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Pathways Policies That Work: *Practical Advice for Policymakers*

A Series of Policy Briefs about Career Pathways

Braiding Funding for Effective Career Pathways

How states can combine multiple funding sources to strengthen career pathways initiatives

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About This Series

This brief is part of a series of briefs titled *Pathways Policies That Work*. These briefs provide practical advice to state policymakers–especially governors and leaders of state education and workforce systems–about how to better connect K12 education, postsecondary education and workforce systems to create pathways to economic mobility.

These policy briefs are written by former policymakers, for current policymakers. The briefs highlight concrete steps policymakers could realistically take in their current political and fiscal environment to deliver policy changes that increase economic mobility for young people.

All briefs are available on Education First's website. The topics in this series are:

- Brief 1: Braiding funding for effective pathways
- Brief 2: Recommendations for reauthorizing Perkins and improving federal pathways policy
- Brief 3: Expanding effective career pathways models
- Brief 4: Pathways to high-wage, high-demand industries in the age of AI

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Executive Summary

States policymakers can create more effective and coherent career pathways by braiding multiple funding sources to advance their goals. This brief explains how.

Background

Braiding is the process of combining multiple funding sources for a single program or purpose. It is an essential tool for state policymakers hoping to build career pathways programs in their state.

In this brief, "career pathways" refers to an integrated program offered in high schools and immediately after high school that includes career and technical education, dual-enrollment coursework, advising, work-based learning and opportunities to graduate with a credential of value.

High-quality career pathways programs are powerful tools to increase students' economic mobility, but they are often expensive and complicated for states to build.

Braiding is critical to building career pathways because it:

- **breaks down funding silos**, reducing the risk students fall into the cracks in the transitions between K12 education, postsecondary education and workforce; and
- **leads to a more efficient and effective use of limited funds** for the high cost of career pathways programs.

Principles of Effective Braiding

Understanding how to braid funding effectively requires more than a working knowledge of grant rules and allowable uses. Instead, it requires a common set of operating principles:

1. **Work backwards from goals, not forwards from funding:** Begin with a clear articulation of the desired outcomes for specific beneficiaries before identifying possible funding sources.
2. **Start with fixed, fill in flexible:** Start the braiding process by fitting together the most restricted funding sources, then use progressively more flexible sources to fill the remaining gaps.
3. **Braid funding horizontally and vertically:** Braiding is most effective when it operates both "vertically" (across federal, state and local) and "horizontally" (across K12, postsecondary and workforce).
4. **Braiding is a people problem, not a math problem:** Relationships and governance structures across agencies matter more than accounting sophistication. Successful initiatives include cross-sector teams at both the governors' cabinet level (for removing obstacles) and agency level (for implementation).

Recommended Action Steps for State Policymakers

Step 1: Set Clear Policy Goals

Braiding efforts are most successful when they are part of a larger pathways initiative. These can be launched by **executive order** (e.g., Delaware), by **legislation** (e.g., Texas) or by **cross-agency plans** (e.g., Rhode Island)

Step 2: Inventory Funding

Build an inventory of current federal and state funding sources, map them to the activities they currently support and identify any unfilled gaps. Common pathways-related funding sources and uses include:

	K12	Postsecondary	Workforce
Fixed *(least flexible)*	**ESSA Title II:** teacher training	**Traditional Pell:** tuition for low-income students ***Promise programs:** tuition for low-income students	**Registered apprenticeship grants:** apprenticeships meeting federal standards
Intermediate Flexibility	**ESSA Title I:** supporting low-income students **Perkins Local Grants:** local CTE costs ****Federal Scholarship Tax Credit:** transportation, fees, equipment	**TRIO / GEAR UP:** college advising and access ****Workforce Pell:** short-term postsecondary training	**WIOA Youth:** Work-based learning (WBL), credentials ***State workforce funds:** WBL, credentials
Flexible	**Perkins Reserve (15%):** various CTE-related costs		**WIOA Set-Aside (10%):** various workforce-related costs

*State funding source; **New funding source

Step 3. Choose an Entry Point

With a vision in place and a funding inventory completed, state leaders must decide whether to braid funding to **augment an existing program or create a new program.** Augmenting is generally more efficient, unless no current program is targeted to the desired outcome or beneficiaries.

State leaders must then decide on a strategy to operationalize the braiding approach. There are two primary mechanisms:

- **Front-end mechanisms** simplify the experience for the people who ultimately must navigate multiple funding streams to run their programs (e.g., Louisiana's SuperApp).
- **Back-end mechanisms** merge the reporting and accountability requirements that grantees face across multiple programs, such as through a unified portal, passive reporting or common metrics.

Background

What are Career Pathways?

