

April 8, 2026

SUBMITTED VIA FEDERAL eRULEMAKING PORTAL

Mr. Aaron Washington
Office of Postsecondary Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

**Re: Comment on the Accountability in Higher Education and Access
Through Demand-Driven Workforce Pell: Pell Grant Exclusion Relating
to Other Grant Aid; and Workforce Pell Grants
Notice of Proposed Rulemaking; 91 Fed. Reg. 11378
Agency/Docket Number: ED-2026-OPE-0133**

Dear Mr. Washington:

The Defense of Freedom Institute for Policy Studies (“DFI”) is pleased to provide our public comment submission to the U.S. Department of Education’s (“Department”) Notice of Proposed Rulemaking, 91 Fed. Reg. 11378 (Docket ID: ED-2026-OPE-0133), entitled “Accountability in Higher Education and Access Through Demand-Driven Workforce Pell: Pell Grant Exclusion Relating to Other Grant Aid; and Workforce Pell Grants” (“NPRM”). DFI supports the Department’s regulatory proposals to address the evolving needs of students and employers, and we applaud Secretary Linda McMahon’s efforts to align postsecondary education to the future of work.

DFI is a national nonprofit organization focused on providing thoughtful, conservative solutions to the challenges presented by education, workforce, labor, and employment issues. DFI is led by former senior leaders at the Department who bring a unique blend of policy and legal expertise to these issues. We regularly



contribute this expertise to debates concerning education law and policy, particularly the Department’s regulations issued under the Higher Education Act of 1965, as amended (“HEA”).¹

On workforce development matters, DFI believes that Americans must have the freedom to choose the work that is best for them. Federal policy must make room for not only four-year college degrees, but also short-term postsecondary training focused on career skills and knowledge. DFI supports policies that increase access to short-term credentials and earn-to-learn programs, including those that would be supported by the Workforce Pell Program. Indeed, such programs help students discover their passions, develop their talents, and acquire the skills needed to thrive in a dynamic and evolving economy.²

DFI is pleased to see these priorities embodied in the NPRM. The proposed regulations are in line with the President’s workforce agenda and recognize that postsecondary education must offer opportunities for those students who do not wish to pursue four-year degrees. Indeed, the regulations will open pathways for new and non-traditional student populations and better prepare Americans for future economic disruptions.

At the same time, DFI has concerns about the NPRM. Although we think it is important to respect the consensus of the negotiating committee, statutory authority—the rule of law—always guides our public comments concerning proposed rules. We are concerned that the committee’s expansive interpretation of the One Big Beautiful Bill Act (“OBBBA”)³ and its failure to consider the fiscal

¹ 20 U.S.C. § 1001 *et seq.*

² To this end, in 2023, DFI published Arthur Hauptman’s *Redesigning Pell Grants to Reflect New Realities*, which argued for significant changes to the Pell program in response to evolving workforce and student needs. See Arthur M. Hauptman, *Redesigning Pell Grants to Reflect New Realities*, Washington, DC, Defense of Freedom Institute for Policy Studies, July 2023, <https://dfipolicy.org/resources/report-redesigning-pell-grants-to-reflect-new-realities/>.

³ Pub. Law 119-21 (2025).



impact of that interpretation could increase budget deficits, eventually undermining America's economic strength by adding to the national debt, increasing stifling interest payments, raising interest rates, reducing private investment, and slowing economic growth. Indeed, as discussed more fully below, it could also aggravate the already significant budget shortfalls for the Pell program, rendering essentially meaningless expanded access to workforce programs.

At the same time, the Department should ensure that it is maximizing current personnel capacity without expansion to ensure the smooth transition and long-term operation of the new program. Additional staff is unnecessary, and, given our experience, we are confident that the Department currently has the personnel, resources, and expertise to run the new program effectively.

Further, we have concerns about the regulatory language regarding the elimination of certain federal aid from Student Aid Index calculations.

Finally, the Department must continue to cooperate with members of Congress to ensure that financial support for Workforce Pell meets the needs of students and employers. Falling short of that threshold would ensure that America is woefully underprepared for the future economy.

In sum, DFI supports the Department's efforts to modernize federal student aid through the Workforce Pell framework and to expand access to high-quality, demand-driven training opportunities. The NPRM represents an important and necessary step toward aligning education with workforce realities and empowering students to pursue pathways that lead to meaningful employment and economic mobility. At the same time, the Department *must* proceed with caution and careful adherence to statutory limits, fiscal discipline, and operational efficiency. A measured and faithful interpretation of the OBBBA is critical to the success of the Workforce Pell program. DFI stands ready to support the Department in this effort and encourages continued collaboration with Congress and other stakeholders to ensure that the Department carries out Congress's intent regarding Workforce Pell and that the program delivers on its promise to students.



