



City of San Antonio

Agenda Memorandum

File Number:
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Agenda Item Number: 3

Agenda Date: August 22, 2023

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 2024 Operating Budget in the amount of \$192,112,907.

SUMMARY:

This item provides a briefing on the Workforce Solutions Alamo FY 2024 Operating Budget in the amount of \$192,112,907. This budget will be considered by the Committee of Six for approval on August 23, 2023, 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, 2023, through September 30, 2024 (FY 2024 Budget) based on the assumption of

planned allocations from the Texas Workforce Commission and anticipated carryover funds from existing contracts. The FY 2024 Budget projects \$192,112,907 in federal, state, and local funding sources to serve the WSA Area, of which \$164,004,336 will be allocated to service delivery, including \$26,495,119 funded by the City of San Antonio for the Ready to Work program.

The WSA Board of Directors is a group of 25 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 approximately \$192 million in federal, state, and local funding. The WSA Board of Directors reviewed and approved the FY 2024 Budget on August 18, 2023.

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” 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 will consider the FY 2024 Budget on August 23, 2023.

ISSUE:

The WSA Partnership Agreement requires City Council to approve annual WSA operating budgets. The FY 2024 Budget estimates \$192,112,907 in federal, state, and local funding sources, allocated as follows:

- **Board administration and corporate budget: \$9,345,696**
 - Personnel Cost:
 - Personnel Costs are expected to increase by 10.26% 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. Local travel costs are budgeted to increase the presence and outreach in rural communities.
 - Other Corporate Costs:
 - Overall corporate costs are expected to increase by \$206,333, 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: \$7,777,328**
 - Facility cost is expected to increase by 15.2% or \$1,026,096, which includes the delivery of the mobile unit and the relocation of two Workforce Centers, Marbach and Walzem. Additional infrastructure improvement includes implementing cloud-based systems throughout the workforce system in the 13-county area.
- **Special Projects: \$94,250**
 - 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 job fairs remain in the project line item. This line item will be increased as needed as other projects are added.
- **Service Delivery \$164,004,336**
 - The Service Delivery budget has increased by approximately 10.65% or \$15,785,012. A detailed listing of program changes is provided on the Line-Item Budget; several COVID-19 initiatives have expired, which are also highlighted. Key variances that contribute to the increase include:
 - Ready to Work Carry Over of \$13,696,050, expected to be expended in FY24.
 - Child Care (CCDF) increase of \$9,763,343; this is additionally subject to FY24 Child Care targets received in the early fall.
 - Child Care Quality Texas Rising Star Provider funds increase of \$850,000.
- **Child Care Reserve: \$10,891,296**
 - 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.
- **TOTAL: \$192,112,907**

This budget reflects an annual increase of 10.26% over the prior year budget (\$174,234,414).

City staff recommends approval of the FY 2024 Budget to allow WSA staff to receive grant funding and to provide workforce development services to those in need in San Antonio and the surrounding WSA Area.

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 2024 Budget for full City Council consideration.