This report provides advice to state policymakers on how to effectively fund career pathways. While there is not a universally-recognized formal definition of career pathways, this report will use the following working definition:

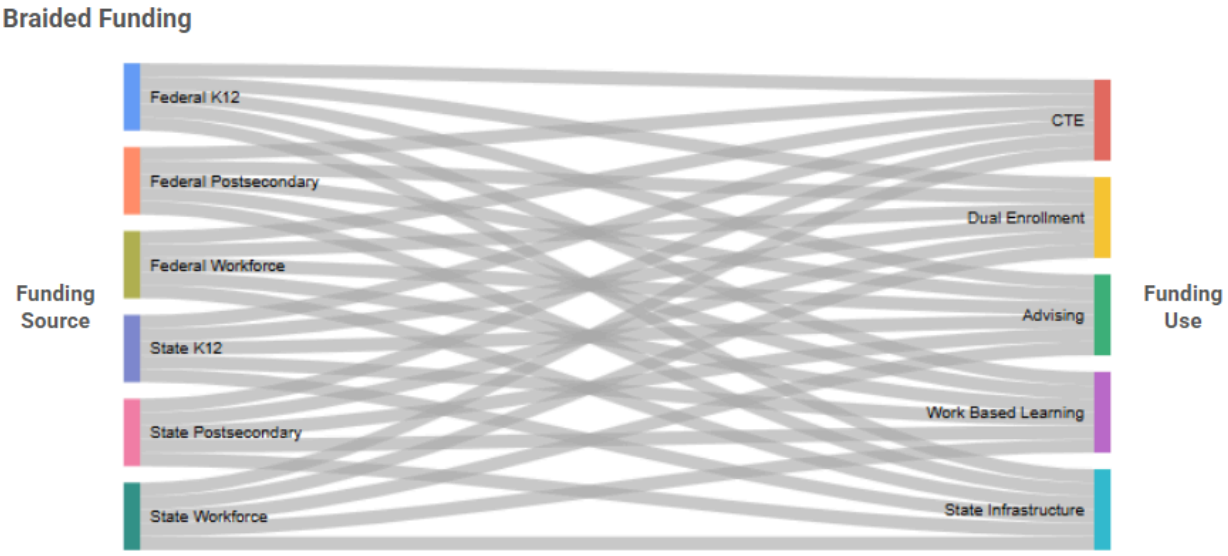
> **Career pathways: An integrated program offered in high schools (and the years immediately following graduation) that prepares students for college, career and economic mobility.** Common elements include a career and technical education (CTE), dual-enrollment coursework, advising, work-based learning and opportunities to graduate with a credential of value.[1]

What is Braiding and Blending?

Both braiding and blending refer to combining multiple funding sources for a single program or purpose. **Braiding** refers to combining multiple funding sources into a single program while still being able to track funding and report back to the original sources. **Blending** completely merges all funding sources for use in a new program, without the requirement to report and track the use of funds.

Practically speaking, blending is much more difficult–and therefore less common–than braiding, because it often requires explicit permission or waivers of reporting requirements. Even when policymakers are given permission to blend funding, they struggle to do so successfully.[2]

For simplicity, this report will use "braiding" as an umbrella term for both braiding and blending in this report, and will clarify when referring to blending specifically. (This matches the approach taken by Advance CTE in its report on braiding.)



Note: This graphic is an illustrative example of braiding sources, rather than an exact depiction of amounts

Why Braid (and Why Now)?

Career pathways are not a single program; they are a bridge across K12, postsecondary and workforce systems that no single agency owns and no single funding stream was designed to support. This creates a dual challenge for state policymakers: building funding structures aligned across agency silos and doing so efficiently in a fiscal environment that leaves little room for duplication or waste.

Challenge #1: Funding Silos

When done well, career pathways use K12, higher education and workforce systems to create a seamless experience for students. But the funding that supports those systems was not designed with that seamlessness in mind. Federal and state funding streams are administered through separate agencies, governed by separate rules and tracked through separate reporting systems: one for K12, another for postsecondary and another for workforce development.

The result is a structural mismatch. Siloed funding doesn't just create administrative inconvenience; it creates gaps in the bridge between education and workforce systems that students can fall through. The transitions between K12 education, college and the workforce are particularly challenging for students. Therefore, the lack of coordinated funding makes it harder to support students at the precise moments when that support is most needed. For this reason, state policymakers often discover that they **need coherent pathways funding in order to create a coherent pathways system.**

Challenge #2: Cost

High-quality career pathways are not cheap. Research shows that the public benefits to career pathways programs likely outweigh their costs, but those costs are nontrivial.[3] A study in New York found that CTE-dedicated schools spent five percent more per general education pupil,[4] and those costs climb further when incorporating dual enrollment, work-based learning and integrated advising.[5] The federal government provides additional funding for CTE programs, but the average state invests five times more in state funding for CTE than its federal allocation.[6]

While career pathways can be expensive, the fiscal environment in most states makes it difficult to simply ask for more money. Education is already the second-largest use of state general fund spending, and it faces growing pressure. Non-education costs are increasing at the same time per-pupil funding formulas are producing less total revenue due to significant declines in public school enrollment.[7] The need for states to be cost-effective with their public dollars is greater than ever.

