

Workforce Pell: A New Opportunity for Tennesseans to Build Skills Through Short-Term Credentials

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Tennessee's economy needs more skilled workers. The state's labor force participation trails the national average, and forecasts indicate that **roughly 63% of Tennessee jobs will require some postsecondary education by 2031.**¹ To help students quickly gain the skills and knowledge needed to thrive in the workforce, the federal government recently expanded the Pell Grant program to establish Workforce Pell, a grant that provides financial aid for high-quality short-term training programs.²

These short-term programs differ from traditional postsecondary degree programs in both length and focus, usually culminating in nondegree credentials such as industry-aligned diplomas, certificates, occupational licenses, microcredentials, or digital badges.³ Nondegree credentials are increasingly popular for students and providers because they're focused on specific skills and competencies, can be completed in a shorter timeframe than traditional degree programs, and can often stack into additional learning or credential opportunities.⁴ **When well designed and aligned to employer needs, nondegree credentials provide direct pathways into high-wage, in-demand careers.**⁵

Workforce Pell will help lower the up-front price of short-term programs and complement existing state scholarships (Tennessee Promise, Tennessee Reconnect, and the Tennessee Student Assistance Award, among others), especially for students for whom cost is a barrier to enrollment. **Workforce Pell can therefore accelerate momentum on postsecondary credential attainment across the state and expand access to high-quality programs that provide an on-ramp to economic mobility.** It can also incentivize institutions of higher education to design and launch new eligible programs that could be supported by this funding over time.

Tennessee is well positioned to build on existing postsecondary and workforce policies and investments and identify quality programs that will position more students for long-term success. If Tennessee moves quickly to set a clear vision for how to direct this new opportunity toward high-quality stackable programs that lead to high-wage jobs and meet employer demand, Workforce Pell can serve as a valuable financing tool to scale access to affordable short-term programs that help Tennesseans get ahead.

FEDERAL POLICY OVERVIEW

Originally known as the Basic Educational Opportunity Grant (BEOG), the federal Pell Grant program has been offered since 1973 and provides over \$30 billion annually to undergraduate students nationwide who demonstrate significant financial need, with a maximum annual award amount of \$7,395 for the 2025-26 school year. Student eligibility is determined through the Free Application for Federal Student Aid (FAFSA) using the Student Aid Index (SAI), which assesses the financial resources of the student and their family. Students qualify for Pell when their SAI falls within the statutory limits that indicate substantial unmet financial need. As a result, **Pell Grant recipients are typically low-income students who rely on this aid to access and complete postsecondary education.** Roughly a third of Tennessee's postsecondary students received a Pell Grant with an average award of \$4,970 for the 2023-24 academic year.⁶

At the institution level, eligible academic programs are measured either in credit hours, which reflect the amount of classroom instruction and out-of-class work, or clock hours, which only count actual instructional time. Both credit-hour and clock-hour programs must be delivered over a minimum number of weeks of instructional time to qualify as Title IV academic programs. Existing federal rules require clock-hour programs to include at least 300 instructional hours delivered over a minimum of 10 weeks to be eligible for Pell, whereas traditional credit-hour programs must meet longer week-of-instructional-time requirements and are not subject to the 300-hour threshold.

With the passage of the One Big Beautiful Bill Act (OBBBA) of 2025, Tennessee students will be able to receive Workforce Pell Grants beginning July 1, 2026, to help pay for high-quality short-term programs that run eight to 15 weeks and total 150 to 599 clock hours of instruction in the 2026-27 academic year. For reference, a full-time student at a Tennessee College of Applied Technology (TCAT) would take 432 clock hours per trimester. Workforce Pell recipients are expected to receive grant amounts equivalent to the number of hours or credits of their program, prorated from the maximum annual Pell amount of \$7,395.⁷

PROGRAM ELIGIBILITY REQUIREMENTS

The federal government established multiple quality guardrails for Workforce Pell eligibility, and Tennessee is well positioned to ensure these short programs set students on a path to high-wage, in-demand job opportunities. To qualify, eligible programs must meet the following criteria:

- **Institutional eligibility:** The college or training provider must be accredited, authorized by the state, and already eligible to administer federal student aid, mirroring the same eligibility requirements for traditional Pell. All of Tennessee's public higher education institutions meet these criteria and are currently eligible to receive Workforce Pell dollars.
- **Existing programs:** Programs must exist for at least one year prior to approval. Tennessee institutions will need to submit documentation that the program has been in existence for at least a year.
- **Length and pace:** The program runs for eight to 15 weeks and totals 150 to 599 clock hours. Institutions offering clock-hour programs, such as TCATs, track the duration of their academic programs through clock hours and will need to verify which programs meet the requirements of 150 to 599 clock hours and eight to 15 weeks of program length.
- **Price:** Tuition and fees for the eligible program must be at or below graduates' typical earnings three years after completing the program (with earnings adjusted for local cost of living and subtracting 150% of the federal poverty guideline). While the median earnings level for an eligible program will be determined and verified by the U.S. Department of Education, the Tennessee Office of Evidence and Impact (OEI) can match student records to quarterly earnings data through the TN DATA system. This capacity enables Tennessee to examine earnings data by program and institution, identify the median wage of program completers, and assess program eligibility proactively.

