NASFAA
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

April 8, 2026

Mr. Aaron Washington
Office of Postsecondary Education
400 Maryland Ave. SW
Washington, DC 20202

Re: Docket ID ED-2026–OPE–0133

Dear Mr. Washington:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA) and our 3,000 member institutions, we respectfully submit to the U.S. Department of Education (ED) our comments on its AHEAD Notice of Proposed Rulemaking (NPRM) [Docket ID ED-2026-OPE-0133].

NASFAA represents nearly 29,000 financial aid professionals who serve 16 million students each year at colleges and universities in all sectors throughout the country. NASFAA member institutions serve nine out of every 10 undergraduates in the U.S.

We appreciate the Department's efforts to implement the Workforce Pell (WFP) expansion, which has the potential to significantly broaden access to high-quality, short-term training programs and create new pathways to economic mobility for students.

As the Department moves forward with implementation, it should ensure that guidance, systems, and communications are appropriately tailored to this new student population. Much of the existing Title IV framework was designed for traditional programs and may not fully translate to the structure and realities of workforce programs.

We also note the implementation timeline associated with these changes. Institutions, financial aid management system providers, and other stakeholders must update systems, policies, procedures, and communications within a compressed time frame. While we appreciate the Department's efforts to advance this rulemaking, we urge ED to prioritize the timely release of final regulations by their planned release date of May 1, 2026, and, to the extent possible, provide interim or unofficial guidance to support implementation. The Department must also ensure that its own systems are updated in a timely manner to accommodate these changes and facilitate a smooth transition for students and institutions alike, and must ensure that financial aid management system vendors have the technical specifications they need as soon as possible to ensure smooth implementation on campuses.

Ineligibility for Federal Pell Grants Due to Receipt of Non-Federal Financial Assistance
Last-dollar state grant and Promise programs depend on a predictable Pell framework, and the proposed rules leave unresolved a critical sequencing question. NASFAA urges the Department to explicitly address how Pell Grant awards under the proposed framework will interact with non-federal grant and

scholarship programs that operate as "last-dollar" awards, designed to fill students' remaining need after the Pell Grant has been applied. These programs include state grants and Promise programs that supplement federal and institutional aid to fill gaps that could otherwise make a college education unattainable for needy students. We ask the Department to explicitly confirm that these programs can continue to serve as last-dollar aid without risking the student's Pell Grant eligibility, so long as the total of non-federal grants and scholarships is less than the cost of attendance (COA).

ED seeks stakeholder feedback on how to prevent gaming of the Pell Grant ineligibility rule for receipt of non-federal grants, such as through additional reporting, oversight, or enforcement mechanisms. We do not see how the regulations, as written, could enable gaming, and do not see the need for additional reporting or extra oversight beyond ED's current authority. Congress enacted this provision without including explicit reporting or enforcement mechanisms. Historically, when Congress has intended for specific oversight structures to accompany a new requirement, it has said so. The new accountability regulations are one example where reporting requirements were included directly in the statute. The absence of such language here signals that Congress intended for ED to rely on its existing oversight authority rather than create new administrative infrastructure. Existing compliance frameworks operate without dedicated reporting requirements. Satisfactory Academic Progress is a clear example of an area where institutions are responsible for compliance, and ED exercises its oversight authority through audits and program reviews as needed. This new provision should be treated no differently.

ED acknowledges that this new provision of Pell Grant eligibility will impose a significant burden when it asks later in the NPRM whether institutions "have the resources, ability, or visibility" to undertake the proposal. We are particularly concerned about the inequities it could create among similarly situated students. Specifically, the provision may result in different Pell Grant outcomes depending on whether a student's non-federal assistance originates from the institution or external sources. Institutions generally have the ability to adjust their own grant and scholarship aid to avoid overawards. However, they often lack the authority to modify awards from external entities, such as private scholarships. As a result, students receiving full COA support from external sources could lose Pell eligibility, while similarly situated students receiving institutional aid could retain it, an outcome that raises equity concerns.

To help mitigate these concerns, we recommend that ED develop and disseminate clear guidance and standardized communication materials that institutions can share with external scholarship providers to help ensure that external stakeholders understand how Pell eligibility may be affected by their awards.

We ask ED to clarify how Workforce Innovation and Opportunity Act (WIOA) funding will interact with this new restriction on Pell Grant eligibility. Our understanding is that WIOA funding is typically structured as last-dollar aid, building on the assumption that Pell serves as the foundational award, consistent with the concerns raised above regarding aid packaging sequencing.

