

July 6, 2023

Dear Ad Hoc Budget Committee Members,

I am happy to present you the Proposed Preliminary Fiscal Year 2024 Operating Budget. I am providing summary information below, and we will go into detail next week's Budget Committee Meeting.

Over previous years, we benefited from an influx of recovery-related funding, especially for childcare. However, we are starting to see those priorities change, and funding levels regress to pre-COVID levels and in some cases, even lower. We anticipate this shift to continue to happen due to changing federal and state political priorities. This last year we started to adapt our operations to withstand those changes, reforming the childcare services, forming strategic partnerships, and finding efficiencies with our job centers.

Revenues

The good news is that our revenues have experienced a commendable increase of 1% over the prior year. This is primarily attributed to a competitive grant we received from the Department of Labor and funds that have been committed to us by El Paso County.

Although we are seeing a reduction in formula workforce and childcare funds, our private funding has realized a 1009% increase! We anticipate this will continue due to shifting federal and state workforce priorities and will continue identifying other competitive and private grant opportunities. Regardless, childcare services remain the largest portion of our budget, accounting for 75% of our total revenue.

ALL FUNDS REVENUE					
Funding Category	FY23	FY24	\$ Change	% Change	
Child Care	\$ 59,763,153	\$ 56,097,857	\$ (3,665,296)	-6%	
DOL - Department of Labor	\$ -	\$ 2,569,454	\$ 2,569,454		
TWC Formula	\$ 10,887,682	\$ 11,217,033	\$ 329,351	3%	
TWC Non-Formula	\$ 1,797,689	\$ 1,296,664	\$ (501,025)	-28%	
Private Sector	\$ 205,500	\$ 2,278,550	\$ 2,073,050	1009%	
VR Grants	\$ 1,006,903	\$ 1,222,853	\$ 215,950	21%	
Total Available Funding	\$ 73,660,927	\$ 74,682,411	\$ 1,021,484	1%	

FORMULA FUNDS ONLY

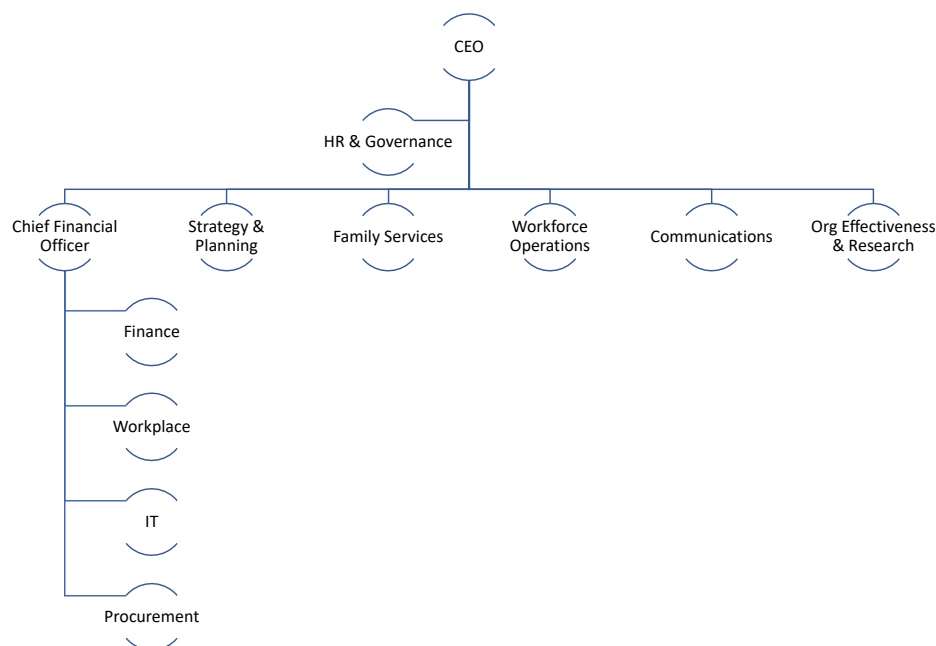
Program	FY23 Allocations	FY24 Allocations	\$ Variance	% Variance
Child Care	\$ 45,841,586	\$ 54,352,674	\$ 8,511,088	19%
SNAP E&T	\$ 620,360	\$ 540,197	\$ (80,163)	-13%
TANF Choices	\$ 3,232,336	\$ 3,129,964	\$ (102,372)	-3%
WIOA Adult	\$ 1,891,581	\$ 2,420,051	\$ 528,470	28%
WIOA Dislocated	\$ 1,523,468	\$ 1,391,750	\$ (131,718)	-9%
WIOA Youth	\$ 2,082,610	\$ 2,573,717	\$ 491,107	24%
WIOA Rapid Response	\$ 27,794	\$ 25,434	\$ (2,360)	-8%
Total	\$ 55,219,735	\$ 64,433,787	\$ 9,214,052	17%

Expenses

The Headquarters Operating budget is expected to experience a substantial 28% increase from FY23. This growth is attributed to salaries, benefits, travel, and staff development costs in the Family Services (childcare) Department. If you recall, as a result of the childcare services procurement, we absorbed some of the functions previously outsourced, notably the early education mentoring program. The early education mentoring program, or Texas Rising Star, will require up to 14 mentors to provide services directly to our contracted childcare providers.

