

# WORKFORCE PELL: STATE IMPLEMENTATION PLAYBOOK

MAY 2026

## INTRODUCTION

Congress enacted H.R. 1, the One Big Beautiful Bill Act (OBBBA), 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. The [Congressional Budget Office](#) estimates that over the next ten years, the federal government will invest about \$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. This new funding stream represents a significant opportunity for Governors to drive more resources toward critical workforce development needs and better align postsecondary training to high-skill, high-wage, and in-demand jobs. However, [research](#) on such short-term programs demonstrates that while a few may deliver strong labor market returns, many do not. This means Governors will need to be deliberate about how they implement Workforce Pell.

Workforce Pell goes into effect this summer on July 1, 2026. While the Department of Education (ED) released draft regulations in March 2026, the final regulations are not expected until 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.

In order to leverage the opportunity that Workforce Pell presents to expand economic mobility, address employer demand, and advance the broader modernization of their education-to-workforce systems—and to avoid the pitfalls of approving programs that provide no return on investment for students or taxpayers—this playbook provides state leaders with a timeline and a roadmap to:

- I. [Define a state vision and set goals;](#)
- II. [Launch a cross-agency working group with clear implementation authority;](#)
- III. [Execute a plan to capture and leverage needed data;](#)
- IV. [Leverage the Governor's authority to set high-quality standards;](#)
- V. [Establish a program approval, removal, and regaining eligibility process;](#)
- VI. [Update standards and definitions over time;](#) and
- VII. [Mitigate risk to the state.](#)

## DEFINE A STATE VISION AND SET GOALS

State leaders have an opportunity to move beyond compliance and consider how to leverage Workforce Pell to support critical industries, advance key economic goals, and align strategies across both federally and state-funded education and training systems, including the Carl D. Perkins Career and Technical Education Act ([Perkins V](#)) and other career and technical education investments, Workforce Innovation and Opportunity Act ([WIOA](#)) programs, and other workforce-oriented financial aid programs. Establishing a clear vision and setting measurable goals will help focus oversight capacity, operational support, and implementation resources on programs most likely to deliver good jobs—whether defined by a [living-wage](#) threshold or other criteria—rather than measuring success simply by increasing enrollment in programs. Further, by tying the implementation of the Workforce Pell program to other state workforce efforts, the state avoids duplication of efforts, strengthens opportunities to “braid” funding, and ensures that all related funding streams and initiatives are laser-focused on clear, shared goals, to the extent allowable by law.

## KEY QUESTIONS FOR STATE LEADERS

- How will the state define success for Workforce Pell implementation in the next five years (for example, number of individuals placed in jobs in key industries and occupations, aggregate wage gains, credential attainment in high-demand sectors)?
- Will the process focus solely on the programs and data needed to implement Workforce Pell, or will it also encompass short-term training and the workforce system more broadly?
- How will the Workforce Pell effort align with the Governor’s broader economic development and workforce goals?

## SAMPLE ACTION ITEMS

States develop a short process with economic development and workforce leaders to agree on 3-5 key performance indicators, making Workforce Pell a tool for achieving established (or new) state workforce development economic targets.

- **Gather Key Leaders to Define Success:** The Governor can convene economic development and workforce leaders to align on performance indicators that align to the state’s broader workforce, education, and economic development goals—for example, targets for how many individuals leverage Workforce Pell to move into key sectors, or how many individuals are placed in a job that pays a living wage.
- **Align New Efforts with Broader State Goals:** Agencies can align Workforce Pell implementation with existing gubernatorial economic targets to streamline resource allocation and ensure the program supports long-term state milestones.

## LAUNCH A CROSS-AGENCY WORKING GROUP WITH CLEAR IMPLEMENTATION AUTHORITY

Oversight of workforce programs often crosses a number of state workstreams and agencies, and there may be a question of “who’s on first?” Governors can launch a formal working group, with clear leadership, to:

- Identify and operationalize needed updates to state data collection and analysis;
- Audit existing standards and definitions across major investments like WIOA, Perkins V, and state financial systems;
- Set standards for Workforce Pell-eligible programs; and
- Produce recommendations to update standards relevant to parallel workforce investments.

KEY STATE ENTITY/ AGENCY	SAMPLE ROLES AND RESPONSIBILITIES
<b>Governor’s Office</b>	Establishes a process for institutional requests; submits programs to the Secretary of Education; certifies program eligibility.
<b>Workforce Board</b>	Acts as a consultative body for the Governor; may lead the working group; provides employer engagement and input.
<b>Labor</b>	Collects administrative wage records (Unemployment Insurance data); facilitates data-sharing agreements to track outcomes over time; monitors regional wage trends and thresholds.
<b>State Data System</b>	In states with this entity, serve as the administrative engine linking data to track outcomes.
<b>Higher Education</b>	Oversees the "data-to-approval" pipeline; verifies academic credit articulation agreements; may provide a portal for institutions to submit program data.
<b>Economic Development</b>	Inform alignment to economic development goals, programs, and data.

