



WORKFORCE DEVELOPMENT
BOARD: 6/26/25
AGENDA ITEM: 1

MEMORANDUM

TO: Workforce Development Board

FROM: Christopher Donnelly

SUBJECT: Approval of the Workforce Development Board’s Budget for Fiscal Year (FY) 2025-26

DATE: June 26, 2025

RECOMMENDATION

It is recommended that the Monterey County Workforce Development Board (MCWDB) concur with the June 12, 2025, Executive Committee recommendation to approve the proposed, preliminary Workforce Innovation and Opportunity Act (WIOA) budget for Fiscal Year (FY) 2025-26 as follows:

BACKGROUND

On May 28, 2025, the State of California Employment Development Department (EDD), Workforce Services Division, released Information Notice WSIN24-45, providing Workforce Innovation and Opportunity Act (WIOA) Title I formula funding allocations for Fiscal Year (FY) 2025–26 for each of the 45 Local Workforce Development Area’s (LWDA), for the Adult, Dislocated Worker, and Youth programs. It is important to note that the MCWDB receives only 14% of its Adult and Dislocated Workers allocation on July 1, 2025, and the remaining balance on October 1, 2025. The Youth allocation funding is available on July 1 at 100%.

Monterey County Workforce Development Board - WIOA Funding Summary 2025-26

WIOA Adult Formula Funding Allocation	WIOA Dislocated Worker Formula Funding Allocation	WIOA Youth Formula Funding Allocation
Program 90% \$2,283,545	Program 90% \$2,332,002	Program 90% \$2,323,164
Admin 10% \$253,727	Admin 10% \$259,111	Admin 10% \$258,129
Total Allocation: \$2,537,272	Total Allocation: \$2,591,113	Total Allocation: \$2,581,293
Total Projected Revenue from WIOA Formula Funding Allocations: \$7,709,678		

Projected Carry-in from PY 2024-25	
Adult	\$265,565
Dislocated Worker	\$532,689
Youth	1,210,631
Total Projected Carry-in from PY 2024-25	\$2,008,885

Funding for Program Year 2025-26	
Total Projected Revenue from WIOA Formula Funding Allocations	\$7,709,678
Total Projected Carry-in from PY 2024-25	\$2,008,885
Total Funding	\$9,718,563
Admin (10%)	(\$770,968)
Total Funding for 2025-26	\$8,947,595

WIOA Training Fund and Work Experience Requirements: This set-aside meets the SB 734 training expenditure requirement for the MCWDB to expend 30% of its combined total of WIOA Title I Adult and Dislocated Worker formula funds on training.

SB 734 (30% of Adult/DW for training): \$1,384,663.95

- Adult: \$685,063.44
- DW: \$699,600.51

Youth WEX (20%): \$464,632.74

This set-aside amount meets the 20% minimum work experience expenditure requirement.

Available Program Funds for FY 2025–26 (Formula + FY25 Carry-In):

After deducting administrative costs and the required SB 734 set-aside, the total available funding for program-related personnel and non-personnel services is **\$7,098,298**.

Category	Adult	DW	Youth	Total
Available for Use:	\$1,864,046	\$2,165,090	\$3,069,1652	\$7,098,298

Available funds for program operations

Personnel:

Total Salaries: \$1,654,671 This represents the total salaries and benefits for the 12 MCWDB employees who support day-to-day operations.

- Allocated equally across all funding streams

Non-Personnel Costs: include expenses such as rent, supplies, equipment, travel, and participant support that are not related to staff wages or benefits.

