SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	AB 1534	**Hearing Date:**	July 1, 2026
Author:	Irwin		
Version:	June 15, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Jazmin Marroquin		

SUBJECT: Federal Workforce Pell Grant program: local workforce development boards: participant training requirement

KEY ISSUE

This bill establishes state consumer protection standards for public postsecondary institutions seeking to participate in the federal Workforce Pell Grant program for short-term workforce training programs, as specified. This bill also modifies the Workforce Innovation and Opportunity Act (WIOA) requirements by requiring local workforce development boards (LWDBs) to ensure that at least 50% of participants receive workforce training services beginning in 2028.

ANALYSIS

Existing federal law:

1) Establishes the federal Pell Grant to provide aid to students who demonstrate financial need. The Pell Grant award can be used for tuition and fees, books, and supplies, transportation, and living expenses for the equivalent of up to six years of full-time enrollment. The maximum Pell Grant for the 2025-26 academic year (which covers the period from July 1, 2025 – June 30, 2026) is $7,395. The minimum Pell Grant award for the same time frame is $740. (20 USC §1070)

2) Establishes the federal Workforce Pell Grant program beginning July 1, 2026, to provide federal Pell Grant funding for eligible students enrolled in short-term workforce training programs aligned with high-skill, high-wage, or in-demand industries. (20 USC §1070a (k), Public Law 119-21, 139 STAT. 350)

3) Establishes the Workforce Innovation and Opportunity Act (WIOA) to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. (29 USC §3101-3361)

Existing state law:

1) Establishes the Donahoe Higher Education Act, setting forth the mission of the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC); and, defines "independent institutions of higher education" as nonpublic higher education institutions that grant undergraduate degrees, graduate degrees, or both, and that are formed as nonprofit corporations in California and are accredited by an agency recognized by the United States Department of Education (USDE). Specifies that for

purposes of any code or statute, a national or regional accrediting agency recognized by the USDE as of January 1, 2025, shall retain that recognition until July 1, 2029, provided that the accrediting agency continues to operate in substantially the same manner as it did on January 1, 2025. (Education Code §66010 et seq.)

2) Establishes California Student Aid Commission (CSAC) as the state agency charged with administering state financial aid programs to qualifying students enrolled in qualifying institutions of higher education throughout the State. Existing law requires CSAC to prescribe the use of standardized student financial aid applications for California. (EC § 69433 and § 69510, et seq.)

3) Establishes the Employment Development Department (EDD) within the Labor and Workforce Development Agency (LWDA) and makes it responsible for administering the state's unemployment insurance, disability insurance, and workforce development programs. (Unemployment Insurance Code § 301 et seq.)

4) Creates the California Workforce Innovation and Opportunity Act to make programs and services available to individuals with employment barriers. (Unemployment Insurance Code §14000 et seq.)

5) Establishes the California Workforce Development Board (CWDB), under the purview of the LWDA, as the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce system, including its alignment to the needs of the economy and the workforce. (Unemployment Insurance Code §14010 et seq.)

6) Establishes the Consolidated Work Program Fund in the State Treasury, for the receipt of all moneys deposited pursuant to the federal WIOA, and requires moneys in the fund to be made available, upon appropriation by the Legislature, to EDD for expenditure consistent with the purposes of the federal WIOA and the State Plan. (Unemployment Insurance Code §14004.5 et seq.)

