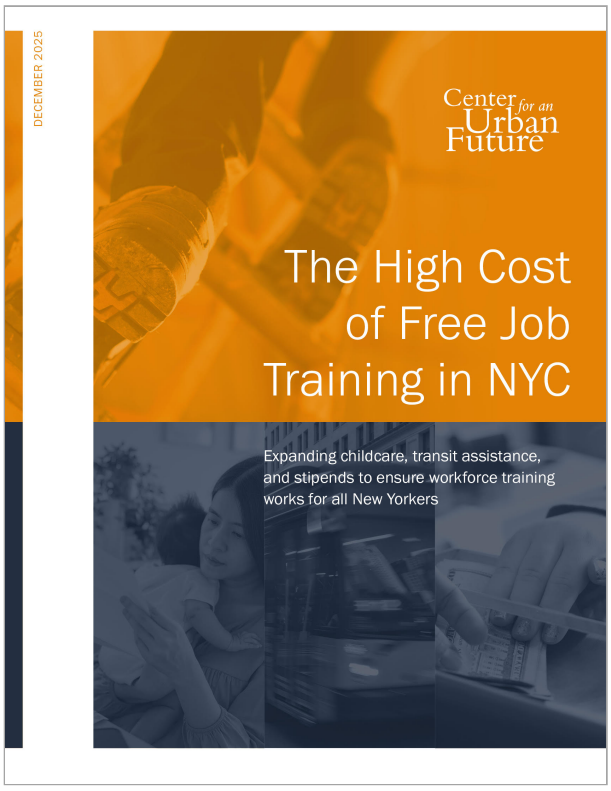
Center for an Urban Future

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Report - December 2025

The High Cost of Free Job Training in NYC

This report urges city leaders to provide free childcare and a complimentary OMNY card for New Yorkers enrolled in career training programs. Coupling workforce development programs with these vital “wraparound supports” will address a key challenge: too many New Yorkers drop out of training programs due to everyday costs like childcare and transit fares.

by Melissa Lent and Eli Dvorkin

- Read the full report here.
- Read the recommendations of the report here.

To confront New York City's affordability crisis, some leaders have called for major new public benefits, from universal childcare to free buses. But with the city and state facing a highly challenging fiscal environment—made worse by funding cuts and policy changes in Washington—it's far from clear that city officials will be able to fully fund these big-ticket ideas in the near term.

Fortunately, there is an interim step city leaders can take to address critical affordability challenges. They should provide these supports where they can have the greatest impact: to New Yorkers seeking upward economic mobility through evidence-based career training programs. More specifically, the next mayor should start on a path to universal child care by making child care free for those enrolled in training programs, and provide free OMNY cards to training participants and students studying at CUNY.

Taking these initial steps toward free childcare and transit isn't just more financially feasible as the city and state face fiscal headwinds. Data shows that “wraparound supports” are essential to help low-income New Yorkers complete free job training programs, which many otherwise drop out of due to costs outside the classroom—like child care, transit fares, and other affordability challenges.

Indeed, as this report documents, the everyday costs of childcare, subway rides, and groceries make even "free" programs out of reach. As a result, working parents and caregivers in particular end up trapped in lowwage work, unable to afford stepping out of the workforce to complete a multi-month training program—even when tuition is free.

The consequences are visible across the city's training landscape. Of the 29 workforce development organizations interviewed for this report, only three provide childcare support to their participants (10 percent), just nine offer weekly stipends (31 percent), and only 10 cover transportation costs for all participants (34 percent). Yet when programs do provide these supports, outcomes improve dramatically. Per Scholas saw an 18 percent jump in graduation rates after offering a $1,000 stipend, while Building Skills recorded a 39 percent increase in completions for participants who received stipends. Training programs interviewed for this report cited example after example of participants who only enrolled or graduated after receiving help with childcare, transportation funds, groceries, equipment, or navigating housing and legal services.[1]

New York City is fortunate to have an array of workforce training programs with a proven record of launching low-income New Yorkers into better-paying careers. These and other effective training programs will only become more crucial in the coming years: studies suggest that AI and automation could transform or eliminate at least one-quarter of all jobs by 2030, threatening to displace thousands of New Yorkers in retail, transportation, bookkeeping, customer service, fast food, and beyond. But to ensure more New Yorkers reap the full benefits of these training programs, city leaders should launch or pilot programs that provide free childcare and OMNY cards to training participants, and take other steps to tackle the hidden costs that derail completion. This report outlines eight actionable ideas—ranging from making childcare vouchers available on day one to funding free transit passes through expanded paid street parking—that city leaders can implement now to boost upward mobility for the long term.