Furthermore, **if states neglect to braid funds, they effectively delegate the task of braiding to the ultimate recipients (e.g., districts and workforce organizations),** who combine funds as they create their budgets. Braiding is unavoidable, but it is far less efficient when done at the local level, since each recipient must independently develop and administer their own braiding strategy.

Braiding Funding Tackles Both Challenges Head-On

By combining funding streams across agencies and sectors, states can close the gaps created by siloed funding. By consolidating administrative functions across multiple grant programs, they can make existing dollars go further without requiring new appropriations. Done well, braiding solves both a fiscal problem and the cross-agency infrastructure that career pathways require to function.

Principles of Effective Braiding

Understanding how to braid funding effectively requires more than just a working knowledge of grant rules and allowable uses. The states that have done this well share a common set of operating principles that shape how they approach the work from the start. Four principles stand out:

#1. Work backwards from goals, not forwards from funding

The typical process in many state agencies is to start with funding: distribute grants according to established rules and historical patterns, with each program officer managing their workstream largely in isolation. **The result is a system organized around funding sources rather than around the students those sources are meant to serve.** There are overlapping beneficiaries, duplicated overhead costs and funding gaps.

Effective braiding inverts this process. Policymakers should start with a clear articulation of who they are trying to serve and what outcomes they are working toward. Then they should ask which funding sources can be combined to achieve those goals. This reorientation—from funding-first to goals-first—creates the conditions for alignment across agencies and programs.

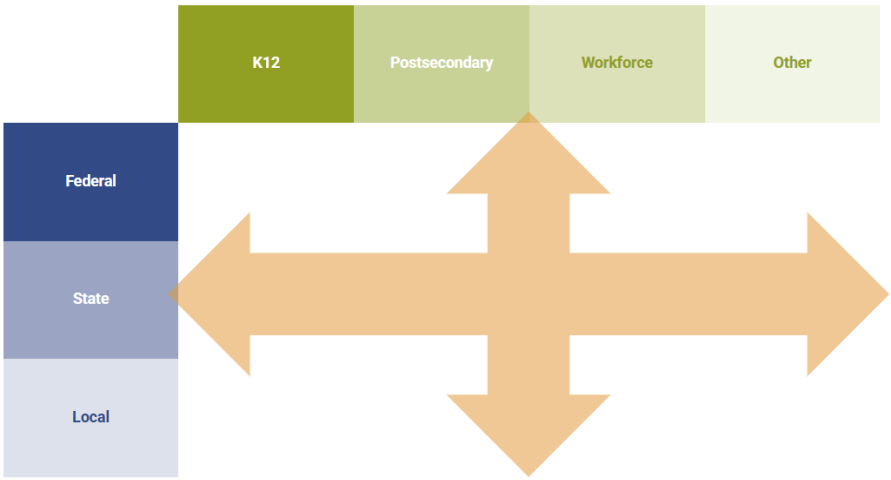
#2. Start with fixed, fill in flexible

Not all funding sources are equally flexible. Some carry strict restrictions on allowable uses, eligible populations or reporting requirements. Others are relatively open-ended. A common mistake in braiding efforts is to use flexible funding to fill gaps before understanding the full picture. Once flexible funds are depleted, states often struggle to pay for the remaining needs.

A more effective approach is to undertake braiding efforts in order of flexibility: **start by fitting together the most restricted funding sources, then use progressively more flexible sources to fill the remaining gaps.** Think of it like building a stone wall. A skilled builder fits the largest, most irregularly shaped stones first, then fills the spaces between them with smaller stones, and finishes with mortar to seal the gaps. Flexible funding is the mortar: valuable because it can go where nothing else fits.

#3. Braid funding horizontally and vertically

Braiding is most effective when it operates across two dimensions simultaneously. **Vertical braiding** connects funding *across* levels of government: federal, state and local. **Horizontal braiding** connects funding across sectors *within* each level: K12, postsecondary and workforce.



Many states focus their braiding efforts solely on the horizontal braiding of funds across K12, postsecondary and workforce (i.e., combining the top row of the diagram at right). However, the bulk of funding for career pathways in most states comes from state and local dollars.[8] That means limiting braiding to federal funding sources leaves most of the potential benefits on the table. Braiding both vertically and horizontally maximizes the benefits of braiding.

#4. Braiding is a people problem, not a math problem

It is tempting to think of braiding primarily as a technical challenge: a matter of understanding allowable uses, reconciling reporting requirements and tracking expenditures across multiple streams. That technical knowledge matters, but it is rarely the binding constraint**. In most states, the primary predictor of success is not fiscal sophistication; it is the quality of relationships and governance structures across agencies**.[9]

Effective braiding requires leaders from K12, postsecondary and workforce agencies to make decisions together, share information across traditional boundaries and work through the inevitable tensions that arise when programs designed independently are asked to work in concert. States that have done this well have typically invested in building a collaborative cross-agency implementation team of mid-level leaders empowered to coordinate across agencies and solve problems as they arise.[10] Without that team in place, even technically sound braiding strategies tend to stall.

