



April 08, 2026

Nicholas Kent
Under Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Re: Docket ID ED-2026-OPE-0133

Dear Mr. Kent:

Protect Borrowers (formerly Student Borrower Protection Center) submits the following comments in response to the U.S. Department of Education's (ED or the Department) Notice of Proposed Rulemaking (NPRM) on Accountability in Higher Education and Access Through Demand-Driven Workforce Pell. We are deeply concerned that the Workforce Pell statute and regulations as currently proposed do not include sufficient guardrails to protect students from the well-documented risks of predatory actors in the short-term training space. We urge the Department to strengthen the proposed regulations in several critical areas to ensure that Workforce Pell Grants fund only high-quality, low-debt programs and do not become a vehicle for waste, fraud, abuse or drive students into unpayable debt.

The Department must ensure that oversight and approval of Workforce Pell Programs account for the well-documented history of misconduct and abuse among short-term programs.

The expansion of Pell Grant eligibility to short-term programs, through the One Big Beautiful Bill Act (OBBBA), represents the largest expansion of Pell Grants in recent history, creating a significant new revenue stream for institutions of higher education and training providers. This expansion is occurring simultaneously with other provisions in OBBBA that make drastic changes to the financial aid system, including new borrowing and the repayment environment that will make education more expensive and unattainable for millions of Americans. It is in this context that we urge the Department to ensure that new providers eligible for our nation's largest and most successful need-based financial aid program are subject to clear guardrails designed to protect students from predatory programs.

History provides a clear warning of the risks of allowing greater access to federal financial aid to untested career programs. For example, over the past several decades, students, families, and state and federal regulators have felt the effects of predatory for-profit schools that offered low-quality, high-cost programs targeting low-income students, immigrant students, and

communities of color.¹ These programs proliferated in large part due to access to both Pell Grants and federal student loans, with insufficient accountability or guardrails for program outcomes. In the past decade, a similar industry of mostly online, non-degree granting credentialing programs, such as tech bootcamps, has spawned both within and outside traditional higher education institutions. Like their for-profit degree program predecessors, these programs often promise quality education and high returns on investment to students, but too often offer students no meaningful training while charging exorbitant, and often hidden, costs and fees.²

For instance, over the past several years, we have seen waves of new programs being offered by unaccredited Online Program Managers (OPMs), which purport to partner with brick-and-mortar institutions to set up online programs, but largely deliver inferior programming under schools' brand names—often charging the same sticker and net price to students. OPMs have come under intense scrutiny for deceptive practices and for siphoning public tuition support dollars away from actual schools through revenue-sharing agreements. Protect Borrowers has investigated several such programs, including **Make School**, a venture capital-backed coding academy that partnered with a Title IV-eligible college, misrepresented its educational product and career outcomes, and steered students into predatory income-share agreements (ISAs) that often masquerade high costs to students under the guise of affordability;³ **Prehired**, a tech sales training bootcamp that engaged in deceptive marketing practices by misrepresenting its income share loans' payment obligations, saddling students with high-cost ISAs and then sued its own students in court when they could not pay;⁴ and **Risepoint** (formerly Academic Partnerships), an OPM that partners with over 100 colleges nationwide with agreements that allow it to collect up to 50 percent of tuition revenue while having an extraordinary amount of decisionmaking into enrollment, program design, and more.⁵

Federal regulators have also taken enforcement actions against **The Lambda School** (later rebranded as BloomTech), which operated without California state approval and used deceptive practices, including inflating job placement rates, misrepresenting the cost of ISAs, and imposing unlawful prepayment penalties on students in violation of consumer financial protection law,

¹ Protect Borrowers, *Mapping Exploitation: Examining For-Profit Colleges as Financial Predators in Communities of Color*, (July 2021),

<https://protectborrowers.org/wp-content/uploads/2021/07/SBPC-Mapping-Exploitation-Report.pdf>, NPR, *How For-Profit Colleges Sell 'Risky Education' to the Most Vulnerable*, (Mar. 27, 2017),

<https://www.npr.org/2017/03/27/521371034/how-for-profit-colleges-sell-risky-education-to-the-most-vulnerable>.

² New America, *Five Things Policymakers Should Know About Short-Term Credentials*, (Mar. 2, 2021),

<https://www.newamerica.org/insights/five-things-policymakers-should-know-about-short-term-credentials/>.

