PROTECT STUDENTS & TAXPAYERS

April 8, 2026

The Honorable Linda McMahon
Secretary of Education
U.S. Department of Education
400 Maryland Avenue SW
Washington, DC 20202

Under Secretary Nicholas Kent
U.S. Department of Education
Office of Postsecondary Education
400 Maryland Avenue SW
Washington, DC 20202

Submitted electronically

Re: Docket ID ED-2026-OPE-0133

Dear Secretary McMahon and Under Secretary Kent:

We, the 23 undersigned organizations representing millions of students, school admission counselors, workers, veterans, consumers, low-income Black students, and other low-income students of color urge the U.S. Department of Education to enact regulations to ensure the Workforce Pell Grant program protects students from low-value or harmful programs, leads them to obtain credentials of value in the labor market, and sets them on a path to achieve economic mobility.

The proposed rule contains critical student protections that led negotiators to reach consensus, and we urge the Department to, at a minimum, maintain them in the final rule. However, we remain concerned that Workforce Pell Grant programs have the potential to generate higher than anticipated costs to the Pell Grant program, which may exacerbate the current funding shortfall. They also pose risks to students arising from institutions entering into agreements with unvetted and unaccredited entities to provide instruction, many of which are for-profit companies, and from the rapid growth in online programs that are not fully reviewed by each state governor for quality and alignment with workforce needs. We are also concerned about the lack of sufficient requirements for data reporting and public disclosure.

Highlighted below are recommendations that the undersigned organizations agree would strengthen the regulations to ensure that Workforce Pell Grants fulfill their promise of expanding opportunity without exposing students and taxpayer funds to new risks of harm or waste. Without strong guardrails, Workforce Pell Grants risk replicating past failures in the federal student aid system, particularly in the career training sectors, which could disproportionately affect lower-income Black students and other students of color.

Recommendation #1: The Department should further limit the amount of a Workforce Pell Grant program that can be instructed by an unaccredited private entity.

The Department acknowledges in the proposed rule that agreements in which institutions allow unaccredited entities to instruct a portion of the Workforce Pell Grant program do not have the same level of quality assurance as the agreements that schools use for longer programs because of a lack of accrediting agency experience in evaluating agreements for short-term programs. Also, the Department accurately stated that there is a danger of rapid proliferation of unaccredited entities providing instruction that could go beyond Congressional intent for Workforce Pell Grants. The danger is compounded because the unaccredited entities are also generally not reviewed by state higher education regulators or by a governor as part of the Workforce Pell Grant approval process.

The potential for low quality, fraud, waste, and abuse is higher when institutions enter into agreements with ineligible entities related to short-term programs, and history provides several unfortunate examples of students being harmed, including:

- Students who attended career training programs at Title IV eligible schools that were operated in partnership with third-party providers said that they enrolled based on promises of job security and their school's name recognition but were left with outdated curricula, debt, and limited career advancement; and
- Institutions paying third-party online program management companies (OPMs) through tuition-sharing agreements that reward the OPM based on the number of students that it enrolls, thereby incentivizing unfair or deceptive conduct.

The Department has previously acknowledged that institutions and accrediting agencies have not accurately accounted for the percentage of a program offered by an ineligible entity and that such practices are intended to obscure the fact that the percentage does not meet regulatory requirements. Further, data provided by the Department during negotiated rulemaking suggests that institutions are significantly underreporting their use of written arrangements, with arrangements reported for 249 programs at just 36 institutions. It is clear that institutions and accrediting agencies do not understand

and/or are not accurately complying with existing requirements, and as a result, the Department has limited ability to conduct proper oversight of such arrangements.

The challenges of rapidly and faithfully implementing the Workforce Pell Grant program will be compounded by the proliferation of instruction provided by unaccredited entities, along with the opportunities for misrepresentations that mislead or harm students that are potentially committed by those companies. To facilitate efficient and effective administration of this program, the Department should prohibit institutions from entering into agreements with unaccredited entities for Workforce Pell Grant programs.

If the Department does not prohibit the use of these agreements, we recommend that the Department maintain the 25 percent limit and require institutions to provide students with clear disclosures about the services provided by the agreements, including the percentage of the program instructed by the unaccredited entity. The Department should also publish information about the entities that are instructing a portion of Workforce Pell Grant programs to increase transparency surrounding these partnerships. Finally, the Department should ensure that all institutions have clear guidance on the requirements for reporting such arrangements to the Department because it appears that not all institutions are consistently reporting them.

Recommendation #2: The Department should ensure each state performs the necessary review of each Workforce Pell Grant program.

