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The Missing Piece

Building an Inclusive System of Flexible
Financial Support for Workforce Learners

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Executive Summary

California's economy is rapidly evolving, and demand for workers with practical, occupation-specific skills continues to grow. Career education and training programs are essential to meeting this demand, and these programs can offer a direct route to employment in high-demand fields such as healthcare, energy technology and skilled trades. Yet even when tuition is free or reduced, non-tuition costs—housing, food, transportation, childcare and required equipment—pose significant barriers. Without flexible financial support, many learners are unable to complete programs, leaving both workers and employers at a disadvantage.

California offers a wide range of career-focused training opportunities, including community colleges, adult schools, nonprofit community-based programs, apprenticeship programs, and employer-sponsored training. Research consistently shows that when students receive financial support to cover basic living costs, their chances of completing a program and securing stable employment improve significantly. While multiple sources of aid exist—from traditional options like Pell Grants and Cal Grants for community college students, to Workforce Innovation and Opportunity Act (WIOA) funds, apprenticeship wages and state-funded sector grants for those outside the college system—each comes with limitations. As a result, a substantial portion of student need remains unmet.



Program Models

There are a wide range of program models designed to reduce financial barriers for learners pursuing career training. Several states have developed grant programs that provide need-based aid not only for tuition but also for living costs. California has also launched sector-focused grants like High Road Training Partnerships (H RTP) and new behavioral health workforce initiatives funded through Proposition 1. Nonprofit programs, including Year Up and Project QUEST, show strong evidence of boosting earnings through stipends and wraparound services, while Guaranteed Basic Income pilots demonstrate potential for improving financial stability and educational persistence.

Beyond grants and stipends, innovative financing strategies such as no-interest loans, income share agreements and training savings accounts have been tested, though evidence of long-term effectiveness is still limited. Employers also play a role through wage-replacement benefits and union partnerships like the SEIU Education Fund. Apprenticeship-focused funding, including California's Equal Representation in Construction Apprenticeship (ERiCA) and California Opportunity Youth Apprenticeship (COYA) grants, provides supplemental support for underrepresented groups such as women and opportunity youth to have access to these programs.

Collectively, these models offer valuable lessons that can inform California's efforts to broaden financial support for learners' living expenses.

Recommendations

This report identifies two tiers of recommendations: Short-Horizon Strategies that can be implemented quickly with limited cost and Longer-Horizon Strategies that will require greater investment and policy reform.

Short-Horizon Strategies

1. Fully leverage Workforce Pell.
 - ➔ Enact policies that establish clear institutional eligibility standards for Workforce Pell, ensuring students are protected from low-quality programs.
 - ➔ Support community colleges to meet federal eligibility requirements.
2. Maximize use of the Ability to Benefit (ATB) option to expand Pell Grant access.
 - ➔ Incentivize and support colleges to implement ATB, enabling students without a high school diploma to access Pell Grants.
 - ➔ Incorporate ATB option into Cal Grant eligibility.
3. Ensure behavioral health workforce funds support middle-skill workers.
 - ➔ Shape new Health Care Access and Information (HCAI) programs to meet the financial needs of learners in middle-skill training.
 - ➔ Incorporate principles such as flexibility and student-centered design in program structures.



Longer-Horizon Strategies

1. Establish state funding for non-Pell eligible learners.
 - ➔ Create a dedicated source of flexible aid to cover living expenses for students in adult schools, nonprofit programs and noncredit community college programs.
2. Fund Cal Grant modernization and, in the interim, update the Cal Grant C program.
 - ➔ Fully implement the 2022 Cal Grant reforms to simplify and expand access.
 - ➔ In the meantime, update Cal Grant C to reduce barriers, increase awareness, and align with living expense needs.
3. Emphasize the need for direct student support in future California Workforce Development Board (CWDB) programs.
 - ➔ Incorporate adequate funding into future workforce board grant programs to provide stipends, wages and/or supportive services for participants.
4. Incentivize employer participation in paid training opportunities for non-incumbent workers.
 - ➔ Encourage employers to invest in training to expand the pool of available workers in their industry.
 - ➔ Broaden employer participation in apprenticeship programs.
 - ➔ Explore the use of Training-to-Hire Agreements, sector-based stipend funds and payroll tax credits.

California has a strong foundation of training programs and workforce partnerships. By expanding flexible, student-centered financial aid and ensuring quality standards, the state can remove financial barriers that prevent too many learners from completing programs.





Introduction

As the U.S. economy continues to evolve in response to technological advancement, demographic shifts and changing labor market demands, the importance of postsecondary Career and Technical Education (CTE) and workforce training has grown significantly. Postsecondary CTE and workforce training programs—delivered through community colleges, adult education systems, employer-sponsored programs, apprenticeships and nonprofit organizations—prepare individuals with the practical, occupation-specific skills that employers value. These programs can offer a direct route to employment in high-demand fields such as healthcare, energy technology and skilled trades.

A report from the Georgetown University Center on Education and the Workforce found that in California, by 2031, over 5.6 million jobs, or 30 percent of all jobs will be “middle skill” positions, those requiring an associate’s degree, postsecondary vocational certificate, test-based license, industry certifications or some college but no degree.¹

Further, nontraditional students, including those age 25 or older, those not enrolling directly after high school or those balancing work and family responsibilities, now constitute the majority of college students.² Since short-term certificate programs often fit more easily into the lives of nontraditional students, they can serve as more accessible paths into lucrative career pathways.³ Research backs up the notion that shorter-term programs fit more easily into the lives of many learners. A study from the Urban Institute found an 18-point difference in completion rates between certificate programs and associate degree programs (57 percent vs. 39 percent).⁴

Finally, individuals who complete postsecondary non-degree training programs tend to experience significantly better labor market outcomes than those with only a high school diploma. According to the U.S. Bureau of Labor Statistics, workers with a postsecondary non-degree award earn a median weekly income that is approximately 20% higher than high school



graduates without additional education and face lower unemployment rates.⁵ And while significant demographic disparities exist among those with similar levels of education, in particular for Black workers, the value of postsecondary training and education holds true across groups.⁶ A literature review conducted by the Urban Institute concluded that adults who have completed certificates earn 10 to 20 percent more in the labor market than high school graduates.⁷

The earnings of those with a shorter credential can in some cases even surpass the earnings of those with more advanced degrees. A study from the Georgetown University Center on Education and the Workforce found that 28 percent of individuals with an associate degree out-earn the median income of bachelor's degree holders over a lifetime, particularly in technical and health-related fields.⁸ A Brookings Institution study found that students who earn a technical associate degree can earn up to \$10,000 more annually than peers with academic degrees in low-demand areas.⁹

It is important to recognize, however, that not all training programs deliver the same value. Research shows wide variation in return on investment depending on the field of study and how well the program aligns with local labor market needs. Additionally, credentials held by women and those in female-dominated occupations often yield lower returns than those held by men or workers in male-dominated fields, and wage gains also differ by race and ethnicity. Even within the same field, outcomes can vary significantly—programs offered by for-profit institutions often produce lower, or even negative, returns compared to those at public institutions.¹⁰ Despite this variation, high-quality credential programs in high-demand fields generally remain a worthwhile investment.





The Challenge

For those newly entering the workforce, seeking career advancement or shifting to a new occupation, career education and training programs may offer a path to economic advancement and job security that is often shorter and less expensive than degree pathways. In a high-cost state such as California, however, the cost of attending these programs can still be prohibitive. Financial aid is often limited, and learners must balance participation in a training program with the need to work to cover basic expenses, often on top of family obligations. Even when programs offer free tuition, covering non-tuition costs such as housing, transportation, food and childcare can be daunting. The cost of required tools, supplies and materials can also be prohibitive and is frequently not covered, or only partially covered, by available financial aid.

According to a 2025 report, more than two-thirds of California Community College student survey respondents reported facing at least one basic needs insecurity, with 46% reporting food insecurity, 58% reporting housing insecurity, and 20% reporting having

been homeless in the past year.¹¹ A national survey by the Institute for Women's Policy Research found that more than one-third (36 percent) of job training participants struggled to pay their bills, with single mothers (55 percent) and low-income participants earning under \$20,000 a year (39 percent) especially affected. When asked what support they wished they had received, the needs most cited were related to transportation, clothing, housing and childcare.¹² A 2025 report from Gallup and the Lumina Foundation identified the availability of financial aid as a key driver of individuals' decisions about whether to enroll in a degree or credential program.¹³

Experts widely agree that covering costs beyond tuition is essential to expanding access to training and building viable pathways to economic self-sufficiency for low-income households. Because learners' needs vary, emerging best practices emphasize the importance of flexible financial support that can be applied where it is needed most, rather than restricted to a narrow set of expenses.