7) Requires the establishment of a local workforce development board (LWDB) in each local workforce development area of the state to, among other things, plan and oversee the workforce investment system. (Unemployment Insurance Code §§14200-14211)

8) Requires LWDBs to spend an amount equal to at least *30% of funds* available under Title I of the federal WIOA provided to LWDBs for adults and dislocated workers on workforce training programs. Provides that this minimum may be met either by spending 30% of those base formula funds on training or by combining a portion of those base formula funds with leveraged funds, as specified. Prescribes the training services that count toward the minimum percentage of funds, as specified. (Unemployment Insurance Code §14211)

   a) Requires EDD to, at the end of each program year, to calculate for each LWDB whether the LWDB met the *expenditure requirements* of this section, as specified. Requires EDD to report annually to the Governor, the Legislature, and CWDB regarding the training and supportive services *expenditures* made by LWDBs pursuant to the expenditure requirements of this section.

   b) Requires a local workforce development area that does not meet the specified requirements to submit a corrective action plan to EDD that provides reasons for not meeting the requirements and describes actions taken to address the identified *expenditure* deficiencies. A local workforce development area must provide a corrective action plan to EDD pursuant to this section within 90 days of receiving the calculations, as specified.

This bill:

1) Prohibits a public postsecondary educational institution from disbursing Workforce Pell Grant program funds to students enrolled in the institution's short-term programs, and from advertising, marketing, or informing students about the availability of those funds, unless the institution has met both of the following:

   a) Obtained authorization from the California Student Aid Commission (CSAC), as specified.

   b) Obtained approvals and met all requirements set forth by the USDE.

2) Prohibits CSAC from authorizing a public postsecondary educational institution to receive Workforce Pell Grant program funds for a short-term program if the institution does any of the following:

   a) Partners, contracts, or affiliates with an entity, including an institution or organization, that is not accredited by an accrediting agency recognized and approved by the USDE to provide, or offer to provide, instruction for the short-term program, unless one of the following applies:

      i) The institution partners, contracts, or affiliates with the entity for the purpose of offering instruction for a registered apprenticeship program.
      ii) The short-term program has a contract education agreement with a participating community college and a provider, as specified.
      iii) The entity and institution meet all of the following requirements:
         (1) Clearly and prominently discloses that the entity is a company that is separate from the institution and describes all of the services that the entity is contracted to provide for the institution, as specified.
         (2) The entity is not paid using incentive compensation or tuition sharing with the institution.
         (3) The entity does not participate in, or exercise authority over, the institution's governance or decisionmaking processes on factors, including, but not limited to, the design or development of course curriculum or instruction, setting of short-term program admission standards, determining enrollment targets, or creation of new short-term programs.

   b) Offers or affiliates with a company that offers financing for the short-term program using a private educational loan, including an income share agreement or a similar type of credit product, other than loans or payment plans that charge no interest to a student.

   c) Charges tuition and fees to a student for the short-term program that is more than the maximum amount of Workforce Pell Grant program funds available for a student in the short-term program, as determined by the Secretary of the USDE, for the period of time that the program is offered.

i) This prohibition does not apply to any portion of tuition and fees that exceeds the maximum Workforce Pell Grant program amount if that excess amount is paid on behalf of the student by an employer, a labor-management partnership, or another third party, provided that the third party is not a lender or an offeror of a private education loan or other credit product for which the student bears any responsibility for repayment.

3) Authorizes CSAC to use the California Priority Jobs Credentials List to determine whether a short-term program satisfies the following requirements under the Workforce Pell Grant program:

   a) Provides an education aligned with the requirements of high-skill, high-wage, or in-demand industry sectors or occupations.
   b) Meets the hiring requirements of employers in high-skill, high-wage, or in-demand sectors or occupations.
   c) Leads to a recognized postsecondary credential that is stackable and portable across more than one employer or prepares students enrolled in the short-term program for employment in an occupation for which there is only one recognized postsecondary credential and that awards students with the credential upon completion of the short-term program.

4) Authorizes LWDA to enter into a data-sharing agreement with the Office of Cradle-to-Career Data to the extent it is necessary to establish and maintain the California Priority Jobs Credential List.

