

A photograph of a modern classroom or lab. In the foreground, a young woman with glasses and curly hair is focused on working on a green printed circuit board (PCB) on a desk. A desk lamp is lit, casting a warm glow. In the background, other students are engaged in various activities, and a sign on the wall reads "FUTURE READY".

# Federal Funding, Policy and Credentials Updates for Career and Technical Education

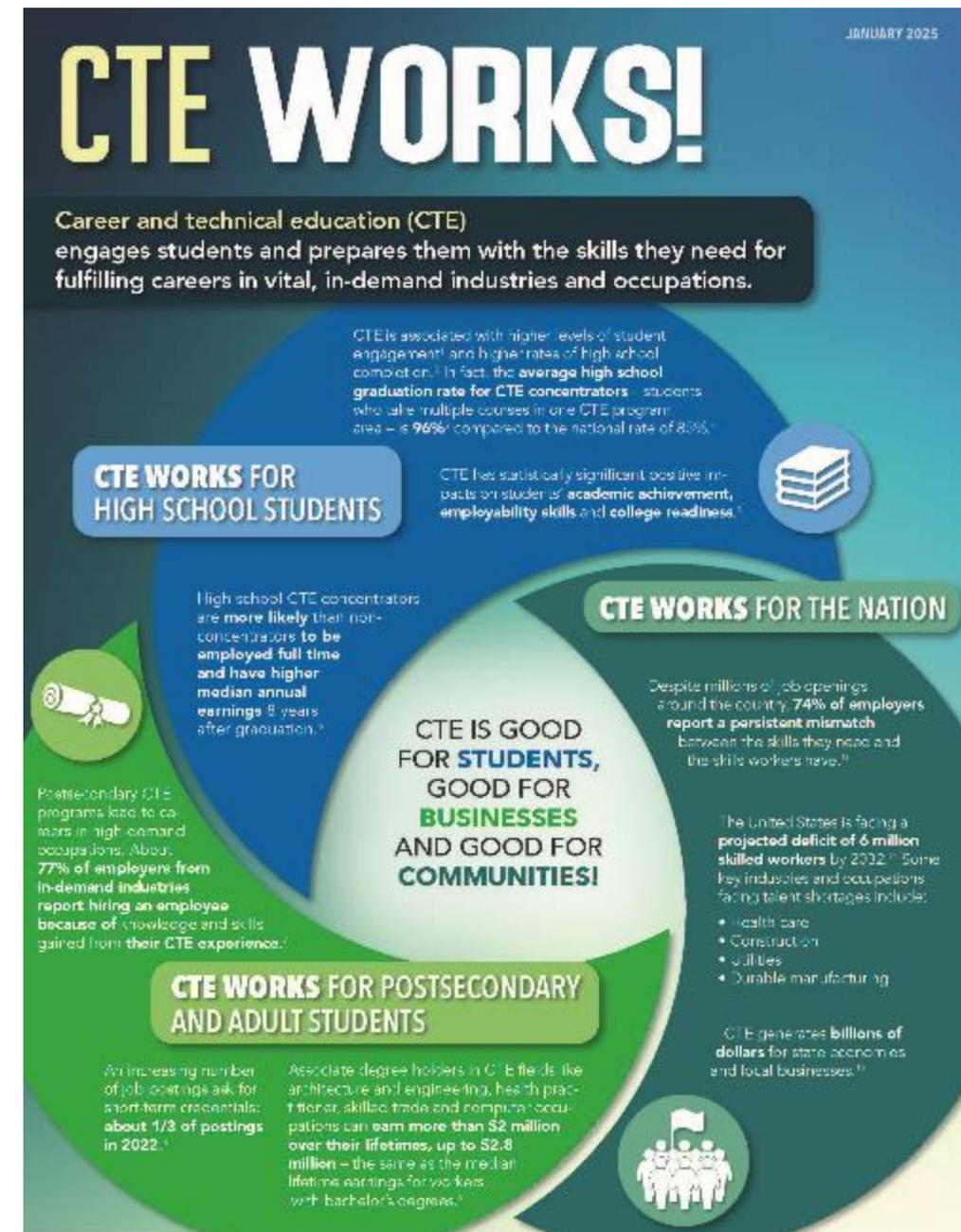
This presentation provides updated information on recent federal policy changes affecting Career and Technical Education (CTE), including new interpretations regarding federal funds for undocumented immigrants, fiscal year 2025 funding developments, budget reconciliation impacts, the Interagency Agreement between the Departments of Education and Labor, and upcoming legislative priorities.



Michael Connet, Associate Deputy Executive Director  
Association for Career and Technical Education®

*Largest national education association of professionals dedicated to the advancement of CTE*

- Achieving policy victories & increasing legislative activity around CTE
- Nurturing a culture of excellence & leadership in CTE for almost 100 years
- Delivering robust professional learning & networking opportunities
- Growing a partnership network that provides added member value



# New Guidance on Using Federal Funds for Undocumented Immigrants

February 19, 2025

Direct response to President Trump's Executive Order 14218, "Ending Taxpayer Subsidization of Open Borders."

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July 10 - 11, 2025

U.S. Department of Education announced plans to issue a new Notice of Interpretation related to the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), published in the Federal Register.

August 12, 2025

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ACTE, Advance CTE, AACCC, and ACCT sent a letter seeking further clarification on the guidance. A formal response from ED is still pending.

The new interpretation classifies many postsecondary education programs, including those funded by Perkins V, as "federal public benefits" subject to citizenship verification. K-12 programs do not appear to be impacted at this time. The administrative burden of determining whether funding is "used to support programs and services that serve illegal aliens" could be quite complex.

# FY 2025 Funding Delays and Resolutions

Federal education formula grant funding for FY 2025 was scheduled to be distributed to states on July 1. While Perkins funds were distributed as scheduled, almost \$7 billion in other education funding was initially withheld.

The Administration stated that the funding needed to be reviewed by the Office of Management and Budget, despite the congressionally mandated appropriation timeline.



- Funding Initially Withheld**
- \$376 million for Title I -C migrant education state grants
  - \$890 million for Title III -A English language acquisition grants
  - \$1.33 billion for Title IV -B 21st century community learning centers
  - \$1.38 billion for Title IV -A student support and academic achievement grants
  - \$2.190 billion for Title II -A supporting effective instruction state grants
  - \$715 million for adult education state grants

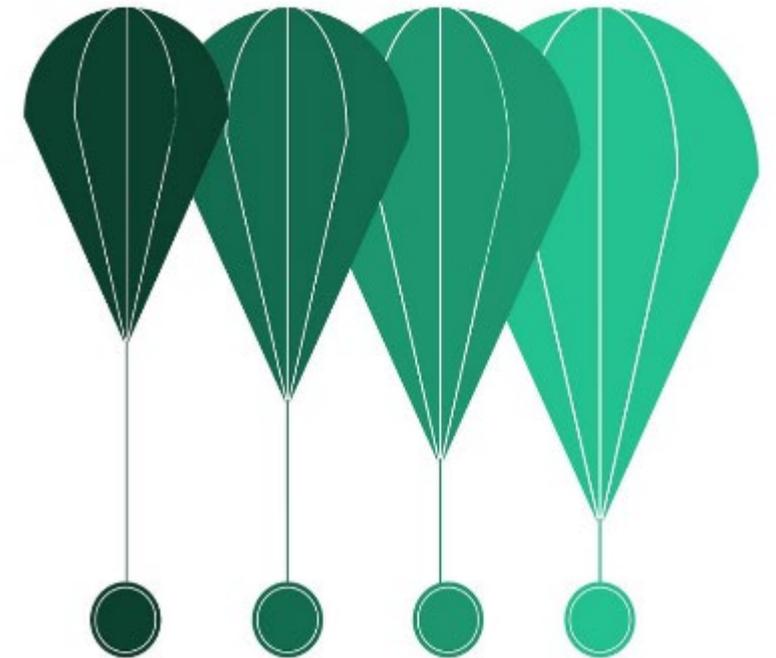
Adult education, Title II -A, and Title IV -A funds directly support CTE programs and students in some places, causing school districts to scramble to readjust budgets and timelines. To date, all funds have been released and FY 25 should be officially closed out.

