

Date of Hearing: April 22, 2026

**ASSEMBLY COMMITTEE ON LABOR AND EMPLOYMENT**

Liz Ortega, Chair

AB 2300 (Arambula) – As Amended March 16, 2026

**SUBJECT:** Workforce development: applicable law

**SUMMARY:**

- 1) Exempts from specified state contracting requirements and the State Administrative Manual grants or subgrants awarded by the Employment Development Department (EDD) to local workforce development boards (LWDBs) or the fiscal agents of local workforce development areas for the purpose of implementing workforce development programs administered by the EDD, as well as exempts these grants or subgrants from the review or approval of any division of the Department of General Services (DGS).
- 2) Provides that funds disbursed by the EDD to LWDBs or the fiscal agents of local workforce development areas shall be subject to the same financial reporting, recordkeeping, and auditing requirements applicable to federal funds under the Workforce Innovation and Opportunity Act (WIOA), as specified.
- 3) Exempts from the rulemaking provisions of the Administrative Procedure Act (APA) workforce directives, bulletins, or other written guidance issued by the EDD to implement, interpret, or make specific the administration of workforce development programs under state or federal law, as specified.
- 4) Defines certain terms.

**EXISTING FEDERAL LAW:**

- 1) Establishes the WIOA for the purpose of, among other things, supporting the alignment of workforce investment, education, and economic development systems in support of a comprehensive, accessible, and high-quality workforce development system in the United States. 29 USC § 3101 et seq.
- 2) Provides for the designation of “fiscal agents” who, among other things, are responsible for ensuring fiscal integrity and accountability for expenditures of WIOA funds. 20 CFR § 679.420.
- 3) Sets forth federal government-wide guidance for federal assistance in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 2 CFR § 200.331.
- 4) Requires WIOA funding recipients to maintain records, report performance data, and undergo audits, as specified. Requirements include submitting reports on six primary performance indicators, maintaining records for verification, and potential investigations by the US Secretary of Labor. 29 USC § 3141.

**EXISTING STATE LAW:**

- 1) Establishes the EDD within the Labor and Workforce Development Agency and makes it responsible for administering the state's unemployment insurance, disability insurance, and workforce development programs. Unemployment Insurance Code § 301 et seq.
- 2) Creates the California Workforce Innovation and Opportunity Act to make programs and services available to individuals with employment barriers. Unemployment Insurance Code § 14000 et seq.
- 3) Establishes the California Workforce Development Board (CWDB) to assist the Governor in the development, oversight, and continuous improvement of California's workforce investment system and the alignment of the education and workforce investment systems to the needs of the 21st century economy and workforce. Unemployment Insurance Code § 14010 et seq.
- 4) Establishes the Consolidated Work Program Fund in the State Treasury, for the receipt of all moneys deposited pursuant to the WIOA, and requires moneys in the fund to be made available, upon appropriation by the Legislature, to the EDD for expenditure consistent with the purposes of the WIOA. Unemployment Insurance Code § 14004.5 et seq.
- 5) Requires the establishment of a LWDB in each local workforce development area of the state to, among other things, plan and oversee the workforce investment system. Unemployment Insurance Code § 14200 et seq.
- 6) Requires all contracts entered into by any state agency for the acquisition of goods or elementary school textbooks; services, whether or not the services involve the furnishing or use of goods or are performed by an independent contractor; the construction, alteration, improvement, repair, or maintenance of property, real or personal; or, the performance of work or services by the state agency for or in cooperation with any person, or public body, are void unless and until approved by the DGS. Provides specified exemptions to this requirement. Public Contract Code § 10295.
- 7) Establishes the APA, which requires state agencies to follow specific procedures for rulemaking, adjudications, and public participation. Key requirements include public notice, public comment periods, and review by the Office of Administrative Law (OAL). Government Code § 11340 et seq.

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Background on federal WIOA and state workforce funding:*

The federal WIOA was signed into law in 2014 and funds programs to help individuals get training, education, and job support services so they can succeed in the modern labor market. WIOA-funded services include job search assistance, workforce preparation, career development services, and training services including both classroom and work-based learning opportunities. In addition to supporting job seekers, these programs help businesses find the skilled workers they need by referring qualified job seekers and filling job orders, and through tailored work-based learning strategies.

The WIOA authorizes LWDBs to manage these federal funds and provide strategic direction for workforce initiatives. WIOA funding is passed from the federal government to states, and then to LWDBs. In California there are 45 LWDBs and their responsibilities include:

- Establishing strategic partnerships with education, economic development organizations, and public agencies, to help ensure that workforce services meet the unique regional needs of job seekers and businesses.
- Overseeing America's Job Centers, which are local career centers that provide employment services, training, and job search assistance.
- Creating local plans aligned with the California State Plan to address regional labor market needs.
- Partnering with local businesses to determine skill gaps and training needs.
- Providing services for adults, youth, and dislocated workers, including training, education, and career services.

