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# Direct Federal Support of Individuals Pursuing Training and Education in Non- degree Programs

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April 3, 2020

**Congressional Research Service**

7-....

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R46306



# Direct Federal Support of Individuals Pursuing Training and Education in Non-degree Programs

Recent Administrations and Congress have demonstrated bipartisan support for increasing federal assistance to individuals pursuing training and education in postsecondary non-degree programs, sometimes referred to as *short-term programs*. Non-degree programs are postsecondary training and education programs that are most often shorter in duration than a bachelor's or associate's degree program. They generally provide work-based learning or educational instruction to individuals who are beyond the typical age for secondary education to prepare them for a particular occupation. Examples of support have included proposals to expand existing federal programs, create new programs, and improve coordination between existing programs. This report provides an overview of existing federal programs and benefits that support individuals pursuing training and education in non-degree programs.

A prominent argument for supporting individuals pursuing training and education in non-degree programs is that there is a substantial employer need for individuals with some postsecondary credentials but no degree. In 2018, approximately 72% of jobs in the national economy were in occupations for which the typical entry-level education is less than an associate's degree. Just over 6% explicitly required a non-degree credential, but these credentials could prepare individuals for many jobs that do not require a bachelor's or higher level degree. Mean annual wages for individuals whose highest educational attainment is high school completion are similar to those for individuals with a non-degree credential. Earnings for individuals with only non-degree credentials vary based on differences in occupational field, program duration, and type of educational institution attended.

Several federal programs provide direct financial support to or on behalf of students to enable them to pursue training and postsecondary education in non-degree instructional and work-based learning programs. None of these federal programs or benefits that provide such support focus exclusively on promoting non-degree program pursuits. The federal programs include the following:

- Title I of the Workforce Innovation and Opportunity Act (WIOA; P.L. 113-128) is the primary federal workforce development statute. The program relies on state and local workforce development boards to enter into contracts with training and education program providers and oversee the quality of the providers.
- Title IV of the Higher Education Act of 1965 (HEA; P.L. 89-329), as amended, authorizes grant and loan programs that provide financial assistance to higher education students. Non-degree program quality assessment is handled by state authorizers, accrediting agencies, and in some instances through Department of Education certification.
- Education tax benefits, administered by the Internal Revenue Service (IRS), partially offset some of the costs of higher education for eligible taxpayers. Many education tax benefits are only available to individuals enrolled in a degree program, but three education tax benefits can also be claimed for postsecondary non-degree programs: the Lifetime Learning Credit, the Exclusion for Employer Provided Educational Assistance, and tax-advantaged 529 plan education savings accounts.
- The Post-9/11 GI Bill and Veteran Employment Through Technology Education Courses (VET TEC) were originally intended to help veterans enter the civilian workforce. Post-9/11 GI Bill program quality is primarily overseen by state agencies under contract with the Department of Veterans Affairs. VET TEC program quality is assured by withholding 50% of tuition and fees from providers until participants are employed.
- Supplemental Nutrition Assistance Program (SNAP) Employment & Training (E&T) provides eligible low-income households with employment and education services. E&T funding is administered by state agencies through contracted providers, which receive funds to cover education and other program costs.

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- The Temporary Assistance for Needy Families (TANF) block grant is best known for providing monthly cash assistance to needy families with children but may be used to support subsidized employment, on-the-job training, and training and education programs.

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## Introduction

In recent years, policymakers, industry stakeholders, and educational institutions have shown an interest in the federal government increasing financial support to individuals who pursue training and postsecondary education in non-degree instructional and work-based learning programs. These are instructional or work-based programs designed primarily for individuals beyond high school age and for which a degree is not conferred upon completion. Such programs include, but are not limited to, apprenticeships (e.g., masonry), college certificate programs (e.g., medical billing), and courses that lead to professional certificates or licensure (e.g., Microsoft certifications). By some accounts, there already is, and will continue to be, demand for workers to fill jobs that do not require a college degree but do require training or postsecondary education (e.g., skilled electrical work, health care support services). In addition, there is some evidence that the percentage of jobs requiring more than a high school diploma but not a degree is increasing.<sup>1</sup> Although the federal government annually makes available over \$100 billion in direct financial aid to individuals pursuing postsecondary education, the overwhelming majority of those funds are not available to a significant proportion of the individuals pursuing training and education through postsecondary non-degree programs. As some traditional colleges experience declining enrollment, some schools have shown an interest in creative approaches to increasing enrollment and maintaining revenues, including reaching out to adults who want to pursue completion of short programs that allow quick reentry into the workforce and/or increase earnings.<sup>2</sup> Given the purported demand for workers with certain postsecondary non-degree credentials, Congress may consider viable options for providing direct federal support to students pursuing the completion of non-degree programs.

Several proposals have surfaced recently that would increase direct federal support to students pursuing training and education in non-degree (short-term) programs. From 2011 to 2017, the Department of Education (ED) experimented with allowing Pell Grants to be received for short-term non-degree postsecondary education programs.<sup>3</sup> In October 2019, the House Committee on Education and Labor ordered reported the College Affordability Act (H.R. 4674), which would comprehensively reauthorize the Higher Education Act (HEA) and would expand the types of non-degree programs eligible for Pell Grants.<sup>4</sup> In 2018, the President's Council of Economic Advisers presented options for bringing 25- to 64-year-olds back into the workforce with the skills required in the changing economy in an effort to increase the rate of economic growth. These included providing unemployment insurance benefits for individuals while training, providing Pell Grants for some short-term training programs, and developing a new

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<sup>1</sup> William C. Symonds, Robert Schwartz, and Ronald F. Ferguson, *Pathways to prosperity: Meeting the challenge of preparing young Americans for the 21<sup>st</sup> century* (Cambridge, MA: Pathways to Prosperity Project, Harvard University Graduate School of Education, 2011), p. 3, [https://www.gse.harvard.edu/sites/default/files/documents/Pathways\\_to\\_Prosperty\\_Feb2011-1.pdf](https://www.gse.harvard.edu/sites/default/files/documents/Pathways_to_Prosperty_Feb2011-1.pdf).

<sup>2</sup> Eric Kelderman, "Enrollment Shortfalls Spread to More Colleges," *The Chronicle of Higher Education*, May 20, 2019; Jon Marcus, "New Research Questions the Value of Certificates Pushed by Colleges, Policymakers," *The Hechinger Report*, October 24, 2017, <https://hechingerreport.org/new-research-questions-value-certificates-pushed-colleges-policymakers/>; and Clifford Adelman, Ph.D., *Searching for Our Lost Associate's Degrees: Project Win-Win at the Finish Line*, Institute for Higher Education Policy, Washington, DC, October 2013, [http://www.ihep.org/sites/default/files/uploads/docs/pubs/pww\\_at\\_the\\_finish\\_line-long\\_final\\_october\\_2013.pdf](http://www.ihep.org/sites/default/files/uploads/docs/pubs/pww_at_the_finish_line-long_final_october_2013.pdf).

<sup>3</sup> U.S. Department of Education, *Experimental Sites Initiative, Experiments*, <https://experimentalsites.ed.gov/exp/approved.html> on February 18, 2020.

<sup>4</sup> For more detail on the provisions, see the "Job Training Pell Grants" section of CRS Report R46176, *H.R. 4674, the College Affordability Act: Proposed Reauthorization of the Higher Education Act, Summary of Major Provisions*.

comprehensive program for retraining displaced workers.<sup>5</sup> The President's FY2021 budget request for ED proposed expanding Pell Grants to short-term programs that are not currently Pell-eligible.<sup>6</sup> Several education and business organizations have supported extending Pell Grants, and occasionally Direct Loans, to programs that are shorter in duration than those that are currently eligible.<sup>7</sup>

Some stakeholders, however, express concerns about promoting non-degree programs and increasing financial support for students pursuing them. There is concern that some non-degree programs do not increase the employment or earnings of completers compared to individuals whose highest level of education is high school completion. Some concerns focus on how the federal government would ensure the quality of the programs.<sup>8</sup> Other concerns focus on potentially high federal costs associated with supporting the programs, the potential need for student supports and business coordination, and the possibility of perpetuating income inequalities by fostering lower income students to pursue non-degree programs that lead to lower income professions.<sup>9</sup> Some have raised questions about the demonstrated diminishing labor market returns over time for some technical non-degree programs, including apprenticeships.<sup>10</sup> Additionally, some non-degree educational programs intended to prepare individuals for a specific occupation are neither required by nor necessarily preferred by employers, although the programs may be of a high quality.<sup>11</sup>

In light of evidence of employers increasingly relying on degrees when establishing hiring requirements,<sup>12</sup> non-degree credential holders may have more difficulties in securing employment over the long term. In addition, adults with degrees currently employed in positions that do not require a degree may be crowding non-degree holders out of some occupations. In 2018, for

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<sup>5</sup> Executive Office of the President, Council of Economic Advisers, *Addressing America's Reskilling Challenge*, July 2018, <https://www.whitehouse.gov/wp-content/uploads/2018/07/Addressing-Americas-Reskilling-Challenge.pdf>.

<sup>6</sup> Office of Management and Budget, *A Budget for America's Future – President's Budget FY 2021*.

<sup>7</sup> Andrew Kreighbaum, "Brewing Battle Over Pell Grants," *Inside Higher ED*, July 8, 2019; and Opportunity America, the American Enterprise Institute for Public Policy Research, and the Brookings Institution, *Work, Skills, Community: Restoring Opportunity for the Working Class*, 2018, p. 15, <http://www.aei.org/spotlight/work-skills-community-report/> (Hereinafter referred to as "Restoring Opportunity for the Working Class, 2018").

<sup>8</sup> Michelle Van Noy, Heather McKay, and Suzanne Michael, *Non-Degree Credential Quality: A Conceptual Framework to Guide Measurement*, Rutgers Education and Employment Research Center, July 2019, [https://smlr.rutgers.edu/sites/default/files/rutgerseerc\\_ndcquality\\_framework\\_full\\_paper\\_final.pdf](https://smlr.rutgers.edu/sites/default/files/rutgerseerc_ndcquality_framework_full_paper_final.pdf).

<sup>9</sup> Paul Fain, "Support Grows for Major Shift in Pell," *Inside Higher Ed*, July 10, 2017, <https://www.insidehighered.com/news/2017/07/10/support-builds-expanding-pell-eligibility-short-term-certificates>; Restoring Opportunity for the Working Class, 2018, p. 15.

<sup>10</sup> Clive Belfield and Thomas Bailey, *The Labor Market Returns to Sub-Baccalaureate College: A Review*, Center for Analysis of Postsecondary Education and Employment, A CAPSEE Working Paper, March 2017, <https://capseecenter.org/labor-market-returns-sub-baccalaureate-college-review/>; and Eric A. Hanushek, Ludger Woessmann, and Lei Zhang, *General Education, Vocational Education, and Labor-Market Outcomes Over the Life-Cycle*, National Bureau of Economic Research, Working Paper 17504, Cambridge, MA, October 2011, <https://www.nber.org/papers/w17504.pdf> (which found that the change in labor market returns with age did not exist in the United States and other countries with a small non-degree education system).

<sup>11</sup> Jon Marcus, "New Research Questions the Value of Certificates Pushed by Colleges, Policymakers," *The Hechinger Report*, October 24, 2017, <https://hechingerreport.org/new-research-questions-value-certificates-pushed-colleges-policymakers/>.

<sup>12</sup> Opportunity America, the American Enterprise Institute for Public Policy Research, and "Restoring Opportunity for the Working Class, 2018, p. 66.

instance, 28% of employment was in occupations that typically require a degree for entry-level positions, while 42% of the population aged 18 and over had a degree.<sup>13</sup>

This report provides an overview of existing federal programs and benefits that support individuals engaged in the pursuit of training and education in non-degree instructional and work-based learning programs. It informs consideration of additional or revised policy approaches aiming to support pursuit of training and education through non-degree programs. The report begins with a brief description of employer demand for individuals who have completed non-degree programs. This is followed by a discussion of the landscape and key characteristics of non-degree programs, from those offered through work-based learning to those offered through more formal instructional means. The report concludes with a detailed description of six federal programs and three tax benefits that currently provide direct financial support to students pursuing training and postsecondary education in non-degree instructional and work-based learning programs.<sup>14</sup> Each program and benefit description highlights potential gaps and limitations in the scope and extent to which the program or benefit supports individuals pursuing non-degree programs, as well as student eligibility requirements and federal administration and oversight.

## Labor Market for Non-degree Programs

Key stimuli for promoting financial support for individuals pursuing training and postsecondary education in non-degree programs include that the unfulfilled employer/business need for individuals with non-degree credentials is impeding, and/or will impede, economic growth; and that an individual's attainment of a non-degree postsecondary credential provides a worthwhile payoff. This section of the report provides data on the proportion of total employment and mean wages earned in occupations by typical entry-level education requirements. This discussion provides a sense of the market for non-degree credentials. It does not offer a comprehensive exposition of labor market returns and social impacts of increased non-degree program completion.

In May 2018, approximately 6.2% of jobs in the national economy were in occupations for which the typical entry-level education requirement was a non-degree postsecondary credential (**Table 1**). The Department of Labor's (DOL's) Bureau of Labor Statistics (BLS) assigns a typical entry-level education requirement—the typical education level most workers need to enter an occupation—for occupations that it tracks.<sup>15</sup>

**Table 1** also presents the mean annual wages for occupations by typical entry-level education required. Mean annual wages for occupations that, at entry, require a high school diploma or its equivalent, some college but no degree, or a non-degree credential are all similar. While **Table 1**

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<sup>13</sup> Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Overview of May 2018 occupational employment and wages, [https://www.bls.gov/oes/current/overview\\_2018.htm](https://www.bls.gov/oes/current/overview_2018.htm) (last modified date: March 29, 2019); and Census Bureau, *Table 1. Educational Attainment of the Population 18 Years and Over, by Age, Sex, Race, and Hispanic Origin: 2018*, February 21, 2019, <https://www.census.gov/data/tables/2018/demo/education-attainment/cps-detailed-tables.html>.

<sup>14</sup> Noneducation related benefits for families with dependents aged 19 to 23 who are students are not included. Programs that provide income support (e.g., unemployment insurance), subsistence (e.g., Section 8 Project-Based Rental Assistance), or other resources (e.g., Child Care and Development Fund) to eligible individuals, including students, are not included.

<sup>15</sup> For a discussion of BLS data limitations regarding the entry-level education requirements, see U.S. Department of Labor, Bureau of Labor Statistics, "Employment Projections: Measures of education and training," press release, October 24, 2017, <https://www.bls.gov/emp/documentation/education/tech.htm>.

shows differences in mean annual wages across education categories, these wages do not capture differences within the categories, which in many cases may include sizeable earnings differentials. For example, some research has found earnings premiums for individuals attaining long-term certificates, certificates in technical (e.g., electronics) and health fields, certificates in the field in which the individual works, and certificates from community colleges.<sup>16</sup>

**Table 1. Occupational Employment and Wages, by Typical Entry-Level Education Required: May 2018**

Typical Entry-Level Education Requirement for Occupation <sup>a</sup>	Share of Total Employment (%)	Mean Annual Wage <sup>b</sup>
Doctoral or professional degree	2.5	\$130,090
Master's degree	1.9	\$77,430
Bachelor's degree	21.7	\$87,130
Associate's degree	2.3	\$56,970
Non-degree credential	6.2	\$42,530
Some college, no degree	2.5	\$39,470
High school diploma or equivalent	38.7	\$43,060
No formal educational credential	24.2	\$27,890
All occupations	100.0	\$51,960

**Source:** U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment Statistics, Overview of May 2018 occupational employment and wages, [https://www.bls.gov/oes/current/overview\\_2018.htm](https://www.bls.gov/oes/current/overview_2018.htm) (last modified date: March 29, 2019).

- The typical education needed for entry represents the typical education level most workers need to enter an occupation.
- The mean annual wage is calculated by summing the wages of all the employees in a given occupation and then dividing the total wages by the number of employees.

## Non-degree Programs

Postsecondary non-degree programs provide training and education primarily to individuals who are beyond the typical age for secondary education. Most, but not all, non-degree programs are intended to prepare individuals for a particular occupation. Non-degree programs may be described by various classifications. One commonly used classification scheme delineates programs primarily provided by educational institutions (non-degree instructional) and by employers (work-based learning), although some programs include both instructional training and work-based learning.

<sup>16</sup> Mark Schneider, Higher Education Pays: Measuring the Economic Security of Florida's Postsecondary Graduates, College Measures, p. 70; Research for Action, Research Brief: Measuring the Effects of Outcomes-Based Funding on Certificate Production: Challenges, Inconsistencies and Recommendations for Future Research, February 2019, pp. 4-5; and Mina Dadgar and Madeline Joy Trimble, "Labor Market Returns to Sub-Baccalaureate Credentials: How Much Does a Community College Degree or Certificate Pay?," Educational Evaluation and Policy Analysis, vol. 37, no. 4 (December 2015), p. 399-418, overview at <https://ccrc.tc.columbia.edu/publications/labor-market-returns-sub-baccalaureate.html>.

## Non-degree Instructional Programs

In general, postsecondary non-degree instructional programs are a combination of postsecondary courses or a postsecondary curriculum that fulfills an educational or professional objective, but for which a student does not earn a degree upon completion.

### What Characterizes a Postsecondary Non-degree Instructional Program?

For purposes of this report, a *postsecondary non-degree instructional program* is any curriculum or any combination of courses or subjects that generally fulfills one or more identified educational, professional, avocational, or vocational objectives; does not lead to a degree; is primarily offered through instruction; primarily enrolls individuals beyond the compulsory age of education; and does not require being enrolled in or having completed a bachelor's or higher degree program. Non-degree instructional programs may be required to meet accreditation standards if offered for credit; meet state board, licensure, or certification standards if required for state board approval, licensure, or certification; or meet state education law standards if offered by an educational institution, as required by state law. This definition is adapted from 38 U.S.C. §3452(b) and U.S. Department of Education, National Center for Education Statistics, *Data Point: Degree and Non-degree Credentials Held by Labor Force Participants*, NCES 2018-057, March 2018.

### What Characterizes a Postsecondary Degree Program?

A degree program at postsecondary educational institutions confers a degree—an associate's degree, bachelor's degree, or higher level academic degree (e.g., doctoral degree)—on students who successfully complete the program. The postsecondary educational institution must either be empowered by the appropriate state education authority under state law to offer the degree program, or in some instances be approved by a recognized accrediting agency to offer a degree program (38 U.S.C. §3452(f)). Laws, regulations, and practices pertaining to degree program requirements vary across the states. State requirements may be administered by a state higher education entity, state nursing board, state professional licensing and certification board, state workforce development board, or other entity. States establish degree program requirements that vary, but often are related to credit hours, curriculum, and employment prospects of program completers (See, for example, Pennsylvania Code §31.21, Washington Administrative Code 250-61-100, or 23 Illinois Administrative Code 1030).