# Budget Reconciliation: Process and Education Impacts

## Time line

- July 1, 2025: Senate passed the bill in a 50 -50 vote with VP Vance casting the tie -breaking vote
- July 3, 2025: House passed the Senate version in a 218 -214 vote along party lines
- July 4, 2025: Bill signed into law

The reconciliation process allowed for significant education policy changes with a simple majority vote, bypassing the typical 60 -vote threshold required in the Senate.



## Potential Rescissions

Congress passed a rescissions package on July 17 that did not include education funding. However, the administration has indicated they would request an additional rescissions bill that would include education funding.

# Short-Term Pell Grant Expansion

## Program Eligibility

Extends Pell Grant access to programs between 8 - 15 weeks in length and between 150 - 600 clock hours, opening federal financial aid to shorter-term career training programs.

## Implementation Timeline

Scheduled to be implemented by July 1, 2026, for the 2026 - 2027 academic year. The Department of Education is forming a negotiated rulemaking committee.

## Program Requirements

The Senate parliamentarian ruled against allowing unaccredited programs. While noncredit programs are not specifically excluded, the Department of Education will decide whether those programs can demonstrate equivalency to meet eligibility.

ACTE submitted a nominee on August 25 and formal comments on August 28 to participate in this important regulatory process. The implementation of Short-Term Pell represents a significant opportunity for career and technical education programs to expand access to students seeking shorter-term credentials with labor market value.

# Additional Pell Grant Provisions and Funding

Beyond the expansion to short-term programs, the Budget Reconciliation bill also addresses the looming Pell Grant funding shortfall projected by the Congressional Budget Office beginning in fiscal year 2026.

The legislation provides **\$10.5 billion in mandatory funding** to partially address this potential shortfall in the Pell program.

While this allocation will not completely address the approximately **\$70 billion Pell Grant shortfall** projected over the next decade, it represents a partial down payment to shore up funding for the next year.

Education advocates will **need to continue pushing** for sustainable funding solutions to ensure the long-term viability of this essential financial aid program that serves millions of students annually.

**\$10.5B**

**\$70B**

# K-12 Education Voucher Tax Credit Program

## Program Structure

The Budget Reconciliation bill created a controversial dollar-for-dollar federal tax credit designed to support private and religious K-12 schools. The credit will fully reimburse donors for the first \$1,700 they give to groups that provide tuition vouchers.

## No Aggregate Cap

Unlike the original House-passed version, which limited the total tax credit to approximately \$5 billion per year, the final version does not include an upper limit on the potential cost to the federal treasury.

## Eligibility & Implementation

- Students whose families do not exceed 300% of their area's median gross income are eligible
- States must opt into the program to participate
- States would be responsible for vetting the scholarship-granting organizations

ACTE sent a letter to the Senate Finance Committee on June 12th opposing this provision, noting it would redirect federal education funding toward private institutions that are not subject to the same transparency, accountability, or student outcome reporting requirements as public schools.

# Higher Education Accountability and Loan Changes



## Degree Program Accountability

Creates a new accountability regime for all degree programs with low earnings, similar to Gainful Employment, but would not cover certificate programs.



## Graduate Loan Limits

Eliminates Grad PLUS loans and places new loan limits: \$20,500 per year/\$100,000 lifetime for nonprofessional graduate students; \$50,000 per year/\$200,000 lifetime for professional students.

