

*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.*

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

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

#### **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 15% reserve to ensure fiscal stability and flexibility in future years, particularly to manage unforeseen challenges or modifications in funding levels.

- 15% 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:

<b>Funding Stream</b>	<b>FY 24–25</b>	<b>FY 25–26</b>	<b>Annual \$ Change</b>	<b>% Change</b>
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%
<b>Total Formula Grants</b>	<b>\$7,039,389</b>	<b>\$7,709,678</b>	<b>+\$670,289</b>	<b>+9.5%</b>

## 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.

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## 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.

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## 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.