CONCURRENCE IN SENATE AMENDMENTS
AB 1534 (Irwin)
As Amended August 21, 2026
Majority vote

SUMMARY

Establishes state consumer protection standards for public and private postsecondary institutions seeking to participate in the federal Workforce Pell Grant program for short-term workforce training programs; and modifies Workforce Innovation and Opportunity Act (WIOA) requirements by requiring local workforce development boards to ensure that at least 50% of participants receive workforce training services commencing in 2028.

Senate Amendments

1) Remove the urgency clause.

2) Modify the prohibition of public and private higher education institutions 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 California Student Aid Commission (CSAC), on behalf of the Governor, as prescribed; and,

   b) Obtain approvals and meet all federal requirements.

3) Prohibit CSAC from authorizing public and private higher education institutions to receive Workforce Pell Grant program funds for a short program, as specified.

4) Authorize CSAC to use the California Priority Programs List to determine whether a short-term program satisfies the following requirement:

   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 industry sectors or occupations; and,

   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 the credential upon completion.

5) Authorize the Labor and Workforce Development Agency (LWDA) to enter into a data-sharing agreement with the Office of Cradle to Career Data (C2C) to the extent it is necessary to establish and maintain the California Priority Jobs Credential List.

6) Modify various provisions to the federal WIOA Adult and Dislocated Worker program, effective July 1, 2028, as specified.

7) Ensure eligible institutions and unaccredited entities must both adhere to disclosure requirements and that the eligible institution is the responsible party for ensuring the unaccredited entity is adhering to the law.

8) Clarify that decision making authority over various factors, as specified, remains with the eligible institutions.

9) Provide guardrails for programs when eligible entities provide instruction.

10) Specify the retention of existing WIOA expenditure reporting, requires separate WIOA participant reporting requirements, and clarifies the Employee Development Department (EDD) reporting process in the event a local area does not report leverage funds.

11) Update the title of the California Priority Jobs Credentials List to the California Priority Programs List.

12) Add additional Legislative findings and declarations.

13) Make clarifying, conforming, and technical changes.

COMMENTS

Workforce Pell. The 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 United States Department of Education (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.

This measure seeks to establish a state-level approval process for institutions seeking to offer programs eligible for these funds.

Consumer protection provisions. This measure contains several provisions intended to protect students, including restrictions on tuition levels, limitations on private financing arrangements, and requirements that programs be offered through accredited institutions using credit-bearing coursework. Specifically, this measure prohibits 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. It also prohibits participation by institutions that offer or affiliate with providers of private education loans, income share agreements, or similar credit products.

Additionally, the measure requires CSAC to deny authorization to institutions that do not satisfy specified requirements. The proponents of this measure argue that restricting tuition levels limits reliance on private educational loans and income share agreements, and that imposing requirements for third-party partnerships and alignment with workforce needs helps ensure students are participating in quality programs that will lead to meaningful employment opportunities related to their field of study/training.

Third-Party providers and tuition-sharing arrangements. Provisions in this measure prohibit higher education institutions from receiving authorization to participate in the Workforce Pell if the institutions compensate a third-party provider through tuition sharing or incentive compensation arrangements. This measure does not prohibit institutions from partnering with online program managers (OPM) or other third-party providers. Rather, it restricts certain compensation arrangements and limits the role third-party entities may play in academic and institutional decision-making. Institutions may continue to contract with third-party providers if the partnership satisfies the specified conditions contained in the measure. Further, the measure preserves the institution's responsibility for academic decision-making by prohibiting third-party entities from exercising authority over curriculum development, admissions standards, enrollment targets, or the creation of new short-term programs.

According to the Author
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. Starting in July [2026], 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-demands jobs."

The author contends that, "while Pell Grant assistance has historically been limited to students seeking an undergraduate degree, these new grants will be available for entry-level to mid-career adults wishing to upskill and move up in their careers. Legislation is necessary for the state to create an approval process to ensure only the highest quality programs are offered to prospective students. This ensures students use their limited Pell Grant eligibility on programs that deliver real opportunities for them and their families, and prevent them from wasting resources on unproductive or fraudulent programs."

Lastly, the author states that, "this type of investment in our workforce will strengthen California's economy by ensuring workers have the skills to meet the demands of employers, and businesses can continue to evolve in a 21st century market."

Arguments in Support
According to the Century Foundation (TCF), "AB 1524 establishes a framework for California to implement the expansion of federal Pell Grant eligibility to short-term workforce training programs. The expansion of Pell Grants to short-term workforce programs has the potential to create meaningful new opportunities for students to pursue job training, but it also poses significant risks."

Further, TCF states that, "short-term workforce programs include programs offered by for-profit providers, and have a mixed track record when it comes to student outcomes. While some programs lead to positive outcomes, others fail to provide upward economic mobility and even worse, may leave students with debt. In addition, Workforce Pell programs count toward students' limited Pell Grant eligibility, and students are at risk of using this eligibility for low-quality, expensive, or even fraudulent programs. As a result, it is critical that California establish strong safeguards that protect both students and public investment in the program. AB 1534 does just that."

Lastly, according to TCF, "the bill includes important student protections, including a provision that will help ensure that program instruction is provided by accredited institutions, rather than outsourced to unaccredited providers. The bill also prohibits participating programs from charging tuition and fees above the maximum amount of Workforce Pell Grant funds available and prohibits institutions from entering into arrangements with private lenders to offer loans to students. These provisions will help to protect students from taking on debt while also helping to ensure that these programs remain affordable. California remains a national leader in expanding college access while maintaining strong consumer protections for students. AB 1534 lays the groundwork for an approach to Workforce Pell that would prioritize quality, affordability, and protecting students from taking on risky debts."

Arguments in Opposition
None based on the most recent version of this measure.

FISCAL COMMENTS

According to the Senate Committee on Appropriations:

1) 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.

2) The California Student Aid Commission (CSAC), Office of Cradle to Career Data (C2C) and the 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.

3) 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.

VOTES:

ASM HIGHER EDUCATION: 8-2-0
YES: Fong, Boerner, Jeff Gonzalez, Jackson, Kalra, Muratsuchi, Patel, Sharp-Collins
NO: DeMaio, Tangipa

ASM LABOR AND EMPLOYMENT: 7-0-0
YES: Ortega, Alanis, Chen, Elhawary, Kalra, Lee, Ward

ASM APPROPRIATIONS: 12-1-2
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
NO: Dixon
ABS, ABST OR NV: Ta, Tangipa

ASSEMBLY FLOOR: 61-10-9
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Fong, Gabriel, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO: DeMaio, Dixon, Ellis, Gallagher, Hadwick, Johnson, Macedo, Patterson, Sanchez, Tangipa
ABS, ABST OR NV: Arambula, Castillo, Chen, Flora, Garcia, Lackey, Ramos, Celeste Rodriguez, Ta

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CONSULTANT: Jeanice Warden / HIGHER ED. / (916) 319-3960 FN: 0004382