5) Modifies the following provisions to the WIOA Adult and Dislocated Worker program, effective July 1, 2028:

   a) Requires LWDBs, instead of spending a minimum of 30% of specified *funds* for adults and dislocated workers, to ensure that at least 50% of *participants* enrolled in the adult and dislocated worker program receive workforce training services.

      i) Prescribes the training services that count toward the participant training requirements, as specified.

   b) Requires EDD at the end of each program year to calculate for each LWDB whether the LWDB met the *participant training* requirement and annually report regarding the *aggregate number of participants enrolled* in adult and dislocated worker programs and the *aggregate percentage of those enrolled participants* receiving training services.

   c) Requires a local workforce development area that does not meet the participant training requirement to submit a corrective action plan to EDD that provides reasons for not meeting the *participant training* requirement and describes actions taken to address the identified *participant training* deficiencies.

6) Makes specified conforming and technical changes.

7) Finds and declares the following:

a) The federal Workforce Pell Grant program (Public Law 119-21) allows funding to be used for certain short-term workforce training programs that demonstrate positive employment and earnings outcomes.
b) In implementing the federal Workforce Pell Grant program, states may impose standards to protect students from financially risky, low-quality, or fraudulent short-term programs and to protect students from incurring debt they cannot repay.
c) Title I of the federal Workforce Innovation and Opportunity Act (WIOA) of 2014 (Public Law 113-128) provides another funding stream for workforce training services for adults and dislocated workers.
d) A report commissioned by the California Workforce Development Board in 2022 found that California's WIOA-enrolled participants who received targeted training services were significantly more likely to find employment and earn higher wages compared to those who only received basic career services.
e) Encouraging more participants to receive training, rather than spending more dollars on training, will increase access to high-quality, no-cost or low-cost workforce training and education offered through community colleges and adult schools, and deepen collaborations between local workforce development boards and community colleges.
f) A participant training requirement will leverage federal Workforce Pell Grant program funds as a new funding stream to support training that would allow more WIOA dollars to be spent on supports and services to increase participants' completion and job placement.

8) Declares that it is the intent of the Legislature to expand access to high-quality workforce training opportunities by defining standards for short-term programs to be eligible for the federal Workforce Pell Grant program and requiring an increase in participants that receive workforce training services under Title I of WIOA.

COMMENTS

1. Background:

[NOTE: This analysis is limited to the bill's provisions modifying the Workforce Innovation and Opportunity Act (WIOA) requirements. Please see the Senate Education Committee analysis for detailed background on CSAC, public postsecondary educational institutions, and the Workforce Pell Grant program.]

Federal Workforce Pell program
According to the Senate Education Committee, "Congress enacted H.R. 1, in the Summer of 2025. Among the many provisions contained in the measure is a section that expands Pell Grant eligibility to students enrolled in short-term, career-focused training programs that meet defined quality requirements and lead to industry-recognized credentials. The workforce training programs tend to be between 8 and 14 weeks in length and are intended to provide rapid pathways to employment in high-demand industries. This expansion is commonly referred to as 'Short-Term Pell' or 'Workforce Pell.'

According to the National Governors Association and America Achieves, in their Workforce Pell: An Overview for Governors March 2026 policy memo, 'the Congressional Budget Office estimates that over the next ten years, the federal government will invest approximately $1.5 billion in Workforce Pell Grants of about $2,200 per recipient, although awards will vary as they are prorated based on program length and student need. However, research on such short-term programs demonstrates that while some programs deliver strong labor market returns, many do not. This new funding stream represents an opportunity for Governors to drive resources to the strongest programs to address critical workforce development needs and better align postsecondary training to high-skill, high-wage, and in-demand jobs through their implementation decisions.'

The Workforce Pell goes into effect on July 1, 2026, the USDE proposed regulations in March 2026, and is expected to finalize regulations later this Spring. Presently, the draft regulations leave Governors with considerable leeway in the details of implementation. […]

Trailer bill language to the 2026-27 Budget Act includes a proposal related to implementation of the federal Workforce Pell Grant program. The proposal would establish a process for CSAC, in consultation with CWDB, to determine whether short-term programs offered by UC, CSU, and CCCs meet federal and state eligibility requirements for participation in Workforce Pell. The proposal would also require participating institutions to report program and student outcome data and would establish various oversight and reporting requirements.