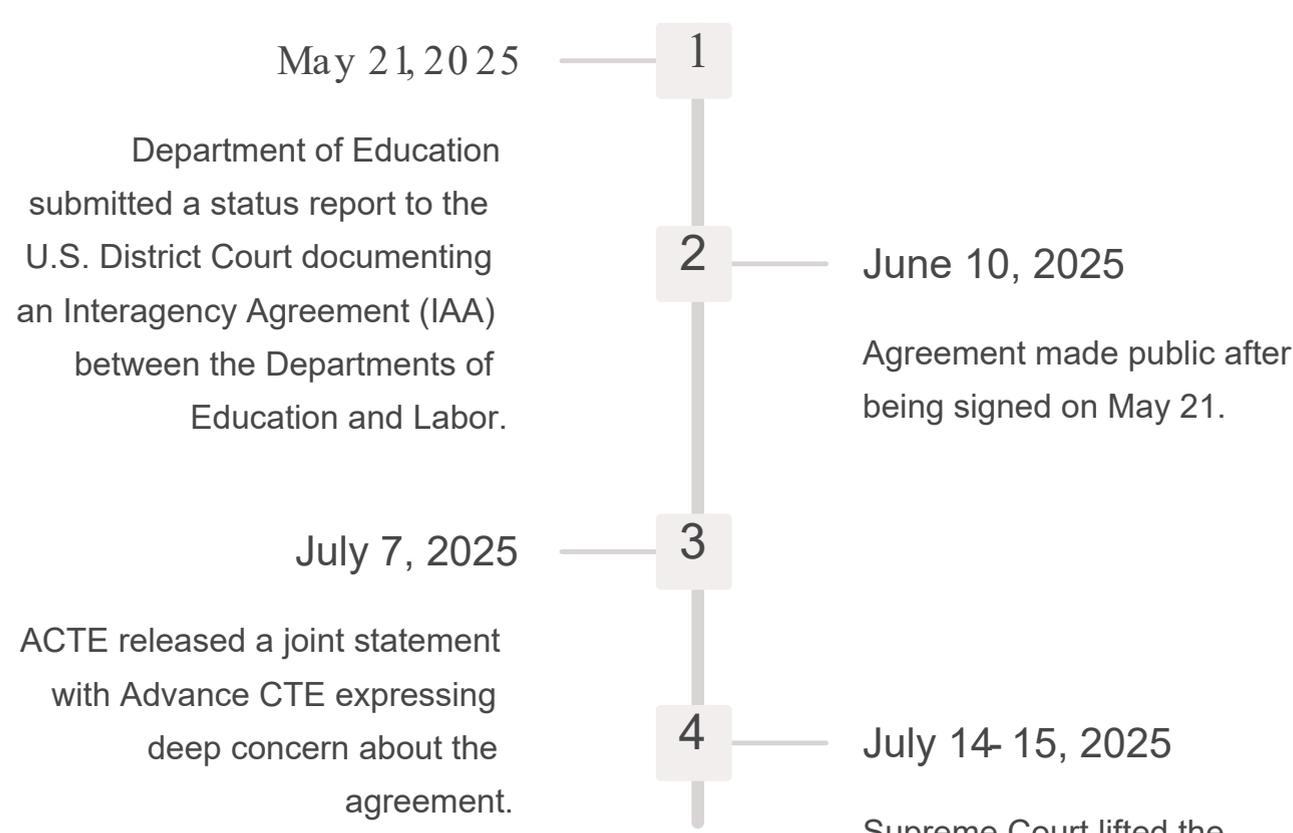


## Parent PLUS Changes

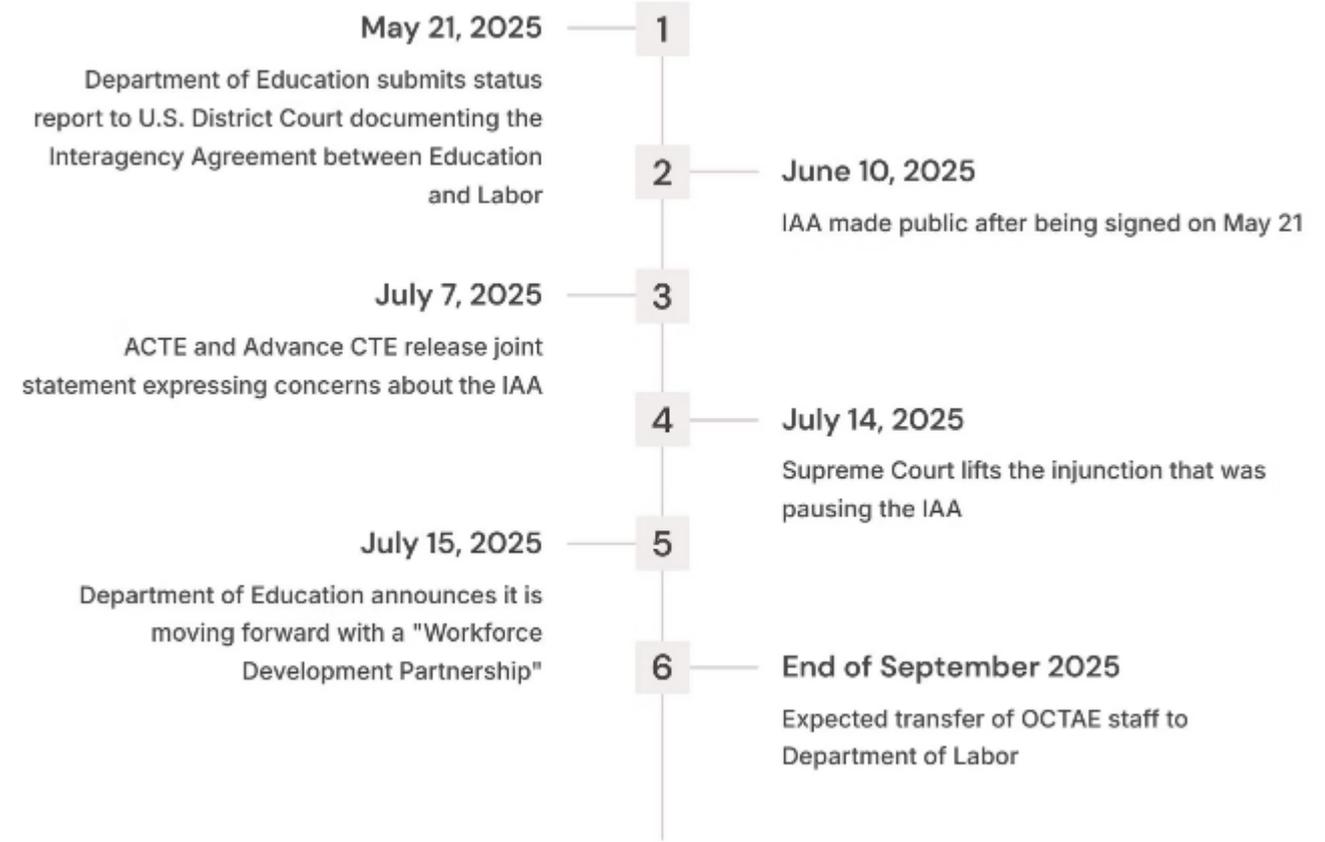
Reduces annual limits from unlimited to \$20,000 per year for each dependent student and sets an aggregate limit of \$65,000 per dependent student.

The bill also establishes a new aggregate lifetime limit for all borrowers of \$257,500 regardless of amounts repaid or forgiven (excluding Parent PLUS loans) and eliminates nearly all repayment plans for new borrowers, replacing them with a standard payment plan and a new income -based Repayment Assistance Plan (RAP).

# Interagency Agreement: ED to DOL Transfer



ACTE will continue to oppose the transfer of Perkins from ED to Labor and represent concerns of the CTE community regarding this significant administrative change.



Under Secretary James Bergeron confirmed that Office of Career, Technical, and Adult Education (OCTAE) staff will be transferred to Labor by the end of September. Some OCTAE staff will be separately transferred to the Office of Federal Student Aid (FSA).

# Impact of the Interagency Agreement on CTE

## Undermines Original Intent of Perkins V

Shifting to the Department of Labor dilutes the educational focus of the law and misaligns it with its legislative intent. It would erode decades of progress in building seamless CTE educational pathways.

## Creates Inefficiencies

OCTAE already coordinates with DOL on workforce issues while preserving education oversight. Duplicating functions at DOL will create bureaucracy, inefficiency, and unnecessary costs rather than streamlining service delivery.

## Jeopardizes Academic Alignment

CTE programs are deeply integrated into K-12 and postsecondary academic systems. DOL's primary constituency is adult workers, not secondary students. There are 8 million secondary CTE students.

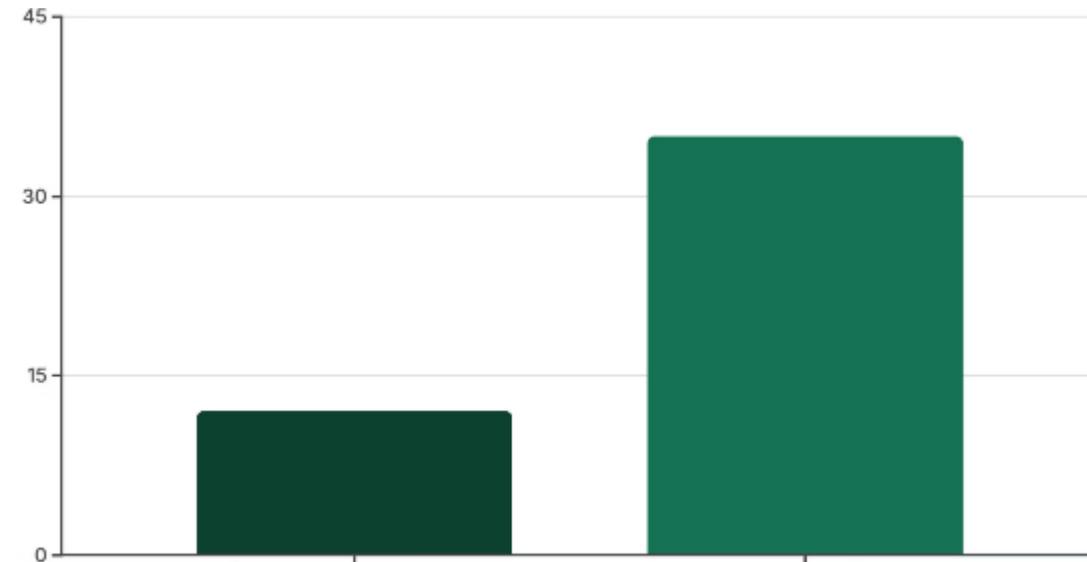
ACTE sent a letter on August 28 to Senate leaders asking for language regarding the IAA to be included in the final version of the Labor-H bill, which could potentially prevent or modify the transfer. The organization continues to advocate for maintaining the educational integrity of CTE programs.

