pell eligibility before completing a degree.

Institutions that are strategic can manage this issue in several ways: focus recruitment on degree-holding career changers who have already completed bachelor's degrees and are unlikely to need remaining Pell eligibility for future degrees; require all prospective Workforce Pell students to complete advising that explicitly addresses lifetime eligibility implications and alternative funding options; design clear pathways from Workforce Pell credentials to degrees, ensuring that short-term programs serve as stepping-stones rather than terminal endpoints; and maintain scholarship programs that do not deplete federal eligibility for students who may benefit from preserving their Pell for degree programs.

The Financial Aid Packaging Change: Pell as “Last Dollar”

A significant but underappreciated change in OBBBA affects how institutions must package financial aid for students receiving Workforce Pell. While Pell Grants traditionally operate as “first dollar” awards, meaning that Pell is applied before other aid sources, OBBBA introduces a de facto “last dollar” provision that creates new operational complexities and strategic considerations for institutional financial aid offices.⁴⁵

Under new Section 690.5, students become ineligible for Pell if they receive nonfederal grant aid (from state, institutional, or private sources) that equals or exceeds their full COA. This effectively requires institutions to calculate all other grant aid before determining Pell eligibility. If nonfederal grants cover the full COA, Pell is eliminated entirely, making Pell subordinate to other aid sources for that student.⁴⁶ During negotiated rulemaking sessions, several negotiators expressed concern that this provision creates perverse incentives—employers or institutions might reduce aid packages by small amounts to preserve Pell eligibility, undermining the policy intent.

The proposed regulations implement this requirement with important operational details. If an institution discovers before final disbursement of aid that a student has received or will receive nonfederal aid equaling or exceeding COA, it must reduce the nonfederal aid amount—if the institution controls that aid—until it no longer meets/exceeds COA; or return all Pell funds that the student received that award year and cancel future disbursements.



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Critically, the regulations specify that certain funding sources do not count as “grant or scholarship assistance,” including tax credits, 529 plans and Coverdell accounts, foster-care payments, and emergency financial assistance for unexpected COA expenses. Wages earned from employment are not excluded but only actual grants and scholarships.⁴⁷

This “last dollar” provision does not make Pell universally last-dollar; if students receive nonfederal aid that does not equal their full COA, Pell still operates as a first-dollar program for those students. However, for students approaching full COA coverage from other sources, the sequencing change becomes operationally significant and requires careful financial aid management.

Critical Implications for Four-Year Institutions

- **Financial aid sequencing:** Institutions must now sequence aid calculations differently, determining state, institutional, and private aid amounts before calculating Pell eligibility. This reverses traditional practices and requires retraining financial aid staff.
- **Employer tuition assistance complications:** For Workforce Pell programs where employers provide tuition assistance, institutions must carefully structure aid packages. If employer aid reaches 100% of COA, students lose Pell eligibility entirely, which could create perverse incentives to reduce aid by \$1 to preserve student Pell access.
- **Institutional scholarship strategy:** Institutions must reconsider merit scholarship policies for Workforce Pell students. Generous institutional aid could inadvertently eliminate students’ Pell eligibility, forcing trade-offs between institutional generosity and access to federal aid.⁴⁸
- **State grant coordination:** For states with promise programs⁴⁹ or workforce-specific grants, careful coordination is essential to avoid inadvertently eliminating students’ Pell eligibility through overly generous state aid.⁵⁰
- **Promise program conflicts:** Last-dollar promise programs (which fill gaps after Pell) remain unaffected, but first-dollar promise programs could eliminate Pell eligibility if they cover full COA. Institutions in states with first-dollar promise programs need clarity on how these programs interact with Workforce Pell.
- **Administrative burden:** The requirement to track and verify all nonfederal aid sources before calculating Pell creates additional administrative complexity, particularly for nontraditional students who may have employer benefits, private scholarships, and other aid sources that arrive at different times throughout the enrollment cycle.

Institutions that move forward to implement a Workforce Pell program need to work closely with their governor’s offices, state workforce boards, and financial aid administrators to develop clear aid packaging protocols. Financial aid offices will need to model various aid scenarios for typical Workforce Pell students and develop criteria for packaging that maximizes total aid while maintaining Pell eligibility, where appropriate.

The department has expressed concern about the potential manipulation of this requirement. For example, institutions could provide nonfederal aid at exactly \$1 below full COA, allowing full Pell eligibility despite covering nearly all costs. While



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the department lacks authority under the statute to impose stricter limits, institutions should expect heightened scrutiny from auditors regarding aid packaging decisions for Workforce Pell students.

