Financial Aid for Workforce Programs: Building a California Model

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When Congress enacted H.R. 1 in 2025, it included a new program, the federal Workforce Pell Grant, which builds on the existing Pell Grant program to provide financial aid to students enrolled in short-term postsecondary programs.

Workforce Pell, which makes funds available starting on July 1, 2026, provides financial aid to under-resourced students whose family incomes meet Pell eligibility and who enroll in eligible short-term for-credit or non-credit workforce training programs that historically have been excluded from the Pell Grant program.

The U.S. Department of Education (ED) gave states significant authority to set the standards for program participation in Workforce Pell. As California policymakers begin implementing this program, stakeholders have started considering its interaction with other funding streams such as Cal Grant C, one of the state's financial aid programs for occupational and technical programs. In fact, the final Fiscal Year 2026–27 state budget agreement included language that opens Cal Grant C awards to students attending programs as short as eight weeks (with awards pro-rated for length), the state's first attempt to align the award with Workforce Pell. However, ambiguity in the budget language could open the Cal Grant C program to lower quality short-term programs. Understanding key similarities and differences between these two financial aid programs will help state policymakers more strategically align them to support recipients' completion of high-quality workforce and training programs.

Workforce Pell and Cal Grant C: How They Do—and Don't—Align

Both the Workforce Pell and the Cal Grant C programs are intended to provide financial aid to students enrolled in workforce-oriented programs and pathways—that is, programs that have a direct connection to a specific occupation that will enable both their families and communities to thrive. Both programs allow students to use the grant for non-credit or for-credit programs, and both include requirements that eligible programs connect to occupations with labor market value.

However, even after the recent state budget changes designed to align them, the programs maintain key differences. Workforce Pell functions like an entitlement; any student who qualifies will receive aid (although students can only receive grants for a limited number of semesters, and Workforce Pell counts toward that limit). In contrast, Cal Grant C is a competitive program that provides only a total of 7,761 new awards each year funded annually through the state budget process. Generally, students can receive Cal Grant C for up to two years. Additionally, Workforce Pell programs must be between eight and 15 weeks; until now, programs eligible for Cal Grant C needed to be at least four months. However, the recent budget bill has reduced the minimum program length requirement to eight weeks to align with Workforce Pell.

Quality guardrails for each financial aid program differ, and the recent state budget changes to the Cal Grant C program make additional alignment more urgent. Federal regulations for Workforce Pell require the governor, in consultation with the state workforce board, to define how programs must demonstrate they prepare students for employment in high-skill, high-wage, or in-demand occupations, and align to employer needs. In the Cal Grant C program, implementing agencies, including the California Student Aid Commission (CSAC), the Community College Chancellor's Office (CCCCO), and Labor and Workforce Development Agency (LWDA), determine labor market alignment using more fluid criteria to create a priority list.

Congress also included specific outcome measures in statute for Workforce Pell programs that cap programs' tuition and fees based on completer earnings and require programs to demonstrate that working completers earn more than 150 percent of the federal poverty level. Workforce Pell programs must also verify that 70 percent of program participants complete, that 70 percent of those completers find jobs in their field, and that programs are stackable, portable, and provide credit toward a longer program. Cal Grant C, especially when expanded to shorter term programs, could benefit from similar requirements (see **Table 1.**).

The recent California state budget deal expands Cal Grant C-eligible programs to include—but not be limited to—those that qualify for Workforce Pell. This means that when the state expanded Cal Grant C to programs between eight weeks and four months, it also opened up Cal Grant dollars to pay for very short programs that do not meet the basic quality guardrails required by the federal government (and, starting in 2027, the state) to qualify for Workforce Pell.

