

To: Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) Committee

From: Tamar Hoffman and Zoe Kemmerling, representing legal assistance organizations that represent students and borrowers, consumer advocates, and civil rights groups that represent students

Re: **Restoring student's Pell Lifetime Eligibility Used (LEU) in the event a program fails value added earnings calculation**

Date: December 9, 2025

Below, we propose an update to the Department's proposed language for when a program loses eligibility based on failure to meet value-added earnings requirements to allow for a student included in the cohort that failed the metric to have their Pell Lifetime Eligibility restored.

Background:

The One Big Beautiful Bill Act requires that programs eligible for Workforce Pell have a "verified job placement rate of at least 70 percent" and that "the total amount of the published tuition and fees of the program for such year is an amount that does not exceed the value-added earnings of students who received Federal financial aid." These measures are intended to ensure that the programs lead to actual employment and students receive sufficient earnings to justify the cost paid for with taxpayer funds.

However, the value-added earnings measurement is calculated for students 3 years after receipt of aid, providing a long timeline where there is no guarantee that the program results in sufficient earnings for students. In cases where programs have low enrollment, the Department may not be able to calculate the measure until four or five years based on proposed language. This presents risk to both students and taxpayers that federal aid goes to programs that are unable to meet the value-added earning threshold.

Under the *Higher Education Act*, Pell grant eligibility is [subject](#) to maximum lifetime eligibility cap of no more than 12 full-time semesters of Pell Grant awards or six scheduled awards. In effect, students enrolled in programs that do not meet the value-added earnings measure will have spent down some of their Pell Lifetime Eligibility Used (LEU) for a program that does not pay off.

Beginning in 2017, the Department of Education [began voluntarily](#) restoring a student's Pell eligibility in the event they were unable to continue their education because their school closed. Since July 1, 2023, based on a requirement passed in the *FAFSA Simplification Act*, which codified and expanded the restoration in law, the Department of Education has used a process to restore Pell eligibility for any student who received a Title IV loan discharge associated with closed schools, false certifications, identity theft, or successful borrower defense claims. These are instances where the promise of an education, the jobs, and the increased earnings a student expects when they enroll in a program does

not pay off. Restoration allows for a student to continue their education and obtain a degree or credential using the Pell grant they are entitled to.

Students enrolling in Workforce Pell programs are doing so because the programs are intended to lead to employment and increased earnings but until a value-added earnings measure can be calculated, there can be no guarantee they do. In effect, initial approval is an experiment that may or may not pay off, creating risk that students use Pell eligibility for a program that may be a dead end.

Recommendation

We recommend that students enrolled in a program that loses eligibility for failure to meet the value-added earnings requirement have their Pell LEU restored so that they can use Pell to continue their education in a program that does pay off.

Amendatory Language

§ 668.32 Student eligibility.

* * *

(c)

(1) For purposes of the ACG, National SMART Grant, and FSEOG programs, does not have a baccalaureate or first professional degree;

(2) For purposes of the Federal Pell Grant Program— (i)

(A) Does not have a baccalaureate or first professional degree; or

(B) (1) Is enrolled in a postbaccalaureate teacher certificate or licensing program as described in 34 CFR 690.6(c); or

(2) Is enrolled in an eligible workforce program as defined under 34 CFR 690.92 and —

(i) Is not enrolled or accepted for enrollment in a program of study that leads to a graduate credential; and

(ii) Has not attained a graduate credential; and

(ii) If the student is a confined or incarcerated individual as defined in 34 CFR 600.2, is enrolled in an eligible prison education

program as defined in § 668.236;

(3) If the student was enrolled in an eligible workforce program as defined under 690.92 during the period used to determine value-added earnings and the program loses eligibility under 690.96(c), the student's Pell Grant Lifetime Eligibility Used will be restored.

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