AB 1534 (Irwin) - Federal Workforce Pell Grant program: local workforce development boards: participant training requirement

Version: June 15, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: ED. 7 - 0, L., P.E. & R. 5 - 0
Mandate: Yes
Consultant: Lenin Del Castillo

Bill Summary: 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. It further modifies Workforce Innovation and Opportunity Act (WIOA) requirements by requiring local workforce development boards to ensure that at least 50 percent of participants receive workforce training services beginning in 2028.

Fiscal Impact:

- The Chancellor's Office for the California Community Colleges estimates one-time Proposition 98 General Fund costs in the low tens of thousands of dollars for each participating district to develop an implementation plan necessary to participate in the federal Workforce Pell Grant Program. Participation in the program is voluntary, therefore the exact cost would depend on the number of community college districts that elect to pursue Workforce Pell eligibility. The Chancellor's Office also estimates one-time General Fund workload costs of $12,000 to $24,000 to develop and distribute a guidance memo and provide technical assistance to the field.

- The California Student Aid Commission (CSAC), Office of Cradle to Career Data (C2C) and the Employee Development Department (EDD) each indicate that the costs to implement this bill would be minor and absorbable. The 2026 Budget Act includes $1.3 million in General Fund for the C2C for workload related to the federal Workforce Pell Grant Program.

- This bill could result in additional costs for local workforce development areas to submit corrective actions plans to the EDD for not meeting the bill's participant training requirements. The extent of these costs is unknown and could be deemed to be reimbursable by the Commission on State Mandates.

Background: Existing federal law 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 is $7,395, while the minimum award is $740.

Existing federal law establishes the federal Workforce Pell Grant program (via H.R. 1, Public Law 119-21), 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.

Proposed Law: This bill 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: obtained authorization from CSAC, on behalf of the Governor, as prescribed, and obtained approvals and meet all federal requirements.

This bill prohibits CSAC from authorizing public postsecondary educational institutions to receive Workforce Pell Grant program funds for a short program if it does any of the following:

1. 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 several conditions apply, as specified, including the institution partners, contracts, or affiliates with the entity for the purpose of offering instruction for a registered apprenticeship program and the short-term program has a contract education agreement with a participating community college that meet the specified requirements.

2. Offers or affiliates with a company that offers financing for the short-term program using a private educational loan, including the specified types of financing.

3. Charges tuition and fees to a student for the short-term program that is more than the maximum amount of Workforce Pell Grant programs funds available for a student in the short-term program. The prohibition does not apply if the portion of tuition and fees that exceeds the maximum Workforce Pell Grant program amount is paid on behalf of the student by the specified third parties.

This bill authorizes CSAC to use the California Priority Jobs Credentials List to determine whether a short-term program satisfies the following requirements:

1. Provides an education aligned with the requirements of high-skill, high-wage, or in-demand industry sectors or occupations.

2. Meets the hiring requirements of employers in high-skill, high-wage, or in-demand industry sectors or occupations.

3. 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 the credential upon completion.

This bill authorizes the Labor and Workforce Development Agency 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.

This bill modifies WIOA Adult and Dislocated Worker program provisions by providing that at least 30 percent of funds be spent on training services to at least 50 percent of enrolled participants receiving training services, effective 2028. This bill would require a local workforce development area that does not meet the participant training requirement to submit a corrective action plan to the EDD that provides reasons for not meeting the requirement and describes actions taken to address the training deficiencies.

Staff Comments: Congress enacted H.R. 1, in the Summer of 2025 which includes a provision 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" and went into effect on July 1, 2026. This bill establishes additional state participation standards for Workforce Pell and seeks to create state-level consumer protection standards intended to protect Workforce Pell recipients enrolling in short-term programs. The proposed requirements are applicable to the University of California, the California State University, and California Community Colleges seeking to participate in the Workforce Pell program. Specifically, the bill restricts tuition and fee levels, limits the use of certain private financial arrangements, establishes conditions governing third-party partnerships, and requires participating programs to demonstrate alignment with workforce needs. This measure would prohibit institutions from charging tuition and fees that exceed the maximum available Workforce Pell award unless the excess amount is paid by an employer, labor-management partnership, or another third-party that does not require repayment by the student. The bill would also prohibit participation by institutions that offer or affiliate with providers of private education loans, income share agreements, or similar credit products. Further, the bill would also require CSAC to deny authorization to institutions that do not satisfy specified requirements.

According to the author, "Californians looking to gain new skills or advance in their careers by enrolling in short-term workforce training programs may be eligible for new financial assistance. The federal government is set to begin rolling out Workforce Pell Grants for eligible Californians seeking to enroll in short-term programs lasting eight to 15 weeks. These programs will lead to industry-recognized credentials in sectors like healthcare, IT and skilled trades, and will train participants for high-wage and in-demand jobs. As states prepare to implement this historic expansion of aid, proper safeguards are necessary to ensure these programs deliver real opportunities for students and their families and prevent them from wasting their lifetime-limited Pell Grant eligibility. AB 1534 includes important consumer protection measures that protect students from risky private loans and require programs to charge reasonable costs and fully disclose partnerships with unaccredited organizations."

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