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MARYLAND DEPARTMENT OF LABOR TESTIMONY ON SENATE BILL 509

TO: House Appropriations Committee
FROM: Maryland Department of Labor
DATE: 3/31/2026
BILL: SB 509 - Higher Education - Workforce Pell Grant Program -
Implementation

MD LABOR POSITION: FAVORABLE

Senate Bill 509 seeks to implement the federal Workforce Pell Grant Program in Maryland, a framework established by the federal One Big Beautiful Bill Act of 2025. The federal legislation authorizes federal Pell Grants for students enrolled in high-quality "short-term programs" of between 8 and 15 weeks or 150-599 hours of instruction, that meet high outcomes standards: 70% completion rate and 70% job placement rate. By aligning these programs with high-skill, high-wage, or in-demand industry sectors as defined by states, the federal act aims to bridge the gap between traditional higher education and immediate workforce needs through stackable, portable credentials.

SB509 is intended to solidify Maryland's commitment to upholding several positive provisions of draft federal regulations regarding implementation of Workforce Pell Grants, particularly those regarding Registered Apprenticeship. Mirroring draft federal rule language, SB509 articulates provisions that allow programs providing related instruction for Registered Apprenticeships to automatically be considered eligible against several key Workforce Pell eligibility criteria. These provisions are positive, allowing more students to access life-changing Registered Apprenticeships and incentivizing more institutions, including community colleges, to align their offerings to serve as related instruction in Registered Apprenticeships.

The Governor's Workforce Development Board (GWDB) and the Department strongly support the intent of SB509 in this regard and support its amendments. GWDB, as the state workforce development board, is the only federally-mandated

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entity involved in the development of state-level eligibility criteria and involved in consulting with the Governor on all program approvals. In Maryland, the GWDB is leading this work in close partnership with MHEC, MD Labor, and other state agencies and local stakeholders. The amendments accurately reflect these agency roles and responsibilities.

The Department respectfully requests that the Committee consider this information during its deliberations on SB509.

For questions, please contact Andrew Fulginiti at **Andrew.Fulginiti@maryland.gov**

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Testimony in Support of SB509 - The Institute of

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THE INSTITUTE FOR COLLEGE
ACCESS & SUCCESS

**The Maryland House of Delegates
Chair Ben Barnes, Appropriations Committee**

Written Testimony in Support of SB509

Higher Education - Workforce Pell Grant Program - Implementation

Thank you for the opportunity to submit testimony in support of Senate Bill 509, Higher Education - Workforce Pell Grant Program – Implementation, as amended, which provides structure for Maryland’s implementation of the federal Workforce Pell Grants.

The Institute for College Access & Success (TICAS) is a trusted source of research, design, and advocacy for student-centered public policies that promote affordability, accountability, and equity in higher education. We advocate for every student, regardless of race, ethnicity, or family wealth, to have access to a quality higher education without the need to incur debt to realize their dreams of earning a college credential.

I. The Workforce Pell Grants – What Are They and Why Are There Potential Dangers?

As part of the budget reconciliation legislation known as H.R. 1 or the One Big Beautiful Bill Act (OBBBA), Congress created [Workforce Pell Grants](#), which expand access to Pell Grant funds for students enrolled in programs that are shorter than the previous minimum required length of at least 600 clock hours of instruction for at least 15 weeks. Starting July 1, 2026, programs between 150 and 599 clock hours that can be completed in 8 to 15 weeks could be eligible for Workforce Pell Grants for the first time.¹

No comprehensive national [data source](#) currently exists to track the outcomes of 8-15 week programs, making it challenging to assess the possible impacts of Workforce Pell Grants. Although the limited existing [research](#) demonstrates some students experience modest positive benefits from short non-degree programs, other studies on the [outcomes of short-term credentials](#) show that most working adults with a short-term certificate earn \$30,000 or less annually, with Black and Latino students earning less than White students with similar credentials. Maryland should pass legislation to protect its residents from untested, low-quality, overly expensive, or fraudulent short-term programs and the schools that offer them, to ensure that they do not crowd out the good programs that will improve Marylanders’ lives. Why? Workforce Pell grants count towards students’ limited lifetime eligibility for the need-based Pell Grant² and students who waste time on a bad program may never enroll in a good one.

¹ This is laid out in [Section 83002](#) of OBBBA.

² Under federal law, students have a [lifetime limit](#) of 12 semesters, or roughly six academic years, of Pell eligibility.

