

## **Workforce Pell Policy Recommendations as conditionally approved by the Montana State Workforce Innovation Board**

\*Pending publication of final rule by US Department of Education

### **FRAMEWORK #1 – Workforce Pell Program Standards**

An Eligible Workforce Program is a Program approved by the Governor or Tribal Council, after consultation with the State Workforce Innovation Board, to be offered to students, based on a determination that the Program meets all of the following criteria:

1. The Program is offered by a Participating Institution.
2. The Program duration is between 150–599 clock hours and 8–15 weeks/ 4-16 semester/trimester hours/6-24 quarter hours;
3. The Program is not offered using correspondence courses, coursework that takes place as part of a study abroad program, or credit or clock hour equivalencies that are part of a direct assessment program.
4. The Program provides education and training in a high-skill, high-wage, or in-demand industry sector or occupation.
  - a. For PY 2026-2028, this criterion is met when a Program provides education and training in one of the High Demand Sectors identified the 406 JOBS initiative, as established in Executive Order 5-2025.
  - b. As a part of submitting the Combined State Plan for WIOA & Perkins in 2028 and subsequent submission cycles, the SWIB will use labor market information and industry feedback to assess the progress of 406 JOBS to determine whether the designated High Demand Sectors remain the priority of the State.
    - i. If SWIB recommends changes to the 406 JOBS High Demand Sectors and those changes are adopted by the Governor, those new sectors will be the high-skill, high-wage, in-demand industry sectors or occupations for purposes of defining Eligible Program.
    - ii. If SWIB does not recommend changes to the 406 JOBS High Demand Sectors, SWIB shall review labor market data and

industry feedback to determine if additional sectors or occupations should be added to the scope of Workforce Pell Eligible Programs.

- c. Occupations included in the 406 JOBS High Demand Sectors will be published on the 406 JOBS website **[INSERT]**.

5. The Program meets the hiring requirements of potential employers in the 406 JOBS High Demand Sectors.

- a. A Program that is linked to a Registered Apprenticeship – either as a source of related technical instruction or in partnership with a JATC to provide instruction – in the State of Montana is an Eligible Program that meets the hiring requirements of potential employers in the High Demand Sectors.
- b. A Program that offers an industry recognized credential is an Eligible Program that meets the hiring requirements of potential employers in the High Demand Sectors if:
  - i. The credential is issued or formally endorsed by a state or national industry association, joint labor management entity, or employer consortium; and
  - ii. The credential is offered in partnership with an eligible institution, with industry partners substantively involved in program design, instruction, assessment standards, or validation of competencies.
- c. A Program that is recommended by a local Sector Partnership, convened under the framework of 406 JOBS, is an Eligible Program that meets the hiring requirements of potential employers in the High Demand sectors only if the Sector Partnership was substantively involved from initiation in the Program’s design or redesign, including:
  - i. Defining competencies and curriculum focus;
  - ii. Reviewing length and modality;
  - iii. Confirming alignment with local hiring needs and wage expectations
- d. A Program that is not offered as a part of a Registered Apprenticeship in the State of Montana, does not offer an industry-recognized credential as defined in this policy, and is not recommended by a local Sector Partnership as defined in in this policy must, to be deemed an Eligible Program, demonstrate employer demand as follows:

- i. At least two letters or MOUs from employers in a High Demand Sector supporting the program and committing to interview/hire participants in the Program;
  - ii. Documentation that shows involvement of statewide employers or industry associations at the initiation of program development to identify industry-relevant skills;
  - iii. Evidence from state labor market information (and, where applicable, tribal or regional data) that occupations are high skill (an occupation designated by O\*net as requiring a degree or credential) and high-wage (at least 60% and above the median income per county/city/DLI region / state/ etc.);
  - iv. If applicable, meets established Montana licensing requirements of an occupation;
  - v. A description of planned work-based learning components; and
  - vi. Evidence that public notice and opportunity to comment was provided, with documented outreach to employers across Montana in the relevant Sector(s).
6. The Program leads to a recognized postsecondary credential that is:
  - a. stackable and portable across more than one employer; or
  - b. prepares students enrolled in the Program for employment in an occupation for which there is only one recognized postsecondary credential and provides participants with that credential upon completion of the program.
7. The Program prepares students to pursue one or more certificate or degree programs at one or more eligible institutions by ensuring that a student, upon completion of the Program and enrollment in a related certificate or degree program, will receive academic credit for the Program that will be accepted toward meeting the certificate or degree requirements.
8. The Program meets the requirements established by the Secretary of Education as described in 34 CFR 690.94.
9. The Program complies with the annual value-added earnings (VAE) requirements as described in 34 CFR 690.95.