Voices from the Field



California's recently released Master Plan for Career Education notes that **"Most Californians cannot cover the cost of education and workforce training out of pocket and need financial support to participate."**¹⁴



The California Student Aid Commission's Student Success Blueprint highlights the need for the state to adopt "a **College Affordability Master Plan**, that integrates financial aid, institutional aid, social services and workforce and career readiness resources to better address persistence and success."¹⁵



The *Lifting Children and Families Out of Poverty Task Force Report*, commissioned by the California legislature, highlighted that the **lack of child care or affordable transportation were the primary reasons many individuals did not complete their vocational training programs**.¹⁶



The Century Foundation noted in a 2024 report that **insufficient funding for WIOA participants is one of the most significant factors hindering the success of the program** and urges the provision of stipends to participants to allow training-seekers to easily meet key needs (transportation, rent, food, childcare, etc.).¹⁷



The National Skills Coalition (NSC) notes that **often the costs which pose the greatest obstacles to access and success are those related to basic living costs**. Allowing financial aid to cover costs beyond tuition can increase the likelihood of credential attainment.¹⁸



A 2025 JFF report evaluating the Equity Target Population Fund (ETPF) found that **food, housing, transportation and health care barriers hinder success**, and identified stipends for basic needs as a key strategy.¹⁹



A research summary from Results for America found that "time out of the workforce and lost wages present a significant cost of these programs even when they are heavily subsidized or free. **Most research supports that providing financial support like transportation stipends, childcare assistance, and housing support can significantly mitigate these barriers.**"²⁰



The Solution

Concrete evidence exists that the provision of financial support to address non-tuition costs, including food, housing, transportation and childcare can have measurable impacts on student success. For example:

- ➔ A review of an experimental program to offer Pell Grants to students attending very short-term credential programs found that program completion increased by 9 percentage points for students offered a Pell Grant to pay for a short-term occupational training program.²¹
- ➔ In a study examining California Community College student data, nearly half of students with a zero Expected Family Contribution (EFC) who received more than \$7,500 in financial aid graduated or transferred, compared to 17 percent of those who received between \$1,001 and \$2,500.²³
- ➔ A 2020 qualitative evaluation of a highway construction workforce development program in Oregon reported that participants who received financial assistance for housing, transportation, equipment and childcare largely indicated they would have been unable to complete the program absent such support.²²
- ➔ A meta-analysis of 86 studies found that the provision of grant aid had meaningful positive effects on college enrollment, credit accumulation, persistence and completion with larger positive effects on credit accumulation for studies with samples of students at 2-year institutions.²⁴

What follows in this report is an overview of California's current efforts to address this challenge along with recommendations for building on that foundation with fresh, innovative strategies to support learners. In doing so, the EDGE Coalition outlines in this report a strategy to meet employers' evolving needs, drive a resilient state economy and open the door to fulfilling, sustainable career pathways for all Californians.



Ingredients for Success

Financial assistance is a critical component of expanding access to career education and training, alongside other factors such as increasing the availability of high-demand programs that lead to strong labor market outcomes, addressing non-financial barriers to access and providing wraparound services. While financial barriers are part of a broader ecosystem of challenges, this report focuses specifically on the design and implementation of direct financial assistance.

When designing an intervention to provide direct financial support for living expenses for career education and training programs, it is important to account for a range of factors that can influence its success. The National Skills Coalition (NSC) has looked closely at which components contribute to program success, including hosting a Policy Action Lab in 2024,²⁵ compiling insights shared by learners with lived experience²⁶ and conducting a review of six financial aid programs in five states that prioritized people enrolled in non-degree credential programs.²⁷ From these efforts, the following themes emerged as key drivers of successful programs:

1. **Center student voice.** Students should be centered in the design and delivery of policies and programs intended to support their educational and career journeys.
2. **Prioritize based on need.** Need-based aid is generally seen as the most effective and equitable way to reach people who stand to benefit the most from financial assistance and who face the greatest structural barriers to accessing postsecondary opportunities.
3. **Offer flexible and responsive funding.** Flexible funding enables programs to tailor support to students' individual needs, rather than limiting options to only specific types of expenses such as books/supplies, transportation or childcare that may or may not be applicable to a given student's situation.
4. **Limit documentation requirements.** Imposing onerous income documentation requirements for need-based aid (including requirements to complete a FAFSA to qualify for state or local programs for which federal aid is not available) can have the unintended effect of limiting learners' ability to access aid.



5. **Avoid restrictive academic requirements for ongoing eligibility.** Satisfactory Academic Progress (SAP) requirements, which mandate that students maintain a minimum GPA and course completion rate to remain eligible for financial aid, can create barriers to both staying enrolled and re-enrolling after a break in studies.
6. **Avoid policies that exclude students.** Eligibility rules based on a student's date of high school graduation, age or enrollment intensity disproportionately impact adult learners, who may be enrolling for the first time or the first time in many years and who are more likely to enroll part-time due to work and family commitments.
7. **Keep processes simple.** Simplifying financial aid application processes and making information easily accessible can encourage applications and enrollment especially among students with low incomes, who may not be familiar with the college-planning process or who do not have access to advising services or social networks that can alert them to the availability of aid. This could include having a clearly published deadline, making funding available on a rolling basis or pushing application deadlines to later in the year, rather than relying on a first-come, first-served model.
8. **Ensure quality programs.** It is important to ensure that programs eligible for funding are of high quality and produce the desired outcomes. When there are explicit standards and criteria in place to evaluate the quality of credentials, it can help ensure that postsecondary institutions and other training providers are held accountable for delivering programs that meet established benchmarks. While it is beyond the scope of this report to provide an in-depth overview of how quality can be measured, there are several resources that provide guidance on this topic.²⁸

Avoid impacting other benefits: Important to keep in mind is also the impact that any additional funding provided to learners may have on their eligibility for other government benefits. Additional income that is offset by a reduction in existing payments from sources such as CalFresh, CalWORKs or housing subsidies is of limited value. Further, in some cases payments can trigger a "benefit cliff" where a small increase in earnings results in the sudden loss or sharp reduction in public assistance, leaving individuals financially worse off than they were before receiving the new funding.

California already has put some provisions in place to minimize the impact of certain programs on government benefits. For example, funding from Guaranteed Basic Income (GBI) programs can be categorized in some situations as "gift aid," which avoids impacts to Medi-Cal and Unemployment Insurance. Waivers may be approved by the California Department of Social Services to also exempt GBI payments from impacting CalWORKs and CalFresh.²⁹

[Assembly Bill 42](#) was also recently adopted by the legislature, which exempts certain forms of non-federal student aid from income considerations when determining eligibility for CalWORKs and CalFresh, as allowable by federal law.





Postsecondary Education and Training Options in California

California offers a comprehensive array of career-focused postsecondary education and training programs spanning a wide range of job sectors. These programs range from a few weeks to several years, producing a variety of credentials that can lead to living wage employment. Table 1 below provides a summary, followed by a detailed description of each option.

