

TO: Chamber Board of Directors
FROM: Chamber Executive Committee
SUBJECT: Redirecting One-Eighth-Cent Sales Tax For Workforce Education Initiative



STATUS: Approved

DATE: September 24, 2020

RECOMMENDATION:

The San Antonio Chamber of Commerce supports redirecting an already established 1/8 cent sales tax for a Workforce Education Initiative, which is projected to assist 40,000 individuals in attaining educational credentials and/or degrees in high-demand, high-wage fields. The current 1/8 cent sales tax is allocated to the Edwards Aquifer Protection Program (EAPP) and set to expire in early 2021. Following the expiration, it will be redirected for a four-year period to the Workforce Development Program in September 2021, after the City of San Antonio has collected the maximum approved amount (\$100 million) for the EAPP.

The Workforce Education Initiative is designed to provide continuity to the programs put in place through federal CARES Act funding established to assist workers dislocated due to the economic impact of the COVID-19 pandemic.

BACKGROUND:

San Antonio has long struggled with educational attainment and underemployment. According to the 2018 American Community Survey 22% of the population had some college but no degree, 26.6% a high school diploma or GED, and 17.7% less than high school, collectively representing 66% of San Antonio's population. Average annual earnings among the same population segments ranged from \$21,745 – \$32,181. Various reports commissioned by the City of San Antonio on the status of women, poverty, the digital divide and the workforce skills gap in years prior to the COVID-19 pandemic confirmed that lack of educational attainment and access to high-wage jobs with upward mobility contributed to San Antonio's high poverty rank among large metro areas across the country, in spite of historically low unemployment rates.

The public health crisis has disproportionately affected the aforementioned populations in a number of ways, including job loss in industries projected to not rebound at scale such as accommodation and food services and retail. To date, the COVID-19 pandemic has led to job loss for over 150,000 individuals in the San Antonio area. Among dislocated workers, individuals with less than high school diploma (12%), with a high school diploma or GED (49.5%) and those with some college but no degree (23%) represent nearly 84.5% of unemployment benefit claimants.

In response to the pandemic, the City of San Antonio developed a Recovery and Resiliency plan funded by federal CARES Act dollars that consists of a system of programs and services with a wide-range of community partners to

meet the urgent, short-, and mid-terms needs of impacted residents. Subsequently, Mayor Ron Nirenberg assembled a Workforce Education Leadership Team with representatives from industry and higher education partners to develop a long-term plan for economic recovery designed to increase access to educational attainment opportunities and workforce training in high-wage, in-demand jobs for the populations most impacted by the pandemic; and build on the short and mid-term workforce plans. Targeted industries that program offerings will support include, IT/Cybersecurity, Healthcare, Manufacturing, and Aerospace. The overarching goal of the initiative is to reduce poverty and shift the economic trajectory of the city.

The CARES Act funding is projected to be exhausted by summer of 2021, thereby necessitating another revenue source be identified for continuation of education and workforce development programs launched as part of the Recovery and Resiliency plan. The City identified the 1/8 cent sales tax currently allotted for the EAPP could be feasibly redirected to the Workforce Education Initiative. In order to preserve the EAPP once the sales tax is redirected the City proposed a plan to shift funding of the EAPP in subsequent years to the general fund.

On August 13, 2020 the San Antonio City Council voted 9-2 to place a workforce education initiative on the November ballot. The measure allows the city to seek voter approval to redirect the 1/8 cent sales tax revenue starting September of 2021 to the City of San Antonio's Workforce Education Initiative.

The Plan

The Workforce Education Initiative consists of four components: **1. workforce training, 2. workforce certifications and degree completion, 3. wraparound support, and 4. emergency financial assistance.** It is designed to place 40,000 residents over a four-year period on career pathways with \$15+/hour jobs with benefits.