Despite the increase in the Headquarters budget, the total amount remains at 9.5% of the overall budget, comfortably complying with the Board's cap of 10%.

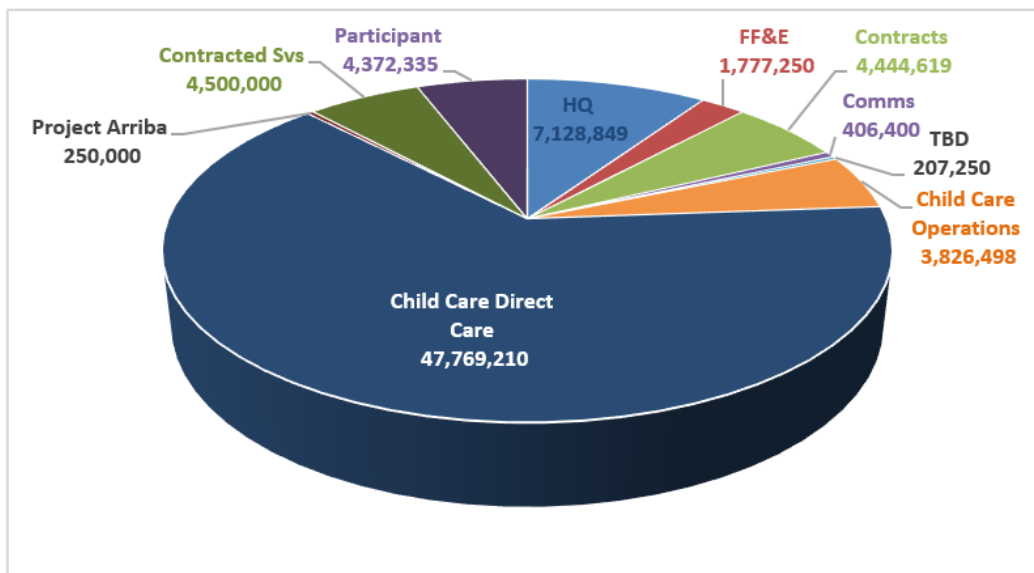
	FY23	FY24	\$ Variance	% Variance	% of total budget
Headquarters Budget	\$ 5,564,536	\$ 7,128,849	\$ 1,564,313	28%	9.5%



The highlights of our Headquarters budget include:

- Our FTE count will go from 53 to 64.
- We have included a 4% Cost of Living Adjustment for all staff, which is line with what we have historically provided.
- We have included our Tuition Assistance Program because several employees will enroll in post-secondary education programs.
- We continue providing executive coaching for management and mid-management staff, showing consistency with our Succession Plan. Speaking of the Succession Plan, several staff have been elevated into different or management roles, demonstrating my and the staff's commitment to professional growth and sustainability.

Allocations



Our Facilities, Furniture, and Equipment (FF&E) budget has experienced a slight decrease of 0.3%. This reduction is due to the cost-saving measures implemented in the North Loop reconfiguration, particularly in rent expenses. We are committed to efficient resource management while ensuring a conducive operating environment.

Direct Client Workforce Services and Child Care Services account for the largest portions of our budget, amounting to \$60.7 million and representing 81.3% of the overall budget. Outsourced Services and Special Initiatives are allocated \$4.4 million, representing only 5.9% of the overall budget.

These earmarks emphasize our dedication to promoting equity, fostering economic stability, and breaking down barriers to prosperity. Recognizing the challenges households face as they strive for self-sufficiency, we are launching a pilot program to study effective strategies to address the benefits cliff

effect. We aim to facilitate a smoother transition toward economic independence for individuals and their families. By doing so, we aim to create a more sustainable future and uplift the overall well-being of our community.

We are also investing in paid work-based learning model training, supporting our regional employers while offering wages for on-the-job training to individuals. This investment will bridge the gap between employer demands and workforce skills, benefiting both employers and individuals by fostering a skilled and trained workforce and enhancing employability.

This intentional shift towards supporting and influencing employers to invest in the workforce will also shift our communications strategy. We have reduced our Communications budget but will leverage our internal resources, business partner contracts, and the City and County partnerships to help promote our services to employers.

In alignment with our strategic plan, we are expanding our work with special populations such as Re-entry individuals, Veterans, and Foster and Opportunity Youth. These populations face unique challenges and require tailored support. We aim to bridge service gaps through carefully designed pilots and strategic partnerships and develop impactful programs that address their specific needs. By empowering these individuals, we are committed to helping them achieve sustainable success.

