



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 5

**Agenda Date:** May 8, 2025

**In Control:** City Council A Session

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**DEPARTMENT:** Workforce Development Office

**DEPARTMENT HEAD:** Michael Ramsey

**COUNCIL DISTRICTS IMPACTED:** District 1

**SUBJECT:**

Professional services agreements between the City of San Antonio and San Antonio Ready to Work Pledged Employers to provide On-the-Job Training and Incumbent-Worker Training.

**SUMMARY:**

The City seeks to enter into 103 professional service agreements to reimburse 75 Ready to Work Pledged Employers' expenses relating to Incumbent-Worker Training (IWT) in the aggregate amount of \$2,980,410, and On-the-Job Training (OJT) in the aggregate amount of \$2,893,350.04. A total of 60 employers will offer IWT to 1,150 existing workers, and 43 employers will offer OJT to 1,366 newly hired workers.

**BACKGROUND INFORMATION:**

San Antonio Ready to Work (RTW) is the City's premier education and job placement program. The overarching goal of RTW is to open opportunities to San Antonio residents for training and education aligned with high demand, well-paid jobs. Work-based learning programs, such as On-the-Job Training (OJT) and Incumbent-Worker Training (IWT), are win-win programs for residents and employers because proprietary training offered by local employers is targeted to meet their exact needs, while simultaneously increasing the marketability of residents in the local economy. OJT and IWT programs offer the additional benefit of paying workers while they learn.

RTW offers tuition support and wrap-around services for eligible participants to attend courses and apprenticeship programs offered by more than 70 RTW-approved colleges and training providers. By expanding training opportunities to local employers, OJT and IWT programs can shorten the distance between qualified workers and existing skills gaps, resulting in career growth opportunities for workers and increased job retention for employers.

On April 11, 2024, City Council approved a series of agreements with local employers to establish a pilot program for the OJT and IWT. As of April 11, 2025, the pilot program has resulted in 470 individuals (181 OJT and 289 IWT) trained by 21 unique businesses through 28 active professional service agreements. Of the 470 trainees, 91% (86% OJT and 95% IWT) have been retained by the businesses. Additionally, the program has paid \$838,464 in to participating employers, who will continue to train employees through September 2025. Any savings at the time these agreements expire will be utilized for continued support of SA Ready to Work. On average, OJT trainees wage data is \$22.15 per hour, while IWT is at \$21.21 per hour.

The City conducted a second open invitation for local pledged employers to apply for OJT and IWT funding in January and February of 2025. Applications provided detailed explanations of employer needs and planned training programs.

#### **ISSUE:**

The City seeks to enter into professional service agreements for terms of up to 18 months to implement work-based learning programs.

Incumbent Worker Training (IWT) for up to 1,150 current, full-time workers – The City will reimburse 60 employers for incumbent-worker training expenses up to \$2,980,410. Each employer is capped at \$100,000 total funding, which is limited to up to \$5,000 per worker. Under this program, employers will provide training according to specific plans approved by the City's Workforce Development Office (WDO), remove barriers for trainees that impede the successful completion of training, make at least \$20/hour, maintain training logs and report program outcomes.

On-the-Job Training (OJT) for up to 1,366 newly-hired workers – The City will reimburse 43 employers for on-the-job training expenses up to \$2,893,350.04. Each employer is capped at \$100,000 total funding, which is limited to up to \$10,000 per worker. Under this program, employers will provide training according to specific plans approved by WDO, support and train newly hired SA Ready to Work graduates, making at least \$20.00/hour, not displace currently employed individuals, and maintain training logs and report program outcomes.

On March 25, 2025, the Economic Workforce Development Committee approved the IWT and OJT programs to move forward for full City Council consideration.

#### **ALTERNATIVES:**

By choosing not to enter into work-based learning agreements with these employers, the City could lose the opportunity to efficiently train local residents and close existing skills gaps.

**FISCAL IMPACT:**

The total estimated cost to reimburse all employers to implement work-based learning programs is \$5,873,760.04. Of that amount, \$2,980,410 is for incumbent-worker training and \$2,893,350.04 is for on-the-job training. Funding for these contracts is from the SA: Ready to Work Fund.

**RECOMMENDATION:**

Staff recommends Council approval of professional services agreements between the City of San Antonio and employers to implement OJT and IWT programs.