August 28, 2025

Tamy Abernathy
U.S. Department of Education
400 Maryland Avenue SW, Room 2C172
Washington, DC 20202

RE: Comments to the Department of Education on the notice of proposed rulemaking [ED-2025-0151]

To Whom it May Concern:

Thank you for the opportunity to comment on the U.S. Department of Education's notice of proposed rulemaking, ED-2025-0151. Congress's recent legislative changes through H.R. 1 introduced significant shifts to federal higher education policy, including: new loan limits and repayment terms; a new accountability framework; and the creation of a short-term Workforce Pell Grant. The decisions made through this rulemaking will have lasting implications for students, families, institutions, and taxpayers.

New America's Higher Education Program is a team of researchers, writers, policy experts, and advocates dedicated to examining federal student aid policy and advancing solutions that prioritize students and families. We have particular expertise in loan policy, accountability standards, and short-term credentials. We approach this rulemaking with a focus on ensuring students can access affordable, high-quality postsecondary opportunities without being left worse off financially.

We recognize the ambitious scope of this rulemaking. In our comments, we offer recommendations on the areas the Department will consider related to student loan limits and repayment terms, accountability metrics, program-level standards for Workforce Pell, and Pell eligibility changes. Our recommendations are intended to center students and taxpayers alike, while helping the Department to consider how they can strengthen their oversight, guard against predatory or low-value programs, and ensure that new statutory provisions achieve their intended purpose of expanding opportunity while maintaining accountability.

We look forward to continuing to engage the Department on ways to strengthen affordability, quality, accountability, and consumer protection in the higher education system to ensure colleges and the federal student loan system serve students and borrowers well.

Sincerely,

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Process

Committee representation

The regulatory changes that emerge from the negotiated rulemaking process are likely to have far-reaching consequences for current students and student loan borrowers. It is important that the Department have adequate representation of impacted students and advocates representing them, particularly if it is also considering adding seats that represent institutions. The Department has rightfully included legal assistance organizations that represent students and borrowers, consumer advocates, and civil rights organizations as important stakeholder groups deserving of a seat at the table. However, it has condensed these groups into a single seat. Each of these stakeholder groups represents unique experience and expertise that cannot be adequately represented by one category. For example, legal assistance organizations cannot represent the concerns of civil rights groups. The Department should provide a seat at the table for civil rights groups, separate and apart from legal aid and consumer advocates as it has done in the past.

In addition, the Department should add additional student and borrower representation. For the RISE committee, the Department should consider separate seats for student loan borrowers that are in school and student loan borrowers in repayment who will be impacted differently by the rules established by the committee. Borrowers currently enrolled may not have had any interaction with the student loan repayment system and would be unable to speak to the issue of repayment plans, while borrowers that have completed their program and are in repayment, will not be impacted by the limits on future borrowing. Additionally, the Department should consider constituencies for undergraduate and graduate student loan borrowers. Each of these groups have unique experiences with the student loan system and will be impacted by the forthcoming changes to student loan eligibility in different ways. They deserve to be heard separately and independently of the other.

On the AHEAD committee, the Department should consider seating any students that have received Title IV, whether or not they are currently receiving Title IV aid. The Department could also consider whether being a Title IV recipient is necessary since all students will be impacted by the rules established on the AHEAD committee.

Negotiators should be paid for their travel and lodging. Given that these regulations will have wide-reaching impacts, it is crucial that the Department have diverse representation on the committee. The Department has opted against a virtual negotiated rulemaking, which provides the ability to seat a broad range of constituents without the limits of who can afford to pay for expensive travel and lodging. We thank the Department for covering these expenses for students and borrowers, but it still remains a limitation that impacts all seats at the table and could result in over-representation of negotiators who are local to DC and not representative of stakeholders across the country. The Department can still do more to ensure that negotiators of all categories can properly represent their constituents during negotiations. Covering representatives' lodging and expenses would encourage and support greater diversity of participants on rulemaking committees by enabling participation of individuals whose employers cannot cover their expenses or who themselves cannot cover expenses.

Student Loan Repayment

The Department proposed six issues for negotiation in the RISE Committee, and we have outlined comments accordingly in these areas below. Our recommendations build on H.R. 1's streamlining of the student loan repayment system and are focused on ensuring the required changes are as easy to understand and accessible as possible for borrowers and as simple as possible for the Department and its contractors to administer.

Phase-out of graduate and professional PLUS Loans.

<u>Provide flexibility for current borrowers to complete their degree.</u> The new graduate, professional, and Parent PLUS annual, aggregate, and lifetime limits outlined in H.R. 1 do not apply to a student who, as of June 30, 2026, is "(i) enrolled in a program of study at an institution of higher education; and (ii) has received a loan (or on whose behalf a loan was made) under this part for such program of study," per 20 U.S. Code § 1087e(a)(8).

Here, the law ensures that the rules of borrowing do not change mid-stream for those already enrolled in school. Students likely made their academic plans using the loan terms that were in effect before the passage of H.R.1, and changes that occur while they are still completing their programs could derail their higher education journey. At the same time, borrowers' trajectories through higher education are often not linear, and defining both remaining eligibility and specific transfer-allowed programs of study for different students will be confusing for students and burdensome for institutions (and the Department). Thus, the Department should consider defining remaining loan eligibility based on a borrower's current program of study—in terms of the expected time to credential—and allowing a borrower to use this remaining eligibility within their existing program or for another program to which they can transfer while remaining within the undergraduate or graduate level (per the original program of study).

Establishment of new annual loan limits for graduate and professional students and parent borrowers, and implementation of new lifetime borrowing caps.

<u>Safeguard low-income parents from unaffordable debt.</u> While Congress enacted caps to Parent PLUS borrowing in H.R. 1, the program still leaves too many low-income parents without safe and

affordable financing options. Under current law, parents with little or no discretionary income remain eligible for loans up to $20,000 annually and $65,000 over the course of their child's undergraduate degree. At the same time, these parents no longer have access to Income Contingent Repayment (ICR) after the "consolidation loophole" was closed. In effect, families with the fewest resources are being offered the riskiest type of federal loan without any safety net.

Rather than relying on Parent PLUS loans for these families, the Department should expand access for students themselves by providing them with the independent undergraduate loan limits when their parents cannot realistically repay. This is what currently happens when a parent is rejected for a PLUS loan under current adverse credit history standards, which we believe should be revised to help automate this process further. This approach would ensure the lowest-income dependent students, who are independent in the sense that their parents cannot help pay for college, have access to federal loans under the same protections available to other independent borrowers. This would also reduce the likelihood of parents being saddled with debt they cannot manage.

In modernizing the adverse credit standard, the Department could consider modest safeguards that reflect the reality of very-low-income households. Relying solely on credit history, as is currently done, is insufficient and often misleading since families with little to no credit history can still be trapped in unaffordable debt. As one option, the Department could consider whether applicants with an SAI of zero or an SAI that is negative should automatically be rejected when the parent applies, allowing the families to either explore whether access to the independent loan limits is sufficient for their student or find an eligible endorser. This would not bar aid to the family, but would shift the borrowing responsibility to another with sufficient income or to the borrower who will have access to the new RAP plan with more borrower protections. The Department could also explore a gradual phase-in approach, using increasing levels of SAI to guide where Parent PLUS borrowing may be feasible. Meanwhile, rejection based on historical events such as old medical debt or insurance disputes should be avoided since such items are poor indicators of repayment ability.