We raise this question because, while WIOA is a federal program, it is administered by states, meaning students receive WIOA funds through state workforce agencies rather than directly from the federal government. This creates ambiguity regarding how WIOA funds should be classified for purposes of implementing this provision. Unlike certain other funding streams that are explicitly excluded or exempted under this rule, WIOA is not addressed in the exemptions, despite its unique federal-state administrative structure. We therefore ask ED to clarify whether WIOA funds should be treated as

non-federal grant or scholarship assistance for purposes of this provision, and to that end, we urge ED to explicitly exclude WIOA from any calculation that would reduce a student's Pell eligibility.

We are requesting clarification on the treatment of updated ISIR transactions that increase Pell Grant eligibility after funds have already been fully disbursed and packaging decisions finalized. For example, a student with a $20,000 COA receives $18,000 in non-federal aid and $3,000 in Pell Grant funds, which are fully disbursed. A subsequent non-federal award of $2,000 brings the total aid to $20,000. A later ISIR transaction then increases the student's Pell eligibility to $5,000. The Department should clarify whether institutions can disburse the additional Pell eligibility in scenarios like this, or whether they must first reduce non-federal grants and scholarships below the COA before disbursing the additional Pell Grant eligibility.

We are also asking ED to clarify the effective date of this provision. While we understand the Department's intent is to implement this provision for the 2026-27 award year, the statute establishes an effective date of July 1, 2026, creating uncertainty for institutions whose 2026-27 academic term begins prior to that date, such as those that use summer as a header to the 2026-27 award year. These institutions need guidance as soon as possible on whether and how to make adjustments to non-federal grants and scholarships for the 2026-27 award year, prior to July 1, 2026.

Last, ED was asked during negotiated rulemaking about restoring students' Pell Lifetime Eligibility Used (LEU) when institutions have to return Pell Grant funds due to the student's receipt of non-federal grants and scholarships that equal or exceed the COA. At the time, ED officials indicated that they were exploring their statutory authority and would address this issue at a later point. However, no resolution is provided in the proposed regulatory text or the preamble. ED must hold students harmless in situations like this and restore their LEU to reflect the fact that they did not receive Pell Grants for the applicable periods of enrollment.

Pell-Eligible Workforce Programs

During the negotiated rulemaking discussions, the Department indicated that existing Satisfactory Academic Progress (SAP) requirements would apply to Workforce Pell programs. However, as noted by Department staff, current SAP regulations were designed primarily for traditional programs and may not align neatly with short-term Workforce Pell programs. Because Workforce Pell programs may consist of only two payment periods and relatively short instructional timeframes, institutions may face uncertainty when applying existing SAP components, such as pace calculations and maximum timeframe requirements. Related, in very short programs, a subsequent payment period may already be underway, or even completed, by the time an institution can evaluate a student's SAP status from the prior period. Unlike traditional semester-based programs, Workforce Pell programs generally offer no natural break between terms for SAP reviews. Explicit guidance should be given to institutions on how to handle SAP determinations in these compressed timeframes.

While the Department indicated that institutions retain flexibility to structure SAP policies, additional clarification would be helpful. The Department has addressed certain aspects of SAP implementation in the preamble; however, further guidance would be beneficial with respect to the remaining areas of uncertainty. For example, clarification would be helpful regarding:

- The application of the 150% maximum timeframe requirement
- How pace and qualitative measures (e.g., GPA) should be interpreted when programs are very short or competency-based

Providing this clarification would help institutions implement Workforce Pell programs consistently while remaining compliant with existing SAP requirements.

We would also ask that the department establish a defined time frame for program approval by states. The absence of defined parameters may mean that institutions that were fully prepared and submitted complete materials on "day one" face indefinite delays outside of their control. We recommend that the Department establish a reasonable, uniform response timeframe of 60 to 90 days for governor or state action. Establishing a standard timeline across all states would prevent the creation of a "zip code lottery," where the speed of a students acess to federal aid is determined by the administrative capability of their state's bureaucracy.

The NPRM's conversion of the statutory clock hour limits (150-599) to equivalent semester and quarter hours relies on the legacy ratios of 37.5 clock hours per semester credit and 25 clock hours per quarter credit. However, the Department revised these conversion ratios in 668.8(k) and (l), as explained in GENERAL-21-34[1], reducing them to 30 clock hours per semester credit and 20 clock hours per quarter credit after removing out-of-class learning time from the calculation.

The NPRM does not acknowledge this discrepancy or explain why the pre-GENERAL-21-34 ratios were used to define the credit-hour boundaries for Workforce Pell programs (37.5 clock hours to specify a program length of 4 to 15 semester hours, and 25 clock hours to specify a program length of 6 to 23 quarter hours). This creates two significant concerns. First, if WFP program length limits are defined using the older, higher divisors, the resulting credit ranges will be calculated on a basis different from that schools use to determine program eligibility for other non-degree programs, and enrollment statuses for students enrolled in those programs, using the clock-hour to credit-hour conversion ratio, creating inequities with standard non-degree programs. Second, recalculating the statutory clock-hour limits using the current ratios (30 and 20) would yield credit-hour thresholds different from those in the NPRM, with real consequences for institutions designing or classifying programs. A program that appears to fall within WFP eligibility under the NPRM's stated credit ranges might be ineligible, or vice versa, under a corrected calculation.