This bill attempts to address the same federal Workforce Pell Grant programs but would establish additional requirements related to institutional participation, student protections, and certain contractual and financial arrangements. […]. With regard to CSAC responsibilities, this bill would not create a separate approval process but instead would establish additional standards and conditions that CSAC would be required to apply when making authorization determinations."

Workforce development

The California Workforce Development Board (CWDB) is the state entity tasked with assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system. Among other things, the CWDB is tasked with developing, implementing, and modifying California's Unified Strategic State Plan (State Plan) to serve as the comprehensive framework and coordinated plan for the aligned investment of all federal and state workforce training and employment services funding streams and programs. CWDB works closely with local workforce development boards (LWDBs) to ensure statewide workforce efforts align with regional priorities and community needs.

The State has 45 LWDBs, each with their unique local context. Members of private sector business, organized labor, community-based organizations, local government agencies, and local education agencies comprise a LWDB's membership. EDD, in partnership with LWDBs, oversee America's Job Center of California (AJCC). AJCC is a one-stop shop for no-cost job and training services that helps connect employers with job openings to people who are looking for work. The AJCC is a network of local and state organizations, as well as private and public groups, working together to provide these services at no cost. Adults and displaced workers receive an initial assessment, job search and placement assistance, and career counseling at LWDBs.

WIOA Adult and Dislocated Worker program

In 2014, the federal WIOA was signed into law, which was designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. WIOA-funded services include job search assistance, workforce preparation, career development services, and training services including both classroom and work-based learning opportunities. In addition to supporting job seekers, these programs help businesses find the skilled workers they need by referring qualified job seekers and filling job orders, and through tailored work-based learning strategies.

According to the Department of Labor, workforce services for eligible adults are available through one of the six core programs authorized by WIOA. For instance, the WIOA Title I Adult and Dislocated Worker program funding streams pay for career services and training services. The Adult program serves individuals and helps employers meet their workforce needs. It enables workers to obtain good jobs by providing them with job search assistance and training opportunities. The Dislocated Worker program is designed to help workers get back to work as quickly as possible and overcome barriers to employment. Current law requires LWDBs to spend at least 30% of WIOA Adult and Dislocated Worker program funds on training services.

This bill

This bill, AB 1534, changes the requirement in existing law that at least 30% of WIOA Adult and Dislocated Worker program *funds be spent* on training services to a requirement that at least 50% of *enrolled participants* in WIOA Adult and Dislocated Worker programs receive training services, effective on July 1, 2028. According to the author, the current law requires 30% of funds to be spent on training, which has incentivized local boards to put fewer people into higher-cost trainings. Changing the rule to a requirement that 50% of WIOA participants receive training services is aimed to ensure that more individuals get training.

This bill still requires EDD to annually report whether the LWDBs met the participant training requirement and requires local workforce development areas that don't meet the participant training requirement to submit a corrective action plan to EDD that provides reasons for not meeting the requirements and describes actions taken to address this.

The author may wish to consider adding additional data collection and reporting requirements, at a minimum, to ensure that WIOA expenditures are properly spent and accounted for, guaranteeing people receive both quality training and supportive services while enrolled in training.

2. **Need for this bill?**

According to the author, "Under the 2025 federal reconciliation bill, enacted as the One Big Beautiful Bill Act (OBBBA), "Workforce Pell Grants" were created to provide financial aid to students seeking to enroll in short-term workforce training programs. To satisfy OBBBA's requirement for state governors to determine institutions seeking Workforce Pell meet certain criteria[1], legislation is required to align state policy with the implementation needs in OBBBA.

Currently proposed budget trailer bill language borrows much of the language from AB 1534 to set up an implementation process that meets minimum federal requirements set out in HR

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[1] Sec. 83002 of OBBBA details the program: https://www.congress.gov/bill/119th-congress/house-bill/1/text

1 and rulemaking[2]. However, states have the authority to go beyond minimum requirements to provide additional guardrails intended to safeguard students from bad actors.