<u>Allow a transition period for current students enrolled less than full-time.</u> We support the changes in H.R. 1 to prorate loan limits for students enrolled less than full time, consistent with the Pell Grant program. Prorating recognizes that part-time students generally face lower educational costs and should not be encouraged to borrow at the same level as full-time peers. Aligning loan limits with enrollment intensity is a sensible step to curb unnecessary debt accumulation.

However, H.R. 1 did not include an effective date for the proration of loans for part-time students (20 U.S. Code § 1087e(a)(7)(a)). Recent guidance from the Department indicates that this provision will go into effect starting in academic year 2026-27. To make implementation easier, and to ensure program rules do not change mid-stream for enrolled students, the Department should consider aligning this provision with the changes to graduate and Parent PLUS borrowing mentioned above. For example, the Department could introduce a transition period for borrowers currently enrolled in school as is available for enrolled students during the phase-out of Graduate PLUS loans and new limits for Parent PLUS loans.

Exclude existing loans from new loan limits. The new annual, aggregate, and lifetime limits outlined in H.R. 1 begin on July 1, 2026. To simplify implementation for the Department and institutions (including financial aid administrators) and reduce confusion for borrowers, the Department should exclude existing loans—those taken out before July 1, 2026—and restart the clock on loan limits for existing borrowers that re-enroll and borrow after July 1, 2026.

Create an evidence-based, multi-factor framework to define graduate and professional programs. H.R. 1 eliminates Graduate PLUS loans but increases annual and aggregate Direct Unsubsidized Stafford loan limits for professional students from $20,500 to $50,000, and from $138,500 to $200,000, respectively. Graduate students' annual Direct Unsubsidized Stafford loan limits remain the same, while their aggregate limit becomes $100,000. The law defines a professional student as a student enrolled in a program of study that awards a professional degree, as defined under section 668.2 of title 34, Code of Federal Regulations (as in effect on the date of enactment of this paragraph), upon completion of the program (20 U.S. Code § 1087e(a)(4)).

The definition and list included in 34 CFR 668.2 are non-exhaustive, meaning that the Department must fill in the gaps to facilitate implementation of H.R. 1. And it must do so in an environment where the incentives for this classification have changed dramatically and where the status quo does not fit neatly with the changes mandated by HR1. (For example, today, similar programs are classified and reported differently by different institutions.) Without clear standards, the Department risks the new loan limits, intended to reduce borrowing, becoming meaningless while also potentially driving up debt in some programs.

The Department should examine its internal data, including data about program length and the history of program classifications and reporting and create a multi-factor framework for what counts as a graduate versus professional degree or program among graduate-level programs that require the completion of a BA for acceptance/enrollment. For example, the Department should assess whether the degree or program is one of the credential types currently named in the regulation (or a closely related program), whether the program leads to licensure, and whether, as of the date of enactment of H.R. 1, most programs in the field currently report as graduate or professional. The Department should also create:

- A clear process and standards to ensure that programs that are created in the future are appropriately classified
- Standards for programs that do not count as professional
- A process to ensure that, to the extent possible, fields consistently categorize programs as graduate or professional
- A process to monitor the field to ensure programs are not closed and reopened without substantial changes in an attempt to change classifications

Simplification of student loan repayment plans into a standard repayment plan and a single income-based Repayment Assistance Plan (RAP) for new borrowers, elimination of the

Income-Contingent Repayment (ICR) plan, and streamlining requirements for Income-Based Repayment plans for existing borrowers.

Streamline access to IBR for Parent PLUS borrowers. H.R. 1 creates eligibility for a Direct Consolidation Loan that repaid a Parent PLUS Loan to enroll in income-based repayment (IBR), but only if such a loan "was being repaid—(i) pursuant to the Income Contingent Repayment (ICR) plan in accordance with section 685.209(b)" (20 U.S.C. 1098e(a)(2)(B)). If such a loan is enrolled in ICR before July 30, 2028, after that point it will be transitioned into an IBR plan. But H.R. 1 also allows borrowers with Direct Consolidation Loans that repaid a Parent PLUS loan to enroll in an IBR plan immediately (the Department recently indicated that it is working on this provision).

It would be confusing for borrowers and burdensome for the Department and servicers to require borrowers with Parent PLUS loans who intend to consolidate and enroll in IBR to first enroll in ICR, especially given that those who consolidate before July 1, 2026 will eventually be moved into IBR and these borrowers are able to enroll in IBR as soon as a system to do so comes online. (Presumably, those who have already consolidated into ICR or another plan can enroll in IBR directly when the system is available.)

When consolidating before July 1, 2026, borrowers with Parent PLUS loans should be given the option to "enroll in IBR via ICR" and servicers should be directed to note an enrollment in ICR (for a nominal amount of time) and then place the borrower into IBR. No account notifications or billing statements should be issued on the ICR plan if this option is chosen.

A precedent exists for combining such actions. Borrowers in IBR are technically required to make one payment on the standard plan before transitioning into a new plan but are permitted to use a forbearance in lieu of this payment. The Department allows a borrower to request such a forbearance on the Income-Driven Repayment (IDR) Plan Request form.

Use existing definitions and practices related to on-time payments. H.R. 1 includes several mentions of "on-time" payments, but otherwise does not use the term consistently. The Department should not create a new definition of an on-time payment only in select instances. To facilitate smooth implementation of H.R. 1, the Department should use existing definitions and practices, both sub regulatorily and regulatorily. For example, 34 CFR 685.219(c)(2) already outlines requirements for what counts as an on-time/qualifying payment for PSLF.

Keep returning borrowers' loans enrolled in RAP, when possible. In the future, borrowers may be enrolled in RAP for their existing loans and choose to return to school to borrow additional loans. H.R. 1 states that, "If a borrower of a loan made under this part on or after July 1, 2026, does not select a repayment plan described in subparagraph (A), the Secretary shall provide the borrower with the standard repayment plan described in subparagraph (A)(i)" (20 U.S.C. 1087e(d)(7)(B)). The Department should clarify that if a borrower whose existing loans are already enrolled in RAP does not make a selection upon reentering repayment, their new loans will also be placed into RAP, when possible, especially if they have already given consent for FUTURE Act-related data sharing.

This will ensure continuity for the borrower (likely resulting in fewer calls and less outreach to servicers) and allow future payment to more closely align with what a borrower is likely to expect their payments will be.

Use total outstanding principal to (re)amortize payments in the new standard plan. H.R. 1 states that the new standard plan's duration is for a "period of time for repayment determined based on the total outstanding principal of all loans of the borrower…at the time the borrower is entering repayment under such plan" ((20 U.S.C. 1087e(d)(7)(A)(i)(II)). The Department should use total outstanding principal to calculate a new payment and term any time a borrower switches from RAP (or any plan) into the new standard plan.

For example, future Parent PLUS borrowers who also have loans from their own education are permitted to repay their own loans on RAP even while their Parent PLUS loans must be repaid in the new standard plan. The calculation of their standard plan payment and time period should be based on the outstanding principal balance of both types of loans, even if the borrower will only repay the Parent PLUS loans on the new standard plan. This aligns with statute and ensures that borrowers won't be penalized with higher total payments just for having two different types of loans.