### KEY QUESTIONS FOR STATE LEADERS

- Which agency will lead, and who will participate in the implementation working group?
- How will the group gather input from external stakeholders, including institutions of higher education, employers, sectoral partnerships, and consumer organizations?
- Do state agencies have the capacity to lead this work, or will outside help be necessary, such as workforce intermediaries, economists, or data analysts?

## SAMPLE ACTION ITEMS

The state workforce board leads a working group that includes the state's Department of Labor, higher education agency, state data entity, and the Department of Commerce.

- **Define Mandate:** Launch with a clear charge to solve for new data infrastructure needs, align quality standards across workforce investments, and set processes.
- **Focus on Data:** Given the critical importance of tracking actual outcomes, build a deep understanding of existing data collections, linkages, and gaps.
- **Assess Capacity:** Strategize on staff capacity to produce technical analysis.

## EXECUTE A PLAN TO CAPTURE AND LEVERAGE NEEDED DATA

The effectiveness of Workforce Pell hinges on the state's ability to track the employment and wage outcomes of program participants, which requires strong data systems. To implement Workforce Pell effectively, states should standardize collection of student-level enrollment data, program-specific completion records, and quarterly wage and employment records (including information on occupations) linked through formal agreements with state unemployment insurance offices.<sup>1</sup> This infrastructure needs to support the consistent tracking of employment status and ultimately verify that employment is in an occupation for which the program prepares students or a comparable high-skill, high-wage, or in-demand occupation.

Strong data governance enables the state to ensure clear quality guardrails and to redirect funding to programs that have proven to lead to high-wage employment—but while some states already have some of this foundational infrastructure, others will need a plan to methodically build this in the coming months and years.

## KEY QUESTIONS FOR STATE LEADERS

- How will the state collect the full inventory of data elements required?
- Are legislative or regulatory fixes needed to connect data systems to capture student outcomes (e.g., wage records, employment status, and occupation)?
- How will the state publish transparent data on program outcomes?

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<sup>1</sup> WIOA requires states to report on the share of participants in WIOA-funded programs that [meet certain indicators](#), but states may still be reliant on [staff data entry](#) where administrative crossmatch method to gather this information does not exist; a [report](#) from Rutgers University found significant variation in how states collect and use noncredit education data.

## SAMPLE ACTION ITEMS

Relevant state agencies establish the necessary authorizations to link unemployment insurance (UI) wage records with the state's higher education agency (and, ideally, the state's agency overseeing programs eligible for WIOA funding, or the state's Eligible Training Provider List), creating a unified pipeline for performance monitoring.

- **Use Existing Systems or Authorize New Linkages:** Utilize existing State Longitudinal Data System (SLDS) infrastructure or execute formal inter-agency agreements to link student records with outcomes-related administrative data.
- **Establish Automated Fiscal Guardrails:** Consider implementing an automated system to alert leaders if a program's total published tuition and fees are near the projected value-added earnings (VAE), which is calculated as the difference between the median earnings of completers and 150% of the poverty line for an individual.
- **Build a Public-Facing Data Dashboard:** Develop a performance dashboard to provide public transparency on outcomes for approved programs, including real-time updates to provide early intervention for programs at risk of falling below standards.
- **Establish Strong Privacy Protections:** Implement compliance plan to ensure data systems strictly comply with federal and state privacy laws.

## LEVERAGE THE GOVERNOR'S AUTHORITY TO SET HIGH-QUALITY STANDARDS

The Governor's office can use its statutory authority to ensure that Workforce Pell is a targeted tool to both expand economic mobility and address specific state workforce shortages. The statute specifically tasks Governors and their state workforce boards with setting certain standards for institutions of higher education to demonstrate that their programs deliver results for workers and employers. At the same time, when identifying and setting key standards, the working group can also consider how to consistently define these terms across WIOA, Perkins V, and other state workforce funding programs.

By establishing rigorous standards, states can ensure that their workforce development system actively closes skill gaps and leverages existing state workforce dollars—including those investments supporting the operational costs to run programs.

## KEY QUESTIONS FOR STATE LEADERS

- How can the state leverage the Governor's authority to ensure all Workforce Pell-eligible programs lead to economic self-sufficiency?
- How will the state define or measure key terms, such as "in-demand," "high-wage," "high-skill," "alignment to employer hiring needs," "industry-recognized certificate,"

“stackable,” and “portable”?