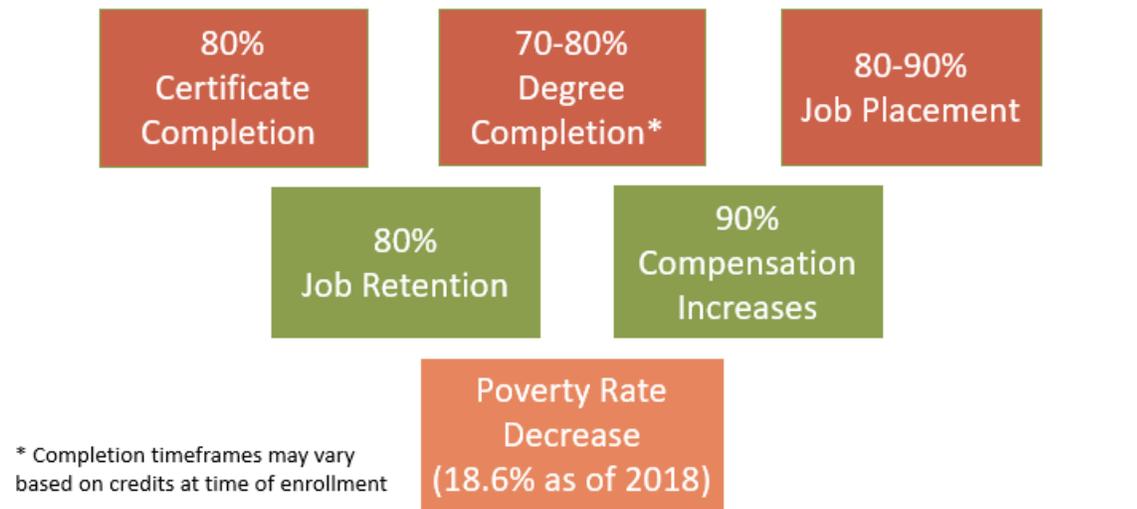
Workforce training and degree completion will focus on assisting individuals enroll into programs that offer industry-recognized certifications and two- and four-year degree programs in high-demand industries with the potential for upward mobility including, IT/Cybersecurity, Healthcare, Manufacturing, and Aerospace.

Wraparound services will be provided to participants through already established partnerships with institutions and service providers. Every participant will have access to services that include, assessments, job placement, academic remediation, case management, soft skill training, and career mapping and coaching. Building in wraparound services to workforce development programs is aligned with best practices for optimal participant success.

Emergency financial assistance will be available via case managers on a case-by-case/need-basis. The purpose of emergency aid is to remove unexpected financial barriers so participants can stay on track.

From its inception the Workforce Education Initiative intentionally engaged industry partners and training providers collaboratively to design training programs. Industry participation also includes providing regular feedback to providers, promoting job openings, and ultimately hiring program participants.

Program Metrics and Outcomes



Slide presented by City staff to Education and Workforce Development Council

Sample Annual Budget

Up to 10,000 participants



Slide presented by City staff to Education and Workforce Development Council

Reasons to Support:

1. The city has struggled with educational/certification attainment and meeting workforce demands that have hindered economic mobility for residents and been a primary issue for business attraction and expansion.
2. The plan has broad industry support and has built-in flexibility to adjust programming based on industry and participant input for optimal outcome success.
3. Progress towards metrics will be reported by partner agencies to Council on a monthly basis.
4. The proposed redirection of an already established 1/8 cent sales tax means no new taxes are associated with the plan.
5. The plan was developed with broad industry support and based on workforce education program models proven to yield high success rates among participants, in particular in the area of wage increases, which ultimately increases self-sustainability and ability to contribute positively to the economy leading to a decrease use of social services.

Issues of Concern:

1. San Antonio has historically struggled with degree/certificate completion.
2. Program aims to serve 40,000 individuals which is a fraction of the population (thus far over 150,000) impacted by the public health crisis.
3. Uncertainty remains about the availability of jobs for 40,000 participants over the four-year timeframe.

IMPLEMENTATION: The Chamber will help support the redirection of the 1/8 cent sales tax for a Workforce Education Initiative in the upcoming election (Early Voting October 13th – October 30th, Election Day November 3rd) at membership meetings and other public opportunities. The Chamber will communicate this position to the media, the business community and other Chamber members through publication in The Chamber Today and media releases.