# FY 2026 Budget Request Overview

On May 30, the Trump Administration released its full Fiscal Year (FY) 2026 budget request, proposing significant changes to education funding. The budget requests that the Department of Education be cut by **\$12 billion** in discretionary spending.

## Career and Technical Education

- Perkins State Grant to be level funded for FY 2026 at approximately \$1.44 billion
- Concerning language indicating the Administration wants to shift Perkins funds "to exclusively support middle and high school students at the district level," not postsecondary programs
- Perkins National Programs account would be decreased by \$2.2 million, leaving \$10.2 million



## Department of Labor

- Funding would be reduced by nearly 35%
- 11 existing DOL programs combined into a \$2.96 billion block grant called "Make America Skilled Again" (MASA)
- Elimination of Job Corps, which is a priority for many members of Congress

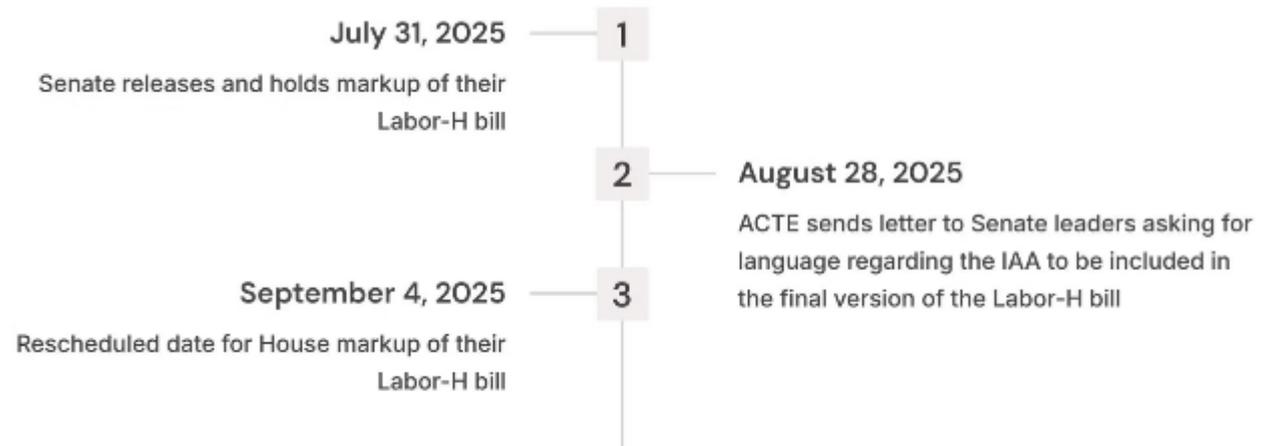
# Congressional Appropriations Process

## House Process

The House had originally announced that they would mark up their Labor -H bill on July 21; however, it has been postponed until September 4. Legislative text will be released a few days before that.

## Senate Process

The Senate released and held a markup of their Labor -H bill on July 31. The bill level funds Perkins at \$1.5 billion (\$1.4 billion for the State Grant and \$10 million for National Activities) and largely provides level funding for education programs across the board.



Notably, the Senate bill does not include language that would prevent the administration from shifting CTE funds to Labor, despite including other provisions preventing other programs (such as IDEA) from being transferred to other agencies.

ACTE sent a letter on August 28 to Senate leaders asking for language regarding the IAA to be included in the final version of the Labor -H bill.

The appropriations process is likely to continue into the fall, with the possibility of a continuing resolution if final bills are not passed by the start of the new fiscal year on October 1.

# Perkins Reauthorization Outlook

Lawmakers, particularly in the House, have expressed interest in reauthorizing the Carl D. Perkins Career and Technical Education Act during this Congress. The current timeline suggests that the House Education and Workforce Committee will hold hearings in the fourth quarter of this year and begin working on legislation next year.

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## Education - Workforce Alignment

Strengthening connections between education systems and workforce needs while maintaining educational integrity of CTE programs.



## Academic Integration

Further integration of academic and technical education to prepare students for both career success and postsecondary education.



## Career Exploration

Enhanced support for career exploration and guidance to help students make informed decisions about education and career pathways.



## Data & Accountability

Improving data collection and accountability systems to better track student outcomes and program effectiveness.

ACTE will have detailed policy priorities for Perkins reauthorization in the coming months, providing members and stakeholders with guidance on advocating for effective CTE policies.

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# Apprenticeship Legislation

There has been renewed interest this Congress in working on reauthorizing the National Apprenticeship Act. No legislative text has been released yet, but lawmakers have worked on this issue in previous Congresses, and it has proven to be a very difficult issue to find consensus on.



## Bipartisan Potential

Apprenticeships have traditionally enjoyed support from both parties, though specific approaches differ. Republicans typically favor industry -led models with less regulation, while Democrats often support more structured programs with stronger labor protections.



## Credentialing Issues

A key point of contention has been the recognition and portability of apprenticeship credentials, including how to balance traditional registered apprenticeships with industry -recognized apprenticeship programs.



## Funding Mechanisms

Previous bills have differed significantly on funding levels and distribution methods, including grants to states, direct funding to employers, and tax incentives for businesses that offer apprenticeships.

# Advocacy Priorities for CTE Stakeholders

## Oppose IAA Implementation

Continue to oppose the transfer of Perkins administration from ED to Labor and work to lift up the concerns of the CTE community regarding the potential negative impacts on program quality and alignment with education systems.

## Shape Perkins Reauthorization

Develop and promote policy priorities for the upcoming Perkins reauthorization to ensure that the legislation strengthens CTE programs and supports all learners.

By focusing on these priorities, CTE stakeholders can work to ensure that federal policies and funding support high-quality CTE programs that prepare students for success in careers and further education.

## Secure Adequate Funding

Advocate for maintaining or increasing Perkins funding in the final FY 2026 appropriations bill and oppose any attempts to restrict Perkins funds to only K-12 programs.