Institutional flexibility to apply lower annual limits for student and parent borrowers for selected programs of study.

Exercise caution when implementing the new authority for institutions to set lower annual loan limits for specific programs of study. Research we conducted shows that institutional discretion over borrowing often leads to inequitable outcomes and can undermine access for students who rely on loans to help cover their basic needs. Meeting basic needs is essential for ensuring academic success. While administrators may seek to protect repayment metrics by limiting borrowing, those restrictions often fall hardest on low-income students at low-tuition institutions. These are precisely the students most likely to need additional resources to complete their studies. Guardrails are therefore essential to ensure that program-level borrowing caps do not become a backdoor way to ration aid.

The Department should require that any institutionally determined loan limits be grounded in transparent, data-driven assessments of program costs, applied consistently, and subject to clear oversight. Without such protections, institutional flexibility could exacerbate inequities, limiting access to critical living supports that can improve persistence and completion.

Modifications to loan rehabilitation, including allowing defaulted borrowers to rehabilitate their loans a second time and setting minimum monthly payment amounts for such loans, phase-out of unemployment and economic hardship deferments, and limitations on a borrower's ability to receive a general forbearance.

Provide consistency and support for borrowers in default. H.R. 1 allows borrowers to rehabilitate their loans twice, providing a critical additional pathway out of default. It also raises the minimum payment for a rehabilitation agreement from $5 to $10 for future borrowers. Reasonable and affordable rehabilitation payments should align with the lowest payment a borrower would make if they were in good standing on their loans to ensure borrowers are able to remain on track when they reenter repayment, especially given that they can currently typically only exit default a limited number of times.

The Department should encourage those in default to consent to information sharing and create a pathway for borrowers who rehabilitate their loans to automatically enroll in an IDR plan after they leave default if that plan provides the lowest payment (see below for additional information). In addition, to the extent possible, the Department should stop other collections when borrowers enter a rehabilitation agreement and provide online, self-service options for borrowers in default.

Other provisions included in Public Law 119-21 that are effective upon enactment, on July 1, 2026, on July 1, 2027, or on July 1, 2028.

Engage in clear communication and outreach. The implementation of H.R. 1 should reduce confusion as much as possible, making it easier for borrowers to select a plan and avoid default and for the Department and its contractors to administer the student loan program. The details—including counting payments as borrowers move between plans, what happens when borrowers take out new debt, and specifically who the new loan limits apply to—must include clear timelines and outline the consequences of different options. Communication to borrowers about their options must be concrete and consistent, given that borrowers will be facing a host of complex choices (during a period in which many have already experienced confusion).

For example, the handling of past payments when transitioning into RAP is clear in the statute, and H.R. 1 also outlines how payments and the payment period are set each time a borrower enters into the new standard plan. Statutory text is also clear that current borrowers can move back and forth among IDR, current standard, current graduated, and current extended plans until their loans are paid off as long as they do not take out new loans. However, how the (re)amortization of loans will be handled during such transitions is less clear.

In addition, the Department should clarify for borrowers that consolidating their loans on or after July 1, 2026, even for current borrowers, will result in borrowers only being able to access the RAP and new standard plan. Parent PLUS borrowers may be especially confused by their ability to opt into IBR through June 30, 2028 (before being moved to this plan) but needing to consolidate to do so before July 1, 2026.

Help borrowers avoid default. In addition to the other provisions in H.R. 1 that streamline the repayment system, the should Department automatically enroll delinquent borrowers—those who have opted into FUTURE Act-related data sharing and would have a lower payment on an IDR plan—into an IDR plan. This will allow current and future borrowers, many of whom will have a low, $0, or $10 IDR payment, to avoid the severe financial consequences that can come with missing payments and defaulting on their loans. It would also simplify the system for borrowers, servicers, and the Department.

There are other points in the repayment process where borrowers would also benefit from automatic enrollment in an IDR plan. For example, borrowers exiting default through a rehabilitation agreement should be automatically enrolled in the plan with the lowest payment, including an IDR plan, to help them avoid redefaulting.

In addition, where it does not do so already, the Department must clarify its procedures and ensure that borrowers have the ability to provide consent for data sharing on multiple applications and forms offered by the Department, through the borrower's online accounts with their servicer and the Department, in writing to the Department or servicers, and at other times when they engage with the Department and its contractors.

Finally, providing borrowers in default with access to an IBR plan (including RAP) would allow eligible borrowers to receive credit toward IDR forgiveness for payments made that often exceed those made when they are in repayment and provide a pathway to eventually exiting default for those who are making payments over long periods of time.

Institutional and program accountability, Pell Grants, and Other Issues

The Department proposed four categories for negotiation on the AHEAD committee and our comments are organized accordingly below.

Changes in institutional and programmatic accountability measures, including loss of Direct Loan eligibility for certain programs with low earnings outcomes for 2 out of 3 years; and Financial Value Transparency and Gainful Employment.

H.R. 1 establishes a clear framework for holding colleges and universities accountable for delivering value to students they enroll, ensuring students end up better off than if they did not attend at all. It does so by holding degree programs accountable for ensuring the majority of students receive the earnings boost that should come with a college degree. New America is in strong support of efforts to hold all institutions and programs accountable for ensuring students receive the value they expect when they invest their time and money into a postsecondary education. It should be a given that students earn more after completing a program than if they had not attended at all. Previous public opinion research from New America shows that a majority of Americans support the idea that colleges and universities should lose access to taxpayer dollars if a high percentage of their graduates are earning less than the average high school graduate.

However, the provisions in H.R. 1 have several important oversights. First, the accountability provisions do not apply to undergraduate certificate programs. Those programs are currently covered under a similar earnings threshold from the Gainful Employment (GE) rule and the legislative history of H.R. 1 indicates that these programs weren't included in the accountability framework for that reason. First, the House version of the bill initially eliminated the GE rule. However, the Senate version that became law did not repeal the rule. In fact, an FAQ document provided post passage of H.R. 1 from the Senate HELP Committee stated that it did not apply to undergraduate certificate programs because these are covered under a similar earnings threshold under the Gainful Employment regulations. Furthermore, it is difficult to imagine that Congress wanted a carveout for these programs, given that the law includes a different, though somewhat similar accountability requirement involving earnings for Workforce Pell programs. As part of ensuring strong accountability for all programs, it is critical that the Department maintain a strong Gainful Employment rule that applies to all undergraduate certificate programs, particularly given that undergraduate certificate programs show the lowest earnings, on average, of all programs receiving Title IV aid.

The accountability provisions in H.R. 1 also neglect to consider earnings in relation to the debt students take on to attend programs. The Administration has supported GE and FVT regulations in court, including the earnings premium and debt-to earnings metrics stating that "Congress could not possibly have intended to waste taxpayer money on programs that leave students in unaffordable debt or no better off than when they started." The Administration further argued that as responsible stewards of taxpayer dollars, the need is "particularly acute in light of the billions it disburses in title IV aid and the high levels of unpaid student debt that continue to plague many Americans." We agree with the Department, and think it's important the Department maintain debt-to-earnings rates in the gainful employment regulations and continue to collect and report this information for all programs.

