



that protect the state from liabilities or other monetary harm can be substantial to the awarding agency. In this case, EDD essentially serves as the pass-through intermediary for an LWDB or LWDA to implement federal workforce development programs with federal funds, so the risk of liabilities and monetary harm to EDD is likely minor. However, the sponsor of this bill has expressed that the intent of this bill is to also apply to state workforce development programs funded exclusively by the state. Thus, in this case, this bill could result in costs of an unknown, but potentially significant amount, in excess of \$150,000, to the state (General Fund (GF) or special fund).

- 3) By requiring an LWDB or LWDA to modify certain financial reporting, recordkeeping, and auditing practices, this bill may create a state-mandated local program. If the Commission on State Mandates determines the provisions of this bill create a new program or impose a higher level of service for which the state must reimburse local costs, an LWDB or LWDA could seek reimbursement from the state. However, such costs are likely minor and non-reimbursable by the state because the state's 45 publicly funded LWDBs and their partners, represented by the California Workforce Association, requested this legislation within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

#### COMMENTS:

- 1) **Purpose.** The author notes that “outdated administrative processes can delay the delivery of critical services” from California’s workforce development system. According to the author, this bill “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.” This bill is sponsored by the California Workforce Association and supported by a job training provider.
- 2) **Workforce Development Funding.** The federal WIOA was enacted in 2014 to fund programs to help individuals receive training, education, and job support services to succeed in the modern labor market. Programs encompass job search assistance, workforce preparation, career development services, and training services in both classroom and workplace settings. Additionally, WIOA programs help businesses find skilled workers by referring qualified job seekers and filling job orders through tailored work-based learning strategies.

The WIOA authorizes LWDBs to manage federal funds and provide strategic direction for workforce initiatives. WIOA funds disbursed by the federal government for California’s LWDBs are deposited in a state fund for appropriation to EDD to distribute to LWDBs pursuant to a federal formula through subgrant agreements. An LWDA is the area within which a local LWDB oversees workforce development activities and a jurisdiction where partners align resources at a regional level to design and implement overall service delivery strategies. This bill exempts a federal grant or subgrant awarded by EDD to an LWDB or LWDA to implement workforce development programs from state contracting requirements.

LWDBs and LWDAs also receive state workforce funding from EDD and the California Workforce Development Board through state-level programs, such as the Workforce Accelerator Fund and High Road Training Partnerships. This bill would not exempt such state-funded grants from state contracting requirements. However, the sponsor of this bill has expressed that the intent of this bill is to enact the exemption for all grant programs

administered by EDD with grants or subgrants awarded to an LWDB or LWDA, regardless of the origin source of funds. This bill also aligns financial reporting and recordkeeping requirements for a program with funds disbursed by EDD to an LWDB or LWDA under WIOA requirements, regardless of the origin source of funds, and exempts certain EDD directives to implement workforce development programs from the APA.

- 3) **Related Legislation.** AB 2187 (Ramos) exempts a federally recognized California Native American tribe from certain PCC requirements.

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