Data and Accountability Infrastructure

Workforce Pell requires tracking completion rates, 180-day placement rates, and three-year earnings, which is more rigorous than traditional degree program monitoring. Developing appropriate data systems will be a significant investment. However, trustees should consider that this infrastructure can deliver value beyond compliance by improving program evaluation and resource allocation decisions, strengthening accreditation reporting and assessment, and providing better recruitment materials that showcase concrete graduate outcomes.

Also consider that some states have already built or are building shared data infrastructure that could reduce the burden on individual institutions. Many states provide technical assistance or wage record access, as well. Early engagement with state workforce boards can identify available resources and avoid duplicating infrastructure that states have already built.

Meeting the 70/70 Standard

The 70% completion and placement thresholds might initially appear daunting, but successful state programs demonstrate that these standards are achievable with proper design:

- **Careful program selection:** Not every short-term program should seek Workforce Pell eligibility. Institutions should pursue programs in which they have confidence in achieving quality outcomes. For those programs that can meet the 70/70 requirement, Workforce Pell is a good option to consider.
- **Employer-driven design:** Programs codesigned with employers who commit to hiring graduates have natural advantages in meeting placement requirements.
- **Student support investment:** Wraparound services, proactive advising, and flexible delivery models help nontraditional students overcome barriers to completion.

Competitive Dynamics

Workforce Pell will intensify competition among institutions for nontraditional students. However, four-year institutions can compete effectively by leveraging distinctive strengths:

- **Quality differentiation:** Compete on outcomes, employer recognition, and career advancement potential rather than price alone.
- **Alumni advantage:** Target your own alumni and local degree holders who value institutional reputation and established relationships.



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- **Stackability integration:** Offer seamless pathways to bachelor's degrees that community colleges and for-profits cannot easily replicate.
- **Selective focus:** Rather than compete across all workforce sectors, focus on two or three high-demand fields in which your institution has documented excellence.

State Engagement

The extraordinary delegation of authority to states means that implementation will vary significantly by state. States with sophisticated data systems and clear workforce priorities will have quicker, clearer pathways to approval than those that are still building their infrastructures. As described above, the March 2026 NPRM outlines extensive and complex state responsibility, creating both challenge and opportunity:

- **Early engagement is essential:** Contact your state workforce board and governor's office immediately to understand their timeline for developing this approval process so that you can participate in its development. In addition to needing to be clear on the process for your own institution, states that are slow to develop their guidelines could harm colleges wanting to participate.
- **Leverage existing relationships:** Institutions already participating in state workforce programs have established relationships and infrastructure advantages.
- **Participate in policy development:** States likely will hold stakeholder meetings or issue requests for comment as they develop their approval frameworks. Participate actively to shape policies that work for four-year institutions, not only community colleges.
- **Understand your state's in-demand occupation list:** States must identify high-skill, high-wage, or in-demand occupations and update these lists at least every two years (§690.93(b)). Review your state's current WIOA-related occupation lists and understand how they align with your institutional strengths.
- **Assess state data infrastructure:** Some states (Iowa, Louisiana, Texas, Virginia, Tennessee) have robust noncredit program tracking and wage record systems. Others are starting from scratch. Understanding your state's data capacity will determine your reporting burden.
- **Clarify bilateral agreement opportunities:** The regulations⁵¹ allow two states to enter bilateral agreements for cross-border distance education programs. If your institution serves students in neighboring states online, explore whether your governor might pursue such agreements.
- **Build relationships with state workforce boards:** These boards must be consulted on every program approval. Understanding board priorities, meeting cycles, and decision-making processes is essential.



Critical Questions for Board Consideration

Before authorizing Workforce Pell implementation, trustees can use these questions to engage their administration:

Strategic Alignment

- How does Workforce Pell participation advance our institutional mission and strategic plan?
- Are we pursuing this opportunity because it aligns with our strengths and serves our student population, or are we simply chasing federal dollars?
- What unique value does our institution bring to workforce-aligned education, compared with community colleges and other providers?
- How will we integrate Workforce Pell programs with our existing academic offerings and institutional identity?

Market Understanding

- What evidence do we have about demand for short-term credentials among degree-holding career changers in our region?
- Which employers in our region would partner with us for program design, internships, and hiring commitments?
- What high-skill, high-wage, or in-demand occupations does our state workforce board prioritize that align with our institutional expertise?
- How many of our alumni might seek re-skilling or up-skilling credentials, and how can we reach them?

