

2026 FSA
Training Conference
for Financial Aid
Professionals

One Big Beautiful Bill Act (OBBBA): Federal Pell Grant Updates and Eligible Workforce Programs

David Bartnicki
U.S. Department of Education

DISCLAIMER

The 2025 *One Big Beautiful Bill Act* makes numerous amendments to the *Higher Education Act of 1965*, as amended (*HEA*), some of which became effective upon enactment of *One Big Beautiful Bill Act*, while others will become effective on July 1, 2026, and beyond. To ensure that the U.S. Department of Education (ED) can implement those provisions that are effective now or will become effective on July 1, 2026, ED is drafting presentations and documents in advance of publication of a final rule on these topics. These presentations and documents are intended to ensure that vendors, servicers, partners, and stakeholders have the requisite time to prepare for the implementation of the *One Big Beautiful Bill Act* provisions. However, the information is subject to change depending upon ED's rulemaking process. ED has not prejudged the outcome of that negotiated rulemaking process. This information provides a structure for vendors, servicers, partners, and stakeholders to begin building these systems, but it does not impair, prevent, or control policy decisions that may be made by ED. The information is preliminary, and ED, including its vendors and servicers, will not launch any new systems or make final system changes that are public facing until ED publishes a final rule on these topics. ED will provide additional information if any changes are made during the rulemaking process.

Agenda

- 01 General Pell Grant Updates
- 02 Pell Eligible Workforce Programs
- 03 AHEAD Negotiated Rulemaking
- 04 Resources
- 05 Questions



General Federal Pell Grant Updates

Need Analysis and Pell Grant Calculation

- The OBBBA amends the need analysis formula (used to calculate the Student Aid Index (SAI)) to exempt assets from a family-controlled small business with not more than 100 full-time or full-time equivalent employees and a family farm, in addition to the existing exemption for a family's primary residence.
- The OBBBA also includes an exemption for “a commercial fishing business and related expenses, including fishing vessels and permits owned and controlled by the family...”

Implementation on the 2026-27 FAFSA (October 1, 2025 release) See [EA APP-25-23](#).

Need Analysis and Pell Grant Calculation

- For purposes of calculating the maximum Pell Grant, the OBBBA changes the definition of “adjusted gross income” (AGI) for Pell Grant purposes to include foreign income.
 - One for SAI calculations – IRS definition of AGI
 - One for Pell Grant eligibility calculations – IRS definition of AGI + foreign income
- For IRS tax filers, this means including foreign income exclusions.

Implementation for the 2026-27 FAFSA (October 1, 2025 release) See [EA APP-25-23](#).

Need Analysis and Pell Grant Calculation

- The OBBBA modifies the Pell Grant calculation to make a student ineligible for a Pell Grant if the student has a SAI that equals or exceeds twice the amount of the maximum Pell Grant award.
- For example – if a maximum Pell Grant amount is \$7,395, a student would not be eligible for a Pell Grant if their SAI is 14,790.
- This adds an additional layer of eligibility to the minimum Pell Grant formula provided in the FAFSA Simplification Act.
 - Pell Grant eligibility formula uses AGI, family size, and a certain percentage of poverty level guidelines for eligibility.

Implementation for the 2026-27 FAFSA (October 1, 2025 release) See [EA APP-25-23](#).

Need Analysis and Pell Grant Calculation

- Student ineligibility for Pell Grants if the student has a SAI that equals or exceeds twice the amount of the maximum Pell Grant award does not apply to Special Pell Grant eligibility rules (formerly known as Iraq Afghanistan Service Grants [IASG] and Children of Fallen Hero Scholarships [CFH]).

Implementation for the 2026-27 FAFSA (October 1, 2025 release) See [EA APP-25-23](#).

Need Analysis and Pell Grant Calculation

- Beginning 2026-27, a student will be ineligible for Pell Grants when a student's cost of attendance is covered by non-federal scholarships and grants.
 - This change was part of the negotiated rulemaking conducted under the AHEAD Committee and further guidance will be available in the final rule before July 1, 2026.

Pell Eligible Workforce Programs

What's in the Law – Workforce Programs and Pell Grant Eligibility

- Currently, students enrolled in undergraduate programs shorter than 600 clock hours, 16 semester or trimester hours, or 24 quarter hours and 15 weeks of calendar time are not eligible for Pell Grants.
 - Exception for programs that admit as regular students only persons who have completed the equivalent of an associate degree.
- As of July 1, 2026, the OBBBA establishes Pell Grant eligibility for “eligible workforce programs” and a new and unique set of criteria to qualify these programs.
- These “workforce programs” must be between 150-599 clock hours (or an equivalent number of credit hours) and must be at least 8 weeks but less than 15 weeks in calendar time (plus other criteria).

What's in the Law – Workforce Programs and Pell Grant Eligibility

- Pell Grants for eligible workforce programs would generally be awarded and disbursed in the same manner as other Pell Grants.
 - Students with bachelor's degrees are eligible for Pell Grants if enrolled in eligible workforce programs as long as they continue to meet all Pell Grant requirements, including Pell LEU.
- Schools would not be permitted to include the following toward a student's eligibility if they are enrolled in an eligible workforce program:
 - noncredit or remedial coursework (does not include clock hours that are part of a student's Title IV eligible clock hour program);
 - English as a second language coursework;
 - correspondence courses;
 - coursework as part of a study abroad program; or
 - credit or clock hour equivalencies that are part of a direct assessment program.