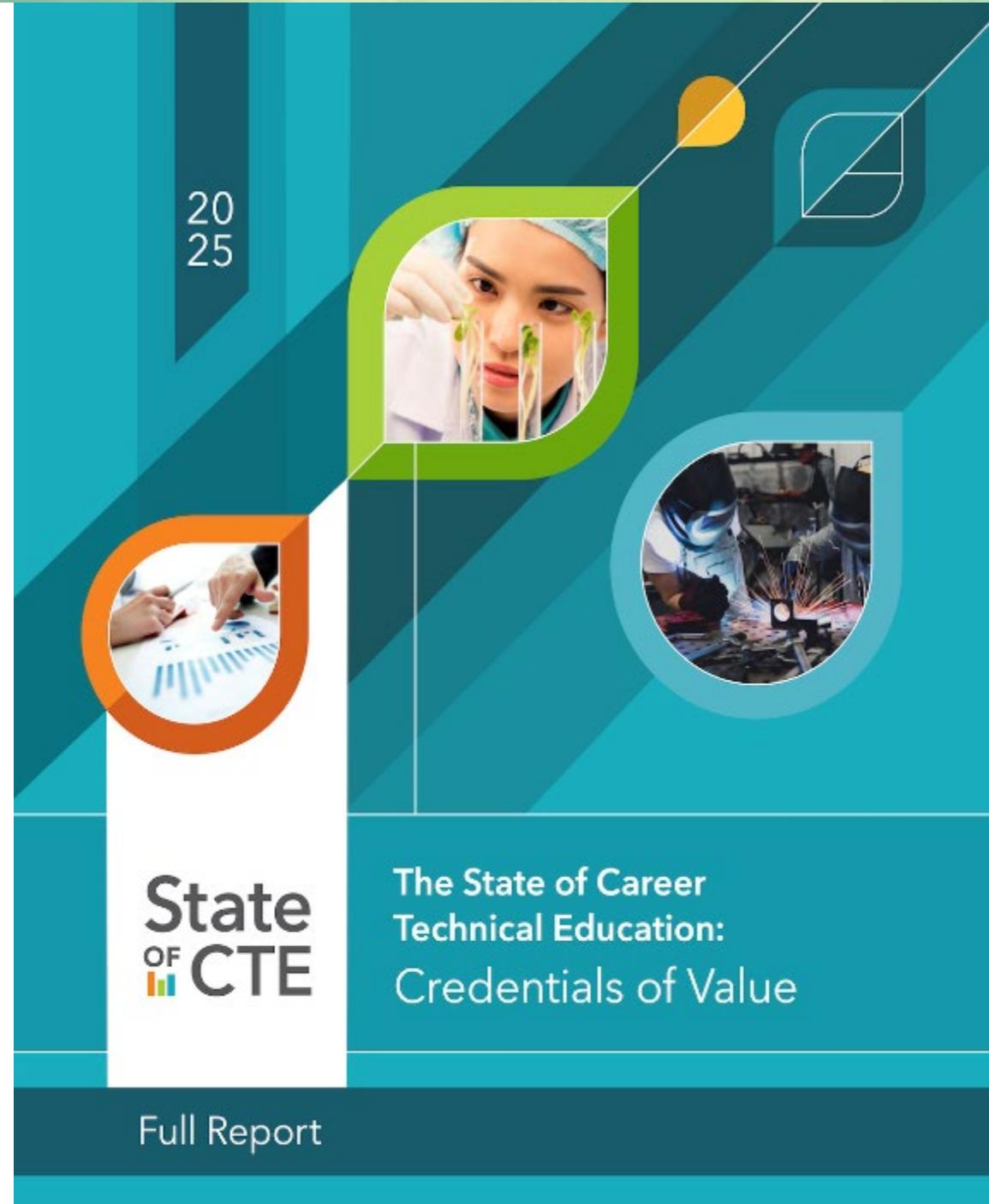
## Influence Short - Term Pell Implementation

Participate in the negotiated rulemaking process for Short - Term Pell to ensure that the regulations support high-quality CTE programs and provide meaningful opportunities for students.

# The State of CTE: Credentials of Value

Advance CTE released a comprehensive report this summer examining credential systems across the United States. The report highlights current practices, challenges, and opportunities for improvement in how states approach credentialing in Career and Technical Education.

The report is accompanied by two interactive dashboards: one containing information on state approaches to credentialing, and another listing the top employer - requested credentials, filterable by Career Cluster and state.



# Why Credentials Matter



## Currency of Career Readiness

Credentials function as the "currency" in the labor market, signaling to employers that learners possess specific skills and knowledge required for workforce success.



## Under Scrutiny

The quality, equity, and alignment of credentials with actual labor market needs are being examined more closely than ever before.



## Policy Priority

Federal and state actions increasingly emphasize making credentials meaningful (valuable), measurable (verifiable), and mobile (transferable).

# Federal Policy Developments



## Pell Grant Expansion (Summer 2025)

Congress authorized the use of Pell Grants for short-term credentialing programs, a major win for workforce-aligned education. This opens doors for more learners to access high-value, non-degree pathways.

## House Legislation

The "Connecting Small Businesses with CTE Graduates Act" aims to strengthen employer pipelines by improving access to CTE-trained talent.



# State - Level Credential Approaches

44

States with Approved Lists

44 states now publish approved credential lists for CTE programs

34

Formal Vetting

34 states have implemented formal vetting processes to evaluate credentials

27

Revalidation

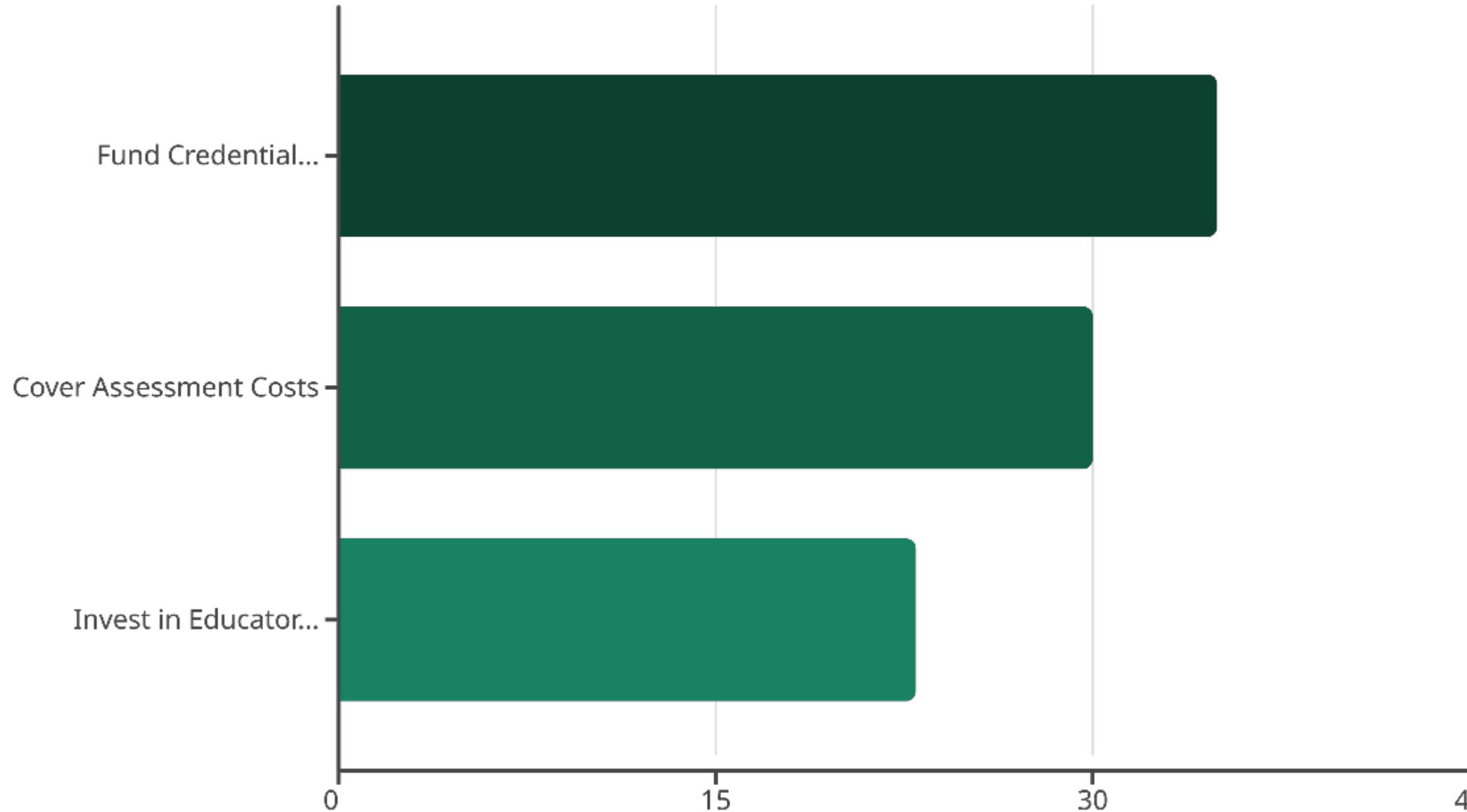
27 states revalidate credentials to ensure continued relevance

