WORKFORCE PELL: AN OVERVIEW FOR GOVERNORS

MARCH 2026

INTRODUCTION

Congress enacted H.R. 1, the One Big Beautiful Bill Act (OBBBA), in the summer of 2025. Among its many provisions, the law expands Pell Grant eligibility to students enrolled in short-term, career-focused training programs that meet defined quality requirements and lead to industry-recognized credentials. This expansion is commonly referred to as "Short-Term Pell" or "Workforce Pell." The Congressional Budget Office estimates that over the next ten years, the federal government will invest approximately $1.5 billion in Workforce Pell Grants of about $2,200 per recipient, although awards will vary as they are prorated based on program length and student need.[1] However, research on such short-term programs demonstrates that while some programs deliver strong labor market returns, many do not. This new funding stream represents an opportunity for Governors to drive resources to the strongest programs to address critical workforce development needs and better align postsecondary training to high-skill, high-wage, and in-demand jobs through their implementation decisions.

Workforce Pell goes into effect this summer, on July 1, 2026. The U.S. Department of Education (ED) released proposed regulations in March 2026, and is expected to finalize regulations later this spring. The draft regulations leave Governors with considerable leeway in the details of implementation, giving them an opportunity to ensure that workforce programs work for their residents and drive economic growth. This memo provides background on the opportunity and key decision points facing Governors related to quality standards around workforce programs; analysis of the critical data infrastructure that states will need to address in implementation; a roadmap for states and territories to tackle these questions; opportunities for leveraging support from both the philanthropic and research community; and a sample timeline to accomplish all of this.

Workforce Pell implementation also provides an opportunity for Governors to look beyond compliance for a single program and instead build the systems needed for a nimble, outcomes-driven, coordinated postsecondary and workforce system that sets and measures clear goals for economic mobility, accelerates growth in priority industries, strengthens regional competitiveness, and aligns education programs more directly with labor market strategy. This

[1] $1.5 billion is based on the CBO score of mandatory Pell dollars – which was estimated at $298 million over the 2025-2034 period. However, mandatory dollars are only about 20% of all Pell spending, with the rest being discretionary funding (subject to annual appropriations).

is of particular importance as these strategies must respond to potential changes due to the impact of AI—such as shifting economic priorities, evolving skill demands, new patterns of workforce displacement, and new roles and career pathways.

SEIZING THE OPPORTUNITY

Governors have significant authority over how Workforce Pell is implemented in their state or territory: the statute tasks Governors and their state workforce boards with setting standards and developing processes for institutions of higher education to demonstrate that their programs deliver results for workers and employers. Workforce Pell (like the Pell Grant program writ large) is available to any qualifying student enrolling in a qualifying program. In other words, it is not a fixed pool of funds that runs out every year, allowing Governors to respond adequately to demand from individuals looking for good jobs and better opportunities.

Governors looking to seize this opportunity can set strong expectations that their short-term programs deliver outcomes, and simultaneously build workforce infrastructure by setting goals, better leveraging data, and raising standards across workforce funding, including through the Workforce Innovation and Opportunity Act implementation (WIOA), Carl D Perkins Career and Technical Education Act (Perkins V), state financial aid programs targeted at workforce programs, or other state funding sources. The same outcomes standards and data systems that ensure Workforce Pell delivers quality results today will be the foundation for an effective response to help workers and jobseekers navigate technological change tomorrow, including any impacts of AI.

To do so, Governors do not have to rush programs over the finish line to prepare for the July 1, 2026 date. Some programs may be ready, and clearly demonstrate the value they are providing to students and the economy. Others may need time to capture the necessary outcomes data, build articulation plans and partnerships, and demonstrate alignment with workforce needs. Governors looking to ensure Workforce Pell dollars drive outcomes in the state can take the reins and build systems for the long-run.