II. SB509 – What Does it Do and Why is it Needed?

For a program to be eligible for Workforce Pell Grants, federal law states that schools must seek approval from the Governor, after consultation with the Workforce Development Board. SB509 establishes an implementation process so that schools clearly understand how their programs can obtain state approval. The bill also provides a mandatory data reporting regime to ensure schools continue reporting critical information about the program across gubernatorial administrations and lays out ways that programs could lose eligibility.

The federal requirements represent bare minimum standards, but with SB509, Maryland can include additional guardrails for students. Strong protections in Maryland law are particularly important considering the Trump Administration's dismantling the Department of Education.

There are four critical protections in SB509 that will benefit Marylanders.

1. *SB509 places guardrails and transparency requirements when schools partner or contract with unaccredited companies related to the instruction of the short-term program*

The OBBBA only allows accredited institutions to get Workforce Pell Grant funds, but proposed federal regulations allow unaccredited companies to teach up to 25% of a program on behalf of a school, which could be raised higher in final rules coming soon. If a school chooses to hire a company to teach part of its Workforce Pell Grant program, SB509 requires that the school clearly informs the student about the company and what it does, prohibits payments to the company based on the number of students the company enrolls, and keeps the company out of decision-making about the programs. This is needed because institutions have increasingly turned to unaccredited companies known as [online program managers](#) (OPMs) to operate online programs on their behalf. There are dangers from handing over instruction to these companies that can cause significant harm, including a lack of transparency about the company teaching the program and loss of quality. Some schools have faced allegations that they deceptively marketed their programs by failing to explain that an unaccredited company was teaching instead of the school and that the quality of the instruction by the unaccredited entity was not the same as the school's other programs.³ And many institutions pay OPMs through tuition-sharing agreements that reward the OPM based on the number of students that it enrolls, which can incentivize unfair or deceptive conduct. Instead of prohibiting the contracting-out of instruction, this bill includes a compromise that requires disclosure and includes other student protections.⁴

2. *SB509 prohibits schools from partnering or affiliating with companies that offer private education loans, such as income share agreements, for short-term programs, unless those loans or payment plans charge no interest.*

The bill prohibits schools from partnering or affiliating with companies that could sink students in debt with high interest or predatory private loans. This includes [income share agreements](#) (ISAs), which are loan products that require students to pay back a portion of their future income but lack many

³ For example, the California Institute of Technology recently settled a class action [lawsuit](#) that accused the school of falsely advertising a short-term bootcamp run by the OPM Simplilearn as a CalTech program. The University of Southern California is also being sued related to its operation of a program taught by an unaccredited company.

⁴ Those requirements do not apply to the instruction component of a registered apprenticeship.

protections of federal loans. Both the [Department of Education](#) and the [Consumer Financial Protection Bureau](#) have made clear that ISAs are private loans in response to the attempts to skirt applicable loan laws and mislead borrowers about how much they will repay and the interest rate. If students need a payment plan for any tuition charged in excess of the Pell Grant, they should be able to obtain one from the school instead of a predatory lender.

3. *SB509 keeps the programs affordable by prohibiting schools from charging tuition and fees for a short-term program that are more than the maximum amount of Pell Grant funds available for that program.*

While schools are usually allowed to charge whatever they want for their programs, it is challenging for students to know which workforce programs are fairly priced and which are overcharging for only limited wage growth. Prohibiting tuition from going beyond the maximum Pell Grant award available for the program would discourage institutions from artificially inflating tuition rates simply because Pell Grants are available to cover part of the cost. This ensures that programs that get approved are affordable for all students, particularly those with the greatest financial need who are eligible for the maximum Pell award and would not need to take on any debt.

4. *SB509 prohibits schools from offering programs that include non-credit-bearing courses unless those courses transfer to at least one institution of postsecondary education.*

While non-credit courses can provide meaningful training, students may face challenges applying non-credit courses toward other programs or transferring non-credit courses to other institutions, thereby limiting their options to continue their education while exhausting valuable Pell Grant eligibility that could be used for further education. The bill ensures that the credits students earn in Workforce Pell Grant programs must be transferrable to at least one school, regardless of program completion. In addition to being good for students, this helps Maryland schools meet and go beyond the federal requirement that the program credential is stackable and portable.

III. Conclusion

The expansion of Pell Grant eligibility to short-term programs marks a crucial moment for Maryland to ensure its residents spend their Pell Grant eligibility and time on high-quality programs that deliver meaningful educational and employment outcomes. Students should feel confident they will receive quality training when they pursue a credential using their limited Pell Grant money. SB509 contains guardrails that would properly implement Workforce Pell and protect Maryland students from programs that are unaffordable, low-quality, or not in full compliance with federal law.

