

POLICY BRIEF:

Renewing California's Apprenticeship Innovation Funding

Executive Summary

California's economy and its workforce are at a critical crossroads – various industry sectors are facing chronic labor shortages; college students are burdened by rising education costs with uncertain job prospects; and underserved communities are wrestling with barriers to quality, living wage careers. Workforce training programs, particularly well-designed apprenticeship programs, are a high-impact solution to these challenges, providing accessible, earn-and-learn pathways that answer industry demand, provide alternatives to four-year degrees, and help create avenues to economic mobility for low-wage workers. The Apprenticeship Innovation Funding (AIF), launched in 2022, is a vital tool in expanding and modernizing workforce training opportunities statewide.

With its original three-year, \$135 million budget allocation, the AIF has fueled new workforce training programs in high-growth sectors like healthcare, clean energy, and IT. In order to build on the momentum and success of this program, California must renew and expand the AIF in the upcoming fiscal year. This brief outlines the rationale for ongoing investment and highlights policy recommendations for a long-term workforce strategy that serves all Californians.

Background

Apprenticeships are an essential strategy for California to address its workforce and education challenges, offering a proven pathway to bridge the gap between academic learning and practical employment. Swiss vocational training is the international standard for this approach, with nearly 70% of Swiss students opting for vocational training that seamlessly integrates classroom instruction with on-the-job experience.¹ This system has contributed to Switzerland's low youth unemployment level and a labor force that matches the precise needs of its industries.

California has recognized the value of this model and has already made positive strides to emulate it. In 2018, Governor Newsom announced a goal to reach 500,000 apprentices by 2029.² A stable and scalable source of funding, along with a few recommended policy changes, will be key to advancing the state's apprenticeship network into non-traditional spaces and realizing the Governor's ambitious goal.

A significant component in this strategy is the AIF program.³ Launched in 2022, AIF aims to invest and expand apprenticeship programs across sectors beyond traditional trades, including healthcare, advanced manufacturing, information technology, and education. The state has committed \$95 million over three years to this initiative, with an additional \$52 million allocated for the fiscal year 2024-2025.⁴ The AIF provides the fiscal foundation to scale and institutionalize these efforts statewide.

This investment underscores California’s commitment to creating sustainable earn-and-learn career pathways, driving economic growth, and fostering a skilled workforce aligned with industry demands.⁵ By adopting elements of the Swiss apprenticeship model and supporting them through initiatives like the AIF, California is taking proactive steps to enhance workforce development, reduce unemployment, and provide equitable opportunities for all residents.

“Developed apprenticeship systems such as Switzerland, France, and England provide per-apprenticeship formula funding on an ongoing basis. Funding is non-competitive and is allocated through a set amount per apprentice. This has the advantage of providing predictability to apprenticeship programs, allowing them to grow sustainably — and giving an incentive for intermediaries to expand, via guaranteed income.”⁶

— APPRENTICESHIPS FOR AMERICA

Why Apprenticeships Matter for California

- **Guaranteed Outcomes:** Relevant and in-demand training provides a secure, low-risk transition to the labor market.
- **High Return on Investment:** Apprenticeships convene stakeholders already receiving funding resulting in a more effective, intersectional (i.e. workforce development, education, and social services) use of dollars.
- **Improved Education Outcomes:** Students receive hands-on training related to their unique interests, leading to quality career pathways.
- **Skills Gap:** Programs address the mid- to high-skill job deficits reported by employers across the state.
- **Economic Mobility:** Apprenticeships provide pathways to good-paying jobs without requiring four-year degrees.
- **Equity at the Forefront:** Programs especially benefit low-income individuals, youth of color, and first-generation students.
- **Employer Engagement:** Companies shape curriculum and benefit from job-ready talent.

The Swiss Model: A Proven Blueprint for Success

Switzerland’s vocational education and training (VET) system is internationally acclaimed for its effectiveness in seamlessly integrating education with the labor market.

- **High Participation Rates:** Approximately two-thirds of Swiss students opt for vocational training after completing compulsory education, demonstrating the system’s strong alignment with student interests and labor market needs.⁷
- **Low Youth Unemployment:** Switzerland boasts one of the lowest youth unemployment rates

globally, averaging approximately 2.5% in 2021. The VET system emphasizes training students in occupational areas that have strong employment prospects.⁸

- Diverse Occupational Opportunities: The VET system offers training in around 250 different professions.⁹
- Employer Engagement: Swiss employers are integral to the apprenticeship system, investing in training and hiring apprentices based on anticipated industry needs.