Lastly, as part of our strategic plan, we will continue to focus our efforts on supporting three key industries: Healthcare, IT, and Advanced Manufacturing. These industries have demonstrated growth, offer competitive wages, and exhibit high demand for skilled workers. Through strategic investments in skill development, training programs, and collaborative partnerships, we aim to provide individuals with access to meaningful employment opportunities, bolstering their economic stability and contributing to the overall prosperity of our Borderplex region.

Below you will see the list of programs and initiatives that coincide with the priorities described above. Some may be funneled through the Prime Contractor, some may be procured through other subject matter expert contractors or partners, and some may be managed at the Headquarter level.

FY24 Proposed Budget \$4,444,619
Variance vs PY: \$2,414,825
% Variance: 119%

	Project	FY23 Budget	FY24 Proposed Budget
Benefits All Programs	Borderplex Alliance	\$25,000	\$21,500
	Chmura Economics	\$30,000	
	Cost of Living Research Project	\$1,800	\$2,500
	Counseling & Referral Liaison - Independent Contractor		\$100,000
	El Paso Chamber	\$35,000	\$43,250
	Fund Development	\$75,000	\$85,000
	Hispanic Chamber	\$25,000	\$53,000

	MCA - STEM Camps	\$10,000	\$10,000
	NBRI (Research Services)	\$17,916	\$25,000
	Paso Del Norte Foundation - Business Intelligence		\$17,000
	Rio Grande COG	\$50,000	\$60,000
	Tech Hub Bridge Accelerator (via PDN)		\$6,000
	UTEP El Paso Collaborative for Academic Excellence	\$50,000	\$50,000
	Aerospace & Defense Training	\$150,000	\$90,000
	Airstreams - Tower Technicians	\$12,000	
	AVANCE	\$58,000	
	Avance & EPCC	\$17,000	
	Bank of America - Nailed-It Project	\$25,000	
	Bank of America - Youth Projects	\$22,000	\$30,000
	Benefits Cliff Pilot		\$100,000
	Child Care Mentoring	\$576,000	
	Child Care Rural FCE - Reskilling and Upskilling Rural West Texas		\$10,000
	Contingency Projects	\$50,000	\$52,317
	Education at Work - TIP/Strada Partnership		\$142,500
	EP County - Child Care Industry Support		\$1,603,500
	EP County - Small Business Support		\$347,500
	External Monitors	\$50,000	\$77,855
	Healthcare Initiatives		\$100,000
Benefits Programs Directly	Healthcare Training - Military		\$16,000
	IT Registered Apprenticeship Expansion		\$160,000
	Local Match	\$95,000	\$95,000
	Master Card Transformation Pilot		\$100,000
	Microsoft Projects	\$90,000	\$70,000
	MSFW Forum	\$30,000	\$30,000
	Navigator - Employer Forum & Job Fairs	\$12,000	\$7,000
	NextForce Projects	\$150,000	\$150,000
	Pre-Apprenticeship Initiatives	\$77,500	
	Re-Entry Projects & Collaboration	\$50,000	\$85,000
	Regional CTE Conference	\$5,000	\$5,000
	Skills Development Fund Projects	\$35,000	
	SNAP Work Experience Pilot		\$50,000
	Special Populations Training		\$100,000
	TANF 2 Entrepreneurship		\$40,000
	UTEP College of Social Work	\$150,000	
	WCI - Foster Care Youth Conference		\$1,143
	WCI - HRWY	\$20,000	\$2,000
	WCI - Jobs Y'all	\$24,500	\$5,000

	WCI - Short Term Training for CCS Parents	\$7,378	
	WCI - TVLP	\$3,700	
	WIOA Adult - General Work Experience		\$351,013
	WIOA Youth - General Work Experience		\$50,542
	WIOA Youth Foster Initiatives		\$100,000
TOTAL		\$2,029,794	\$4,444,619

Allocation Category	FY24 Budget	% of Budget
Headquarters	7,128,849	9.5%
Facilities, Fixtures & Equipment	1,777,250	2.4%
Outsourced Contracts & Other Projects	4,444,619	6.0%
Promotional Outreach	406,400	0.5%
To Be Developed	207,250	0.3%
Child Care Operations	3,826,498	5.1%
Child Care Direct Care & Quality	47,769,210	64.0%
Targeted Case Management/Healthcare	250,000	0.3%
Workforce Services	4,500,000	6.0%
Participant Related	4,372,335	5.9%
Total	74,682,411	100.0%

We look forward to presenting this budget to you in detail on Monday, July 10. Please let me know if you have any questions, comments, or concerns about this budget proposal.

Sincerely,



Leila H. Melendez
CEO