Category	Total	Category	Total
Rent	\$336,089	Slingshot Temp Staffing	\$15,000
IT & Telecom	\$272,000	Computers (Annual Lease)	\$35,000
COWCAP	\$192,975	MIPs	\$13,000
County Counsel	\$45,000	Contracts: (ETPL & Monitoring)	\$10,000
Other Operating Costs	\$269,500	Contracts: (Monitoring/Web/Outreach)	\$125,000
Staff Development/Training	\$45,000	Studies	\$25,000
Travel & Conferences	\$12,500	Outreach Materials	\$45,000
Workers Comp (Participants)	\$95,000	Chmura	\$9,000
Copier Lease	\$10,000	Launchpad	\$32,000
Calendaring/Texting Tools	\$15,000	Total non-personnel Costs:	\$1,602,064

Case Management - Case Management services are essential in supporting participants throughout their workforce development journey. Proposed allocations are divided among the following programs:

Adult: \$900,000	Adult Program offers employment, education, and training services to individuals aged 18 and older, prioritizing veterans, low-income individuals, and those facing barriers to employment. Services include job search assistance, career counseling, skills assessments, training, and support to help participants secure and advance in meaningful careers.
DW: \$400,000	Dislocated Worker Program helps individuals who have lost their jobs due to layoffs or business closures. It offers career counseling, job search support, training, and other services to assist them in finding new employment.
Youth: \$1,350,000	Youth Program serves youth facing barriers to education and employment. It provides education, training, work experience, and supportive services to help youth build skills and succeed in their careers.
One-Stop Operator (OSO): \$334,532	Coordinates service delivery across workforce partners at the America's Job Center of California (AJCC) to ensure efficient, integrated services for all customers. OSO is not a direct case management provider but plays a vital role in oversight and system alignment.
Total Case Management and OSO	\$2,984,532

Client Services: These are direct services and support provided to participants, which include funding for youth Individual Training Accounts (ITAs), supportive services (e.g., transportation), pre-vocational workshops, assessments, and other client-related services that help individuals succeed in training, education, and employment.

Youth ITAs	\$60,000
Supportive Services	\$45,000
Pre-Vocational Workshops	\$20,000
WorkKeys Assessments	\$18,000
Total Client-Related Services	\$143,000
Other Client Services	
Business Services Enhancements	\$200,000
Educational Training Coordinator	\$135,000
Total of Other Client-Related Services	\$335,000

Total Case Management and OSO	\$2,984,532
Total Client-Related Services	\$143,000
Total of Other Client Services	\$335,000
Grant Total for Case Management, Client Related Services & Other Client Services	\$3,462,532

Board-Mandated Reserve (10%): \$770,968

During the last five years, the MCWDB has experienced large carry-in funds, primarily due to the lasting budget impacts of the COVID-19 pandemic. Program operations and participant engagement were significantly impacted, which lead to limited service availability and reduced enrollments in all funding streams, primarily in the Dislocated Workers program. As a result, spending was lower while MCWDB focused on rebuilding and gradually increasing services and enrollments. The MCWDB is projecting a smaller carry-in amount from 2024-25, which is an indication that programs are now fully operational, and that funds are being utilized more efficiently. Given this shift, staff recommends mandating a 10% reserve to ensure fiscal stability and flexibility in future years, particularly to manage unforeseen challenges or modifications in funding levels.

- 10% reserve to be evenly divided across programs break-out by funding stream.

WIOA Allocations Overview

For FY 2025–26, the MCWDB received a total WIOA allocation of **\$7,709,678**, representing an **increase of \$670,289** over the previous year’s allocation of \$7,039,389. This reflects an **overall funding increase of 9.5%**, as shown below:

Funding Stream	FY 24–25	FY 25–26	Annual \$ Change	% Change
WIOA Adult Formula	\$2,456,158	\$2,537,272	+\$81,114	+3.3%
WIOA Dislocated Worker Formula	\$2,069,587	\$2,591,113	+\$521,526	+25.2%
WIOA Youth Formula	\$2,513,644	\$2,581,293	+\$67,649	+2.7%
Total Formula Grants	\$7,039,389	\$7,709,678	+\$670,289	+9.5%

DISCUSSION

This is a comparative analysis of the FY 2024–25 vs. FY 2025–26 WIOA Budgets for MCWDB, identifying where reductions occurred and providing reasons for those reductions, despite an overall increase in WIOA formula funding.

