ECONOMIC MOBILITY FOR LOW-WAGE WORKERS

WORKFORCE DEVELOPMENT

California's workforce development system — defined by workforce boards, community college programs, job centers, and training providers — is critical to the well-being of the state's economy and residents, especially low-wage workers. In light of changing federal work-requirements for public benefits, new education financing opportunities, and rapid technological advancements disrupting labor demand, the next governor must **focus on strengthening the network of workforce development boards across the state.** Ensuring the efficiency and effectiveness of this system is critical for Californians' economic prosperity.

FUNDING HIGHLIGHT

83%

In 2024, California spent **$474M**[2] of its **$570M** WIOA[1] allocation.

CRITICAL FOCUS AREAS FOR THE NEXT GOVERNOR

→ *Ensuring California's workforce programs and education systems are aligned with industry and prepared for the future economy.*

Economic stability in California and economic mobility for low-wage workers will require relevant industry-accessible upskilling and reskilling programs. Brookings' analysis of highly AI-exposed occupations with potentially low adaptive capacity for workers equates to 716k at-risk California jobs.[3]

In anticipation of this and other shifts in the labor market, the next governor should leverage early appointments to offices like the Labor and Workforce Development Agency, as well as the newly established Education Commissioner to ensure training programs are preparing people for lasting quality jobs.

CALIFORNIA'S WORKFORCE SYSTEM AT A GLANCE

- **45** Local Workforce Boards
- **116** Community Colleges
- **182** American Job Centers of CA
- **950+** WIOA Training Providers

KEY LEADERSHIP DECISIONS

- Secretary, Labor and Workforce Development Agency
- Education Commissioner
- Cabinet Secretaries, Senior Advisors, and Legislative Affairs Secretaries for Workforce and Economic Development and Education

→ *Transforming data systems to ensure systems operate effectively and can leverage federal benefits.*

Under H.R.1, adults who don't qualify for exemptions must work, volunteer, or receive training for at least 80 hours to maintain eligibility for certain public benefits. The administrative burden to demonstrate progress toward those requirements is expected to be a significant driver of an estimated 1.1M Californians[4] losing Medi-Cal coverage.

Data system alignment could mitigate that risk. Existing tax, education, and workforce data systems already collect the necessary information, but are currently disconnected. Additionally, reporting requirements for many training institutions lack the ability to demonstrate eligibility for students to receive the new Workforce Pell Grant, a short-term education funding option. By some estimates, there are more than 225K eligible students in California[5] who may miss out on this funding due to clerical misalignment.

STRATEGIC QUESTIONS FOR CONSIDERATION

- How can the administration use the state budget and existing investments to better align workforce programs with California's current and future workforce needs?
- How can the Governor convene state, regional, education, labor, employer, and community partners around shared workforce priorities?

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WORKFORCE DEVELOPMENT

PROGRAMS TO KNOW



High Road Training Partnerships (HRTP)

Purpose: Aligns employers, labor organizations, training providers, and workers to create pathways to quality jobs while advancing equity and industry competitiveness.

Why it matters

- Nationally recognized best practice
- Employer-driven model that directly addresses workforce demand
- Focuses investments where shortages are greatest
- Uniquely addresses talent demand by requiring employer engagement

California Opportunity Youth Apprenticeship Grant (COYA)

Purpose: Expands apprenticeships for youth at risk of becoming disconnected from education or employment.

Why it matters

- Apprenticeships are one of the strongest pathways to middle-income careers
- Driven by employers' demand for talent, but designed with the worker in mind, this well-rounded approach serves every stakeholder
- Supports California's goal to create 500K apprenticeships by 2029





Strong Workforce Program (SWP)

Purpose: Supports California Community Colleges to develop more workforce education and training opportunities.

Why it matters

- Aligns education with employer demand
- Expands career pathways and economic mobility
- Funds data collection to track outcomes
- Strengthens Career Technical Education (CTE) programs and regional collaboration through a 60/40 funding split

Employment Training Panel (ETP)

Purpose: Partially reimburses employers for investments in upskilling incumbent workers to qualify them for higher wage jobs.

Why it matters

- Funded by a special payroll tax
- Supports employee retention and wage growth
- Well positioned to help workers adapt to AI-related job changes
- Underutilization is largely due to misalignment of employers' existing systems and state required reporting metrics



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ENDNOTE

[1] Federal Workforce Innovation Opportunity Act (WIOA) money is allocated to each state based on unemployment data. States and local workforce boards must use the funds to prepare jobseekers for high-quality employment.

[2] Redefine Alliance, "WIOA Overview – Title I," accessed August 26, 2026, https://redf.egnyte.com/dl/SW5uckuraJ/WIOA_Overview_-_Title_I.docx .

[3] Sam Manning et al., "Measuring US Workers' Capacity to Adapt to AI-Driven Job Displacement," Brookings Institution, January 21, 2026, https://www.brookings.edu/articles/measuring-us-workers-capacity-to-adapt-to-ai-driven-job-displacement/.

[4] California Health Care Foundation, "What Is the H.R. 1 Work Requirement and How Will It Affect Californians with Medi-Cal? Policy at a Glance," June 5, 2026, updated August 6, 2026, https://www.chcf.org/resource/2026/06/05/hr1-work-requirement-affect-californians-medi-cal-policy-at-a-glance/.

[5] Adam Echelman, "The Federal Government Is Offering New Job-Training Grants. California Says It's Not Ready Yet," CalMatters, June 11, 2026, https://calmatters.org/education/higher-education/2026/06/student-financial-aid-california/.

RESOURCES

California Workforce Development Board
High Road Training Partnerships
https://cwdb.ca.gov/cwdb-home/our-programs/high-road-programs/high-road-training-partnerships/

California Department of Industrial Relations
Division of Apprenticeship Standards - California Opportunity Youth Apprenticeship (COYA) Grant
https://www.dir.ca.gov/das/Grants/California-Youth-Apprenticeship-Grant.html

California Community Colleges Chancellor's Office
Strong Workforce Program (SWP
https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Workforce-and-Economic-Development/Strong-Workforce-Program

California Employment Training Panel
https://etp.ca.gov/

ABOUT CAPITOL IMPACT

Capitol Impact is a social impact consulting firm that is dedicated to forging a better future for all Californians. To achieve this mission, the firm partners with visionary leaders across the social sector to advance practical solutions to California's most pressing challenges.

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