Non-degree instructional programs prepare individuals for a wide variety of specialized jobs and more general employment. Upon completion of a non-degree instructional program, individuals receive a postsecondary educational certificate, which is a credential awarded by an educational institution based on the completion of a postsecondary instructional program, including coursework, assessment, or other performance evaluations.<sup>17</sup> Individuals pursue non-degree programs for various reasons, including to expand knowledge and skills, to prepare for further education, to prepare for employment, to sustain employment, and when seeking promotion.

For purposes of this report, non-degree instructional programs exclude those that lead to postbaccalaureate certificates and exclude *transfer programs*. Typically, transfer programs do not award a certificate or degree, but provide education for at least two academic years and are acceptable for full credit toward a bachelor's degree.

Non-degree instructional programs should not be confused with certifications and licenses, which are occupational credentials awarded by entities that assess whether individuals have met established occupational standards or requirements.<sup>18</sup> Licenses are required to practice in some

<sup>17</sup> S. Cronen, M. McQuiggan, and E. Isenberg, *Adult Training and Education: Results from the National Household Education Surveys Program of 2016* (NCES 2017-103rev), National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. Washington, DC, 2017, p. 1, <https://nces.ed.gov/pubs2017/2017103rev.pdf> (Hereinafter referred to as "NCES 2017-103rev").

<sup>18</sup> A certification is an occupational credential awarded by a certification body, such as a professional association or certifying board, based on an individual demonstrating through an examination process that he or she has acquired the

occupations. Certifications show that an individual has attained competency in an occupation. Some certifications and licenses require the completion of a non-degree instructional (or degree) program.

## Non-degree Instructional Program Providers

A diverse set of entities offer non-degree instructional programs. Traditional postsecondary educational institutions—colleges and universities—offer non-degree instructional programs, as do trade, vocational, and technical schools. In fall 2018, almost 3,000 institutions of higher education enrolled nearly 1.9 million non-degree seeking undergraduate students.<sup>19</sup> Other entities also offer such programs, including businesses; professional organizations; trade unions; nonprofit organizations; federal, state, and local governments; museums; bootcamps; hospitals; and the military. One study estimated that there were over 4,500 for-profit non-traditional postsecondary educational institutions enrolling almost 670,000 students in academic year (AY) 2009-2010.<sup>20</sup>

## Duration, Structure, and Cost of Programs

Non-degree instructional programs vary considerably in length and duration. Programs may require a few days or more than two years to complete. Generally, the length is related to curriculum requirements, industry expectations, and the breadth and complexity of skills that the program is intended to instill. The length of the program may also be affected by federal, state, and private entities that require a minimum number of educational hours to be eligible for employment, or for certification or licensing. The overall program duration may be broken up if it is designed in stackable units. A single educational program aligned to a career path may be redesigned into a sequence of independent programs (stackable units).

### Stackable Units

A stackable unit is a sequence of independent programs that are aligned to a career path and that progress to higher-level certificates or credentials. Each stackable credential qualifies an individual for related employment. An individual may supplement a degree or other credential with one or more stackable credentials.<sup>21</sup> Stackable credentials may also be designed to help individuals adapt to a changing labor market while advancing their careers.<sup>22</sup>

Programs are offered in classrooms, online, by correspondence, with cooperative elements, or through a combination of methods.

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designated knowledge, skills, and abilities to perform a specific job; examples include Cisco certified network associate (CCNA) certification and medical technician certification. A license is an occupational credential awarded by a government agency that constitutes legal authority to do a specific job; examples include a medical license and an electrician's license. NCES 2017-103rev, p. 1.

<sup>19</sup> CRS calculations based on ED's Integrated Postsecondary Education Data System (IPEDS) using the total of undergraduate non-degree/certificate-seeking students at Title IV-participating institutions in fall 2018.

<sup>20</sup> The estimate was primarily based on state authorized postsecondary institutions that are not accredited. C. Goldin, S.R. Cellini, "Does Federal Student Aid Raise Tuition? New Evidence on For-Profit Colleges," *American Economic Journal: Economic Policy*, 2014;6 (November):174-206, p. 16.

<sup>21</sup> Research for Action, *Research Brief: Measuring the Effects of Outcomes-Based Funding on Certificate Production: Challenges, Inconsistencies and Recommendations for Future Research*, February 2019, pp. 4-5.

<sup>22</sup> Evelyn Ganzglass, *Scaling "Stackable Credentials": Implications for Implementation and Policy*, Center for Postsecondary and Economic Success, March 2014.

Generally, students must fund or find funding for the cost of a program, and, if applicable, for related living expenses and lost wages for foregone employment. Program cost varies by length, program resource requirements, and provider. For example, for the most heavily enrolled programs in AY2018-2019, the average published cost for tuition and fees was over \$9,000 at public less-than-two-year colleges and approximately \$15,000 at private less-than-two-year colleges.<sup>23</sup>

## Credit and Noncredit Programs

In non-degree instructional programs, a dichotomy exists between programs made up of credit course(s) and those structured as a series of noncredit courses. However, courses in the same field of study with the same vocational objective and industry recognition may be offered for credit at one institution and noncredit at another, or even within the same institution.<sup>24</sup>

Generally speaking, individuals who successfully complete credit courses and programs earn *credits* that may be transferred or used as currency toward the completion of other credit programs (either at the conferring school or at another school). All degree programs are credit programs. Credit programs are most often approved by an accrediting entity and may have more stringent student entrance or prerequisite requirements. Credit programs may lead to a variety of vocations.<sup>25</sup>

Although noncredit programs may offer continuing education units (CEUs) or vocational certificates to program completers, the programs do not proffer these students currency toward the pursuit of credit programs or noncredit programs in other fields. The advantage of noncredit programs is that they often are less expensive for students and educational institutions, cover a broader range of topics, and can be modified more quickly to be attentive to industry and student needs.<sup>26</sup> Noncredit programs may satisfy career entry requirements;<sup>27</sup> may include adult basic education (ABE) and English as a second language (ESL) instruction; may provide personal enrichment; and may be customized training.<sup>28</sup> Based on 2007-2013 enrollment information from

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<sup>23</sup> CRS calculations based on the published tuition and fees in AY2018-2019 for the largest program for full-time, first-time undergraduate students, averaged across the number of reporting institutions, from the Department of Education, Integrated Postsecondary Education Data System. A *less-than-two-year college* is a postsecondary institution that offers instructional programs of less than two years duration.

<sup>24</sup> John Milam, "The Role of Noncredit Courses in Serving Nontraditional Learners," *New Directions for Higher Education*, no. 129 (Spring 2005), p. 61.

<sup>25</sup> Mark Schneider, *Higher Education Pays: Measuring the Economic Security of Florida's Postsecondary Graduates*, College Measures, p. 31; and Di Xu and Xiaotao Ran, *Noncredit Education in Community College: Students, Course Enrollments, and Academic Outcomes*, Community College Research Center, Teachers College, Columbia University, CCRC Working Paper No. 84, September 2015, p. 12.

<sup>26</sup> Di Xu and Xiaotao Ran, *Noncredit Education in Community College: Students, Course Enrollments, and Academic Outcomes*, Community College Research Center, Teachers College, Columbia University, CCRC Working Paper No. 84, September 2015, p. 1; and U.S. Government Accountability Office, *Public Community Colleges and Technical Schools: Most Schools Use Both Credit and Noncredit Programs for Workforce Development*, GAO-05-4, October 18, 2004, p.11.

<sup>27</sup> Mark Schneider, *Higher Education Pays: Measuring the Economic Security of Florida's Postsecondary Graduates*, College Measures, p. 24; and Di Xu and Xiaotao Ran, *Noncredit Education in Community College: Students, Course Enrollments, and Academic Outcomes*, Community College Research Center, Teachers College, Columbia University, CCRC Working Paper No. 84, September 2015, p. 12.

<sup>28</sup> Di Xu and Xiaotao Ran, *Noncredit Education in Community College: Students, Course Enrollments, and Academic Outcomes*, Community College Research Center, Teachers College, Columbia University, CCRC Working Paper No. 84, September 2015, p. 8; and U.S. Government Accountability Office, *Public Community Colleges and Technical Schools: Most Schools Use Both Credit and Noncredit Programs for Workforce Development*, GAO-05-4, October 18,

nine colleges in one state community college system, approximately 38% of enrollments were in noncredit courses: vocational (18%), ABE (9%), ESL (7%), and general educational development (GED) (4%).<sup>29</sup>

## Participation Data

National level data on the universe of non-degree instructional programs, enrollment, and completions are incomplete.<sup>30</sup> Some states and the federal government do not collect data on noncredit programs.<sup>31</sup> A 2016 nationwide survey found that 8% of adults aged 16-65 and not enrolled in high school had a postsecondary certificate, although some of these certificates may be postgraduate.<sup>32</sup> The subset of educational institutions participating in the HEA Title IV federal student aid programs (see the “HEA Title IV Federal Student Aid” section below) awarded almost 1 million for-credit non-degree undergraduate credentials and approximately 3 million undergraduate degrees in AY2017-2018.<sup>33</sup>

## Work-Based Learning Programs

The term *work-based learning* refers to a range of training and educational activities that are intended to impart general or specific workplace skills to individuals through time spent at an employer’s worksite or a simulated work location. The terms defined in **Table 2** are examples of common types of work-based learning in the federal context. Work-based learning is a broad term and may occur at multiple points in a career path and in multiple forms, ranging from career exploration for youth to highly specialized technical training for incumbent workers.<sup>34</sup> Activities considered to be work-based learning include, but are not limited to, on-the-job training (OJT), apprenticeships, summer job experiences, internships, externships, residencies, cooperative programs (co-ops), and paid or unpaid work experiences. Programs that provide wages or remuneration are often referred to as *earn and learn programs*.<sup>35</sup>

**Table 2. Examples of Work-Based Learning**

Type of Work-Based Learning	Description
<b>Apprenticeship</b>	An arrangement that includes a paid-work component and an educational or instructional component, wherein an individual obtains workplace relevant knowledge and skills. <sup>a</sup>

2004.

<sup>29</sup> Data on noncredit programs are not collected at a national level in part because the programs are not eligible for Title IV aid. Di Xu and Xiaotao Ran, *Noncredit Education in Community College: Students, Course Enrollments, and Academic Outcomes*, Community College Research Center, Teachers College, Columbia University, CCRC Working Paper No. 84, September 2015, p. 2, 8-9; and John Milam, “The Role of Noncredit Courses in Serving Nontraditional Learners,” *New Directions for Higher Education*, no. 129 (Spring 2005), p. 57.

<sup>30</sup> Michelle Van Noy, Heather McKay, and Suzanne Michael, *Non-Degree Credential Quality: A Conceptual Framework to Guide Measurement*, Rutgers Education and Employment Research Center, July 2019, [https://smlr.rutgers.edu/sites/default/files/rutgerseerc\\_ndcquality\\_framework\\_full\\_paper\\_final.pdf](https://smlr.rutgers.edu/sites/default/files/rutgerseerc_ndcquality_framework_full_paper_final.pdf).

<sup>31</sup> Jenna Leventoff, *Measuring Non-Degree Credential Attainment*, National Skills Coalition, May 2018, p. 2.

<sup>32</sup> NCES 2017-103rev, p. 3. In the context of the Adult Training and Education Survey (ATES) of the National Household Education Surveys Program, 2016, “*Adults* are persons aged 16 to 65 and not enrolled in high school.”

<sup>33</sup> CRS compiled data from the U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS).

<sup>34</sup> Generally speaking, an incumbent worker is an existing employee with an employment history (20 C.F.R. §680.780).

<sup>35</sup> 38 C.F.R. §21.4233(a).

Type of Work-Based Learning	Description
<b>Cooperative program (co-op)</b>	A full-time program of education consisting of phases of school instruction alternated with training in a business or industrial establishment, with such training being strictly supplemental to the school instruction that may be approved. <sup>b</sup>
<b>Customized training</b>	Training that is designed to meet the specific requirements of an employer or group of employers; that is based on a commitment of an employer to employ, or continue to employ, an individual who successfully completes the training; and for which the employer pays a “significant” amount of its cost. <sup>c</sup>
<b>Incumbent worker training</b>	Training that is designed to meet the specific requirements of an employer or group of employers in order to retain employees or avert layoffs and is based on a commitment by the employer to retain the incumbent workers who successfully complete training. <sup>d</sup>
<b>Internship</b>	A planned, structured learning experience that takes place in a workplace for a limited period of time. Internships may be paid or unpaid. <sup>e</sup>
<b>On-the-job training (OJT)</b>	Paid, productive work experience offered by an employer or other industry-relevant entity intended to provide knowledge or skills essential to the full and adequate performance of the job for which training is provided. OJT may include theoretical and technical instruction. <sup>f</sup>
<b>Registered apprenticeship (RA)</b>	Apprenticeships that have been approved by the Department of Labor (DOL) or a DOL-approved state agency as meeting specified standards. <sup>g</sup>

**Sources:**

- a. Department of Labor Task Force on Apprenticeship Expansion, *Final Report of the Task Force on Apprenticeship Expansion*, May 10, 2018, p. 40.
- b. 38 C.F.R. §21.4233(a).
- c. 20 C.F.R. §680.760.
- d. 20 C.F.R. §680.790.
- e. 20 C.F.R. §680.180.
- f. 29 U.S.C. §3102(44).
- g. For more information on RA, see CRS Report R44174, *Apprenticeship in the United States: Frequently Asked Questions*.

**Registered Apprenticeship (RA)**

RA programs are a distinctive form of work-based learning because of their DOL oversight.<sup>36</sup> RA programs are registered with DOL or a DOL-approved state agency if they meet standards delineated in federal regulations. Among the requirements, a registration application must include a work process schedule, which outlines the major competencies of the occupation and how a combination of OJT and/or related instruction will lead to the worker demonstrating proficiency in those competencies. Once a program is registered, the registration agency must review the program no less than once every five years to ensure that it remains in compliance with the required standards. If the program demonstrates a “persistent and significant failure to perform successfully,” the program may be deregistered.<sup>37</sup>

<sup>36</sup> For more information on RA programs, see CRS Report R45171, *Registered Apprenticeship: Federal Role and Recent Federal Efforts*.

<sup>37</sup> See 29 C.F.R., Chapter 29 for more information on standards and deregistration.

## Providers

Because work-based learning encompasses such a broad range of training activities, it is possible for multiple types of entities or individuals to offer such learning experiences. Work-based learning experiences may be provided by employers (either formally or informally), labor unions, external training providers, educational institutions providing work-relevant instruction, or partnerships of these entities.

## Structure, Duration, and Cost of Programs

Work-based learning is generally structured to meet the needs of the employer, potential employer, or trainee. For example, summer internships may offer three to four months of informal training opportunities. Conversely, a summer internship may offer a formal curriculum covering specified procedures or tasks through iterative task-based coaching/instruction.

RA programs require at least 2,000 hours of supervised OJT and range in duration from one to six years, but most RA programs are four years in duration.<sup>38</sup> Some RA programs take a time-based approach through which an apprentice learns and obtains skills by completing a specified number of hours of OJT. Other programs take a competency-based approach in which skill attainment is verified by the apprentice demonstrating proficiency in the skill learned. Programs may also be constructed as hybrid programs that combine aspects of the time-based and competency-based approaches. All RA program designs must include related instruction to supplement OJT.

The costs of work-based learning programs are primarily borne by the provider, but the trainee may be required to cover his/her living costs. Program costs may include the lost work time of experienced employees, fees for contracted trainers, and trainee wages. As the work-based learning progresses, some portion of the program costs may be offset by the trainee's increased productivity. In some cases, trainees may be required to pay for related instruction or other costs. Work-based learners who do not receive remuneration or receive nominal remuneration must provide for their own transportation, room, and board while also potentially forgoing the opportunity to earn wages from other paid employment.

## Participation Data

The data on work-based or employer provided training are not extensive. The data sets that do exist often differ in methodology, timeframe, and purpose. For example, some surveys look only at firms with 50 or more employees, while others are part of larger household surveys not designed around employer provided training questions. A summary of four different government surveys related to employer provided training in the 1990s concluded that while most establishments offer some training (formal or informal), the percentage of workers receiving training ranged from 16% to 70%.<sup>39</sup>

A 2016 nationwide survey found that 21% of adults aged 16-65 had completed a work-based learning program, although not all of these programs were intended to prepare individuals for a

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<sup>38</sup> See <https://doleta.gov/OA/apprenticeship.cfm>.

<sup>39</sup> Robert I. Lerman, Signe-Mary McKernan, and Stephanie Riegg, "The Scope of Employer-Provided Training in the United States: Who, What, Where, and How Much?," *Job Training Policy in the United States*, ed. Christopher J. O'Leary, Robert A. Straits, and Stephen A. Wandner (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2004), p. 222.

particular occupation or field of work.<sup>40</sup> Among adults aged 16-65, the most common work-based learning programs completed were in healthcare and teaching.<sup>41</sup>

With respect to RA, DOL reported approximately 633,000 active apprentices in about 25,000 active programs in FY2019.<sup>42</sup> In the same year, about 81,000 apprentices completed a program.<sup>43</sup> The construction industry currently accounts for the largest share of apprenticeships, though they are available in other industries such as manufacturing and transportation.<sup>44</sup>

## **Federal Programs and Benefits**

The federal government provides direct financial support to individuals pursuing training and education that might better prepare them for entry into the workforce and that might help them realize their potential. None of the federal programs or benefits that provide such support focus exclusively on promoting training or education through the pursuit of non-degree programs. With that caveat in mind, federal programs are described below in an order that generally attempts to correspond to their relevance to supporting the pursuit of training or education through non-degree programs. The design and implementation of the federal programs and benefits are notably different in several aspects including, but not limited to, the choice and monitoring of non-degree programs.

The primary benefit programs are the Workforce Innovation and Opportunity Act (WIOA) Title I program, the federal student aid programs, federal tax benefits, and veterans educational assistance. WIOA Title I, administered by the Department of Labor (DOL), is intended to encourage general workforce development and may be used to directly subsidize training costs of individuals who pursue training and education. The federal student aid programs, authorized under Title IV of the Higher Education Act (HEA) and administered by the Department of Education, provide grants and loans to students to aid them in accessing and completing postsecondary education programs. The Internal Revenue Service (IRS) administers the Internal Revenue Code, which, among other things, provides certain tax benefits as a strategy for post-education financial support. Educational assistance administered by the Department of Veterans Affairs (VA), specifically the Post-9/11 GI Bill and Veteran Employment Through Technology Education Courses (VET TEC), are programs designed to provide direct financial support to students that allows them to pursue a wide variety of educational and training programs.