What's in the Law – Eligible Workforce Program

- Requirements determined by a State, after consultation with a State board



Alignment

Program must be aligned with “high-skill, high-wage, or in-demand industry sector or occupations”



Meets Hiring Requirements

Program must meet the hiring requirements of employers in the sectors with which it's aligned



Portability

Program must either be “stackable and portable” across more than one employer or lead to the only recognized postsecondary credential for an occupation



Academic Credit

Students who complete the program must receive academic credit toward a certificate or degree program at the same institution

What's in the Law – Eligible Workforce Program

- Requirements determined by the Department



Length (Calendar Time)

At least 8 weeks but less than 15 weeks



Length (Hours)

Between 150 – 599 clock hours (or an equivalent number of credit hours)



Modality

Cannot be offered using correspondence courses



Time Offered

Must meet program criteria at least 12 months preceding date school applied for eligibility



Completion Rates

Must have verified completion rate of at least 70% within 150% of normal time



Placement Rates

Must have verified job placement rate of 70% measured 180 days after completion

How to Prepare – Eligible Workforce Programs

1. Coordinate with staff from various parts of the institution (e.g., financial aid, admissions, academics, and institutional research) to discuss how to offer these programs.
2. Evaluate transfer-of-credit policies for workforce programs; consider articulation agreements and internal policies for assigning credit.
3. Coordinate with your state Governor, state or regional workforce boards, and local employers to determine which fields of study may qualify.
4. Discuss with your state Governor how they plan to approve workforce programs for Title IV eligibility.
5. Discuss with your accrediting agency whether your institution's accreditation currently includes short-term workforce programs; and, if not, what steps need to be taken for program approval within your accreditation.

Operational Updates – Common Origination and Disbursement (COD)

- COD will receive Workforce Pell Eligibility on the Demographic Data Exchange (DDE) file from FAFSA Processing System (FPS) showing an FAA's certification that a student(s) is enrolled in an eligible workforce program.
- For the 2026-27 award year and forward, a positive indication from the FAA that a student is enrolled in an eligible workforce program, and meeting all other Pell Grant eligibility requirements, means schools will report awards and disbursements for these programs to COD as a Pell Award.
 - COD will return a new award level "Workforce Pell Eligible" response field when the student's FPS transaction indicates that they are enrolled in an eligible workforce program.
 - COD will collect a new disbursement level "Workforce Pell Tuition and Fees" tag to indicate when a school has disbursed a Pell Grant in an eligible workforce program.
- COD will create a new Warning Edit 230 when a Pell award is flagged as "Workforce Pell Eligible=true" and the school's disbursement does not contain the new "Workforce Pell Tuition and Fees" tag.
 - Edit 230 will also trigger if "Workforce Pell Tuition and Fees" tag is submitted and "Workforce Pell Eligible = False."

Operational Updates – COD Reports

The following COD Reports will be updated for the 2026-27 award year and forward:

- The Pell YTD will be updated to add the new “Workforce Pell Tuition and Fees” field.
- The Pell Reconciliation report will be updated to add the new “Workforce Pell Eligible” field.

Negotiated Rulemaking

2025-26 OBBBA Negotiated Rulemaking



Establish negotiated rulemaking committees to develop proposed regulations



Two Committees

Reimagining and Improving Student Education (**RISE**)

Accountability in Higher Education and Access through Demand-driven Workforce Pell (**AHEAD**)



In-Person Sessions

RISE: September 29 – October 3, 2025, and November 3 – 6, 2025

AHEAD: December 8 – 12, 2025, and January 5 – 9, 2026

[Federal Register Notice \(July 25, 2025\)](#)

[Negotiated Rulemaking for Higher Education 2025](#)

2025-26 Workforce Programs Negotiated Rulemaking

- Eligible workforce programs were discussed in negotiations that took place from December 8-12, 2025.
- AHEAD negotiators reached consensus on the proposed regulations.
- Next steps to publication of final rules:
 - Publishing Notice of Proposed Rulemaking (NPRM) for each session.
 - AHEAD established two rule packages – workforce programs and accountability
 - Public comment periods (30 days)
 - Publishing Final Rules (regulations).
 - Additional guidance on the Knowledge Center.

2025-26 Workforce Programs Negotiated Rulemaking

Proposed regulations for eligible workforce programs

- State Governors would be responsible for certifying that the program meets State approval requirements.
- State Governors will also certify that program meets completion and placement rate requirements based on State data.
- Institutions would be required to submit each eligible workforce program for Department approval in the Partner Connect system.
- Applications for approval could be submitted on or after July 1, 2026, and would need to include:
 - Documentation from accrediting agency of program's inclusion in accreditation (normal requirement for eligibility update).
 - Certification from State Governor that the program meets State approval requirements and meet completion/placement rate requirements.

2025-26 Negotiated Rulemaking

Proposed regulations for eligible workforce programs (cont.)

- Value-added earnings would be calculated three award years following the first award year when the eligible workforce program has graduates.
 - First value-added earnings calculation would occur during the 2029-30 award year and would apply to the 2030-31 award year.
- Value-added earnings would be calculated if the minimum number of completers obtained and minimum number of individuals in the “earnings” cohort are identified by the federal agency providing earnings data.
- Once value-added earnings are calculated, schools must limit tuition and fees to the value-added earnings calculated by the Department if they want to maintain Pell Grant eligibility.

Resources

Links

- [Federal Register Notice \(July 25, 2025\)](#)
- [Negotiated Rulemaking for Higher Education 2025](#)
- [2026–27 FAFSA Form and Pell Grant Eligibility Updates](#)
- [FSA Knowledge Center](#)