Relatively few training organizations have secured the funding necessary to provide wraparound services consistently to all or even most participants, and even fewer have developed the capacity to systematically track differences in program outcomes for participants with and without access to these supports. However, among those organizations that have assessed the impact of wraparound services on program outcomes, the results are clear: wraparound services lead to measurable improvements in program enrollment, retention, completion, and post-completion earnings.

In 2021, Per Scholas partnered with the SkillUp Foundation to evaluate the impact of providing $1,000 stipends to low-income participants of the organization's technology training program. Stipend recipients registered an 18 percent increase in graduation rates and a 10 percent improvement in employment outcomes. Stipend recipients secured tech jobs significantly faster than the non-stipend control group, and Per Scholas estimated that an investment of up to $500,000 in stipends for all the learners included in its study would likely generate "at least $2.28 million more in first-year graduate job earnings.[2]

"We found that even learners accessing five hundred to a thousand dollars over the course of their 12-to-13-week course was incredibly impactful when it came to the rate of perseverance, graduation, and time to placement," says Claire Cuno, vice president of learner support at Per Scholas. "We know that accessing even just that little bit of money helps ease the financial burden, helps ease the mental burden of financial stress. It helps folks focus on the course and be successful."

Similarly, Building Skills NY found that participants who were given stipends for its heating and cooling training program had a considerably higher graduation rate—79 percent for those with stipends versus 57 percent for those without stipends. Building Skills trained four cohorts as part of a partnership with LaGuardia Community College, Positive Workforce, and BlocPower, a climate tech company; only participants in the final two cohorts received stipends. "We did have people drop in the first two cohorts because they felt like they had to choose between being able to pay their bills and training," says Tatanisia Lumley, director of training and operations at Building Skills NY. "We had higher retention rates in our final two cohorts of HVAC, once we were able to provide them with $20 per hour stipends throughout the training."

Although other wraparound supports are generally less likely to have been evaluated than cash stipends, providers cite

numerous examples of instances in which the provision of other supports made a critical difference in enabling participants to enroll and succeed in training programs, including childcare support, transportation assistance, and help with specific training-related hard costs like tools and equipment. At KindWork, a program operated by Brooklyn Workforce Innovations that trains people for tech-based customer support jobs, program staff shared the story of a learner named Debbie who withdrew from KindWork after having a baby. To help her return, KindWork covered her commuting costs to class and some of her grocery bills. Staff say that the transportation assistance was essential in helping her to complete the training program. She has since graduated from the program and left her low-paying job at a chain retail store for a position as a customer support specialist and financial technology company, where she earns a starting salary of $65,000.

Another New Yorker, Mohamed, enrolled in The Marcy Lab School's full-time, year-long technology training program because of its clear benefits: the program aims to place graduates in software and engineering and data analytics roles that pay at least $70,000 annually. But transportation costs to the training program in Sunset Park presented a significant financial challenge for Mohamed, who commutes every morning from his home in the Bronx. Fortunately, The Marcy Lab School has limited emergency funds to help participants. It was able to give Mohamed $600 for MetroCard expenses, which he says has been pivotal. When interviewed, Mohamed was not sure how he would continue to participate in the program once those funds ran out.

Marianne Parra Rosales is a recent graduate of the camera loader training program at Reel Works, a nonprofit that trains youth and young adults for careers in film, tv, and media. Parra Rosales says the program's $1,800 stipend and unlimited MetroCard made it possible for her to persist through the month-long training program. Although she had been working as a barista prior to the training program, she had to give up most of her hours in that job because the training program lasted from 8:30 to 4:30 every day.

"I would have not been able to do the program if not for the stipend," says Parra Rosales, who has landed several paid gigs in the industry following the training program, including for a Netflix show and the recent Bob Dylan biopic "A Complete Unknown."