For these reasons, TICAS strongly supports the passage of SB509, as amended by the Senate.

For more information, contact Christopher Madaio, Senior Advisor for Federal and State Accountability, cmadaio@ticas.org.

MWA SB 509 Testimony.docx.pdf

Uploaded by: Gabriel Van Fyk

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MARYLAND WORKFORCE ALLIANCE

SB 509 Oral Testimony (Maryland Workforce Alliance)

Mr. Chair, Madam Vice-Chair, and Members of the Committee,

The Maryland Workforce Alliance testifies in support of Senate Bill 509. MWA empowers a diverse network of stakeholders—including unions, trade organizations, and employers—to create, expand, and optimize high-quality work-based learning programs, fostering a skilled, diverse, and adaptable workforce that drives Maryland's economic prosperity and strengthens communities.

Now allowed through the Big Beautiful Bill, expanding Pell Grant funding to short-term workforce training programs will expand opportunity for all Marylanders. The federal Department of Education just put out their proposed rules on Pell Grant funding last Friday, and the Governor's Workforce Development Board Executive Director, Racheal Stephens Parker, was the lead representative of state workforce boards in that effort. MWA thanks her for her leadership, and also thanks Senator Rosapepe for bringing this bill forward.

As more residents seek alternatives to traditional post-secondary education, allowing Marylanders access to this funding will help training partners align workforce skills with industry demand, promote greater economic mobility and career advancement, and enhance Maryland's competitiveness in the global economy. MWA supports this bill because we believe this funding will support more pathways into registered apprenticeships, which are a fundamental component to the building trades industry and other key industries in the state, including healthcare and IT.

Implementation should not be difficult—community colleges across the state currently work with workforce programs and registered apprenticeships. Adding this additional funding stream would likely take minimal additional administrative effort and this ease of implementation will quickly result in increased opportunities for both workers and employers. We believe the cost for implementation will be relatively low, while the payoff will be fairly high. For these reasons, we respectfully request a favorable report on Senate Bill 509.

Thank you,

Gabriel Van Fyk
Executive Director
Maryland Workforce Alliance

2026.03.31 Protect Borrowers Written Testimony in

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Position: FAV



**Written Testimony of Protect Borrowers
at a Public Hearing before the
House Appropriations Committee
on SB 509
“Higher Education - Workforce Pell Grant Program - Implementation”**

IN FAVOR

March 31, 2026

Protect Borrowers (formerly Student Borrower Protection Center) is a team of experts, lawyers, and advocates fighting to build an economy where debt doesn't limit opportunity. We investigate financial abuses, take predatory companies to court, and push for policies to protect working people from debt traps. We aim to deliver immediate relief to families while building power and driving systemic change.

Chair Barnes, Vice Chair Kaiser, and Members of the Committee:

Protect Borrowers writes in favor of SB 509, which would provide protections and guardrails for Maryland's implementation of the federal Workforce Pell Grant program. Higher education advocates such as The Institute for College Access and Success (TICAS) are better suited to testify to the Workforce Pell Grant program overall, so Protect Borrowers will focus its testimony on the risks that Maryland students are likely to face with such a program. These risks, about which Protect Borrowers raised concerns when Congress was debating the Workforce Pell Grant program,¹ would be largely, if not entirely, addressed by SB 509.

Short-term and non-degree granting programs have a well-documented history of misconduct and abuse.

The 2000s and early 2010s saw the rise of predatory for-profit schools, which offered low-quality, high-cost educational programs targeting low-income students, immigrant students,

¹ See, e.g., Protect Borrowers, *Advocates Sound Alarm on Workforce Pell Act, Urge Congress to Reject Bail Out for Sham For-Profit and Online Training Companies That Target Vulnerable Workers* (Dec. 12, 2023), <https://protectborrowers.org/advocates-sound-alarm-on-workforce-pell-act-urge-congress-to-reject-bail-out-for-sham-for-profit-and-online-training-companies-that-target-vulnerable-workers/>; Stephanie Hall, Protect Borrowers, *Pell Grants for Diploma Mills? The Republican Budget Bill Could Bankroll Some of the Shadiest Short-Term Training Programs* (July 9, 2025), <https://protectborrowers.org/pell-grants-for-diploma-mills-the-republican-budget-bill-could-bankroll-some-of-the-shadiest-short-term-training-programs/>.