Operational Readiness

- Do we have data infrastructure to track completion, placement, and earnings as required by federal and state accountability standards?
- Can we deliver flexible programming that accommodates working adults' schedules and competing obligations?
- What support services do we offer for nontraditional students, and are they accessible during evenings and weekends?
- Have we identified existing programs that could be adapted for Workforce Pell eligibility without creating entirely new offerings?



Regulatory Compliance and Risk Management

- Have we reviewed the complete March 2026 NPRM in order to understand all requirements beyond the statute?
- Does our institutional legal counsel understand the 25% written arrangement limitation and how it constrains partnership models?
- Have we mapped the four-year timeline before VAE accountability begins, and do we have strategies for the interim period?
- What systems will we implement to ensure that financial aid packaging complies with the last-dollar provisions without inadvertently eliminating Pell eligibility?
- How will we document and track excluded students (deaths, medical conditions, military service, incarceration) for completion and placement rate calculations?
- What is our institution's plan for maintaining program eligibility when our PPA expires and governor recertification is required?
- Have we identified our risk tolerance for programs for which we are less certain of meeting 70/70 thresholds, knowing that failure triggers a two-year prohibition on similar programs?

Quality Assurance

- What evidence do we have that our proposed programs will meet or exceed the 70/70 completion and placement standards?
- How will we ensure that our programs lead to wages that meet the VAE test?
- What pathways have we designed from short-term credentials to associate or bachelor's degrees?
- What institutional quality standards will we maintain above the federal minimums, and what evidence will we use to monitor program performance?
- Is our accreditor authorized to approve these programs?

Learning from Others

- Which successful state-funded short-term credential programs have we studied, and what lessons have we learned?
- What peer institutions in our state or region successfully serve nontraditional students, and how can we learn from their approaches?
- Has our leadership team visited institutions like Arizona State, Southern New Hampshire, or Western Governors University to understand their operational models?
- What resources and technical assistance are available from our state workforce board, and have we accessed them?



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Financial Sustainability

- What are the true costs of developing and operating Workforce Pell programs, including data infrastructure, student services, and marketing?
- With average grants of about \$2,200 per student, will Workforce Pell revenue cover program costs and contribute to institutional sustainability?
- What additional revenue might programs generate through employer partnerships, tuition supplements, or conversion of short-term credential students to degree programs?
- How will we measure return on investment, and what metrics will trigger continuation or discontinuation decisions?

Financial Aid Packaging and Coordination

- How will our financial aid office adapt to the new requirement to calculate nonfederal aid before determining Pell eligibility?
- For programs with employer tuition assistance, what protocols will we establish to avoid inadvertently eliminating students' Pell eligibility?
- How will we coordinate with our state's promise programs or workforce grants to ensure that students maintain access to Pell, when appropriate?
- What training will financial aid staff receive on the last-dollar provisions, and how will we ensure consistent application?
- What decision trees or modeling tools will we develop to help financial aid counselors maximize total aid while preserving Pell eligibility, where appropriate?

Recommendations for Boards of Trustees

Workforce Pell represents a strategic opportunity for four-year institutions willing to consider a change of strategy that focuses on offering high-quality, outcomes-focused short-term credentials alongside, or as part of, a more traditional degree program to help institutions prove their workforce value. The program arrives as students are showing a preference for shorter-term credentials and states are investing in their own programs and regulatory certainty through negotiated rulemaking consensus. It also comes with significant, proscriptive quality guardrails designed to ensure that programs deliver genuine value and a fairly high degree of bureaucratic involvement.

For institutions prepared to implement it thoughtfully, Workforce Pell can offer a pathway to mission fulfillment, enrollment diversification, and regional impact.



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The following recommendations provide a framework for decision-making:

1. Pursue Workforce Pell as Part of a Broader Nontraditional Student Strategy

Workforce Pell should not be viewed in isolation but as one element of a comprehensive institutional commitment to serving nontraditional students. Institutions should simultaneously invest in flexible delivery models, evening and weekend services, stackable credentials, prior learning assessment, competency-based education, and partnerships with employers and community organizations.

2. Focus on Your Distinctive Market: Degree-Holding Career Changers

Four-year institutions should target the population where they have competitive advantages: professionals with bachelor's degrees seeking to re-skill or up-skill for career transitions. This population has already completed degrees (eliminating lifetime eligibility concerns) and is willing to pay premium tuition for programs with strong outcomes and institutional reputation. Start by recruiting your own alumni before expanding to broader markets.

