

LETTER *Published April 8, 2026 · 13 minute read*

Comments to the Department of Education on the Workforce Pell Program

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The Honorable Nicholas Kent
Under Secretary of Education
US Department of Education
400 Maryland Ave. SW
Washington, DC 20202

Docket ID: ED-2026-OPE-0133

Dear Under Secretary Kent:

Thank you for the opportunity to offer comments on the Department of Education's (Department) notice of proposed rulemaking (NPRM) related to the Workforce Pell program, as discussed through the Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) committee. The expansion of Pell Grant dollars to support short-term, workforce-oriented credentials represents one of the largest changes to federal higher education grant aid in a generation.¹ As such, Third Way appreciates the Department's focus on the success of the Workforce Pell Grant program and on ensuring that federal grant dollars support students seeking high-quality job training programs that will leave them better off than if they had not enrolled at all. Below, you'll find Third Way's responses to specific directed questions from the Department, as well as comments focused on protecting a return on student and taxpayer investment in higher education.

Workforce Pell Grants

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

In its proposal to "limit the amount of an eligible workforce program that can be offered by an ineligible institution or organization through a written arrangement to 25% or less," the Department has correctly identified potential risks associated with outsourcing academic programs via written arrangements and should maintain the proposed 25% ceiling. Lowering the ceiling or allowing for exceptions without careful oversight could expose students to bait-and-switch predatory practices that the 25% precedent is designed to prevent.²

When an institution enters into a written arrangement with an ineligible entity to provide a portion of an educational program, the credit or clock hours that comprise the program must be attributed to either the institution or the third-party partner.³ The 25% ceiling requires institutions to maintain authority over the design, administration, and instruction

of the course. In an eight-week workforce training program, an institution may opt for students to work in partnership with relevant industry experts or organizations, though the equivalent of at least six weeks of the learning experience must be delivered by the institution. And under no circumstances can an institution relinquish control over decisions like course requirements, student assessment, or curricular design to a third party; to do so would constitute outsourcing the entire program and rendering its students ineligible for Workforce Pell Grants.

The Department's rationale for the 25% ceiling is sound, citing a lack of experience and effectiveness in the accreditation industry in evaluating written arrangements. Research into the online program management (OPM) industry over the last decade has documented that accreditors lack the capacity to effectively monitor outsourcing agreements even for traditional degree programs.⁴ Institutions have outsourced large portions of their academic programs, mostly in the online context, to OPMs. Third-party OPMs provide services including student recruitment, curriculum development, and even instruction, in the name of client institutions. Despite such arrangements representing a "substantial (substantive) change," accreditors routinely approve them without much scrutiny.⁵ The result has been widespread consumer protection failures, including aggressive marketing and targeting of vulnerable students, misrepresentations of costs, and a lack of institutional control over educational quality, all of which can put an institution's access to Title IV programs in jeopardy.⁶ If accreditors fail to protect students when traditional public and non-profit colleges outsource functions to OPMs, there is no evidence to suggest they will be more effective at monitoring such arrangements for workforce programs. The 25% ceiling is a necessary line to prevent ineligible entities from effectively becoming de facto Title IV institutions while dodging statutory accountability standards.

Students enroll in accredited institutions based on, among other things, the promise of a payoff in the form of job and earnings prospects gleaned from a school's reputation and access to federal financial aid. However, if they enroll and their education is instead delivered by an unaccountable third party that has not been directly vetted to participate in federal student aid programs, the student experience may more closely resemble that of the unaccredited entity. In other words, without an accreditor's review, there can be little guarantee of program quality. If that third party performs poorly, provides outdated training or equipment, or hires unqualified instructors, the student is left with little to show for their time, effort, and Workforce Pell dollars. Maintaining the 25% ceiling ensures that the accredited institution is the primary architect and provider of the educational experience. It also prevents organizations and companies that have not been vetted by the federal government from profiting from a college's Title IV eligibility while they control most of the student's experience.