Table 1. Key Program Characteristics of Cal Grant C and Workforce Pell

	Cal Grant C	Workforce Pell
Which programs qualify?	Non-credit and for-credit occupational or technical training programs	Non-credit and for-credit workforce programs, as defined by the criteria below
How long must the program be?	At least eight weeks	8-15 weeks/150-599 clock hours (or credit hour equivalent)
Which institutions are eligible?	Accredited institutions that meet Cal Grant institutional eligibility criteria	Accredited institutions that have not been subject to any suspension, emergency action, or termination of programs in the preceding 5 years.
Which students qualify?	Low- and middle-income students who meet income, asset, and financial need requirements	Low-income students who have financial need as assessed by the FAFSA; same standard as all Pell Grant programs
How does the program account for labor market alignment and value to the student?	A combination of elements set by state agencies: matched to a CCC career technical program, has a demand of at least 1,000 openings over the next five years, and meets certain living wage criteria or starts students on a career pathway toward a living wage. Occupations/programs that qualify for Workforce Pell are included.	The governor sets definitions to determine whether a program is 1) connected to a high-wage, in-demand, or high-skill occupation, and 2) aligned to employer hiring needs. ED reviews whether a program meets an ROI standard (the median "value-added earnings" threshold), has a 70 percent completion rate, and has a 70 percent job placement rate.
What other quality requirements exist?	Institutions where more than 40 percent of students borrow federal loans must meet cohort default rate and graduation rate threshold metrics.	Programs must be stackable, portable across at least one employer, and allow students to convert the program to academic credit if they enroll in a longer related for-credit program. Institutions must meet eligibility requirements for Title IV financial aid programs, including cohort default rate threshold.
How large are awards?	Up to $3,009 at private institutions (less at community colleges)	Prorated for length and based on need
How many eligible applicants receive an award	7,761 awards annually; when number of eligible applicants exceeds available awards, CSAC scoring matrix establishes eligibility cutoff	Anyone who qualifies gets an award.

For a detailed comparison of current Workforce Pell and Cal Grant C program design, see ***Appendix A****.*

Considerations for Program Implementation and Reforms

The creation of the Workforce Pell program raises questions about the best way to leverage and align federal and state financial aid for workforce programs. **As California policymakers consider the interaction of these two programs, any student-centered attempt to restructure the Cal Grant C program, or to integrate Workforce Pell into Cal Grant C, should:**

- **Explore aligning quality metrics to ensure students access premium workforce programs.** Policymakers can consider opportunities to provide strong quality requirements across workforce-oriented financial aid programs to ensure that all state and federal investments support pathways to economic mobility. For example, each financial aid program could align around a strong definition of "high-wage" and "in-demand" or a priority jobs list that will determine which programs qualify. State policymakers should also explore whether the Cal Grant C program should mirror Workforce Pell requirements that programs be stackable, portable, and count as academic credit upon enrollment in a related program. While the recent California state budget deal requires that Cal Grant C include the list of occupations that meet Workforce Pell requirements, Cal Grant C occupations (and connected programs) could go beyond those that qualify for Workforce Pell. In other words, under current law, short-term programs eligible for Cal Grant C could have fewer quality guardrails than those eligible for Workforce Pell. Given the mixed and limited evidence of positive labor market returns in short-term programs, state policymakers should at a minimum act soon to align Cal Grant C program and institutional standards with those applied to the new Workforce Pell program.

- **Analyze the return on investment of a wide range of current workforce programs to inform any Cal Grant program design changes.** Some short-term programs result in wage increases and pathways to economic mobility, but many do not. Additionally, research shows that those with credentials from longer education programs generally earn more. Understanding the differences in wage outcomes for students who enroll in workforce programs that are less than four months (i.e., those that may qualify for Workforce Pell), versus those who enroll in workforce programs four months or longer (the previous Cal Grant C requirement), will help inform conversations about whether it may be more valuable to direct Cal Grant C dollars to longer-term workforce programs. While the recent budget deal has expanded Cal Grant C to include shorter programs, limited funds mean these data could be incorporated into CSAC's existing Cal Grant C scoring matrix or be used directly by policymakers to direct dollars to programs with the highest returns.

- **Leverage better data collection and improve linkages between programs and labor market outcomes.** While ED will determine whether programs meet the value-added earnings metric to qualify for Workforce Pell, that measurement will not take effect until the 2030-2031 school year. In the interim, governors are required to certify that programs are providing a return on investment. Additionally, governors are required to certify that programs meet the 70 percent completion rate and the 70 percent job placement rate among completers (eventually measured by whether an individual gets a job in their field). This requirement will spur new and more comprehensive data linkages between enrollment and labor market outcomes, including enhanced wage records that inform the public whether individuals from specific programs find a job in their field. Implementing agencies should consider how best to leverage data collection and linkages among them to improve data transparency for the Cal Grant C program, as well as workforce programs more broadly.