KEY DECISION POINTS FOR GOVERNORS

Governors, in consultation with state workforce boards, are responsible for setting quality standards and ensuring all programs submitted to the U.S. Secretary of Education for approval meet performance requirements in the law. Ahead of the July 1, 2026, implementation date, state and territory leaders will need to evaluate their current operations and develop new approaches that establish definitions, metrics, new data collection methods, and approval processes to meet the requirements of Workforce Pell.

To qualify, programs must first meet the basic standards under the federal statute:

- Be 8-15 weeks in length (at least 150, but less than 600, clock hours);
- Have been in existence for at least one year (which means the eligible workforce program has met the required conditions for at least one year prior to approval);
- Provide recognized postsecondary credentials; and
- Not be a correspondence course or part of a study abroad program.

Student eligibility will be similar to the existing Pell Grant program, however, Bachelor's degree holders will be eligible for Workforce Pell, so long as they have not already exceeded their lifetime benefit limit, or the equivalent of 12 full-time semesters.

ED has proposed regulations that require Governors to set and publish measurable standards and processes for review, and then ultimately to determine, whether programs are:

- **Aligned to high-skill, high-wage, or in-demand sectors or occupations.**
    - *How to have impact*: Historically, these terms have not always been defined by states and territories, and their utility and relevance have not always led to an impact on program outcomes. The definitions that Governors set for these terms under Workforce Pell will have a significant impact on program eligibility. Governors may want to consider defining these terms in ways that, when taken together, ensure programs move residents into good-paying jobs with opportunity for upward mobility, and that connect to real, measurable, labor market needs by regularly updating analysis of real-time, regional job postings, projected changes (including any AI impacts), and gaps in talent supply.
- **Stackable (with documented connections to additional credentials) and portable across more than one employer.**
    - *How to have impact*: Documenting how a program transfers to required courses in degree or certificate programs, counts toward Registered Apprenticeship, or is part of a formalized sequence of credentials may mean institutions will have to launch new agreements and data reporting. Governors can further strengthen these efforts and the meaning of stackable by tracking whether students *actually* move to additional, related programs upon completion. Similarly, Governors have an opportunity to make determinations of portability meaningful by analyzing and using administrative data to determine whether participants get jobs in related occupations across employers. Governors can also prioritize providing clear career maps and advising and navigation. This is not ancillary to stackable pathways—rather, these supports are core to whether learners can successfully enter, persist in, and build careers through short-term training.

- **Aligned to employer hiring needs.**
    - *How to have impact*: The federal government gives states significant leeway to implement this requirement. Workforce Pell leaves some gaps in its definitions of quality measures—and states and territories may be interested in safeguarding against riskier programs, particularly those connected to new and emerging fields with more limited ability to demonstrate a historical connection to labor market needs. They could do this, for example, by requiring those programs to produce employer commitments to interview or hire participants, demonstrating they are truly connected to employers.

- **Resulting in an "industry-recognized credential."**
    - *How to have impact*: Governors will need to bring clarity as to what an "industry-recognized" certificate or certification means, and can set a high and meaningful bar as to what counts as recognition (such as inclusion of as a hiring requirement in job postings) and by whom (industry associations, etc). Governors can include a focus on credentials that are not just industry-recognized, but also actually meaningfully sought out by employers and used in making hiring and promotion decisions.

- **Counting toward credit in certificate or degree programs.**
    - *How to have impact*: Governors will need a written process to assess whether a program is connected to longer certificate or degree programs, to allow participants to efficiently continue pursuing their education. However, to ensure that non-credit programs actually count toward credit in a *related* program, states and territories may also clarify for institutions how to demonstrate this and ensure students don't lose the time spent in the shorter workforce program, and can consider making more Workforce Pell programs credit-bearing at the outset. Governors have the opportunity to convene institutions to align learning outcomes across programs and facilitate broader articulation.[2]