- Which administrative data sources can be leveraged to measure whether programs actually meet standards such as stackability in practice, rather than providing a theoretical pathway that few students follow?
- How will the state align those terms with their usage in other federal or state workforce programs?
- Which strategies will ensure the multiple requirements embedded in the law do not give space for low-impact compliance—for example, allowing programs to meet the requirements with the least impact on outcomes—while also avoiding duplicative or complex overlapping requirements?

### SAMPLE ACTION ITEMS

The cross-agency working group can recommend high-quality standards, align them across existing workforce programs, identify the data collection and analysis needed to effectively implement those standards, and direct the state’s lead data collection entities to provide the data required, including six-digit classification of instructional programs (CIP) code and standard occupational classification (SOC) codes.

- **Connect standards to overall workforce goals:** Embed targets in the state’s overall Workforce Pell goals within standards set by the working group. For example, if the state defines a target number of individuals obtaining a living wage job, ensure that living wage jobs are an enforceable baseline for program participation when defining high-wage or other relevant terms.
- **Set key definitions:** Establish a series of internal meetings and external stakeholder sessions to gather input and recommend to the Governor a set of measurable, meaningful definitions for “high-skill,” “high-wage,” “in-demand,” “stackable,” “portable,” “industry-recognized,” “aligned with employer hiring needs”, and “noncredit-to-credit articulation.”

## ESTABLISH CLEAR AUTHORITY FOR PROGRAM APPROVAL, REMOVALS, & REGAINING ELIGIBILITY

States will need to clarify who determines program eligibility and who can remove a provider for poor performance. To ensure federal compliance, the Governor must lead a mandatory program certification and removal process.

Under the law, the Governor is required to provide a signed certification to ED for each program, verifying its 12-month successful track record of meeting a minimum 70% completion rate and 70% job placement rate,<sup>2</sup> and that programs have met the other requirements that

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<sup>2</sup> After the 2028-2029 award year, a state must calculate “the percentage of students who are employed in the occupation for which the program prepares students (as identified through the process established under 34 C.F.R. 690.93 (b)) or a comparable high-skill, high-wage, or in-demand occupation during the second quarter after successfully completing the

Governors are required to ensure that programs are aligned to high-wage, high-skill, or in-demand jobs; are stackable and portable, or aligned to an occupation that only requires one recognized credential; meet the hiring requirements of employers; and that programs will articulate to credit for at least one certificate or degree program. Additionally, in submitting a program for initial eligibility, the Governor is required to take into consideration the anticipated wages of program completers prior to ED making an initial determination of the program's value-added earnings.<sup>3</sup>

Programs that fail to meet these standards are subject to removal from the program. Any program that loses eligibility due to completion or job placement rates (along with any substantially similar program) is legally barred from regaining eligibility for two years. Any program that loses eligibility due to a loss of Governor approval can regain eligibility once the Secretary receives certification from the Governor that the program has been re-approved.

Clear processes will help minimize the risk of federal clawbacks and expensive litigation from providers while keeping high-quality programs in and low-quality programs out.

## KEY QUESTIONS FOR STATE LEADERS

- Which state agency manages the technical reporting of program data, and how does the Governor submit the list of programs to the U.S. Department of Education?
- How will the state formally codify and make public the process for determining and removing program eligibility?
- What is the specific administrative workflow for executing a removal, managing appeals, and enforcing the two-year re-enrollment bar?
- Does any single agency or board have the existing authority needed or does the state need a legislative fix to consolidate authority under a particular agency or board?

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program, as determined through a certification from the Governor, based on the Governor's analysis using available administrative data, including wage records."

<sup>3</sup> Determined by calculating the difference between: (1) The median earnings of students receiving Workforce Pell during the earnings measurement period (adjusted for State and metropolitan area regional price parities) and; (2) 150% of the federal poverty line for a single individual.

## SAMPLE ACTION ITEMS

State leaders establish a public process for workforce program approval and removal based on recommendations provided by the working group.

- **Define Clear Leadership Roles:** Issue a formal executive action designating a state authority responsible for the final certification and removal of training programs.
- **Publish "Rules of the Road" Guide:** The state should publish a transparent guide outlining the administrative processes for programs to qualify.
- **Launch Early-Warning System:** Implement a dashboard that alerts institutions when performance approaches the "danger zone."
- **Establish a Path for Program Transitions:** Establish a formal exit and re-entry protocol that includes the 15-day federal notification for program removal, an administrative data-review process, and enforcement of the two-year ineligibility bar.
- **Review Existing Rules for Needed Updates:** Review and update existing state statutes to ensure they are fully aligned with new federal regulatory frameworks.