We also believe the Department should maintain the Financial Value Transparency (FVT) regulations which provide a critical safeguard to strengthen student protections and enhance transparency. The FVT will provide the Department with critical data necessary to implement the provisions of H.R. 1, while assessing the long-term impact of monumental changes for students and borrowers that will occur in implementing both the student loan repayment and accountability provisions under the law. To help inform this rulemaking and ensure data-driven policymaking, we ask that the Department publicly release the data it has collected under FVT regulations ahead of negotiations.

Accountability (Sec. 84001)

Use existing data and processes to begin compiling data immediately to release earnings by July 1, 2026.

The accountability provisions are an important, clear, and commonsense measure to hold programs accountable and ensure students end up better off. The Department will surely hear concerns from institutions about catastrophic impacts and program closures in particular sectors resulting from the new measures. There will likely be requests to exempt particular programs, lengthen the earnings measurement time period, and requests to delay data. However, comparing earnings to the median earnings of a high school graduate or bachelor's degree recipient for graduate and professional programs is a low bar and establishes a bare minimum expectation.

Research modeling the impact of the thresholds in H.R. 1 suggests that only about 1 percent of students are enrolled in programs that would fail the tests in a given year. Failures include only 2 percent of associate degree programs, fewer than half a percent of bachelor's degree students, and will have minimal impact on professional and doctoral programs. We encourage the Department to use existing data and processes to begin constructing the measures and compiling data as quickly as possible. The Department must release initial earnings threshold measures, and give students, institutions, and policymakers an indication of where failures exist, and the opportunity to make programmatic changes well in advance of eventual losses of eligibility. It would also be beneficial for the Department to release the initial earnings premium measures it has collected as part of the GE and FVT regulations ahead of the rulemaking to help inform negotiators about the potential impacts of those existing measures.

Ensure programmatic cohorts are aggregated by similar programs, not just similar program lengths.

H.R. 1 addresses the issue of small programmatic cohorts that have fewer than 30 individuals by suggesting the Department should first aggregate additional years of data to reach 30 individuals and then, if it still does not include 30 individuals, to aggregate by programs of similar length to achieve a sufficient cohort size. Aggregating just based on similar length could result in very different programs being combined, distorting the earnings. The Department should consider aggregating programs by CIP code.

Include current and prospective students in notices for failing programs.

In the event a program fails the earnings threshold in one year but has not yet failed the measurement for two years, H.R. 1 requires notice to each student enrolled in the educational program. The Department should consider broader notice to students, including prospective students, each year of failure, not just the first year. When a program loses eligibility based on earnings, it can still maintain access to Pell Grants. Here too, the Department should require that current and prospective students are made aware of the loss of loan eligibility due to low earnings outcomes. The Department should also consider public notice, such as a flag on the program's data in the College Scorecard and on the website it is creating under the FVT regulations.

To gain re-entry the program must meet earnings eligibility.

Under H.R. 1, programs that have lost eligibility may regain entry after two years based on a process established by the Secretary. Because programs that lose eligibility for loans may still access Pell Grants, the Department should require that any such program demonstrate that the earnings of its students meet the earnings threshold before regaining eligibility. In the event the program does not have data available from Title IV recipients, the Department should require the program to demonstrate that the earnings of its graduates meet the earnings threshold based on administrative data from the State or another source.

Limit institutions from creating substantially similar programs after loss of eligibility.

In order to prevent potential gaming, the Department should consider limiting an institution from creating a substantially similar program for a period after the loss of eligibility. For example, in the GE regulations, the Department limits the creation of a substantially similar program for a period of three years. Under H.R. 1, programs may regain access after a period of two years. The Department should ensure the institution does not create a new and similar program through which it can enroll students eligible for loans while it is waiting to regain eligibility, at a minimum, and then only if it can demonstrate it currently meets the earnings threshold. Otherwise it should be restricted to a period of three years before creating a similar program.

Limit appeals so accountability remains meaningful.

The Department will need to construct an appeals process for programs that are subject to loss of eligibility. The Department should limit appeals only to dispute the calculation itself as it did under current GE regulations and not for other reasons. History has shown that when a college is allowed the opportunity to appeal a decision, it is unlikely to lose access to aid. Take, for example, the Cohort Default Rate (CDR)--a measure of how many borrowers default on their loans within three years of leaving school. Schools that have high CDRs are cut off from access to aid. The CDR metric is ineffective in part because it allows a school at risk of losing aid to access a variety of appeal options. For CDR, institutions with repeatedly high default rates continue to maintain access to aid by continuously appealing. For example, in 2018, among 7 institutions that failed the CDR metric, all 7 had successful appeals. One institution that failed the measure 4 years in a row successfully appealed each time.

Ensure public transparency of initial rates, appeals, and appeal outcomes.

The Department should ensure public transparency of the earnings threshold measures and publish the data annually by program. The website being established under FVT regulations is one place where the Department can publish this information. As it does for cohort default rates, the Department should also publish programs that appeal initial measures and the outcomes of the appeals to understand which programs failed but maintained eligibility following the outcome of the appeal.

Provide offramp for students whose programs lose eligibility.

The Department should consider how to support students whose programs lose eligibility before they've completed their program. This will be critical particularly for programs at the graduate level, and which may not be easy to find or transfer to a similar program. Currently, Department regulations regarding accrediting agencies require the agency to request a teach-out plan for certain significant events. However, these criteria mostly only apply to events occurring at the institutional level and where an institution is closing a location that provides a particular program.

One option is for the Department to expand these criteria and require accrediting agencies to necessitate a teach-out plan if a program has failed the threshold and is at risk of losing eligibility. This will ensure students are either able to continue their educational program, transfer to a similar program at the institution that is not failing the threshold, or at another institution. For students for which transferring to another similar program is not an option to complete their studies, the Department should consider discharge of their loans.

Maintain a strong gainful employment regulation.

Gainful Employment regulations are an important safeguard for students and taxpayers alike, and essential to ensuring all programs are held accountable under the provisions of H.R. 1. Under the legislation, all programs are subject to the basic earnings threshold under the law except undergraduate certificate programs. As mentioned above, according to an FAQ from Congress, they were left out, not because they were not intended to be subject to the expectation that their graduates earn more than if they had not attended, but because these programs are already held to a similar metric under GE. Without this regulatory requirement, undergraduate certificate programs would be left out entirely, creating the risk that colleges increase their certificate offerings because they are not subject to accountability measures, yet available research shows outcomes for these programs are mixed. Undergraduate certificate offerings are growing. In 2023-24, the number of students completing a certificate program increased, following a ten-year trend, while the number of students earning an associate or bachelor's degree decreased. And many of these programs fail to result in increased wages. Earnings increases vary widely depending on the program length and field of study, with some having no to modest increases in wages, and overall lower rates of employment for certificate holders. Recent data from the College Scorecard shows that graduates of the average undergraduate certificate program earn a median wage of just $13 per hour. Given these outcomes, it is essential that the Department maintain a strong GE rule to ensure students investing their time and resources in a program see increased earnings after completion.

Maintain a Debt-to-Earnings measure.