Where to Start

Braiding funding is not a single action. It's a complex process that requires management by two cross-sector teams: a cabinet-level oversight team and an agency-level implementation team.

The steps below are written for the cabinet-level leaders who need to direct and oversee a braiding effort. Members of the implementation team should also read the additional details in the Appendix.

Step 1: Set Clear Policy Goals

Braiding efforts rarely succeed in isolation. The states that have made the most progress on braiding funding have done so in service of a larger, clearly-articulated career pathways initiative with measurable goals, named owners and visible support from the governor's office. Without that broader context, braiding tends to get stuck in technical debates between agency staff, rather than moving forward as a shared priority.

This doesn't mean that a full statewide initiative needs to be in place before braiding can begin. States can undertake targeted braiding efforts for narrower purposes, such as expanding work-based learning or supporting a specific student population. However, even targeted efforts benefit from clarity about goals, a designated champion and a cross-agency team empowered to move the work forward.

A common mistake is letting federal funding drive state systems. Federal funding accounts for a minority of career pathways dollars; most funding comes from state and local sources. Yet many states allow federal grant guidelines to set the terms for how their entire pathways system is designed and administered. The result is a system built around federal compliance rather than state goals. Effective braiding inverts this: state goals drive the system and federal guidelines define the boundaries within which that system operates. Federal rules should define the "floor," not the "ceiling."

Three Ways to Launch a Braiding Effort

Executive Order: Governors in several states have issued executive orders directing agency leaders to develop and implement braiding strategies. This is typically the fastest mechanism and does not require legislative action.

- Examples: Florida, Arkansas, Delaware

Legislation: Legislatures can advance braiding in two ways: By initiating the effort ("set up") or by institutionalizing it after the fact ("clean up"). Statutory braiding requirements ensure the effort's permanence in a way that executive orders alone cannot.

- Examples: An update to Texas's HB 8 bill (Section 9 in SB 1786 in 2025-26) directs agencies to braid funding; Colorado's legislature set up a pathways governance task force

Cross-Agency Action Plans: In some states, the impetus for braiding has come not from a jointly developed action plan among K12, postsecondary and workforce agency leaders. These plans establish shared goals and assign ownership across agencies to implement a common plan. While they lack the formal authority of an executive order or statute, they can be an effective starting point. Philanthropies can catalyze this initial coordination with targeted grants.

- Examples: Delaware's Pathways Strategic Plan, Arkansas's Workforce Strategy, Rhode Island's PrepareRI Action Plan. (*Note: Delaware and Rhode Island's action plans were catalyzed by philanthropic investment. For more information about how philanthropy can advance this work, see A Case Study on Delaware Pathways.*)

For more information and resources about setting a vision and plan for career pathways, see the Enabling Conditions Action Guide from the Commission on Purposeful Pathways.

Step 2: Inventory Available Funds

Before states can braid effectively, they need a clear picture of the overall funding picture. This means building an inventory of current federal and state funding sources, mapping them to the activities they currently support and identifying any unfilled gaps. This work should be assigned to finance staff at K12, postsecondary and workforce agencies. This staff should develop a single inventory that summarizes funding amounts, allowable uses, reporting requirements and potential areas of flexibility. This information is needed to apply the "start with fixed, fill in flexible" principle discussed above.

Two questions should guide the gap analysis that follows from this inventory:

1. **Which career pathways activities are currently underfunded or unfunded?**
2. For activities that are funded**, is the funding source well-matched to the activity?** Or is flexible funding being used where restricted funding could serve instead?

A simplified version of the key federal and state funding sources is below. A full inventory, with descriptions of each source and its allowable uses for career pathways, is available in the Appendix.

Simplified Funding Matrix for Career Pathways

	K12	Postsecondary	Workforce
Fixed *(least flexible)*	**ESSA Title II:** teacher training	**Traditional Pell:** tuition for low-income students ***Promise programs:** tuition for low-income students	**Registered apprenticeship grants:** apprenticeships meeting federal standards
Intermediate Flexibility	**ESSA Title I:** supporting low-income students **Perkins Local Grants:** local CTE costs ****Federal Scholarship Tax Credit:** transportation, fees, equipment	**TRIO / GEAR UP:** college advising and access ****Workforce Pell:** short-term postsecondary training	**WIOA Youth:** Work-based learning (WBL), credentials ***State workforce funds:** WBL, credentials
Flexible	**Perkins Reserve (15%):** various CTE-related costs		**WIOA Set-Aside (10%):** various workforce-related costs

*State funding source; **New funding source

Note: **Temporary Aid to Needy Families (TANF) does not fall into these categories and can also be used in braiding strategies.**

A Note on New Federal Funding Sources

The One Big Beautiful Bill Act (OBBBA) of 2025 created two new funding sources that should be incorporated into this funding inventory: Workforce Pell and the Federal Scholarship Tax Credit.