TABLE 1: POSTSECONDARY EDUCATION AND TRAINING OPTIONS

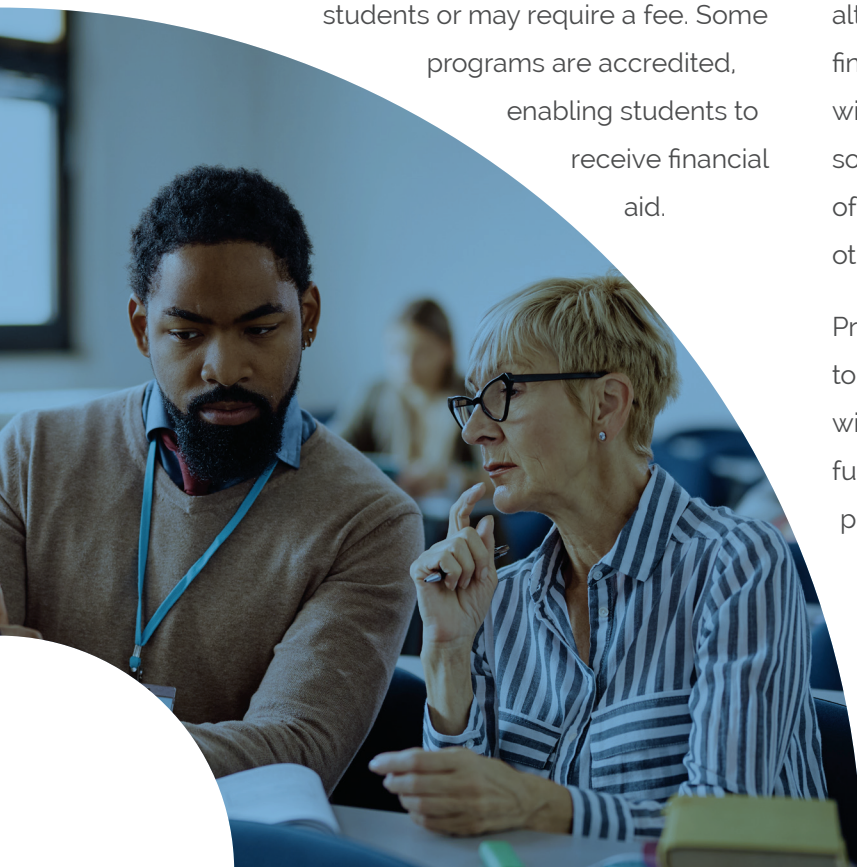
Program	Description	Who They Serve	Strengths	Limitations
California Community Colleges	Over 200 career pathways leading to degrees or certificates across 116 institutions	Open access	Statewide availability; open access; low tuition with financial aid and fee waivers for low-income students	High-demand pathways may be oversubscribed
Adult Schools	High school/GED, ESL, short-term specialized training programs	Open access	Accessible entry point; many low- or no-cost options; some financial aid available	Offerings often limited within a single institution; may charge tuition; financial aid availability inconsistent
Nonprofit Training Programs	Short-term, job-focused training	Often prioritize underserved populations	May also provide job readiness services; typically low-cost or free for priority populations	Pathways vary by provider; insufficient funding can constrain access
Apprenticeship & Pre-apprenticeship	Paid, on-the-job work experience combined with classroom learning	Job seekers entering or transitioning into skilled careers	Earn while learning; strong connection to employment and industry-recognized credentials	Concentrated in specific fields; entry requirements may apply; may require multi-year commitment
Employer sponsored programs	Benefits for incumbent workers; may be delivered in partnership with unions	Primarily incumbent workers	May offer wage replacement for training time; can lead directly to career advancement	Generally limited to current employees; often focused on tuition reimbursement
State & National Service Opportunities	Opportunities for public service while gaining skills and experience	Often prioritize young adults	Offer stipends, housing supports, and education awards; build civic engagement and work experience	Temporary positions; stipends often low; eligibility criteria can restrict access
For Profit Training Programs	Career-focused education	Open access	Can be easier to access than other programs.	High tuition can create substantial debt; quality and job placement outcomes vary widely



California Community Colleges: The California community college system is the largest provider of publicly funded career education in the state with over 200 career pathways across 116 institutions located in every region of the state. Enrollment costs are waived for many students and financial aid is available at all institutions for qualifying programs. While these programs offer wide access, certain high-demand pathways, such as nursing, can be impacted and difficult to access.

Adult Schools: Adult schools are operated by school districts across California. In addition to offering high school diploma/GED programs, English as a Second Language classes, and community education, many offer short-term specialized training programs in high demand fields such as health care, construction, culinary arts, automotive technology and information technology.

These programs may be offered at no charge to students or may require a fee. Some programs are accredited, enabling students to receive financial aid.



Nonprofit Training Programs: Non-profit training programs in California offer accessible, community-based education and workforce development opportunities, especially for underserved populations. These programs are typically run by community organizations and provide short-term, job-focused training in fields such as healthcare, construction, information technology, culinary arts and green energy. Many non-profit programs partner with employers to align training with local labor market needs and may offer supportive services like job placement, career counseling and transportation assistance.

Apprenticeship and Pre-apprenticeship: An apprenticeship is a structured training program that combines paid, on-the-job work experience with classroom instruction. Apprenticeships are most common in fields like construction, electrical work, plumbing, advanced manufacturing and healthcare, although they are expanding into areas like IT and finance. In California, many apprenticeships are affiliated with unions, employers or community colleges, and some may count toward college credit. These programs often require a high school diploma or equivalent or other prerequisites as well as a multi-year commitment.

Pre-apprenticeship programs provide a stepping stone to registered apprenticeships, equipping participants with the foundational skills needed to succeed in full apprenticeship roles. Many of the most common programs use the California Building Trades Council's [Multi-Craft Core Curriculum \(MC3\)](#), which focuses on the construction trades.



Employer sponsored programs: Some employers provide training benefits for incumbent workers to promote job retention and career advancement, often in partnership with unions through collective bargaining agreements. While these benefits are most commonly offered as tuition assistance, certain programs also cover limited supportive services, such as childcare or transportation costs related to training. Depending on the type of program, workers may also qualify for traditional financial aid, and in some cases, employers offer wage replacement for the time employees spend in training.

State & National Service Opportunities: National service programs, such as [AmeriCorps](#), [Job Corps](#) and [YouthBuild](#), along with similar state-funded programs like the [California Conservation Corps](#), [Youth Service Corps](#) and [College Corps](#) have historically offered individuals the opportunity to engage in public service while gaining skills and experience. These programs typically provide a stipend, and, in some cases, room and board or scholarships for future education. Local initiatives also exist, such as [EMS Corps](#) in Alameda County, which provides stipends to youth impacted by foster care or juvenile justice systems while training to be Emergency Medical Technicians.

For Profit Training Programs: For-profit training programs in California are privately operated institutions that offer career-focused education in areas such as medical assisting, dental hygiene, HVAC, cosmetology, truck driving and information technology. These institutions often charge significantly more for tuition than public or nonprofit run programs, which can lead to substantial student debt. Outcomes vary widely with some programs being criticized for low graduation rates, poor job placement and aggressive recruitment practices.³⁰ For-profit colleges make up 89 percent of the California colleges where most students borrow and few can repay, meaning that at least half of students take out loans and less than half of these borrowers have paid down even \$1 of their loan principal seven years into repayment.³¹





Current Financial Aid Availability

Both state and federal sources of financial aid can help to offset the cost of attending training programs, however, every source has limitations, and even combined, do not typically cover the full cost of attendance. After the detailed program descriptions below, Table 2 presents an overview of each program's limitations.^a

Traditional Financial Aid

Learners enrolled in traditional educational institutions, including community colleges, some private institutions and some adult school programs, may have access to a number of traditional financial aid programs.

PELL GRANT

While the federal Pell Grant is the largest source of funding for postsecondary education, providing up to \$7,395 annually in 2025/2026, several restrictions limit access to this program. Firstly, the program must be utilized for a for-credit program at an accredited institution. Fifty-nine percent of all certificates and 64 percent of certificates held by adults without associate degrees were obtained through not for credit programs.³² Although available outcome data reveal considerable variation in the returns of short-term programs,³³ their exclusion raises significant equity concerns. Research indicates that students enrolled in noncredit education are disproportionately older, have lower incomes and are more likely to be students of color.³⁴

Historically, eligible programs had to be at least 600 clock hours in length and span a minimum of 15 weeks. This was a barrier to access as nearly two-thirds of programs completed in the U.S.—and 69 percent among adults without associate degrees—require less than one year of study, with nearly half lasting under six months (480 hours). As a result, only 45 percent of certificate students have historically received a Pell Grant.³⁵

^aFinancial aid sources available for Bachelor's Degrees programs only, such as the Middle Class Scholarship and CSU and UC institutional grants are not included in the descriptions below.



→ Workforce Pell

Starting in July 2026, Pell Grant recipients will be eligible to receive awards for educational programs that are between 150 and 599 clock hours and last from eight to 15 weeks at accredited institutions. Under this program unaccredited institutions remain ineligible and other restrictions apply. For example, programs must be aligned with high-skill, high-wage or in-demand industry sectors or occupations; demonstrate a completion rate of at least 70 percent (within 150 percent of normal time) and a job placement rate of at least 70 percent (measured 180 days after completion); and must offer credentials that are stackable and portable.³⁶ One question unanswered by the statute is whether noncredit workforce training offerings will be eligible.³⁷

It is unclear whether adequate data currently exists for California Community College (CCC) programs to demonstrate compliance and if so, whether CCC programs will meet these standards.