I. OBBBA, Department Rulemaking, and Budget Realities

This section of the comment provides the statutory and regulatory context for the Department’s proposed Workforce Pell framework, beginning with the enactment of the OBBBA, which expanded Pell Grant eligibility to short-term, workforce-aligned programs. We also summarize the Department’s negotiated rulemaking process, which crafted consensus regulations governing program eligibility, accountability, and implementation. Finally, this section highlights the Pell Grant program’s significant and growing fiscal problems, which, left unaddressed, will undermine the long-term viability of proposed reforms and limit their impact on students and the workforce.

The Workforce Pell Provisions of the OBBBA

The OBBBA builds upon proposals to expand Pell Grant access to shorter-term programs considered in two previous Congresses. The 117th Congress first considered the proposal as part of the America COMPETES Act,⁴ and the 118th Congress did so as the Bipartisan Workforce Pell Act,⁵ which was led by Ranking Member Bobby Scott (VA-03) and then-Chairwoman Dr. Virginia Foxx (NC-05) of the House Committee on Education and the Workforce. This recent history demonstrates the strong bipartisan interest and broad support for expanding Pell Grant eligibility to high-quality, short-term workforce programs that lead to career advancement.

On July 4, 2025, the President signed the OBBBA into law. Specifically, to address America’s current and future workforce needs, the OBBBA expanded Pell eligibility to shorter workforce programs that meet specific accountability metrics related to graduate earnings and employer demand. The statute also added new criteria for Pell Grant funds (if recipients also receive grant or scholarship aid from non-

⁴ H.R. 4521 (2022).

⁵ H.R. 6585 (2023).



federal sources, such as states, institutions of higher education, or private sources, in a total amount that equals or exceeds their cost of attendance).⁶

The Department’s Rulemaking

On December 8, 2025, the Department’s Accountability in Higher Education and Access through Demand-driven Workforce Pell (“AHEAD”) Committee began negotiating the Department’s proposed regulations. The committee discussed and proposed regulatory changes in line with the OBBBA, including on program quality, accountability, and accreditation matters.⁷ It tackled the roles that states, governors, and workforce boards should play; their ability to build capacity quickly to meet the needs of their students; and the significant authority they would be given to determine which workforce programs would be eligible. The discussions also covered how the newly eligible programs would be held accountable for outcomes and the implementation timeline for becoming eligible for the new funding.

After less than five full days of discussions, the AHEAD Committee reached consensus. This consensus expanded Pell Grant eligibility with strict limitations to certain short-term, career-focused programs. Newly eligible programs must include 150–600 clock hours over 8–15 weeks, maintain at least one year of operating history, receive approval from the state as aligned with in-demand jobs, and meet performance and outcome thresholds.⁸

⁶ Pub. Law 119-21 (2025).

⁷ U.S. Department of Education, “Negotiated Rulemaking for Higher Education 2025,” <https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/negotiated-rulemaking-for-higher-education-2025-2026>.

⁸ *Id.*



In keeping with protocol for the negotiations, the Department committed to publishing an NPRM that reflects the consensus language with only minor technical and non-substantive corrections.

The Pell Grant Budget Shortfall

A critical fiscal issue threatens the administration’s workforce strategy. In February 2026, the Congressional Budget Office (“CBO”) published a study documenting that the Pell program faces a shortfall by the end of 2026 *and* a cumulative 10-year shortfall exceeding \$100 billion.⁹ Without congressional intervention, the shortfall could lead to a significant disruption in Pell awards for the 2028–29 school year.

The Committee for a Responsible Federal Budget (“CRFB”) projects that the Pell program will be \$5 billion underwater by the end of FY2026, even including the \$10.5 billion injected by the OBBBA. If annual Pell appropriations remain flat (at about \$22.5 billion) and the deficit is unaddressed, the program will be nearly \$17 billion short in September 2027. Using CBO’s projections, the Pell program faces a \$104-billion to \$132-billion cumulative shortfall by 2036, which, according to the CRFB, could balloon to \$157 billion.¹⁰

Much of this shortfall is due to expanded access, a simplified application process, and boosted maximum awards—without significantly increased funding.¹¹ As a

⁹ Congressional Budget Office, “Baseline Projections: Pell Grant Program,” February 2026, <https://www.cbo.gov/system/files/2026-02/51304-2026-02-pellgrant.pdf>.

¹⁰ Committee for a Responsible Federal Budget, “Pell Grant Program Faces Serious and Immediate Shortfall,” February 20, 2026, <https://www.crfb.org/blogs/pell-grant-program-faces-serious-and-immediate-shortfall>.

