

San Antonio Express-News

Jefferson: \$270 million in stimulus aid won't plug holes in San Antonio budget

Greg Jefferson - May 8, 2020

City politicians don't have a magic credit card they can whip out to cover San Antonio's projected \$200 million budget shortfall.

Unlike the federal government, they can't print money or sell Treasury bills to fill the hole created by collapsing sales and hotel tax proceeds, airport revenue, fee income and the like. The Texas constitution doesn't allow cities or counties to commit the sin of deficit spending.

The only real choice is what to cut in the city's budget.

About \$89 million of the shortfall is in the \$1.3 billion general fund, which pays for basic services such as garbage pickup, police and fire protection, libraries, senior centers and parks. So, yes, you're going to feel it at some point soon.

The bad news includes this ironic twist: At the same time city officials are figuring out where to slash expenses — more employee furloughs on top of the 270 they've already ordered? Service reductions? — they have to decide what to do with \$270 million in federal stimulus funds. And using it to undo San Antonio's budget crisis isn't an option.

Bexar County also received stimulus money — \$79.6 million.

It comes from the pot set aside for local governments in the \$2 trillion CARES Act. It's got very few strings attached. But two of them are significant: You can use the money only to cover costs "not accounted for in the budget most recently approved as of March 27, 2020" — in other words, you can't fill budget gaps with it. And you have to spend most of it by Dec. 30.

City Manager Erik Walsh and his deputies are expected to present a spending plan in June. But the competition for dollars is already underway.

The stimulus funds are largely intended to cover expenses dumped on local governments by the coronavirus pandemic, including the salaries of employees who have been dealing with the public health emergency.

The hope is there will be enough left over to do something big to address San Antonio's chronic status as a low-wage city with a workforce that's developed too few skills — or at least not enough of the skills necessary to succeed in a knowledge-driven economy.

The pandemic and the economic disaster it's instigated have excelled at humbling San Antonio, exposing just how many workers and their families live from measly paycheck to measly paycheck. The metro area's ultra-low, pre-pandemic unemployment rate helped obscure that reality.



The downtown San Antonio skyline is seen Wednesday, Jan. 29, 2020. Photo: William Luther, Staff

Between mid-March and April 25, more than 95,000 San Antonio and Bexar County workers — many of them from the hospitality and food-service industries — filed unemployment claims.

“We must focus on workforce development, job training and ensuring that the businesses providing jobs for San Antonians can flourish,” Mayor Ron Nirenberg said in a text. “We, collectively, must consider the \$270 million in funding that San Antonio has received through the CARES Act as a once-in-a-generation opportunity to be bold and follow through on what we all know needs to be done.

“The funds available for recovery efforts must be targeted at universal Internet access, workforce development, housing security and small business support,” he said. “During the next month, we will dig into the details.”

COPS/Metro, a network of grassroots community and religious organizations, wants \$200 million of the city’s and county’s stimulus funds to underwrite what it describes as a GI Bill for the working poor. After beefing up the city fund for emergency housing assistance, COPS/Metro is calling for putting jobless workers through school at Alamo Colleges with a stipend.

“It would be a down-payment for the long term,” said Steve Mendoza, a COPS/Metro leader and co-author of an Express-News guest column outlining the proposal. “Tourism is not going to come back right away. And if we continue to focus on tourism, we’re going to get the same” dependence on low-wage jobs.

He added: “When there’s a crisis, there’s an opportunity.”

Which recalls the less tactful phrase Rahm Emanuel, former mayor of Chicago and former chief of staff to President Barack Obama, made famous during the Great Recession: “Never let a good crisis go to waste.” One of the results of that thinking was the Affordable Care Act.

In District 8 Councilman Manny Pelaez’s estimation, it’s likely City Council will agree to put “a huge amount” of the city’s \$270 million in stimulus money into workforce development, as the county appears poised to do.

Bexar County commissioners on Thursday generally backed a staff plan that called for spending \$39.5 million of the county’s relief funds on job training, with allowances for childcare and transportation.

Pelaez is wary. It’s not as though the city isn’t already putting money into workforce development — it has for years. The 2020 budget allocates \$3.7 million for job training through the economic development department.

And what has it gotten us? he wants to know. Wages remain stuck below state and national averages. San Antonio is still the poorest big city in the country.

Pelaez said he and other council members will have to be convinced the funding would be smartly invested, not sucked into a bureaucratic black hole.

“We’ve got to have a conversation about putting lipstick on the pig,” he said. “Two-hundred and seventy million worth of lipstick is a lot of lipstick.”