³ Protect Borrowers, *Selling Out Students* (Mar. 20, 2023),

<https://protectborrowers.org/new-investigation-exposes-years-long-scheme-by-private-college-and-failed-coding-bootcamp-to-dupe-regulators-and-push-predatory-loans-on-low-income-students/>.

⁴ Consumer Financial Protection Bureau, State Partners and CFPB Sue Prehired for Illegal Student Lending Practices, (July 13, 2023),

<https://www.consumerfinance.gov/about-us/newsroom/state-partners-and-cfpb-sue-prehired-for-illegal-student-lending-practices/>.

⁵ Stephanie Hall & Ella Azoulay, Protect Borrowers, *Why We're Sounding the Alarm on Risepoint in Illinois* (Oct. 9, 2025), <https://protectborrowers.org/why-were-sounding-the-alarm-on-risepoint-in-illinois/>.

resulting in penalties from state and federal regulators and a 10-year ban on its founder operating in the student lending sector.⁶ More recently, a California judge ruled that the California Institute of Technology engaged in misleading and deceptive practices after revelations that it outsourced tech bootcamps to **Simplilearn**, a for-profit company, while marketing them as prestigious Caltech programs. Students paid up to \$14,000 for bootcamp courses taught by Simplilearn contractors and found the curriculum, instruction, and career counseling shockingly insufficient.⁷

These are just a few recent examples of a systemic pattern of abuse among programs that purport to prepare students for “in-demand” fields, yet too often fudge both the educational and financial details to the detriment and cost of students and families. Workforce Pell stands to supercharge this industry via a new expansion of federal funding at a time of deep labor market insecurity, and when federal financing to other types of programs, particularly for graduate students and parents of undergraduates, has been decimated. The Department must ensure that regulations are focused on protecting students from the ability of bad actors to exploit these new incentives.

The Department must strengthen protections against abusive online programs and unaccredited, for-profit providers.

We are particularly concerned about the risks that online programs and for-profit institutions pose within the Workforce Pell framework. While we acknowledge that the final statutory text of the OBBBA excluded direct eligibility for unaccredited providers—a critical improvement over earlier versions of the legislation—we remain concerned that unaccredited entities will continue to participate in the Workforce Pell program through written arrangements with eligible institutions of higher education and have a substantial role in program delivery.

The proposed regulations allow eligible institutions to enter into written arrangements with ineligible institutions or organizations, including private companies, for up to 25 percent of an eligible workforce program, pending review and approval by the institution’s accreditor.⁸ The Department correctly noted in the NPRM that accrediting agencies have limited experience evaluating agreements for short-term programs. We believe the proposed 25 percent threshold is far too permissive for arrangements involving unaccredited entities.

The Department’s own discussion of its rationale for limiting written arrangements to 25 percent reflects an appropriate level of caution, given “the broad lack of experience in the accreditation industry in evaluating agreements for short-term programs” and the concern that “the provision

⁶ Protect Borrowers, *CFPB Halts Silicon Valley Predatory Student Lending Scheme, Bans Disgraced Tech Founder from Student Loan Industry*, (Apr. 17, 2024), <https://protectborrowers.org/cfpb-halts-silicon-valley-predatory-student-lending-scheme-bans-disgraced-tech-founder-from-student-loan-industry/>.

⁷ Student Defense, *Court Rules in Favor of Students Alleging They Were Misled by Caltech, Simplilearn’s Cybersecurity Bootcamp*, (Apr. 12, 2024), <https://defendstudents.org/all/court-rules-in-favor-of-students-alleging-they-were-misled-by-caltech-simplilearns-cybersecurity-bootcamp>.

⁸ See proposed § 668.5(c).

of eligible workforce programs by ineligible institutions and organizations could rapidly expand far beyond the intent of the statute.”⁹ This cautious approach is not only warranted, it should be extended to ensure that ineligible organizations have no substantial role in the operation of Workforce Pell programming. To protect students, the Department should consider whether additional conditions should apply to any written arrangement involving an ineligible entity, including requirements that:

- The ineligible entity may not be involved in any recruiting, marketing, or student financial advising;
- The ineligible entity may not be involved in providing student financing, including private loans, income-share agreements, or other agreements;
- The eligible institution must retain full control over curriculum design, instruction, and assessment;
- The eligible institution must clearly disclose the existence, terms, and nature of the agreement with the ineligible entity to students, publicly on their website and in any enrollment materials, and clearly disclose to students when they are engaging with staff of the ineligible entity;
- The eligible institution and its accrediting agency must specifically review and approve the qualifications of any instructors employed by or contracted through the ineligible organization;
- Any ineligible organization providing instruction under a written arrangement must hold, at a minimum, programmatic accreditation or state licensure relevant to the field of instruction;
- Any revenue-sharing arrangement between the eligible institution and the ineligible entity must be disclosed to the Department and clearly communicated to students, and the ineligible entity may not enter into any revenue-sharing arrangements that allow it to receive more than a fixed, cost-based fee for services rendered, rather than a percentage of tuition revenue.

These safeguards are consistent with the lessons of recent investigations and audits, including a recent California State auditor report of the University of California system, which found insufficient oversight, misleading marketing, and overreliance on OPM instruction in violation of accreditor and ED guidance.¹⁰ The Workforce Pell program must not replicate this model.

⁹ See proposed § 668.5(c).

¹⁰ Ella Azoulay, Protect Borrowers, *Mounting Evidence from State Watchdog Report Proves That, Yet Again, Public Universities are Selling Out Students to For-Profit Companies*, (July 25, 2024), <https://protectborrowers.org/california-auditor-report-opms-blog/>.

The Department should tighten eligibility requirements for bilateral agreements governing distance education programs.

The proposed rules would allow the Governors of two states to enter into a bilateral agreement permitting an institution in one state to offer an eligible workforce program to students in another state through distance education.¹¹ There may be limited, isolated, instances where it is appropriate for states to enter into bilateral agreements that allow students to access programming that is more robust in a neighboring state—particularly in multistate metropolitan areas—but we believe the proposed framework for bilateral agreements lacks sufficient protections and could lead to a potential race to the bottom of unaccountable distance education programs.

The Department correctly expressed concern that “distance education programs that may prepare students for the workforce in one State may not be appropriate in other States due to regional differences in the labor market,” and that multilateral agreements between more than two states would be inappropriate and result in an expansion of programs that contain little relevance or connection to the job market where students reside or plan to work.¹² We echo this concern and urge the Department to adopt the following additional safeguards for bilateral agreements:

- First, any bilateral agreement should require the receiving state’s Governor to independently verify and clearly justify that the program aligns with that state’s labor market needs, rather than simply accepting the originating state’s determination. The bilateral agreement should include an attestation from the receiving state’s workforce board confirming that the program addresses a documented workforce need within the state and that insufficient programming exists at public and private institutions of higher education or workforce training programs to meet the demands of students within the state.
- Second, bilateral agreements should include specific consumer protections for distance education students, including requirements that institutions clearly disclose to students whether the program is designed for the labor market in the originating state, provide information about job placement rates and earnings outcomes disaggregated by the state in which students are located, and disclose any additional anticipated costs to students.
- Third, the Department should require that bilateral agreements be time-limited and subject to regular renewal, with the renewal process requiring updated labor market data demonstrating the program’s continued relevance.
- Fourth, the Department should explicitly prohibit multilateral agreements and ensure that the bilateral framework cannot be used as a backdoor to the nationwide proliferation of Workforce Pell-eligible distance education programs that lack any connection to state and local labor markets. Each bilateral agreement should be *program-specific* to prevent a

¹¹ See proposed § 690.93.

¹² See proposed § 690.93.

single agreement from opening the door to a broad expansion of programs offered by an ineligible institution or entity.

Without these guardrails, the bilateral agreement framework could enable the rapid, unchecked expansion of online workforce programs that lack meaningful quality controls or connections to local employment opportunities—the exact scenario that has played out in the for-profit college and OPM context.

The Department should require institutions to inform students enrolled in Workforce Pell programs of other financial resources and benefits for which they may be eligible.

Students who enroll in Workforce Pell programs are, by definition, low-income individuals who face substantial indirect and non-tuition costs beyond the training program itself. Many of these students will face significant gaps in funding even after Workforce Pell Grants are applied, particularly since grants will be prorated by the number of weeks or clock hours in the program. Since many students will not also simultaneously be eligible for federal student loans for their particular program, these students will be forced to work long hours or meet financial gaps through other means, including potentially through predatory private student loans.