14

Using Wage Data

Only 14 states use wage data to validate credentials — highlighting a gap in labor market alignment

# State Investment in Credential Attainment



# Challenge: Credential Quality & Relevance

## Outdated Credentials

Many states lack systematic processes to phase out outdated or low-value credentials that no longer align with industry needs.

## Limited ROI Analysis

Only 8 states link credential data to employment and wage outcomes, severely limiting return-on-investment analysis for students and policymakers.



## Quality Assurance Gap

Without robust systems to evaluate credential value over time, students may invest time and resources in credentials that don't lead to meaningful career opportunities.





# Challenge: Equity Gaps in Credential Attainment

## Access Barriers

Learners from historically marginalized groups face significant barriers to accessing high-value credential programs and limited support structures.

## Perception Issues

CTE still battles perception challenges — seen by some as a "lesser" educational path despite strong career outcomes and earning potential.

## Resource Disparities

Schools in underserved communities often lack resources to offer the most in-demand credential programs, perpetuating opportunity gaps.

# Challenge: Data Fragmentation



## System Integration Gaps

States collect credential data, but few integrate it effectively across K –12, postsecondary, and workforce systems.

## Limited Tracking

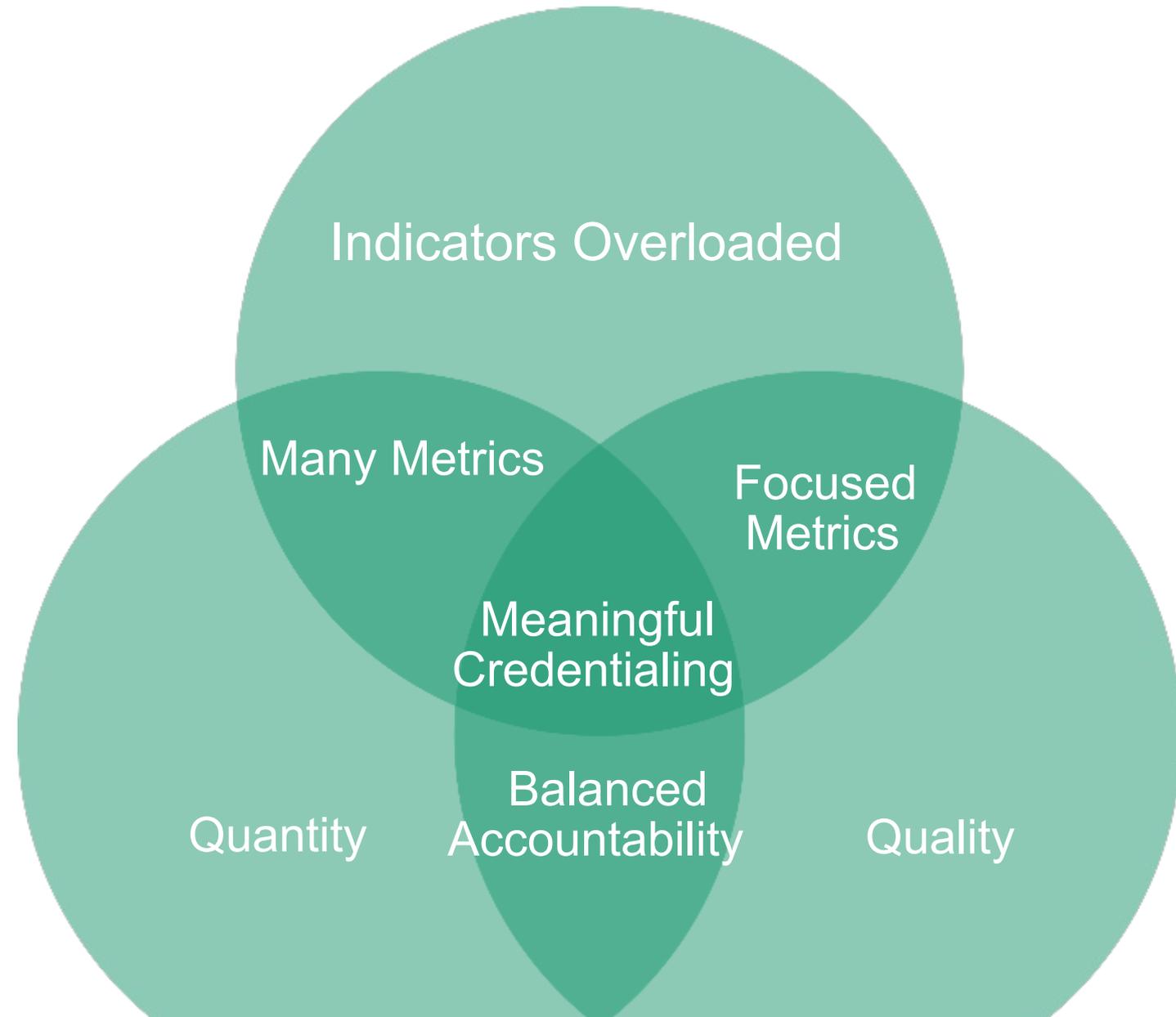
- Only 15 states track multiple indicators like pass rates and enrollment
- Most states don't disaggregate credential data by demographic subgroups
- This limits understanding of equity gaps and program effectiveness