## LAUNCH LONG-TERM STRUCTURE TO UPDATE STANDARDS AND MEASURES

Workforce needs evolve rapidly. At the same time, new data collection, employer validation, and other processes established to set quality guardrails may run into operational or implementation challenges that may be difficult to foresee when establishing a new, complex program. Given the flexibility states hold, states should seize the opportunity to test, innovate, and update their standards to constantly improve how short-term programs serve their students and employers and adjust efforts to work toward the state's overarching goals around job placement, economic mobility, and economic growth. States can gain efficiencies by aligning a long-term structure to evaluate quality guardrails and processes embedded in Workforce Pell with federally-required cycles across WIOA and Perkins V, as well as any other related long-term planning that takes place for state workforce oriented programs.

Additionally, Governors from different states can make a bilateral agreement letting students who live in one state enroll in programs located in the other state, so long as they agree to share data on outcomes, the program is approved in the state it is offered, and it leads to an occupation/industry that is high-skill, high-wage, or in-demand in the student's home state. For states interested in working with other states with shared interests, the long-term structure may also consider the process for establishing and maintaining these agreements.

## KEY QUESTIONS FOR STATE LEADERS

- How can the state's Workforce Pell process build in ongoing, meaningful evaluation of the efficacy of key definitions and standards?

- Who will lead the ongoing review of standards, definitions, and processes, and how often will that occur? How will the state engage industry experts and employer organizations in the review cycle?
- What legislative or executive actions are required to synchronize the Workforce Pell review cycle with the WIOA State Plan and Perkins V updates?
- If the state currently does not have a State Longitudinal Data System (SLDS) capable of linking program participation to labor market outcomes, should it take action to establish a longer-term data governance plan to secure outcomes data?
- What process should be established to allow industry groups to report real-time economic shifts between formal meetings?

### SAMPLE ACTION ITEMS

A state can set a longer-term plan for ongoing evaluation of its oversight and standards.

- **Align Standards Updates:** At a minimum, states are required to conduct reviews of its list of high-skill, high-wage, or in-demand sectors or occupations every two years concurrent with its WIOA state planning process.
- **Set Consistent Public Feedback Loops:** Set standard meetings with institutions of higher education, state employer associations and industry partners, and consumer organizations to review policies across related funding streams.
- **Monitor Labor Market Shifts:** Stay informed through monthly labor market updates and targeted reports from industry partners; engage in scenario planning to develop a "playbook" for sudden economic shifts.

### IMPLEMENT AN ONGOING RISK MITIGATION PLAN

State leaders should proactively establish monitoring processes to identify narrow programmatic risks and ongoing trends that may indicate systemic challenges. To mitigate the financial and regulatory risks associated with Workforce Pell implementation, states should establish a framework that supports active fiscal and performance risk mitigation.

In addition to monitoring the compliance measures in the law, this effort could consider what types of students are using Workforce Pell benefits, the breadth of programs available within priority sectors, and how uptake varies by geography. It can also identify specific risk factors, automating analysis and alerting institutions when tuition levels approach the VAE ceiling, alongside a performance dashboard that monitors the 70 percent program completion and job placement thresholds in real-time.

Proactive risk planning maintains public confidence, ensures compliance with federal

mandates, prevents costly litigation or mandatory repayment of federal funds, and provides state leaders with early indicators of whether the program is moving the state toward its overarching workforce goals.

## KEY QUESTIONS FOR STATE LEADERS

- What are the known risk areas (e.g., data security, fiscal tracking, and non-compliance)?
- What internal audit capacity is needed to monitor program compliance and who will own that function going forward? How might that capacity sit within the state's longer-term structure discussed in section VI?
- What processes can the state put in place to identify broader implementation risks, such as opportunity costs of funding certain programs, addressing programs that may meet baseline requirements now but are unlikely to in the future, or trends in the kinds of programs that consistently fail on lagging indicators that leave students in the lurch over the short-term?

## SAMPLE ACTION ITEMS

The State Higher Education Commission and the Department of Labor establish a task force that conducts a regular stress test on eligible programs and monitors implementation challenges.

- **Set Up a Standing Task Force:** The state should form a cross-agency task force to provide ongoing assessment of programs and report up to the entity leading the state's longer-term oversight infrastructure.
- **Conduct Regular Financial Compliance Monitoring:** Verify that program costs remain below the VAE threshold, as exceeding this limit triggers mandatory federal ineligibility.

## CONCLUSION

Governors have an opportunity to take a holistic approach to implementing Workforce Pell, setting strong standards, embedding the program into their broader workforce strategies, and building longer-term efforts to improve outcomes. To do so, they can build key processes upfront, anticipating challenges and maximizing the likelihood of seeing significant return on investment for program participants, the state economy, and taxpayers.