Two programs that augment the basic living supports for needy families with some training and education assistance are also discussed in this report. Supplemental Nutrition Assistance Program (SNAP) Employment & Training (E&T), administered by the Department of Agriculture (USDA), provides training and education opportunities to individuals with a high risk for educational failure. Temporary Assistance for Needy Families (TANF), administered by the Department of Health and Human Services (HHS), provides flexibility to states to use TANF funds for activities that would develop a more highly skilled workforce through training and education.

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<sup>40</sup> NCES 2017-103rev, p. 3.

<sup>41</sup> NCES 2017-103rev, p. 4.

<sup>42</sup> U.S. Department of Labor, "Registered Apprenticeship National Results Fiscal Year (FY) 2019 (10/01/2018 to 9/30/2019)," [https://doleta.gov/oa/data\\_statistics.cfm](https://doleta.gov/oa/data_statistics.cfm), downloaded on February 18, 2020.

<sup>43</sup> Ibid

<sup>44</sup> Ibid.

The subsequent sections of this report describe these prominent federal programs that can be used to support students in non-degree programs. The sections are organized to focus on key program design elements and highlight differences among the programs. **Table 3** highlights a few program characteristics that help to delineate key differences.

**Table 3. Selected Characteristics of Federal Programs Supporting Students who Pursue Training or Education Through Non-degree Programs**

Federal program listed in order of report description

<b>Federal Program (Administering Agency)</b>	<b>General Purpose</b>	<b>Non-degree Programs</b>	<b>Eligible Participants<sup>a</sup></b>	<b>Payment or Tax Benefit Structure</b>	<b>Quality Assurance</b>
<b>WIOA Individual Training Accounts (DOL)</b>	Workforce development. Primarily supports career services, but also training and training support services.	Non-degree instruction.	Adults over age 18 who need training to obtain or retain employment that leads to economic self-sufficiency.	Funds disbursed to training providers.	Only in-demand or potentially in-demand occupations. State and local workforce development boards establish criteria and procedures that meet WIOA minimums.
<b>WIOA Contracts (DOL)</b>		Work-based learning.			
<b>Pell Grants (ED)</b>	Access to and affordability of the benefits of postsecondary education. Primarily support students pursuing degrees.	For-credit instructional programs of at least 600 clock hours over 15 weeks offered by HEA Title IV-eligible IHEs. <sup>b</sup>	Undergraduate students with financial need and no bachelor's degree.	Funds disbursed to schools. Funds remaining after payment of institutional charges are remitted to student or parent.	State agency approval. Accrediting agency approval using HEA minimum criteria. ED certification.
<b>Direct Loans (ED)</b>		For-credit instructional programs of at least 300 clock hours over 10 weeks offered by HEA Title IV-eligible IHEs. <sup>b</sup>	Undergraduate and graduate students, and parents of undergraduates.		
<b>Lifetime Learning Credit (IRS)</b>	Offsets higher education costs, including those incurred to acquire or improve job skills.	Non-degree instruction and work-based learning offered by HEA Title IV-eligible IHEs.	Eligible taxpayers (or their dependents) if income is below specified limits.	Credit that reduces federal income tax liability.	HEA Title IV institutional eligibility criteria.
<b>Employer Provided Assistance (IRS)</b>	Increased employee productivity. <sup>c</sup>	Non-degree instruction and work-based learning.	Employees of participating employers.	Assistance not subject to federal payroll or income taxes.	Employer judgment (to be eligible to be excluded from wages for tax purposes, employer provided educational assistance must be provided under a written educational assistance plan that must meet several requirements).

<b>Federal Program (Administering Agency)</b>	<b>General Purpose</b>	<b>Non-degree Programs</b>	<b>Eligible Participants<sup>a</sup></b>	<b>Payment or Tax Benefit Structure</b>	<b>Quality Assurance</b>
<b>529 Accounts (IRS)</b>	Encourages saving for educational expenses.	Non-degree instruction and work-based learning offered by HEA Title IV-eligible IHEs.	Beneficiaries of established savings accounts.	Tax-advantaged savings account.	HEA Title IV institutional eligibility criteria.
<b>Post-9/11 GI Bill (VA)</b>	Adjustment to civilian life and civilian employment. Facilitating recruitment and retention in the uniformed services.	Non-degree instructional programs, OJT, and RA.	Veterans and servicemembers and their family members.	Tuition and fees paid to educational providers. Housing allowances paid to participants.	State agency approval, and state agency and VA reviews.
<b>VET TEC (VA)</b>		Only non-degree high technology programs that are not offered by degree-granting colleges.	GI Bill-eligible veterans.		Incentive of 50% tuition and fees reimbursement upon participant employment, and VA-developed criteria.
<b>Supplemental Nutrition Assistance Program (SNAP) Employment &amp; Training (E&amp;T) (USDA)</b>	Providing employment and training opportunities for SNAP participants, particularly those subject to the work-related eligibility requirements.	Non-degree instruction and work-based learning.	SNAP participants (financial and other eligibility rules apply); E&T participants are typically those subject to work-related requirements.	State agencies typically fund direct services or fund contracted partners to provide services.	State agency monitoring with federal oversight.
<b>Temporary Assistance for Needy Families (TANF) (HHS)</b>	End government dependency of needy families and promote families living together. Primarily assistance for basic needs.	Non-degree instruction and work-based learning.	Parents or caretakers of TANF households.	States may pay participants or service providers.	State agency monitoring.

**Source:** Table prepared by CRS based on statutory provisions, regulations, and other published guidance.

- a. Additional eligibility rules apply.
- b. HEA Title IV-eligible IHEs are institutions of higher education that meet the eligibility requirements to participate in the HEA Title IV federal student aid programs.
- c. U.S. Congress, House Committee on Agriculture, *Two-Year Extension of Exclusion with respect to Educational Assistance Plans*, To accompany H.R. 2568, 98<sup>th</sup> Cong., 2<sup>nd</sup> sess., September 24, 1984, H.Rept. 98-1049, p. 7.

## WIOA Contracts and Individual Training Accounts (ITAs) (DOL)

Title I of the Workforce Innovation and Opportunity Act (WIOA; P.L. 113-128) is the primary federal workforce development legislation and is intended to bring about increased coordination among federal workforce development and related programs.<sup>45</sup> WIOA Title I is administered by DOL and funded through discretionary appropriations. Services authorized under WIOA are intended to:

increase the employment, retention, and earnings of participants, and increase attainment of recognized postsecondary credentials by participants, and as a result, improve the quality of the workforce, reduce welfare dependency, increase economic self-sufficiency, meet the skill requirements of employers, and enhance the productivity and competitiveness of the Nation.<sup>46</sup>

The Adult and Dislocated Worker Employment and Training Activities program under WIOA Title I provides formula grants to states, which in turn allocate the majority of those funds to local Workforce Development Boards (WDBs). At the local level, funds are required to be used for five main purposes: establishing a One-Stop delivery system, providing career services, providing training services, establishing relationships with employers, and developing industry or sector partnerships.<sup>47</sup>

As part of its service delivery model, WIOA provides consumer choice to participants. The program for adult and dislocated worker participants in WIOA is structured around two main levels of services: career services and training. On an operational level, career services are categorized as *basic* and *individualized*.

Basic services include assistance such as labor market information and job postings, while individualized services include assistance such as skills assessment and case management.

### Recognized Postsecondary Credential

A recognized postsecondary credential is an industry-recognized certificate, certification, certificate of completion of an apprenticeship, license recognized by the state or federal government, or associate's or baccalaureate degree.<sup>48</sup>

### Eligibility of Non-degree Programs

Eligible WIOA participants may pursue training and education at the eligible training provider (ETP) of their choice. A state Eligible Training Provider List (ETPL) identifies choices to customers who are accessing WIOA services. Generally, ETPs include the following:

- institutions of higher education that are eligible to participate in the HEA Title IV federal student aid programs and offer programs leading to a recognized postsecondary credential,
- entities that provide RA, or
- other public or private training providers.<sup>49</sup>

<sup>45</sup> 29 U.S.C., Chapter 32; and 20 C.F.R., Parts 678 and 680.

<sup>46</sup> 29 U.S.C. §3101(6).

<sup>47</sup> 34 C.F.R. §668.32.

<sup>48</sup> 29 U.S.C. §3102(52).

<sup>49</sup> The term *training provider* is not defined in WIOA. However, 20 C.F.R. §680.410 notes that in addition to institutions of higher education and apprenticeship programs, other providers of training services may include community-based organizations and joint labor-management organizations.

Allowable training activities that may be supported with WIOA Title I funds are non-degree and degree instructional programs and certain types of work-based learning, including OJT, RA, customized training, and incumbent worker training. Training must be for occupations that are in demand in the local area or region, are in demand in an area to which the trainee is willing to relocate, or are deemed (by the local WDB) to have “high potential for sustained demand or growth in the local area.”<sup>50</sup> In addition, the implementing regulations for WIOA specify that a program of training services provided by an ETP is one or more courses or classes or a structured regimen that leads to the following:

- an industry-recognized certificate or a certificate of completion of an RA,
- a license recognized by the state or federal government,
- an associate or baccalaureate degree,
- a secondary school diploma or equivalent,
- employment, or
- measurable skill gains toward a credential.

Local areas under WIOA may reserve up to 20% of combined adult and dislocated worker funds for incumbent worker training.

### Participant Eligibility for Training

The workforce development system designed by WIOA is premised on universal access, such that an adult age 18 or older who is a citizen or noncitizen authorized to work in the United States does not need to meet any qualifying characteristics in order to receive career services.<sup>51</sup> While basic career services are available to all adults, individualized career services are to be provided as appropriate to help individuals obtain and retain employment. Under WIOA, service at one level is not a prerequisite for service at the next level.

To be eligible to receive training, an individual must

- be unlikely or unable to obtain or retain employment that leads to economic self-sufficiency,<sup>52</sup>
- be in need of training services to obtain or retain employment that leads to economic self-sufficiency,
- have the skills and qualifications to participate successfully in training,
- select a training service linked to an occupation in the local area (or be willing to relocate to another area where the occupation is in demand), and
- be unable to obtain other grant assistance (e.g., Pell Grants) for the training services.

These determinations are made by a One-Stop operator through an interview, evaluation, or assessment, which can include a recent evaluation or assessment conducted pursuant to another education or training program. Local WDBs designate colleges and universities, private

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<sup>50</sup> 29 U.S.C. §3174(c)(3)(G)(iii).

<sup>51</sup> To participate in WIOA services, an individual must not be in violation of Section 3 of the Military Selective Service Act (i.e., must be registered for military service). 29 U.S.C. §3249(h).

<sup>52</sup> *Economic self-sufficiency* is not defined in WIOA. However, 29 U.S.C. §3174(d)(1)(A)(x) allows local funds to be used to adjust the economic self-sufficiency standards for local factors or to calculate and adopt local self-sufficiency standards.

organizations, and government agencies as One-Stop operators that assess and evaluate individuals and decide which individuals to provide with access to training services.

Of funds allocated to a local area for adult employment and training activities, priority for career and training services is to be given to recipients of public assistance, other low-income individuals, and individuals who are basic skills deficient. It is left to the discretion of the local WDB, in consultation with the state's governor, to determine how to allocate funds among these priority groups.

### **Basic Benefit Payment Structure**

Under WIOA, training is allowed through ITAs or through contracts for services. While ITAs are the primary vehicle, contracts may be used in certain circumstances.<sup>53</sup> WIOA also permits funds to be used for supportive services (e.g., child care and transportation) and “needs-related payments” necessary to enable an individual to participate in training.

When an individual is determined by a One-Stop operator to be eligible to receive training services, that individual, in consultation with the One-Stop operator, may choose training services from the ETPL. At that point, an ITA is established, from which payment is made to the ETP, not to the individual, for training services. Local WDBs have the authority to set limits on the type and duration of training and may choose to set limits on the amount of an ITA, based on individual circumstances or on an across-the-board level. WIOA participants who are in receipt of an ITA may use ITA funds to support non-degree instructional and degree programs and the related instruction portion of an RA. In addition, local WDBs are also authorized to provide supportive services, including transportation, child care, dependent care, housing, and needs-related payments necessary to enable an individual to participate in training.

While training is typically carried out through the ITA model, local WDBs may provide training through a contract for services, which may include various forms of work-based learning.<sup>54</sup> The contract is an agreement between a local WDB and an employer or RA sponsor for occupational training for a WIOA participant in exchange for reimbursement from the WDB. A contract for services may be used if

- the consumer choice requirements of WIOA are met;
- the services are OJT, RA, customized training, incumbent worker training, or transitional employment;
- the local WDB determines there is an insufficient number of training providers in a local area to meet the ITA requirements;
- the local WDB determines there is a local training program of demonstrated effectiveness to serve individuals with barriers to employment;
- the local WDB determines that it is most appropriate to contract training services to train multiple individuals in in-demand occupations or industry sectors; or
- the training service is a pay-for-performance contract.

For example, through a contract, a local WDB may reimburse an OJT provider (employer) for up to 50% of the wage rate of a participant (reimbursement rates may be 75% in limited circumstances). State and local WDBs may also enter into contracts with RA sponsors to

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<sup>53</sup> Byron Zuidema, Deputy Assistant Secretary, *Advisory: Training And Employment Guidance Letter WIOA No. 19-16 Operating Guidance for the Workforce Innovation and Opportunity Act*, Department of Labor, Employment and Training Administration, March 1, 2017, p. 7.

<sup>54</sup> WIOA allows for alternative mechanisms authorized under 29 U.S.C. §3174(c)(3)(G)(ii).

reimburse the sponsors for up to 75% of an apprentice's wages. Notably, reimbursement for wages is supported by a contract, not an ITA.

### Basic Administrative Structure

As noted, states are responsible for developing the ETPL. Local WDBs and One-Stop operators administer the training programs and payments to training providers. Thus, administrative structures and procedures vary by state.

### Quality Assurance Mechanisms

Quality assurance of training providers is established through both initial and continued provider eligibility processes. The governor and the state WDB in each state are responsible for establishing criteria and procedures for eligible providers of training services to receive funding in the local workforce investment areas. RA programs are automatically eligible to be included on the state ETPL.<sup>55</sup> Non-RA training providers not previously eligible under WIOA or its predecessor law must apply to the governor and the local WDB (according to a procedure established by the governor) for initial eligibility of one fiscal year.

To maintain continued eligibility, existing training providers must follow procedures established by the governor and implemented by the local WDB and submit WIOA-specified information. WIOA provides general requirements while allowing local WDBs discretion on specific factors. For example, while WIOA indicates that OJT contracts should be limited in duration, as appropriate to the occupation, the training content, and the participant's prior work experience and service strategy, the exact length of the OJT contract is determined by the local WDB. Similarly, WIOA requires that in determining employer eligibility to receive WIOA incumbent worker training funding, a local WDB must consider the characteristics of individuals in the program and the relationship of the training to the competitiveness of the individual and the employer without establishing quantifiable targets.

### Measures of Program Performance

WIOA requires ETPs and states to report measures of program participation and outcomes. Notably, RA programs are not required to submit ETP performance report information.<sup>56</sup>

To be considered for continued eligibility, providers must submit to the governor every two years the following performance and cost information for participants receiving training under WIOA Title I:<sup>57</sup>

- the percentage of program participants in unsubsidized employment in the second and fourth quarters after program exit;

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<sup>55</sup> The governor must inform all RA programs in the state of this automatic eligibility and must provide an opportunity to RA programs to consent to inclusion on the state ETPL. See 20 C.F.R. §680.470.

<sup>56</sup> 20 C.F.R. §677.230(b). The regulations note that although RA programs are not required to submit ETP performance report information, these programs may voluntarily submit performance information, and that states are required to include such information (if submitted) in ETP reports. As DOL notes, this exemption for RA programs from ETP performance reporting exists because "all apprenticeship programs registered with a recognized State Apprenticeship Agency or the USDOL Office of Apprenticeship undergo a rigorous application and vetting process in order to become registered by the apprenticeship system." See U.S. Department of Labor, *Registered Apprenticeships and the Eligible Training Provider (ETP) List - FAQs*, Washington, DC, May 2016, p. 5, [https://www.dol.gov/apprenticeship/docs/ETPL\\_FAQ\\_Workforce\\_System.pdf](https://www.dol.gov/apprenticeship/docs/ETPL_FAQ_Workforce_System.pdf).

<sup>57</sup> WIOA §122(b)(2). The required information from training providers is for WIOA-funded participants only, not for individuals otherwise participating in the training provider's program.

- median earnings of program participants who are in unsubsidized employment during the second quarter after program exit;
- the percentage of program participants who obtain a recognized postsecondary credential, or secondary school diploma or equivalent, during participation or within one year of program exit;
- information on the type of recognized postsecondary credentials received by program participants;
- information on the cost of attendance, including tuition and fees, for program participants; and
- information on program completion rates for program participants.

In addition, the governor may require additional, specific performance information deemed necessary to determine continued eligibility.

States are required to publish and disseminate annual ETP performance reports. The reports must include the following information with respect to each program of study eligible to receive WIOA funds, disaggregated by the type of entity that provided the training, during the most recent program year and the three preceding program years:

- the total number of participants who received training services through a WIOA Title I program,
- the total number of participants who exited from training services, and
- the average cost per participant for the participants who received training services.

In addition, the ETP performance reports must include the number of participants with barriers to employment served by the WIOA Title I programs, disaggregated by each program of study eligible to receive WIOA funds and each subpopulation of such individuals, and by race, ethnicity, sex, and age.<sup>58</sup>

## Program Participation

The first WIOA ETP performance report is not yet available, but some participation data are available.<sup>59</sup> Within the WIOA-authorized forms of work-based learning, the most recent data available (2017) indicate 955,094 adult participants and 469,572 dislocated worker participants. The majority of participants are age 30 and over (67% of adults and 82% of dislocated workers) and unemployed or have received a layoff notice (82% of adults and 92% of dislocated workers). While many participants had no postsecondary education experience (59% of adults and 47% of dislocated workers), a notable 22% of adults and 34% of dislocated workers had a degree.<sup>60</sup>

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<sup>58</sup> 20 C.F.R. §677.230; Rosemary Lahasky, *Eligible Training Provider (ETP) Reporting Guidance under the Workforce Innovation and Opportunity Act (WIOA)*, U.S. Department of Labor, Employment and Training Administration, Training and Employment Guidance Letter No. 3-18, Washington, DC, August 31, 2018, [http://wdr.doleta.gov/directives/attach/TEGL/TEGL\\_3-18.pdf](http://wdr.doleta.gov/directives/attach/TEGL/TEGL_3-18.pdf).