Appendix A. Full Analysis of Cal Grant C and Workforce Pell Program Design

		Cal Grant C	Workforce Pell
Application	Required Forms	FAFSA/CADAA & Cal Grant C Supplement Form	FAFSA
	Deadline	September 2nd of award year	June 30th of award year
	Scoring	CSAC matrix establishes eligibility cutoff annually	Pell award prorated from maximum ($7,395) and minimum ($740) based on Student Aid Index, cost of attendance, and program length
Student Eligibility	GPA	None	None
	Financial Need	Minimum financial need of at least the maximum Cal Grant C tuition/fee award amount plus $1,500	Determined by Pell formula
	Income Ceiling	$167,200 (family of 6+) for AY 2026–27	Determined by Pell formula
	Asset Ceiling	$111,900 for dependent students $53,300 of independent students for AY 2026–27	Determined by Pell formula
Program Eligibility	Program Length	Occupational or Technical training programs of at least eight weeks in length	8-15 weeks/150-599 clock hours (or credit hour equivalent)
	Non-Credit/Credit	Non-credit or for-credit	Non-credit or for-credit
	Quality Requirements	Eligible programs must include programs that qualify for Workforce Pell. Beyond that requirement, CSAC lists priority programs that teach high demand skills for occupations that have a projected demand of at least 1,000 openings over the next five years and well-articulated career pathways for occupations that meet a combination of elements to provide economic security, including those that can be matched to a CCC career technical program, have a demand of at least 1,000 openings over the next five years, and meet certain living wage criteria including a minimum wage-based standard or the MIT Living Wage standard for one adult with no children.[1]	**Governor:** Aligns with high-skill, high-wage, in-demand occupations; meets employer hiring needs; leads to stackable/portable credential across employers or industry-recognized credential; offers transferable credit for continuing postsecondary education **U.S. Secretary of Education:** Pass 70% completion, 70% job placement rate, and value-added earnings (VAE) metrics: tuition and fees cannot exceed VAE [Adjusted median earnings of completers] – [150% of the Federal Poverty Level]

		Cal Grant C	Workforce Pell
Award Eligibility	Number of annual awards	7,761	Uncapped
	Lifetime Eligibility	Up to two calendar years; once a student has used their initial award eligibility, they may apply and compete for a second Cal Grant C award.	6 years of lifetime eligibility for all Pell (including WFP)
	Private Cal Grant-Eligible Institutions	Up to $2,462 for tuition and fees along with $547 for books, tools, and equipment	No differentiation between Title IV-eligible institutions regardless of sector
	Community Colleges	Up to $1,094 for books, tools, and equipment	No differentiation between Title IV-eligible institutions regardless of sector
	Public Universities	Not eligible; to qualify, students must enroll in an occupational, technical, or vocational program that is no longer than 24 months in length	No differentiation between Title IV-eligible institutions regardless of sector
	Award Proration	Awards are prorated for students enrolling part time or in programs shorter than one year in length	Pell award prorated from maximum ($7,395) and minimum ($740) based on Student Aid Index, cost of attendance, and program length
Institutional Eligibility		To be a Cal Grant participating institution (only applies to schools where more than 40% of students borrow federal loans), higher ed institutions must not exceed maximum CDR and meet minimum graduation rates.	Title IV-eligible accredited institution that has not been subject to any suspension, emergency action, or termination of programs in 5 preceding years and meets federal CDR threshold
Data & Reporting	Data Collected	Data to be reported includes enrollment, persistence, and graduation data for all students, disaggregated by specified demographics, to the extent data is available.	Institutions submit data on program completion and job placement to governor and report tuition + fees to the U.S. Secretary of Education (Secretary), governors use institutional and state administrative data to calculate job placement, governors certify program has met requirements to Secretary, Secretary calculates and publishes VAE.

[1] Details provided by the California Student Aid Commission.