→ Ability to Benefit

Students must have a high school diploma or equivalent to qualify for a Pell Grant; however, institutions can make an exception if the institution can show that the individual has the "Ability to Benefit" (ATB) from postsecondary education. To qualify, students must be enrolled in a program that is part of a career pathway and either pass a skills test or complete six credit hours without federal aid.³⁸

To date, nationally, there has been limited take-up of ATB, due to institutions' confusion over eligibility rules and a general lack of awareness. In October 2024 California became the seventh state approved by the U.S. Department of Education to implement its own more flexible ATB criteria.³⁹ In fall 2023, there were approximately 36,500 adult students without a high school diploma enrolled at a community college in California, creating the opportunity to leverage hundreds of millions of dollars in untapped federal aid by expanding access through ATB.⁴⁰ The California Community College Chancellor's office (CCCCO) has convened a community of practice to develop models for ATB implementation and support system-wide expansion that is currently in progress.⁴¹

→ Satisfactory Academic Progress (SAP)

Students must maintain a minimum GPA and course completion rate to maintain eligibility for federal financial aid. SAP standards disproportionately impact students of color and can limit access to financial aid when students attempt to reenroll even years later. While institutions have flexibility in how they structure their SAP policies, particularly as it relates to appeals, these policies continue to pose barriers to many students.⁴²

CAL GRANT B - COMMUNITY COLLEGE ENTITLEMENT AWARD

Community college students enrolled in a program of at least one year can receive a Cal Grant B Access Award, which provides \$1,648 per year for up to four years. [Students with Dependent Children](#) and [foster youth](#) can receive up to \$6,000 annually. Students must submit a Free Application for Federal Student Aid (FAFSA) or California Dream



Act Application (CADAA), meet income eligibility requirements, have a 2.0 high school GPA, be enrolled at least half time (6 units) and maintain Satisfactory Academic Progress. Total eligibility for all forms of Cal Grant is limited to four years, so some students choose to forgo awards while in community college in order to preserve eligibility for transfer to a four-year institution, where the Cal Grant can also cover tuition costs.

CAL GRANT C

The Cal Grant C is available to students enrolled in vocational programs of at least four months at any community college, private for-profit or private nonprofit school that qualifies for the Cal Grant. The number of awards is limited to 7,761 each year. Students can receive up to \$2,462 for tuition and fees along with \$547 for books, tools, and equipment at any private for-profit or nonprofit school that qualifies for Cal Grant. Students attending a California Community College can receive up to \$1,094 for non-tuition costs and those with Dependent Children and foster youth can receive up to \$4,000. While state statute provides that funds under this program may be used at community colleges for living expenses, the program is often mistakenly described only as providing funding for tuition, fees, books, tools and equipment.⁴³ Students may receive a Cal Grant C for up to two years, and this award counts toward the four-year lifetime cap on total Cal Grant eligibility.^b

According to a 2019 report from the Legislative Analyst's Office (LAO), despite the cap on awards, few students apply for a Cal Grant C and as a result, all eligible applicants are offered awards.⁴⁴ In 2023/2024, just 2,426 students received an award, with 1,045 of those going to CCC students and most of the remainder going to For-Profit Private Career Colleges.⁴⁵ The LAO report also notes that while applicants for all types of Cal Grant awards must submit a FAFSA or CADAA, applicants for Cal Grant C awards must also submit a supplemental form, which likely decreases application rates.

In addition, the report found that many Career and Technical Education (CTE) students who are eligible for a Cal Grant C award also qualify for a Cal Grant B, which provides more funding (\$1,648 per year compared to \$1,094 for community college students) and is available for a longer duration (four years versus two years). The Cal Grant C remains important, however, since not all students qualify for a Cal Grant B due to its stricter income requirements.⁴⁶ Still, because most programs pursued by Cal Grant C recipients last at least one year, the award has limited value for many community college students.⁴⁷

STUDENT SUCCESS COMPLETION GRANT (SSCG)

The Student Success Completion Grant (SSCG) provides additional funding to California Community College students who receive a Cal Grant B or C and are enrolled in a minimum number of units. Those enrolled in at least 12 units can receive up to \$2,596 per year and those enrolled in 15 or more units can receive up to \$8,000 annually. Larger award amounts are available to foster youth.

^b Note that use of the Cal Grant C does not make a student ineligible to use a Cal Grant A or B at a future date, however all awards, regardless of Cal Grant type, count towards the four-year maximum eligibility for the Cal Grant. See <https://www.csac.ca.gov/post/what-do-i-need-know-about-cal-grant-c>.



CALIFORNIA COLLEGE PROMISE GRANT (CCPG)

The California College Promise Grant (CCPG) waives enrollment fees for credit coursework at California Community Colleges for low-income students.^c This program is limited to community colleges and covers only tuition costs. Under a separate program known as [California Promise](#), some colleges also waive tuition costs for those who don't qualify for CCPG.

POST-9/11 GI BILL

The federal government operates this program, which provides eligible veterans enrolled at least half-time, including those in vocational programs, with a monthly housing allowance as well as funding for tuition, books, and testing costs.

TABLE 2: TRADITIONAL FINANCIAL AID RESTRICTIONS

Aid Source	Income restrictions	Expense types limited	Diploma/ GED required	For-credit only	Accredited institutions only	Min. program length	Number of awards capped	Other limitations
Pell Grant	YES	NO	YES*	YES	YES	15 weeks	NO	SAP, immigration status, FAFSA required, 6-year cap**
Workforce Pell	YES	NO	YES*	TBD	YES	8 weeks & 150 clock hours	NO	SAP, immigration status, FAFSA required, 6-year cap**
Cal Grant B Access Award	YES	NO	YES	YES	YES	1 year	NO	2.0 high school GPA, SAP, half time enrollment, FAFSA or CADAA required, 4-year cap
Cal Grant C	YES	NO	YES	YES	YES	4 months	YES	FAFSA or CADAA & supplemental form required, 2-year cap
Student Success Completion Grant	YES	NO	YES	YES	CCC only	1 year	YES	12-unit enrollment
California College Promise Grant	YES	YES	NO	N/A***	CCC only	none	NO	Tuition only
Post-9/11 GI Bill	NO	YES	NO	NO	NO	none	NO	Veterans only

*Limited exceptions for Ability to Benefit

**Six-year cap on Pell Grant eligibility applies to combined length for Pell and Workforce Pell.

***Noncredit programs do not charge tuition.

^cNote that most noncredit coursework at community colleges is offered tuition-free.



Other Types of Support

Beyond traditional financial aid, limited funding is available through other sources, either for learners enrolled in programs outside of college systems or to supplement existing aid. Similar to other forms of direct support, each of these sources has limitations, which are summarized in Table 3.

STRONG WORKFORCE PROGRAM (SWP)

The SWP provides state funds that are apportioned directly to community college districts. To date, use of these funds to support students with their direct costs was limited to grants to cover fees for third-party certification and licensing. The passage of AB 323 this year, however, expands eligible uses of funds to include direct student support for paid work-based learning, such as apprenticeships, internships and externships.

HIRE UP

This state-funded pilot program provides monthly stipends, structured around minimum wage earnings, to community college students who are formerly incarcerated, foster youth or CalWORKs participants. This “aid-like-a-paycheck” model is intended to align financial support with students’ real-time living expenses and reduce the need to overwork while enrolled. The program is currently available at 25 California Community Colleges.

WIOA

Title I of the Workforce Innovation and Opportunity Act (WIOA) provides funding for Individual Training Accounts (ITAs), which allow individuals to choose training programs from a list of eligible providers. These accounts can be used for tuition, books, fees and other training-related expenses such as uniforms or tools. WIOA funds can also be used to cover certain supportive services, such as childcare, transportation, housing assistance, needs-related payments and other necessary expenses that enable a participant to successfully engage in training. Eligibility for these additional supports and the types of costs covered can vary based on available resources and local policies.