¹¹ Jessica Blake, “What Will It Take to Address the Pell Shortfall?” *Inside Higher Ed*, March 17, 2026, <https://www.insidehighered.com/news/government/student-aid-policy/2026/03/17/what-will-it-take-address-pell-shortfall>.



result, without major changes, otherwise eligible students will not receive their full Pell award starting in the 2028–29 award year.

II. Expression of Support: Workforce Pell Aligns with Workforce Needs

In this section, DFI explains how the proposed regulations reflect a necessary recalibration of federal higher education policy to better align with current workforce realities. As detailed below, the NPRM is not merely an expansion of Pell Grant eligibility but part of a comprehensive effort to modernize the relationship between education, training, and employment outcomes. Specifically, this section highlights three core themes: 1) the alignment of the proposed regulations with the administration’s workforce agenda; 2) the recognition that postsecondary education must evolve beyond a myopic focus on four-year degrees; and 3) the creation of new pathways for nontraditional students in an economy increasingly defined by technological disruption. Together, these themes underscore a shift toward a more flexible, outcomes-driven system that is responsive to both student needs and labor market demands.

The Proposed Regulations Align with the President’s Workforce Agenda

The NPRM is firmly aligned with the President’s broader workforce agenda, which appropriately emphasizes expanding access to high-quality, skills-based education while also reducing unnecessary barriers to employment. By broadening eligibility to short-term, career-focused programs, the Department is advancing a policy agenda that de-emphasizes the “four-year-degree-or-bust” mentality and prioritizes practical training, employer alignment, and measurable outcomes. This approach reflects a deliberate, weighted, and important shift toward equipping students and learners with the competencies needed to succeed in a rapidly evolving labor market.



The NPRM is consistent with Executive Order 14278, *Preparing Americans for High-Paying Skilled Trade Jobs of the Future*,¹² which calls for a renewed national focus on workforce development, apprenticeship pathways, and industry-recognized credentials. EO 14278 underscores the importance of aligning federal education and training programs with labor market demands, particularly in high-growth sectors. With the OBBBA in hand, Workforce Pell implements these priorities by creating a funding mechanism that supports short-term programs tied directly to in-demand occupations and employer needs.

Similarly, the NPRM reflects Secretary McMahon’s Workforce Readiness Supplemental Priorities, which rightly emphasize outcomes-driven education, accountability, and responsiveness to economic conditions.¹³ By incorporating performance benchmarks, such as completion rates, job placement outcomes, and value-added earnings measures, the Department is ensuring that newly eligible programs deliver tangible value to students and taxpayers. Together, these regulatory provisions represent a cohesive, intentional effort to modernize federal student aid in support of workforce readiness and long-term economic competitiveness.

The NPRM Will Open Pathways to New and Nontraditional Student Populations

The proposed regulations recognize that the next phase of workforce disruption is likely to affect a broader range of occupations than prior technological shifts. Unlike earlier periods of automation, which primarily affected skilled and unskilled manual labor, AI is reshaping “white-collar” functions across sectors

¹² Exec. Order No. 14278, 90 Fed. Reg. 17525 (2025).

¹³ U.S. Department of Education, “U.S. Department of Education Releases Secretary McMahon’s Meaningful Learning and Workforce Readiness Supplemental Priorities,” Press Release, September 25, 2025, <https://www.ed.gov/about/news/press-release/us-department-of-education-releases-secretary-mcmahons-meaningful-learning-and-workforce-readiness-supplemental-priorities>.



such as finance, legal services, and information management. At the same time, external economic pressures, including shifts in global trade and energy markets, are adding further instability to traditional career trajectories. As a result, individuals across the workforce, both recent graduates and mid-career professionals, will need more flexible options to adapt, reskill, or pivot into new roles.

The NPRM proposes meaningful access points for new and nontraditional students who have been historically underserved. Adult learners, mid-career professionals, and individuals seeking rapid reentry into the workforce will benefit from pathways that do not require multi-year academic commitments. By expanding Pell eligibility, the regulations acknowledge that career advancement and transition are ongoing processes, not one-time decisions made at the outset of adulthood.¹⁴

Workforce Pell is particularly well-suited to individuals who must balance education with other existing responsibilities, such as full-time employment, family obligations, or financial constraints. Short-term, targeted training programs enable these students to acquire relevant skills without stepping away from the workforce for extended periods.¹⁵ This flexibility is critical in a labor market where timing and adaptability increasingly determine economic opportunity.