AB 1534 includes additional safeguards for students while the proposed trailer bill will cover the state's basic implementation structure. Safeguards will:

- Ban disbursing or marketing the availability of WF Pell funds unless the institution has received state and federal approvals.
- Prohibit WF Pell approval if an institution offers financing using private loans, including income share agreements, unless they charge 0% interest.
- Prohibit WF Pell approval if the program, when partnering with an unaccredited entity to provide instruction up to the allowable limit set out in federal rules, does not provide clear disclosures, does not use incentive compensation and does not exercise authority over program design and administration.
- Limit the cost of programs to no more than the maximum amount of a grant based on length of program, with an exception for excess costs that are covered by an employer or labor-management partnership, or similar third-party.

Additionally, on workforce development:

- Allow the California Student Aid Commission (CSAC) — the state entity authorized to approve programs in the proposed trailer bill — to use the California Priority Jobs Credential List to determine if a program meets several federal criteria required of all programs
- Changes the requirement in existing law that at least 30% of WIOA Adult and Dislocated Worker program funds be spent on training services to a requirement that at least 50% of enrolled participants in WIOA Adult and Dislocated Worker programs receive training services, effective 2028."

3. Proponent Arguments:

According to the sponsors, The Institute for College Access and Success (TICAS), "As California develops a framework to approve shorter-term workforce training programs under the federal Workforce Pell Grant via the proposed Trailer Bill Language, AB 1534 (Irwin) provides important complementary safeguards for students and details on how California will determine which programs will qualify under the expansion. By establishing clear accountability standards and connections to increase access to education and training for WIOA participants, this bill helps ensure that expanded aid eligibility supports students going into affordable and high-quality programs that deliver value."

4. Opponent Arguments:

According to 2U, "Specifically, as currently drafted, AB 1534 will severely limit California institutions' abilities with private sector partners to develop, launch, and offer Workforce Pell (WFP) programs. And, without a sizable number of programs, AB 1534 will limit Californian's options to benefit from WFP. Furthermore, AB 1534 establishes a concerning precedent limiting public-private partnerships, as well expanding the state's regulatory authority over third parties supporting California institutes of higher education."

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[2] Final federal rules: https://www.federalregister.gov/documents/2026/05/19/2026-10013/accountability-in-higher-education-and-access-through-demand-driven-workforce-pell-pell-grant

5. Double Referral:

This bill has been double referred and was previously heard and passed by the Senate Education Committee.

6. Prior Legislation:

SB 135 (Committee on Budget and Fiscal Review, 2026) requires CSAC to determine whether a short-term program offered by postsecondary educational institution, as defined, meets specified requirements in order to receive federal Workforce Pell Grant program funds for students enrolled in the short-term program, as specified. Among other things, the bill requires CSAC to consult with CDWB and LWDA on the process for making those determinations and the short-term programs that the commission is proposing to approve, as specified. The bill would require EDD to provide a list of high-skill, high-wage, and in-demand industry sectors and occupations to LWDA, as specified. The bill would require the LWDA, after presenting the list to CWDB, to provide the list to CSAC for their consideration in determining whether to approve a short-term program. *This bill is pending in the Assembly Budget Committee.*

SUPPORT

The Institute for College Access & Success (Sponsor)
Blu Educational Foundation
California Competes: Higher Education for a Strong Economy
California Edge Coalition
California Opportunity Youth Network
Campaign for College Opportunity
Children Now
County of Kern
EdTrust-West
JobTrain
John Burton Advocates for Youth
Prismatic Research & Strategy
Protect Borrowers (formerly Student Borrower Protection Center)
Public Advocates
Rancho Santiago Community College District
San Bernardino Community College District
San Jose-Evergreen Community College District
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