3. Engage with Your State Early

As discussed above, governors have the primary approval role. Without governor approval, programs cannot proceed to federal review. Early engagement is important for three reasons. First, most states are developing approval processes from scratch and will benefit from institutional input. Participating in these processes ensures that four-year institutional needs are considered alongside community college models that may dominate state thinking. Second, governor approval expires with your PPA and requires recertification. Building strong state relationships now creates smoother recertification processes later. Third, states must calculate completion and placement rates for 2026–29 using administrative data before the department takes over these calculations. Understanding your state's data systems, wage record access, and calculation methodologies is crucial for demonstrating compliance during these initial years.

Institutions should consider assigning a senior administrator the responsibility for state relationship management, and that person should schedule regular meetings with governors' staff and Workforce board leadership, and participate actively in any state advisory groups or stakeholder processes related to Workforce Pell implementation.

4. Start Small with High-Confidence Programs

Begin with two or three programs in fields in which your institution has documented excellence, strong employer relationships, and confidence in achieving outcomes above the 70/70 thresholds. Build infrastructure, refine processes, and demonstrate success before expanding. Quality matters more than scale, and early success builds institutional capacity and credibility for future growth.



5. Invest in Data Infrastructure as an Institutional Asset

Building robust systems to track completion, placement, and earnings serves institutional needs far beyond Workforce Pell compliance. Quality data improve program evaluation, strengthen accreditation reporting, enhance employer partnerships, support fundraising, and demonstrate institutional value to policymakers and the public. Many states offer technical assistance or shared infrastructure that reduces costs. This investment pays dividends across the institution.

6. Design Portability/Stackability from the Beginning

Do not treat stackability as a regulatory compliance matter. Design clear, documented pathways from every Workforce Pell credential to degrees or ensure that certificates are valuable across several employers. This protects students' educational options, addresses lifetime eligibility concerns, creates natural enrollment pipelines for degree programs, and differentiates your institution from providers offering terminal credentials. Helping students build toward future credentials should be a competitive advantage, not an afterthought.

7. Build Quality Standards Above Federal Minimums

Set institutional targets above the 70/70 federal thresholds—aim for 80%+ completion and placement rates in order to provide buffers against fluctuations. Ensure that median earnings are significantly above the poverty line plus tuition calculations. Track outcomes at one, three, and five years post-completion to monitor long-term impact. Offer programs only for which you have confidence in delivering genuine economic mobility; be willing to discontinue underperforming programs.

8. Develop Deep Employer Partnerships

Successful Workforce Pell programs require employer engagement beyond advisory boards. Partner with employers for curriculum codesign, internship placement, hiring commitments, and tuition support. Treat employers as coinvestors in student success, sharing responsibility for placement outcomes. The strongest programs have employer partners who view graduates as a solution to their talent needs.

9. Invest in Student Support Services

Working adults need different support from that of traditional residential students. Provide flexible advising (evenings, weekends, virtual), clear program navigation, connections to community resources (child care, transportation, emergency aid), financial literacy programming, and proactive outreach. Successful nontraditional student support pays for itself through improved completion and retention.



10. Monitor, Evaluate, and Adapt Continuously

Establish clear metrics for program success, monitor outcomes in real time, and be prepared to adapt quickly. The first few years of Workforce Pell will involve learning and refinement. Institutions that treat implementation as an iterative process—celebrating successes, learning from challenges, and continuously improving—will build sustainable programs.

Conclusion

Workforce Pell represents the most significant expansion of federal student aid in decades and a fundamental recognition that postsecondary education must adapt to remain relevant and serve today's student population.

For four-year institutions facing demographic headwinds and declining confidence in higher education's value, Workforce Pell creates an avenue for institutional improvement. The program enables institutions to serve a market well aligned with four-year institutional strengths in quality reputation, alumni relationships, career services, and integrated stackability to bachelor's degrees.

The opportunity is real, but success is not guaranteed. Institutions that chase enrollment volume without a commitment to quality will struggle to meet the 70/70 thresholds and will be prohibited from offering these programs for two years, thereby damaging their reputations. Those who view Workforce Pell as a quick fix for budget pressures rather than a strategic investment in mission fulfillment will likely be disappointed. And institutions that ignore the needs of today's students while trying to fit working adults into traditional education models will fail.