10. The Program is offered by an institution that, during the five years preceding the date of the determination by the Governor or Tribal Council, has not been subject to any suspension, emergency action, or termination of programs under Title 34 of the Code of Federal Regulations.

## **FRAMEWORK #2 – Workforce Pell Program Approval Process**

A participating institution may request a determination that a program meets the requirements of this Policy by submitting documentation that addresses each of the components established below.

1. Approving Authority.
  - a. For non-tribal institutions, Program approval rests with the Governor, after consultation with the State Workforce Innovation Board (SWIB). [The Governor may delegate his approval authority to Commissioner of Labor & Industry.](#)
  - b. For tribal colleges in the State of Montana, Program approval rests with the Tribal government, after consultation with the SWIB. [A Tribal Government may delegate its approval authority to the Tribal Employment Rights Office.](#)
  - c. Following approval by the Governor or Tribal government, the documentation will be provided by **institution** to the US Department of Education for a Secretarial determination.
  
2. Application contents
  - a. [Programs seeking approval by must submit a letter to the Governor or Tribal government that identifies the 406 JOBS sector and SOC code alignment for the Program, as well as the relevant category of employer demand:](#)
    - i. [Linked to a Montana Registered Apprenticeship;](#)
    - ii. [Industry-recognized credential in partnership with eligible institution;](#)
    - iii. [Sector-partnership-recommended; or](#)
    - iv. [Complete employer demand review.](#)
  - b. Programs must also submit, with the letter, documentation of the following:

- i. Program details: hours, weeks, delivery modality, stackability, portability, tuition and fees, [work-based learning components or connection to Registered Apprenticeship pathways](#).
- ii. [Details of employer involvement \(aligned with approval category\) and any sector-partnership recommendations](#).
- iii. Projected annual enrollment and completers by location, including evidence of a completion rate of at least 70% within 150% of the normal time to completion.
- iv. Evidence of a job placement rate of at least 70% calculated as the percentage of students who are employed in the occupation for which the program prepares students or a comparable high-skill, high-wage, or in-demand occupation during the second quarter after successfully completing the program
- v. Pathway to academic credit.
- vi. Data-sharing commitments for state UI wage matching and outcomes reporting

### 3. Application Review

#### a. Initial Screening

- i. [The Workforce Services Division \(WSD\) of the Montana Department of Labor & Industry, pursuant to the Memorandum of Understanding for Management and Administrative Services with SWIB, shall review the application to verify completeness, confirm 406 JOBS sector alignment, verify employer demand category \(RAP/industry/sector partnership/full review\) and assess whether the Program is likely to fall under the Small Cohort Policy.](#)
- ii. [WSD staff will inform the institution whether the application is complete or incomplete. Incomplete applications will be returned to the Eligible Institution with guidance for completion. Complete applications will be compiled and provided to the SWIB.](#)

#### b. Substantive Review

- i. [The SWIB will review all complete applications according to the timelines provided in this Policy.](#)
- ii. [For Programs that are linked to a Montana Registered Apprenticeship, offering an industry-recognized credential, or Sector Partnership-recommended, SWIB shall review all documentation and submit a recommendation to approve to the Governor or Tribal government.](#)

- iii. For Programs that require full review of employer demand, SWIB shall examine labor market information, employer commitments, program design elements, projected cohorts, and any other information the SWIB deems necessary to confirm compliance with the eligibility requirements contained in the Workforce Pell Program Standards Policy. SWIB may request additional information from the institution or WSD to support its review. Failure by the institution to timely comply with SWIB documentation requests may result in the application review being pushed to a subsequent review cycle.
  - c. Governor/Tribal Government Decision
    - i. When SWIB has completed its substantive review of Program applications, SWIB shall submit to the Governor or Tribal government a recommendation list with rationales for each recommendation.
    - ii. The Governor or Tribal government shall issue approvals or denials according to the timelines below.
    - iii. Programs approved by the Governor or Tribal government shall be submitted to the US Department of Education for review, along with an attestation that the SWIB was consulted in the process of review and approval.
    - iv. SWIB shall maintain a publicly available list of all approved Workforce Pell Programs for the State.
  - d. Timelines.
    - i. Institutions may submit an application from Program approval at any time.
    - ii. Upon receipt of an application, WSD staff shall review and respond to the institution within 30 days.
    - iii. SWIB shall review and make recommendations on Program applications during its October Quarterly Meeting and April Quarterly Meeting. SWIB recommendations shall be forwarded to the Governor or Tribal government within 48 hours of the conclusion of the Quarterly meeting.
    - iv. The Governor or Tribal government shall review SWIB recommendations and issue approvals or denials within 15 days of receipt of SWIB recommendations.
- 4. Program Monitoring and Decertification
  - a. All participating institutions with approved Workforce Pell Programs shall participate in the Eligible Provider Training List (ETPL) and report annually, to

the State Workforce Innovation Board (SWIB), participant-level data consistent with ETPL and WIOA/Perkins reporting, including demographics, enrollment, completion, credential attainment, employment status, and wage-match consent.