Some of these terms may already be defined by the state under Perkins, WIOA, or other state/territory programs or agencies. States and territories may consider performing an internal audit of existing definitions or uses of the terms to understand if/how they are already operationalizing these terms. And while these terms and standards are outlined and defined in

[2] Note: Every Workforce Pell program must articulate into at least one other related academic certificate or degree program, even if it is at the same institution**.** At the same time, the Workforce Pell program does not *have* to award academic credit, but, if the student completes the Workforce Pell program and enrolls in the identified related certificate or degree program, the receiving academic program *must* accept the Workforce Pell program. See Data Infrastructure Needs section for more details on "non-credit."

the Workforce Pell program, they also present an opportunity for Governors to look at their whole system of education and workforce programs, not just Workforce Pell, and to improve cohesion and uniformity. A key way this can be done is by aligning definitions and standardizing the ways they measure key indicators of performance. They can also ensure learners receive support as they move beyond short-term programs, as these are often just one step in a career pathway that may include connected, longer-term programs that lead to higher wages, as well as career advising, employer commitments, and more.

By auditing standards across the workforce ecosystem and building a more comprehensive workforce framework that sets goals, uses data to measure demand and outcomes, aligns funding streams to outcomes, systematically connects jobseekers to opportunities, and provides clear authority and accountability for success, states can think bigger while tackling the implementation task at hand. For example, the Good Jobs Economy framework released last year helps put workers in good jobs, transform state systems, and build a workforce that powers a state's economy into the future.

Governors also play an important role in the U.S. Secretary of Education's determination of whether programs meet certain quality and outcome standards, such as:

- **Whether a program has a 70 percent completion rate.**
    - *Role for Governors*: The federal regulations require Governors to establish a process for calculating completion rates before the 2029-2030 award year.

- **Whether a program has a 70 percent job placement rate.** In the early years, reporting will align with the parallel WIOA performance requirement. Starting in the 2029-2030 award year, job placement is measured by looking at completers employed within a related field.
    - *Role for Governors*: Governors will need to establish a process for calculating job placement rates and ultimately align the methodology with federal standards that change starting in the 2029-2030 award year. Governors will also need to establish a process to collect administrative data to determine whether that placement is in a related field.

- **Whether a program meets a threshold return on investment (ROI), or median value-added earnings,** defined by whether program graduates receiving Workforce Pell funds earn more than the cost of the program (for all students) plus 150 percent of the poverty line, regionally adjusted, 3 years after completion.
    - *Role for Governors*: While ED will eventually make this calculation, Governors will need to assess ROI until data are available for the federal calculation, and may want to hew as closely as possible to the federal definition.

DATA INFRASTRUCTURE NEEDS

Without the data infrastructure to track participants from enrollment through employment, measure wages, and follow career advancement, Governors cannot know whether Workforce Pell is building pathways to good jobs. Implementing Workforce Pell requires states and territories to evolve their data systems into integrated longitudinal systems that link education to real-time labor market outcomes. States and territories will be required to report specific data about participants and programs. New data capabilities generated as a result of implementing these requirements will also give Governors the opportunity to set, measure, and track labor market outcome goals beyond what is required in Workforce Pell. Each state and territory will be starting from a different place, but may want to consider key updates such as:

- **Linking noncredit programs to labor market data:** Noncredit typically refers to any courses that institutions offer that do not provide students with academic credit (e.g., courses focused on specific workforce skills for a particular occupation, but also developmental education, GED preparation, or personal areas of interest such as photography). As it relates to Workforce Pell, noncredit programs are those that are designed to lead to a short-term, industry-recognized credential. Many states and territories do not collect data on noncredit programs, which prevents them from systematically linking workforce program participation to individuals' real-world labor market outcomes such as wages, job placement, and the range of employers hiring graduates (portability).
    - *How to have impact*: The ability to link these records will be critical for states to track real-world outcomes of program participants, even as ED takes on some of the wage outcome analysis using federal data. Specifically, this capability will be useful for Governors as they certify the ROI of programs before ED ultimately analyzes the median value added earnings of the program in later years, and may also be used by states to determine whether a program is high-wage. Having an early understanding of participants' labor market outcomes will also allow states to identify programs to prioritize with state-level investment and understand which programs may create risk.

