

Memo on Requiring Governor’s Consideration of Earnings

Submitted by: Preston Cooper, Taxpayers and the Public Interest Constituency

Toward the general goal of ensuring that Workforce Pell Grant funds do not flow to programs that are unlikely to pass the value-added earnings test, the Department should ensure that earnings are a consideration in the Governor’s approval process for Workforce Pell programs. This aligns with the Department’s prison education program regulations, for instance, which enable the consideration of certain data (including earnings) in state corrections departments’ approval of prison education programs.

The proposed language below would require Governors to consider the median earnings of students who complete workforce programs as part of their approval process for such programs. The language would also require Governors to submit the median earnings of such students to the Secretary as part of the certification process for workforce programs.

The Governor cannot make an evidence-based determination that a program provides education "aligned with" high-wage employment, as required by Sec. 83002(b)(2)(iii)(I) of the One Big Beautiful Bill Act, without information regarding the wage outcomes of that program's graduates. While Perkins § 122 provides the framework for identifying high-wage *occupations*, program-specific earnings data demonstrates whether a particular program actually delivers education *aligned with* the requirements of such employment.

To ensure Governors have the evidence necessary to make the determination Congress assigned to them, the Secretary should require the consideration of median annualized earnings data.

Proposed Language (proposed additions in red)

§ 690.93 Components determined by Governors

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(d) The Secretary documents the Governor’s approval and determination that an eligible workforce program meets the requirements in paragraph (a) of this section by accepting a certification by the Governor or their designee that includes the following—

* * *

(6) The median annualized earnings of students who completed the program either one, two, or three years prior to the year of determination, based on the Governor’s analysis using administrative data, including wage records;

* * *

[Redesignate clauses (6) through (8) as (7) through (9)]

* * *

(h) The Governor must consider, as part of the process to approve programs, whether, based on the Governor’s analysis using local, State, or Federal administrative data, including wage records, the median annualized earnings of students who completed the program one, two, or three years prior to the year of determination, meet or exceed 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 the year of determination.

§ 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-

* * *

(3)

(i) The Governor considered whether, based on the Governor's analysis using local, State, or Federal administrative data, including wage records, the median annualized earnings of students who completed the program one, two, or three years prior to the year of determination, meet or exceed 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 the year of determination.

(ii) The Governor must submit to the Secretary the median annualized earnings that were used in that consideration.