Unlike the GE rule, the accountability provisions in H.R. 1 do not address unmanageable debt and the Department should consider how to address the issue under this rulemaking, and at minimum, maintain the debt-to earnings measure in the GE rule for undergraduate certificate programs and continue to calculate the measure for all programs under FVT regulations. Data from the Department show that more than 1,500 programs passed the earnings threshold but failed the debt-to-earnings test, so although graduates of the programs earned more than the typical high school graduate, as passed under H.R. 1, they did not earn enough to reasonably afford their loan payments. These programs served over 621,00 students and received more than $6.7 billion federal loans and over $1.1 billion in Pell Grants. Department estimates show that borrowers in programs that fail the debt-to-earnings metric are 25 percent more likely to default on their loans compared to programs that pass the measure.

As delinquencies and default continue to grow, it is critical for the Department to maintain a debt-to-earnings measure both for purposes of holding programs that leave students with unaffordable debt accountable, but also to provide students with transparent information on whether the program they are seeking to enroll in is likely to leave them with unaffordable debt relative to the earnings boost they receive. Doing so will help the Department address high cost programs, encourage institutions to lower their prices or eliminate programs that are not serving students well, protect borrowers, and reduce defaults to help stabilize the loan program.

Maintain Financial Value Transparency Regulations.

The Financial Value Transparency regulations currently in effect are a critical safeguard that aims to strengthen student protection and enhance transparency. In addition to providing students and families with the most detailed information to date about costs and outcomes students can expect, it will provide the Department and policymakers with critical information to address costs and debt. It will also provide data that is necessary for implementing the provisions of H.R. 1. We urge the Department to maintain FVT regulations and the required reporting elements.

The FVT framework provides transparency that is essential to helping prospective students understand the risks they are taking, particularly for students in high-cost programs whose graduates undertake unaffordable debt. Currently, cost of attendance at institutions varies widely, making it exceedingly difficult for students and families to make financially-informed college decisions. In a 2018 report of financial aid letters, New America's analysis shows that institutions compiled letters with confusing jargon, failed to differentiate types of aid, inconsistently calculated what students actually needed to pay, and even in some cases omitted the total cost of attendance. FVT ensures that the students, the public, and policymakers have accurate programmatic cost of attendance data to inform decision-making and reduce the risk of unaffordable debt through the debt-to-earnings calculation.

Under H.R. 1, the reporting elements within FVT will provide the Department with critical information necessary for implementation and tracking the legislation's impact on student costs. For example, under the provisions of Workforce Pell, programs must show that their graduates receive value-added earnings from completing, meaning that the median graduate's earnings (three years post-completion) minus 150 percent of the federal poverty level must exceed the published tuition and fees of the program. Under FVT, institutions report tuition and fees by individual program and this mechanism will provide the Department with the data needed to establish this metric and hold programs accountable for meeting it. While the Department must establish new loan limits under the law, without FVT, the Department has no mechanism to collect or understand the full picture of student borrowing including alternative sources of debt students take on, or the full costs and components of the costs students face. Keeping the FVT framework will allow the Department to understand whether institutions and programs reduce their costs to respond to new lending limits or end up taking on additional private debt to account for costs.

Release FVT data ahead of rulemaking.

The Department has already collected troves of institutional data reporting under the current GE and FVT regulations published on October 10, 2023 and effective July 1, 2024. The deadline for reporting and evaluation of the Completers list was extended to September 30, 2025. Given that the Department has added both topics to the AHEAD committee agenda for additional rulemaking, it is critical that negotiators have the opportunity to understand what information the data can provide in order to help inform the rulemaking, and particularly for any data elements it hopes to change or eliminate. For example, if the Department seeks to change or eliminate the cost reporting element of the FVT regulations, it is important for negotiators to know the value of the data being changed and the information it provides to students and policymakers. If the Department seeks to change the earnings premium calculation under GE, negotiators deserve to have information on passage and failure rates. Given that these regulations are in effect and the Department has the data available, it should be enforcing these requirements and using the information to inform any changes it hopes to make. We urge the Department to release the data ahead of negotiations to support data-driven policymaking.

Workforce Pell

Establishment of program eligibility requirements for a new Workforce Pell Grant for students enrolled in programs that last a duration of 8-15 weeks, are transferable to a recognized postsecondary credential or degree, are approved by the state governor, and have strong outcomes.

In H.R. 1, Congress enacted one of the most significant expansions of the federal student aid system in decades—opening up Pell Grants to very short, non-credit, non-degree job training programs. For the first time, federal grant aid will be available for programs as short as 8 weeks, including non-credit programs. This change is as consequential as two previous watershed moments in federal student aid: first, when Congress extended eligibility to for-profit institutions and non-degree programs, and second, when it allowed participation by fully online programs. But unlike those expansions, this one introduces a new kind of program into the federal aid ecosystem, one that straddles the line between workforce development and higher education.

While bearing a close resemblance to the job training programs funded through the Workforce Innovation and Opportunity Act, this new program is embedded in legislation governing higher education and career technical education, which have distinct eligibility, funding, performance, and accountability structures. Its implementation will be governed by existing education policy infrastructure, including Title IV of the Higher Education Act, which determines federal financial aid eligibility, institutional and programmatic accreditation requirements, state program and provider authorization processes, and state implementation of federal career technical education programs (Perkins V). Implementing this law will be complicated and involve many stakeholders and steps: federal rulemaking through negotiated rulemaking processes; creating and executing state program approval processes by governors, and more.

This expansion of federal aid presents a rare and powerful opportunity to shape a new class of programs from the ground up. If implemented effectively, these programs could expand economic opportunity and accelerate pathways to good jobs. Workforce Pell could become a cornerstone of state strategies to build a high-quality workforce and drive inclusive economic growth. It offers governors and state leaders a new tool to align education and training systems with employer needs, support rapid upskilling, and strengthen the link between learning and labor market outcomes.

However, this expansion comes with substantial risks to students and taxpayers. Our research on the history of short-term programs receiving federal student aid shows that a key structural distinction, combined with past experiences in which similar programs produced poor outcomes for students, led policymakers to limit Title IV eligibility to programs that met certain thresholds for length, accreditation, and academic progression. These limits were put into place because of a long history of poor outcomes and widespread fraud and abuse, particularly, though not exclusively, among for-profit institutions.

Furthermore, research consistently shows that very short-term programs often fail to provide meaningful economic benefits for students. Our review of the literature showed that individuals completing these programs earned no more than peers who did not pursue any postsecondary education—raising serious concerns about the return on investment, particularly when the programs are operated by for-profit institutions. In a separate analysis, New America documented that half of short-term certificate holders earned wages at or near the poverty level.

These shortcomings are also evident in programs already eligible for federal aid. Currently, programs as short as 10 weeks (300 hours of training) can qualify for federal student loans, yet outcomes are weak. One study found that graduates of these programs earned a median wage of just $12 an hour, below the earnings of the typical high school graduate. Another federal data analysis showed that the average certificate program receiving federal aid produced median salaries under $25,000. The Department of Education has itself tested short-term Pell Grants in programs as short as 8 weeks under its experimental site authority, and found that while these grants modestly boosted program completion, they did not improve employment or earnings outcomes.

In the sections that follow, we have outlined several areas where the Department can clarify requirements for institutions and for states, as well as strengthen protections for students and taxpayers to ensure that this expansion of federal aid serves students, helps governors meet their workforce needs, and protects taxpayers' investment from going to low-quality programs.