Workforce Pell

The Pell Grant program has long provided funding for college programs, but Workforce Pell expands eligibility to short-term career programs lasting 8-15 weeks. While Workforce Pell's initial funding is far smaller than traditional Pell ($3,980 per year compared to $7,395),[11] it is likely to become a significant new funding stream for career pathways in the long term.

The eligibility requirements for programs are strict: states must verify that programs lead to high-wage, in-demand jobs, that at least 70% of students complete the program and find employment within 180 days and that earnings gains exceed tuition costs. Many states lack the sophisticated data infrastructure or statewide longitudinal data systems (SLDS) needed for these determinations.

Therefore, **Workforce Pell provides a useful "forcing mechanism" for states looking to fund improvements to their pathways data infrastructure.** This infrastructure work is often stuck in the "important but not urgent" category; the incentive of Workforce Pell funding can provide urgency. Governors and agency leaders can leverage the political opportunity of Workforce Pell to build data infrastructure, braiding in administrative and leadership funds and using philanthropy to support technical assistance.

Federal Scholarship Tax Credit (FSTC)

The federal scholarship tax credit (FSTC) reimburses taxpayers who contribute to nonprofit organizations, called scholarship-granting organizations (SGOs), which, in turn, pay for certain education costs for students. Taxpayers can contribute up to $1,700 annually to an SGO, and the federal government will reimburse them for up to the full cost of their contribution as a tax credit. In essence, the program allows taxpayers to redirect part of their annual IRS tax payment to specific SGOs rather than the federal government.

The size of the program depends on the amount of taxpayer contributions and whether states decide to opt in. Estimates range from $2.7-6.1B per year, compared to $1.4B for Perkins.[12]

The program is similar in some ways to education savings accounts (ESAs) or vouchers, and has therefore frequently been viewed as a partisan program that benefits private and religious schools at the expense of public schools. The reality may be more nuanced, and SGOs can be used to fund career pathway expenses for public school students.

Specifically, **SGOs can be used to pay for transportation, extended day programs, tuition, fees, books, equipment, supplies, tutoring, technology and special education services** for public school students. While SGOs are still new–they go into effect in 2027 and the final federal rules have not yet been released–they have the potential to become an important element of a braided career pathways funding ecosystem. Taking advantage of this opportunity requires careful policymaking.

To learn more, read our forthcoming mini-briefs on Workforce Pell and the FSTC.

Step 3: Choose an Entry Point

Identify the Target Programs

With a vision in place and a funding inventory completed, state leaders face a key decision: whether to augment an existing program or create something new.

Augmenting an existing program means adding funding from additional sources into a program that is already operating. This is the lower-lift option and is the right choice when a program is generally effective but lacks sufficient funding to meet the need. Braiding state CTE dollars with federal Perkins dollars is a common example.

Creating a new program means merging funds from multiple sources into a program that doesn't yet exist. This is the right choice when no current program is targeted to the desired outcomes or beneficiaries. For example, Rhode Island's PrepareRI High School Internship Program braided federal WIOA dollars, state workforce funds and philanthropic grants into a new statewide work-based learning initiative.

Choose a Braiding Mechanism

Beyond this choice, states also need to decide how to operationalize the braiding itself. Two types of mechanisms matter:

Front-end mechanisms simplify the experience for grantees and local implementers, the people who ultimately must navigate multiple funding streams to run their programs. Common approaches include:

- A common application that gives grantees access to multiple funding sources through a single submission. *Examples: Louisiana's SuperApp, Arkansas' AR App.*
- Interagency MOUs that establish shared administration across agencies. *Example: Maryland's cross-agency MOU.*
- An external fiscal agent, typically an intermediary organization, that can receive funds from multiple sources and subgrant to local recipients, serving as connective tissue across funding streams. *Example: EmployIndy.*

Back-end mechanisms merge the reporting and accountability requirements that grantees face across multiple programs. (*Note:* This is not necessary for "blended" grants that have waivers for reporting requirements.) Common approaches include:

- A unified reporting portal, so each type of grantee submits to a single location, regardless of funding source.
- Passive reporting, where states gather information through existing data systems rather than requiring grantees to submit separate reports.
- Common metrics across agencies. These are time-consuming to establish, but among the highest-return investments a state can make, since it reduces reporting burden for grantees and creates the data infrastructure that programs like Workforce Pell increasingly require.

Most states will need both front-end and back-end mechanisms over time. A practical starting point is to identify which type of friction—navigating the application process or meeting reporting requirements—is the bigger barrier for local implementers right now, and address that first.

If necessary, request waivers. Oftentimes, states are not fully leveraging the degree of flexibility they have under federal rules. However, if grant reporting requirements are creating a significant burden, states can request waivers.