- **Completion rate:** At least 70% of students must complete the program within one-and-a-half times the normal program length. For verification, institutions will need to submit a list of students who have completed the program relative to the number of students who began that specific program in the current award year.
- **Job placement rate:** At least 70% of completers must get a job within 180 days of completing the program.⁸ Through TN DATA, the Tennessee Department of Labor and Workforce Development can match records of individual program completers to their wage and labor force participation records in Tennessee.

NEXT STEPS FOR TENNESSEE

To gain approval for high-quality high-opportunity programs that will unlock economic opportunity for Tennesseans, the governor, the Tennessee State Workforce Development Board, postsecondary institutions, and partners will need to **quickly identify which short-term programs in Tennessee align with the federally established criteria and submit those programs to the U.S. Department of Education for federal approval. Tennessee can lead the nation by establishing a clear, public process for approving a strong list of eligible programs for the initial 2026 launch.** To meet the state-level program eligibility requirements that are codified by the OBBBA, state governments must first identify programs that:

Align to high-skill, high-wage, or in-demand occupations.

- High-skill jobs are defined in Tennessee's Perkins V (2024-2028) plan as occupations that require postsecondary and/or long-term training, such as an apprenticeship, leading to a postsecondary credential, certificate, diploma, or degree.
- Tennessee's Perkins V plan defines high-wage jobs as occupations with wages 20% greater than the median regional wage, as determined by workforce development information in the respective Local Workforce Development Area (LWDA) region.⁹ Local Workforce Development Area 2024 median wages range between \$39,341 and \$48,562. To surpass the 20% above median threshold, occupation wages would have to exceed figures ranging from \$47,209 to \$58,274. Statewide, the median wage in 2024 was \$46,120, therefore a median statewide threshold for high-wage would be \$55,344.¹⁰
- The Academic Supply for Occupational Demand report, developed collaboratively by Tennessee state agencies, offers a list of existing programs aligned to regionally in-demand occupations that can be used to identify which credentials qualify as in-demand.

Lead to a recognized credential that is stackable and portable.

- Tennessee must first define stackability and strengthen data collection on embedded and stackable credentials. This definition should clearly establish how credentials contribute toward degree requirements.

Award academic credit toward a related certificate or degree at a Tennessee institution.¹¹

- Tennessee will need to develop a credit articulation policy that directs institutions to ensure completion of an eligible noncredit program will earn academic credit upon enrollment in a related certificate or degree program.

Meet employer hiring requirements for high-skill, high-wage, or in-demand occupations.

- Tennessee will need to develop a written policy and process to consistently assess and document whether programs meet this determination.

With limited time to gain approval for program eligibility in year one, Tennessee leaders should prioritize submitting a list of high-quality programs that clearly meet all federal eligibility criteria. This will ensure that federal funds begin to flow to Tennessee students as soon as they are made available. Programs requiring further alignment or data verification should be placed on a structured pathway toward future eligibility.

Furthermore, recognizing that not all nondegree credentials lead to economic independence, it is imperative for Tennessee to set and maintain a high bar for program quality by prioritizing credentials aligned with both high-wage and in-demand occupations.

Aligning Workforce Pell with Tennessee’s long-standing commitment to education-to-work pathways will provide a timely opportunity to expand access to quality career-connected credentials. To go deeper on the nondegree credential landscape and how to bridge education and employment, explore SCORE’s related reports:

- [Connecting Education & Opportunity: A Framework for Credential Impact in Tennessee](#)
- [Understanding the Impact of Nondegree Credentials in Tennessee](#)
- [The Opportunity of Stackable Credentials](#)



References

- 1 *After Everything: Projections of Jobs, Education, and Training Requirements through 2031*. Georgetown University McCourt School of Public Policy Center on Education and the Workforce. (2024).
- 2 One Big Beautiful Bill Act, P.L. 119-21, § 83002, 119th Congress. (2025).
- 3 Van Noy, Michelle. *Making Sense of Quality in the Non-Degree Credential (NDC) Marketplace – Implications for Policymakers and Practitioners*. Rutgers Education and Employment Research Center. (June 2023).
- 4 *Counting U.S. Postsecondary and Secondary Credentials*. Credential Engine. (2022); Van Noy, Michelle. *Making Sense of Quality in the Non-Degree Credential (NDC) Marketplace – Implications for Policymakers and Practitioners*. Rutgers Education and Employment Research Center. (June 2023).
- 5 Hanson, Andrew. *Examining the Value of Nondegree Credentials*. Strada Education Foundation. (July 2021).
- 6 *Federal Student Aid Summary: Tennessee*. National Association of Independent Colleges and Universities. (2025).
- 7 One Big Beautiful Bill Act, P.L. 119-21, § 83002, 119th Congress. (2025).
- 8 Ibid.
- 9 *Strengthening Career and Technical Education in Tennessee: State Plan for Strengthening Career and Technical Education for the 21st Century Act*. Tennessee Department of Education. (2024).
- 10 *Occupational Employment and Wage Statistics*. Jobs4TN. (2025).
- 11 Ibid.