<sup>59</sup> Rosemary Lahasky, *Eligible Training Provider (ETP) Reporting Guidance under the Workforce Innovation and Opportunity Act (WIOA)*, U.S. Department of Labor, Employment and Training Administration, Training and Employment Guidance Letter No. 3-18, Washington, DC, August 31, 2018, [http://wdr.doleta.gov/directives/attach/TEGL/TEGL\\_3-18.pdf](http://wdr.doleta.gov/directives/attach/TEGL/TEGL_3-18.pdf), p. 7.

<sup>60</sup> U.S. Department of Labor, Employment and Training Administration, Office of Policy Development and Research, *PY2017 Quarter 3 Report for WIOA and Wagner-Peyser*, Washington, DC, July 2018, [https://www.doleta.gov/performance/results/docs/WIOA\\_Performance/PY2017/Q3/WIOA\\_and\\_Wagner-Peyser\\_PY2017Q3.pdf](https://www.doleta.gov/performance/results/docs/WIOA_Performance/PY2017/Q3/WIOA_and_Wagner-Peyser_PY2017Q3.pdf).

**Table 4** shows usage of training services among program exiters in program year 2018. Fewer than 20% of WIOA Title I participants engage in work-based learning provided under contract. The majority, over 66%, of trainees pursue skills training or upgrading through non-degree instructional and degree programs with ITAs. The most popular occupations pursued by adults through training were healthcare, transportation and material moving, and production. The most popular occupations pursued by dislocated workers were transportation and material moving, computer and mathematical, office and administrative support, and management.

**Table 4. Percentage of WIOA Title I Program Exiters, by Training Type**  
PY2018 (July 1, 2018–June 30, 2019)

Services	Adults	Dislocated Workers
Number of trainees	85,705	38,216
Occupational skills training <sup>a</sup>	66%	72%
Skill upgrading <sup>a</sup>	14%	16%
OJT, excluding RA	14%	9%
Customized training	3%	1%
RA	2%	1%

**Source:** U.S. Department of Labor, Employment and Training Administration, Office of Policy Development and Research, *PY2018 Data Book*, Washington, DC, February 2020, Tables II-13 and III-14, [https://www.doleta.gov/performance/results/WIASRD/PY2018/PY\\_2018\\_WIOA\\_and\\_Wagner-Peyser\\_Data\\_Book.pdf](https://www.doleta.gov/performance/results/WIASRD/PY2018/PY_2018_WIOA_and_Wagner-Peyser_Data_Book.pdf).

**Notes:** Percentages do not add to 100%, as participants may receive training of more than one type listed and/or other types not listed.

a. There is no clear distinction between skill upgrading and other occupational skills training.

## Program Limitations

WIOA Title I currently supports adult entry or reentry into the workforce primarily by providing career services, but short-term training and education are also provided. The program assumes that many participants only need career services. Support for non-degree training and education pursuits could be bolstered by the following:

- increasing focus of One-Stop operators to increase access to non-degree training;
- additional funding could be dedicated to wage reimbursement and/or ITAs to ensure the availability of career services;
- the 20% limit on incumbent training could be relaxed to ensure current workers remain employed despite changing skill requirements, and
- the restriction on recipients of training services being able to obtain other grant assistance (e.g., Pell Grants) could be eliminated to allow programs to supplement one another.

Non-degree program quality may vary given state and local flexibility in developing the ETPL.

## HEA Title IV Federal Student Aid (ED)

Title IV of the Higher Education Act (HEA; P.L. 89-329, as amended), authorizes programs that provide financial assistance to students to promote access to, affordability, and completion of higher education at certain institutions of higher education (IHEs). The programs are

administered by the Department of Education. Grants are available to qualified, financially needy students, and loans are available to qualified borrowers (both students and parents of dependent students). The primary types of Title IV aid are Federal Pell Grants<sup>61</sup> and federal student loans made through the William D. Ford Federal Direct Loan (Direct Loan) program.<sup>62</sup> The Pell Grant and Direct Loan programs are designed to provide *portable aid* (i.e., the availability of aid follows students to the eligible postsecondary education institutions in which they choose to enroll). Title IV also authorizes other aid programs that are relatively smaller in scale and thus are not discussed in this report.<sup>63</sup>

Pell Grants and Direct Loan program loans are available to all eligible individuals regardless of congressional appropriations. The Direct Loan program is a mandatory entitlement program for budgetary purposes. As a mandatory entitlement, all eligible individuals have access to borrow in accordance with program rules, and the requisite budget authority is available. The Pell Grant program is often referred to as a *quasi-entitlement* because eligible students receive the Pell Grant award to which they are entitled regardless of discretionary appropriations levels.<sup>64</sup>

### Eligibility of Non-degree Programs

Pell Grants and Direct Loans may be used to pursue Title IV-eligible programs of study, which include non-degree instructional and degree programs and some work-based learning. Title IV-eligible programs must be offered by Title IV-participating IHEs. To be eligible, programs and Title IV-participating IHEs must meet a variety of criteria, including quality assurance (see the “Quality Assurance Mechanisms” section). Title IV-participating IHEs are classified as public IHEs, private nonprofit IHEs, proprietary (private for-profit) IHEs, and public and private nonprofit postsecondary vocational institutions.<sup>65</sup>

Non-degree programs must meet several eligibility requirements.<sup>66</sup> For example, in general, the Title IV-eligible non-degree instructional program and the Title IV-eligible portion of work-based learning must lead to a certificate or other recognized non-degree credential (e.g., diploma or license). Also, Title IV aid is generally not available for noncredit programs or portions of programs for which a defined number of credit or clock hours is not associated.<sup>67</sup> For instructional and work-based learning programs measured in clock hours, the OJT portion of work-based learning must be offered under the supervision of an IHE. If a portion of the OJT is

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<sup>61</sup> For additional information, see CRS Report R45418, *Federal Pell Grant Program of the Higher Education Act: Primer*.

<sup>62</sup> For additional information, see CRS Report R45931, *Federal Student Loans Made Through the William D. Ford Federal Direct Loan Program: Terms and Conditions for Borrowers*.

<sup>63</sup> For information on these programs, see CRS Report RL31618, *Campus-Based Student Financial Aid Programs Under the Higher Education Act*; and CRS Report R46117, *TEACH Grants: A Primer*.

<sup>64</sup> The Pell Grant program is funded through a mix of discretionary and mandatory appropriations.

<sup>65</sup> Any public or private nonprofit institution, including those that award degrees, may act as postsecondary vocational institutions.

<sup>66</sup> For additional information, see *2019-2020 Federal Student Aid Handbook* (hereinafter, *FSA Handbook*), vol. 1, pp. 4-5 and vol. 2, pp. 27-33.

<sup>67</sup> Students enrolled in a Title IV-eligible program may be eligible for up to one academic year of noncredit remedial courses; English as a Second Language courses without time limitations; and, for Direct Loan purposes, up to one year of coursework necessary for enrollment in a Title IV-eligible program. 34 C.F.R. §§668.32, 600.2; *FSA Handbook*, vol. 1, pp. 19-20, 25.

offered by an entity under contract with an IHE, such portion must be less than 50% of the program.<sup>68</sup>

In general, non-degree programs are subject to specific durational requirements,<sup>69</sup> including weeks of instructional time<sup>70</sup> and number of credit or clock hours. For Pell Grants, the non-degree programs offered by public and private nonprofit postsecondary vocational institutions and proprietary institutions must either be

- at least 15 weeks of instructional time and at least one of the following: 600 clock hours, 16 semester hours, or 24 quarter hours;<sup>71</sup> or
- at least 10 weeks of instructional time and at least one of the following: 300 clock hours, 8 semester hours, or 12 quarter hours.<sup>72</sup>

For the Direct Loan program, non-degree programs offered by public and private nonprofit postsecondary vocational institutions and proprietary institutions must be at least 10 weeks of instructional time and 300-599 clock hours.<sup>73</sup> In addition, students must be enrolled in an eligible program of study on at least a half-time basis to borrow through the Direct Loan program. See the text box below for information on an ED experiment with shorter duration programs.

### **Pell Grant Experiment for Shorter Duration Programs**

HEA Section 487A authorizes ED to waive certain HEA Title IV requirements for selected IHEs to evaluate the impact or effectiveness of policy proposals; this is known as the Experimental Sites Initiative (ESI).

From approximately 2012 to 2017, ED implemented an experiment allowing select IHEs to offer Pell Grants to otherwise-eligible students enrolled in a vocational program of at least eight weeks in length and 150-599 clock hours of instructional time.<sup>74</sup> The 150-599 clock-hour programs had to meet the hiring requirement of multiple employers; meet local or regional workforce needs, as determined through consultations with employers or state and local workforce agencies; and allow students to obtain required licensure or certification. ED ended the experiment on June 30, 2017, because participation and data collection was insufficient to rigorously evaluate the value of the expansion in increasing employment or wages.<sup>75</sup> Nevertheless, an evaluation report is expected in early fall 2020.<sup>76</sup>

<sup>68</sup> For additional information on work-based learning, see *FSA Handbook*, vol. 2, p. 31; and Department of Education, *Apprenticeship and the Federal Student Aid Programs*, GEN-14-22, December 18, 2014.

<sup>69</sup> Additional or alternative program eligibility requirements also apply to a variety of specific programs (e.g., those that consist solely of English as a second language or teacher certification programs). For additional information, see *FSA Handbook*, vol. 1, pp. 4-5 and vol. 2, pp. 27-33.

<sup>70</sup> For additional information on the definition of academic year and weeks of instructional time, see *FSA Handbook*, vol. 3, pp. 3-7.

<sup>71</sup> These programs may admit as regular students those who have not completed the equivalent of an associate's degree.

<sup>72</sup> These programs must admit as regular students only those who have completed the equivalent of an associate's degree.

<sup>73</sup> This type of program is known as a short-term program and is only eligible to participate in the Direct Loan program. The program must (1) admit as regular students some individuals who have not completed the equivalent of an associate's degree, (2) have been in existence for at least one year, (3) have verifiable completion and placement rates of at least 70%, and (4) not be more than 50% longer than the minimum training period required by the state or federal agency (if any) for the occupation for which the program is intended.

<sup>74</sup> U.S. Department of Education, Office of Postsecondary Education, "Postsecondary Educational Institutions Invited To Participate in Experiments Under the Experimental Sites Initiative," 76 *Federal Register* 66698-66707, October 27, 2011.

<sup>75</sup> National Association of Student Financial Aid Administrators, "Experimental Sites Initiative Closing Four Experiments," press release, March 30, 2017, [https://www.nasfaa.org/news-item/11682/Experimental\\_Sites\\_Initiative\\_Closing\\_Four\\_Experiments](https://www.nasfaa.org/news-item/11682/Experimental_Sites_Initiative_Closing_Four_Experiments).

<sup>76</sup> U.S. Department of Education, Institute of Education Sciences, "Evaluation of the Pell Grant Experiments Under the

Non-degree programs at public and private nonprofit IHEs that are at least one academic year in length and lead to a certificate or other recognized non-degree credential are eligible for both the Pell Grant and Direct Loan programs, without regard to any of the above-specified durational requirements.

### **Participant Eligibility**

For a student to be eligible to receive Title IV funds for his or her higher education, he or she must be enrolled (or accepted for enrollment) in a Title IV-eligible program. In addition, among other criteria, a student must

- be a U.S. citizen, national, legal permanent resident, or other specified eligible noncitizen;<sup>77</sup> and
- have a high school diploma (or equivalent, such as a general educational development [GED] certificate) or meet other relevant criteria.<sup>78</sup>

Individuals must also meet program-specific eligibility criteria to receive Pell Grants or Direct Loan program loans.

### ***Pell Grant Program-Specific Eligibility Criteria***

To receive Pell Grants, students must meet program-specific criteria that include the following:

- being enrolled in an undergraduate program,
- not having completed the curriculum requirements of a bachelor's degree, and<sup>79</sup>
- demonstrating financial need (primarily individuals from families in the two lowest income quintiles as determined under the program's award rules).<sup>80</sup>

All recipients are subject to a cumulative lifetime eligibility cap on Pell Grant aid of 12 full-time semesters (or the equivalent).

### ***Direct Loan Program-Specific Eligibility Criteria***

To receive Direct Loan program loans, students must meet program-specific criteria<sup>81</sup> that include being enrolled on at least a half-time basis.<sup>82</sup> Students (or their parents in the case of PLUS Loans

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Experimental Sites Initiative,” [https://ies.ed.gov/ncee/projects/evaluation/pathways\\_pell.asp](https://ies.ed.gov/ncee/projects/evaluation/pathways_pell.asp), as available on March 20, 2020, [https://ies.ed.gov/ncee/projects/evaluation/pathways\\_pell.asp](https://ies.ed.gov/ncee/projects/evaluation/pathways_pell.asp).

<sup>77</sup> Those noncitizens eligible to receive federal student financial aid are listed in U.S. Department of Education, Federal Student Aid, “Many non-U.S. citizens qualify for federal student aid,” <http://studentaid.ed.gov/eligibility/non-us-citizens>.

<sup>78</sup> Such other criteria may include, but is not limited to, completing an eligible homeschool program or enrolling in a program that leads to both a high school diploma (or equivalent) and a recognized postsecondary credential. For more information and other generally applicable Title IV eligibility requirements for students, see *FSA Handbook*, vol. 1.

<sup>79</sup> Students enrolled on at least a half-time basis in a post-baccalaureate program required by a state for K-12 teacher certification or licensure are also eligible, as long as the program does not lead to a graduate degree and the enrolling institution does not offer a baccalaureate degree in education.

<sup>80</sup> Congressional Budget Office (CBO), *Distribution of Federal Support for Students Pursuing Higher Education in 2016*, 53732, June 2018, <https://www.cbo.gov/system/files/2018-06/53732-taxexpenditureshighereducation.pdf>.

<sup>81</sup> See HEA §§427-428B, 455. For additional information, see CRS Report R45931, *Federal Student Loans Made Through the William D. Ford Federal Direct Loan Program: Terms and Conditions for Borrowers*.

<sup>82</sup> *Half-time enrollment* is defined as taking at least half of the academic workload of a full-time student, as defined by

to parents borrowing on behalf of a dependent child) may need to meet additional eligibility criteria to qualify for specific Direct Loan program loan types. The primary loans are the following:

- **Direct Subsidized<sup>83</sup> Loans** for undergraduate students with demonstrated financial need,<sup>84</sup>
- **Direct Unsubsidized Loans** for any student regardless of financial need, and
- **PLUS Loans** for parents of dependent undergraduate students and graduate and professional students regardless of financial need.

Individuals who are new borrowers on or after July 1, 2013, may only borrow Direct Subsidized Loans for a period of time not to exceed 150% of the published length of their academic program.

### Basic Benefit Payment Structure

In general, the amount of Title IV aid for which a student is eligible is guided by statutory award rules. Aggregate Title IV aid and other aid (e.g., institutional aid) typically cannot exceed a student's cost of attendance (COA). The COA is an institutionally determined measure of a student's educational expenses for the period of enrollment and generally includes items such as tuition and fees; an allowance for books and supplies; and, as applicable, an allowance for room and board. The COA may also include transportation costs and dependent care expenses.

An important feature of the Pell Grant award rules is that the grant is determined without consideration of any other financial assistance a student may be eligible to receive or may be receiving. Annual appropriations acts and the HEA establish the total maximum Pell Grant award amount that a student may receive in an academic year. For award year (AY) 2020-2021, the maximum Pell Grant award that an eligible individual enrolled full-time for a 26-30 week academic year may receive will be \$6,345.<sup>85</sup> The amount may be reduced based on the student's COA, financial need, enrollment rate, or program duration. Pell Grant awards used to pursue non-degree programs are generally subject to income taxation; whereas Pell Grant awards used to pursue degree programs are only subject to income taxation if used for purposes other than tuition and fees.<sup>86</sup>

Direct Loan program award rules vary by type of loan borrowed. In addition, numerous other factors could affect the type and amount of aid awarded. However, some generally applicable rules apply to the Direct Loan program. Other types of financial assistance awarded to the student must be taken into account when awarding Direct Loan program loans. Also, an individual cannot be awarded a Direct Subsidized Loan or Direct Unsubsidized Loan in an amount that exceeds statutory annual and aggregate award limits, which are determined based on an individual's

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the IHE and pursuant to minimum statutory and regulatory requirements. For example, for a student enrolled at an IHE that measures progress in credit hours and uses standard terms (e.g., semesters, trimesters, or quarters), he or she must be enrolled in six credit hours to be considered half-time. 34 C.F.R. §668.2(b).

<sup>83</sup> With certain exceptions, the federal government *subsidizes* these loans by paying the interest that accrues on them while the borrower is enrolled in an eligible program on at least a half-time basis and during grace periods and periods of authorized deferment.

<sup>84</sup> Individuals who are new borrowers on or after July 1, 2013, may only borrow Direct Subsidized Loans for a period of time not to exceed 150% of the published length of their academic program.

<sup>85</sup> U.S. Department of Education, Department of Education Budget Tables, *FY 2020 Congressional Action*, last updated February 10, 2020, available at <https://www2.ed.gov/about/overview/budget/budget20/20action.pdf>.

<sup>86</sup> 26 U.S.C. §117.

dependency status and class level.<sup>87</sup> For example, a dependent undergraduate student may borrow up to \$5,500 in Direct Subsidized Loans and Direct Unsubsidized Loans for his or her first year, while an independent undergraduate student may borrow up to \$9,500 in such loans in his or her first year.<sup>88</sup> The annual maximum loan amount an undergraduate student may receive is prorated when the borrower is enrolled in a program that is shorter than a full academic year.

## Basic Administrative Structure

ED's Office of Federal Student Aid (FSA) is the primary entity responsible for administering the Title IV aid programs. The administrative tasks associated with the programs are completed by a number of actors (e.g., FSA, IHEs), depending on the function.<sup>89</sup>

FSA undertakes many high-level functions in Title IV program administration.<sup>90</sup> These include, but are not limited to, contracting for the operation and maintenance of systems to process aid; providing customer service, training, and user support for the administration of the programs; and ensuring integrity of the programs.