For federal grants, the Trump Administration has voiced considerable openness to waivers, although there are statutory limits to the flexibility that federal agencies can grant. For state grants, governors or agency leaders may have the authority to waive certain provisions. For others, legislative action is required, and agency leaders should consider requesting braiding flexibility in future legislative cycles.

Limits and Tradeoffs of Braiding

While braiding is a powerful tool, it comes with some downsides that policymakers should consider:

Braiding requires giving up some control. When funding streams are combined and administrative requirements are merged, individual funders (including state agencies) have less visibility into exactly how their dollars are being spent. That tradeoff is usually worth making, but it is a real one. States should carefully consider how much flexibility they are prepared to extend to local implementers, and build accountability mechanisms to compensate for the reduced line of sight into individual funding streams.

Braiding takes real administrative investment. Building common applications, negotiating interagency MOUs, aligning reporting requirements and other braiding tasks require significant time and staff capacity upfront. The efficiency gains are real but not immediate or costless. States should prioritize braiding efforts for funding streams with the greatest return on investment (ROI). This is often where the funding need is greatest, or the administrative burden–and therefore potential efficiency gains–is largest.

Braiding alone is not enough. Braiding helps existing dollars go further, but most effective state pathways initiatives pair braiding with increased funding and strategies such as performance-based funding. Braiding divides the existing pie with fewer wasted pieces, but growing the pie remains important. The right combination will look different in every state, but braiding works best as part of a broader funding strategy, not as a substitute for one.

The right amount of braiding for most states is more than they are currently doing, but less than complete braiding. Since braiding has real benefits but significant costs in terms of staff time, states should not think of braiding as an all-or-nothing enterprise. Rather, they should determine the right degree of braiding that best suits the tradeoffs for their situation. This is ultimately a judgment call that depends on the political environment, the administrative capacity of state agencies and the specific gaps in the current funding system. The principles and steps in this brief are designed to help state leaders make that decision with confidence.

Conclusion

Braiding is an effective tool to break down silos between K12, postsecondary and workforce programs and help each dollar invested in career pathways go further. Doing so requires starting with clear goals and identifying both a senior cabinet team to oversee the work and a mid-level implementation team to implement it. These teams should take an inventory of available funds and identify gaps or opportunities. State leaders can then decide on their strategy: augment existing programs or create new ones. In either case, leaders should start with fixed funds and use flexible funds to fill in any gaps. Then leaders can build streamlined systems for both front-end application and back-end reporting that reduce administrative burden. While braiding is not a costless cure-all, it is a powerful—and essential—tool for any state policymaker hoping to build a robust career pathways system for students.

References

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[7] National Center for Education Statistics. (2024). Public school enrollment. Condition of Education. U.S. Department of Education, Institute of Education Sciences. Retrieved from https://nces.ed.gov/programs/coe/indicator/cga

[8] See this report from Advance CTE for more specific information on funding sources.

[9] See this report from the College in High School Alliance, co-authored by Spencer Sherman, for a discussion of lessons learned about state dual enrollment governance and organization structures.

[10] The Commission on Purposeful Pathways' Enabling Conditions Action Guide, facilitated by Education First, provides recommendations on how to implement career pathways initiatives.

[11] DiMaggio, J. (2025, December 22). Workforce Pell grants for short-term programs: A primer and update from negotiated rulemaking: Consensus reached – What's in the draft regulations. UPCEA. Retrieved from https://upcea.edu/workforce-pell-grants-for-short-term-programs-a-primer-and-update-from-negotiated-rulemaking-consensus-reached-whats-in-the-draft-regulations/#:~:text=How%20Much%20Will%20a%20Student,about%20$2%2C200%20each.%5B6%5D

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Appendix: Implementation Guide

This implementation guide provides teams tasked with braiding federal and state funds with more technical information to support the development of a braiding program. The guide is not comprehensive, but is meant to support teams in taking the crucial initial steps.

Step 1: Set Clear Policy Goals

Identify Funding Needs

As part of the goal-setting process, state teams will need to identify which programs need additional funding. In other words, what high-quality programs align with state goals or what infrastructure and staffing needs will support the implementation of those programs. Below is a list of common uses of funds for career pathways efforts. Teams can use this list as a jumping-off point for identifying funding needs. The next section goes deeper into which funds are available to cover such needs.

Common Uses of Funds

- **State infrastructure and administration**
    - Staffing: Program approval & audit; technical assistance; cross-agency governance; equity & access monitoring; and grant administration and reporting
    - System: Data infrastructure; cross-agency portals; labor market analysis
    - Other: Professional services and membership organizations
- **Local implementation** (pass-through from state funding)
    - Course sequences (CTE and dual enrollment): Instructional staff; CTE equipment; CTE consumables & supplies; dual enrollment textbooks; credentialing and course tuition
    - Work-based learning: Work-based learning wages; student transportation
    - Advising: Advising staffing; advising platforms
    - General: Program design & mgmt; staff prof. development; data & IT systems

When identifying funding priorities, it is often helpful to **interview key stakeholders** who are the intended beneficiaries of the program to determine current funding issues. For example, is the main obstacle the amount of funding, restrictions on how the funds can be used or the administrative burden? See page 7 of this Braiding and Blending resource from the Colorado Workforce Development Council on using human-centered design to identify funding pain points.

