



# Stipends and Skills Training: **A Winning Combination**

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**POLICY BRIEF**  
DECEMBER 2022



**PER SCHOLAS**

**SKILLUP**



# Stipends and Skills Training: A Winning Combination

**For millions of Americans who struggle in low-wage jobs, especially those without a college degree, sector-specific accelerated training programs are a proven economic mobility solution.**

Even though technology career training offered by Per Scholas and similar organizations is tuition-free, and includes supplies, certification exam fees, access to support services, and connections to employment, it remains out of reach for breadwinners who can't afford to stop working for three to four months.

Stipends - meaning grant money to cover living expenses while enrolled in full-time career training - can be a solution to this problem for millions of individuals trying to launch new careers or escape jobs that don't pay a living wage. In 2021, Per Scholas partnered with the SkillUp Coalition to test the impact of providing stipends for lower-income learners across the U.S.



Through our research, **we've found that lower-income learners who received \$1,000 stipends experienced significantly better career training outcomes** than those in a comparison group that didn't receive stipends. Plus, stipend recipients spent the funds most frequently on basic needs such as food, utilities, rent, transportation, and other household expenses.

Our formal research report, *Do Direct Financial Supports Impact Our Learners' Key Performance Indicator (KPI) Outcomes?*, is available on the [Per Scholas website](#).

**“The stipend from SkillUp gave me funding to push through and graduate. It wasn't just a small chunk of change. It was pretty big. It helped with groceries, my bills, my rent. It really set me up to graduate from the course, get my certificate, and start working towards becoming a full-blown IT support person.”**

**- Jane Chen**  
Per Scholas Graduate

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## POLICY BRIEF

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# About The SkillUp Pilot

**In 2021, Per Scholas partnered with SkillUp, a nonprofit coalition founded one year earlier to help America's workers recover from the economic devastation of COVID-19. SkillUp provided generous funding for Per Scholas to implement \$1,000 stipend awards for any entry-level learners who earned less than \$40,000 in the year prior to their admission and did not have a bachelor's degree. The only other requirement for eligible learners was to submit a brief application.**

Over the course of 2021, Per Scholas enrolled 1,296 learners whose course selections, educational levels, and prior-year incomes qualified them to receive the SkillUp stipends. Surprisingly, of this eligible group, only 617 learners (48%) applied for and received the stipends. Per Scholas staff communicated the availability of the stipends to learners before and during eligible courses, but it is possible that some enrollees may have missed these announcements or thought that they were ineligible. In addition, while the application process was brief, it may have discouraged some learners.


The fact that none of the learners expected to receive a stipend may also have played a role. Although minor, these barriers may have led to some selection bias in the analysis described above. Because learners had to be aware of and apply for the stipends, stipend recipients might also be more engaged in the training than their peers who appeared eligible but did not receive stipends. We would expect more engaged enrollees to achieve our KPIs.



# Stipends Led To Better Outcomes

Learners who received the SkillUp stipends experienced significantly better training and job attainment outcomes than those who didn't. Moreover, these gains extended across all of our primary key performance indicators (KPIs) for training participants.

After controlling for demographics and educational differences, **receiving a \$1,000 stipend was associated with an 18 percentage point higher likelihood of completing the 12-week course.** This controlled, statistically significant difference matched the raw, uncontrolled rate difference we observed in the two groups: **91% for stipend recipients compared to 73% of those who did not receive a stipend.**



**18%  
increase in  
graduation**

**Receiving a \$1,000 stipend was also associated with an 11 percentage point higher likelihood of earning a Google IT Support Professional or CompTIA A+ certification to prepare for a career in IT.** This controlled, statistically significant difference matched the raw, uncontrolled rate difference we observed in the two groups: **77% for stipend recipients compared to 66% of the non-stipend group.**

