



EXECUTIVE COMMITTEE: 6/24/26
AGENDA ITEM: 3

MEMORANDUM

TO: Monterey County Workforce Development Board Executive Committee

DATE: June 24, 2026

SUBJECT: Approval of the Workforce Development Board’s Fiscal Year 2026-27 Budget

FROM: Daisy Fernandez, Finance Manager

APPROVED BY: Christopher Donnelly _____

RECOMMENDATION:

It is recommended that the Monterey County Workforce Development Board (MCWDB) Executive Committee review and approve the proposed, preliminary Workforce Innovation and Opportunity Act (WIOA) budget for Fiscal Year (FY) 2026-27.

BACKGROUND:

On May 15, 2026, the State of California Employment Development Department (EDD), Workforce Services Division, released Information Notice WSIN25-32, WIOA Title I formula funding allocations for FY 2026–27 for each of the 45 Local Workforce Development Areas, 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, 2026, and the remaining balance on October 1, 2026. The Youth allocation funding is available on July 1 at 100%.

Proposed Budget Based on Projected DOL Funding

TOTAL FUNDING (Pre-Admin)	TOTAL PROGRAM FUNDING (Post-Admin)	AVAILABLE FUNDING (After Required Set-Asides)
\$11,260,099	\$10,483,089	\$8,386,471

Overview

MCWDB’s proposed budget for Program Year (PY) 2026–27 reflects a stable funding environment supported by U.S. Department of Labor (DOL) formula allocations and a carry-in balance from PY 2025–26. Total funding available for the year is projected at \$11,260,099 prior to administrative deductions. After applying the allowable 10% administrative set-aside totaling \$777,010, total program funding equals \$10,483,089.

In accordance with WIOA requirements and State EDD guidance, the budget includes required training and work experience set-asides. These include SB 734 training expenditures for Adult and Dislocated Worker (DW) programs and

Youth Work Experience (WEX) requirements. Combined, these mandatory set-asides total \$2,096,618, leaving \$8,386,471 available to support Adult, DW, and Youth program operations and services.

The proposed budget continues to prioritize personnel, contracted case management services, participant support services, operational infrastructure, compliance oversight, and long-term fiscal stability necessary to maintain workforce services throughout Monterey County.

Sources

Revenue for PY 2026–27 is supported through two primary funding sources:

DOL Formula Allocations — \$7,770,099

- Adult: \$2,218,660
- Dislocated Worker (DW): \$3,263,224
- Youth: \$2,288,215

Carry-In from PY 2025–26 — \$3,490,000

After the allowable 10% administrative set-aside totaling \$777,010, remaining program funds equal \$6,993,089. When combined with carry-in funding, total available program funding equals \$11,260,099

Overall revenue projections remain consistent with historical WIOA funding patterns and current federal formula allocations.

Uses of Funding

Workforce Development Board Personnel Costs — \$1,058,266

Personnel costs are allocated between administrative and program funding in accordance with WIOA cost allocation requirements and staff activities.

The proposed program-funded personnel budget totals approximately \$1,058,266 and reflects salaries and benefits for staff directly supporting program operations and workforce service delivery. Administrative-funded personnel costs associated with fiscal administration, accounting, monitoring, reporting, and compliance oversight are charged to the allowable administrative cost allocation and are not included in the program personnel total.

Personnel expenditures support Workforce Development Board staffing necessary to maintain program operations, participant services, employer engagement, compliance oversight, fiscal management, and workforce system coordination throughout Monterey County.

Non-Personnel Costs — \$1,353,982

Non-personnel expenditures support operational infrastructure and administrative functions necessary to maintain uninterrupted workforce services throughout the local area.

Major expenditures include:

- Rent and facility costs — \$359,958
- Information Technology and Telecommunications — \$287,850
- Countywide Cost Allocation Plan (COWCAP) — \$156,674
- County Counsel — \$45,000
- Other operating costs — \$310,000
- Staff development and training for WDB staff and subcontractors — \$35,000
- Staff travel and conferences — \$12,500
- Workers' Compensation coverage for WIOA participants — \$135,000
- Copy machine rental and printing support — \$12,000

Other Operating Costs Include:

Operational expenses necessary to support daily program administration and service delivery, including office operations, supplies, equipment maintenance, insurance, communications, subscriptions, fiscal administration support, and other general administrative expenditures.

