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I am writing in response to the proposed rule ED-2026-OPE-0133 RIN 1840-AD99 related to implementing the Workforce Pell Grants as required by the One Big Beautiful Bill Act. I am Alexander Holt, Senior Policy Advisor for Higher Education at the Committee for a Responsible Federal Budget. The Committee for a Responsible Federal Budget is a nonpartisan, non-profit organization committed to educating the public on issues with significant fiscal policy impact. The Committee has significant experience analyzing the cost and effects of federal policy, including as it relates to higher education financing. I was also the primary taxpayer negotiator on the RISE committee.

Background

I applaud the Department taking seriously the accountability provisions in Workforce Pell.

I urge the Department to keep in mind that the Pell Grant program faces an historic and structural shortfall:

- The Pell Grant program is projected to be \$5 billion underwater by the end of this fiscal year without action by Congress.
- CBO projects that the Pell Grant program faces a \$104 billion to \$132 billion shortfall over the next decade. CRFB projects it could grow to \$157 billion under alternative assumptions.
- CBO estimates structural deficits every year for the next decade between \$9 to \$14 billion.

These facts must be kept in mind as the Department regulates on an expansion to the Pell Grant program. While the Department must execute the law, it should do everything in its power to reduce the likelihood of gaming and exploitation of the rules that could lead to spiraling costs.

All policy choices should include a discussion of the fiscal impact, and, to the extent possible, the Department should prioritize deficit reduction when considering policy changes.

The rest of this comment will primarily focus on the Regulatory Impact Analysis (RIA) and answers to select directed questions.



Concerns on RIA Estimates

1. The Department should publish additional sensitivity analysis and a wider range of presumed costs.
 - a. Especially in the first years, it seems plausible that the Department is actually *overestimating* the number of students enrolled in the early years of the program. Anecdotal evidence suggests that schools may be slow to adopt the grant, and for many programs, the compliance burden may not be worth the relatively small amount of dollars per student a Workforce Pell Grant would provide. CRFB's modeling assumes a ramp up period as new entrants learn to use (and possibly exploit) the program.
 - b. On the other hand, the Department may be *underestimating* enrollment in the out years, as well as underestimating the average cost per grant. Based on previous expansions in Title IV, public universities will likely be the slowest to respond, while for-profits will be the fastest. The Department's own data suggests that for-profits will charge more, and budget estimators have a history of underestimating Title IV expansion, especially when it comes to for-profits. Therefore the Department should run a scenario with significant ramp up in participation, keeping in mind that many programs can operate for years before failing the relevant earnings tests. It is not terribly hard to imagine a way that less than scrupulous actors can game this setup, and ED should model that possibility. For example, the Committee for a Responsible Federal Budget [estimates](#) that costs could rise to \$7 billion over the 10-year period. For-profits will presumably adjust pricing models to be able to participate in this program.
 - c. Furthermore, the Department needs to separately have a range for the average cost based on the length of the program. The experimental sites average (\$1,312) was derived from a pilot that included programs eligible at clock hours as low as 150 and 8 weeks, while the NPRM allows programs up to 599 clock hours. The Department should publish a range of average grant assumptions based on program length. The Department can prorate this amount to determine what the average grant amount would be if the length of the program were longer.
2. The Department fails to mention the historic Pell [shortfall](#) in the RIA. Given the scale of the problem and given that the Department attempts to do dynamic scoring related to taxpayer benefits, it seems the Department should also acknowledge that the cost of the program is not *just* the deficit increase, but the way that it exacerbates an already unsustainable Pell shortfall.
3. The Institute of Education Sciences (IES) did a study on the experimental sites related to lowering the required clock hours to receive a Pell Grant, which the Department cited for its award estimate. That study [found](#) no increase in employment or earnings over the medium



to long term. That fact should be noted in the costs and benefits portion of the RIA. It is unclear whether the Department intends this estimate to reflect a one-time gain or a persistent annual premium. The Department also appears to feel extremely constrained in its ability to estimate costs and run sensitivity analyses and scenarios in the absence of data. Yet with the low quality and absence of data on earnings outcomes for this new program, the Department still felt capable of estimating revenue gains from the program. The data don't seem robust enough to warrant this kind of dynamic scoring. Furthermore, the Department should be careful going down this path of estimating large revenue gains from grant programs.

Directed Questions:

Components Determined by Governors

I applaud the Department for acknowledging the dangers of the proliferation of low-quality degrees through distance-education programs. The Department should acknowledge The Institute for College Access and Success's concerns over Workforce Pell exacerbating the Pell shortfall and drawing an analogy to the expansion of online education.

I caution the Department from adopting more liberal approaches to bilateral agreements. Congress clearly intended for states to have substantial control over the approval of programs, serving as a check on the quality of the programs and on the types of programs to meet workforce need. The structure of federal dollars and state approval already has misaligned incentives. I am concerned that individual states may be tempted to offload the substantial compliance burden associated with Workforce Pell onto another state, thus creating a race to the bottom and allowing low-quality programs to proliferate.

Value-Added Earnings: Interim Value-Added Earnings Metric

The Department should have some kind of value-added earnings metric and some way of holding schools accountable. From the taxpayer perspective, the Department should be wary of a fly-by-night situation where programs quickly open and close before the earnings measurements can kick in. As far as data sources, at the very least the Department could require schools to self-report earnings outcomes, with severe consequences for misreporting or misrepresenting earnings information.

The theoretical cost of Workforce Pell in a 10-year window could come from programs opening and growing rapidly before failing the earnings test.

Value-Added Earnings: Exclusion of Certain Students in the Completer Cohort

The Title IV program is supposed to increase access to higher education. If someone takes a high-quality certificate program and realizes that they want to pursue further higher education, it seems odd to penalize the school for that choice.



Workforce Pell will be one of the first accountability regimes ever enacted by Congress and enforced by ED in a coherent manner. From the perspective of encouraging responsible federal spending, if this accountability regime is *too* unforgiving or malformed then it will serve as an example to even high-performing schools to oppose accountability in general. Schools' first encounter with accountability should not be so strict that it's not even worth doing. While I also worry about the gaming of Workforce Pell and am wary of the overall program, killing it through counterintuitive accountability measures is not appropriate.

As far as schools gaming the system to keep students enrolled, this is an argument for Congress and ED to expand accountability more broadly. If the school pushes someone into a degree that doesn't make sense and won't work out, then that school should ideally face even harsher consequences than the shutting down of Workforce Pell, which Do No Harm already does on the loan side.

Value-Added Earnings: Programs Serving Out-Of-State Students

The Department should more clearly articulate why situations should arise in which more than 50 percent of completers of a program are out-of-state. Workforce Pell is supposed to be place-based, which is why the state plays such an important role in approving the program in the first place.

The Department should be wary of any proposal that would make it easier for large distance-based providers to exist inside the Workforce Pell program. This threatens the viability of the entire program, as out-of-control costs by distance-based providers who have learned how to game the system could affect the financial viability of Workforce Pell, especially in the context of a structural Pell deficit.