Perhaps most importantly, the proposed regulations help elevate and expand access to occupations traditionally categorized as “blue collar,” many of which now offer strong wages, stability, upward mobility, and the opportunity to become a

¹⁴ See, e.g., Abigail Lane, “Young People Are Having to Take Career Decisions Too Early,” *The Guardian*, July 26, 2013, <https://www.theguardian.com/careers/young-people-take-career-decisions-too-early>.

¹⁵ See, e.g., Elyse Ashburn, “Why Do Students Drop Out? Because They Must Work at Jobs Too,” *The Chronicle of Higher Education*, December 9, 2009, <https://www.chronicle.com/article/why-do-students-drop-out-because-they-must-work-at-jobs-too/>.



small business owner.¹⁶ Fields that require focused training rather than prolonged academic study, such as skilled trades, transportation, and technical services, are well-matched to the structure of Workforce Pell. By facilitating entry into these sectors, the NPRM supports a balanced labor market approach and helps address persistent shortages in essential industries.¹⁷

Taken together, these changes position Workforce Pell as a tool not only for expanding access but also for enabling economic resilience. By supporting both entry-level training and mid-career transitions, the regulations provide individuals with practical avenues to respond to disruptions, whether caused by technological change, market volatility, or broader economic trends. In doing so, the Department helps ensure that a wider range of Americans can remain competitive and secure in an increasingly dynamic workforce.

III. Expression of Concern: The Pell Program Faces Financial Challenges

This section outlines our concerns regarding the successful implementation and long-term sustainability of the Pell Grant program, including the new Workforce Pell regulations. As the Department moves forward, it must navigate fiscal constraints, administrative capacity, and policymaking to ensure that expanded access translates into meaningful opportunities for students that serve America's workforce needs. The discussion below highlights the importance of addressing underlying funding challenges, leveraging the Department's existing expertise, and maintaining coordination with Congress to secure the resources needed to support both current beneficiaries and future participants.

¹⁶ See, e.g., Sander van't Noordende, "Blue Collar is the New Growth Engine—If We Choose to Build It," *Forbes*, January 6, 2026, <https://www.forbes.com/sites/sandervantnoordende/2025/11/06/blue-collar-is-the-new-growth-engineif-we-choose-to-build-it/>.

¹⁷ See, e.g., Chad Kolton, "Bipartisan Policy Center Unveils New Report Addressing U.S. Workforce Shortages over the Next Decade," Bipartisan Policy Center, April 10, 2025, <https://bipartisanpolicy.org/press-release/workforce-gaps/>.



Pell Grants Face a Significant Budget Shortfall that Could Render Expanded Access Meaningless

The Pell Grant program faces a significant and increasingly urgent budget emergency. Without sufficient additional resources, current efforts to expand Pell eligibility risk undermining the entire program. In practical terms, increasing eligibility without ensuring financial support will dilute the program’s effectiveness, resulting in more students qualifying for aid but fewer receiving meaningful support.¹⁸

Importantly, the projected shortfall is not solely attributable to Workforce Pell or similar expansion efforts.¹⁹ Rather, it reflects broader structural pressures within the Pell program, including fluctuating enrollment, larger award sizes, broader eligibility, and a longstanding reliance on discretionary appropriations to supplement mandatory funding. As a result, the fiscal strain threatens the integrity of the entire program, not just its newest components. This raises significant concerns about the federal government’s ability to sustain its primary vehicle for supporting the postsecondary education needs of low-income students.²⁰

Left unaddressed, the consequence of a Pell funding shortfall will be severe. Historically, when Pell faced budget constraints, Congress has considered reducing

¹⁸ Lexi Lonas Cochran, “Pell Grant Funding Shortfall on the Horizon as Nearly 2 Million More Students Qualify,” *The Hill*, February 28, 2026, <https://thehill.com/homenews/education/5758935-pell-grant-funding-shortfall-college-students/>.

¹⁹ Committee for a Responsible Federal Budget, <https://www.crfb.org/blogs/pell-grant-program-faces-serious-and-immediate-shortfall>.

²⁰ Michele Zampini, “The Pell Grant Program Faces a Major Funding Gap—Congress Must Act,” The Institute for College Access & Success, February 17, 2026, <https://ticas.org/affordability-2/pell-shortfall-cbo-feb-2026-blog/>.



award amounts, tightening eligibility criteria, or limiting future growth.²¹ Any of these actions would directly undermine access for the very students that Pell serves. In effect, the shortfall will transform what is currently a broad-access entitlement into a more limited and less reliable source of aid.

The risk is also systemic. Pell plays a critical role in promoting educational attainment and economic mobility.²² A significant and prolonged funding gap, including one that coincides with efforts to expand access, creates a tension between policy ambition and fiscal reality. Without a coordinated and sustained funding solution, the possibility exists that the OBBBA's expansion of Pell will prove mostly symbolic. At the same time, such a shortfall will materially weaken the program's core mission of supporting low-income students.