Case Management Contracts and Services — \$2,935,000

Case management and contracted service expenditures support direct participant services and workforce program operations throughout Monterey County.

Funding includes:

- Adult Program Services — \$900,000
- Dislocated Worker Program Services — \$400,000
- Youth Program Services — \$1,500,000
- One-Stop Operator Services — \$135,000

These investments support career services, participant enrollment, case management, employment placement, training coordination, employer engagement, and workforce system operations.

Other Client Related Services — \$710,000

Funding in this category supports direct participant assistance, workforce access, and strategic workforce initiatives.

Major expenditures include:

- Business Services Enhancements — \$230,000
- AJCC Front Desk Staffing (Salinas) — \$175,000
- Educational Training Coordinator — \$130,000
- Youth Individual Training Accounts (ITAs) — \$50,000
- Supportive services for Adult, DW, and Youth participants — \$60,000
- Pre-vocational workshops — \$35,000
- WorkKeys assessments and services — \$30,000

These services are intended to strengthen participant access, improve customer service, support training outcomes, and enhance workforce system coordination.

Other Non-Personnel Costs — \$56,000

This category includes operational technology and software support expenditures necessary for fiscal and program administration.

- Computer annual lease — \$43,000
- MIP accounting software and support services — \$13,000

MIP is the WDB financial management and accounting software used for budget management, fiscal tracking, reporting, and compliance monitoring.

Other Contracts — \$406,900

Other contracted services support workforce system infrastructure, compliance, outreach, and strategic planning activities.

Funding includes:

- ETPL support services
- Program and fiscal monitoring
- Website hosting and maintenance
- Marketing and outreach materials
- Labor market information tools (Chmura and Launchpad)
- Temporary staffing support
- Strategic and programmatic studies

These contracts maintain operational stability, support compliance requirements, enhance public outreach, and assist long-term workforce planning efforts.

Items to Watch

SB 734 and Youth Work Experience Requirements

State and federal workforce regulations require minimum training and work experience expenditures.

Adult and Dislocated Worker Training Requirement (SB 734)

A minimum percentage of Adult and Dislocated Worker funding must be dedicated to direct training services, including:

- Occupational Skills Training
- On-the-Job Training (OJT)
- Transitional Employment
- Other allowable workforce training activities

The projected Adult and DW training set-aside totals approximately \$1,421,244.

Youth Work Experience Requirement

WIOA requires that a minimum of 20% of Youth program funds be expended on paid and unpaid Work Experience (WEX) activities, including internships and On-the-Job Training opportunities.

The projected Youth Work Experience set-aside totals approximately \$675,374.

Combined mandatory training and WEX expenditures total approximately \$2,096,618

These required expenditures will continue to require careful fiscal monitoring to ensure compliance with federal and state performance mandates.

Case Management and Contracted Services

Case management and contracted service categories continue to represent the largest operational expenditure area within the budget. Ongoing oversight and fiscal monitoring will be necessary to ensure expenditure remains aligned with participant outcomes, contract performance, and compliance requirements.

Reserve Utilization — \$1,623,723

The proposed budget maintains a Board-designated reserve balance of \$1,623,723

The reserve is intended to provide fiscal stability in response to ongoing uncertainty surrounding future WIOA formula allocations and potential funding fluctuations at the federal and state levels. Maintaining a prudent reserve allows the Workforce Development Board to sustain current service levels, avoid disruptions in participant services, and ensure operational continuity during periods of delayed allocations or reduced funding.

Remaining Available Funding — \$242,600

Following all planned expenditures and reserve allocations, approximately \$242,600 remains available for future Board-directed initiatives and strategic investments.

WDB staff recommends reserving these funds for priorities identified by the Board and Executive Committee that align with strategic workforce development goals, emerging community needs, program innovation opportunities, and system improvement initiatives.

Staff anticipates presenting recommendations for the use of these funds at the July Executive Committee meeting for review and consideration.

Summary

The PY 2026–27 proposed budget reflects a stable financial position supported by consistent federal funding allocations and carry-in resources from the prior program year. The budget balances operational sustainability, compliance requirements, participant services, and fiscal stability. Required training and work experience set-asides are fully incorporated, core workforce services remain funded, and the proposed reserve position helps protect against future funding uncertainty. Overall, the proposed budget positions the Workforce Development Board to maintain current service levels, continue providing critical workforce services to Monterey County residents and employers, and minimize disruptions in service delivery despite potential fluctuations in future funding levels.