Exceptional circumstances in the workforce and apprenticeship context should be considered only when there is a comparable accountability backstop. Such circumstances might include access to specialized equipment or specialized clinical experiences, or integration with a registered apprenticeship program. In these cases, institutional and programmatic accreditors should be required to review outsourcing that goes up to 50%. For the general protection of students and taxpayers, Workforce Pell programs should not be outsourced above the 25% threshold, and specific workforce contexts that may justify higher outsourcing limits should be treated as the exception rather than the rule. To protect students and ensure proper use of Pell funds, the Department should create incentives for institutions to internalize expertise rather than outsource it. In the workforce context, colleges can avoid the risks of outsourcing by bringing industry professionals on as adjunct instructional staff, which achieves the goal of industry-relevant instruction while maintaining institutional control and Title IV accountability.

Finally, current regulations prohibit Title IV-eligible institutions from outsourcing services above the 25% threshold to any ineligible entity that is owned or controlled by the same individual or corporation as the institution.⁷ The Department should maintain this standard to prevent conflicts of interest and private inurement, both of which severely disadvantage students and harm taxpayers.

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

In extending Pell Grant dollars to eligible workforce programs, Congress recognized the need to balance program eligibility with ensuring that taxpayer funds support programs that deliver tangible financial value to students. As such, the Workforce Pell program requires programs to demonstrate they can pass a value-added earnings metric: tuition and fees of an eligible program must be lower than graduates' median earnings minus 150% of the federal poverty limit, adjusted for locality. Yet data to calculate the value-added earnings metric will be unavailable until at least three years after the first Workforce Pell programs are approved—leaving a four-year period from July 1, 2026, through the 2030-2031 award year in which programs that may ultimately be ineligible for Workforce Pell funding can enroll students and take in Pell dollars.

Offering low- to moderate-income students the opportunity to access job training, reskill, or upskill is the cornerstone of the Workforce Pell program. A key metric of its success will be helping lift students into higher-paying, high-need, and in-demand jobs in their respective geographic areas. Third Way strongly encourages the Department to create a standardized interim value-added earnings metric that requires eligible programs to demonstrate their economic value to students before the full implementation of the value-

added earnings calculation. Additionally, the Department should collect such data and make it publicly available at least annually, so that students, taxpayers, and researchers can access pertinent information on program approvals, earnings, and state interpretations of “high-skill, high-wage, or in-demand” occupations. The Department should also collect and publish additional accountability metrics, including completion and job placement rates.

During the negotiated rulemaking sessions, negotiators expressed concern that many states may lack the data needed to approve or track program outcomes on an interim basis. The legislative intent to create a symbiotic relationship between federal and state governments to administer the Workforce Pell program was clear. Program approvals and data tracking to ensure program compliance are the responsibility of the states. Yet the absence of existing data cannot be a reason to allow low-quality programs to slip through the cracks, as has happened too often when new taxpayer funding streams are created.⁸ To address state data challenges, the Department should require states to submit proposals outlining how they plan to ensure compliance with the value-added earnings metric between July 1, 2026, and the 2030-2031 award year, taking into account the data sources available to them in their respective contexts. These plans should include measures of program earnings at least annually, with clear direction on how these data are to be collected and incorporated into the state-level approval process. Additionally, the Department should require states to share plans for increasing their data capacity to be in full compliance with the value-added earnings metric by the end of the three-year interim period.

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

A notable challenge in measuring earnings in educational data arises when cohorts within individual programs enroll a small number of students, making it difficult to compute earnings metrics with statistical significance while protecting student privacy. The Department identifies the need to combine multiple cohorts of program completers to compute a median earnings value for eligible Workforce Pell programs without privacy suppression in the case of small sample sizes. The Department notes that approaches other than that proposed are possible, including combining cohorts from more than three prior award years.

For programs with small numbers of enrolled students, Third Way recommends that the Department update the Workforce Pell regulatory text to align the earnings aggregation process with the proposal from the second week of AHEAD rulemaking that addressed substantively similar earnings data collection challenges. That approach—upon which the same set of negotiators reached consensus—would begin by aggregating cohorts at the six-

digit Classification of Instructional Program (CIP) code level across eight years to reach a minimum threshold of 30 completers for calculating value-added earnings. Should that number not be reached, completers at the four-digit CIP code and credential level would be added, and again at the two-digit CIP code and credential level, until the minimum threshold of completers is reached.