Category	FY 24–25	FY 25–26	Change	%Change	Explanation
WIOA Formula Allocations (Adult, DW, Youth)	\$7,039,389	\$7,709,678	+\$670,289	+9.5%	Increase across all streams, especially DW (+25.2%)
Projected Carry-In	\$4,555,432	\$2,008,885	(\$2,546,547)	-55.9%	Less unspent funds from PY 24–25 due to higher program expenditures and obligation requirements.
Total Available Budget	~\$11.6M	~\$9.7M	(\$1.9M)	-16.4%	Despite more funding, less carry-in led to overall reduction.
Case Management Subcontracts	\$3.5M	\$2.9M	(\$600,000)	-17.1%	AD: \$1.0M → \$900K DW: \$900K → \$400K Youth: \$1.5M → \$1.35M OSO: \$135K → \$334,532
MCWDB Staff Salaries & Benefits	\$2,065,607	\$1,654,671	(\$410,936)	-19.9%	Not staffing vacant positions to reduce costs.
Supportive Services	\$120,000	\$50,000	(\$70,000)	-58.3%	Reduced due to prior-year spending levels.
Youth ITAs	\$30,000	\$60,000	+\$30,000	+100%	Increased to support youth vocational training participation.
Pre-Vocational Training	\$60,000	\$23,000*	(\$37,000)	-61.7%	Projected based on FY 24–25 spending level.
Business Services Enhancements	\$200,000	\$200,000*	\$0	0%	No change
Transitional Jobs Coordinator	\$110,000	\$0	(\$110,000)	-100%	Role eliminated due to cost constraints.
Education/Training Director	\$158,700	\$135,000	(\$23,700)	-14.9%	Partial cost reduction: position retained at lower funding level.
One-Stop Operator (OSO)	\$135,000	\$334,532	+\$199,532	+147.8%	Includes transfer of 2 staff from AD and DW programs to OSO oversight.
Reserve (10%)	N/A	\$770,968	New category	New	New policy to support long-term continuity in service delivery.

Key Areas of Budget Reduction

1. Staff Salaries & Operating Costs

- Reason: To offset a significant drop in carry-in and rising fixed costs (e.g., rent, insurance), staffing expenses were reduced by nearly 20%. Positions/Role consolidation.

2. Case Management (especially AD)

AD Case Management reduction from **\$1.4M → \$900K**.

- Reason: Based on the reduction in available funding due to reduced funds carried in, case management contracts have been reduced.

Supportive Services

- Cut by over **58%**.
- Reason: The reduction was based on actual expenditures from FY24-25.

Pre-Vocational Training & Workshops

- Reason: The reduction was based on actual expenditures from FY24-25.

5. Transitional Jobs Coordinator

- Eliminated.
- Reason: Cost-saving decision was made due to underutilization based on low enrollments of Transitional Jobs participants in the Adult and DW programs.

Areas of Increase

1. Training & Compliance Set-Asides (SB 734, Youth WEX)

- Increased in dollar terms to meet state-mandated percentages.
- Adult/DW training: \$1.22M → **\$1.38M**
- Youth WEX: \$452K → **\$464K**

2. Youth ITAs

- Increased funding reflects a commitment to expanding access to vocational education for youth.

3. Board-Mandated Reserve

- New policy: 10% of available funds (~\$770,968) held in reserve to ensure fiscal stability, program continuity, and compliance, and to offset any major reduction in WIOA funding for 2025-26 program year.

Conclusion

While WIOA funding increased in FY 2025–26, lower carry-in balances and higher compliance obligations created a funding restriction. This restriction required reductions in case management services for the Adult and Youth programs, staffing, and non-mandated program areas to ensure statutory compliance and fiscal sustainability.

MCWDB's focus has shifted to:

- Preserving training investments (SB 734 & Youth WEX);
- Protecting essential workforce development structure; and
- Preparing for future funding uncertainties through a mandated reserve.