Funding for WIOA is capped by the federal allocation, which has declined consistently since 1980 and is inadequate to the need.⁴⁸ Funding for WIOA’s state grant programs is down about 50% from fiscal year 2000 when factoring in inflation⁴⁹ and WIOA does not have nearly enough funding to support every person who wants to train for a new or better job, with only thirty-one percent of people exiting WIOA adult and dislocated worker programs receiving training and less than 15 percent receiving supportive services.⁵⁰

Similar shortfalls exist in WIOA programs that serve youth. While there are nearly 4.7 million young people ages 16 to 24 in this country who are both out of school and unemployed, more than one-third of whom are living in poverty, in Fiscal Year 2023, funding for WIOA youth served just 127,708 young people.⁵¹



CALFRESH EMPLOYMENT AND TRAINING

Federal funding for the CalFresh program includes an Employment and Training (E&T) component to help recipients gain skills and experience with employment. Among the allowable uses of these funds is the reimbursement of tuition, education related costs (textbooks, school supplies, parking passes, etc.), job-related costs (interview clothing, uniforms, equipment, tools, union fees, etc.), dependent care costs and transportation costs for CalFresh recipients participating in an E&T program. Providers are reimbursed for up to half of their eligible expenses, which, if leveraged strategically, can significantly expand program funding over time.⁵² In California, counties provide reimbursement for direct costs to just under 60,000 individuals annually, with recipients receiving an average of \$146/month.⁵³

EMERGENCY AID

Some educational institutions and training programs maintain funding to provide emergency aid to address crisis situations. California funds basic needs centers, which often provide emergency grants, at every CCC. For fiscal year 2025/2026, the state budget also provided an additional \$20 million for emergency aid on a one-time basis to community college students who submitted a California Dream Act Application and \$60 million for the Student Support Block Grant, which is available to provide a range of services including support for basic needs and childcare subsidies.⁵⁴ Some non-profit organizations also maintain funding for emergency support, however, there is no dedicated source of funding for this purpose.

While emergency aid can be a powerful tool to support program completion, unlike other forms of financial support, it is provided only when a financial emergency occurs. It is therefore not useful in supporting learners to proactively plan for their education and training needs and, as such, is not a mechanism for supporting program access.

GUARANTEED BASIC INCOME PROGRAMS

Guaranteed Basic Income (GBI) programs provide individuals with regular, unconditional cash payments to help meet basic needs. These programs have been found to improve financial stability, mental health and full-time employment rates among low-income recipients of these funds.⁵⁵ As most GBI pilot programs have focused on adults, outcomes related to education and training are less commonly measured, and this is not an approach that has been widely scaled.

An inherent challenge in GBI programs is that they may reduce households' eligibility for other public benefits. As noted previously, however, funding from Guaranteed Basic Income (GBI) programs can be categorized in some situations as "gift aid," which avoids impacts to Medi-Cal and Unemployment Insurance. Waivers may be approved by the California Department of Social Services to also exempt GBI payments from impacting CalWORKs and CalFresh.⁵⁶

SECTOR-FOCUSED STATE GRANTS

The State of California has developed several programs that either provide direct grants to learners in specific sectors or fund training providers to deliver services in priority industries. Examples include the High Road Training Partnership (H RTP) and High Road Construction Careers (HRCC) programs as well as grant and scholarship programs



managed by the California Department of Health Care Access and Information. Grant programs in some cases allow providers to use funds to provide direct payments to participants, either as stipends or as supportive services designated for specific costs such as transportation and childcare. Programs in healthcare often require participants to commit to working in underserved communities for a designated time as a condition of receiving a scholarship. These programs have typically received one-time allocations from the state legislature and are not ongoing.

TABLE 3: NON-TRADITIONAL SOURCES OF FINANCIAL AID: PROGRAM LIMITATIONS

Aid Source	Limitations
Strong Workforce Program	» Limited to fees for third-party certification and licensing and as of 2026, paid work-based learning. » Funding allocation is limited
Hire UP	» Limited to students who are formerly incarcerated, foster youth or CalWORKs participants. » Only available at 25 CCCs.
WIOA	» Must be enrolled in a WIOA approved training program. » Covers only direct training-related costs; living expenses excluded. » Funding availability is extremely limited.
CalFresh & E&T	» Must be enrolled in Cal Fresh. » Covers only specific, pre-approved expenses. » Availability is limited.
Emergency Aid	» Offered only at certain institutions. » Funding is scarce and not guaranteed. » Provided only when a financial emergency occurs.
Guaranteed Basic Income	» No ongoing funding source. » Available only through limited pilot programs. » May negatively impact other benefits.
State Sector-Focused Grants	» Limited to certain industry sectors » May be tied to post-training service obligations. » No ongoing dedicated source of funding. » Use of funds for direct support is at providers' discretion.



Program Models

Given the broad consensus around the need for financial support for living expenses, several programs have emerged in California and elsewhere to address this need. There is no one single model for providing such support, but rather a range of approaches that have been developed. Below is an overview of existing program models and examples of each tactic. Not all programs have been rigorously evaluated, however, where evidence of efficacy is available, this information is noted.

State Grants

Some states have adopted programs that provide direct grants to students to cover the costs of training programs. While many are limited to covering tuition and fees, examples do exist of state programs that provide funding for non-tuition costs. In California, limited direct aid is provided through the Cal Grant B and C programs, described in more detail above. Several states have implemented alternative approaches, including:

- ➔ **The [Washington College Grant](#)** provides need-based financial aid to income-eligible resident students pursuing education beyond high school including certificate programs, job training, apprenticeships or college. Award amounts vary based on income, family size and the school or program attended. Students must have a high school diploma or equivalent and enroll in an eligible program.



- **The [Ohio Work Ready Grant](#)** offers students up to \$3,000 (\$2K for certificate programs) for participation in a credit or noncredit program that leads to an industry-recognized credential, certificate or degree and prepares the student for a job that is identified as “in-demand” or “critical.” The OWRG is not tuition-specific and may be used for other costs included in the student’s cost of attendance (COA) such as food and housing, transportation, books and supplies, etc. Eligibility is based on income and funds may be awarded on top of other need-based state grants. Students must submit a FAFSA to apply.
- **The [Nevada Silver State Opportunity Scholarship](#)** offers need-based grants to eligible low-income students who are college-ready to pay for a portion of the cost of education at a community college or state college within the Nevada System of Higher Education (NSHE). The amount provided is based on each individual student’s remaining unmet need.
- **[Illinois’ Workforce Empowerment Initiative](#)** provides grants to colleges, which use the funding to remove barriers to student success, which may include providing grants for tuition, childcare, transportation and educational supplies. Institutions are provided discretion to set maximum award amounts. To qualify for funds, individuals at recipient institutions must earn at least 30 percent above minimum wage after completing a program funded by the initiative. An array of student supports is also provided.
- **Connecticut’s Career ConneCT** program offers career coaches and free tuition at training programs. While the program itself does not provide financial support for nontuition costs, it is linked to the [UniteCT Workforce Rental Assistance Program](#), which provides up to 3 months of rental assistance for qualifying participants registered in a workforce training program in Connecticut.





Sector-Focused State Grants

In California and elsewhere, programs have emerged with the goal of addressing workforce shortages in certain fields such as healthcare and some have incorporated funding to provide direct support to learners for non-tuition costs. Examples include the following:^d

→ **The California Department of Health Care Access and Information (HCAI)** administers multiple [scholarship programs](#) to expand the healthcare workforce, along with [grant programs](#) that require organizations to provide wraparound support to learners. Program requirements vary: some can be used to cover non-tuition expenses, while others are limited to tuition, fees, textbooks, supplies, and licensure costs. Many include a service obligation, requiring participants to work in an underserved area or serve an underserved population. Apart from certain programs specifically for nursing students, most are funded through periodic one-time allocations from the legislature, making their availability subject to frequent changes.

A new program funded in the 2025/2026 budget, [BH-CONNECT](#), will leverage Medicaid funding to expand support for behavioral health training, however, because of federal limitations, funds used to pay participants directly can be used only for tuition support and loan repayment. More flexible funding is being made available through Proposition 1, which designates a percentage of Mental Health Services Act funding to HCAI for workforce development activities.

→ **The California Workforce Development Board (CWDB) and the Labor and Workforce Development Agency (LWDA)** manage industry-led workforce training programs such as the [High Road Training Partnership](#) (HRTTP) and [High Road Construction Careers](#) (HRCC) programs. These programs provide grants to training providers across a range of high-demand fields for both new and expanding programs. These programs require partnerships with employers and worker representatives as well as a 1:1 match. Employer or provider contributions toward trainee compensation can satisfy this match.