- **Collecting enhanced wage records:** Over the next few years, state and territory labor departments will need to begin integrating Standard Occupational Classification (SOC) codes into Unemployment Insurance (UI) wage reports to verify that graduates are employed in fields specifically aligned with their training.
    - *How to have impact:* While the requirement to measure whether program participants find jobs related to their field of study does not take effect for several years, updating wage collections as early as possible will limit the

likelihood that a state approves programs that later lose eligibility. In the long run, building even more precise capabilities to understand the occupations that program participants land in will help guide investments and better measure success.

- **Formalizing credit articulation:** Governors will need to collect information on transfer or articulation agreements as part of the approval process to ensure non-credit completions provide a clear "on-ramp" to related certificate or degree programs.
    - *How to have impact:* Leverage statewide longitudinal data systems (SLDS) to better understand the long-term trajectories of workforce program participants, including whether and where individuals pursue further education.

- **Confirming basic program eligibility requirements**: Program length, participant completion, tuition and fees, and credit articulation may all be elements a state or territory will want to add to existing data collections to confirm programs meet other eligibility requirements. Many states and territories do not collect this data for noncredit programs.
    - *How to have impact:* Building an understanding of existing data collection capabilities and updating those capabilities not just for Workforce Pell, but for workforce programs and investments in the state writ large, will help ensure consistency and alignment across funding streams.

- **Analyzing demand:** States and territories will likely need to formalize regular (at least annual) analyses of labor market information such as scale of demand for particular occupations and industries, the supply of learners and jobseekers for those roles, and the gaps between demand and supply.
    - *How to have impact*: Analysis of labor market information typically sits scattered across state and territory agencies, is usually not done regularly, and may not provide the occupation-level information that would inform demand for particular programs. Streamlining and upgrading this capability could pay dividends across workforce investments.

TAKING ACTION

The effectiveness of Workforce Pell hinges on the ability of states and territories to track participants from enrollment through earnings and employment in particular occupations; assess the connections between workforce programs, job opportunities across multiple employers, and articulation to related education and workforce programs; and provide clear processes for determining program eligibility and program removal. At the same time,

Governors have an opportunity to leverage the work done to implement this program to further break down education and workforce silos and align their systems. To develop a clear process and timeline, define goals for good jobs and economic mobility, set high-quality standards, develop needed data infrastructure, and provide clear information to institutions and students, Governors can take action now to:

- **Designate a formal cross-agency working group**, including the Governor's office, state workforce board, and higher education agencies, with a mandate to:
    - Set goals for residents attaining good jobs and economic mobility, and key performance indicators for the success of Workforce Pell in the state;
    - Identify and operationalize needed updates to state and territory data collection and analysis; audit existing standards and definitions across major investments like WIOA, Perkins V, and state financial systems; and
    - Set definitions and standards for Workforce Pell eligible programs; and facilitate credit articulation agreements.

  The group can also produce recommendations on:
    - The role these programs can play as a part of a state strategic response to the ongoing impact of AI; and
    - Updating standards, braiding funding, and developing shared goals with other relevant workforce investments.

- **Create a centralized online hub** to serve as a transparent guide for institutions seeking approval and a user-friendly catalog for students to view costs, job placement results, and how their program may earn them credit in other programs.

- **Update policies, dependent on working group recommendations**, to leverage administrative data to the maximum extent possible across institutions of higher education, wage outcomes, and, where necessary, state tax records.

- **Formally define the processes for Workforce Pell program approval and decertification** and include interim warning systems or flags for programs that may be in danger of losing eligibility, and adjust statewide academic approval processes as needed.