Transparency

Transparency will be essential to ensure Workforce Pell fulfills its promise and doesn't repeat the mistakes of past Pell expansions. At a minimum, the Department should require public reporting of program approvals, length (in both weeks and clock hours), completion rates, job placement outcomes, and earnings measures and failures. This information should be published by program on the Federal Student Aid Data Center so students, families, researchers, and policymakers understand program performance and can make informed decisions. Transparency should also extend to program-level Pell and loan disbursals, including federal, institutional, private loans, and income share agreements for programs approved under this section. Program-level disbursals for programs that become eligible are important for transparency because this new eligibility could lead to a growing Pell shortfall that puts the program and future student eligibility at risk. Preserving Financial Value Transparency can help achieve the goal of transparency, reduce some of the reporting requirements for approved programs, and reduce burden on the Department so it does not have to establish a new reporting system.

Additionally, the Department should publish earnings data for programs before the three-year point for accountability. Research shows that many very-short-term program completers see an earnings gain after a year, but those gains either level off and even fade a year or two later. That means that if a program's median earnings measured at one and two years after completion are failing or close to failing the value-added earnings requirement, it may be an indicator that the program would be at risk of losing eligibility. Furthermore, this information is generally beneficial to students considering a program. Publishing earnings outcomes at earlier intervals gives prospective students a sense of the immediate earnings they may receive upon completion. It could help institutions improve their programs if they are not meeting the earnings requirement and help inform future program design on the most appropriate point to measure earnings for these programs. Just as statute requires disclosure when a program risks failing the earnings threshold (20 U.S. Code § 1087d), the Department should require the disclosure of all outcomes for programs approved under this section to the public, current, and prospective students, including completion, job placement, and value-added earnings. Making this information transparent to the public, policymakers, and available to students at time of enrollment will empower students and institutions to weigh program risks, compare alternatives, and make more informed decisions.

Initial Approval

As enacted, the law requires that eligible programs meet several criteria, which are reviewed annually by the Department, including a value-added earnings metric. However, the criteria around initial approval only focuses on a governor's certification of a program meeting the requirements of a few criteria, and that it has been in existence for at least one year. This presents two areas that regulations could clarify and strengthen so that the approval process of these programs fulfills the promise of providing individuals with the skills to get a good job, setting them up on a path to economic opportunity.

Required Existence for at Least One Year.

As mentioned above, to be eligible for short-term Pell, programs must have been in existence for at least one year. This is an important, though insufficient, requirement, given that many very short non-credit programs already exist and new ones can be spun up rather quickly, which could lead to a run on the Pell Grant program by unproven programs. However, for this to be effective, it needs to have some guardrails around it to ensure that the programs have truly been in existence, providing the same education and training. At a minimum, the Department should use the existing language for the same requirement for the very short programs eligible for loans under 20 U.S.C. § 1088(b)(2). In existing regulations, [34 CFR 668.8(e)(1)(iv)] states:

> "The program has been in existence for at least one year. The Secretary considers an educational program to have been in existence for at least one year only if an institution has been legally authorized to provide, and has continuously provided, the program during the 12 months (except for normal vacation periods and, at the discretion of the Secretary, periods when the institution closes due to a natural disaster that directly affects the institution or the institution's students) preceding the date on which the institution applied for eligibility for that program."

However, the Department should be even clearer on this requirement. There is a risk that some institutions may make substantial changes to existing programs to become eligible, but those changes could represent a significant change in the education and training provided and the outcomes students can expect. For example, a program that is currently 10 weeks long, providing 300 clock hours of training, that is currently eligible for the short-term loan program, could reduce the hours of training in half to become eligible for Workforce Pell. A program that is 16 weeks long and currently eligible for Pell could similarly cut training time, either the weeks or clock hours, in hopes of increasing enrollment with the appeal of a shorter program. Or an institution could package several shorter programs together as a program to meet the eligibility requirements. State approval will not necessarily be instructive because depending on the state program approval process, if there is one for these programs, changes to program length could only be viewed as a modification, rather than a program change.

The Department must ensure that these programs have existed in the exact same way as they are presented for approval. The most important component, and the easiest to verify, is related to the length of the program, in ***both*** weeks and clock hours. With the length and clock hours already being so short, any change to either is likely to represent a significant difference in the program itself. Furthermore, this should go beyond length and include other areas, such as the delivery of the program. A program that was in-person previously should not become a hybrid or online program and still be considered the same program. A change in length or the mode of delivery could have large effects on the outcomes of students, so it is critical that programs seeking approval demonstrate that it will be the same as the one provided for the year prior. This requirement could be part of the Department's determination or the state's determination.

Prove Outcomes for Initial Approval.

Annually, to remain eligible, programs must show that at least 70 percent of their students complete the program, 70 percent are placed in jobs, and that their graduates receive value-added earnings from completing, meaning that the median graduate's earnings (three years post-completion) minus 150 percent of the federal poverty level must exceed the published tuition and fees of the program. However, the law is unclear on requirements for initial approval. The Department should require that programs meet each of the benchmarks, including positive earnings outcomes prior to approval. Because the law requires programs to have existed for only one year, the same standard for earnings would not necessarily work for initial approval; however, the Department should consider whether there is a reasonable standard to which programs could be held on earnings. The earnings data that should be used to demonstrate this must be reliable data, such as administrative data from state tax or unemployment records. Other sources that could be used by institutions, such as institutionally-collected or marketing survey data, are unreliable and do not provide the precision needed. Without demonstration that programs are meeting outcomes requirements before initial approval, the Department risks wasting millions on programs that will subsequently lose eligibility and leave students no better off and with less Pell dollars to spend on future education that leads to the results they expect.

State Approval

While the new law requires that the governor, in consultation with the state workforce board, determine whether programs meet the Workforce Pell requirements, the statute is silent on how states should communicate those determinations to the Department. This creates a potential gap in implementation and oversight. Without clear processes, institutions could attempt to misrepresent state determinations, or states might lack a consistent mechanism for ensuring that only approved programs are submitted for federal eligibility.

We recommend that the Department require state higher education authorizers—or the equivalent state agencies charged with overseeing postsecondary program approvals—to serve as the official point of contact with the Department for Workforce Pell program approvals. State authorizers are best positioned to take on this role for several reasons. First, they already review programs for state authorization, licensure, and, in some cases, Title IV eligibility, which means they are familiar with federal aid requirements and institutional compliance obligations. Second, state authorizers already maintain working relationships with the Office of Federal Student Aid (FSA) and often serve as the liaison between institutions and the Department on questions of eligibility and oversight. Third, state authorizers have existing infrastructure for program review and are better equipped to integrate Workforce Pell determinations into their established processes than governors' offices or workforce boards, which generally do not handle program-level approval.

In addition, the Department should require that states review Workforce Pell programs annually to verify continued eligibility. This is essential because state determinations of what constitutes "in-demand" occupations or industries evolve regularly, reflecting labor market changes and updated workforce priorities. A program aligned with labor market demand today may no longer be relevant or valuable to students two or three years from now. Annual reviews will ensure that programs remain responsive to state workforce needs, while also giving states an opportunity to monitor whether institutions are continuing to meet completion, placement, and earnings benchmarks. Requiring annual reviews not only keeps Workforce Pell programs aligned with dynamic labor markets but also creates a safeguard against fraud and misrepresentation by institutions, since program eligibility would be reconfirmed on a recurring basis.