HRTTP is the largest CWDB program and funds may be used to cover participant costs including through the payment of wages or stipends as well as through funding for supportive services, such as transportation and childcare. However, only about 35 percent of participants receive some form of financial assistance, whether from wages, stipends or supportive services.⁵⁷ With only 35 percent of HRTTP participants meeting the WIOA definition of "low-income" (generally meaning a participant qualifies for public assistance or is unhoused)⁵⁸ a lack of support for basic living costs may be a barrier to entry to this program for the lowest-income Californians.

^dNote that in addition to the programs described in this section, in November 2024, California voters approved Proposition 35, which altered the spending plan for the state's managed care organization (MCO) tax. Included in the 2025-2026 state budget was \$75 million from MCO tax funds for the Labor Management Cooperation Committee (LMCC) program, to create new LMCCs between health care employees and employers to implement workforce development programs with the aim of enhancing training programs, upskilling/apprenticeships, and recruitment and retention. Because of changes to the MCO tax at the federal level, however, this is unlikely to move forward at this time. A similar program in Oregon is also in jeopardy.



Nonprofit Programs

Some non-profit organizations raise funds to be able to provide stipends to participants in training programs, emergency funds or funds to cover costs such as housing and transportation. Examples include the following:

- [Year Up United](#) is a national nonprofit organization that serves low-income young adults aged 18–24, providing them with six months of technical training followed by a six-month internship in fields like information technology and finance. Participants receive stipends during both phases. The program receives substantial support from corporate partners as well as philanthropic support. Five years after program completion, Year Up participants had average annual earnings nearly \$8,000 higher than those in the control group, a 33 percent increase. The program also demonstrated a return of \$1.66 for every dollar invested.⁵⁹
- [The HOPE Program](#) in New York City provides access to industry relevant certifications along with transferable, essential skills like digital literacy, introductory math, financial planning, communication and conflict management. Program participants receive a weekly stipend and support services include direct cash assistance.
- [The Drive Change Fellowship](#) in New York City is a three-month paid program that supports youth with criminal justice involvement by building career-focused skills in the hospitality sector. Fellows make \$22 an hour, which allows them to focus on training and not have to worry about how they're going to pay their bills or support their families.
- [Community Cycles of California](#) received funding from the state-funded Breaking Barriers program to offer training to a small cohort of justice-involved individuals in bike repair and business management. Participants are paid for a 40-hour work week for the duration of the program.⁶⁰
- [Project QUEST](#), based in San Antonio, Texas, offers extensive support, including limited financial assistance, to enable participants to complete occupational training in high-demand sectors such as healthcare. Funding is provided by the City of San Antonio, Bexar County and private donors. Nine years post-enrollment, Project QUEST participants experienced an average annual earnings increase of approximately \$5,000 compared to a control group and an 11-year follow-up study revealed a 20 percent increase in average annual earnings.⁶¹





Guaranteed Basic Income

Guaranteed Basic Income programs provide participants with a fixed monthly payment, without spending restrictions or conditions for continued participation. Although most programs are not directly linked to post-secondary education or training, some are, and youth-focused initiatives provide limited data on participants' educational and employment outcomes.

- [The Santa Fe LEAP](#) program ran for one year and provided monthly payments of \$400 to 100 low-income, young parents enrolled in a certificate or degree program at Santa Fe Community College (SFCC). Thirty percent of students graduated from SFCC during the study period and participants reported improved housing conditions and a 19-point increase in full-time employment from baseline to 6 months after the program ended.⁶²
- [The Building Outstanding Opportunities for Students to Thrive](#) (BOOST) program run by the Los Angeles Community College District provides a monthly guaranteed income of \$1,000 per month to 250 low-income students pursuing a degree or certificate in a health care field over a one-year period. All costs are funded by private donors, and the project includes a research partnership to evaluate impact.
- [The YouthNPower: Transforming Care](#) pilot in New York City provided 100 youth who had aged out of foster care \$1,000 monthly in unconditional direct cash payments for one year. A report on the program found that more young people were in school after 12 months of unconditional cash support and youth who were receiving payments in the pilot were 15 percent more likely to report earnings over the 12-month period.⁶³





Alternative Financing Strategies

Several innovative approaches to helping learners finance workforce training have emerged in recent years that predicate funding on program completion, provide no-interest loans to participants, rely on income-based repayment plans or create employer matching accounts to assist workers to save money for training. These programs have shown some success, and repayment provisions help make these models more financially sustainable; however, there is limited research on whether this approach is viable for all populations.

- ➔ **The [Per Scholas Loan Program](#)** offered no-interest loans of up to \$2,400 to learners participating in Colorado in the Per Scholas program, which offers no-cost, tech skills training and workforce development programs. Learners who had access to the financial assistance had a graduation rate 22 percentage points higher than learners who did not have access to the loan. This program was expanded in 2023 to eight Per Scholas campuses with a maximum loan amount of \$3,000. Once the repayment period begins, learners can request a deferment if they do not have a job earning at least \$40,000 per year. Loan recipients were more likely to enroll in the program and Zero Percent Loan applicants had substantially higher graduation rates compared to those who did not take out the loan: 83 percent versus 70 percent.⁶⁴
- ➔ **The [UP Fund](#)** was launched in 2020 by Social Finance, a national nonprofit organization that designs workforce and education investments. The UP Fund created a pilot program using the Career Impact Bond (CIB) model, which provides funding for individuals to enroll in sector-focused skills training programs with access to career and support services. Under the terms of an income share agreement (ISA), learners commit to paying a fixed percentage or amount of their future income over a set term and up to a capped amount. Learners only make payments toward their ISA when they have earnings above a predetermined earnings threshold.⁶⁵
- ➔ **Training Savings Accounts** are an emerging approach focused on incumbent employees looking to upskill whereby employees and employers contribute funds to an employee-owned educational savings account that can be used to cover the cost of education and training. The Council for Adult and Experiential Learning has piloted [Lifelong Learning Accounts](#) (LiLAs) which offer employee-owned educational savings accounts. Regular contributions by employees are matched by the employer to help pay for education and training expenses. Funds can be used to pay tuition as well as related expenses such as childcare, books and admission test fees.



Employer Sponsored Programs

For workers in low-wage jobs with limited opportunities for advancement, training can provide a crucial pathway to higher wages and more sustainable careers. Further, employers who offer training and education benefits to their employees can also see significant benefits. For example, one study found that a tuition assistance program at Cigna Health resulted in a 129% return on investment to the company.⁶⁶ While many programs require employees to reduce their work hours or train on their own time, some cover regular wages for the hours spent in training—an ideal way to ease the financial burden often associated with skill development. While evaluation of these programs is limited, the research that does exist points to benefits for both employers and employees.⁶⁷ Such programs can be funded and overseen by state or local government, developed through employer–union partnerships or initiated directly by employers.

- ➔ **Incumbent Worker Training (IWT) Programs:** Under the Workforce Innovation and Opportunity Act (WIOA), local workforce boards across the United States, including many of California's boards, offer Incumbent Worker Training (IWT) grants for employers. Under this model, employers design training for current employees and pay their regular wages while workers attend training, with wage expenses counting as the employer's required "matching share" of the training cost.⁶⁸
- ➔ **California's Employment Training Panel (ETP)** program is funded through the Employment Training Tax paid by California employers. The state provides funding to offset training delivery costs (e.g., instructor fees, curriculum, materials). Employers are required to pay employees their regular wages for the time spent in training.
- ➔ **The Education Fund** is a partnership between 22 healthcare industry employers and 6 SEIU local unions, funded by collectively bargained employer contributions to provide education and training benefits for over 100,000 eligible healthcare workers. The Wage Replacement program through the Fund allows employees of select employer partners to receive payments to reduce their work schedule up to 16 hours per pay period to attend class, study or participate in a clinical or internship experience.
- ➔ **Walmart's recent training pilot** is an example of an employer driven model consisting of a training program designed to upskill frontline hourly workers to move into careers in facilities maintenance, HVAC, refrigeration and automation. Participants are paid their regular hourly wages while attending the multi-month training.⁶⁹





Supplemental Apprenticeship Funding

While apprenticeship programs provide participants with a wage, the amount available is not always adequate, especially in high-cost areas of the state or for households with childcare expenses.

- [The Equal Representation in Construction Apprenticeship \(ERiCA\) Grant](#) provides dedicated funding aimed at dismantling barriers that disproportionately prevent women from entering and thriving in the construction industry. Among the eligible uses are grants of up to \$5,000 per eligible apprentice in a registered pre-apprenticeship program, or \$10,000 per eligible apprentice in a registered apprenticeship program to cover the cost of childcare.
- [The California Opportunity Youth Apprenticeship \(COYA\) Grant](#) provides funding for existing or new apprenticeship and pre-apprenticeship programs to serve opportunity youth. Pre-apprenticeship programs may provide a stipend of up to \$6,000 per participant.