IHEs complete many of the day-to-day functions associated with awarding and disbursing Title IV aid to students. ED makes funds available to IHEs so that they can disburse awards to students. IHE functions include verifying a student's eligibility to receive the aid, calculating aid amounts,<sup>91</sup> disbursing aid funds, and managing program funds at the institutional level.<sup>92</sup> In addition, under the Pell Grant program ED pays participating IHEs an administrative cost allowance.<sup>93</sup>

## Quality Assurance Mechanisms

Several HEA provisions intended to ensure the quality of Title IV-eligible programs and Title IV-participating IHEs have been enacted to protect students and taxpayers. The program integrity triad—state authorization, accreditation, and ED certification—is the foundation of these provisions and is intended to provide a balance in the Title IV eligibility requirements. State authorization is intended to provide consumer protection, accreditation is intended to provide quality assurance, and ED certification is intended to provide direct oversight of compliance in the Title IV programs.<sup>94</sup> In addition to the requirements of the program integrity triad, non-degree programs may be required to meet gainful employment requirements. The following subsections

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<sup>87</sup> For additional information, see CRS Report R45931, *Federal Student Loans Made Through the William D. Ford Federal Direct Loan Program: Terms and Conditions for Borrowers*.

<sup>88</sup> In either case, a first-year student may borrow no more than \$3,500 in Direct Subsidized Loans.

<sup>89</sup> For additional information on administration of the Direct Loan program, see CRS Report R44845, *Administration of the William D. Ford Federal Direct Loan Program*.

<sup>90</sup> HEA §141; see also CRS Report R46143, *The Office of Federal Student Aid as a Performance-Based Organization*.

<sup>91</sup> The process of calculating and determining the amounts and types of aid that will be offered to a student, in accordance with federal student aid need analysis procedures and individual programs rules, is called *packaging*. The packaging of aid may affect the types and amounts of aid that are made available to students.

<sup>92</sup> Within the DL program, additional administrative tasks, such as collecting loan payments, are undertaken by contracted loan servicers. Within many of the other Title IV programs, additional tasks, such as attempting to collect on past-due Title IV balances owed to ED, are undertaken by other parties such as contracted entities and other federal agencies.

<sup>93</sup> See 34 C.F.R. §690.10.

<sup>94</sup> For additional information on institutional Title IV eligibility requirements, see CRS Report R43159, *Institutional Eligibility for Participation in Title IV Student Financial Aid Programs*.

briefly describe each piece of the triad and the gainful employment requirements as they relate to Title IV-eligible programs.

### ***State Authorization***

An IHE must be authorized to provide a postsecondary education within the state in which it is located to participate in the Title IV programs, which includes complying with any applicable state approval or licensure requirements.<sup>95</sup> State approval and licensure requirements vary appreciably among the states.<sup>96</sup> For instance, some states approve IHEs and their individual educational programs, while other states only require approval of an IHE as a whole.<sup>97</sup> The degree to which a state evaluates an individual educational program may also vary by state. For example, states variously evaluate program curricula, program objectives, projected enrollment, student outcome measurements (e.g., completion and placement rates), and justification of program need (e.g., industry demand or consumer interest).<sup>98</sup> In addition, some states require programmatic accreditation (discussed below) or separate approval by another state agency (e.g., a professional licensing agency).<sup>99</sup>

### ***Accreditation***<sup>100</sup>

To participate in Title IV programs, an IHE must be accredited by an accrediting agency recognized by ED as a reliable authority of the quality of the education being offered.<sup>101</sup> Accrediting agencies are private associations of member educational institutions or industry associations that undertake quality review of educational institutions and/or programs.

In general, an IHE need only be accredited by a regional or national accreditor to participate in Title IV programs. The regional or national accreditor must evaluate whether the IHE meets accrediting agency-prescribed criteria. Although these criteria vary among the agencies, ED-recognized accrediting agencies must regularly<sup>102</sup> evaluate statutorily specified areas, including

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<sup>95</sup> 34 C.F.R. §600.9.

<sup>96</sup> For an overview of the various state authorization requirements for IHEs, see Andrew P. Kelly and Rooney Columbus, *Inputs, Outcomes, Quality Assurance: A Closer Look at State Oversight of Higher Education*, American Enterprise Institute, August 2015, <https://www.aei.org/research-products/report/inputs-outcomes-quality-assurance-a-closer-look-at-state-oversight-of-higher-education/> (Hereinafter referred to as “*Inputs, Outcomes, Quality Assurance*”).

<sup>97</sup> See, for example, State Higher Education Executive Officers Association, “SHEEO State Authorization Survey, Analysis of selected data elements for 50 U.S. States and D.C.,” October 2012, p. 4.

<sup>98</sup> See, for example, Arkansas Higher Education Coordinating Board, Policy 5.11, “Approval of New Degree Programs and Units,” [https://static.ark.org/eeuploads/adhe/New\\_Academic\\_Programs.pdf](https://static.ark.org/eeuploads/adhe/New_Academic_Programs.pdf); Wisc. Stat. §440.52(7); State of Wisconsin, Educational Approval Program, “Program Application,” EAP Form 1.03, rev. January 2018, <https://dsps.wi.gov/Documents/EAPProgramApplication1.03.doc>; 5 CCR §74112; Arkansas Higher Education Coordinating Board, Policy 5.11, “Approval of New Degree Programs and Units,” [https://static.ark.org/eeuploads/adhe/New\\_Academic\\_Programs.pdf](https://static.ark.org/eeuploads/adhe/New_Academic_Programs.pdf); Kansas Board of Regents, Board Policy Manual, Chapter III: Coordination of Institutions, §5, [https://www.kansasregents.org/about/policies-by-laws-missions/board\\_policy\\_manual\\_2/chapter\\_iii\\_coordination\\_of\\_institutions\\_2/chapter\\_iii\\_full\\_text#programs](https://www.kansasregents.org/about/policies-by-laws-missions/board_policy_manual_2/chapter_iii_coordination_of_institutions_2/chapter_iii_full_text#programs); and W.Va. CSR §135-11-1 et seq; and Wisc. Stat. §440.52.

<sup>99</sup> See, for example, State Higher Education Executive Officers Association, “SHEEO State Authorization Survey, Analysis of selected data elements for 50 U.S. States and D.C.,” October 2012, pp. 7-9; and 18 VAC 90-30-80, 18 VAC 90-30-10.

<sup>100</sup> Large portions of this section are derived from CRS Report R43826, *An Overview of Accreditation of Higher Education in the United States*.

<sup>101</sup> Public and private nonprofit IHEs and postsecondary vocational institutions may also be preaccredited.

<sup>102</sup> Institutional accreditation may be renewed every few years to every 10 years, but IHEs are often required to submit periodic reports to accrediting agencies for continual evaluation. For more information, see Middle States Commission

an IHE's faculty, curricula, facilities, student support services, and success with respect to student achievement in relation to the institution's mission. Within these broadly outlined criteria, accrediting agencies have discretion as to the precise evaluation measures. Regional and national accreditors evaluate an IHE's performance on the whole, but may choose to evaluate a sample of programs.

An educational program does not need to be accredited by a programmatic accrediting agency for Title IV purposes.<sup>103</sup> However, an IHE may seek programmatic accreditation to satisfy employer and some occupational licensure requirements. To gain programmatic accreditation, an educational program offered by an IHE is evaluated on established standards for the particular field of study, such as whether the curriculum meets professional guidelines.

### ***ED Certification***

When an IHE seeks to participate in Title IV programs, it must apply for certification from ED. During this process, ED evaluates whether the IHE meets Title IV participation requirements. ED reviews each educational program to determine whether it satisfies eligibility requirements.<sup>104</sup> For example, the eligibility requirements include the aforementioned durational requirements; and 300-599 clock-hour programs that may be eligible to participate in the Direct Loan program must, among other requirements, have verifiable completion and placement rates of at least 70%.

If an IHE wants to add a new educational program to its Title IV eligibility, it generally may self-certify to ED that the new program is Title IV eligible or, for new 300-599 clock-hour programs, submit an application to ED for approval.<sup>105</sup>

### ***Gainful Employment (GE)***<sup>106</sup>

The HEA specifies that most non-degree programs must prepare students for “gainful employment in a recognized occupation.”<sup>107</sup> Regulations promulgated in 2014 (2014 GE regulations)<sup>108</sup> defined the term *gainful employment in a recognized occupation*, but they were rescinded in 2019.<sup>109</sup> The 2014 GE regulations were intended to serve as a proxy measure for programmatic quality by establishing debt-to-earnings (D/E) rates that programs were required to meet.<sup>110</sup> The rationale behind the rule was that if an educational program is of sufficient quality,

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on Higher Education, “Accreditation review Cycle and Monitoring,” June 3, 2017, <https://msche.my.salesforce.com/sfc/p/#46000000ZDJj/a/46000000Xpre/m1fjdSZ3mx5.4hLsSR55yhFFkj5BSa6sMCGNYdgG27w>.

<sup>103</sup> In the case of single-purpose institutions (e.g., freestanding medical schools), an IHE may meet Title IV accreditation requirements if it is accredited by an ED-recognized programmatic accrediting agency.

<sup>104</sup> 34 C.F.R. §600.10.

<sup>105</sup> 34 C.F.R. §600.20; *FSA Handbook*, vol. 2, pp. 130-131, 134.

<sup>106</sup> Non-degree programs offered by public, private nonprofit, and proprietary IHEs that meet the following criteria are excepted from meeting the GE requirements: preparatory coursework necessary for enrollment in a Title IV-eligible program and approved comprehensive transition and postsecondary programs for students with intellectual disabilities. In addition, teacher certification programs at public or nonprofit institutions for which the school does not award a credential are excepted from meeting the GE requirements. *FSA Handbook*, vol. 2, p. 25.

<sup>107</sup> HEA §§101(b)(1), 102(b)(1), & 102(c).

<sup>108</sup> Department of Education, “Program Integrity: Gainful Employment,” 79 *Federal Register* 64890, October 31, 2014.

<sup>109</sup> The rescission is effective July 1, 2020; however, IHEs may choose to implement the rescission on or after July 1, 2019. U.S. Department of Education, “Program Integrity: Gainful Employment,” 84 *Federal Register* 31392, July 1, 2019.

<sup>110</sup> U.S. Department of Education, “Program Integrity: Gainful Employment,” 79 *Federal Register* 64890, October 31, 2014.

then it will lead to earnings that will enable students to repay the student loans they borrowed for enrollment in the program.

Under the GE framework, each program subject to the GE rules must meet two D/E rates. Programs that fail to meet minimum standards in multiple years will be ineligible for Title IV participation for three years. No program has yet been subject to loss of Title IV eligibility under the requirements.<sup>111</sup> In addition, the education programs subject to GE rules must meet third-party standards such as being approved by an ED-recognized accrediting agency, being recognized by the relevant state agency, being programmatically accredited (if required by a federal entity or state agency in the state in which the IHE is located or otherwise seeks state approval), and meeting any applicable educational prerequisites for professional licensure or certification in the state in which the IHE is located.<sup>112</sup>

## Measures of Program Performance

The HEA does not define measures of performance for the Title IV programs. The HEA does require that Title IV participating IHEs and ED report information on enrollment, certificates and degrees conferred, student charges, and other information that may be of interest to prospective and current students and policymakers.<sup>113</sup>

## Program Participation

ED collects data annually on Title IV non-degree instructional for-credit programs. **Table 5** shows the total number of non-degree instructional for-credit programs and credentials and the percentage of non-degree instructional for-credit programs and awards by institutional sector in AY2017-2018. Of the 6,418 Title IV-participating IHEs, 4,618 offered non-degree for-credit programs. Approximately half of Title IV-eligible non-degree for-credit programs are offered by private for-profit IHEs, while more than two-thirds of non-degree for-credit credentials from Title IV-eligible programs are awarded by public IHEs.<sup>114</sup>

**Table 5. Number and Percentage of Non-degree Instructional Credit Programs and Awards by Institutional Control: AY2017-2018**

	IHEs Offering Non-degree For-Credit Programs	Non-degree For-Credit Credentials Awarded
Grand Total	4,618	971,158
Public	36%	69%

<sup>111</sup> To enable ED to calculate whether an IHE's programs meet the D/E rates, regulations specify that ED obtain data from the Social Security Administration (SSA). 34 C.F.R. §668.40(c)(1). However, a memorandum of understanding related to data sharing between ED and SSA lapsed in 2018. Thus, although programs were expected to be subject to loss of Title IV eligibility in early 2019, ED was unable to calculate D/E measures and was unable to enforce the GE rules. U.S. Department of Education, Office of Federal Student Aid, "Distribution of Final GE Completers List and Draft GE Completers Lists Correction Results," Gainful Employment Electronic Announcement #118, April 5, 2019, <https://ifap.ed.gov/eannouncements/040519GEEA118FinalCompleterListDraftCompleterListCorrectionResults.html>.

<sup>112</sup> IHEs must also disclose a variety of information regarding each of their GE programs to prospective students in their promotional materials. Information to be disclosed includes, for example, program length, program completion rates, and the total cost of each program.

<sup>113</sup> See, for example, HEA §132.

<sup>114</sup> CRS compiled data from the U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS), Statistical Table sum using 2017 Title IV participating institutions and 2015-2016 data.

Private not-for-profit	14%	3%
Private for-profit	50%	28%
Percentage total	100%	100%

**Source:** CRS-compiled data from the Department of Education, Integrated Postsecondary Education Data System (IPEDS), using 2018 Title IV-participating institutions and AY2017-2018 data.

**Notes:** Non-degree credit awards are formal awards that require completion of an organized program of study at the postsecondary level (below the baccalaureate degree) involving instructional activity measured in credit hours, contact hours, clock hours, or some other unit of measurement. The program's purpose is academic, vocational, or continuing professional education, and excludes avocational and adult basic education programs. One fairly recent report indicated that many IHEs also report non-Title IV eligible program completions to IPEDS despite IPEDS instructing IHEs to report only Title IV eligible program completions (Source: Complete College America, *Certificates Count: An Analysis of Sub-baccalaureate Certificates*, December 2010, p. 3, <https://files.eric.ed.gov/fulltext/ED536837.pdf>). Another report indicates that IHEs are not required to report certificates that require fewer than 12 credits and that are approved at the institution or regional level, but many IHEs report these data (Source: Research for Action, *Research Brief: Measuring the Effects of Outcomes-Based Funding on Certificate Production: Challenges, Inconsistencies and Recommendations for Future Research*, February 2019, p. 14).

In AY2015-2016, approximately 765,000 Pell Grant recipients pursued non-degree credit programs and received about \$2.7 billion in Pell Grant awards—roughly 10% of the total number of recipients and dollar amount of awards. Also in AY2015-2016, approximately 10% of undergraduates who borrowed a Direct Loan were pursuing certificate programs.<sup>115</sup>

## Program Limitations

Support for non-degree programs is limited in several ways:

- Title IV aid is only available to support individuals pursuing credit programs of a statutorily specified duration at Title IV-participating IHEs.
- Support for work-based learning is limited to programs or portions of programs that lead to a certificate or degree and that are offered by Title IV-participating IHEs.

Some students who may choose to pursue training or education via non-degree programs will not be eligible. These include

- students who do not have a high school diploma (or equivalent) or who are not enrolled in a career pathway program;
- with respect to Pell Grants, students who have a bachelor's degree;<sup>116</sup> and
- with respect to the Direct Loan program, students enrolled less than half-time.

<sup>115</sup> CRS analysis of U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16) variables UGDEG, PELLAMT, SECTOR1, and STAFFAMT; and U.S. Department of Education, Federal Pell Grant Program 2015-2016 End of Year Report, Table 18.

<sup>116</sup> Approximately 21% of undergraduates seeking an undergraduate credit certificate in AY2015-2016 had previously earned a degree. Within two years of degree receipt, 5.8% of AY2013-2014 bachelor's degree recipients pursued further education in a two-year institution. National Student Clearinghouse, *Snapshot Report: Two-Year Enrollment after Bachelor's Degree*, Summer 2016, <https://nscresearchcenter.org/snapshotreport-twoyearenrollmentafterbachelors24/>.

Non-degree program quality may vary. It is primarily assessed through the program integrity triad, since the 2014 GE rules have been rescinded. State authorizers and accreditors have some flexibility in determining and applying criteria to assess quality.

Few reports have examined state authorization requirements in general, or as they relate to program quality in particular. However, those that have done so identify the variation among state authorization requirements as an impediment and a complicating factor in assessing institutional experiences with state authorization.<sup>117</sup> They note that an individual state's history, resources, and priorities may affect the extent to which the state chooses to take a more active or passive role in some areas, such as evaluating non-degree programs.<sup>118</sup> Despite difficulties in assessing state authorization requirements, researchers have pointed to the following as potential weaknesses in at least some states' authorization requirements:

- concerns that the oversight of some state boards may be impaired by potential conflicts of interest, overrepresentation of special interests, or a sense of being beholden to IHEs;
- input requirements (e.g., faculty members' qualifications, facilities and equipment used in the instructional process) may impede innovative education models;
- elongated timeframes to receive state authorization, which may be a result of a complex regulatory state process or a lack of state resources;
- conflicts across state laws in instances where an institution offers educational programming in multiple states; and
- despite the fact that many states require institutions to report on student outcomes, few states may actually make authorization renewal decisions based on those outcomes.<sup>119</sup>

A 2014 GAO report identified some of the strengths and weaknesses of the accreditation system as it relates to program quality.<sup>120</sup> One strength is that institutional accreditors tailor their expert peer reviews depending on the school type and mission. In addition, programmatic accreditation is specifically aligned to the particular field or type of program. Potential weaknesses identified by GAO include conflicting interests between IHEs and the IHE-funded accreditors, the insufficiency of accreditor capacity and resources, the inability of experts to assess innovative modes of education (e.g., competency-based education), and the difficulty in defining and measuring academic quality.<sup>121</sup>

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<sup>117</sup> *Inputs, Outcomes, Quality Assurance*, p. 2.

<sup>118</sup> Teresa E. Taylor, Arthur L. Coleman, and Bethany M. Little, et al., *Getting Our House in Order: Clarifying the Role of the States in Higher Education Quality Assurance*, Education Counsel, September 2016, p. 9, <https://ib5uamau5i20f0e91hn3ue14-wpengine.netdna-ssl.com/wp-content/uploads/2016/09/EducationCounsel-role-of-the-state-in-the-triad-Final-pre-publication-copy-2016.pdf>.

<sup>119</sup> *Inputs, Outcomes, Quality Assurance*.

<sup>120</sup> U.S. Government Accountability Office (GAO), *Higher Education: Expert Views of U.S. Accreditation*, GAO-18-5, December 2017, pp. 11-29, <https://www.gao.gov/products/GAO-18-5>.