The March 2026 proposed regulations confirm both the opportunities and constraints. The four-year window before earnings accountability, eligibility for bachelor's degree holders, and potential for bilateral state agreements create genuine opportunities for strategic institutions. However, the 25% limitation on written arrangements, complex state approval processes, last-dollar aid packaging requirements, and eventual VAE accountability mean that success needs more than aspirational planning; it will require operational excellence and genuine commitment to quality outcomes.

Success requires genuine institutional transformation: acknowledging that nontraditional students are the norm; building infrastructure to serve working adults effectively; partnering deeply with the state, employers, and communities; investing in data systems and quality assurance; and maintaining unwavering commitment to student outcomes over enrollment numbers.

The institutions that will thrive are those that view Workforce Pell not as a stand-alone program but as a catalyst for becoming genuinely responsive to today's higher-education environment.

Workforce Pell is a historic opportunity to align institutional mission with student realities, federal policy with workforce needs, and higher education's promise with economic mobility outcomes. For trustees willing to lead their institutions through thoughtful, quality-focused implementation, the program opens a door to expanded impact.



About the Author

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Before joining D², Dunn founded and served as the managing partner for HCM Strategists, where she helped clients develop strategic plans, advance policy priorities, and drive impact in K–12 and postsecondary education.

In 2005, Dunn was confirmed by the U.S. Senate as assistant secretary of education for legislation and congressional affairs, serving as the department's top negotiator with Congress. Prior to her role at the Department of Education, Dunn served at the White House as special assistant to the president for domestic policy, advising the president, domestic policy advisor, and other senior staff.



Appendix 1

The Value-Added Earnings Timeline and Calculation

The Value-Added Earnings (VAE) requirement deserves special attention, as it represents the most novel and complex accountability metric. The March 2026 proposed regulations (§690.95) clarify critical details:

The Timeline: The earliest program that can be measured is the 2030–31 award year—four full years after implementation begins in 2026–27. This is because:

- The “cohort period” (§690.91) is defined as the award year ending three FULL award years prior to measurement
- Students must complete programs before earnings can be tracked
- The “earnings measurement period” is the first full tax year after completion

What This Means: Programs starting in 2026–27 will operate for four years before facing the VAE test. During 2026–29, programs are accountable only to the 70/70 completion and placement standards—not earnings outcomes.

The Calculation Formula:

VAE = [adjusted median earnings] minus [150% of federal poverty line for single individual]

Adjusted median earnings account for regional cost-of-living differences using Bureau of Economic Analysis regional price parities for the state and metropolitan area where the program is located, unless more than 50% of students are from out of state—in which case, national median earnings are used without regional adjustment.

Data requirements: The secretary needs at least 50 completers to calculate VAE. If fewer than 50 students completed during the initial cohort period, the department will combine up to three prior award years until reaching 50. If still insufficient, no VAE is calculated and the program faces no earnings-based accountability—only the 70/70 metrics. Additionally, if the federal agency with earnings data returns fewer than 16 earnings records, VAE cannot be calculated.

Important detail: The department will aggregate all programs with the same six-digit CIP code when calculating VAE (§690.95(j)). This means that an institution’s program earnings could be compared against similar programs nationally, potentially affecting institutions differently, based on their program quality relative to their peers in the same CIP code.

Institutional risks: Programs with calculated VAE of zero or negative are immediately ineligible. Programs whose tuition exceeds their VAE become ineligible at the beginning of the award year following VAE release, and the secretary will assess liability against the institution for overpayments.



Endnotes

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- ⁴ Congressional Budget Office, “Baseline Projections, January 2025,” <https://www.cbo.gov/system/files/2025-01/51304-2025-01-pellgrant.pdf>.
- ⁵ The most significant evidence undergirding this policy comes from ED’s Experimental Sites Initiative (ESI), which tested expanded Pell eligibility for 2012–17. Although these efforts showed increased enrollment and completion, they also showed no statistically significant increase in employment or earning for recipients three to four years after the program. The significant guardrails in the Workforce Pell program were designed taking this effort—and later, more successful, state efforts—into account.
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- ¹² Murphy, *A 2025 Update of State Investments*.