The Department Should Use Current Staff to Support the Workplace Pell Program

While implementing Workforce Pell, the Department should use its existing personnel and institutional expertise to support the expanded Pell initiatives. Program offices have decades of experience administering Title IV programs at scale, including managing complex eligibility determinations, institutional participation, and oversight functions. Leveraging this existing capacity will promote continuity, reduce administrative fragmentation, and minimize implementation risk. Accordingly, the introduction of new personnel is neither

²¹ Michele Shepard Zampini, "The Pell Grant Program May Have Averted a Funding Gap—For Now. But Students Need a Permanent Fix," The Institute for College Access and Success, June 27, 2024, <https://ticas.org/affordability-2/the-pell-grant-program-may-have-averted-a-funding-gap-for-now-but-students-need-a-permanent-fix/>.

²² Spiros Protopsaltis and Sharon Parrott, "Pell Grants—a Key Tool for Expanding College Access and Economic Opportunity—Need Strengthening, Not Cuts," Center on Budget and Policy Priorities, July 27, 2017, <https://www.cbpp.org/research/pell-grants-a-key-tool-for-expanding-college-access-and-economic-opportunity-need>.



necessary nor wise, particularly where doing so could cause duplicative functions or dilute accountability within established operational structures.

Further, the Department's demonstrated ability to implement and oversee large-scale federal student aid programs provides a strong foundation for successfully administering an expanded Pell framework. Maintaining centralized responsibility within existing teams will help ensure the consistent application of statutory and regulatory requirements and clear lines of communication with institutions, state agencies, and other stakeholders.

To the extent that the Department contemplates interagency collaboration in the future, the agency must approach any such arrangement with careful attention to the Department's institutional knowledge and prior experience. The Department must coordinate with other federal agencies in ways that complement its administration of Pell, preserving efficiency, clarity, and program integrity.

The Department Must Cooperate with Congress to Ensure Program Financial Support Meets the Demands of Students and Employers

The long-term viability and sustainability of Pell, especially in its expanded form, ultimately depend upon a durable alignment between program design and congressional appropriations. Administrative action cannot resolve structural funding gaps; only Congress can provide the statutory and budgetary adjustments necessary to ensure that available resources keep pace with demand. As new pathways emerge and participation potentially increases, a stable funding framework becomes essential to avoid abrupt contractions that could disrupt both students and institutions.

Stated plainly, Congress must align the expanded scope of the Pell Grant program with program funding. This means reducing the program's cost, increasing the underlying funding, or both. In this context, the Department should play an active, informed role in engaging with Congress to communicate real-time program needs, anticipated demand, and the fiscal implications of expansion. The Department is uniquely positioned to translate operations into policy insight,



including trends in enrollment, program uptake, and workforce alignment. That information is critical to shaping appropriations and authorizing legislation that is responsive to actual conditions on the ground rather than projections alone.

A coordinated approach between the executive and legislative branches is particularly important during the early phases of program expansion. As Workforce Pell is implemented, the administration will better understand student behavior, institutional participation, and employer demand related to the program. During this transition, ensuring adequate and flexible funding will be key to preventing unintended constraints on access or program viability.

Over the longer term, a comprehensive legislative solution, paired with sustained appropriations, will be necessary to support the evolving role of Pell in a changing education and workforce landscape. Without such action, there is a substantial risk that program growth will outpace available funding, forcing difficult trade-offs that could undermine both access and effectiveness. Continued collaboration with Congress is fundamental to a stable, credible, and effective federal student aid system.

IV. Expression of Concern: Regulatory Language Regarding Excluding Certain Types of Federal Aid from Student Aid Index Calculations— 34 C.F.R. § 690.5 (a) & (b)

Although there is much that we support in the NPRM, there is an issue on which DFI requests clarity. Specifically, we are concerned about the provisions to exclude certain types of federal aid. As proposed below, we conclude that this provision is still subject to the vulnerabilities identified in the Preamble²³ and the Directed Questions.²⁴

²³ See 91 Fed. Reg. 11386.

²⁴ See 91 Fed. Reg. 11380.



Exclusions of Certain Types of Federal Aid

Without much explanation, the Department and the AHEAD Committee eliminated some federal aid from Student Aid Index (“SAI”) calculations. Although the OBBBA amendment is straightforward, the agency’s proposed § 690.5 (a) & (b) is not.