Congress was clear that programs must meet state-specific standards to prepare students for high-skill, high-wage, or in-demand occupations, and must meet the hiring requirements of potential employers, among other things. Online programs offered to students living in states outside of where the school is physically located, particularly from a national provider, may not meet the particular labor market needs of the state where the student resides, as required by OBBBA. The Department should remove § 690.93(h) and require each state to review and approve each Workforce Pell Grant program enrolling its residents, including distance education programs based in other states. The Department appropriately rejected in the proposed rule any agreement that involves more than two states that create blanket approval for online programs because they are highly unlikely to reflect the same workforce needs of all states involved.

Should the Department allow for agreements between two states, as is in the proposed rule, it should narrow the availability of those agreements to neighboring states that have connecting borders to ensure that the program meets the necessary workforce needs and appropriately trains students for jobs in those fields in both states. Furthermore, the final regulations should require states that enter into these agreements for Workforce Pell Grant programs to establish data sharing processes with each other

to obtain completion and job placement rate data for their residents, whether or not they are offered through distance education. All programs serving students across state lines will need to engage in data sharing agreements in order to accurately measure and report data for initial and continued eligibility.

Recommendation #3: The Department should ensure that enrollment, cost, and outcomes data are collected and publicly disclosed about each program.

It is important to ensure that students receive clear, accurate, and useful information about Workforce Pell Grant programs, particularly for students considering postsecondary education for the first time. The Department should require institutions to report key data about Workforce Pell Grant programs, including the number of enrolled students receiving Workforce Pell Grants, the program's total cost of attendance, and the program's completion rate, job placement rate, and value-added earnings.

The Department should display that information about each program on an easily available and understandable website to which prospective students are directed. Much like the Department's recent efforts to increase data transparency on the College Scorecard and in the other parts of the AHEAD committee rulemaking, required reporting by institutions and the Department's public disclosures for Workforce Pell programs can help prospective and current students better understand their options and make informed decisions about where to invest their limited Pell Grant eligibility. Furthermore, the Department should publish a list of approved Workforce Pell Grant programs and include disbursals by program in the FSA data center.

Recommendation #4: The Department should include additional guardrails to protect students from low-quality programs and ensure taxpayer dollars are not wasted.

- Prohibit institutions from directing students to risky loan options to pay for Workforce Pell Grant programs

Without the ability to access federal student loans for these short-term programs, many students will likely need financing to cover the full cost of attendance. There is a possibility that unscrupulous schools could enter into arrangements to steer students to riskier and/or more expensive private or institutional loans or similar credit products. Schools should be prohibited in § 690.94 from entering into any arrangements, partnerships, or affiliations, including but not limited to a preferred lender arrangement, with any person that offers financing for the institution's Workforce Pell Grant programs through a private loan or unproven loan products like income share agreements and outcomes-based loans.

- Limit eligibility for programs at institutions subject to recent oversight action

Institutions that pose the greatest risk to students, shown by their recent history, should be prohibited from accessing Workforce Pell Grants. We recommend that the Department add (i) a revocation, withdrawal, or termination of institutional accreditation by an accreditor and (ii) a revocation, withdrawal, or termination of state authorization by a state authorizing agency to the Department's actions listed in § 690.92(g) that, if they occurred in the previous five years, would prevent a school from being approved by the Department for Workforce Pell Grants.

- Require distance education programs to meet eligibility requirements in that modality

The Department should clarify in § 690.94 that programs must be operating for the required one-year period under the same delivery modality that it plans to use to deliver the approved program. Student outcomes can vary depending on program modality; research shows that students enrolled in an exclusively online program earned lower grades and were less likely to complete their credential than students enrolled in fully in-person programs. Clarifying the eligibility requirement that programs be offered for at least one year under the same length and modality would add needed clarity for students about their likely outcomes as they choose a program.

Conclusion

As the Department works to implement this significant expansion of the Pell Grant program on an unprecedented timeline, it is essential that the Department ensure that it is safeguarding this critical long-term federal grant program that is already facing a funding shortfall and ensure that students are not wasting their limited lifetime Pell Grant eligibility and additional money on untested, low-quality, overly expensive, or fraudulent programs that will put schools' financial interests above the interests of students. Therefore, we ask the Department to strengthen the regulations and implement Workforce Pell Grants in a way that focuses on protecting students' and taxpayers' investment in the Pell Grant program and pays off for students' future economic and career aspirations.

Sincerely,

Alliance for a Better Community
American Association of University Women (AAUW)
Cal State Student Association
Campaign for College Opportunity

Children Now
Coalition on Human Needs
Complete College America
EdTrust
Joint Center for Political and Economic Studies
Lawyers' Committee for Civil Rights Under Law
League of United Latin American Citizens (LULAC)
Legal Defense Fund
National Association for College Admission Counseling
National Association of Social Workers
National Consumer Law Center (on behalf of its low-income clients)
New America Higher Education Program
Partnership for College Completion
Southern California College Attainment Network
Student Veterans of America
The Institute for College Access & Success
UnidosUS
Veterans Education Success
Young Invincibles