and communities of color.² In their wake arose a similar industry: mostly online, non-degree granting credentialing programs, such as tech bootcamps. Like their for-profit school predecessors, these programs promised quality education and high returns on investment, but too often offered students no meaningful training while charging exorbitant tuition and fees.³

The newest generation of scam programs are offered by Online Program Managers (OPMs), which purport to help brick-and-mortar institutions set up online programs, but which ultimately offer students inferior programs under the schools' names at the regular cost of tuition. OPMs have come under intense scrutiny for deceptive practices and for syphoning public tuition support dollars away from actual schools through revenue sharing agreements.⁴

Protect Borrowers has investigated several of these programs:

- **Make School**, a venture capital-backed operator of a for-profit coding academy in California, partnered with a Title IV-eligible college to offer a program it claimed would quickly train students for and place them in high-paying jobs in the technology sector. Ultimately, Make School's former students sued it for misrepresenting its educational product and associated career outcomes, as well as for steering them into high-cost private loans in the form of income-share agreements (ISAs).⁵
- **Prehired** was a tech sales training bootcamp that guaranteed to prepare students for high-paying jobs, when in fact it provided no meaningful training and instead left students with high-cost ISAs. When Prehired's students inevitably could not find employment and were unable to pay on their loans, the company sued them in Delaware small claims court, regardless of where in the country they live.⁶ This investigation

² See, e.g. U.S. Senate, Health, Education, Labor and Pensions Committee, Majority Committee Staff Report and Accompanying Minority Committee Staff Views, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (July 30, 2012), https://www.help.senate.gov/imo/media/for_profit_report/PartI.pdf.

³ See, e.g., Press Release, Consumer Fin. Prot. Bureau, *CFPB Takes Action Against Coding Boot Camp BloomTech and CEO Austen Allred for Deceiving Students and Hiding Loan Costs* (Apr. 17, 2024), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-coding-boot-camp-bloomtech-and-ceo-austen-allred-for-deceiving-students-and-hiding-loan-costs/>.

⁴ See Protect Borrowers, *With ED Asleep at the Wheel, the CFPB Must Protect Students from Out-of-Control Online Program Managers* (June 8, 2022), <https://protectborrowers.org/with-ed-asleep-at-the-wheel-the-cfpb-must-protect-students-from-out-of-control-online-program-managers/>; Stephanie Hall, The Century Foundation, *Invasion of the College Snatchers* (Sept. 30, 2021), <https://tcf.org/content/report/invasion-college-snatchers/>.

⁵ Protect Borrowers, *Selling Out Students* (Mar. 20, 2023), [https://protectborrowers.org/new-investigation-exposes-years-long-scheme-by-private-college-and-failed-coding-bo-otcamp-to-dupe-regulators-and-push-predatory-loans-on-low-income-students/](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/).

⁶ Protect Borrowers, *A Predatory School is Dragging 290 Defrauded Students into Court in the Latest Example of the Exploitative State of the Income Share Agreement Market* (Feb. 28, 2022), <https://protectborrowers.org/a-predatory-school-is-dragging-290-defrauded-students-into-court-in-the-latest-example-of-the-exploitative-state-of-the-income-share-agreement-market/>.

resulted in a lawsuit against Prehired by the Consumer Financial Protection Bureau and 11 states.⁷

- **Risepoint**, formerly Academic Partnerships, is the latest OPM in the market. As detailed in a Protect Borrowers report, at least one of Risepoint's tuition-sharing agreements with its school partners allowed the company to keep 50 percent of tuition revenue from student enrollment. The investigation also found that Risepoint regularly posed as its school partners while interacting with current and potential students, was involved in course design and institutional decisionmaking, had access to sensitive student data, and advised students on financial aid. As a result, students who thought they were interacting with a trusted academic institution or enrolling in a program offered by flagship state institutions were in fact opting into a program offered by Risepoint, which would then collect half of the students' tuition payments, including from state tuition support programs.⁸

There is a clear and well-documented reason to be wary of short-term program outcomes and of companies that partner with traditional schools to offer these programs. The Workforce Pell Grants create a new revenue stream for short-term programs, which creates an incentive for bad actors to take advantage of well-meaning students and institutions. Maryland must step in to ensure the program has sufficient protections.

SB 509 offers simple guardrails to protect against likely abuses.

There are three ways in which SB 509 will protect Maryland students.

First, the bill addresses the risk of OPMs by ensuring that only accredited programs can provide instruction for Workforce Pell Grant programs. Proposed section 11-212(E)(1) would make clear that participating schools can only partner with accredited entities to offer instruction. This leaves schools with the flexibility and ability to contract with companies to assist with technical support or advertising, for example, but ensures that the quality of education itself is overseen by accrediting agencies, which is not the case in many OPM partnerships.