For example, to exclude some federal aid, the Department relies upon the definition of “other financial assistance.”²⁵ That provision excludes veterans’ education benefits, which we agree should be excluded; however, the Department does not explicitly exclude aid through Workforce Innovation and Opportunity Act²⁶ funds or the Perkins V²⁷ programs. DFI is aware that certain students (community college students in particular) who will be able to take advantage of Workforce Pell already receive workforce and trade assistance grants. By not including this funding, we are concerned that the funds will not be excluded because they are not explicitly listed in § 1087vv(i).

We also ask the Department to consider the impact of the exclusion of § 25A credits, 529 plans, 530 plans, and emergency financial assistance. Although we suspect that some of these programs likely exclude certain student populations from Pell generally, the exclusion could result in a double-award. We conclude similarly with regard to the exclusion of emergency financial assistance. Again, from a policy perspective, this assistance should not be excluded as it would provide double payment.

V. Potential Solutions to Ensure Long-Term Viability of the Pell Grant Program

²⁵ See 20 U.S.C. § 1087vv(i).

²⁶ 29 U.S.C. § 3101 *et seq.*

²⁷ P.L. 115-224.



For the administration’s future consideration, this section outlines a series of targeted policy options to strengthen, stabilize, and modernize the Pell Grant program amid current fiscal pressures and expanding program demands. These recommendations reflect a recognition that incremental adjustments alone will not be sufficient. Rather, the current landscape requires a coordinated set of reforms to ensure that Pell continues to function as an effective and sustainable source of need-based aid. The proposals below focus on improving the precision of aid distribution, expanding the reach of limited resources, reinforcing shared responsibility across stakeholders, and aligning program design with the evolving needs of today’s students and workforce.

Modify the Pell Eligibility Formula to Aid the Neediest Students

Modifying the Pell eligibility formula presents a significant opportunity to target federal resources to the neediest students. Although the current framework is built around a strategy to capture broad measures of a student’s ability to pay, it does not consistently account for real-world variations in cost of living, family obligations, or financial volatility.²⁸ A more finely calibrated approach would incorporate these factors, ensuring that the award level accurately reflects *true* financial circumstances. Indeed, right-sizing aid preserves the purchasing power of Pell Grants without diluting the impact of each award.

²⁸ See, e.g., Jason Delisle, “What Better Data Reveal About Pell Grants and College Prices,” The Urban Institute, August 18, 2021, <https://www.urban.org/urban-wire/what-better-data-reveal-about-pell-grants-and-college-prices>; Donald E. Heller, “Pell Grants Fall Far Short of Original Goal to Make College More Affordable,” *ASBMB Today*, May 10, 2022, <https://www.asbmb.org/asbmb-today/careers/051022/pell-grants-fall-far-short-of-original-goal>; Daniella Paradise, Marian Vargas, and Kim Dancy, “Unmet Financial Need Is Widespread Among College Students. Federal Aid Helps Some, But Still Falls Short for Many,” Institute for Higher Education Policy, September 17, 2025, <https://www.ihep.org/unmet-financial-need-is-widespread-among-college-students-federal-aid-helps-some-but-still-falls-short-for-many/>.



But any modifications to the eligibility formula must focus on clarity, predictability, and administrative feasibility. Institutions, students, and others depend on a system that is transparent and understandable despite its complexity. Overly complex adjustments will create unintended barriers to access.²⁹ Indeed, such modifications should also be made with long-term implementation in mind, as institutional staff and students struggle with multiple rounds of modifications in short succession.

Accordingly, Congress and the Department should consider refinements that improve precision without undermining usability, including an adjustment to the income threshold. Future changes could better account for independent student circumstances, incorporate regional cost considerations, and other factors. Thoughtful reform in this area would strengthen the integrity of the Pell program and ensure that finite financial resources are directed where they are needed most, while maintaining Pell's core commitment to broad and equitable access.

Redesign the Year-Round Pell Model to Spread Benefits to a Greater Student Population

Another option to modify the current program would be to redesign the Year-Round Pell model. This option offers the opportunity to expand the reach of available funding without necessarily increasing overall program costs and requiring as much additional funding from Congress. While highly beneficial to students who wish to accelerate their education, a year-round model may not be workable in the current funding environment and may have the unintended consequence of concentrating aid to a narrower group of students. Revisiting this approach could recalibrate how and when additional Pell funds are accessed, prioritizing access for a larger pool of eligible students over the speed of study.

²⁹ See, e.g., Susan Dynarski and Judith Scott-Clayton, "Financial Aid Policy: Lessons from Research," *The Future of Children*, Spring 2013, <https://files.eric.ed.gov/fulltext/EJ1015227.pdf>.



Any revisions, however, should be carefully balanced.³⁰ Timely completion is important, but the broader goal of equitable access may be more so. Policymakers at the Department and in Congress should consider mechanisms that maintain flexibility for students with non-traditional schedules (clock hours, year-round programs, etc.) while introducing guardrails to prevent disproportionate allocations.