Recommendations

The following recommendations outline potential solutions for the State of California to address the challenges detailed in this report. Some call for immediate attention and are relatively straightforward to implement because they do not involve significant costs; these are presented as Short-Horizon Strategies. Others will require more substantial funding and longer timelines and are therefore included as Longer-Horizon Strategies.

In addition to policy changes, research can serve as a critical tool for advancing effective solutions and the final set of recommendations highlight areas where further study can strengthen decision-making and improve outcomes.

Short-Horizon Strategies

1

Expand access to Pell Grants for high-quality training programs by fully leveraging the new Workforce Pell option.

The newly created Workforce Pell program at the federal level creates a rare opportunity to leverage new federal dollars for California's learners. Implementing Workforce Pell, however, will require the state to develop a protocol for approving programs, coordinate with state accreditation bodies and support California Community College programs to meet eligibility requirements such as those related to program completion and job placement rates.

As Workforce Pell rolls out, the state should focus on two key priorities. First, it must protect students from untested or low-quality programs. California should enact policies to implement this program that include guardrails to ensure students' Pell Grant money is not wasted. The federal statute provides minimal protections, requiring only that providers be accredited, and does not mandate that programs publicly report outcomes or earnings data.⁷⁰

Second, the state must help institutions to navigate the program's eligibility requirements. To qualify, programs must demonstrate a completion rate of at least 70 percent (within 150 percent of normal time), have a job placement rate of at least 70 percent (measured 180 days after completion) and have costs that do not exceed the median value-added earnings of graduates (determined by comparing median wages after three years and 150% of the federal poverty line).⁷¹ These metrics may be difficult for community colleges to both track and achieve. The state should



therefore develop a strategy to support these institutions, positioning them to take full advantage of the opportunity that Workforce Pell presents.

Efforts related to Workforce Pell implementation could also examine complementary policies needed to maximize the program's value, such as ensuring access to public benefits, providing holistic support and expanding career navigation services. In addition, the state could explore whether there is a path for learners enrolled in adult education or high-quality short-term programs offered by high-road nonprofit training providers to gain access to Pell Grants.

2

Maximize access to Pell Grants and Cal Grants through utilization of the Ability to Benefit option.

In 2024, as noted earlier in this report, California secured approval for a streamlined approach that allows students without a high school diploma or equivalent to access Pell Grants through the Ability to Benefit (ATB) option. Implementing this option will require both incentives and support for colleges. According to estimates from the Chancellor's Office, the change could direct hundreds of millions of dollars in additional aid to community college students, including those enrolled in career education programs. However, the pace at which colleges adopt the new ATB pathway will determine its impact, and further efforts may be needed to ensure broad and timely implementation.

In addition, current Cal Grant rules require a high school diploma or equivalent and do not make provisions that allow for eligibility based on the ATB standard. State legislation should be enacted that allows students who qualify for a Pell Grant under California's ATB protocol to also qualify for a Cal Grant B Access Award if the student otherwise meets Cal Grant eligibility requirements.

3

Ensure that current and new state funding for behavioral healthcare workforce training addresses the needs of middle-skill workers.

The Department of Health Care Access and Information (HCAI) is poised for a major expansion of its role in behavioral health workforce development in the coming year. As noted earlier in this report, new Medicaid funding for BH-Connect provides direct support to training participants but is limited to loan repayment and tuition scholarships. In contrast, funding from Proposition 1, approved by voters in 2024, offers far greater flexibility. Under this measure, HCAI will receive three percent of all Mental Health Services Act (MHSA) revenues to administer behavioral health workforce development programs. These programs will be designed in consultation with stakeholders, creating an important opportunity to influence how the funds are allocated and used.

This program could be structured to provide strong support for middle-skill positions, address learners' financial needs in its design, and incorporate the principles outlined in the "Ingredients for Success" section. The stakeholder input process is ongoing with an expectation that the program design will be finalized by May 2026.



Long-Term Horizon Strategies

1

Provide state funding for non-Pell Grant eligible learners to address costs of living.

While students enrolled in traditional community college programs typically have their tuition waived and can access financial aid such as the Pell Grant, Cal Grant and Student Success Completion Grant, those in most adult school or nonprofit-run programs, as well as students in noncredit community college programs, have little to no support to cover their cost of living while in training. Limited funding may be available through WIOA, but it is generally restricted to expenses directly tied to participation, such as tuition, books, transportation and childcare. And while financial aid for community college students is often insufficient, the gap is even more pronounced for those who aren't eligible for any aid at all.

To address this gap, the state could establish a dedicated funding source to provide financial support for living expenses to these learners, who often must reduce work hours to participate in training. To maximize the impact of this investment, eligibility could be limited to learners enrolled in tuition-free programs. This funding could be distributed either directly to students, similar to traditional financial aid, or through grants to program providers who would then allocate funds to participants. The program design should align with the principles outlined in the "Ingredients for Success" section of this report, with particular attention to removing barriers to access and ensuring program quality.

As a first step, the state could launch the initiative as a pilot program with a built-in evaluation component to assess the most effective structure and determine whether providing living cost support improves outcomes for these learners.

This recommendation aligns with the California Student Aid Commission Student Success Blueprint, which sets a goal by 2030 to "establish financial aid programs that support adult learners through coordinated and effective structures for Californians seeking career and life-long learning opportunities, such as work or service-based learning, expanding aid to short-term programs, and re-training incentive programs."⁷² An attempt to create a grant program funded with a one-time allocation of \$50 million for this purpose, the amount recommended by the *Lifting Children and Families Out of Poverty Task Force Report*,⁷³ was made in 2021 through the introduction of [Senate Bill 61](#). While not successful, this could be used as a starting place for future legislation.





2

Provide funding to implement Cal Grant Modernization and, in the interim, update the Cal Grant C program as a transitional measure.

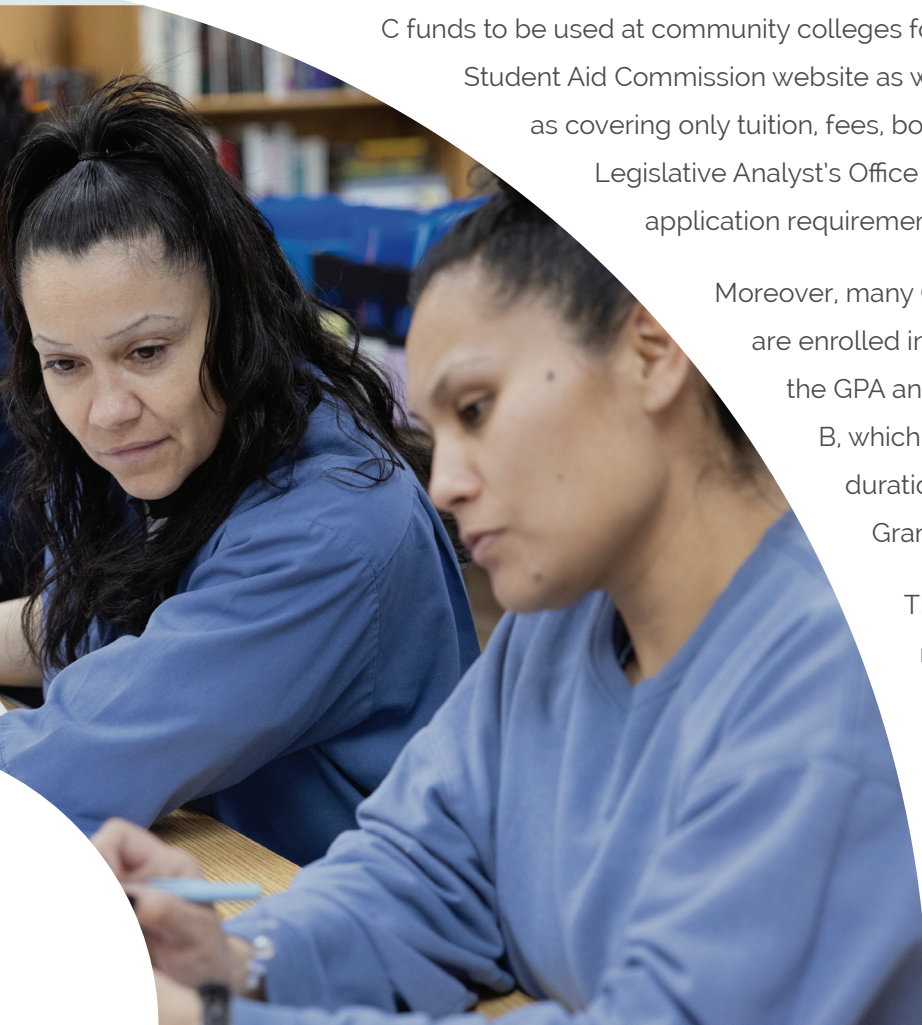
Legislation adopted in 2022 proposed a major overhaul of the Cal Grant program, including a new structure that would eliminate high school GPA requirements for all community college students and would eliminate the distinctions between Cal Grant A, B and C, replacing this structure instead with the Cal Grant 2 (for community college students) and Cal Grant 4 (for university students).⁷⁴ These changes, however, have not yet been funded. Full Cal Grant Modernization should be funded, however, in the meantime, focused reforms to the Cal Grant C program could serve as an interim step until broader Cal Grant reform is implemented.