The Apprenticeship Innovation Funding: Early Wins & Future Potential

The AIF has enabled:

- Expansion beyond traditional trades, funding programs in healthcare, IT, early childhood education, green energy, and other areas.
- Public-private partnerships, bringing employers, community colleges, and local governments to the table.
- Equity-driven models, with an emphasis on underserved communities and priority populations.

Since its introduction in 2021, AIF has increased apprenticeships in non-traditional industries (IACA) by 76%, with average wages exceeding \$52 per hour. With the initial \$42 million allocation, AIF supported 17,000 apprentices, delivering exceptional ROI while providing the most funding per apprentice and related direct support (\$3,500 per apprentice per year and a \$1,000 completion bonus) compared to other grant-based funding programs.¹⁰

The formula funding model utilized by AIF is revolutionary in the workforce training space – a non-competitive resource available to all qualifying apprenticeship programs. In contrast to grant funded programs (e.g. High Road Training Partnerships, California Apprenticeship Initiative, etc.) that only provide awards to certain winners and activities, AIF is dependable funding year after year for programs to expand and be sustained. The AIF also only funds active apprenticeships, prioritizing real, proven outcomes in comparison to other competitive grants which fund the hypothetical. Without renewal, the infrastructure and momentum built over the past three years risk stagnating. Systemwide transitions for new education and workforce models take years to gain momentum, but once they do, can have exponential growth and lasting impacts for all Californians in search of quality careers.

“The Apprenticeship Innovation Funding has the potential to create that core funding infrastructure that can allow programs to go from an initial state or federal grant and become sustainable. I think this approach is truly innovative because it’s funding the outcomes we’re looking for, which are more high quality, equitable apprenticeships.”¹¹

— ADELE BURNES, DEPUTY CHIEF OF THE CALIFORNIA
DIVISION OF APPRENTICESHIP STANDARDS

Policy Recommendations

We propose a two-part solution that will better position the AIF to capitalize on the economic opportunity that apprenticeships provide, particularly for those from disadvantaged communities.

- 1** Extend AIF for three additional years, at \$50M per year – previous programming has shown that stable funding for an extended period is key to obtaining desired results. Uncertain funding futures disincentivize program creation, participation, and longevity.
- 2** Implement reforms to simplify the process to access funding and reduce the administrative burden. This will enable new programs and more organizations to benefit from the funds, while improving outcomes.
- 3** The Division of Apprenticeship Standards would solicit input from practitioners to inform these specific reforms. Programmatic perspectives would enable implementation to improve access and reduce administrative burden. Potential reforms could address application approval bottlenecks, delayed funding disbursement, equitable access, and more.

Conclusion

The renewal of the AIF is not just a budgetary decision—it is a strategic investment in California's future. With an uncertain economic situation in the years ahead, this investment is critical to the resilience and sustainability of the state's workforce ecosystem, ensuring Californians have consistent opportunities at scale to train and retrain for quality careers. By committing to and building on this proven model, California can strengthen its workforce, close equity gaps, and lead the nation in modern apprenticeship innovation. It is time to scale what works and build a system that prepares all Californians for meaningful, future-ready careers.

Footnotes

¹ [Gold Standard: The Swiss Vocational Education and Training System \(NCEE, 2015\)](#)

² [Career Education Executive Order N-II-23 \(2023\)](#)

³ [Navigating Registered Apprenticeship Funding Sources \(DIR, 2024\)](#)

⁴ [Apprenticeship Innovation Funding \(AIF\) \(DIR, 2025\)](#)

⁵ [California Announces \\$52 Million in Apprenticeship Innovation Funding to Sustain and Scale Apprenticeship Programs in Emerging Sectors \(DIR, 2025\)](#)

⁶ [How States are Driving the Expansion of Apprenticeships: State Apprenticeship Policy Scan | Resources \(AFA, 2024\)](#)

⁷ [Vocational Education and Training & Apprenticeships \(EDA, 2023\)](#)

^{8,9} [Why the world should take note of the Swiss apprenticeship model \(SWI, 2022\)](#)

¹⁰ [Apprenticeship Innovation Funding \(AIF\) \(DIR, 2025\)](#)

¹¹ [How States are Driving the Expansion of Apprenticeships: State Apprenticeship Policy Scan | Resources \(AFA, 2024\)](#), Note: Adele Burnes is now the Chief at the Division of Apprenticeship Standards, appointed by Governor Newsom in March 2025.