<sup>121</sup> *Ibid.*

## Tax Benefits (IRS)<sup>122</sup>

Education tax benefits, administered by the Internal Revenue Service, partially offset some of the costs of higher education for eligible taxpayers.<sup>123</sup> They differ from other benefits in several ways. First, unlike many benefits programs, education tax benefits tend to provide the greatest advantage to upper middle income taxpayers.<sup>124</sup> Second, unlike traditional financial aid, which is used to pay for education expenses around the time the education is received, taxpayers claim education tax benefits when they file their federal income tax return. Hence, taxpayers receive a tax benefit only *after* they have already paid for their education expenses, sometimes many months after the expense is incurred.<sup>125</sup>

Many education tax benefits are only available to individuals enrolled in a degree program. However, some education tax benefits do have eligibility rules that are broad enough to include individuals enrolled in non-degree programs.<sup>126</sup>

In contrast to most other federal education programs, the education tax benefits discussed in this report reduce federal revenues rather than increase outlays. Hence, education tax benefits are considered a type of “spending through the tax code” that is not subject to annual appropriations. Any persons that meet the requirements for these benefits can receive them (generally when they file their federal income tax return). Education tax benefits may encourage overconsumption of education or subsidize education that would have taken place without these tax incentives.<sup>127</sup>

Taxpayers in non-degree programs may currently<sup>128</sup> be eligible for the following:

- The Lifetime Learning Credit, which reduces a taxpayer’s income tax liability and provides financial assistance to taxpayers (or their family members) who are

<sup>122</sup> Margot L. Crandall-Hollick, CRS Specialist in Public Finance, contributed this section and can address related questions from congressional clients. For a summary of all education tax benefits, see CRS Report R41967, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects*, by Margot L. Crandall-Hollick.

<sup>123</sup> The term *taxpayer* in this report is used to describe all the individuals listed on a federal income tax return. A married couple with two children would be discussed as one taxpayer.

<sup>124</sup> Elaine Maag, David Mundel, and Lois Rice et al., *Subsidizing Higher Education through Tax and Spending Programs*, Urban-Brookings Tax Policy Center, Tax Policy Issues and Options No. 18, May 2007, <https://www.brookings.edu/research/subsidizing-higher-education-through-tax-and-spending-programs/>.

<sup>125</sup> Taxpayers generally prepare and file their income tax return for a given calendar year in the first few months of the following calendar year. For example, most taxpayers filed their 2018 income tax returns in spring 2019, with most returns due by mid-April 2019. Hence, tax benefits for education expenses paid in early 2018 would be claimed on tax returns filed nearly a year after payment. Some taxpayers with a positive tax liability may be able to adjust their income tax withholding to bring forward some of the tax benefit, as opposed to waiting until the time tax returns are filed.

<sup>126</sup> Many tax benefits are limited to individuals who are pursuing a program leading to a degree or other recognized educational credential, as well as often being limited to students enrolled at an accredited educational institutions that is eligible to participate in the HEA Title IV federal student aid programs. These requirements may limit the types of non-degree programs for which a taxpayer could claim a tax benefit. For example, for the American Opportunity Tax Credit (AOTC), qualifying expenses “do not include expenses that relate to any course of instruction or other education that involves sports, games, or hobbies, or any noncredit course, unless the course or other education is part of the students’ degree program.” See 26 C.F.R. §1.25A-2(d)(5). In addition, scholarships are generally tax-free if, among a variety of eligibility criteria, they are “received by an individual who is a candidate for a degree at an educational organization.” See Internal Revenue Code (IRC) §117(a).

<sup>127</sup> Congressional Budget Office (CBO), “Tax Expenditures Have a Major Impact on the Federal Budget,” blog, February 3, 2012, <https://www.cbo.gov/publication/42919>.

<sup>128</sup> P.L. 115-97 repealed (through the end of 2025) two education-related tax benefits: the business deduction for work-related education expenses and the parental personal exemption for dependent students 19-25 years old. An additional tax benefit, the tuition and fees above-the-line deduction, expired at the end of 2017 and to date has not been reinstated.

pursuing education. The Lifetime Learning Credit is a nonrefundable tax credit for 20% of the first \$10,000 in qualifying expenses. The credit phases out for taxpayers above certain income thresholds.<sup>129</sup>

- Employer Provided Educational Assistance, which excludes eligible employer provided educational costs from the taxpayer's taxable income.<sup>130</sup>
- 529 accounts, which are intended to help families save for future educational expenses.<sup>131</sup>

## Eligibility of Non-degree Programs

The Lifetime Learning Credit and 529 accounts may be used for eligible education expenses associated with pursuing non-degree programs at Title IV-eligible IHEs. A broader range of non-degree programs may be eligible for employer provided educational assistance.

### *The Lifetime Learning Credit (LLC)*

Qualified education expenses used to calculate the amount of the credit are defined as tuition and related expenses required for enrollment in a course at a Title IV-eligible IHE. Related expenses are amounts that are required for enrollment, including books, supplies, and equipment, but do not include living expenses or other expenses that are not required for enrollment.<sup>132</sup> These expenses must be reduced by any amount of tax-free educational assistance used to pay for qualified educational assistance (including employer provided educational assistance and tax-free distributions from 529 accounts). For the purposes of the LLC, a course can either be part of a post-secondary degree program or be a course to help the student acquire or improve job skills (e.g., part of a non-degree program).

### *Employer Provided Educational Assistance*

Employer provided educational assistance can be used for tuition, fees, books, supplies, and equipment associated with any form of instruction or training that improves or develops the recipient's skills.<sup>133</sup> According to IRS Publication 970, "the payments don't have to be for work-related courses or courses that are part of a degree program."<sup>134</sup> For example, an employer could pay up to \$5,250 of the tuition costs of an employee's course to improve his or her skills. This

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<sup>129</sup> Some taxpayers in non-degree programs may be eligible for the AOTC, such as individuals receiving a recognized postsecondary credential in a work-based learning program (see **Table 4**). However, in addition to the requirement that the student must be pursuing a program leading to a degree or other recognized educational credential, the student for whom the credit is claimed must also be in the first four years of postsecondary education, and must be enrolled at least half-time. These requirements may limit eligibility for the credit to more traditional students.

<sup>130</sup> Internal Revenue Service, *Tax Benefits for Education 2019*, IRS Publication 970, January 17, 2020, p. 65, <https://www.irs.gov/forms-pubs/about-publication-970>.

<sup>131</sup> A qualified tuition program is a type of tax-advantaged savings account, also known as a 529 plan.

<sup>132</sup> Qualified tuition and related expenses do not include the costs of room and board; insurance; medical expenses (including student health fees); transportation; and similar personal, living, or family expenses; regardless of whether the fee must be paid to the eligible educational institution for the enrollment or attendance of the student (26 C.F.R. §§1.25A-2(d)(3)).

<sup>133</sup> The employer's educational assistance program must be a written plan and must meet certain other requirements to qualify for this tax benefit. IRC §127(b)(1).

<sup>134</sup> Internal Revenue Service, *Tax Benefits for Education 2019*, IRS Publication 970, January 17, 2020, p. 65.

amount would not be included in the employee's wage income.<sup>135</sup> In addition, the statute *does not state* that the institution providing the program must be a Title IV-eligible IHE.

### **529 Accounts**

Tax-free withdrawals from 529 accounts are allowed for qualified expenses, which include tuition and required fees, room and board, books, supplies, equipment, and, for special needs beneficiaries, additional expenses at a Title IV-eligible IHE.<sup>136</sup> Those expenses do not need to be associated with a degree program.

### **Participant Eligibility for Training**

Eligibility for training depends on factors outside of the tax code. Whether the training qualifies for tax incentives is a different question. To qualify for tax benefits, participants must either file a federal income tax return or be claimed as a dependent or spouse on one.

### ***The Lifetime Learning Credit (LLC)***

Taxpayers can claim the credit for qualified education expenses paid for themselves, their spouses, or their dependent children. Taxpayers cannot claim the credit if they file as married filing separately, if they (or their spouses if filing jointly) are nonresident aliens, or if their income is \$68,000 or more (\$136,000 or more if married filing jointly).

### ***Employer Provided Educational Assistance***

Participants can only use this tax benefit if their employer offers an educational assistance program.

### **529 Accounts**

Beneficiaries of a 529 account are designated at the time of its establishment. Amounts in a 529 account may also be transferred to another 529 account established for certain relatives of designated beneficiaries.

### **Basic Benefit Payment Structure**

Individuals apply for the LLC when they file their federal income tax return after incurring qualified educational expenses. Qualified educational expenses paid from a 529 account or through an employer are tax-free.

### ***The Lifetime Learning Credit (LLC)***

The LLC is calculated as 20% of the first \$10,000 of qualified education expenses, yielding a maximum credit of \$2,000 per taxpayer.<sup>137</sup> The maximum credit amount phases out for taxpayers with income between \$58,000 and \$68,000 (\$116,000 and \$136,000 for married joint filers) in

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<sup>135</sup> Any amounts paid in excess of \$5,250 for an employee are included in wages, and hence taxable.

<sup>136</sup> As a result of a legislative change made by P.L. 115-97, up to \$10,000 may be withdrawn from a 529 account tax-free per beneficiary, per year and used for qualifying elementary and secondary school tuition. While 529 accounts can be used to pay for elementary and secondary education, this aspect of these plans is generally not relevant to students in non-degree programs as discussed in this report.

<sup>137</sup> A taxpayer may include more than one individual with qualifying expenses for the LLC.

2019. Because the credit is nonrefundable, the amount of the credit that the taxpayer receives cannot by definition exceed the taxpayer's federal income tax liability. Hence, if a taxpayer has little to no federal income tax liability (e.g., they are low-income), they will generally receive little if any benefit from a non-refundable tax credit like the LLC.

### ***Employer Provided Educational Assistance***

Employers may choose to provide their employees with up to \$5,250 in tax-free tuition assistance per year under an employer sponsored educational assistance program. The assistance is not included in the employees' wages and is not subject to federal income taxes, nor is it subject to payroll taxes.

### ***529 Accounts***

Taxpayers can withdraw funds from their 529 accounts tax-free and use the distribution to pay for qualifying education expenses associated with non-degree programs, subject to restrictions of the individual plans.<sup>138</sup> (In practice, many taxpayers establish 529 plans for children. However, these taxpayers are allowed under the statute to transfer some or all of the child's 529 account balance into the 529 account of certain relatives of the child tax-free.<sup>139</sup>)

### **Basic Administration**

The IRS primarily relies on taxpayers, employers, and states to ensure proper administration of the benefits, although the IRS may audit taxpayers to ensure compliance.

### ***The Lifetime Learning Credit (LLC)***

Taxpayers effectively apply for the LLC by filing their federal income tax return (Form 1040) and IRS Form 8863 (related to claiming education tax credits). These forms, and their associated instructions, describe eligibility rules and help taxpayers calculate the amount of the credit. Taxpayers do not explicitly need to list the course or program of study they are enrolled in when applying for the LLC on their federal income tax return, although they are asked to provide information about the educational institution on Form 8863.

### ***Employer Provided Educational Assistance***

To qualify as an educational assistance program, an employer's plan must be in written form and must meet certain other requirements. According to regulation, "it is not required that a program be funded or that the employer apply to the IRS for a determination that the plan is a qualified program. However, under IRC Section 601.201 (relating to rulings and determination letters), an employer may request that the IRS determine whether a plan is a qualified program."<sup>140</sup> In addition, a program cannot discriminate in favor of employees who are officers, shareholders, self-employed, or highly compensated (although such employees can be eligible for these benefits

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<sup>138</sup> For more information on 529 plans, see CRS Report R42807, *Tax-Preferred College Savings Plans: An Introduction to 529 Plans*. Taxpayers may be eligible to withdraw amount from their Coverdell education savings accounts (ESAs) tax-free to pay for non-degree programs. However, there are a variety of restrictions that may make these accounts less desirable to nontraditional students.

<sup>139</sup> IRC §529(c).

<sup>140</sup> See C.F.R. §1.127-2, qualified educational assistance program.

along with other employees). Employees eligible to participate in the program must be given reasonable notice of its terms and availability.

### **529 Accounts**

Generally, states sponsor 529 plans, and individuals can establish accounts in a given plan for a designated beneficiary. When a taxpayer withdraws an amount from a 529 plan, the 529 program is to provide the taxpayer with a Form 1099-Q, which will show the total amount withdrawn and the breakdown between investment growth (“earnings”) and the original investment (“basis”). If taxpayers apply any of this withdrawal to a non-eligible expense, they are required to include a portion of the withdrawal on their federal income tax returns, and hence, it may be subject to taxation. Unless audited, a taxpayer does not have to document how they have spent their withdrawals (e.g., the kind of program). In 2018, approximately 0.5% of taxpayers were audited.<sup>141</sup>

### **Quality Assurance Mechanisms**

Outside of the eligibility rules discussed above, the Internal Revenue Code (IRC) does not have rules regarding the quality of training and education programs for which a tax benefit is claimed.

### **Measures of Program Performance**

The IRS does not publish, nor is it required to collect or publish, any measures of a non-degree program’s performance.

### **Program Participation**

IRS data on these education tax benefits are limited.

### ***The Lifetime Learning Credit (LLC)***

IRS data indicate that in 2015, approximately 2.5 million taxpayers claimed approximately \$2.1 billion of the LLC, for an average credit of \$830 per taxpayer.<sup>142</sup> These data indicate that approximately half of all LLC dollars were claimed by taxpayers with adjusted gross income (AGI) between \$50,000 and \$200,000. Taxpayers with AGI below \$15,000 or more than \$200,000 generally did not claim the LLC, due to its nonrefundability and phase-out, respectively. To date, no studies have evaluated the impact of the LLC on enrollment in non-degree programs or its effectiveness in helping non-degree candidates improve their job skills.

### ***Employer Provided Educational Assistance***

Administrative data from the IRS on the exclusion of employer provided educational assistance are unavailable. To date, no studies have evaluated the impact of employer provided educational assistance on enrollment in non-degree programs or its effectiveness in helping non-degree candidates improve their job skills.

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<sup>141</sup> Internal Revenue Service, *IRS Data Book Examinations*, <https://www.irs.gov/statistics/enforcement-examinations>.

<sup>142</sup> Data provided by the IRS Statistics of Income (SOI) to the author and available to congressional clients upon request.

## 529 Accounts

Administrative data from the IRS on 529 plans are unavailable. Survey data analyzed by GAO indicate that relatively few families have established these accounts, and that those who do tend to have greater assets and income than those who do not establish the accounts.<sup>143</sup> CRS has not identified any studies that have evaluated the impact of 529 plans on enrollment in non-degree programs or their effectiveness in helping non-degree candidates improve their job skills.

## Program Limitations

Most research regarding education tax benefits broadly have found little effect on increasing enrollment.<sup>144</sup> This research highlights some limitations with education tax benefits that may be applicable to non-degree programs. First, education tax benefits, when received many months after expenses are incurred, may provide limited assistance to students who cannot afford upfront education costs.<sup>145</sup> Second, as GAO has highlighted, there are a variety of different education benefits and it may be confusing for taxpayers to determine what benefit they are eligible for, and which benefits provide the largest tax savings.<sup>146</sup> Finally, the education tax benefits discussed in this report only benefit taxpayers with income tax liabilities, which excludes many low-income taxpayers who have little to no income tax liabilities.

## Veterans Education Programs (Post-9/11 GI Bill® and VET TEC) (VA)

Veterans education programs (GI Bills) were originally intended to help former servicemembers adjust to civilian life by providing for the “reintegration of the discharged soldier, sailor, and marine into the civilian economy in the most prompt and adequate manner.”<sup>147</sup> Over the years, the benefits have been renewed and revised to also compensate for compulsory service, encourage voluntary service, avoid veteran unemployment, provide equitable benefits to all who served, and

<sup>143</sup> For more information, see U.S. Government Accountability Office (GAO), *Higher Education: A Small Percentage of Families Save in 529 Plans*, GAO-13-64, December 12, 2012, <https://www.gao.gov/products/GAO-13-64>.

<sup>144</sup> See for example, Nicholas Turner, “The Effect of Tax-Based Federal Student Aid on College Enrollment,” *National Tax Journal*, vol. 64, no. 3 (September 2011), pp. 839-862. This study found that three tax benefits (the Hope Tax Credit, the Lifetime Learning Credit, and the Tuition and Fees Above-the-Line Deduction) “increased full-time enrollment in the first two years of college by about ... 6.7 percent.” This “7 percent enrollment increase implied that 93% of tax-based aid recipients would have enrolled without the tax-based subsidy” (pp. 840 and 852). For another example, see George B. Bulman and Caroline M. Hoxby, “The Returns to the Federal Tax Credits for Higher Education,” *NBER Working Paper No. 20833*, January 2015.

<sup>145</sup> For more information, see Nicholas Turner, “The Effect of Tax-Based Federal Student Aid on College Enrollment,” *National Tax Journal*, vol. 64, no. 3 (September 2011), p. 845; Bridget T. Long, “The Impact of Federal Tax Credits for Higher Education Expenses,” 2004. *College choices: The economics of where to go, when to go, and how to pay for it*, University of Chicago Press, p.101-168; and Government Accountability Office, *Student Aid and Postsecondary Tax Preferences: Limited Research Exists on Effectiveness of Tools to Assist Students and Families through Title IV Student Aid and Tax Preferences*, GAO-05-684, July 2005, p. 30.

<sup>146</sup> GAO notes “Some tax filers do not appear to make optimal education-related tax decisions ... One explanation for these taxpayers’ choices may be the complexity of postsecondary tax provisions, which experts have commonly identified as difficult for tax filers to use.” Government Accountability Office, *Student Aid and Postsecondary Tax Preferences: Limited Research Exists on Effectiveness of Tools to Assist Students and Families through Title IV Student Aid and Tax Preferences*, GAO-05-684, July 2005.

<sup>147</sup> U.S. Congress, House Committee on World War Veterans’ Legislation, *Providing Federal Government Aid for the Readjustment in Civilian Life of Returning World War II Veterans*, To accompany S. 1767, 78<sup>th</sup> Cong., 2<sup>nd</sup> sess., May 5, 1944, Rept. 1418, p. 2.

promote military retention. The pilot Veteran Employment Through Technology Education Courses (VET TEC) and its predecessor are an alternative approach that incentivizes training providers for program completion and employment.<sup>148</sup> VET TEC is not a GI Bill. The GI Bills and VET TEC provide financial assistance to students whose eligibility is based on a qualifying individual’s service in the uniformed services while such students are enrolled in approved programs of education, which include training programs.

