



THE INSTITUTE FOR COLLEGE  
**ACCESS & SUCCESS**

**The Maryland Senate**  
**Chair Brian J. Feldman, Education, Energy, and the Environment 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 (SB509), 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.<sup>1</sup>

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 can and must 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 Grant<sup>2</sup> and students who waste time on a bad program may never enroll in a good one.

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

<sup>2</sup> 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. Throughout the federal legislative process and the Department of Education's regulatory drafting process, many student advocates (including TICAS) asked for additional protections for students. With SB509, Maryland can raise the floor of the federal minimum standards. Strong protections in Maryland law are particularly important considering the Trump Administration's goal of dismantling the Department of Education.

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

#### **1. *SB509 prohibits schools from partnering or contracting with unaccredited companies related to the instruction of the short-term program, with an exception for registered apprenticeships.***

OBBBA states that only accredited institutions are eligible to access Workforce Pell Grant funds, but proposed federal regulations allow unaccredited companies to teach up to 25% of a program on behalf of a school. SB509 makes clear that unaccredited entities or service providers are prohibited from partnering with schools to provide instruction for Workforce Pell Grant programs. This limitation is needed because institutions have increasingly turned to unaccredited companies known as [online program managers](#) (OPMs) to operate online programs on behalf of the school. Although some may claim that allowing unaccredited companies to instruct students is beneficial, there are dangers 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.<sup>3</sup> 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. The bill takes a cautious approach by requiring Workforce Pell-eligible programs to contract only with accredited schools to provide program instruction (except for programs teaching the RTI portion of a registered apprenticeship).

#### **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.***

[Income share agreements](#) (ISAs) are loan products that cover students' up-front costs by requiring them to pay back a portion of their future income. Usually offered by third-party companies, ISAs may

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<sup>3</sup> 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.

stipulate that students repay their income over a set period or up to a certain amount, and they usually lack many 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. The bill prohibits schools from partnering or affiliating with companies that could sink students in debt with private loans. 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.

**3. *SB509 prohibits schools from charging tuition and fees for a short-term program that are more than the maximum amount of Pell Grant funds available to any student in that short-term program.***

While schools are usually allowed to charge whatever they want for their programs, it is challenging for students to know which are fairly priced and which are overcharging for 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. The tuition ceiling in the bill ensures that students with the greatest financial need who are eligible for the maximum Pell award do not need to take on debt to afford the program.

**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 transfer 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.**

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