Quantitative analysis can supplement, but not replace, these interviews. Such analysis could look at data for students' access, participation and outcomes to identify where any breakdown is occurring. This can often be done "in-house" by agency data teams. If a more in-depth look is needed, states can contact a public university with a research-practice partnership, advocacy nonprofits or outside consultants.

Step 2: Inventory Available Funds

Identify and Map Current Pathways Funding and Uses

Assign members of finance teams from K12, postsecondary and workforce agencies to create an inventory of your career pathways funding system.

For examples of what such a funding matrix might look like in your state, see the following examples from Colorado:

- Colorado Work-Based Learning Funding Matrix
- Funding Streams Desk Aid for Workforce Centers Staff

Creating this map, or spreadsheet, requires understanding the relevant federal and state funding sources. The following pages summarize those sources and their best uses. State funding, not federal funding, should drive the conversation.

State Funding Sources

State funding sources obviously vary across states. However, the list below includes funding sources that are common in many common states. (Not every state will have all of these funding sources.)

- **General K12 Funding:** the foundational, baseline K12 funding for school districts. This is typically the largest K12 state funding source and is often based on enrollment (such as Average Daily Membership or ADM) and funded with general revenue.
- **Categorical dual enrollment funding:** state-specific funding for dual enrollment. Example:
  - Massachusetts: Early College Support and Planning Grants
- **Categorical CTE funding:** state-specific funding for CTE that layers on top of Perkins. This may be calculated based on a formula (such as enrollment with weighting based on certain factors), outcome-based, or competitively awarded. Examples:
  - Texas: Weights Career and Technical Education (CTE) funding based on a three-tiered system focused on course rigor and alignment with approved programs of study.
  - Massachusetts: Chapter 74 funding
- **Performance-based funding:** funding states provide to programs based on meeting certain metrics related to pathways program outcomes. Examples:
  - Tennessee: Ties a portion of its postsecondary (community college) funding to outcomes like credential attainment and job placement.
  - Wisconsin: The CTE Incentive Grant provides districts up to $1,000 per student who graduates with a state-approved industry-recognized certification.
- **Competitive pathways grants:** grants provided by states to support the development of specific pathways or programs. Example:
  - Kentucky: Healthcare Workforce Collaborative competitive grants
- **Promise programs:** last-dollar scholarships for low-income students to attend college.

- **State workforce development funds:** the primary state-level workforce development funds. A portion can often be used for youth work-based learning or CTE.
- **Work-based learning programs:** some states have specific funds for internships and apprenticeships. Example:
    - Rhode Island: Real Skills for Youth program

For more information about ways states are funding pathways, see this State of CTE review by Advance CTE on state secondary CTE funding models and this review of state investments in short-term credential pathways by HCM Strategies. This toolkit by the National Skills Coalition also provides examples on how states like Arkansas and Oregon have used SNAP and TANF funds to support the development of high-quality career pathways programs.

Federal Funding Sources

See below for an overview of major federal funding sources that are most relevant for career pathways.

- K12 and Higher Education
    - **Every Student Succeeds Act (ESSA):** the largest federal grant program for K12 education. This funding for K12 education in general, but can be used for career pathways.
        - **Title I**, Part A ($18.4B in FY25): Funding for low-income students. It's the largest federal K12 investment. Title I is highly **flexible**.
        - **Title II**, Part A ($2.2B in FY25): This stream is the primary source for **professional development**.
    - **Perkins V**: the primary federal funding source for CTE.
        - **Title I Basic State Grants** ($1.44B in FY25): These formula funds are the **backbone of federal funding for local CTE programs**. Local recipients are school districts and community colleges.
        - **The 15% Reserve Fund:** States can set aside up to 15% of their Title I allocation for "Reserve Grants." **The Perkins Reserve Fund is one of the most flexible federal funding sources that states can leverage for braiding.** For example, many states use these funds specifically to support rural career pathways.
    - **Pell:** a major funding source for low-income students to attend college.
        - **Traditional Pell** ($39B in FY25): funding for programs in colleges that lasted 15+ weeks.
        - **Workforce Pell** ($40M in FY25, for startup costs)**:** a new program (starting in 2026) that provides funding for programs in colleges that last 8-14 weeks and meet certain quality criteria.
    - **Higher Education Act:** the primary higher education law. It includes general funding for colleges and universities, as well specific programs for career pathways, including TRIO and GEAR UP.

