
MARYLAND DEPARTMENT OF LABOR TESTIMONY ON SENATE BILL 509

TO: Education, Energy, and the Environment Committee
FROM: Maryland Department of Labor
DATE: 3/9/2026
BILL: Higher Education - Workforce Pell Grant Program - Implementation

MD LABOR POSITION: INFORMATIONAL

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.

While the Governor's Workforce Development Board (GWDB) and the Department strongly support the intent of SB509 in this regard, the Committee should be aware of some key information. First, several amendments are required to accurately assign

roles between the GWDB and the Maryland Higher Education Commission. SB509 designates the Maryland Higher Education Commission (MHEC) for certain governance, oversight, and reporting tasks, which is inconsistent with federal law. The GWDB, as the state workforce development board, is the only federally-mandated 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. Should SB509 advance, amendments are required to accurately reflect agency roles and responsibilities.

Second, the bill's text mirrors draft federal regulations that have not yet been finalized. Federal regulations will be posted for 30-day public comment beginning on March 9th. The State, via the GWDB, will then establish a policy articulating its eligibility definitions (including high-wage, high-skill, or in-demand jobs) and the State-level program eligibility determination process. Because the federal regulatory landscape is still in flux, enacting any additional requirements now may lead to future inconsistencies between state and federal law once the final U.S. Department of Education rules are finalized.

For example, SB509 narrows the draft federal regulations regarding subcontracting portions of instruction. The draft federal regulations provide that a program may subcontract up to 25% of its instruction to a non-Title IV provider. SB509 changes this to 0% (except for programs that are providing a component of related instruction for Registered Apprenticeships). This would mean that a program that successfully completes 70% of enrolled students, provides a recognized postsecondary credential that is stackable and portable, articulates to credit for additional degrees, and places 70% of students into jobs within 6 months of exiting the program, is *not* available to Maryland's Pell-eligible jobseekers if the program happens to contract out up to 25% of their instruction in order to meet these high-impact outcomes.

Furthermore, the implementation of federal Workforce Pell Grants places substantial new operational demands on all states. In Maryland's case, particularly on the GWDB and the Maryland Higher Education Commission. The current GWDB budget and personnel are not sufficient to meet these requirements while also performing other federal and state-mandated functions.

Finally, regarding the impact on Maryland's apprenticeship system, Section 11-212(E)(1) prohibits institutions from partnering with entities other than a "joint apprenticeship committee" for certain instruction. In Maryland, joint apprenticeship committees primarily support union-based programs; however, approximately 310 of the state's 362 registered programs are "non-joint." As currently written, this would exclude the vast majority of Maryland's existing apprenticeship sponsors.

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

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