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Workforce Pell Grants

Section 83002 of P.L. 119-21, the FY2025 reconciliation law, expanded Pell Grants to students enrolled in newly-eligible workforce programs. Pell Grants used for these newly-eligible workforce programs are titled referred to as *Workforce Pell Grants*. The Pell Grant program generally supports financially needy undergraduate students. Training programs eligible for Workforce Pell Grants can be as short as eight weeks, which is shorter than programs eligible for Pell Grants prior to the P.L. 119-21 amendments going into effect.

The effective date of the statutory Workforce Pell Grant provisions in P.L. 119-21 is July 1, 2026, coinciding with the beginning of award year (AY) 2026-2027 for federal student aid. In May 2026, the U.S. Department of Education (ED) finalized regulations for Workforce Pell Grants with an effective date of July 20, 2026, but permitted early implementation beginning July 1, 2026.

This In Focus provides an overview of the statutory and regulatory provisions for Workforce Pell Grants.

Background on the Pell Grant Program

The Pell Grant program, as authorized by Section 401 of the Higher Education Act (HEA), is the primary source of federal need-based grant aid for undergraduate students. Pell Grants, like other federal student aid programs authorized in HEA Title IV, are administered by ED.

Prior to the P.L. 119-21 amendments going into effect, Pell Grant eligible programs required a duration of at least 15 weeks and a minimum of 600 clock hours of instruction (or the equivalent of at least 16 semester credit hours). In FY2025, ED made available about \$40 billion in Pell Grants to over 7.5 million financially needy undergraduate students.

The maximum Pell Grant in the 2026-2027 award year is \$7,395. Pell Grants are funded by a combination of mandatory and discretionary funding.

Legislative Background and Prior Pilot Program

Prior to the enactment of P.L. 119-21, Congress considered, but did not enact, different legislation that would have expanded the Pell Grant program to cover programs of education that did not meet the minimum duration requirements, so-called short-term programs of education. Many of these efforts expressed an intent of accelerating individuals' entry into high-skill, high-wage, or in-demand occupations. Congress considered different criteria for institutional eligibility, quality assurance mechanisms, and approval procedures for eligible educational programs.

From 2012 to 2017, ED used its experimental sites authority to pilot an expansion of Pell Grants to students enrolled in 8- to 15-week programs. An evaluation of the pilot found an increase in program enrollment and completion but did not find that utilization of the grants was associated with increased employment or increased earnings in the medium or long-term.

Relationship Between Workforce Pell Grants and the Pell Grant Program

P.L. 119-21 established Workforce Pell Grants as an expansion of the Pell Grant Program by amending HEA Section 401. As such, Workforce Pell Grants are funded out of the same mandatory and discretionary funding streams that support the Pell Grant program, and for the most part, are administered and awarded under the same eligibility, terms, and conditions as other Pell Grants. For example, the HEA establishes a lifetime Pell Grant limit of 12 full-time semesters (or the part-time equivalent) for individual students; Workforce Pell Grants count towards this limit. The major innovation of Workforce Pell Grants is that they allow eligible students to utilize Pell funding for eligible workforce programs—short-term training programs that meet specified criteria related to labor market relevance and outcomes of former students.

Eligible students enrolled in undergraduate programs eligible for Pell Grants prior to the P.L. 119-21 amendments going into effect may continue to receive Pell Grants.

Workforce Pell-Eligible Students

Workforce Pell Grants generally follow the same student eligibility requirements for Pell Grants. For example, students must be citizens or eligible noncitizens and demonstrate financial eligibility by completing a Free Application for Federal Student Aid (FAFSA).

A student with a bachelor's degree typically cannot receive a Pell Grant; however, a student whose highest level of educational attainment is a bachelor's degree may receive a Workforce Pell Grant.

Eligible Workforce Programs

P.L. 119-21 and accompanying regulations define a program that is eligible for Workforce Pell Grants (*eligible workforce program*). A Workforce Pell-eligible student must enroll in an eligible workforce program to receive a Workforce Pell Grant.