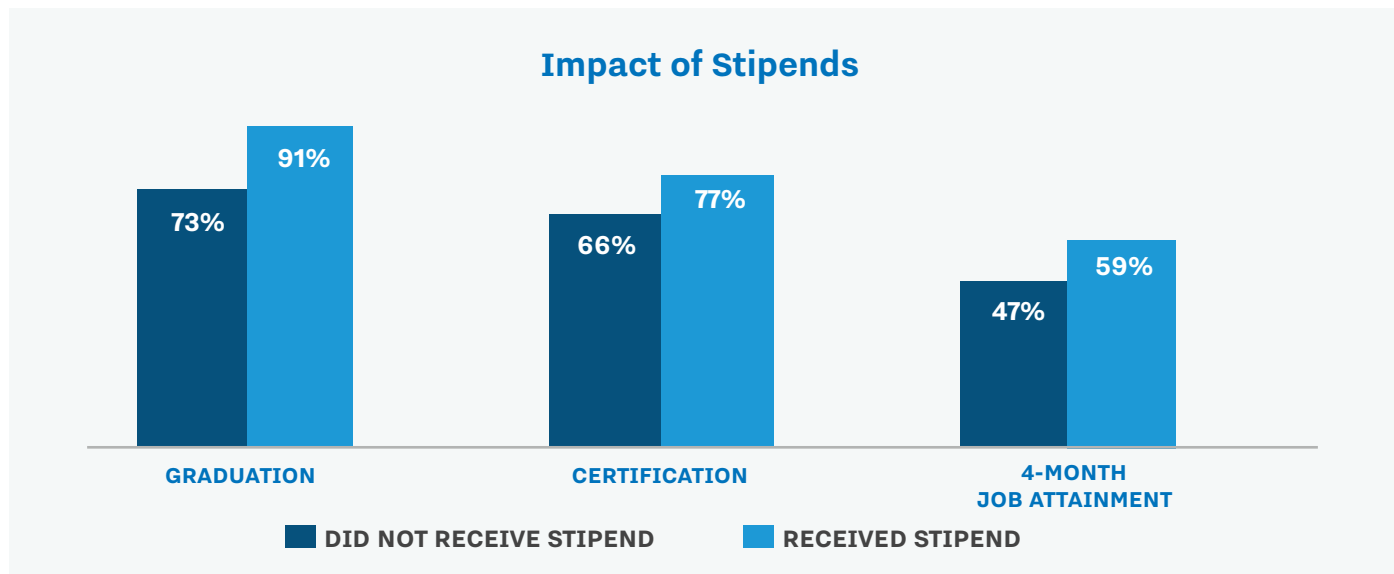


**11%  
increase in  
certification rates**

Finally, **learners who received the stipend had job attainment rates four months after program completion that were 10 percentage points higher** (the raw, uncontrolled difference shown below was 12 percentage points) and the average time to employment for stipend recipients was about two weeks faster.



**10%  
increase in  
employment rates**



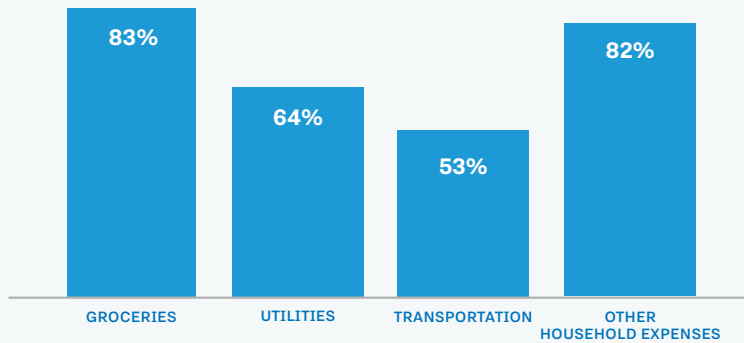
## The Need For Stipends

Per Scholas is a growing national organization that offers proven technology career training for a general adult audience in low-to-moderate income communities. While our courses have always been tuition-free, direct financial support for learners has never been strongly integrated into our model. As a result, many individuals who might benefit from Per Scholas training do not enroll because they cannot find ways to make ends meet during a 12 to 15 week full-time course.

In addition to examining training and employment outcomes, the Per Scholas research team surveyed learners to find out how they spent their stipends. The responses showed that nearly all the stipend funds were spent on basic needs. Food and other household expenses, for example, were each reported by more than 80% of respondents. The next highest category was utilities, followed by transportation. See the graph below for details.

Policymakers should consider **flexible, direct financial supports** for adults enrolled in full-time, accelerated learning opportunities. Unlike college students, enrollees in evidence-based job training programs like Per Scholas cannot access Pell grants or financial aid to support themselves. While targeted subsidies, such as child care or housing, can be highly beneficial, the diversity of uses learners demonstrated in this pilot indicates that flexibility may be especially valuable.