        - **Federal Scholarship Tax Credit (FSTC):** a new funding source (starting in 2027) provides funds through a scholarship granting organization that can be used for a variety of purposes including K12 tuition and transportation. See our forthcoming brief on how this tax credit can be used to support pathways.
- Workforce Development
    - **Workforce Innovation and Opportunity Act (WIOA):** the primary federal funding source for supporting workforce development.
        - **WIOA Youth** ($948M in FY25): This is the most flexible federal tool for work-based learning.
        - **WIOA Title III**: Funding for all ages of workforce development, including a 10% set-aside for Governors.
    - Other programs include: Registered Apprenticeship Grants, YouthBuild, Strengthening Community College Grants, etc.
- Other
    - **Temporary Assistance for Needy Families (TANF)** ($16.5B): the major federal assistance program for low-income families. While not designed for career pathways, it can be used in alignment with career pathways.

Many of these funding streams can be grouped into four categories for simplicity's sake:

- **State formula grants**, whose funding is largely passed on to local entities to support specific programs;
- **State set-asides**, generally 10 to 15%, which can be set aside by state agencies to support not only administration but the development and implementation of statewide initiatives;
- **Competitive Grants**, which if won, can be used by states and other institutions to develop and implement new initiatives;
- **Targeted funds**, which tend to support the needs of a specific student group.

Summary of Potential Braiding Opportunities for Major Federal and State Funding Sources

In the table below, we have indicated potential uses of federal and state funds to illustrate how sources might be braided in support of a specific high-quality pathways program–for example the funds with an orange box in the "CTE" column might be braided to support CTE programs. Finance teams should advise on what restrictions funds may have; such as limitations on purchasing technology.

Key: Funding sources in blue are federal, purple are state. Orange indicates possible uses of funds; while white is for impermissible uses of funds. DE = dual enrollment; WBL = work-based learning.

		State systems			*Local implementation*				
Funding source	**Ideal use**	**Staffing**	**Systems**	**Other**	**CTE**	**DE**	**WBL**	**Advising**	**General**
ESSA Title I	Flex				■	■	■	■	■
ESSA Title II	PD	■		■					
State K12 funds	Flex				■	■	■	■	■
Federal Scholarship Tax Credit	WBL						■	■	
Pell (traditional)	DE					■			
Pell (workforce)	CTE & DE				■	■	■	■	
State Higher Ed funds	Flex				■	■			
State Promise programs	DE				■	■			
GEAR UP	Advising							■	■
TRIO	Advising							■	■
Perkins V (Local)	Local CTE				■		■	■	■
Perkins Reserve (15%)	State CTE	■	■	■	■		■	■	■
State Categorical CTE	CTE				■		■	■	
State Categorical DE	DE					■			
WIOA Youth	WBL	■	■	■	■		■	■	
WIOA Title III (Wagner-Peyser)	Advising							■	
WIOA Title III WP 7(b) Set-Aside (10%)	Flex	■	■	■				■	■
YouthBuild	WBL				■	■	■	■	■
Strengthen Comm. Coll.	DE				■	■			
Registered App. Grants	WBL						■		
REO-Youth	WBL				■		■	■	■
WF Pathways for Youth	WBL						■	■	
State workforce funds	WBL	■	■	■	■		■		■
TANF	Flex	■	■	■			■	■	■

Step 3: Choose an Entry Point

In this step, states will combine the information gained while identifying funding needs, such as stakeholder interviews and the funding inventory, to identify the gaps between the pathway initiative's goals and the current funding structures.

Part of this determination is identifying whether the funding needed is one-time or recurring:

- **Common one-time costs**: infrastructure (data collection systems and dashboards, grant management systems), initial staff training or certification, facilities construction or renovations and other start-up costs.
- **Common recurring costs**: staff salaries, ongoing training or certification, transportation, consumable materials costs, technology platform subscriptions, curriculum licensing fees, equipment costs and other operational costs.

After identifying the types of costs the state is seeking to cover, utilize your inventory and the table above on possible funding uses to identify appropriate funding sources; starting with the least flexible funding.

Maximize Any Allowable Flexibility

Applying the **"Start with fixed, fill in flexible"** principle to braiding, the state set-aside funds for statewide initiatives are generally more flexible than the formula grants. The formula grants can be braided together to support the development and implementation of career pathways programming, while the more flexible set-aside funds can be used to spur innovation, build infrastructure, fill in gaps and drive the adoption of evidence-based strategies statewide. Where there is alignment of purpose, competitive grants can be strategically used in conjunction with state set-asides. Lastly, more targeted funds can be used to meet the needs of student groups with additional needs.

Many funds have more flexibility than states regularly exercise. This often leads state agencies to risk-averse behavior when considering more expansive uses of funds than have been previously used. To overcome this, it may help to get outside advice from outside experts, such as professional membership organizations (including CCSSO, Advance CTE, NASWA or SHEEO). These groups or other outside experts can help states distinguish between perceived versus actual requirements of grant programs.