Eligible workforce programs must

- be undergraduate education programs providing at least 150 and less than 600 clock hours of instruction (or the

credit hour equivalent) over a duration of at least eight but less than 15 weeks;

- not be offered by correspondence, direct assessment, or study abroad;
- be provided by a public, private nonprofit, or proprietary (for-profit) institution that participates in the HEA Title IV student aid programs; and
- meet quality assurance and outcome criteria described in the next two sections.

Governor and State Quality Assurance Criteria

For an eligible workforce program to be approved, the governor of each state is required to determine that it meets quality assurance criteria related to labor market relevance in accordance with state-established, publicly available procedures and policies. An eligible program must:

- provide education aligned with the requirements of industry sectors or occupations that are “high-skill, high-wage” or otherwise “in-demand”;
- meet the hiring requirements of employers in high-skill, high-wage or in-demand industry sectors or occupations;
- lead to a recognized postsecondary credential; and
- prepare the student to pursue one or more certificate or degree programs and provide academic credit towards such degree or certificate.

ED Workforce Program Approval

Following the aforementioned determinations by the governor, ED is required to determine that each workforce program demonstrates the following outcomes for participants for each award year:

- the program has a verified completion rate of at least 70% within 150% of the institutionally-determined normal time for completion;
- the program has a verified job placement rate of at least 70%, calculated as the percentage of students employed in relevant occupations during the second quarter after successfully completing the program, based on state analysis of administrative data, including wage records; and
- *value-added earnings* equal or exceed the total amount of published tuition and fees for the program.

Value-added earnings are the amount by which the median annual earnings of employed program graduates who received Workforce Pell exceed 150% of the federal poverty level for a single-person household (\$23,940 in 2026). The median earnings are generally “adjusted by the state and metropolitan area regional price parities of the Bureau of Economic Analysis” based on the program’s location. Median earnings are calculated for the cohort of students who completed the program three years prior to the

measurement year; however, ED may include completers from the third to sixth prior years to report on a minimum of 30 completers. If the minimum is not achieved, the program is not accountable for the metric.

Program eligibility is, in part, based on a comparison of value-added earnings relative to the cost of the program. As such, a given level of value-added earnings may be sufficient for a lower-cost program to meet eligibility requirements while insufficient for a higher-cost program.

Regulations clarify how the ED-facilitated parts of program approval will be implemented. In the first three years, ED will make determinations of the completion and job placement metrics on the basis of governor certification. A workforce program loses eligibility the first year that it fails to meet the value-added earnings standard.

Relationship to HEA Title IV Aid Programs

Statutory provisions prohibit a student from concurrently receiving a Workforce Pell Grant and a Pell Grant for another type of eligible program. Regulatory provisions further prohibit students receiving a Workforce Pell Grant from receiving other Title IV aid to pursue workforce programs. For example, this prohibition includes the William D. Ford Federal Direct Loan program, through which student loans are available to eligible students enrolled in qualifying programs providing 300 to 599 clock hours over a duration of at least 10 weeks.

Calculation of a Student’s Workforce Pell Grant Award

Workforce Pell Grant award amounts are calculated using the same methodology for determining Pell Grant awards for other programs that are based on clock hours or nonstandard terms. That is, a student’s scheduled award is prorated based on the duration of the eligible workforce program. For example, in AY2026-2027, a student who is eligible for the maximum Pell Grant award would have a scheduled Pell Grant of \$7,395. If the student enrolls in a workforce program with a duration of 11 weeks and 375 clock hours and the enrolling institution defines full-time as 26 weeks and 900 clock hours, the student’s Workforce Pell Grant award would be \$3,081.25 ($\$7,395 \times \text{the lesser of } 11/26 \text{ or } 375/900$).

Anticipated Usage and Costs of Workforce Pell Grants

In the final regulations, ED estimated that Workforce Pell Grants would support approximately 190,000 recipients per year with an annual cost of more than \$300 million and a 10-year cost of about \$3.2 billion from AY2027-2028 through AY2036-2037.

For comparison, in FY2025, the existing Pell Grant program supported grants to about 7.5 million recipients at a cost of almost \$40 billion.

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