- **Adopt a multi-year plan** to review and update policies and processes as state leaders learn what works for students and employers when more programs participate in the Workforce Pell program.

- **Launch relevant updates standards and processes** around parallel workforce investments based on the working group's recommendations.

OPPORTUNITIES FOR PHILANTHROPIC ENGAGEMENT

Existing state workforce funding streams and Workforce Pell Grants will still leave gaps in needed workforce resourcing. Having a plan to catalyze private resources through a coordinated Good Jobs Fund[3] or similar investment vehicle to complement state efforts could build on the renewed focus on workforce and quality, and set states and territories up for philanthropic partners prioritizing high-quality programs. Governors can work with philanthropy to fill a number of gaps not filled by federal and state funding streams by supporting:

- **Career pathway architecture:** Fund the connective tissue that Workforce Pell cannot—the design and coordination work required to build coherent, multi-credential pathways across programs, employers, and roles over time. Workforce Pell funds individuals in short-term programs. Philanthropy can fund the architecture that turns a sequence of programs into a genuine career launch—including earn-and-learn models, stackable credential sequences, and navigation infrastructure that connects training to good jobs and wages needed for economic independence.
- **Independent evaluations:** Prepare promising new and existing programs for appropriate independent evaluations—including randomized control trials where feasible—to rigorously assess results and apply lessons to strengthen and modernize training programs and talent systems.
- **Seed funding for new high-quality programs and infrastructure:** Support high-quality education and training programs that don't yet qualify for Workforce Pell Grant funds—for example, a program with initial high-wage outcomes, but which has not been in existence for the full year required by the federal program. Philanthropy could also help leaders produce the often AI-enabled labor market intelligence needed to understand real-time demand and to design new programs that meet high-quality benchmarks — or to re-design existing programs — while targeting state priorities, supporting programs to build a track record, and addressing emerging challenges like near- and medium-term impacts of AI.
- **Support plus-up funding:** Work with Governors to design state-level performance incentives that reward programs exceeding the federal Workforce Pell quality thresholds—including programs that demonstrably lead to wages needed for economic

[3] A Good Jobs Fund is used to identify and fund the development, and growth of evidence-based, scalable models that connect employers, job seekers, and education and training providers in local regions.

independence. Philanthropy can seed these incentive structures to demonstrate proof of concept.

- **Capital investments for seat expansion:** Modernize existing programs to meet the state's Workforce Pell requirements, supporting programs that show significant impact on wages and job placement into jobs that allow for economic independence, but that need capital to expand seats or pay for equipment.
- **Fill the gaps on complementary programs or costs**: Identify, co-fund, and scale proven and promising programs that meet certain metrics to place people in good jobs, but do not qualify for Workforce Pell Grants, or that support students in Workforce Pell or other programs, but are uncovered costs, such as tuition that exceeds the Pell Grant maximum or non-tuition costs. For example, philanthropy could focus on programs providing a next step in the career ladder beyond a short-term program.
- **Intermediaries:** Expand the base of effective workforce intermediaries, with a focus on programs that have a track record of success and on key occupations identified by the state's renewed focus on outcomes or through strategic initiatives that identify priority sectors.

OPPORTUNITIES TO BOLSTER RESEARCH ON OUTCOMES

Due to the nature of the Workforce Pell program design, opportunity for variation in its implementation by state or territory, and the associated requirements related to both historical (e.g., past performance) and future data (e.g., outcomes), researchers will have a wealth of opportunities to examine policy-important questions regarding program design, implementation, and the workforce impacts of a wide range of program models and policies. The research should be designed to leverage the existing evidence base and inform state policy and practice across the workforce development field going forward. Determining whether activities funded under Workforce Pell can produce meaningful gains in workforce outcomes—and, if so, which approaches are most impactful—will be critical, particularly given the muted impact that the short-term training programs that have been evaluated thus far have shown on such outcomes. Rigorous research and evaluation can explore questions including:

- **Workforce sector and program design:** What type of short-term programs (and what design characteristics, such as added career coaching, in-depth industry partnerships, etc.) produce the best outcomes for learners with respect to wages, wage growth, and employment.