Even simple changes to the sequencing of disbursements or caps tied to demonstrated progress could help ensure funding viability, supporting both persistence and increased participation. Thoughtful redesign allows the program to serve more students, including new Workforce Pell recipients, while still encouraging efficient pathways to completion.

Restructure Pell as a Multi-Year Grant to Target Benefits for Enrolled Students

To increase predictability and strengthen outcomes, Congress should consider whether a multi-year grant, with built-in accountability metrics, would be better than the current year-over-year approach. Such an introduction would improve often disappointing completion rates³¹ and hold students accountable for continued eligibility.

A multi-year model not only enhances predictability but also creates a more structured support system that promotes persistence and completion. A multi-year horizon incentivizes students to complete and offers the clarity of purpose to stay

³⁰ Jason Deslise and Ben Miller, *Myths & Misunderstandings: The Undeserved Legacy of Year-Round Pell Grants*, Lumina Foundation, January 2015, <https://www.luminafoundation.org/files/resources/year-round-pell.pdf>.

³¹ Joelle Fredman, "Report: Institutions Are Failing Pell Grant Recipients, Policymakers Must Step In," National Association of Student Financial Aid Administrators, May 2, 2018, <https://www.nasfaa.org/news-item/15047/Report-Institutions-Are-Failing-Pell-Grant-Recipients-Policymakers-Must-Step-In>.



“on track.” For schools, a multi-year model would allow for better advice, academic support, and institutional financial planning around benchmarks.

Accountability can be designed to support, not penalize, students facing legitimate challenges and built-in flexibility. If implemented thoroughly and thoughtfully, a multi-year Pell structure provides a durable infrastructure for student success, balances stability with accountability, and improves on the current, volatile, and unpredictable approach.

Encourage Congress to Take Steps to Ensure that Workforce Pell Does Not Inadvertently Encourage Over-Borrowing of Federal Student Loans

Workforce Pell awards must not encourage over-borrowing of federal student loans. Because many of the programs eligible for Workforce Pell will also be eligible for Title IV funding, it is possible that Workforce Pell will inadvertently increase reliance on federal student loan programs by encouraging students to turn to borrowing to cover remaining costs. This development could lead to debt burdens disproportionate to program length or expected earnings.

The purpose of expanding Pell Grant eligibility is to reduce financial barriers for students and to help avoid over-reliance on loans. Congress and the Department must consider measures to prevent such unintended consequences of expanding Pell eligibility, such as aligning loan limits with program duration, enhancing student disclosures regarding total costs and expected return on investment, and reinforcing the upcoming accountability metrics tied to student outcomes. Implementing thoughtful safeguards will help ensure that Workforce Pell fulfills its intended purpose of expanding access without contributing to currently unsustainable borrowing patterns.

Reconsider the Calculation of Pell Grants to Ensure that the Program Does Not Mask Funding Declines in Other Federal and State Aid Programs



The federal government is not the only entity currently struggling to secure sufficient resources for higher education.³² Congress and the Department must not allow the Pell program to become a stopgap to compensate for reduced funding from other federal and state sources. At the federal level, there is a growing risk that Pell will become a pressure point for broader shifts in higher education funding, including grant programs at other federal agencies, changes to campus-based aid programs, or the introduction of new federal initiatives that do not keep pace with student needs.

When other forms of federal support are constrained or reduced, Pell is often—whether explicitly or implicitly—forced to absorb the resulting gap.³³ This dynamic must stop before it matures into an overreliance on a single program, placing further strain on its funding. A better, more disciplined federal approach is needed to ensure that Pell is not treated like a piggy bank when there are shortages elsewhere in the federal government.

At the state level, as appropriations fluctuate or decline, policymakers tend to recalibrate program funding around the availability of federal dollars.³⁴ That phenomenon manifests in reduced state grant aid, stagnation in need-based funding formulas, or institutional pricing strategies that assume Pell will offset

³² Jessica Blake, “Report: Growth in State Higher Ed Funding Is Slowing Down,” *Inside Higher Ed*, February 5, 2026, <https://www.insidehighered.com/news/government/state-policy/2026/02/05/report-growth-state-higher-ed-funding-slowing-down>.

³³ Michael Mitchell, Michael Leachman, and Matt Saenz, “State Higher Education Funding Cuts Have Pushed Costs to Students, Worsened Inequality,” Center on Budget and Policy Priorities, October 24, 2019, <https://www.cbpp.org/research/state-budget-and-tax/state-higher-education-funding-cuts-have-pushed-costs-to-students>.