LWDBs also receive state workforce funding from the EDD and the CWDB through state-level programs such as the Workforce Accelerator Fund, High Road Training Partnerships and Breaking Barriers to Employment.

When WIOA funding is disbursed by the federal government to the state, it is automatically distributed by the EDD to LWDBs through subgrant agreements. In contrast, state workforce funds are treated as procurement contracts, requiring compliance with the Public Contract Code and approval by the DGS. The author argues that the inconsistent administrative frameworks limit system responsiveness, and result in service delivery delays and increased costs.

*EDD Workforce Services Directives:*

The EDD issues Workforce Services Directives to LWDBs and other workforce partners to establish official policies, rules, and guidelines for administering WIOA programs. These directives cover eligibility, funding, and operational procedures to ensure compliance with state and federal regulations.

The author asserts that recent legal interpretations have required the EDD to issue workforce directives through the APA rulemaking process. Key requirements for rulemaking include a minimum 45-day public comment period after notice of publication, agency review and response to public comments (which can take weeks to months), and a mandatory 30-day working day review by the OAL before filing. The average timeframe for rulemaking under the APA varies, but generally takes about 12-18 months to complete, depending on complexity, public input, and OAL efficiency.

The author argues that this limits the state's ability to provide timely operational guidance necessary to implement federal changes, respond to layoffs, and administer workforce programs effectively.

*According to the author:*

“California’s workforce development system plays a vital role in connecting individuals to employment and helping businesses meet their workforce needs. However, outdated administrative processes can delay the delivery of critical services. AB 2300 modernizes how workforce funds are distributed and how guidance is issued, ensuring that our workforce system can respond more quickly and effectively to the needs of workers, employers, and local communities.”

The author adds that, per HR 39 (Gipson, 2021), “AB 2300 promotes equity by improving the timeliness, accessibility, and effectiveness of workforce services delivered to individuals who face the highest barriers to employment, including low-income individuals, communities of color, opportunity youth, English language learners, and justice-involved individuals.

By enabling workforce funds to be distributed more efficiently and ensuring that guidance can be issued without delay, the bill strengthens the workforce system’s ability to respond quickly to layoffs, economic disruptions, and community needs. Delays in funding and program implementation disproportionately impact underserved populations; reducing these delays improves access to training, employment services, and supportive resources.

Additionally, by aligning state and federal administrative practices, the bill supports a more consistent and coordinated system, improving service delivery for communities that rely most on workforce programs.”

### **Arguments in Support**

The California Workforce Association, sponsor of this measure, writes that “Currently, California’s workforce system operates under two different administrative structures. Federal WIOA funds are distributed through a streamlined subgrant process, while state workforce funds must comply with the Public Contract Code and require approval from the Department of General Services. This dual system creates unnecessary administrative burdens, increases costs, and delays the delivery of services to workers and employers. AB 2300 addresses these challenges by authorizing a unified subgrant mechanism for both state and federal workforce development funds provided to local workforce development boards.”

“...The bill also allows the EDD to issue operational directives and guidance outside of the Administrative Procedure Act process when appropriate. Similar to the Department of Social Services “All County Letters”, this approach will enable EDD to communicate timely guidance to local boards in response to federal policy changes, economic disruptions, layoffs, or new legislative initiatives.”

### **Arguments in Opposition**

None on file.

### **Prior and Related Legislation**

AB 35 (Alvarez) of 2025 would exempt the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, approved by the voters as Proposition 4, from the APA. In the Senate pending referral.

AB 1270 (Garcia) Chapter 94, Statutes of 2015 made necessary changes to existing workforce development statutes to conform to the new federal guidelines under the WIOA; updated statutory references to the Workforce Investment Act of 1998 to instead refer to the WIOA and made related conforming changes; renamed the California Workforce Investment Board (CWIB) the CWDB and revised the membership of the board; renamed the local boards as local workforce development boards and revises their duties consistent with the federal WIOA.

SB 45 (Mendoza) of 2015 would have made necessary changes to existing workforce development statutes in code to conform to the new federal guidelines under the WIOA. Died in the Assembly Rules Committee.

SB 118 (Lieu), Chapter 562, Statutes of 2013, required the CWIB to incorporate specific principles into the state's strategic plan that align the education and workforce investment systems of the state to the needs of the 21st century economy and promotes a well-educated and highly skilled workforce to meet the future workforce needs.

SB 698 (Lieu), Chapter 497, Statutes of 2011, required the Governor to establish, through the CWIB, standards for certification of high-performance local workforce investment boards, in accordance with specified criteria. The bill also required the Governor and the Legislature, in consultation with the CWIB, to reserve specified federal discretionary funds for high-performing local workforce investment boards.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

California Workforce Association (Sponsor)  
Association of California Goodwills

##### **Opposition**

None on file.

**Analysis Prepared by:** Erin Hickey / L. & E. /