### How Stipends Were Used



These findings in turn indicate that stipends may contribute powerfully to educational equity by making it possible for lower income learners to attend a full-time educational experience. However, the Per Scholas pilot could not measure equity impacts more directly because no learners in the study were aware of the possibility of receiving stipends when they enrolled. Per Scholas hopes soon to test the equity impact of stipends that it can advertise before any training candidates apply for admission.

**Stipends can help investments in workforce development yield higher returns**, by increasing learner persistence and reducing time to employment after training completion. To illustrate this point, in the Per Scholas stipend cohort, **62 more learners graduated** than would have been expected from the performance of the non-stipend learners. We expect at least 80% of these graduates will gain jobs. That means at minimum, investing less than \$500k in stipends for all the learners included in the study will likely generate at least \$2.28M more in first-year graduate job earnings: **a 5X return on investment.**





# Policy Solutions

**The Per Scholas research clearly shows that stipends can help investments in workforce development yield higher returns by increasing learner persistence and reducing time to employment after training completion. These findings have important implications for policymakers.**

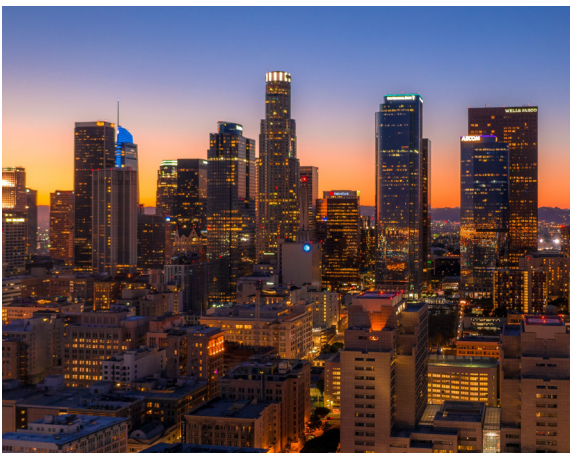
There are a number of ways for policymakers to begin taking steps toward making stipends available to participants of employment and training programs. Here are three specific recommendations.

- 1** Direct unused state and local fiscal recovery funds to cover skills training and employment costs for individuals. This leverages existing pools of public funds while building a talent pool to directly address labor shortages.



## In Baltimore, MD

**Mayor Scott directed \$8.9M of American Rescue Plan (ARP) funds to [Train Up](#)**, which supports weekly stipends and support services for 1,000 residents to participate in occupational skills training programs that lead to industry-recognized credentials. Through TrainUp's robust referral network, Per Scholas learners have access to additional wraparound support services while in training, and in some cases can apply to receive financial assistance from a network partner.



## In Los Angeles County, CA

**The Board of Supervisors injected \$6M of their ARP allocations into the [Care First, Jail Last initiative](#)** to support justice-involved adults with stipends while they are enrolled in occupational skills training, job readiness, or full-time employment services. The initiative widens access for individuals to connect with organizations that can assist them with housing or food stability, behavioral health services, and medical expenses.



## 2

Streamline eligibility requirements to enable co-enrollment between workforce training programs and state-run social services.

Current cash assistance programs, such as SNAP Employment and Training (E&T) or Temporary Assistance for Needy Families (TANF) funds obligate recipients to meet certain work requirements in order to remain eligible for the income support under either program. Alone, these programs **fail to assist individuals** with achieving long-term livable earnings and don't encourage career mobility beyond initial job placement. However, if paired with quality training programs— which do lead to higher-paying jobs— policymakers could maximize the use of supplemental income resources already available to eligible individuals. States should ensure that full-time skills training will meet the work requirements of such programs, so that individuals can participate and complete sector-based education programs, such as those offered by Per Scholas. This allows learners to advance into living wage careers and reduce their reliance on public assistance.



## 3

Prioritize investments in stipends for learners participating in evidence-based workforce programs, and create clear commitments to equitable skills training.

**“It’s never been clearer that success in training and upskilling programs depends in large part on factors well beyond access to the training programs.”**

- Blueprint for an Economic Recovery

### **In New York, NY**

**Mayor Eric Adams’ Blueprint for an Economic Recovery** makes an important connection between historically hard-to-reach families and the barriers they face in trying to participate in the labor force. The plan encouraged a large-scale commitment to stipends to support training participants, and to support participants in the job search period after training when they may face a period of financial loss or hardship.