As the Department rightly notes in the NPRM, adopting this process for the purposes of the Workforce Pell earnings calculation would allow for the computation of a value-added earnings metric for a larger number of eligible workforce programs, making more programs subject to the value-added earnings test and providing additional consumer protection for students. It would also harmonize accountability systems across various Title IV-eligible programs. Given the overarching changes to higher education accountability stemming from H.R. 1, higher education institutions and students would benefit greatly from an aligned approach to accountability that constructs cohorts consistently and promotes a standardized approach to analysis of earnings data.⁹

Regaining Program Eligibility

Sound guardrails for Workforce Pell programs are important, as federal taxpayer dollars should only support programs that demonstrably leave students better off, with an earnings bump from attending. Yet as written in the NPRM, there's a loophole that's ripe for exploitation: failing programs—or those discontinued voluntarily—could be relaunched by institutions under the same four-digit CIP code as long as the relaunched program leads to a different occupation as measured by the Standard Occupational Classification (SOC) code. In reality, this means that an institution could restart a failing program with only minor tweaks, creating a situation under which programs that lead to similar employment paths but technically under different SOC codes could re-enroll students without any demonstrable changes that address why it failed in the first place. For example, an institution could restart a failing program in truck driving in nearly identical form by matching it to a different SOC code for bus driving, shuttle drivers, or tractor-trailer-truck drivers, while still leaving students worse off than if they had never pursued the credential at all.¹⁰

Following the conclusion of the Workforce Pell negotiated rulemaking, the same committee of negotiators reached consensus on a different approach to regaining program eligibility for failing programs under the newly established earnings-based accountability system. Under this proposal, higher education institutions would be prohibited from restarting a failing program under the same four-digit CIP code if it shares *any* SOC codes with the failing six-digit CIP code program. Third Way strongly encourages the Department to continue its efforts to harmonize accountability requirements across all Title IV-eligible programs by making Workforce Pell programs subject to those same restrictions on

regaining programmatic eligibility, under which failing programs could not restart if they share any of the same SOC codes.¹¹ It is also incumbent on the Department to ensure that low-earning programs that are substantially similar in terms of curriculum and career trajectory are prohibited from being offered by the same institution after a program failure. In doing so, the Department not only holds all programs to the same accountability requirements, but also helps prevent waste, fraud, or abuse of taxpayer dollars in the Workforce Pell program.

Data and Program Transparency

Students and taxpayers have long called for greater transparency for higher education programs that receive federal dollars. Americans see higher education as an investment, and various Third Way polling projects—conducted with national samples and among Republican voters specifically—have found strong support for greater transparency into costs, debt loads, and post-graduation outcomes and earnings.¹² As part of the programmatic accountability portion of the AHEAD negotiated rulemaking, the Department and negotiators reached consensus on a provision establishing the Student Tuition and Transparency System (STATS).¹³

In creating the new STATS system, the Department has a clear opportunity to deliver outcomes-focused transparency for Title IV-eligible higher education programs. The Department should ensure adequate resources are available to quickly and effectively develop the new STATS system, enabling the public to access information on which higher education programs deliver meaningful financial returns to students. Given the new expansion of federal aid into Workforce Pell, data transparency and earnings information are even more critical to ensure that taxpayer dollars fund workforce-oriented programs that leave students financially better off. Third Way has long supported financial value transparency and strongly encourages the Department to make these data publicly available as quickly as possible, in an accessible format, with a user-friendly interface for public consumption.

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Third Way thanks the Department for the opportunity to comment on this notice of proposed rulemaking and on subsequent regulatory changes to Title IV of the *Higher Education Act*, including the creation of the Workforce Pell program. We appreciate the Department's attention to key questions regarding eligibility and accountability for participating workforce programs. Third Way encourages the Department to continue allocating the appropriate time and resources to implement the program smoothly, including providing states and other non-federal entities with the technical assistance and support needed to uphold their obligations in ensuring compliance with the Workforce Pell

program. Please do not hesitate to contact us should you have any questions about these comments.

Sincerely,

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