- **Labor market outcomes and economic impact:** If and how Workforce Pell programs have an effect on local economies, in-demand industries, and economic priorities.
- **Student access:** Whether Workforce Pell is increasing enrollment in short-term programs for those who otherwise could not afford training. Researchers can analyze how access differs by region, the type of institution, the industry or sector, student financial need, and more.
- **The impact of implementation policies:** How the definitions Governors choose, in particular for high-skill, high-wage, and in-demand occupations, impact the types of programs approved— and what impact those programs have on participants, employers, and the larger economy.
- **The impact of Workforce Pell on workers displaced by AI:** Whether short-term credential programs effectively serve workers in AI-vulnerable occupations, and what program design characteristics—including sequencing across multiple credentials and career stages over time—produce the strongest and most durable outcomes.

CONCLUSION

Workforce Pell presents an opportunity to better align education and workforce strategies by expanding access to high-quality career pathways that prepare learners and workers for in-demand, high-wage jobs essential to meeting the nation's urgent and evolving workforce needs. It provides Governors a chance to partner closely with their workforce boards, to set clear goals and shape regional talent pipelines, modernize data systems and the capacity to understand real labor market demand, and set forward-looking education and workforce strategies that reward outcomes.

It is not a turnkey federal program; it offers states and territories meaningful flexibility to design implementation approaches that reflect their unique priorities, partnerships, and workforce needs, as well as an opportunity to rigorously evaluate programs to identify those most successful at helping people move up the economic ladder.

The law establishes federal quality standards, but its real-world impact will depend on how state and territory leaders define quality standards and seize this moment to drive broader systems change. Governors who engage early, set strong standards, coordinate across agencies, and invest in data infrastructure will be well-positioned to deploy this new funding to move residents to good jobs and best serve the people of their state, while using this opportunity to develop the architecture needed for an effective workforce system beyond this single funding source.

Appendix 1. PROJECTED TIMELINE

December 2025	ED released a consensus draft that served as the basis for draft regulations.
February - July 2026	Governors can begin creating the standards and definitions they will need for the key terms aligned above. Once those draft standards are set, they can begin to compile potential programs that may qualify.
March 2026	ED published a Notice of Proposed Rulemaking (NPRM) in the Federal Register. This opens a public comment period, after which it reviews feedback and prepares the final regulations. Governors may want to submit comments to help shape the rules, raise concerns, and make sure the policies will work in practice for their state.
April 2026	NPRM comment period closes.
April 30, 2026	States have until this extended deadline to incorporate changes for Workforce Pell into their Workforce Innovation and Opportunity Act (WIOA) state plan modifications.
Spring - Early Summer 2026	The final regulations will (likely) be published. The standards and definition guide (mentioned above) will need to be updated to reflect any changes. Governors can begin certifying programs/credentials that are eligible for Workforce Pell dollars.
July 1, 2026	Workforce Pell law goes into effect.
Fall 2026	First Workforce Pell awards are likely to be disbursed. States are likely to continue certifying programs as implementation ramps up.
2026-2028 Award Year	To be eligible, programs must maintain a 70% completion rate (within 150% of time) and a 70% job placement rate (without tracking occupational status).
April 2028	States will submit updated WIOA state plans. The draft regulations require states to create a process for determining whether a program meets various requirements (such as high-skill, high-wage, or in-demand standard; meet employer hiring needs, and others). The process for reviewing whether occupations meet these requirements will need to be done at least every two years, concurrent with WIOA state plans and modifications.
2029-2030 Award Year	To meet the 70% job placement requirement, states will now be required to start tracking whether students are employed in the occupation for which the program intends or a similar high-skill, high-wage or in-demand occupation.