Second, the bill protects students from high-cost and predatory loans by prohibiting participating institutions from partnering with or steering students towards interest-bearing loans, including ISAs, to finance the short-term program. *See* SB 509 at 11-212(E)(2). It would still allow zero-interest loans and payment plans. The bill would also cap tuition and fees charged to any

⁷ Press Release, Consumer Fin. Prot. 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/>.

⁸ 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/>.

student at the amount of Workforce Pell Grant available to them. *Id.* at 11-212(E)(3). Taken together, this will protect the program’s intent by ensuring that no student has to go into debt in order to obtain high-quality professional training.

Third, the bill would ensure that credits students earn in the short-term programs are transferable. This addresses another of the early for-profit school abuses—students would earn credits that could not be transferred to a reputable school, leaving them with only two options: complete their degree with the for-profit, or start over somewhere else. SB 509 requires credits be transferable. *Id.* at 11-212(E)(4).

In addition to these student protections, which ensure sound fiscal stewardship of the program, the bill would require regular reporting to the state so that policymakers can monitor school conduct and determine whether further interventions are necessary.

Conclusion

The Workforce Pell Grant program could create opportunity in Maryland, or could entrench disparities. SB 509 is a common-sense bill that will maximize positive outcomes while protecting against the worst outcomes. Protect Borrowers urges the committee for a favorable vote.

Sincerely,

Protect Borrowers

Please contact Winston Berkman-Breen, Legal Director with Protect Borrowers, at winston@protectborrowers.org, if you have any questions or would like to discuss this comment further.

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Position: FWA

House Appropriations Committee
March 31, 2026

SB 509 - Higher Education - Workforce Pell Grant Program - Implementation

Position: Favorable with Amendments

The Maryland Association of Community Colleges (MACC), representing Maryland's 16 community colleges, supports **SB 509** with amendments. Community colleges have long been leaders in workforce education and training. Across Maryland, community colleges partner closely with employers, labor organizations, and workforce development entities to deliver short-term training programs that help Marylanders gain the skills needed to enter high-demand careers. Expanding access to federal Pell Grants for high-quality short-term workforce programs represents an important opportunity to broaden access to these pathways for students who may not otherwise be able to afford them.

Many students pursuing workforce training are working adults, career changers, or individuals seeking to quickly enter or reenter the labor market. Workforce Pell has the potential to expand access to programs that lead to recognized industry credentials, registered apprenticeships, and stackable pathways that allow students to continue their education over time. Community colleges strongly support efforts to ensure that students have access to financial aid for these types of programs, particularly when they are aligned with in-demand industries and lead to meaningful career opportunities.

MACC appreciates the amendments adopted to SB 509, which strengthen provisions related to program quality, accountability, and alignment with workforce needs. Requirements related to completion rates, job placement outcomes, and alignment with high-skill, high-wage occupations reflect an important commitment to ensuring that Workforce Pell-supported programs provide real economic value to students.

At the same time, community colleges remain concerned that implementation of this framework may be premature, given the evolving federal guidance and the operational complexity of administering Workforce Pell at the State level. Institutions will need time to align programs, ensure compliance with both federal and State requirements, and build the necessary administrative and reporting infrastructure.

Additionally, several provisions in the bill may create challenges for community colleges as they seek to develop and offer short-term programs. Requirements related to program approval,

performance thresholds, and operational limitations may not fully reflect how community colleges design and deliver workforce training—particularly in noncredit programs and rapidly evolving fields. Ensuring that Workforce Pell complements, rather than constrains, existing workforce partnerships and training models will be critical to successful implementation.

Community colleges work closely with employers, labor organizations, and workforce partners to deliver a wide range of training opportunities, including registered apprenticeships, related technical instruction, and employer-driven contract training programs. As Maryland moves forward, it will be important to ensure that Workforce Pell aligns with and supports these existing efforts. MACC appreciates the sponsor’s recognition of the role of apprenticeships and looks forward to continuing to work with the General Assembly, the Moore Administration, the Maryland Higher Education Commission, the Department of Labor, and other stakeholders to ensure that Workforce Pell is implemented in a way that expands access while maintaining flexibility and strong workforce alignment. Accordingly, MACC urges the Committee to issue a **FAVORABLE** report on **SB 509 with AMENDMENTS**.

Please contact Brad Phillips (bphillips@mdacc.org) or Drew Jabin (djabin@mdacc.org) with questions.