SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2300 (Arambula) - Workforce development: applicable law

Version: May 18, 2026
Urgency: No
Hearing Date: August 3, 2026
Policy Vote: L., P.E. & R. 5 - 0
Mandate: Yes
Consultant: Robert Ingenito

Bill Summary: AB 2300 would exempt certain workforce development programs from various provisions of state law and align state financial recordkeeping requirements for such programs with appliable federal rules.

Fiscal Impact:

- The Employment Development Department (EDD) indicates that costs to implement the bill would be minor and absorbable.
- The Department of General Services (DGS) would incur minor and absorbable costs to update the State Contracting Manual and related materials resulting from the bill's exemptions. While this bill would not result in direct costs to DGS, exempting grants or contracts from DGS procurement oversight could increase overall state costs by eliminating the protections that oversight provides. DGS review helps ensure that standard contract terms and conditions are included and that the State is adequately protected against potential legal and financial liabilities. The magnitude of such costs is unknown.
- By imposing new requirement on local workforce development boards (LWDBs), this bill creates a state-mandated local program. To the extent the Commission on State Mandates determines that the provisions of this bill create a new program or impose a higher level of service on local agencies, local agencies could claim reimbursement of those costs. The magnitude is unknown, but could exceed $50,000 per year (General Fund). However, the State's 45 LWDBs and their partners, represented by the California Workforce Association, requested this legislation.

Background: The California Workforce Development Board (CWDB) is responsible for advising the Governor on the development, coordination, and continuous improvement of the state's workforce development system. As part of this role, the CWDB develops and oversees California's Unified Strategic State Plan, which serves as the statewide framework for coordinating federal and state workforce training and employment programs. The CWDB works in partnership with 45 local workforce development boards (LWDBs), whose memberships include representatives from business, labor, education, local government, and community-based organizations, to ensure workforce investments reflect regional labor market needs. EDD, in collaboration with the LWDBs, administers California's network of America's Job Centers of California, which provide job placement, career counseling, workforce training, and employer services at no cost to job seekers and businesses.

California's workforce system is supported by a combination of federal and state funding. The federal Workforce Innovation and Opportunity Act (WIOA), enacted in 2014, provides formula funding to states to support employment, training, and workforce development services for job seekers while helping employers meet workforce needs. WIOA funds flow from the federal government to the state and are distributed by EDD to LWDBs through federally authorized subgrant agreements. In addition to federal funding, LWDBs receive state workforce development funding administered by EDD and the CWDB through programs such as the Workforce Accelerator Fund, High Road Training Partnerships, and Breaking Barriers to Employment.

Unlike federal WIOA funds, which are distributed through grant agreements governed by federal requirements, state workforce funding is generally administered through procurement contracts subject to the Public Contract Code (PCC), DGS approval, and applicable provisions of the State Administrative Manual (SAM). As a result, the distribution of state workforce funds is subject to additional contracting and administrative requirements that do not apply to comparable federal workforce grants.

Proposed Law: This bill, among other things, would do the following:

- Specify that grants or subgrants, as defined, are exempt from PCC, the SAM, and are exempt from the review or approval of any division DGS.
- Require all funds disbursed by EDD to LWDBs or the fiscal agents (as defined) of local workforce development areas to be subject to the same financial reporting, recordkeeping, and auditing requirements applicable to federal funds under WIOA. Provide that all records related to the disbursement and expenditure of these funds must be retained, as specified.
- Specify that workforce directives, bulletins, or other written guidance issued by EDD to implement, interpret, or make specific the administration of workforce development programs under this division or federal law are not subject to the rulemaking provisions of the APA. Require guidance issued pursuant to this section to be publicly available and to identify the statutory or federal authority upon which it is based. Authorize guidance issued pursuant to this section to be relied upon by EDD and LWDBs unless and until superseded by regulations adopted pursuant to the APA.

Related Legislation:

- AB 35 (Alvarez) 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. The bill is currently in Engrossing and Enrollment.
- AB 1270 (Eduardo Garcia, Chapter, 94, Statutes of 2015) made necessary changes to existing workforce development statutes to conform to the new federal guidelines under the WIOA while preserving core elements of California's workforce development policies. This bill updated statutory references to the Workforce Investment Act of 1998 to instead refer to the WIOA and make related conforming changes. This bill also renamed the California Workforce Investment

Board (CWIB) the California Workforce Development Board and revised the membership of the board. Finally, this bill renamed the local boards as local workforce development boards and revised their duties consistent with the federal WIOA.

- SB 118 (Lieu, Chapter 562, Statues of 2013) required the former CWIB, now called CWDB, to incorporate specific principles into the State 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.

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