A trainee at Green City Force, a sustainability-focused workforce development organization, needed a winter coat to work outside during his pre-apprenticeship program—and nearly abandoned the program because he didn't have one.

"In the fifth week, which was late November, he called me up and let me know that he was quitting the program. And I was just like, why? And it was because it was getting cold and he didn't have an appropriate jacket to work outside," says Stephanie Klocke, former director of career services at Green City Force. "And so we got this young person a jacket. He stuck it out for the last two and a half weeks. And he graduated successfully and is now making $39 an hour."

RECOMMENDATIONS: 8 IDEAS TO STRENGTHEN NYC'S WORKFORCE DEVELOPMENT PROGRAMS BY EXPANDING ACCESS TO WRAPAROUND SERVICES

1. Create NYC Workforce Supports, a new initiative to test and evaluate the effectiveness of key wraparound services. Evidence shows that wraparound supports—such as an OMNY card, childcare assistance, and stipends—can help make workforce development programs more inclusive and effective. But only a handful of programs have been able to secure sufficient funding to provide these supports to most program participants, and hardly any have had the resources to formally evaluate their effectiveness. To ad-dress these shortcomings, the next mayor should launch NYC Workforce Supports, a program to fund free OMNY Cards, childcare vouchers, and other key supports for participants in workforce training programs.

The mayor should also enlist the Mayor's Office for Economic Opportunity and potentially a consortium of philanthropic

foundations to launch a Training Support Pilot Initiative designed to rigorously test and evaluate different wraparound services. This initiative would test the impact of wraparound services on program access and completion, and employment out-comes, and generate data that can inform future investments in workforce development. By piloting key supports across a range of training programs, the initiative would help thousands more New Yorkers to succeed in achieving upward economic mobility and create a stronger evidence base for what works in strengthening workforce development outcomes.

2. Establish the NYC Skills Grant to provide stipends that help offset $1,000 in nontuition costs for learners enrolled in evidence-backed job training programs. While New York City's proven, nonprofit workforce development programs are generally tuition-free, many low-income learners still struggle with nontuition costs—such as transportation, childcare, and lost wages—that are a major barrier to entry, persistence, and completion. To help make strong programs more inclusive and effective, the city should establish the NYC Skills Grant, which would provide a stipend of up to $1,000 per learner to help cover these critical expenses. Similar programs piloted by nonprofit organizations have demonstrated positive outcomes, including increases in graduation, certification, and employment rates. Stipends can also make strong programs more accessible to learners with caregiving responsibilities and other potential barriers to completion. The grant would be available to participants in evidence-backed workforce training programs with demonstrated income-boosting outcomes, ensuring that short-term financial constraints don't prevent New Yorkers from building the skills they need to achieve economic mobility.

3. Develop a childcare for workforce program that enables proven career training providers to directly provide learners with city-backed childcare vouchers. Many low-income parents are eager to participate in career training programs but are held back by struggles accessing affordable childcare. One key challenge is that the voucher program run by the Administration for Children's Services can take months to access, meaning that if a participant applies on the first day of training, they would be unlikely to receive a voucher—let alone a placement—until after the program is over. To address this issue, the city should create a Childcare for Workforce program that allows proven training providers to offer childcare vouchers directly to their learners. This approach would build on the successful Promise NYC initiative, which focuses on programs that serve recent immigrants. By enabling nonprofit workforce development organizations to directly enroll their learners, the city can help more caregivers gain the skills needed to secure higher-wage jobs.

4. Launch a zero-interest workforce loan program to help learners offset expenses during training. Even when tuition is free, many jobseekers struggle to afford the cost of living while completing a career training program. To bridge this gap, the city should establish a Zero-Interest Workforce Loan program, allowing participants in approved training programs to access small, no-interest loans of up to $3,000 to cover basic expenses. These loans could be structured to require repayment only after the participant secures a stable, well-paying job, reducing financial risk while ensuring sustainability. Loan repayments would then help seed future loans, allowing successful graduates to pay it forward.

