



City of San Antonio

Agenda Memorandum

File Number:20-4663

Agenda Item Number: 5.

Agenda Date: 8/13/2020

In Control: City Council A Session

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Alejandra Lopez

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Ordering an election called by the City for a proposed 1/8 cent sales and use tax to provide for workforce development and higher education through the San Antonio Early Childhood Municipal Development Corporation's (the "Corporation") in accordance with Chapter 379A of the Texas Local Government Code.

SUMMARY:

An Ordinance ordering a sales and use tax special election to be held on November 3, 2020 in the City of San Antonio, Texas to authorize a 1/8th of a cent sales and use tax for the benefit of the San Antonio Early Childhood Municipal Development Corporation's (the "Corporation") for the purpose of workforce training and higher education, in accordance with Chapter 379A of the Texas Local Government Code; and to authorize a contract with the Bexar County Elections Office for a proportionate share of the cost to conduct the election. Funds are available from the FY 2020 Adopted General Fund.

BACKGROUND INFORMATION:

Prior to the outbreak of the COVID-19 virus, San Antonio experienced a relatively low unemployment rate, yet poverty rates in our community were among the highest in the nation. Low post-secondary educational attainment rates in San Antonio have resulted in a shortage of skilled workers and an abundance of lower wage, low skill jobs. At the onset of the pandemic many working San Antonians were especially vulnerable to the unprecedented economic impact of COVID-19. An estimated 154,000 displaced workers face various financial burdens from housing to food security, making it evident that substantial, continued investment in workforce development and degree completion among our residents is critical to San Antonio's emergence from this and future public health and economic crisis.

In July 2020, Mayor Nirenberg appointed a Workforce and Education Leadership Taskforce consisting of leaders from education, workforce development, asset-building, business, economic development, and philanthropy to reassess community workforce development priorities and identify the most effective strategies to address this crisis. Recommendations from this taskforce build on the COVID-19 Recovery and Resiliency

Plan Workforce Development Pillar that served as the immediate response to the substantial and urgent need to assist San Antonio residents unemployed as a result of the COVID-19 pandemic.

As part of the overall assessment of a workforce and degree completion initiative were options to fund such a program. The prevailing option was Chapter 379A of the Texas Local Government Code, which provides for the use of a Municipal Development Corporation (“MDC”).

A MDC is an entity created by a municipality that is statutorily authorized to undertake the following programs:

1. Job training, including long-term job training and in-training support service grants;
2. Early childhood development that prepares children to enter school;
3. After-school programs for primary and secondary schools;
4. Postsecondary institutions and scholarships (the provision of funding to accredited postsecondary educational institutions, including public and private junior colleges, public and private institutions of higher education, and public and private technical institutions, to be used to award scholarships);
5. Literacy Programs; and
6. Any other undertaking that the MDC’s board determines will facilitate the development of a skilled workforce.

In 2012, the City Council authorized the creation of a MDC known as the San Antonio Early Childhood Education Municipal Development Corporation (the “Corporation”). The Corporation was charged with developing early childhood literacy (number 2 above) and educational programs (number 3 above). In order to fund the initiative, the City ordered an election to receive voter approval on a 1/8 cent sales and use tax as authorized by Chapter 379A. The measure was approved by the voters in 2012 for a period of eight years and the City has called for an extension of the tax for an additional eight-year period commencing in 2021.

Under Chapter 379A, a municipality may only create one municipal development corporation. However, that corporation may be granted the authority to undertake one or more of the enumerated programs. Additionally, an MDC may contract with local workforce development boards or any political subdivision in connection with a program authorized by the statute. For this initiative, the Corporation will contract with the City for oversight and implementation upon its passage.