The GI Bills and VET TEC are administered primarily by the Department of Veterans Affairs.<sup>149</sup> The GI Bills are appropriated entitlements funded with mandatory spending. Appropriated entitlement spending is funded, but not controlled, in annual appropriations acts.<sup>150</sup> VET TEC is funded by a limited allocation from GI Bill appropriations.

The remainder of this section describes the Post-9/11 GI Bill and VET TEC.<sup>151</sup> The Post-9/11 GI Bill has represented approximately 80% or more of total GI Bill participation and spending in each year since FY2013.<sup>152</sup>

### Eligibility of Non-degree Programs

While the majority of Post-9/11 GI Bill benefits are used to support education through degree pursuit, they are also used to support students pursuing training and education through approved work-based learning and non-degree instructional programs at a variety of training establishments and educational institutions. Non-degree programs include credit and noncredit instructional programs, courses that prepare individuals for assessments to further their education or career (e.g., Advanced Placement [AP] exams or real estate licensing exams), OJT, apprenticeships, and courses that lead to a predetermined educational, vocational, or professional objective (**Table 6**). The variety of eligible programs was intended to provide eligible individuals with the maximum choice in training and education options.<sup>153</sup>

**Table 6. Examples of Non-degree Programs Approved for GI Bill Purposes**

Work-Based Learning	Non-degree Instructional
On-the-job training Cooperative programs Registered apprenticeship Training required for ownership and operation of a franchise	Correspondence Credit courses offered by accredited institutions Entrepreneurship courses Noncredit courses offered by unaccredited institutions

<sup>148</sup> Although the VET TEC pilot was enacted by the Harry W. Colmery Veterans Educational Assistance Act of 2017 (Colmery Act; P.L. 115-48), the Department of Veterans Affairs (VA) initiated a similar pilot program known as the accelerated learning programs (ALPs) in 2015.

<sup>149</sup> The Department of Defense, Department of Health and Human Services, Department of Homeland Security, and Department of Commerce also play an administrative role and transfer some funds to the VA for benefit payments.

<sup>150</sup> The level of spending for appropriated entitlements, like other entitlements, is based on the benefit and eligibility criteria established in law, and the amount provided in appropriations acts is based on meeting this projected level.

<sup>151</sup> The Post-9/11 GI Bill is authorized by 38 U.S.C., Chapter 33. VET TEC is authorized under 38 U.S.C. § 3001 note.

<sup>152</sup> For more information about the Post-9/11 GI Bill, see CRS Report R42755, *The Post-9/11 GI Bill: A Primer*. For a description of the other GI Bills, see CRS Report R42785, *GI Bills Enacted Prior to 2008 and Related Veterans’ Educational Assistance Programs: A Primer*.

<sup>153</sup> For example, see Veterans of Foreign Wars, “The Independent Budget for the Department of Veterans Affairs, Fiscal Year 2011,” pp. 34-35.

**Source:** CRS compilation of examples from Title 38 U.S.C., Chapters 30-36.

**Notes:** Additional requirements and exclusions apply.

VET TEC benefits are only available for the pursuit of non-degree high-technology programs of education at contracted training providers that enter into a Program Participation Agreement (PPA) with the VA. A high-technology program of education provides instruction in computer programming, computer software, media application, data processing, or information science. The training providers must meet several criteria including, but not limited to, not offering degrees and not charging tuition and fees that exceed annual VA caps.<sup>154</sup>

## Participant Eligibility for Training

Post-9/11 GI Bill benefits are available to eligible servicemembers and veterans and their family members. The program is not open to the general public and is not based on family income levels. A servicemember or veteran must meet qualifying active duty service requirements in the uniformed services and either continue on active duty or meet specified discharge/release requirements. An eligible servicemember may transfer benefits to family members. The spouse and children of a servicemember who dies in the line of duty while serving on active duty as a member of the Armed Forces are also eligible.

To be eligible for VET TEC, an individual must be a GI Bill-eligible veteran enrolled full-time in a VET TEC-eligible program.<sup>155</sup> VET TEC participants may or may not be recipients of GI Bill benefits.

## Basic Benefit Payment Structure

Both the Post-9/11 GI Bill and VET TEC provide living stipend payments directly to participants and payments to providers for direct program costs. Program costs are paid by the Post-9/11 GI Bill concurrent with program pursuit, while VET TEC pays costs during and after pursuit. In addition to payments, eligible individuals may apply for personalized counseling to help guide their career paths, ensure the most effective use of their VA benefits, and help them achieve their goals.<sup>156</sup>

## Post-9/11 GI Bill

The Post-9/11 GI Bill provides eligible persons an entitlement to educational assistance payments over a period of 36 months (or its equivalent in part-time educational assistance). In cases where a veteran transfers all or a portion of the benefits, transferors and transferees must share the 36 months of entitlement.

Under the Post-9/11 GI Bill, several types of benefit payments are available. The amount of each payment and eligibility for the payments depends on an individual's benefit level; the type of training or education program pursued; the rate of enrollment or pursuit; actual charges, and when relevant, in-state tuition charges; the location of the training or education; and the mode of education delivery. An individual's benefit level is based on their aggregate length of qualifying active duty service or other eligibility characteristics. While an individual is enrolled in a program of education or pursuing training, an educational institution may receive payments for tuition and

<sup>154</sup> Department of Veterans Affairs, *VET TEC Pilot Program Participation Agreement*, downloaded February 19, 2019, <https://www.benefits.va.gov/GIBILL/FGIB/VetTecParticipationAgreement.pdf>.

<sup>155</sup> There are no statutory provisions restricting the combination of GI Bills and VET TEC or prohibiting receipt of concurrent benefits.

<sup>156</sup> 38 U.S.C. §§3697 and 3697A.

fee charges, and the individual may receive a monthly housing allowance, a books and supplies stipend, tutorial assistance, and additional monthly payments. Individuals are reimbursed for fees charged for taking approved tests.

As an illustration in AY2019-2020, a veteran enrolled in an educational program at a hypothetical private educational institution may receive up to \$24,476.79 in tuition and fees, but no more than the actual tuition and fee charges; between approximately \$800 and \$4,300 monthly for housing, depending on location; and up to \$1,000 for books and supplies. Veterans pursuing OJT or apprenticeship receive a progressively decreasing housing allowance that is intended to partially offset scheduled wage increases associated with the OJT or apprenticeship, and may not receive a tuition benefit if no tuition is charged by the sponsoring employer or instructional provider.

### **VET TEC**

Under VET TEC, payments are provided to veterans and training providers. While enrolled full-time, veterans receive a monthly housing allowance that is similar to the Post-9/11 GI Bill housing allowance. The VA reimburses the qualified training provider for the cost of tuition and other fees for the program. The VA pays 25% of the cost upon initial enrollment of an eligible veteran, 25% upon program completion, and 50% upon employment of the completer in a suitable field. Training providers cannot charge tuition and fees to the VET TEC participant directly.

### **Basic Administrative Structure**

Potential participants apply to the VA to ensure eligibility for either the Post-9/11 GI Bill or VET TEC. Eligible individuals may then enroll in or enter into a training agreement for approved programs. Educational institutions and training establishments certify the expected and actual enrollment and pursuit of eligible individuals to the VA. Certifications of individual enrollment and pursuit are made at regular intervals and when there are changes to what was previously certified. The VA verifies eligibility, calculates payment amounts, and distributes payments to eligible individuals and educational institutions.

### **Quality Assurance Mechanisms**

Program quality for GI Bill-approved programs is primarily determined by semi-independent state approving agencies (SAAs), but the VA also has oversight obligations. Program quality for VET TEC programs relies heavily on participant employment outcomes.

### ***Post-9/11 GI Bill***<sup>157</sup>

While the VA primarily relies on SAAs for initial approval of programs of education, the VA and SAAs share responsibility for ongoing oversight. The VA contracts (or enters into agreement) with each SAA to provide approval, oversight, and other related activities to ensure the quality of programs of education and proper administration of GI Bill benefits. Statutory and regulatory provisions and policy have established standards for the programs of education, educational institutions, and training establishments.

The quality standards apply to each program of education. Many standards were established in response to reports of poor quality or incidences of abuse. Four prominent standards apply to the

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<sup>157</sup> For more information on the GI Bill quality assurance mechanisms, see CRS Report R44728, *The Role of State Approving Agencies in the Administration of GI Bill Benefits*.

quality of most programs: program objective, independent study (e.g., online) restrictions, the 85-15 rule, and contractual arrangement restrictions. The program objective may not be avocational, recreational, or personal development. Independent study programs must be accredited by an ED-recognized accrediting agency and must lead to a degree or certificate that meets additional statutorily specified criteria. Under the 85-15 rule, no more than 85% of students enrolled in a program of education may have tuition, fees, or other charges covered by institutional aid or by a GI Bill. For programs offered in part or exclusively through contractual agreements, the contracted courses must be independently approved for GI Bill purposes.

Besides the standards that apply to most programs of education, there are additional requirements depending on the type of program. For example, non-degree programs must be offered in facilities with adequate space and equipment, taught by instructors with adequate education and qualifications, and follow curricula with recognized accepted standards. Programs designed to prepare individuals for state licensure or certification or for an occupation requiring state board approval must meet the relevant instructional requirements.

Programs of education that have not been approved or certified as meeting quality educational criteria by another government agency are required to meet various standards and criteria in addition to the aforementioned standards. Non-degree programs that have been approved by other government agencies are Federal Aviation Administration (FAA) approved flight training programs, DOL Registered Apprenticeships, and state-approved apprenticeships. The standards include, but are not limited to, having faculty with adequate qualifications and having a curriculum that is similar to other institutions, or meeting licensure, certification, or board standards.

### **VET TEC<sup>158</sup>**

The VA is the sole arbiter in determining if a facility is eligible for VET TEC. The payment structure and several key elements of the PPA are designed to ensure program quality and value. The payment structure, as described earlier, reimburses training providers when veterans complete the program and when they find *meaningful employment*. Meaningful employment means employment occurring within 180 days of program completion and using the skills of the completed program for self-employment, promotion, or new employment.

Key quality-related requirements within the VET TEC PPA require that training providers be licensed or approved by the required federal, state, or municipal agencies and meet the 85-15 rule. The PPA further requires that the VET TEC-eligible programs not be self-paced.

### **Measures of Program Performance**

As of 2013, the VA is required to report annually on the number of credit hours, certificates, degrees, and other qualifications earned by Post-9/11 GI Bill participants. The requirement was initiated to determine whether the program effectively prepares eligible individuals for the future.<sup>159</sup>

The VET TEC program performance measures are the program admittance rate, job placement and retention rates for program completers, the percentage of program completers employed less

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<sup>158</sup> Department of Veterans Affairs, *VET TEC Pilot Program Participation Agreement*, downloaded February 19, 2019, <https://www.benefits.va.gov/GIBILL/FGIB/VetTecParticipationAgreement.pdf>.

<sup>159</sup> Representative Jeff Miller, "Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012," *Congressional Record*, vol. 158 (July 31, 2012), p. H5428, <https://www.govinfo.gov/content/pkg/CREC-2012-07-31/pdf/CREC-2012-07-31-house.pdf>.

than six months in the field of study, the percentage of program completers employed at least six months in the field of study, median annual salary for employed program completers, and transfer rates to other academic or vocational programs.

### **Program Participation**

Although GI Bill participant pursuit of training and education through non-degree programs is low, many educational institutions and training providers that do not offer degrees are approved for GI Bill purposes. Approximately 9% of GI Bill participants pursued an educational certificate

in 2013, compared to 81% who pursued a degree.<sup>160</sup> In FY2018, approximately 0.4% of Post-9/11 GI Bill participants were pursuing OJT or an apprenticeship.<sup>161</sup> Of the educational institution and training establishment locations that offered programs approved for GI Bill purposes, almost 500 flight school locations, over 18,000 school locations, and over 9,000 OJT/apprenticeship

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<sup>160</sup> Department of Veterans Affairs, *2015 Veteran Economic Opportunity Report*, p. 10, <https://www.benefits.va.gov/benefits/docs/VeteranEconomicOpportunityReport2015.PDF>.

<sup>161</sup> Department of Veterans Affairs, Veterans Benefits Administration, *Annual Benefits Report FY2018: Education*, <https://www.benefits.va.gov/REPORTS/abr/docs/2018-education.pdf>.

locations did not award any degrees, based on data from December 2019.<sup>162</sup> Of the over 18,000 school locations, 37% were private for-profit, 37% were public, and 27% were private nonprofit schools.<sup>163</sup> The most popular certificates completed by Post-9/11 GI Bill participants in AY2018-

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<sup>162</sup> An additional almost 19,000 schools offer non-degree and degree programs. CRS calculations based on the Department of Veterans Affairs, *GI Bill Comparison Tool*, December 17, 2019, <https://www.va.gov/gi-bill-comparison-tool/>.

<sup>163</sup> *Ibid.*

2019 were in welding; information technology; heating, ventilation, and air conditioning; health care; and gunsmithing.<sup>164</sup>

Based on July 1, 2019, data following the February 2019 VET TEC launch, there were five approved training providers and eight participants.<sup>165</sup>

### Program Limitations

Program eligibility is limited to individuals who have served in the uniformed services and their family members.

Some recent examinations of the program have found that program quality oversight may be compromised by the oversight process described above. A 2018 GAO report indicated that SAA funding, the scope and focus of oversight actions, and the process for choosing institutions to audit may limit the ability to adequately conduct thorough oversight.<sup>166</sup> A 2018 VA OIG report found that SAAs lacked adequate controls to review all statutory approval standards, including, in particular, potentially deceptive advertising or program modifications.<sup>167</sup>

### Supplemental Nutrition Assistance Program (SNAP) Employment & Training (E&T) (USDA)<sup>170</sup>

SNAP (formerly known as the Food Stamp Program), is administered by the Department of Agriculture and provides eligible low-income households with benefits redeemable for eligible foods at authorized retailers.<sup>171</sup> The vast majority of federal funding for SNAP is for the food benefits themselves, but the federal government provides other SNAP funding as well. For example, states receive SNAP Employment & Training (E&T) funding to provide employment and education

#### 2014 Farm Bill SNAP E&T Pilots

In the 2014 farm bill (Agricultural Act of 2014; P.L. 113-79), Congress enacted and funded pilot projects to implement and evaluate innovative E&T models in 10 states; this funding totaled \$200 million. USDA-FNS has obligated these funds, awarding pilot grants to California, Delaware, Georgia, Illinois, Kansas, Kentucky, Mississippi, Virginia, Vermont, and Washington. Each state pilot focuses on a target population, many pilots expand an existing state initiative, and the pilot programs' offerings often include non-degree education.<sup>168</sup> USDA-FNS has released annual reports to Congress on the pilots; the agency anticipates publishing an interim evaluation report in FY2020 and the final evaluation report in FY2021.<sup>169</sup>

<sup>164</sup> Department of Veterans Affairs, *Annual Report on Post-9/11 Educational Assistance Program and Survivors' and Dependents' Educational Assistance Program* (P.L. 112-154, Section 402), November 2019, p. 11.

<sup>165</sup> Department of Veterans Affairs, *Harry W. Colmery Veterans Educational Assistance Act of 2017, Section 116 Implementation Plan*, August 2019, pp. 6-7.

<sup>166</sup> U.S. Government Accountability Office (GAO), *VA Education Benefits: VA Needs to Ensure That it Can Continue to Provide Effective School Oversight*, GAO-19-3, November 2018, <https://www.gao.gov/products/GAO-19-3>.

<sup>167</sup> Department of Veterans Affairs, Office of Inspector General, *VA's Oversight of State Approving Agency Program Monitoring for Post-9/11 GI Bill Students*, 16-00862-179, December 3, 2018, <https://www.va.gov/oig/pubs/VAOIG-16-00862-179.pdf>.

<sup>168</sup> See the USDA-FNS website, "2014 Farm Bill Pilot Projects," at <https://www.fns.usda.gov/2014-ET-Pilots> for project summaries and status reports.

<sup>169</sup> USDA, FY2020 USDA Explanatory Notes—Food and Nutrition Service, p. 32-128.

<sup>170</sup> Randy Alison Aussenberg, CRS Specialist in Nutrition Assistance Policy, contributed this section and can address related questions from congressional clients.

<sup>171</sup> See CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, §1 et seq (P.L. 110-246, as amended).

services for SNAP participants; this education is sometimes provided through non-degree programs.

First established by Congress in 1987 (then called Food Stamp Employment & Training (FSET)), the statutory purpose of SNAP E&T is to assist members of households participating in SNAP in “gaining skills, training, work, or experience that will increase their ability to obtain regular employment and meet state or local workforce needs.”<sup>172</sup> Congress also established SNAP E&T as a way to meet the SNAP’s work-related requirements; generally, nondisabled adults ages 18 to 59 are subject to these requirements.<sup>173</sup>

Each state agency responsible for administering SNAP is required to implement a SNAP E&T program.<sup>174</sup> States have the option to make their SNAP E&T programs mandatory or voluntary. That is, the state may choose to (1) make participation in E&T a condition of receiving SNAP benefits (mandatory) or (2) offer E&T but not require participation (voluntary). According to FY2017 USDA Food and Nutrition Service (USDA-FNS) data, the majority (35 of 53) state agencies operate voluntary E&T programs. A state’s E&T program must include one or more of the following components: job search programs, job search training, workfare (work-for-benefits), work experience (may include OJT or apprenticeships), education, self-employment training, WIOA (i.e., job training services that are managed by agencies under WIOA), and programs to improve job retention.

SNAP E&T funding includes several streams of mandatory funding: nearly \$124 million is available without a state match,<sup>175</sup> and then an open-ended federal match is available for states’ administrative expenses and states’ reimbursements for dependent care and transportation. Total E&T funding each year varies, depending on states’ use of open-ended matching funding.

Since October 2015, USDA-FNS, in partnership with Seattle Jobs Initiative (SJI), has been operating *SNAP to Skills*, a SNAP E&T capacity-building project USDA describes as addressing the need for education beyond high school.<sup>176</sup> The project is “designed to provide states the technical assistance, tools, and resources they need to build more effective and job-driven SNAP E&T programs.”<sup>177</sup> SNAP to Skills provides enhanced technical assistance to 10 states, but reaches additional states with tools, resources, and a SNAP E&T learning academy.