## In San Antonio, TX

**Mayor Ron Nirenburg committed \$230M over five years to the SA Ready to Work initiative**, modeled after its predecessor, Train for Jobs SA. The city has partnered with Restore Education, Project Quest, Workforce Solutions Alamo, and Alamo Colleges District to send residents through evidence-based workforce development programs, while supporting trainees with up to \$1,500 for emergency expenses related to housing, utilities, day care, food, transportation, internet access, cell phone service plans, legal assistance and more.

Policymakers should consider moving forward with such a commitment to directly assist American workers in realizing their full potential and launching successful careers in in-demand sectors, such as tech. Workforce programs with a proven track record of consistently upskilling and placing individuals in quality jobs must remain as accessible as possible to continue to benefit populations historically underrepresented in high-growth careers. Investments into stipends for such proven training programs, made available by providers like Per Scholas, maximizes impact in the communities we serve: by boosting consistent employment outcomes and driving equity by reducing financial barriers for learners to participate in full-time skills training.

# Key Takeaway

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SkillUp stipends helped Per Scholas learners achieve significantly better outcomes, including higher graduation and professional skills certification rates and faster transitions to employment, compared with similar learners in the same courses who did not receive stipends. Further, the cost of providing the stipends was mitigated by the higher training efficiency associated with them: even though stipends added to overall training costs, the cost per successful outcome was significantly lower among the stipend recipients. Finally, it was clear from our research that the overwhelming share of stipends were used as intended, to help participants pay for basic needs while enrolled in full-time career training. All of these findings should interest funders and policymakers searching for more powerful ways to increase economic mobility.

## Research Methods

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**In early 2022, Per Scholas established a new department dedicated to measurement and evaluation. Part of the department's mission is to help Per Scholas understand how and to what extent we are achieving our goal to deliver effective economic mobility opportunities for all of our learners.**

Over the summer of 2022, the new department's leaders examined the most up-to-date data that our training team had recorded about 2021-enrolled learner demographics, retention in training, professional certification, and employment outcomes. In the process, evaluators identified 852 of the 1,296 learners who were nominally qualified to receive the SkillUp stipends for whom Per Scholas had the necessary data for a thorough evaluation.

Of these 852, 406 learners actually received stipends. They then compared the outcomes for these two sub-groups of eligible learners using a statistical regression. This analysis allowed them to control for differences in learner and training characteristics, such as learner gender, race/ethnicity, income, enrollment date, educational level, and location, and to isolate the changes associated with the stipends.

Our formal research report, *Do Direct Financial Supports Impact Our Learners' Key Performance Indicator (KPI) Outcomes?*, is available on the [Per Scholas website](#).

# About Per Scholas & SkillUp

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## About Per Scholas

Per Scholas is a national organization that has been advancing economic mobility for 27 years. Through rigorous training, professional development, and robust employer connections, we prepare individuals traditionally underrepresented in technology for high-growth careers in the industry. We partner with leading employers to build more diverse talent pools, directly connecting our graduates to new career opportunities at businesses ranging from Fortune 500 companies to innovative startups. With campuses in 20 cities, Per Scholas has trained more than 17,000 individuals in tech skills, building bridges to careers in technology. To learn more, visit [PerScholas.org](https://PerScholas.org) and follow us on [LinkedIn](#), [Twitter](#), [Facebook](#), and [Instagram](#).

## About SkillUp

Founded in July 2020, [SkillUp Coalition](#) is a 501(c)(3) nonprofit that connects workers with the right tools, resources, and support so they can make confident career shifts, find quality living-wage jobs, and position themselves for promising career growth. The SkillUp ecosystem provides career exploration, training & employer connections, career coaching, and additional resources to support workers at any stage of their career journey.

The coalition brings together over 90 leading organizations including training and education providers, technology developers, policymakers, employers, and philanthropies. In addition to its national reach, SkillUp operates local partnerships in the Bay Area, Los Angeles, Florida, Louisiana, Northern Nevada, Philadelphia, New York City, Ohio, Eastern Kentucky, and Dallas. Since its founding 2 years ago, SkillUp has connected over **1.2 million workers** to career and training support throughout the country.

SkillUp proudly advocates for an affordable, equitable, upskilling ecosystem and ensures every worker has a guided and supported path to high-opportunity employment. For more information, please visit [www.skillup.org](https://www.skillup.org) or follow on [Instagram](#), [Facebook](#), or [LinkedIn](#).

## Acknowledgements

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