The students likely served by Workforce Pell are likely eligible for a range of safety net supports and public benefit programs beyond the Pell Grant itself, including the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and housing and child care supports. Unfortunately, research consistently shows that students in higher education are unable to access these programs due to red tape, confusing rules, and woefully insufficient outreach by institutions and state agencies. In fact, in 2024, the U.S. Government Accountability Office (GAO) found that two-thirds of students *likely eligible* for SNAP benefits do not report receiving them.¹³

These findings are deeply concerning in the context of the Workforce Pell program. Students enrolled in short-term programs may have particularly acute financial needs, and the short duration of these programs means that students may not be connected to institutional support, including financial aid and emergency aid, in the same way as traditional degree-seeking students. Thus, **we urge the Department to require, as a condition of program participation, that institutions provide all students enrolled in eligible workforce programs with information about federal, state, and local benefits for which they may be eligible**, including but not limited to SNAP, Temporary Assistance for Needy Families (TANF), the Child Care and Development Fund (CCDF), Medicaid, the Earned Income Tax Credit, Child Tax Credit (CTC) and state-specific workforce development or training benefits.

Specifically, the Department should require institutions to designate a staff member or office responsible for connecting students with benefits and resources and report to the Department, as part of the program's ongoing eligibility requirements, the steps the institution has taken to

¹³ U.S. Government Accountability Office, Supplemental Nutrition Assistance Program: Estimated Eligibility and Receipt among Food Insecure College Students (July 24, 2024), <https://www.gao.gov/products/gao-24-107074>.

inform students of available benefits. The Department has the authority and responsibility to ensure that the Workforce Pell program serves students holistically, and requiring benefits disclosure is a simple, low-cost step that can meaningfully improve outcomes for program participants.

The Department should require states to proactively collect and publish data on program earnings to strengthen the Value-Added Earnings metric.

The proposed regulations establish a Value-Added Earnings (VAE) metric that is designed to ensure that Workforce Pell programs deliver meaningful economic returns for students.¹⁴ Under the proposed framework, a program’s published tuition and fees may not exceed the VAE of its completers, calculated as the difference between the adjusted median earnings of completers during the earnings measurement period and 150 percent of the federal poverty level.

However, as the Department acknowledged, the earliest that official VAE can be calculated for programs that become eligible during the 2026-27 award year will be for the 2030-31 award year—a **four-year gap during which programs will not be held accountable for earnings outcomes and in which students will have no meaningful way to distinguish program quality**. This gap is deeply concerning. We strongly urge the Department to adopt an interim VAE metric for the period between program launch and the first official calculation. An interim metric could draw on state-level wage data, administrative records, or other existing data sources to provide at least a preliminary measure of whether a program’s completers are earning enough to justify the cost of the program.

This proactive data collection approach is essential because the proposed framework does not require states to independently verify whether programs deliver the promised economic returns, a particular concern given the unreliability of reported data from institutions and short-term providers throughout their history. The Department should ensure that states have both the capacity and the obligation to serve as a meaningful check on program quality, rather than merely rubber-stamping Governor approvals.

Conclusion

The Workforce Pell Grant program represents a significant expansion of the Pell Grant program. While we share the goal of expanding opportunities for working Americans, this program has the potential to entrench the very disparities it purports to address. The difference will depend entirely on robust oversight and clear guardrails established by the Department.

The short-term training sector has a well-documented history of misconduct and abuse. OPMs, for-profit bootcamps, and other bad actors have repeatedly exploited low-income students while accessing public funds through partnerships with accredited institutions. The Department has the

¹⁴ See proposed § 690.95.

authority to prevent history from repeating itself, which could harm millions of workers and families, sow further distrust of higher education, and put our nation's bedrock financial aid program on uncertain fiscal footing.

We urge the Department to strengthen the proposed regulations by tightening the written arrangement framework for ineligible entities, imposing meaningful conditions on bilateral agreements for distance education programs, further limiting the participation of unaccredited providers, requiring institutions to inform students of all available benefits and resources, and mandating proactive state-level data collection to ensure the Value-Added Earnings metric is robust and timely.

The students who will enroll in Workforce Pell programs deserve the same protections afforded to all students in the federal financial aid system, particularly given the heightened risks in this sector. We appreciate the Department's attention to these concerns and urge adoption of the recommendations outlined above to protect borrowers and students from preventable financial struggle and predatory actors.

Thank you for the opportunity to submit our feedback.

Sincerely,

Protect Borrowers