



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 3

Agenda Date: August 30, 2024

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Workforce Development Office

DEPARTMENT HEAD: Michael Ramsey

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Workforce Solutions Alamo (WSA) FY 2025 Operating Budget

SUMMARY:

This item provides a briefing on the Workforce Solutions Alamo FY 2025 Operating Budget in the amount of \$181,987,860. This budget was approved by the Committee of Six on July 24, 2024, for submission to the Texas Workforce Commission.

BACKGROUND INFORMATION:

The Texas Workforce Commission (TWC) provides funding for workforce development services for employers and job seekers and oversees 28 regional workforce boards, including the locally created Workforce Solutions Alamo (WSA), which serves the following 13 counties: Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, McMullen, Medina, and Wilson (the WSA Service Area). WSA prepared the proposed WSA Operating Budget from

October 1, 2024, through September 30, 2025 (FY2025 Budget) based on the assumption of planned allocations from the Texas Workforce Commission and anticipated carryover funds from existing contracts. The FY2025 Budget projects \$181,987,860 in federal, state, and local funding sources to serve the WSA Area, of which \$150,554,646 will be allocated to service delivery, including \$19,139,298 funded by the City of San Antonio for the Ready to Work program.

The WSA Board of Directors is a group of 27 individuals appointed by the City, Bexar County, and judges from the 12 other counties within the WSA Service Area (the Area Judges) (collectively, the Principals), who represent business, education, economic development, community organizations, and government. WSA Board members are appointed to three-year terms and may serve unlimited terms. The primary role of the WSA Board is to align, focus, and set direction for workforce activities in the WSA Service Area and to manage an annual budget of federal, state, and local funding. The WSA Board of Directors reviewed and approved the FY2025 Budget on July 19, 2024.

The Principals are parties to an Interlocal Agreement (ILA) through the chief elected officials (the CEOs) of the WSA Service Area and to a Partnership Agreement with WSA, whereby they oversee the planning, budgeting, administration, and execution of WSA programs. The CEOs have established a “Committee of Six” consisting of two representatives from the City of San Antonio, Bexar County, and the Area Judges to carry out their duties and responsibilities. Such duties include recommending to the Principals appointing members to the WSA Board, Council Members Adriana Rocha Garcia and Manny Pelaez currently serve on the Committee of Six, with Council Member John Courage as an alternate. The Committee of Six reviewed and approved the FY 2025 Budget on July 24, 2024.

ISSUE:

The WSA Partnership Agreement requires City Council to approve the annual WSA operating budgets. The FY2025 Budget estimates \$181,987,860 in federal, state, and local funding sources, broken down as follows:

- **Board administration and corporate budget: \$9,716,494**
 - Personnel Cost:
 - Personnel Costs are expected to increase by 8.02% as the board moves to fill vacant positions; replacing individuals typically is more costly than a tenured person in the position, which also results in increased staff training and development costs. The board additionally included staff cost of living and merit increases, which will be at most 5% of current salaries (3% for COLA and 2% merit.). An additional 3% of incentive pay is budgeted for staff that shows exemplary performance and contribution to the agency over and above normal expectations as allowable by the board’s incentive policy.
 - Other Corporate Costs:
 - Overall corporate costs are expected to increase by \$260,798, with most of the cost being in temporary services, which are utilized to assist in

- temporary vacancies and assist where additional support is needed over oversight and compliance of program design and implementation.
- Facilities: \$6,452,970
 - Facility cost is expected to decrease by 17.03% or \$1,324,358, which includes the delivery of the mobile unit and the relocation of the Walzem Workforce Center and the buildout of the Port San Antonio Workforce Center. Additional infrastructure improvement includes implementing cloud-based systems throughout the workforce system in the 13-county area and the \$90,000 contingency for HVAC units.
 - Special Projects: \$450,857
 - Projects related to service delivery were realigned to the Service Delivery budget. Job fairs such as Red White and YOU and Careers in Texas Industries remain in the project line item. Other projects include Summer Earn and Learn and Child Care Quality. This line item may increase as needed as other projects are added.
 - Service Delivery: \$150,554,646
 - The Service Delivery budget has decreased by approximately 8.2% or \$13,449,691.
 - Key variances that contribute to the decrease include:
 - Ready to Work carry over of \$19,139,298 expected to be expended in FY25.
 - Initial Child Care estimates – These are less than the current budget but are expected to increase as WSA receives actual funding and any additional funds throughout the fiscal year.
 - TANF – A decrease of \$1,017,347 aligns with the board’s historical expenditures.
 - Reserve: \$14,812,893
 - Child Care Reserve - \$11,161,863
 - The childcare match is typically utilized in the first quarter of the fiscal year due to overlapping grant periods during the fiscal board year. On average, the Child Care Reserve is between \$9 Million and \$16 Million depending on TWC contracted targets, the number of children in care, and the utilization of the waitlist.
 - FY25 Carryover \$3,651,029 in the following categories:
 - Adult-military family support - Bexar only
 - Adult-training & employment navigator (pilot program)
 - Adult-WIOA adult
 - Adult-WIOA dislocated
 - Child care quality
 - Facilities-employment services
 - Special-summer earn & learn
 - Special-Partner for Reentry OPP in WD (PROWD)
 - Youth- WIOA youth
 - § TOTAL: \$181,987,860

This budget reflects an annual decrease of 8.03% over the prior year budget (\$197,870,857).

FISCAL IMPACT:

Approval of this item has no fiscal impact to the City's budget.

ALTERNATIVES:

If the Economic and Workforce Development Committee choose not to approve this item for full City Council consideration, WSA would not be in compliance with the requirements of the Texas Workforce Commission.

RECOMMENDATION:

Staff recommends approval of the WSA FY 2025 Budget for full City Council consideration.