By channeling approvals and annual reviews through state authorizers, the Department can ensure Workforce Pell programs are vetted in a consistent and rigorous way, which is also beneficial for institutions who might otherwise face many different processes. This approach reduces the risk of fraud or misrepresentation, protects students and taxpayers from ineligible or outdated programs, and ensures state determinations are communicated accurately and efficiently to FSA. Governors would, of course, still lead the determinations, and workforce boards would continue to play an advisory role in identifying in-demand fields and setting workforce priorities, but the formal responsibility for program approval, annual review, and communication to the Department should rest with state authorizers. This division of responsibilities provides both the labor market perspective Congress intended and the program integrity safeguards necessary for successful implementation.

Value-Added Earnings

The new law requires that programs demonstrate annually that the published tuition and fees of the program cannot exceed the "value-added earnings" of the program completers. "Value-added earnings" is defined as the sum of the median earnings of completers minus 150 percent of the federal poverty line for an individual. Earnings are measured 3 years after completion and are adjusted by the State and metropolitan area regional price parities of the Bureau of Economic Analysis.

Data Collection.

As explained in the section related to the Financial Value Transparency rule, it is critical that that rule be maintained, particularly for this requirement, because it is how programs report published tuition and fees. Retaining this rule and collecting tuition and fee data through the same mechanisms will ensure that institutions aren't required to report data to the Department through multiple vehicles, therefore reducing their burden, while also ensuring the Department is able to more easily implement this requirement.

Bachelor's Degree Holders: Prevent Earnings Distortion.

H.R. 1 allows bachelor's degree holders who are otherwise Pell-eligible to enroll in a short-term Pell program. This is a substantial departure from how bachelor's degree holders are treated under the Pell Grant program's rules, where once a person has received a bachelor's degree, they are no longer eligible for Pell Grants except for a very narrow exception around postbaccalaureate programs. Furthermore, this does not align with how the Department treats the short-term programs eligible for federal loans under 34 C.F.R. § 668.8(d)(3)(iv), which says the programs must admit students who have not completed the equivalent of an associate degree.

Allowing programs that enroll significant numbers of bachelor's degree holders to qualify for short-term Pell risks substantially skewing earnings data and undermining the purpose of Pell. Those individuals likely have elevated incomes due to their degree—not the certificate—thus creating misleading signals about ROI. This is supported by the 'sheepskin effect' in economics, where holding a degree confers a substantial earnings premium beyond accumulated credits.

To preserve the integrity of Workforce Pell, the Department should require institutions to report outcomes data disaggregated by bachelor's degree holders and non-bachelor's degree holders. Disaggregated reporting will allow policymakers, students, and the public to clearly see whether programs are providing real value to those who most need workforce-aligned training. In addition, if 50 percent or more of program participants already hold a bachelor's degree, such programs should be classified as graduate-level certificates and made ineligible for Workforce Pell.

If the Department wanted to strengthen this further, it could limit eligibility to only those students who have not earned an associate or bachelor's degree. This would ensure that programs do not use those with college degrees to game the accountability metric and protect the limited Pell Grant funds to ensure they go to the students who would benefit most from Workforce Pell programs.

Completion and Job Placement Rates

The new law requires Workforce Pell programs to meet a 70 percent completion rate and a 70 percent job placement rate. As mentioned above, we believe it is critical that the Department require upfront demonstration and verification that programs meet the eligibility measures established under law. For ongoing review and eligibility, the Department may consider guidance it already uses. While the statute itself does not define how these rates should be calculated, Congress borrowed this requirement from a long-standing provision of the Higher Education Act governing short-term programs that access federal student loans. Specifically, programs between 300 and 599 clock hours in length, offered over 10 to 15 weeks, have been subject to the same thresholds for more than three decades under 20 U.S.C. § 1088(b)(2).

To ensure consistency, the Department could require Workforce Pell programs to follow the existing regulatory framework established for these short-term loan-eligible programs. The Department has already codified detailed rules in 34 C.F.R. § 668.8(e)–(g): subsection (e) defines the procedures for determining whether a program meets the completion and placement requirements overall; subsection (f) specifies how completion rates must be calculated; and subsection (g) sets out how job placement rates must be measured. Adopting this long-standing framework for Workforce Pell will provide continuity for institutions that already administer such programs and ensure auditors have clear expectations when reviewing compliance. Many of the programs currently approved for loans under 20 U.S.C. § 1088(b)(2) will also likely qualify for Workforce Pell, and it would create unnecessary confusion to apply different formulas or methodologies to programs of essentially the same type.

Moreover, the Department has already reinforced the importance of standardizing these calculations through recent guidance. The December 21, 2023, electronic announcement (GEN-23-121) reminded institutions that certain institutional and program eligibility calculations—including those for completion and placement rates—must be substantiated by an independent auditor, and that institutions are expected to retain auditable records consistent with the regulations and the FSA Handbook. Incorporating those same documentation and audit requirements into the Workforce Pell framework will strengthen program integrity, ensure accurate reporting, and protect both students and taxpayers.

Accreditation

Accreditors play a central role in safeguarding program quality and under H.R. 1, programs are required to be offered by accredited institutions. However, the legislation also establishes an entirely new precedent where the Department will determine eligibility for individual programs rather than institutions, and it is important that expectations of accreditation in these instances reflect this new reality of program level review and approval. Many institutional accreditors have not historically reviewed or assessed short-term, nondegree programs and while the institution is accredited, these programs are essentially outside the purview of that accreditation. We recommend requiring institutions to obtain accreditor approval for Workforce Pell programs as a substantive change, requiring accreditors to include such programs within their scope of recognition, and assess these programs as part of their accreditation of institutions. This will ensure accreditors review these programs for academic rigor, outcomes, and consumer protection, rather than allowing them to proliferate without oversight. Without such a requirement, the "stamp" of accreditation is misleading to students, who may assume that every program offered by an accredited institution has been reviewed, when in fact these programs may fall outside of accreditor scrutiny. Students may be drawn to Workforce Pell programs, in part, because of the legitimacy conferred by accreditation, but in reality, those programs may not have been vetted for quality.

Moreover, requiring accreditor review is incredibly important given that the law requires that students who complete a Workforce Pell program be able to continue their higher education and receive credit for their Workforce Pell program towards another degree or credential. If accreditors are not included at the front-end, then there will be no guarantee that completers will ever see their program articulate into credit, meaning that students could potentially waste their time, effort, and limited Pell eligibility on programs that fail to meet the law's requirement. This can lead to students and taxpayers paying more for courses and training that students have already taken and for which they were supposed to receive credit. It can also cost them more in terms of time out of the labor market.

Ensuring Students Receive Credit for Non-Credit Workforce Pell Programs

In addition to requiring accreditors to review non-credit programs, to ensure Workforce Pell programs meet the requirement that students receive credit towards a for-credit program, the

Department should provide additional clarity on what it means to meet this requirement. The Department should specify that Workforce Pell credits must be accepted as part of the core program requirements of the certificate or degree program, not simply as elective credits. Allowing institutions to award only elective credit would undermine the intent of the law by creating the appearance of transferability without actually advancing students toward their educational goals.