³⁴ National Education Association, “State Funding Update: The Fiscal and Political Crossroads Facing Public Higher Education,” September 12, 2025, <https://www.nea.org/resource-library/higher-ed-state-funding-report>.



rising costs. Over time, such practices effectively shift financial responsibility away from states and onto the federal government, which is not sustainable.

Pell must be seen as a supplement, not a substitute. Doing otherwise would result in even more strain on Pell's limited resources.

Explore How the Administration Can Strengthen Other Policies to Make Up for Budget Shortfalls

Another option for the Department and Congress is to shore up other policies to offset Pell budget shortfalls, including work-study, tax credits, and employer-based funding. For us, these programs align well with Workforce Pell and the administration's policy and generally provide a very good return on investment for students and employers.³⁵

Given current funding constraints, evaluating complementary programs and how to strengthen them to alleviate pressure on Congress and the Department to secure funding is a necessary strategy. Enhancing these proven programs, experimenting with new ones, and strategic reinforcement of current priorities would result in a more balanced ecosystem that does not disproportionately rely on Pell to meet every eligible student's need.

In addition, the Department should conduct an analysis and optimize for return on investment by streamlining and removing duplication in the Pell program's administration. As we have stated throughout, our goal is to ensure support for low-income students, while at the same time protecting taxpayer interests. Conducting the proposed analysis will make sure that is happening efficiently.

³⁵ Andre M. Perry, "College Students Should Get More from Work Study Jobs," The Brookings Institution, March 29, 2019, <https://www.brookings.edu/articles/college-students-should-get-more-from-work-study-jobs/>.



Such an approach is advisable even without the funding crisis, as it will help preserve Pell's core function while ensuring that students continue to access programs that enhance their skills and careers.

Encourage Institutions to Increase Benefits to Students Who Otherwise Qualify for Pell Grants

The Department should, as a matter of general policy and not simply with respect to issues related to the NPRM, encourage and incentivize institutions to expand their own financial support for student populations who otherwise qualify for Pell. Such increased institutional support is a critical component of a balanced and sustainable higher education aid ecosystem. Although Pell serves as a foundation for need-based assistance, Congress never intended it to operate in isolation. Institutional scholarships and grants are a vital element, helping close remaining gaps in a student's cost of attendance and reducing reliance on federal student loans.

Institutions are also well-positioned to tailor aid packages to very specific student populations and their unique needs. Expanding institutional offerings, whether targeted scholarships, completion grants, or emergency aid, not only supports access and completion, but also serves institutional missions, without contributing to student indebtedness. In total, these institutional investments are relatively modest but have an outsized impact on students.

At this time, the Department can actively encourage institutional grant aid, such as by using statutory authority to prioritize grant funding opportunities for schools that demonstrate sustained investment in need-based aid and enhancing consumer information and transparency requirements by publicly reporting institutional aid levels alongside Pell participation.

Lower the Maximum Pell Award Absent Sustainable Funding



Perhaps the most undesirable of these potential solutions, Congress and the Department should consider lowering the maximum Pell award if sustainable funding levels cannot be reached. Although a reduction would be the most straightforward way to close the budget gap, doing so could undermine the program's purpose. Although some point to increased spending as the cause of the budget shortfall,³⁶ lowering the maximum award would have serious consequences, including increased out-of-pocket costs for students, negative impacts on enrollment, persistence, and completion, higher student loan borrowing, and increasing debt burdens. Accordingly, consideration of a reduction in benefits should come only after policymakers have exhausted *all* other options and funding solutions (and even then with clear recognition of the significant trade-offs).

VI. Conclusion

DFI fully supports the Department's efforts on Workforce Pell. The effectiveness of the proposed regulations will ultimately depend on the strength and coordination of the systems that support the program. Ensuring adequate and sustainable funding, relying on the Department's established administrative capabilities, and maintaining an active, informed partnership with Congress are essential to translating policy goals into durable outcomes.

Without alignment across these areas, expanded access risks becoming aspirational rather than operational. America cannot now afford lapsed appropriations to imperil workforce training and economic mobility.

By engaging with these challenges with urgency and discipline, the Department can preserve Pell as a cornerstone of access rather than allow it to erode into a hollow promise. The stakes are not abstract: for millions of low-income students,

³⁶ Benjamin Collins and Cassandra Dortch, *The FAFSA Simplification Act*, R46909, Washington, DC, Congressional Research Service, August 4, 2022, <https://www.congress.gov/crs-product/R46909>.



Pell is the difference between opportunity and exclusion. Ensuring its strength is not simply a policy objective—it is a national imperative.

Sincerely,

Robert S. Eitel

President and Co-Founder

Jim Blew

Co-Founder

Paul F. Zimmerman

Senior Counsel, Policy & Regulatory