

## Simplified Workforce Pell Final Rule

### Definitions

- **Cohort period:** The award year that ends three full award years prior to the beginning of the award year for which value-added earnings are being determined.
  - **Earnings measurement period:** The first full tax year following the award year in which the student completed the eligible workforce program.
  - **In-demand industry sector or occupation:**
    1. An industry sector that has a substantial current or potential impact on the State, regional, or local economy and contributes to the growth or stability of other supporting businesses or industries; or
    2. An occupation that currently has or is projected to have a significant number of positions in an industry sector and impacts the State, regional, or local economy.
  - **Governor:**
    1. The chief executive of a State or outlying area as defined under Section 3 of the Workforce Innovation and Opportunity Act (WIOA); or
    2. If an institution is located on Tribal lands, the Tribal government.
  - **Recognized postsecondary credential:** An industry-recognized certificate or certification, certificate of completion of a Registered Apprenticeship, State- or federally-recognized license, or an associate or bachelor's degree.
  - **State board:** A State workforce development board established under WIOA.
  - **Tuition and fees:** Institutional charges for an eligible workforce program.
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### Eligible Workforce Program Requirements

An educational program is considered an eligible workforce program if it:

- Meets undergraduate program requirements under 34 CFR 668.8;
- Requires a minimum of 8 weeks, but less than 15 weeks, of instruction;
- Includes:
  - 150–599 clock hours; or
  - 4–15 semester/trimester hours; or
  - 6–23 quarter hours;
- Is not offered through:
  - Correspondence courses;
  - Study abroad coursework; or
  - Direct assessment equivalencies;
- Is approved by the Governor through the required process;
- Meets Secretary-established requirements;
- Meets annual value-added earnings requirements; and
- Is offered by an institution that has not faced suspension, emergency action, or termination of programs under Title IV in the preceding five years.
- Is eligible only for Pell Grant funding and not other Title IV aid; and

- May generally provide no more than 25% of the program through a written arrangement with an ineligible entity, except Registered Apprenticeship-related instruction may exceed 25% but remain below 50%.
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### **Governor Approval Requirements**

Before a program can be designated as an eligible workforce program, the Governor, in consultation with the State workforce board, must determine that the program:

- Aligns with high-skill, high-wage, or in-demand industry sectors or occupations;
  - Meets employer hiring requirements;
  - Leads to:
    - A stackable and portable recognized postsecondary credential; or
    - A credential required for employment where only one credential exists;
  - Prepares students to continue into certificate or degree programs through transferable academic credit arrangements.
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### **Required State Approval Process Components**

The Governor must establish a publicly available process that includes:

- Criteria for determining:
    - High-skill, high-wage, or in-demand occupations and sectors;
    - Employer alignment;
    - Whether credentials are stackable and portable;
    - Whether academic credit will transfer toward future credentials or degrees;
  - Information institutions must submit;
  - A consultation and appeals process with clear and equitable procedures; and
  - An attestation that the State workforce board was consulted.
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### **Governor Certification to the U.S. Department of Education**

The Governor's certification must include:

- Program name;
- 6-digit CIP code;
- Relevant SOC codes;
- Certification that the program currently meets and has met applicable Governor-determined requirements during the 12 months immediately preceding certification;
- Approval date;
- Any alternative completion/placement determinations;

- Agreements regarding documentation availability and notification requirements;
  - Certification that program cost and anticipated wages were considered; and
  - Any additional information required by the Departments of Education or Labor.
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### **Additional Notes**

- Governor approval expires with the institution's Program Participation Agreement.
- Governors must recertify continued approval before expiration.
- • Registered Apprenticeship related instruction automatically satisfies certain workforce alignment and employer hiring requirements.
- States may enter bilateral agreements allowing cross-state enrollment if workforce and data-sharing conditions are met.

### **Components Determined by the Secretary**

After the Governor determines that a program meets Workforce Pell requirements, the Secretary evaluates whether the following conditions are met:

#### **Program Duration and Structure**

The program must have met Workforce Pell instructional and length requirements for at least 12 months before the institution applied for eligibility.

#### **Completion and Placement Rates**

#### **Temporary Standards for 2026–27 through 2028–29**

Programs must demonstrate:

- A completion rate of at least 70% within 150% of normal completion time; and
- A job placement rate of at least 70%, measured by employment during the second quarter after exiting the program using administrative data and wage records.

#### **Standards Beginning in 2029–30**

Programs must demonstrate:

- A completion rate of at least 70%; and
  - A job placement rate of at least 70% in occupations aligned with the program or comparable high-skill, high-wage, or in-demand occupations during the second quarter after successful completion of the program.
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### **Institutional Reporting Requirements**

Each year, institutions must:

- Submit a list of program completers and information needed for placement-rate verification to the Governor; and
- Report published tuition and fees through a Secretary-determined process.

The Secretary may waive certain reporting requirements if:

- A separate federal process will calculate completion or placement rates; or
  - A Governor is making progress toward implementing the required placement methodology.
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### **Tuition and Value-Added Earnings**

For each award year, the Secretary confirms that a program's published tuition and fees do not exceed the program's "value-added earnings."

### **Value-Added Earnings Calculation**

Value-added earnings are calculated as:

#### **Median earnings of Pell-recipient completers**

minus

#### **150% of the federal poverty line for a single individual**

Median earnings are adjusted using regional price parity data unless most students are located outside the institution's home state.

Programs with value-added earnings that are zero or negative are not eligible for Workforce Pell funding.

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### **Data and Earnings Methodology**

The Secretary:

- Uses institutional completion data to identify Pell-recipient completers;
- Obtains aggregate earnings information from a federal agency;
- Calculates value-added earnings; and
- Publishes annual value-added earnings determinations.

### **Minimum Data Thresholds**

- At least 30 completers are generally required for value-added earnings calculations.
- At least 16 matched earnings records are required for the calculation to proceed.

If thresholds are not met, value-added earnings are not calculated for that year.

The Secretary combines completers across all eligible workforce programs sharing the same six-digit CIP code when calculating earnings.

Students enrolled in another educational program during the earnings measurement year are excluded from calculations.

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### **Exclusions from Completion and Placement Rates**

Students are excluded from completion and placement calculations if they:

- Die;
- Experience a medical condition preventing employment;
- Are called to military service for more than 30 days; or
- Become incarcerated.

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### **Loss of Eligibility**

Programs lose Workforce Pell eligibility if they:

- Lose Governor approval;
- Fail completion or job placement requirements; or
- Have tuition and fees exceeding value-added earnings.

If tuition exceeds value-added earnings:

- The program becomes ineligible the following award year; and
- The Secretary may assess liability for Pell funds already disbursed.

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### **Regaining Eligibility**

#### **Following Failure of Completion or Placement Metrics**

Institutions may not reestablish eligibility for the same or substantially similar program for two years.

A “substantially similar” program generally refers to one sharing the same four-digit CIP code and identical SOC codes.

#### **Following Loss of Governor Approval**

Eligibility may be restored after:

- The Governor reapproves the program; and
- The Secretary confirms compliance with eligibility requirements.

### **Following Failure of Value-Added Earnings Requirements**

Institutions may request reinstatement by:

- Obtaining renewed Governor approval;
- Reducing tuition and fees to allowable levels; and
- Requesting the recalculation of value-added earnings.