# Challenge: Overloaded Accountability Systems

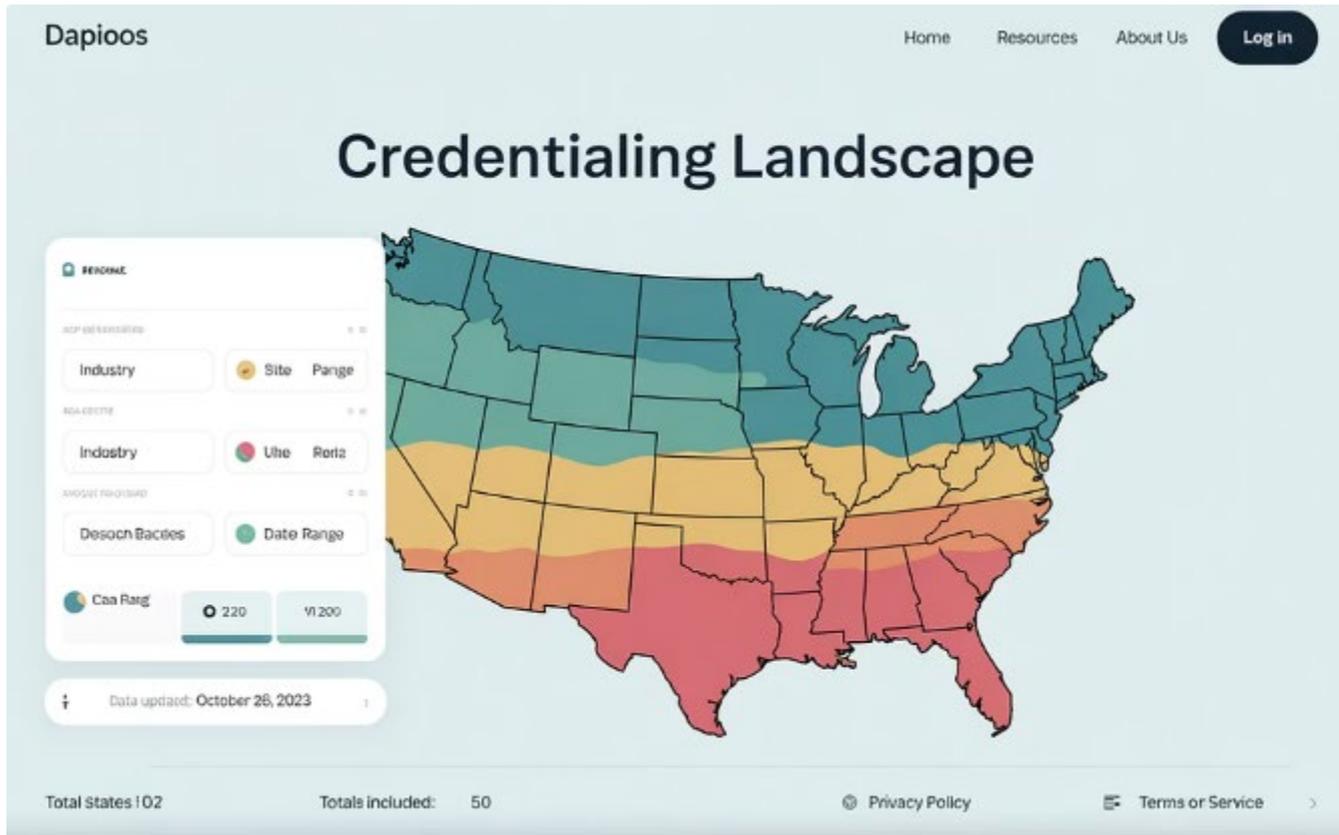
## Less is More

Too many indicators in accountability systems dilute focus and can lead to confusion about priorities.

States are encouraged to prioritize fewer, high -impact metrics that truly reflect career readiness.



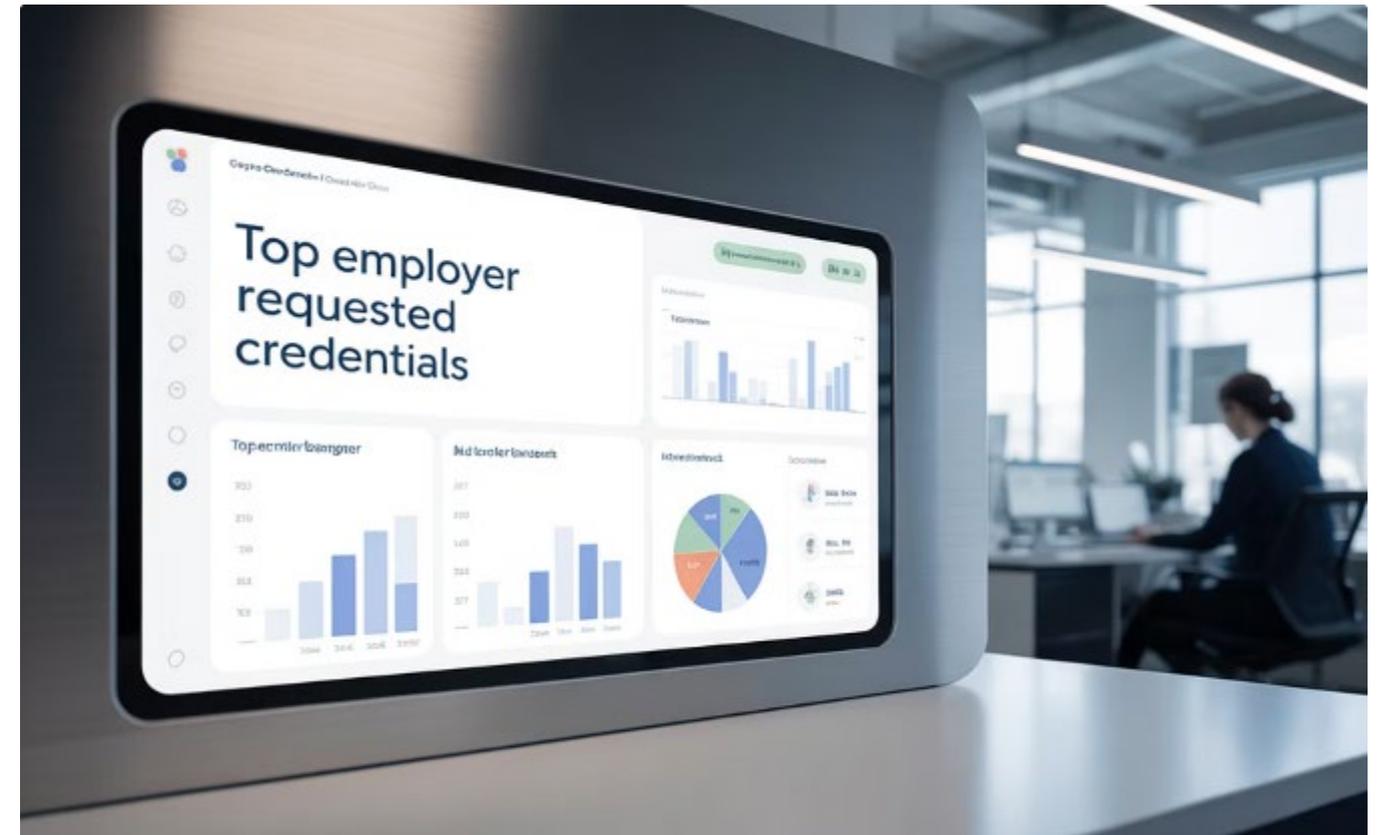
# Interactive Resources for Stakeholders



## State Approaches Dashboard

Explore how different states are approaching credential systems, vetting processes, and funding mechanisms.

These interactive tools from Advance CTE provide valuable insights for educators, policymakers, and workforce development professionals. <https://careertech.org/resource/dashboard-top-employer-requested-credentials/>



## Top Requested Credentials

Discover the most in-demand credentials by employers, filterable by Career Cluster and state to inform program development.

# Moving Forward: Strengthening Credential Systems

## Improve Quality Assurance

Develop robust systems to regularly evaluate credentials against labor market needs and phase out low -value options.

## Integrate Data Systems

Connect K - 12, postsecondary, and workforce data to better track outcomes and inform decision -making.

## Address Equity Gaps

Create targeted supports for underrepresented learners and improve access to high -value credential pathways.

## Focus Accountability

Prioritize fewer, high -impact metrics that truly reflect career readiness and credential value.