Statutory provisions require some integration between the WIOA Title I program and SNAP E&T. The SNAP E&T program must be delivered through the statewide workforce development system, unless the component is not available locally through such a system.<sup>178</sup> While SNAP E&T recipients can receive services through WIOA One-Stop centers, SNAP staff have experience addressing the unique challenges of E&T recipients, such as low basic skills, housing instability, and mental health issues.<sup>179</sup>

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<sup>172</sup> 7 U.S.C. §2015(d)(4)(A).

<sup>173</sup> 7 U.S.C. §2015(d)(1).

<sup>174</sup> 7 U.S.C. §2012(d)(4). *State* or *state agency* in the SNAP section of this report refers to the 50 states, the District of Columbia, Guam, and the U.S. Virgin Islands, which all operate SNAP.

<sup>175</sup> Under changes made by the 2018 farm bill, FY2019 and subsequent years’ funding increased to \$123.9 million; it had been at \$110 million.

<sup>176</sup> USDA-FNS, “Why SNAP to Skills?: The Immediate Opportunity of SNAP E&T,” <https://snaptoskills.fns.usda.gov/why-snap-to-skills> (accessed October 31, 2018).

<sup>177</sup> USDA-FNS, “SNAP to Skills,” downloaded August 7, 2019, <https://www.fns.usda.gov/program/snap-skills>.

<sup>178</sup> 7 U.S.C. §2015(d)(4)(A)(ii).

<sup>179</sup> Julie Strawn, *SNAP to Skills*, USDA-FNS, POLICY BRIEF 8, June 2018.

## Eligibility of Non-degree Programs

A state's available services and programs vary. SNAP E&T programs can provide certain education activities, as specified in federal regulations:

Educational programs or activities to improve basic skills or otherwise improve employability including educational programs determined by the State agency to expand the job search abilities or employability of those subject to the program. Allowable educational activities may include, but are not limited to, high school or equivalent educational programs, remedial education programs to achieve a basic literacy level, and instructional programs in English as a second language. Only educational components that directly enhance the employability of the participants are allowable. A direct link between the education and job-readiness must be established for a component to be approved.<sup>180</sup>

SNAP E&T education activities must have a direct link to employment and help SNAP participants move promptly into employment.<sup>181</sup> Some states do offer and fund SNAP participants' pursuit of education and training via non-degree programs. According to FY2017 data, the most common education activities offered are vocational training and basic education.<sup>182</sup>

SNAP E&T may also provide actual work experience or training.<sup>183</sup> Apprenticeships and subsidized employment are allowable,<sup>184</sup> as are unpaid internships.<sup>185</sup>

## Participant Eligibility for Training

SNAP E&T serves those SNAP participants who are subject to the program's general work requirements, but some states may target their services to a subset of this population. To participate in SNAP, households must be income-eligible and meet certain other nonfinancial rules such as citizenship and work requirements.<sup>186</sup> To be financially eligible, household gross monthly income (all income as defined by SNAP law) must be at or below 130% of the federal poverty level, and household net monthly income (SNAP-specified deductions are subtracted) must be at or below 100% of the federal poverty level. Under certain state options, the threshold may be as high as 200% of the federal poverty line.

Under current law for SNAP participation, general work requirements or work registration requirements are in place. That is, non-disabled adults who are not working are required to register for work, accept a job if offered one, and not reduce their work below 30 hours per week. This work registrant population is the eligible population for SNAP E&T programs, but states may design their E&T programs to focus on a subset of this population. States may also choose to make E&T mandatory for this population or a subset of it.

The process by which SNAP agencies or third-party partners assign or refer an individual for particular E&T programs or services varies. USDA guidance requires state agencies to assess

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<sup>180</sup> 7 C.F.R. §273.7(e)(1)(vi).

<sup>181</sup> 7 C.F.R. §273.7(e)(1).

<sup>182</sup> USDA-FNS, *Employment and Training Toolkit*, p. 54 et seq., downloaded on July 18, 2019.

<sup>183</sup> 7 U.S.C. §2015(d)(4)(B)(i)(IV).

<sup>184</sup> Letter from USDA-FNS, *Supplemental Nutrition Assistance Program Section 4005 of the Agriculture Improvement Act of 2018 - Questions and Answers*, to Regional Administrators, FNS, All Regions, May 17, 2019, [https://snaptoskills.fns.usda.gov/sites/default/files/2018-06/Brief\\_June2018\\_508comp.pdf](https://snaptoskills.fns.usda.gov/sites/default/files/2018-06/Brief_June2018_508comp.pdf).

<sup>185</sup> USDA-FNS, *Employment and Training Toolkit*, p. 22, downloaded on July 18, 2019.

<sup>186</sup> For more information on citizenship requirements, see CRS Report RL33809, *Noncitizen Eligibility for Federal Public Assistance: Policy Overview*.

participants to determine the most effective E&T component(s) for that participant; guidance suggests a range of assessment tools.<sup>187</sup> The 2018 farm bill (P.L. 115-334, enacted December 2018) now requires all states to include “case management services such as comprehensive intake assessments, individualized service plans, progress monitoring, or coordination with services providers.”<sup>188</sup>

In general, E&T funds cannot be used to serve Temporary Assistance for Needy Families cash assistance recipients (see the “Temporary Assistance for Needy Families (TANF) (HHS)” section for more information).<sup>189</sup>

Some individuals enrolled half-time or more in an IHE are ineligible for SNAP. Such individuals may be eligible if assigned or placed in the IHE through a specified program, including a WIOA Title I program or SNAP E&T.<sup>190</sup>

### Basic Benefit Payment Structure

SNAP provides food assistance, while SNAP E&T provides educational programs and funds some associated costs. SNAP E&T funds may be used to cover the costs of education, develop a program component, or pay for the costs associated with an education program.<sup>191</sup> Associated costs may include dependent care and transportation. Most E&T funding does not go directly to program participants but rather is administered by state agencies and contracted programs. It is common for states to contract for specific education programs or to work through partnerships.

USDA-FNS presents third-party partnerships as a model for developing, implementing, and growing a SNAP E&T program. Through such partnerships, states work with a third party such as a community college. The third party provides a financial or in-kind contribution to the program. Upon invoicing, the state draws down federal funds to reimburse the partners.<sup>192</sup> The federal funds may be 100% funding or a 50% match depending on the funding stream.<sup>193</sup>

For Pell Grant-eligible students, the Pell Grant must be the *first payer* of college expenses.<sup>194</sup> The first payer indicates that the Pell Grant amount would be based on full college expenses, whereas the E&T benefit would be based on the college expenses not covered by the Pell Grant.

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<sup>187</sup> Ibid., pp. 18-19.

<sup>188</sup> Section 4005(a). USDA will implement this provision with rulemaking and has said, “until FNS completes rule-making, State agencies have discretion in determining the types of case management services to be provided, so long as they are consistent with the example services provided in the [2018 farm bill].” Letter from USDA-FNS, *Supplemental Nutrition Assistance Program Section 4005 of the Agriculture Improvement Act of 2018 - Questions and Answers*, to Regional Administrators, FNS, All Regions, May 17, 2019, [https://snaptoskills.fns.usda.gov/sites/default/files/2018-06/Brief\\_June2018\\_508comp.pdf](https://snaptoskills.fns.usda.gov/sites/default/files/2018-06/Brief_June2018_508comp.pdf).

<sup>189</sup> USDA-FNS, *Employment and Training Toolkit*, p. 54 et seq., downloaded on July 18, 2019. However, Vermont, Wisconsin, Colorado, and Utah are authorized to spend a limited amount of E&T funding on TANF participants.

<sup>190</sup> 7 U.S.C. §2015(e).

<sup>191</sup> USDA-FNS, *Employment and Training Plan Handbook*, June 2017, p. 35, <https://fns-prod.azureedge.net/sites/default/files/snap/SNAP-ET-Plan-Handbook.pdf>.

<sup>192</sup> USDA-FNS, *SNAP E&T Operations Handbook: A Step-by-Step Guide to Developing, Implementing, and Growing a SNAP E&T Program*, January 2018, <https://fns-prod.azureedge.net/sites/default/files/snap/S2S-Operations-Handbook.pdf>.

<sup>193</sup> Ibid.

<sup>194</sup> Ibid.

Associated expenses supported by E&T must be reasonable and necessary.<sup>195</sup> Before using E&T funds for tuition, the state must first explore other funding sources, such as education grants (but not loans).

*Workforce partnerships* were added to the E&T program by the 2018 farm bill. Workforce partners may include private employers, nonprofit organizations providing services relating to workforce development, and training providers identified on WIOA ETPLs.<sup>196</sup> The workforce partners provide training, work, or experience.

As mentioned above, work components may include OJT and apprenticeships.<sup>197</sup>

## Basic Administrative Structure

Each SNAP E&T program is designed by the state within a federal framework of rules and is subject to USDA-FNS approval.<sup>198</sup> Statute and regulation set out requirements for states' E&T plans.<sup>199</sup> State programs can and do vary greatly in their capacity and services offered. Per changes made by the 2018 farm bill, the programs must be implemented in consultation with the state workforce development board (WDB) or private employers or employer organizations (See the "WIOA Contracts and Individual Training Accounts (ITAs) (DOL)" section for state WDBs' responsibilities under WIOA Title I).<sup>200</sup>

SNAP E&T participants generally learn of the available programs and services through the SNAP state agency or referrals to partner agencies.

## Quality Assurance Mechanisms

States typically monitor and assess provider and program quality, though USDA-FNS has increasingly provided technical assistance and resources to help them do so.<sup>201</sup>

## Measures of Program Performance

The 2014 farm bill (Agricultural Act of 2014; P.L. 113-79) required USDA to establish a performance indicators reporting process. USDA has finalized the regulation implementing this reporting, and the first annual report was due in January 2018.<sup>202</sup> As of the date of this report, USDA has not published a compilation or information based on the reports. The national reporting measures are

- unsubsidized employment in the second quarter after completion of participation in SNAP E&T;
- median quarterly wages in the second quarter after completion of participation in SNAP E&T;

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<sup>195</sup> 7 C.F.R. §273.7(e)(1).

<sup>196</sup> 7 U.S.C. §2015(d)(4)(B)(ii).

<sup>197</sup> USDA-FNS, *Employment and Training Plan Handbook*, June 2017, pp. 32-33.

<sup>198</sup> 7 U.S.C. §2012(d)(4).

<sup>199</sup> 7 C.F.R. §273.7(c)(2).

<sup>200</sup> 7 U.S.C. §2015(d)(4)(A)(i).

<sup>201</sup> See <https://snaptoskills.fns.usda.gov/resources>.

<sup>202</sup> As of the date of this CRS report, the first annual report was not yet available.

- unsubsidized employment in the fourth quarter after completion of participation in SNAP E&T; and
- completion of an educational, training, work experience, or OJT component.<sup>203</sup>

## Program Participation

The majority of SNAP E&T participants were provided services other than education. According to USDA-FNS FY2016 data, the most recent available, 38 of 53 SNAP state agencies provided an education component in their E&T program, and the states served almost 70,000 SNAP participants in the education components of their programs. FY2016 SNAP E&T participation data on all participants (not necessarily education component participants) by state show that some states served fewer than 100 participants, while other states served nearly 100,000.<sup>204</sup>

## Program Limitations

There are a few limitations to SNAP E&T. First, it is more common for SNAP E&T participants to participate in job search or other non-education components; fewer than 10% of participants receive education. Second, information is not available on the quality of educational programs or work experience. A forthcoming evaluation on the 2014 farm bill pilot projects may inform future guidance and policymaking. In addition, subsequent employment outcomes are not available. Finally, wages earned through SNAP E&T may increase household income, and thus may reduce eligibility for SNAP and SNAP E&T.<sup>205</sup>

## Temporary Assistance for Needy Families (TANF) (HHS)<sup>206</sup>

The Temporary Assistance for Needy Families block grant has the statutory purpose of increasing state flexibility to (1) provide assistance to needy families with children so that children can live in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting work, job preparation, and marriage; (3) reduce out-of-wedlock pregnancies; and (4) promote the formation and maintenance of two-parent families.<sup>207</sup> States may expend their TANF block grants (and associated state funds) in any manner “reasonably calculated” to achieve TANF’s statutory purpose.<sup>208</sup>

TANF is administered HHS. Under federal budget rules, TANF is a mandatory spending program.

TANF is not a dedicated education and/or training program, but a broad-purpose block grant that gives states permission to spend funds on a wide range of benefits, services, and activities. TANF is best known for providing monthly assistance to needy families with children, primarily headed by single mothers, to help meet their basic needs. This assistance is usually in the form of cash,

<sup>203</sup> USDA-FNS, *SNAP E&T Outcome Reporting Interim Final Rule Questions and Answers Part II*, May 15, 2017.

<sup>204</sup> FY2016 SNAP E&T data by state provided by USDA-FNS upon request.

<sup>205</sup> Letter from USDA-FNS, *Supplemental Nutrition Assistance Program Section 4005 of the Agriculture Improvement Act of 2018 - Questions and Answers*, to Regional Administrators, FNS, All Regions, May 17, 2019, <https://www.fns.usda.gov/snap/section-4005-agriculture-improvement-act-2018-questions-and-answers>.

<sup>206</sup> Gene Falk, CRS Specialist in Social Policy, contributed this section and can address related questions from congressional clients.

<sup>207</sup> TANF is Title IV-A of the Social Security Act (42 U.S.C. §601 et seq.). For more information, see CRS Report RL32760, *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*.

<sup>208</sup> 42 U.S.C. §604.

but may also be paid as a voucher or to a third party to meet a basic need.<sup>209</sup> TANF funds may also be used to support subsidized employment, OJT, and training and education programs; however, this is a subset of the types of activities that TANF may fund.

Several states have used TANF funds to support *career pathways*. According to HHS, “a career pathway provides access to interconnected education programs and support services for students and workers to help them advance in their chosen career paths to jobs with family-sustaining wages.”<sup>210</sup> One state program includes coordinators who are paid with TANF funds but are employed at a community college and serve as case managers, recruiting students and ensuring they have access to support services. The program also makes use of college work-study jobs.<sup>211</sup>

## Eligibility of Non-degree Programs

TANF has no rules limiting the types of training and education programs that are eligible, though there are limits on how much training and education may be counted toward meeting its performance measure (see the “Measures of Program Performance” section). Therefore, the state may decide what kinds of vocational educational training are eligible.

## Participant Eligibility for Training

TANF funds must be used for low-income families with children; thus, parents or other caretakers of children would be eligible for training and education. Financial eligibility rules are set by the state in which the family resides, and there is a significant amount of variation among them. According to HHS data, “in 2015, over one-third of adult TANF assistance recipients (38.6%) had less than a high school education, and more than half (53.9%) had no further education beyond high school completion (or its equivalent).”<sup>212</sup>

## Basic Benefit Payment Structure

TANF helps fund state assistance programs for needy families with children. Funds are provided to the states, which then provide assistance to families. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193), which created TANF, requires that funds be spent as determined by state legislatures.<sup>213</sup> States determine eligibility rules and benefit amounts for these programs. They also determine what activities to require of adult recipients of assistance. There is no federal requirement to provide different benefit amounts depending upon whether adult recipients are in training and education, but benefits must be reduced or ended if recipients refuse to participate in required activities that may include training and education. (States may create “good cause” and other exceptions for which the sanction for failure to participate in required activities may be waived.)

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<sup>209</sup> In TANF, the definition of *assistance* is in regulation (45 C.F.R. §260.31), not in statute.

<sup>210</sup> U.S. Department of Health and Human Services, Administration of Children and Families, Office of Family Assistance, *Supporting Career Pathways for TANF Recipients*, TANF-ACF-IM-2016-05, October 20, 2016 (updated December 13, 2016), <https://www.acf.hhs.gov/ofa/resource/tanf-acf-im-2016-05>.

<sup>211</sup> Josh Bone, *TANF Education and Training. Kentucky’s Ready to Work Program*, CLASP, January 2010, <https://www.clasp.org/sites/default/files/publications/2017/04/RTW.pdf>.

<sup>212</sup> U.S. Department of Health and Human Services, Administration of Children and Families, Office of Family Assistance, *Supporting Career Pathways for TANF Recipients*, TANF-ACF-IM-2016-05, October 20, 2016 (Updated December 13, 2016), <https://www.acf.hhs.gov/ofa/resource/tanf-acf-im-2016-05>.

<sup>213</sup> Section 901 of P.L. 104-193.

TANF also provides funding for a wide range of benefits and support services other than cash assistance, and some low-income parents who do not receive cash assistance are served by TANF funds. Support services may include, but are not limited to, advising, career planning, and employment services.

### **Basic Administrative Structure**

Benefits and services are delivered at the state and local level. States decide which participants get which services. State TANF programs sometimes refer assistance recipients to a WIOA One Stop Center for education or employment. Other states choose to operate employment and training services for TANF recipients separately from the WIOA system.

### **Quality Assurance Mechanisms**

There are no federal rules regarding the quality of training and education programs, though states might establish such rules.

### **Measures of Program Performance**

The minimum work participation rate (WPR) is TANF's sole performance measure. TANF requires each state to meet a performance standard that requires a minimum percentage of its assistance caseload to either be working or engaged in activities.<sup>214</sup> The rules for what counts as engagement limits training and education: "vocational educational training" is limited to 12 months in a lifetime; obtaining a GED is either not countable toward the standard or counted only if an individual is in another activity more closely related to work for a minimum number of hours per week. States may also meet their minimum work participation rate in whole or in part through reducing the cash assistance caseload.

### **Program Participation and Outcomes**

Little program-wide data exists on TANF participation in training and education and the subsequent outcomes.<sup>215</sup>

### **Program Limitations**

Child care and educational preparation may limit a large proportion of TANF recipients from taking advantage of and succeeding in non-degree programs. Most TANF assistance adults are single mothers with young children. States may use TANF funds to assist parents with child care. The TANF cash assistance caseload is significantly disadvantaged in terms of education.

The choice of non-degree programs may be limited:

- The 12-month lifetime limit on vocational educational training limits the types of training that TANF recipients can pursue.

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<sup>214</sup> For more information, see CRS Report R44751, *Temporary Assistance for Needy Families (TANF): The Work Participation Standard and Engagement in Welfare-to-Work Activities*.

<sup>215</sup> A study of Arkansas' career pathways initiative indicated that the measured success in certificate and degree completion and income increases was due to a combination of the holistic case management provided through support services and financial aid. College Counts, *A Research Analysis of the Arkansas Career Pathways Initiative*, 2018, <https://eric.ed.gov/?id=ED507895>. Full text at <https://files.eric.ed.gov/fulltext/ED507895.pdf>.

- An individual in an apprenticeship program may exceed the income eligibility threshold for receiving assistance.

In addition, the quality of training and education programs is unknown.

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