5. Integrate a navigator staff line and a wraparound services budget line into all new workforce development RFPs. For many jobseekers, the path to successful career training is filled with nontuition costs, including childcare, housing, food, transportation, and mental health needs. Workforce navigators—specialized staff who help participants address these barriers—make a significant difference in program completion and job placement rates, but few organizations can afford to hire and retain these staff lines. To help change this, the city should launch new workforce development RFPs with a dedicated budget line for navigator staff, as well as specific funding for wraparound services like an OMNY card, childcare vouchers, and stipends. By embedding these supports into city-administered workforce contracts, policymakers can ensure that limited training dollars are able to generate the maximum possible impact.

6. Expand the Work Progress Program to include adults in career training programs, creating a new source of training stipends. New York City's existing Work Progress Program (WPP)—established by the Mayor's Office for Economic Opportunity over a decade ago and operated in partnership with the Human Resources Administration—has been highly effective in helping young people gain work experience while earning a stipend, yet no equivalent program exists for adults

enrolled in career training. The city should expand WPP to include adult learners, providing financial support to help offset the loss of work income experienced by many who enroll in full-time training. By leveraging the existing WPP infrastructure, this expansion could quickly provide stipends to adults enrolled in proven workforce development programs, enabling more New Yorkers who might otherwise forego career training to be able to participate and succeed.

7. Expand the CUNY Community Navigator Institute to train 50 workforce development navigators and deploy them to training organizations citywide. Workforce training programs see better results when participants are supported by a Navigator—a staff member with training in benefits access, coaching and mentorship, and the landscape of existing nonprofit service providers. However, very few nonprofit workforce programs today can afford a full-time navigator, and those that do experience high caseloads. To help address this shortage, the city should tap the existing CUNY Community Navigator Institute, which has already demonstrated success in preparing navigators to assist students at CUNY and support clients of other community-based organizations to meet their needs. The city should expand this model to workforce development programs. By training and deploying 50 Workforce Development Navigators to career training organizations across the city, the initiative would help learners access critical resources and benefits, and navigate the challenges that often derail job training progress.

8. Pay for new investments in evidence-based workforce development supports through expanded paid street parking and an 0.05 percent employer surcharge on payroll taxes. To fund these critical investments in making New York's proven workforce programs more inclusive and effective, policymakers have options. The next mayor should expand paid street parking, which could generate more than $1 billion annually, and commit a fraction of that revenue to fund free OMNY cards for CUNY students and workforce training participants. Even after covering this new benefit, the city would still have hundreds of millions left each year to reinvest in safer streets, stronger transit, and other public goods. At the state level, policymakers should consider an 0.05 percent employer surcharge on payroll taxes. Modeled on the Workforce Training Fund Program (WTFP) in Massachusetts, this surcharge would generate approximately $90 million annually. Half of the revenue—$45 million—would be used to provide wraparound services, such as childcare, transportation, and stipends, for participants in proven workforce development programs. The other half would be allocated to grants for employers to upskill their existing workforce, helping to increase productivity and support employee advancement. This dual approach would strengthen both the support available to jobseekers and the training resources available to employers, fostering a more competitive and resilient workforce across the state.

ENDNOTES

1. Center for an Urban Future calculations/estimates based on data gathered from interviews.
2. Killos, Lydia, and Jared Cowan. Rep. Do Direct Financial Supports Impact Our Learners' Key Performance Indicator (KPI) Outcomes? Per Scholas, 2022.

The High Cost of Free Job Training in NYC is a publication of the Center for an Urban Future. Written by Melissa Lent and Eli Dvorkin. Edited by Dorian Block and Jonathan Bowles. Additional research by Udonne Eke-Okoro, Matthew Garcia, Carmela Guaglianone, and Sajina Shrestha. Designed by Stislow Design.

Center for an Urban Future (CUF) is a leading New York City-based think tank that generates smart and sustainable public policies to reduce inequality, increase economic mobility, and grow the economy.

This report was made possible thanks to **NYC Workforce Funders**. General operating support for the Center for an Urban Future has been provided by **The Clark Foundation** and the **Altman Foundation**. Special thanks to the **Workforce Professionals Training Institute** and **New York City Employment and Training Coalition** for their partnership in developing this report.



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