The risks of inadequate credit transfer are well documented. A [2017 GAO report] found that students lost an average of 43 percent of their credits when transferring between institutions, often because credits were accepted only as electives and not toward program requirements. These lost credits increased both the cost and time to degree, hitting low-income and nontraditional students hardest. If Workforce Pell programs are not fully integrated into the requirements of subsequent certificate or degree programs, students will face similar setbacks: duplicative coursework, additional tuition, more Pell eligibility consumed, and extended time out of the labor market.

To protect students, the Department should therefore require that Workforce Pell programs demonstrate, through articulation agreements or credit crosswalks, that all work completed in a Workforce Pell program apply directly to the requirements of a related for-credit program. Accreditor review of these agreements should be mandatory to ensure institutions uphold this requirement. This would not only protect students from lost time and money but would also preserve the integrity of Workforce Pell as a pathway to further education and better jobs.

Third-Party Providers

As mentioned previously, the law requires that an eligible program must have "been offered by the eligible institution for not less than 1 year prior to the date" on which the Secretary makes the determination that a program meets the requirements for eligibility. The Department should ensure that programs are actually offered by institutions themselves. Given the brevity of Workforce Pell programs, outsourcing even part of their delivery to third-party providers introduces significant risks to both students and taxpayers. Students in very short programs do not have the time or flexibility to navigate confusion caused by divided accountability, and third-party arrangements have historically created oversight challenges. We recommend prohibiting outsourcing of any portion of short-term Pell programs to third-party providers. Institutions should retain full responsibility for program quality, education offered, and outcomes.

Loss of Eligibility

The Department must clarify and strengthen the loss of eligibility provisions for Workforce Pell programs to ensure that poor-performing programs do not continue to draw down scarce federal funds. As written, the statute appears to require an annual verification of outcomes, with programs losing eligibility if they fail to meet various standards. The Department should clarify that measures of earnings must be based on all completers within a given year, since there will likely be many cohorts of completers for these very-short programs across the course of the year. Because earnings are assessed three years after completion, defining the cohort by this approach is critical to maintaining comparability and preventing institutions from selectively reporting results of certain cohorts. The source of earnings data also matters. Unemployment Insurance records or equivalent administrative data provide the most accurate measure, while reliance on annual tax-year reporting or non-representative surveys either from the institution or a third-party provider will reduce precision and undermine accountability.

When a program loses eligibility, there must be protections for affected students. The need is particularly acute, given that the value-added earnings requirement is assessed three years out and programs can enroll a significant number of students despite never having demonstrated it yet meets one of the eligibility measurements. Students enrolled from the program's initial eligibility through the time of ineligibility should have their Pell Lifetime Eligibility Units (LEU) restored so that they are not unfairly penalized for the program's failure, and the intervening years where no measure was calculated. In addition, institutions should be required to return federal funds, including Pell and loan dollars, when a program is determined ineligible, to prevent taxpayers and students from bearing the full burden of failure. Additionally, the Department should consider limiting enrollment in the initial period of eligibility before the value-added earnings measure if first calculated. This will send the message that programs are operating on a trial basis until they demonstrate they meet the earnings-based metric.

Finally, the Department should establish a clear and rigorous process for regaining eligibility, drawing from existing provisions under 20 U.S.C § 1087d. At a minimum, programs that lose eligibility should remain ineligible for no less than two years before reapplying, and any application to regain eligibility should be subject to heightened scrutiny to ensure that the program has made substantive changes to improve outcomes. Without such safeguards, institutions could cycle in and out of eligibility without real accountability, undermining both credibility in Workforce Pell and the integrity of the broader Pell program.

Early Implementation

Given that this provision of the law becomes effective on July 1, 2026 and the final regulations will not be effective until July 1, 2027, we've heard calls from some, including during the public hearings, for the Department to allow early implementation of the program. We understand the excitement about the opportunity Workforce Pell creates. States and governors have long expressed interest in expanding access to short-term, career-aligned credentials, and Workforce Pell provides a unique chance to align federal resources with state workforce priorities. By opening new doors for students to quickly earn valuable skills and credentials, this program has the potential to strengthen state economies and help employers fill in-demand jobs.

However, while this opportunity is promising, we caution the Department against moving too quickly with early implementation. The success of Workforce Pell will depend on building strong oversight and accountability structures—at the federal, state, and institutional levels—to ensure programs deliver real value to students. If the Department allows early implementation before these systems are fully in place, the program could be undermined from the start. States need time to establish processes for determining whether programs meet eligibility requirements, institutions need clear guidance on data reporting and documentation, and the Department needs time to establish a robust upfront approval process, data collection and oversight processes. Rushing this work would invite confusion, administrative error, and potentially open the door to fraud or misrepresentation.

The Department should also consider the signal it would send to students and the public if Workforce Pell were rolled out hastily and without proper guardrails. A rushed launch could lead to headlines about wasted taxpayer funds or students misled into enrolling in low-value programs. Such outcomes would not only harm students but could also erode trust in the program before it has a chance to demonstrate its promise. This is particularly concerning given Pell's history as the nation's cornerstone investment in equitable access to higher education. Workforce Pell must build on, not diminish, that legacy.

For these reasons, we recommend that the Department hold to a July 1, 2027 implementation date, assuming the regulations are finalized before November 1, 2026 and use the time between now and then to engage in deliberate, inclusive rulemaking; to allow states, institutions, and the Department itself ample time; and to build robust systems for accountability and transparency. Taking the time to get this right will allow Workforce Pell to live up to its potential as a powerful tool for students and states rather than risking its credibility with an early, unprepared rollout.

Pell Grant Eligibility Changes

Exclusion of Pell Grant assistance for students who receive grant or scholarship aid covering their entire cost of attendance or for students with a Student Aid Index in excess of twice the maximum Pell Grant award.

Changing Pell Grant criteria to disallow students who have other grants and scholarships that meet or exceed Cost of Attendance (COA) must be carefully and clearly regulated to avoid significant confusion for students, states, and colleges and universities.

This provision may have been made in order to prevent certain types of students, such as student athletes, who may receive scholarships that meet their full Cost of Attendance and who may also receive a Pell Grant. This was allowed before the passage of H.R. 1. However, the new legislative text fails to make its intent clear, which should be addressed in regulation. Current guidance in the Federal Student Aid Handbook, makes it clear that Pell Grants are the "first source of aid for students with financial need. A student's eligibility for aid from the other need-based programs is then determined by subtracting the student's SAI and OFA (including the student's Pell Grant) from the COA." While it is rare for students to have single scholarships that meet full COA, even among athletes, those circumstances are fairly straightforward to manage. More commonly, students piece together multiple grants and scholarships to meet their full COA.

The challenging aspect of this change is that financial aid offices often do not know whether a student has additional outside scholarships when they are packaging the student's aid. Students often report outside scholarships after their initial aid package has been received. Generally, the only time an IHE knows that a student has their full COA met with a grant or scholarship is with full athletic or academic scholarships awarded by the IHE itself. In its initial proposal, ED should make clear that students only become ineligible for Pell if they have a singular athletic scholarship that meets or exceeds COA, given that was the congressional intent of this provision.