We urge the Department to clarify which conversion ratios govern WFP program length determinations and, if the legacy ratios were used in error, publish corrected thresholds. We would recommend that the Department utilize the ratios defined in 668(k) and (l). At the same time, we hope the Department will retain the program length floors as stated in the NPRM [4-15 semester hours and 6-23 quarter credits], given that some institutions eager to offer pell eligible workforce credentials may have already begun designing short-term programs around these figures. Finally, we urge the Department to clarify that institutions should apply the existing clock-hour-to-credit-hour conversion formula when making their

[1] https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-05-25/implementation-updated-clock-credit-conversion-regulations-ea-id-general-21-34

own WFP eligibility determinations, consistent with how they handle credit-hour calculations for other non-degree programs. Providing explicit guidance would reduce ambiguity and support more consistent implementation across sectors.

We recognize the complexity of implementing Workforce Pell in the context of Prison Education Programs (PEPs). At the same time, access to skilled employment after incarceration is one of the most important factors supporting successful reentry and reducing recidivism. There are clear examples of incarcerated populations who could meaningfully benefit from the inclusion of Workforce Pell programs. For example:

- Individuals incarcerated in jails, where sentences are often under one year, and release timelines are more predictable.
- Individuals participating in work release programs, which allow movement for work and education, even while they remain technically incarcerated.
- Individuals approaching their maximum release date, who may have clearer expectations about when they will return to the community.

It is important that both program design and student participation are implemented thoughtfully and remain aligned with the statute's goals related to employability and wage outcomes. Institutions that choose to offer Workforce Pell programs as PEPs should take responsibility for designing programs that support strong outcomes for participating students. This could include establishing specific student selection criteria in the admissions process, such as time-to-release; developing employer partnerships that demonstrate a willingness to hire program completers within a certain time frame; and providing reentry supports that help students transition successfully to employment upon release, such as assistance with securing identification documents or housing. Institutions may also consider working with correctional authorities to obtain documented release timeframes and conditions prior to enrollment, and to align those timelines with the expected program completion date.

We do not suggest that PEP students broadly be excluded from required completion and job placement reporting. However, similar to other circumstances where an institution cannot reasonably control a change in a student's status (such as a student becoming incarcerated, dying, or experiencing medical issues), we believe certain situations should be treated as exclusions. Specifically, if a student's release date is delayed beyond the anticipated date documented by the correctional authority prior to enrollment, the student should be excluded from the data. Likewise, if a student is transferred to another facility or otherwise restricted from participating in the program by the correctional authority, and that action was not initiated by the student, that student's outcomes should also be excluded. If institutions are thoughtful in selecting students for participation, these exclusions should represent only a small portion of enrolled students.

Finally, we believe it would be helpful for both institutions and students if the regulations acknowledged the structural and societal barriers to employment that individuals impacted by the legal system may face. A successful job application process takes longer for people with a record of incarceration. Background check processing, which introduces delays, as well as the broader stigma associated with having a record, can delay an individual's ability to secure employment. To account for this reality, we suggest adjusting the point at which employment outcomes are measured for Workforce Pell students participating in PEPs.

Specifically, we recommend measuring employment outcomes for this population at a later post-completion interval, such as two additional quarters after program completion, to better reflect the additional time that may be required to obtain a job after release.

Financial aid administrators are facing significant time constraints as they prepare for the implementation of the Workforce Pell Grant program and the new statutory provision affecting Pell Grant eligibility for students whose non-federal grants and scholarships equal or exceed their cost of attendance, as well as the dozens of other new provisions enacted by the One Big Beautiful Bill Act not covered by this rulemaking committee. These changes will require institutions to quickly understand new eligibility rules, help structure Workforce Pell programs, and accurately advise students who face potential loss of Pell eligibility.

Financial aid administrators must prepare for these changes without final regulations, technical specifications for financial aid management systems, or answers to key operational questions about how these provisions will interact with existing Title IV requirements.

We urge the Department to act as quickly as possible to finalize regulations, release technical specifications for financial aid management systems, and provide subregulatory guidance so financial aid administrators have the information and systems they need to accurately implement these provisions and effectively advise prospective and current students about their aid eligibility.

We appreciate the opportunity to comment on the Department's public comment period regarding its AHEAD Notice of Proposed Rulemaking [Docket ID ED-2026-OPE-0133]. If you have any questions regarding these comments, please contact us or NASFAA's Senior Policy Analyst, Megan Walter, walterm@nasfaa.org.

Regards,

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President and CEO, NASFAA