

PHILANTHROPY'S ROLE IN IMPLEMENTING WORKFORCE PELL

Congress enacted H.R. 1, the One Big Beautiful Bill Act (P.L. 119-21OBBBA), in the summer of 2025. This law expands Pell Grant access to students enrolled in short-term, career-focused training programs that meet certain quality requirements and lead to industry-recognized credentials (Workforce Pell). Governors have substantial authority to set the quality standards in their states for this new Workforce Pell funding, and to leverage the opportunity to better align quality standards and outcomes measures across workforce funding streams.

This new program creates both opportunities and risks for workers seeking to access good jobs, and for employers trying to address their talent needs. What states and philanthropy do in the next 12-24 months will substantially shape whether or not the program in each state leads to good outcomes. These actions are especially important given that the research on short-term credentials shows their impact is highly variable—top programs focusing on in-demand occupations lead to meaningful wage and employment gains, but the vast majority of programs do not lead to those gains.

Done right, governors will set quality standards well above the federal floor, defining living-wage benchmarks tied to the real cost of living; requiring genuine employer leadership and program validation in order to fund programs; building the data infrastructure to track participants from enrollment to employment; and treating July 1, 2026 as a starting point for quality-building rather than an arbitrary deadline to rush policy and approvals that aren't ready. Done poorly, governors and states will set standards that only meet the basic federal floor, approve programs that don't lead to good jobs, and miss the chance to modernize workforce systems more broadly. This risk is increased by a four-year federal accountability gap—with federal wage accountability unlikely to take effect until 2030.

By acting quickly, strategic philanthropy can make a meaningful impact by incentivizing and supporting states to leverage these new funds to put more people on a path to a good job.

HOW PHILANTHROPY CAN HELP

The philanthropic community should support states that set high standards for Workforce Pell and commit to effective, outcomes-driven implementation, and incentivize these efforts. The following six strategies outline the highest-leverage opportunities.

1. Invest in states that set a higher bar than the federal floor—and with standards that lead to good, living wage jobs.

States have significant authority to define key quality terms and approve programs that meet those quality thresholds—and states are already taking a range of approaches to setting those benchmarks. Philanthropy can provide clear targets for high standards for Workforce Pell policy, including a focus on good jobs, living wages, and meaningful employer validation—such as direct engagement from employers on curriculum and commitments to interview and hire program participants—in approved programs. For states meeting these standards, philanthropy can provide supplemental funds for high-quality, approved programs and for other strategies outlined in this memo. Philanthropy can also provide technical assistance and recognition to states that set ambitious quality standards and build genuine accountability for attaining good jobs, reaching wage outcomes, and addressing employer hiring needs.

2. Fund the career pathway architecture that turns a Workforce Pell credential program into a career.

Federal law and the draft regulations require that Workforce Pell programs be stackable and portable across employers so workers can keep building skills and wages over time rather than stopping at a single credential. But requiring stackability and building the architecture that makes it real are two different things; oftentimes programs are stackable in theory, but few people actually return to pursue further education and improve earnings. Philanthropy can invest in the design and coordination work that turns a sequence of programs into a genuine career launch, including earn-and-learn models, articulation agreements, and advising infrastructure. Philanthropy can also fund the student navigation supports that make the difference between a credential that leads somewhere and one that doesn't.

3. Create Good Jobs Funds to seed new and update current programs to meet high-quality standards.

Many strong programs won't qualify by the July 1, 2026 Workforce Pell start date because they haven't existed for the required time threshold or lack historical outcomes data. Other programs leading to good jobs might meet the requirements with shifts in program design without sacrificing outcomes (e.g., modest reductions in clock hours or length). Philanthropy can bridge that gap—creating Good Jobs Funds building the supply of new evidence-informed, data-driven programs, at least until programs become eligible for Workforce Pell and helping existing ones adapt to changing labor market demand and build the track record of quality needed to qualify. For philanthropy, the “exit strategy” is for public funds to support programs once they demonstrate results.

4. Invest in rigorous research and evaluation.

There is a growing evidence base on “what works” on job training, but the field still lacks the full body of research needed to inform policy and practice. Workforce Pell creates an opportunity for both natural experiments across 50 states, and for the design and funding of randomized control trials (RCTs) to determine causal impact. Philanthropy can support those efforts, covering evaluation infrastructure costs that states and programs rarely have resources to build themselves, as well as longitudinal outcome tracking and findings disseminated in forms policymakers can actually use. Engaging researchers early on is far more effective in tracking and improving results than retrofitting evaluation after the fact.

5. Fund data capacity and labor market intelligence.

To be done well, Workforce Pell requires improved data infrastructure to comprehensively track the outcomes of program participants and understand real-time labor market demand. Philanthropy can fund the data capacity and labor market intelligence states need to track outcomes and identify in-demand jobs, knowledge, skills and competencies to inform what constitutes genuine employer hiring needs and where this funding can best address them. This should focus on specific industries with the greatest concentration of hiring needs for good jobs and upwardly mobile careers.

Critically, this intelligence must also account for AI-driven disruption and opportunity—helping states identify at-risk occupations in advance, identifying in-demand jobs that are more attainable for people in those occupations, understanding which sectors face lower near-term risk, and identifying where in-demand AI-augmented roles require new skills.

6. Support pay-for-performance models tied to outcomes.

States have a meaningful financing role to play in building and approving programs that will ultimately qualify for Workforce Pell, including financing those programs in ways that reward performance—i.e., those that put more people in good-paying jobs. Philanthropy can take the lead by putting more dollars into the programs getting the best results, and incentivizing them to expand. What starts as a philanthropic proof point can become a replicable model others can adopt at scale. Governors should consider aligning public funding incentives in the same direction.

Taken together, these strategies can help ensure Workforce Pell is implemented as a lever for stronger standards, better outcomes, and more durable pathways to good jobs. This work creates an opportunity to test how philanthropic dollars can complement public funding more directly—helping expand access to the highest-quality programs, address barriers that public dollars do not fully cover, and generate practical models that states can refine and scale.

ABOUT AMERICA ACHIEVES

America Achieves' vision is to help local communities and states ensure that everyone has a clear path to a good job and a career with upward mobility—no matter who they are, where they live, or whether they have a college degree.

Get Involved: We will actively partner with philanthropic funders to co-invest in states setting a high bar—through technical assistance, creating a supply of quality programs and pathways via Good Jobs Funds, and supporting pay-for-performance pilots. We especially welcome conversations with foundations and others ready to take action—but are also happy to engage with those who simply want to learn more. Contact us at info@goodjobseconomy.org.