Barriers to accessing the Cal Grant C program have contributed to its significant underutilization. Although the current statute authorizes up to 7,761 grants annually, only 2,426 were awarded in 2023–24—and more than half of those went to students enrolled in for-profit proprietary programs.⁷⁵

Several factors likely contribute to this low uptake, including limited awareness about program uses and eligibility, application barriers and ineffective program outreach. For instance, while state statute allows Cal Grant C funds to be used at community colleges for living expenses, information on the California Student Aid Commission website as well as some college websites describe the grant as covering only tuition, fees, books and supplies. Additionally, a report from the Legislative Analyst's Office (LAO) identified the program's supplemental application requirement as a potential barrier to participation.

Moreover, many Career and Technical Education (CTE) students are enrolled in programs lasting at least one year and meet the GPA and income requirements to qualify for a Cal Grant B, which offers greater financial support over a longer duration. Revisiting how Cal Grant C interacts with Cal Grant B could help boost participation in the program.

The California Student Aid Commission has also raised the possibility of revisiting the Cal Grant C program in recent discussions.⁷⁶





3

Institute guidelines for future allocations to CWDB programs regarding the provision of direct support to program participants.

The California Workforce Development Board (CWDB) administers several programs that can be used to cover participant costs through wages or stipends as well as through grants for supportive services such as transportation and childcare. Across programs, about 30-35 percent of participants receive some form of financial assistance, whether wages from apprenticeship or on-the-job training programs, incumbent worker payments, stipends or supportive services.⁷⁷ In its largest program, the High Road Training Partnership (H RTP), 35 percent meet the WIOA definition of “low-income” (generally meaning a participant qualifies for public assistance or is unhoused). While this strict definition excludes some participants who are still financially vulnerable, the limited availability of basic living cost support likely remains a significant barrier to participation for California’s lowest-income learners.

Programs such as H RTP typically have multiple goals beyond supporting low-income workers, including, for example, raising overall industry wide standards. At a minimum, CWDB could be asked to collect and report more detailed information regarding how many programs are providing stipends or other forms of direct financial support to participants, how much funding has been utilized for this purpose and more detailed information regarding the income level of participants.

Moving forward, the legislature could consider ways to spotlight the need for direct participant support within any future allocations of funding for workforce development while also maintaining the flexibility that has been a hallmark of the programs such as H RTP to date.

Another option would be to expand the Breaking Barriers to Employment Initiative, which is designed to serve higher-need populations but has accounted for only seven percent of overall CWDB program funding over the past five years. While the initiative provides the highest rate of financial support to participants, only 46 percent have actually received some form of financial assistance. Any additional investment would therefore need to clearly articulate its purpose, particularly if the program were leveraged to broaden access to direct financial support.





4

Incentivize employer participation in paid training opportunities for non-incumbent workers.

The state should explore ways to incentivize employers to invest in training that expands the pool of available workers in their industry, including providing financial support to help prospective workers participate. As described earlier in this report, employer sponsored training programs focus largely on incumbent workers, and this could be an untapped resource that could be broadened to encompass new workers as well. This could include broadening of employer participation in apprenticeship programs as well as developing funding options to provide pre-apprenticeship stipends.

Options to further explore could be using Training-to-Hire Agreements, where employers commit to covering living costs during training in exchange for a contractual agreement that the trainee works for them for a set period afterward. Alternatively, employers in the same sector could contribute to a jointly managed fund that pays living stipends to trainees in approved programs. Other incentivization models could include payroll tax credits or allowing employers who sponsor living stipends for trainees to get temporary reductions in workers' compensation premiums or unemployment insurance contributions.





Research Opportunities

1 Longitudinal outcome studies

One potential area for research is examining whether participants in state-funded training programs secure employment in fields that offer clear opportunities for career advancement and the role that financial support for living expenses plays in participant outcomes. This research could follow program graduates longitudinally, tracking both short- and long-term employment outcomes, including wages, job stability, benefits and upward mobility. Such a study could also track reliance on public benefits post-training. In addition to quantitative metrics, such as earnings growth and promotion rates, the study could incorporate qualitative data from participant interviews to understand how well training aligned with their career goals, the barriers they encountered to advancement, and the supports that proved most effective, including the role of financial support for living expenses.

There has been some limited research to date that follows participants post-graduation, such as evaluations of Project Quest and evaluations conducted of the Department of Labor's Trade Adjustment Assistance Community College and Career Training (TAACCCT) program, but these studies do not shed light on the specific role of financial supports.⁷⁸

2 Understanding total costs

A third potential area for research is examining the full range of costs associated with participating in short-term training programs, beyond tuition and fees, to better understand the financial barriers learners face. A comprehensive cost analysis, incorporating data from a diverse range of programs and participant circumstances, would help quantify the true economic burden on learners. John Burton Advocates for Youth recently published a report that evaluated costs for public institutions and found that many institutions underestimate costs in their publicly available Cost of Attendance budgets.⁷⁹ Such research could provide a strong evidence base for designing tailored financial aid policies and support services that address the real costs of participation and improve both access and completion rates.

3 Quality Control

Another potential area for research is to further identify and define the elements that most directly influence the quality of training programs, with the goal of establishing clear "quality guardrails" for state-funded initiatives. While much work has been done on this topic already,⁸⁰ future research could assess their real-world impact on student success. This would help ensure that public investments are directed toward training programs with the highest potential to deliver lasting career gains for participants.



Conclusion

Expanding access to financial support for living expenses related to career education and training is both a practical and necessary step toward helping more Californians complete programs that lead to stable, well-paying jobs. As this report has shown, tuition is often not the primary barrier—costs related to housing, transportation, food, and childcare can be just as limiting, particularly for adult learners balancing work and family responsibilities. Evidence from a range of programs demonstrates that when these basic needs are addressed, students are more likely to persist in their studies, earn credentials and find employment in their chosen fields.

California has many strengths to build on, including a variety of training options, innovative workforce partnerships and sector-focused investments. By closing gaps in financial aid for learners ineligible for traditional programs, updating existing aid structures and ensuring that funding can be used flexibly to meet diverse needs, the state can make training programs more accessible and effective. These improvements would not only benefit individual learners but also support employers seeking a skilled workforce.

With thoughtful policy changes and strategic investments, California can continue to strengthen the link between education and economic opportunity, which stands to benefit multiple generations of Californians. By reducing financial barriers, the state can help more residents prepare for careers in high-demand fields while supporting a more inclusive and resilient economy for the future.

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The report was informed by an expert advisory committee as well as key informants, and we are deeply appreciative of their time and expertise. A complete list of contributors can be found in Appendix A. The conclusions presented here reflect themes identified through interviews and a review of existing literature; they do not necessarily represent the views of any individual or organization that participated in the process.

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Appendix A: Report Informants

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- » Jessica Pitt, Healthcare Workforce, Labor & Workforce Development Agency
- » Lindsey Reichlin Cruse, National Skills Coalition
- » Luis Sandoval, Building Skills Partnership
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- » Sandra Hamameh, CA Workforce Development Board
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- » Kevin Hickey, Maica Dela Cruz Porcadas, Catita Alvarado, New Door
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- » Laura Szabo-Kubitz, The Institute for College Access & Success (TICAS)
- » Amy Wallace, Corporation for a Skilled Workforce
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