

DRAFTING RECOMMENDATIONS

Submitted by Aaron Lacey | Private Nonprofit Institutions | December 9, 2025

- Proposed Revision to Section 690.94(a)(1)

§ 690.94 Components determined by the Secretary

(a) After the Governor determines that the program meets the requirements under 34 CFR § 690.93, the institution must submit to the Secretary documentation that—

(1) The program has been in existence for at least one year from the date that the program first met the regulatory requirements under 34 CFR § 690.93, as determined by the Governor. ~~determines that the program met the regulatory requirements.~~ The Secretary considers a program to have been in existence for at least one year if the eligible workforce program has met the conditions under 34 CFR § 690.92(a) and (b) and 34 CFR § 690.93(a) for at least one year.

Rationale: This edit is intended to clarify that the “one year” begins on the date the program meets the regulatory requirements, as determined by the Governor, and not on the date the Governor makes the determination.

- Proposed Revisions to Section 690.95

NOTE: I have maintained the numbering exactly as it appeared in the draft, understanding that it needs to be corrected (as acknowledged during the session today).

§ 690.95 Value-added earnings

(a) For each award year, an eligible workforce program’s total published tuition and fees may not exceed the value-added earnings of students who are working, received a Pell Grant for enrollment in the program, and completed the program during the ~~period described in paragraph (h) (2).~~ cohort period. For purposes of this section, the “cohort period” means the award year that ended three full award years prior to the beginning of the award year for which value added earnings are being determined. For example, if value added earnings were being determined for award year 2029-2030, the cohort period would be award year 2025-2026.

(b) An eligible workforce program’s value-added earnings are determined by calculating the difference between—

(1) The median earnings of such students during the most recent tax year for which data is available at the time of the calculation, as adjusted by the State and metropolitan area regional price parities of the Bureau of Economic Analysis based on the location of such programs; and

(2) 150 percent of the poverty line applicable to a single individual as determined under section 673(2) of the Community Service Block Grant Act (42 U.S.C. 9902(2)) for such tax year.

(b) No later than three months prior to the beginning of the award year, the Secretary will publish the value-added earnings that will apply to the eligible workforce program for that upcoming award year.

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(c) The institution must keep published tuition and fees at or below the value-added earnings calculated for the program for all students who first enroll in the eligible workforce program during the award year that begins following the annual release of the program's value-added earnings.

(d) Programs that have a calculated value-added earnings of zero or negative value shall not be eligible for Federal Pell Grant funds.

(e) The institution must provide, upon request, evidence satisfactory to the Secretary that its published tuition and fees does not exceed the published value-added earnings for that award year.

(f) In calculating the value-added earnings for an eligible workforce program, the Secretary uses student completion data that the institution is required to report to the Secretary to support its administration of, or participation in, the title IV, HEA programs to—

(1) Compile a list of students who received Federal Pell Grant funds and who completed each program during the cohort period, after which the Secretary—

(i) Provides the list to institutions; and

(ii) Allows each institution to correct the information reported by the institution on which the list was based, no later than 60 days after the date the Secretary provides the list to the institution;

(2) Obtain from a Federal agency with earnings data the median annual earnings of the students on each list, as provided in paragraph (g) of this section; and

(3) Calculate the value-added earnings and provide it to the institution.

(1) If the final list of students who completed the program ~~three years prior to the award year~~during the cohort period includes at least 50 students, the Secretary sends information about those individuals to the Federal agency with earnings data;

(2) If the final list of students who completed the program ~~three years prior to the award year~~during the cohort period does not include at least 50 students, the Secretary adds students who completed the same program during the first award year prior to the cohort period~~list~~. If the combined number of completers from both award years includes at least 50 students, the Secretary sends information about those individuals to the Federal agency with earnings data;

(3) If the final list of students who completed the program during the cohort period and the first award year prior to the cohort period ~~three and four years prior to the award year~~ does not include at least 50 students, the Secretary adds students who completed the same program during the second award year prior to the cohort period~~list~~. If the combined number of completers from all three award years includes at least 50 students, the Secretary sends information about those individuals to the Federal agency with earnings data;

(4) If the final list of students who completed the program ~~three, four, and five~~during the cohort period and the first and second award years prior to the award yearcohort period does not include at least 50 students, the Secretary adds students who completed the same program during the third award year prior to the cohort period~~list~~. If the combined number of completers from all four award

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years includes at least 30 students, the Secretary sends information about those individuals to the Federal agency with earnings data;

(5) If the final list of students who completed the program during the cohort period and the first, second, and third award years prior the cohort period ~~three, four, five, and six years prior to the award year~~ does not include at least 30 students, the Secretary does not calculate value-added earnings for the program for that award year.

(h) For each list submitted to the Federal agency with earnings data, the agency returns to the Secretary median annual earnings of the students on the list whom the Federal agency with earnings data has matched to earnings data, in aggregate and not in individual form.

(1) If the Federal agency with earnings data includes reports from records of earnings on at least 16 students who completed the program, the Secretary uses the median annual earnings provided by the Federal agency with earnings data to calculate the value-added earnings for the program.

(2) If the Federal agency with earnings data includes reports from records of earnings on less than 16 students who completed the program, the Secretary does not calculate the value-added earnings for the program for the award year.

(i) When calculating value-added earnings, the Secretary includes completers from all eligible workforce programs with the same six-digit CIP code.

Rationale: When the Department published the current version of the Financial Value Transparency and Gainful Employment rule, it indicated that if performing calculations for the 2024-25 award year, the earliest year for which earnings would be available would be 2022. This suggests that if the Department were performing value-added earnings calculations for the award year 2029-2030, the earliest tax year for which earnings would be available would be 2027. As such, it is critical that the “cohort period” be no more recent than the 2025-2026 award year, thereby ensuring that some graduates’ earnings are not measured in the same year they graduate. The proposed revisions are intended to ensure the cohort period and earnings year do not overlap. We have also suggested confirming revisions throughout the section.