

One Big Beautiful Bill Act Rulemaking: Workforce Pell and Packaging Pell Provisions

The below memo provides an update on U.S. Department of Education rulemaking related to the “packaging Pell” and Workforce Pell provisions of the [One Big Beautiful Bill Act](#). Following an overview of the Department’s approach to rulemaking, the memo outlines next steps on implementation and a detailed summary of the AHEAD committee’s discussions on the “packaging Pell” and Workforce Pell provisions of the law.

Background on the One Big Beautiful Bill Act: In July 2025, Congress passed the [One Big Beautiful Bill Act](#), which was signed into law by President Trump on July 4. Among many other components, the legislation includes numerous provisions related to student aid, including:

- Eliminates GRAD Plus loans and sets annual and aggregate caps on Parent PLUS borrowing (\$20,000 and \$65,000, respectively) and caps lifetime borrowing at \$257,500
- Sets new annual and aggregate loan limits for graduate (\$20,500 annual, \$100,000 aggregate) and professional (\$50,000 annual, \$200,000 aggregate) students while necessitating regulatory action by the Department of Education to define a professional program
- Exempts certain farm and small business assets from student aid eligibility calculations
- Prorates federal student loan eligibility for students enrolled less than full time
- Repeals existing income-driven repayment plans with one Repayment Assistance Plan (RAP)
- Introduces changes to loan repayment calculations and deferment, forbearance, and rehabilitation options for certain borrowers
- Creates a Workforce Pell Program for low-income students enrolled in workforce programs between 150 and 600 hours of clock instruction over 8-15 weeks (counts towards a student’s lifetime eligibility limit of 12 semesters)
- Prohibits students whose Cost of Attendance is fully covered by non-federal aid from receiving a Pell Grant
- Implements a new accountability mechanism for Title IV eligibility in which undergraduate programs must demonstrate earnings above certain high school graduates and graduate and professional programs must demonstrate earnings above certain undergraduate programs

ED’s Approach to One Big Beautiful Bill Rulemaking: The Department of Education (ED) separated rulemaking for the [One Big Beautiful Bill Act](#) into two sessions. The Accountability in Higher Education and Access through Demand-drive Workforce Pell Committee, known as the [AHEAD committee](#), reached consensus on proposed regulations regarding packaging Pell Grants and implementing Workforce Pell in mid-December and on the accountability provisions on January 9. The Reimagining and Improving Student Education Committee, known as the [RISE Committee](#) concluded its work in November, reaching consensus on proposed student loan limits, graduate and professional program definitions, repayment, and loan rehabilitation regulations. Prior to the RISE Committee’s first convening, APLU joined the higher education in submitting [comments](#) on the negotiated rulemaking.

Additional information on the negotiated rulemaking process, including consensus language for both committees, negotiator proposals, and data presentations by the Department, are available on ED’s rulemaking [website](#).

Next Steps on One Big Beautiful Bill Implementation: During the AHEAD Committee’s January convening, the Department of Education stated its intention to publish the panel’s consensus language as two separate rules, with one rule containing the Workforce Pell and Pell packaging proposed regulations and the other containing the accountability proposed regulations.

- **KEY TAKEAWAY:** ED will publish the consensus language from the AHEAD committee’s Workforce Pell and Pell packaging and accountability sessions as two separate proposed rules.

ED will now publish in the Federal Register the anticipated two proposed rules that includes the regulatory text agreed to by the committee. A timeline for publication is not yet known. After publication, the Department will accept comments from stakeholders, likely for only 30 days, and then publish a final rule that incorporates stakeholder feedback. ED intends to have a rule effective July 1, 2026 and thus will likely move to publish the proposed rule as soon as possible following the January negotiations. APLU anticipates submitting a comment letter when the proposed rules are released.

Issue	NegReg Committee	Consensus	Next Step	Implementation Timeline	APLU Resource
Graduate and Professional Definitions, Other Student Loan Provisions	RISE	Reached on November 9	NPRM Expected as early as January	ED expects effective date of July 1, 2026	Summary Document
Packaging Pell and Workforce Pell	AHEAD	Reached on December 12	NPRM Expected Shortly After Publication of RISE NPRM	ED expects effective date of July 1, 2026	Summary Document
Accountability Provisions	AHEAD	Reached on January 9	NPRM Expected Shortly after Publication of first AHEAD NPRM	ED expects effective date of July 1, 2026	Summary Document