ISSUE:

Building on the COVID-19 Recovery and Resiliency Workforce Development Pillar previously approved by City Council, this initiative creates an opportunity to further help residents by continuing a comprehensive and holistic approach to workforce development training and education. The proposed initiative will include a two-pronged effort of workforce training certificates and higher education degree completion, both combined with wraparound support and emergency financial assistance. In order to fund this initiative, staff is proposing a 1/8 cent sales and use tax which would commence following the full collection of the \$180 million authorized under the Edwards Aquifer Protection Venue Project and the Parks Development and Expansion Venue Project approved in 2015 and would end December 31, 2025. It is anticipated that the sales and use tax would generate \$38.5 million annually for the program resulting in up to 10,000 participants being served every year.

The workforce training associated with the initiative will focus on high-demand occupations with immediate job openings that create career pathways for residents to grow wages. This training is not limited to classroom instruction and may include on-the-job training and apprenticeships. The second prong will focus on promoting completion of two or four-year degrees in targeted industries with in demand occupations. Participants pursuing either type of training will also receive wraparound case management services to help navigate barriers that

may prevent training completion and support job placement post training and education completion. While case managers will assist participants in accessing available support services, participants will also have access to emergency financial assistance for unanticipated and immediate expenses. This type of emergency financial assistance will be available on a case-by-case basis based on need.

The target population for participation in this initiative will be residents whose employment was impacted by the COVID-19 pandemic. However, more detailed eligibility criteria and target populations will be approved by City Council prior to program implementation to ensure equity. This initiative will build on the existing infrastructure associated with this work. Both the long-standing and newly developed collaborations with workforce development community partners can be leveraged to facilitate implementation, including a rigorous evaluation component to understand the efficacy and impact of the program. Among the metrics to be measured for this initiative will be training completion, job placements, and wages at time of job placement. These key performance indicators will, in turn, track progress towards outcomes such as decreasing unemployment rates and increasing wages. This initiative fosters a more inclusive economic recovery, intentionally focus resources on our residents most in need of support to re-enter the workforce and improve their earning potential.

In order to utilize sales and use tax funds for this initiative, the City must receive approval by the voters. This ordinance, if approved by Council, will order the special election for November 3, 2020 to be held jointly with other participating local political subdivisions located within Bexar County as proscribed by law, with the following dated for early voting:

- Election Ordered: August 13, 2020
- Early Voting Begins: October 13, 2020 (Governor's July 27 executive order authorized starting one week early)
- Early Voting Ends: October 30, 2020
- November 3, 2020: Deadline to deliver mail-in ballots to Bexar County (Governor's July 27 executive order extended deadline)
- Election Day: November 3, 2020 - City of San Antonio registered voters may cast ballots at any of the sites

The City will execute an agreement with Bexar County to conduct the election as a joint election with the other political subdivisions identified in the agreement. Voting precincts and hours of voting will be established by the Bexar County Elections Administrator. An Ordinance adopting the precincts and voting hours for the November 3, 2020 election will be considered at a later meeting.

ALTERNATIVES:

City Council can choose not to call for this election. However, this will result in a lack of funding to support workforce training and higher education at a time of substantial need to reskill and upskill residents to re-enter the workforce and transition into careers with wages that support self-sufficiency.

FISCAL IMPACT:

Currently, the sales tax structure for the City of San Antonio is as follows:

State	6 ¼%	0.0625
City: General Fund	1%	0.01
City: Aquifer Protection / Linear Creekway Parks	1/8%	0.00125
City: City of San Antonio Pre-K 4 SA	1/8%	0.00125

VIA	1/2%	0.00500
VIA: ATD	1/4%	0.00250
Current Total	8.25	0.08250

State law prohibits a municipality from levying a sales and use tax that when combined with other authorized sales and use taxes in the municipality results in a tax rate of more than two-percent in any location in the municipality. The expiring aquifer protection and linear creekway sales tax initiative creates an opportunity to seek voter approval to support economic recovery investments in workforce training and higher education through sales tax revenue.

RECOMMENDATION:

Staff recommends ordering an election to be held on November 3, 2020 in the City of San Antonio, Texas to authorize a 1/8th of a cent sales and use tax to provide for workforce development and higher education initiative, in accordance with Chapter 379A of the Texas Local Government Code.