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- 18 ED, “Accountability in Higher Education and Access Through Demand-Driven Workforce Pell: Pell Grant Exclusion Relating to Other Grant Aid; and Workforce Pell Grants,” Notice of Proposed Rulemaking, *Federal Register* 91, no. 47 (Mar. 9, 2026): 11378–11436, §690.11.
- 19 Washington State Board for Community and Technical Colleges, “Workforce Pell Grant Program” (2024), <https://www.sbctc.edu/colleges-staff/programs-services/student-services/workforce-pell.aspx>.
- 20 Students have a lifetime maximum of 12 semesters of Pell Grant eligibility that applies across all Pell-eligible programs, including Workforce Pell. Bachelor’s degree holders who used Pell and completed their degree in four years have a four-semester equivalent of eligibility remaining. The unused portion could cover enough for several short-term credentials.
- 21 ED, “Accountability in Higher Education,” §668.32(c).
- 22 Cassandra Dortch, Alexandra Hegji, and Rita R. Zota, “Federal Student Aid Authorized by Title IV of the Higher Education Act,” Congressional Research Service, Report no. IF12780, Oct. 8, 2024, <https://www.congress.gov/crs-product/IF12780>.
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- 24 ED uses a negotiated rulemaking process to implement new higher-education laws written by Congress. Negotiated rulemaking is a special process that the federal government uses to write regulations by bringing stakeholders together to negotiate the rules rather than the agency simply drafting them in isolation.

The department identifies the major stakeholder groups affected by the



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upcoming regulations and selects representatives from each to form a rulemaking committee. For Workforce Pell, this included community colleges, four-year institutions, for-profit schools, state higher-education officials, student advocates, workforce development organizations, accreditors, and federal government representatives. The department drafts regulatory language; then the committee meets in public sessions to debate and negotiate compromises. The goal is for the committee to meet consensus, meaning that all negotiators agree to the proposed regulatory language. This does not mean that everyone approves of every provision but that everyone can live with it.

Negotiators for the Workforce Pell program did reach consensus, and the department finalized the output, through a Notice of Proposed Rulemaking (NPRM) released in March 2026. NPRM was published in the *Federal Register*, allowing for at least 30 days of public comment.

- ²⁵ The March 2026 proposed regulations clarify important details about the 70/70 calculation. Completion rates measure students completing within 150% of normal program time. Placement rates initially (2026–29) measure employment in any job during the second quarter after program exit. However, starting in 2029–30, placement requirements tighten in order to require employment in the program’s target occupation or a “comparable high-skill, high-wage, or in-demand occupation.”

Some students are excluded from both numerator and denominator in these calculations (§690.94(e)): students who die, experience medical conditions preventing employment, are called to military service, or become incarcerated. Institutions should document these circumstances carefully.

The regulations also allow states to certify “alternative completion and placement standards” for specific programs, though the criteria for these alternatives remain unclear and will likely emerge through state-level policy development.

- ²⁶ The 70/70 standard and Value-Added Earnings test require institutions to have a significant amount of outcomes data related to programs that are part of Workforce Pell. However, programs do not need three years of outcomes data before they can participate. But they must have been operating for at least a year before they can apply for eligibility. The negotiated rulemaking process addressed this by initially measuring job placement simply as “employed in the second quarter after exit” (any job), and then, starting in 2028–29, by tightening this requirement to employment in a related occupation. This gives institutions a ramp-up period but still creates significant uncertainty and data infrastructure challenges—especially for four-year institutions that do not currently track short-term workforce program outcomes.

- ²⁷ ED, “Accountability in Higher Education,” §690.93.

- ²⁸ CIP is a standardized federal coding system that categorizes academic programs by subject area.

- ²⁹ SOC codes are the federal government’s system for categorizing jobs and occupations, maintained by the Bureau of Labor Statistics.

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- ³² ED, “Accountability in Higher Education,” §668(c).
- ³³ Ibid., §668.20(b).
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- ³⁵ Anna Rivera and Aaron Reid, “Workforce Pell Is Coming. Are State Legislatures Ready?” National Conference of State Legislatures, Jan. 21, 2025, <https://www.ncsl.org/state-legislatures-news/details/workforce-pell-is-coming-are-state-legislatures-ready>.
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- ⁴⁷ ED, “Accountability in Higher Education,” §690.5, §690.80(d).
- ⁴⁸ Association of Governing Boards, “Pell Grant Eligibility Changes and the New Workforce Pell Grant Initiative,” Aug. 7, 2025, <https://agb.org/news/agb-alerts/agb-policy-alert-pell-grant-overhaul-and-new-workforce-pell-grant-initiative-expand-federal-student-aid>.
- ⁴⁹ A college promise program is a place-based financial aid initiative that guarantees free or reduced-cost tuition to students from a specific geographic area (typically a city, county, or state) who attend a designated local college or university. Promise programs are typically funded through a combination of state/local government funds, philanthropic donations, and institutional contributions and are separate from federal financial aid programs like Pell Grants.
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