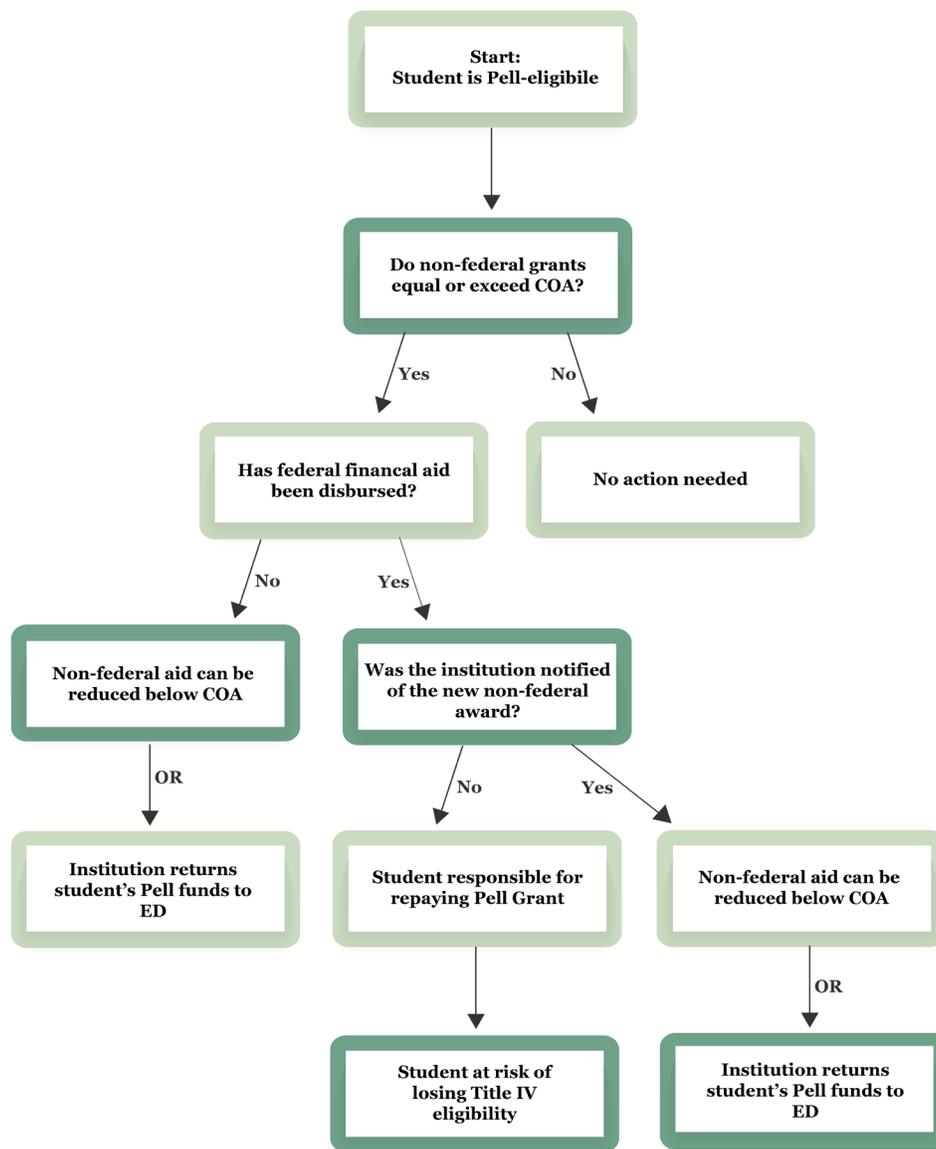
Master Calendar Timeline: ED’s master calendar, which guides the timeline of implementation for regulations pertaining to Title IV programs, generally requires regulations to be published by November 1 of the preceding year in order to be effective July 1 of the following year. The AHEAD Committee reached consensus on the Pell provisions of the law on Friday, December 12 and on the accountability provisions Friday, January 9, thus missing the deadline for a rule to be effective July 1, 2026. However, ED contends that the effective date prescribed by the legislation (July 1, 2026), and the Secretary’s ability to override the statutory master calendar deadline, allows a rule published after November 1 to be effective next July 1.

APLU is aware that implementing the law will require substantial effort from institutions and pose a number of challenges, exacerbated by an abridged timeline of implementation if ED bypasses the master calendar as expected. As the rulemaking process proceeds, APLU will be in

contact to coordinate with and support member institutions and communicate views to the Department of Education and other federal partners.

AHEAD Rulemaking on Packaging Pell Grants: Under OBBB, students who have their full cost of attendance (COA) covered by non-federal grants will no longer be eligible for Pell Grants. Under the consensus language, an institution's course of action when a student receives non-federal aid equal to or in excess of their COA is dependent upon whether the institution has disbursed the student's Pell Grant and whether the institution is made aware of the student's additional non-federal award. The below flowchart best reflects APLU's current understanding of the likely proposed policy. We urge caution on reliance on the chart for any decisions at this time. Its greatest utility is to understand the direction of likely policy.

Packaging Pell Grants Under One Big Beautiful Bill Act



- **KEY TAKEAWAY:** Given that the proposed regulations surrounding packaging Pell grants are highly technical with potential consequences to students and the university, institutions should connect as soon as possible with their financial aid office to identify populations of students that may be impacted by this change in packaging Pell Grants and plan accordingly.

AHEAD Rulemaking on Workforce Pell: The committee also reached consensus on language standing up the Workforce Pell Program. Under the law, short-term programs that meet the following requirements are eligible for Workforce Pell:

- 8-14 weeks and 150-599 clock hours in length;
- that meet value added earnings requirements (median earnings that exceed 150% of the federal poverty level adjusted by region);
- have job placement rates of 70 percent or higher in the occupations relating to their program as determined by the state;
- have on-time completion rates over 70 percent; and
- count as credit towards a degree

Under the consensus language, states have substantial responsibility in determining program eligibility for Workforce Pell, including by determining whether a program completer is working in the occupation related to their program. ED is expected to provide additional clarity on how states may issue this determination in the preamble to the proposed regulation. Significant committee discussion focused on the processes by which governors approve programs for eligibility and the information states must share with the Department regarding their program approval processes. The regulations have crossover with existing workforce program regulations at the Department of Labor and negotiators spent significant amounts of time aligning various definitions, data, and process between the departments. The regulations also outline how programs which lose eligibility can eventually regain eligibility.

To be eligible for Workforce Pell, a program must have met eligibility requirements for at least 12 months prior to an initial application. Thus, only a subset of existing short-term programs will be eligible for Workforce Pell in the first year. Presumably, additional programs will gain eligibility in the years to come.

- **KEY TAKEAWAY:** Governors have significant leeway over approving Workforce Pell eligible programs within each state. Institutions interested in offering Workforce Pell programs should consider initiating conversations with state workforce boards.

CONCLUSION: APLU will engage in all remaining steps of the rulemaking process, working with member institutions. Given the compressed timeline for implementation and compliance, public universities should consider what actions they may need to take to be ready for full OBBB implementation.

For questions or comments, please contact:

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