- i. Data may be used for performance monitoring and early warning system notification.
    - ii. Data shall be aggregated to the Program level and made publicly available.
  - b. Annual Performance Review
    - i. All approved Programs under this Policy shall be subject to an annual performance review by SWIB.
    - ii. WSD shall, at the direction of SWIB, track the following metrics for annual performance reviews:
      1. Program completion rates;
      2. Job placement/employment in related fields for Program participants;
      3. Participant earnings (state wage data and, when available, federal VAE results);
      4. Apprenticeship participation/completion where applicable
    - iii. Institutions shall comply with data requests from WSD for the purposes of reviewing performance. Failure to comply with performance review data requests may result in Program decertification.
  - c. Early Warning System, Improvement Plans and Decertification
    - i. Based on the results of the annual performance review, SWIB shall notify programs when:
      1. Program completion trends or Participant job placement trends are dropping near the 70% federal threshold;
      2. VAE, once calculated, falls below allowable levels; or
      3. State wage or employment evidence points to weak outcomes even when VAE can't be calculated.
    - ii. Programs given early warning notice shall submit to SWIB, within 60 days, an improvement plan to address declines.
    - iii. SWIB shall continue to monitor Programs in the early warning system and may recommend to the Governor or Tribal government that Programs that do not improve outcomes or miss Federally established thresholds be removed from the State's Workforce Pell Program List.

- iv. If a Program is recommended for decertification, SWIB shall provide the institution an opportunity to respond to the recommendation and include that response in its submission to the Governor or Tribal government.
- v. Programs that are decertified through this process may reapply for certification after 12 months, but only if the institution can demonstrate that outcomes have improved to meet or exceed Federal thresholds.

5. Bilateral Agreements

- a. The Governor or a Tribal government may enter into a bilateral agreement for an eligible institution in one State to offer an Eligible Program to students in another State through distance education so that students may use Pell Grant funds to attend a program located in another State.
- b. The agreement must address:
  - i. How the Governors and/or Tribal governments will determine that an Eligible Program meets the workforce needs of both States while also preventing the rapid proliferation of such Programs among States where the program's training is not as valuable; and
  - ii. How states will share data to ensure annual completion and placement metrics are met
- c. Bilateral agreements shall be made publicly available by SWIB.
- d. Multilateral agreement are not permitted.

**FRAMEWORK #3 – Small Cohort Policy\* (authority unclear)**

An Eligible Workforce Pell program's total published tuition and fees may not exceed the value-added earnings of students who are working, who received a Pell Grant for enrollment in the program, and who completed the program during a cohort period. Value-added earnings (VAE) are defined as the difference between the published tuition and fees for the Program and 150% of the federal poverty line. VAE are calculated by the US Department of Education for each Program, based on a cohort size of 50 completers who received a Workforce Pell grant.

- 1. Cohorts of 50 completers or more
  - a. Federal regulations guide the definition of cohorts for the purposes of calculating VAE.

- b. For approved Workforce Pell Programs in Montana, if the US Department of Education can calculate VAE, federal VAE results shall govern Program eligibility and caps on total tuition and fees for the Program.

## 2. Small Cohorts

- a. When the US Department of Education cannot calculate VAE due to small cohort size, the SWIB will use evidence developed under this state Small Cohort Policy to decide whether to recommend continued Program eligibility or to decertify the Program, recognizing that, recognizing that federal eligibility is ultimately determined by the US Department of Education.
- b. During application review, WSD shall identify programs where projected completers suggest the program is unlikely to reach 50 completers across four award years. WSD shall request that these programs submit a Small Cohort Quality Plan that addresses:
  - i. Expected cohort sizes and rationale (labor market size, intensity of training);
  - ii. Employer commitments in the local market;
  - iii. How the program links to larger pathways (degrees, apprenticeships) where broader outcome data will exist
- c. For small cohorts, the State will monitor value using:
  - i. State UI wage data (where available) to track median earnings before and after the program and relative to regional medians for similar jobs.
  - ii. Employment in shortage occupations using 406 JOBS and sector partnership data to confirm that even small cohorts are filling critical roles.
  - iii. Employer validation (letters, MOUs, or hiring/retention data) to demonstrate that completers are being hired and retained at expected wage levels.