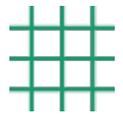
By addressing these key areas, states can ensure that credentials truly serve as valuable currency in the labor market, benefiting both learners and employers.



# Modernizing Career and Technical Education: The New National Career Clusters® Framework

An overview of the 2024 framework redesign, implementation challenges, and alignment with federal workforce priorities

# Understanding the Modernized Framework



## Structure

The updated framework includes **14 Career Clusters** and **72 Sub-Clusters**, replacing the previous 16-cluster model used since 2000.



## Organization

Clusters are organized into **six overarching groupings** that reflect modern industry sectors and career pathways.



## Cross-Cutting Clusters

Three specialized clusters —**Digital Technology, Marketing & Sales,** and **Management & Entrepreneurship** —span multiple industries.

Released by Advance CTE in late 2024, this framework redesign reflects the evolving nature of work, integrating emerging technologies like artificial intelligence, robotics, and clean energy into CTE pathways.

### Traditional Industry Clusters

- Agriculture, Food & Natural Resources
- Architecture & Construction
- Arts, Audio/Visual & Communications
- Business & Financial Services
- Education & Training
- Energy
- Health Science
- Hospitality & Tourism
- Human Services
- Law, Public Safety & Security
- Manufacturing

### Cross- Cutting Clusters

- Digital Technology
- Marketing & Sales
- Management & Entrepreneurship

These clusters reflect competencies that span multiple industries and offer transferable skills across career pathways.



# Key Innovations in the Modernized Framework



## Technology Integration

Incorporates emerging technologies like **artificial intelligence, robotics, and clean energy** across pathways.

## Flexibility By Design

Created to adapt to regional workforce needs while maintaining national consistency in data reporting.

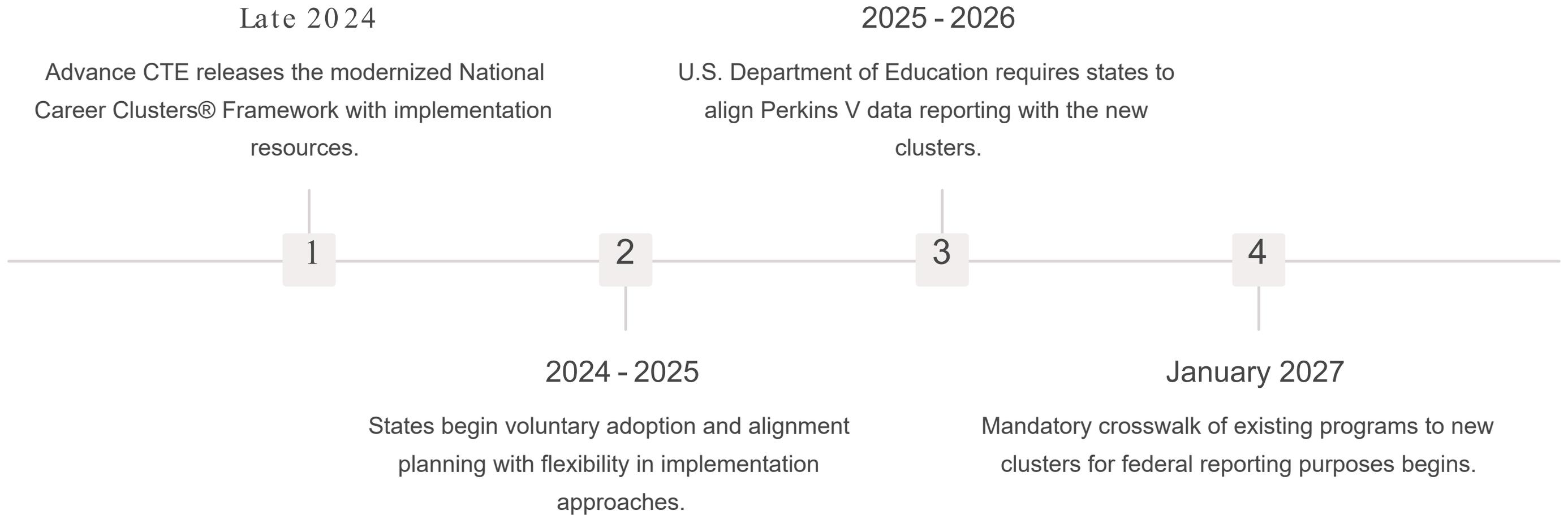
## Industry Alignment

Better reflects current labor market realities and future workforce trends through extensive employer input.

## Transferable Skills Focus

Emphasizes cross -sector competencies that prepare students for career mobility in a changing economy.

# Implementation Timeline



This phased approach allows states to maintain continuity in instruction while transitioning to the new framework. States are not required to restructure their CTE programs but must crosswalk existing programs to the new clusters for federal reporting.

# Implementation Support Resources



Advance CTE has developed comprehensive resources to support the transition to the modernized framework:



## Messaging Tools

Templates and talking points for communicating changes to stakeholders



## Code Crosswalks

Alignment maps with NAICS, SOC, and CIP codes for program development



## Implementation Guides

Step-by-step instructions for state and local implementation planning



## Program Templates

Models for designing courses and pathways aligned to new clusters

# Implementation Challenges

## Variable State Adoption

While most states previously used the older framework, the degree to which they will embrace the new model varies significantly. Some may fully adopt the updated clusters, while others may integrate only parts or maintain legacy structures.

## Data Collection & Standardization

Inconsistency in adoption could complicate efforts to standardize data collection, program evaluation, and workforce alignment across state lines, potentially limiting the framework's effectiveness.

## Curriculum & Credential Updates

Educators and administrators must update course offerings, credentialing systems, and advising tools to reflect the new cluster definitions and pathways, requiring significant resources and professional development.

## Employer Engagement

Success depends on effective collaboration with industry partners to validate pathways and ensure alignment with regional workforce needs, which varies in quality across states and localities.

# Alignment with Federal Policy: America's Talent Strategy

The Trump administration's 2025 "America's Talent Strategy" reinforces the goals of the modernized clusters by promoting:

## 1 Industry - Driven Training

Emphasizes employer -led program development aligned with national economic priorities

## 2 Streamlined Workforce Systems

Calls for integration of fragmented federal programs to create clearer pathways

## 3 Accountability Measures

Requires demonstrated outcomes for federally funded education and training programs

## 4 Alternative Credentialing

Promotes flexibility in qualification pathways beyond traditional four -year degrees



This policy framework complements the modernized Career Clusters by supporting flexible, high -quality pathways into high -wage careers across priority industries.

# Strategic Recommendations for State Leaders



## Form Cross-Sector Implementation Teams

Establish working groups that include CTE directors, workforce development boards, employers, and postsecondary partners to guide adoption decisions.



## Invest in Educator Preparation

Provide comprehensive professional development on the new clusters, with special attention to the cross-cutting clusters that may require new instructional approaches.



## Conduct Needs Assessment

Analyze current program offerings against labor market data to identify gaps and opportunities in alignment with the new framework.



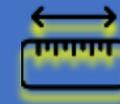
## Create Clear Communication Plans

Develop targeted messaging for students, parents, school counselors, and employers to explain the benefits and opportunities of the new framework.



## Develop Phased Implementation

Create a 3-5 year transition plan that prioritizes high-demand sectors while maintaining program quality during the change process.



## Establish Evaluation Metrics

Define success indicators beyond compliance to measure how well the new framework improves student outcomes and employer satisfaction.

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