SA2020 San Antonio Opportunity Dividend

Ziona Austrian  
*Cleveland State University*, z.austrian@csuohio.edu

Merissa Piazza  
*Cleveland State University*, m.c.piazza83@csuohio.edu

Nikki Glazer

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Prepared by
Senior Research Advisors for CEOs for Cities:
Ziona Austrian, Ph.D. Director
Marissa C. Piazza, Research Associate
Nikki Glazer, Research Assistant
Cleveland State University
Maxine Goodman Levin College of Urban Affairs
Center for Economic Development
2121 Euclid Ave. Cleveland, Ohio, 44115
http://urban.csuohio.edu
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AT A TIME WHEN CITIES AND METRO REGIONS HAVE BECOME THE ECONOMIC ENGINES OF THE NATION AND WHEN THE MOST VALUABLE CURRENCY OF THE NEW ECONOMY IS KNOWLEDGE AND IDEAS, CITIES MUST BE CONSTANTLY LEARNING, SHARING, AND REINVENTING. NO CITY LACKS TALENT AND IDEAS, BUT ALMOST EVERY CITY LACKS A VEHICLE FOR CONNECTING WITH TALENT AND IDEAS OUTSIDE THEIR OWN CITY AND FOR MOBILIZING, ACCELERATING, AND SUSTAINING ACTION ON IMPORTANT GOALS.

CEOs for Cities fills this need through a national network of cross-sector leaders who connect with each other and with smart ideas, practices, and stories for city success.

We Curate smart ideas and benchmark city success through our City Vitals. We Connect cross-sector leaders through our network of City Clusters. We Catalyze collaborative change through our City Dividends and Prize Challenges.

The Power of Progress. City Dividends.

→ MAKING SMALL CHANGES THAT REAP BIG ECONOMIC DIVIDENDS

Our ultimate goal – catalyzing collaborative change for city success – is easier said than done. The key challenge that every city faces is how to best motivate, mobilize, focus, accelerate, and sustain action on the key issues that contribute to city success. While we know that most work by urban leaders in cities and regions contributes to the general good, the payback from investments often seems distant and uncertain. Leaders in every city are working away at challenges from different angles, but efforts are not coordinated and progress is not being made as quickly as needed.

→ THE KEY CHALLENGE THAT EVERY CITY FACES IS HOW TO BEST MOTIVATE, MOBILIZE, FOCUS, ACCELERATE, AND SUSTAIN ACTION ON THE KEY ISSUES THAT CONTRIBUTE TO CITY SUCCESS.

Our framework is that of a “what if” analysis. What if an investment of resources in a strategy could reap real, tangible and calculable economic benefits? What if my city could reach higher levels of performance in areas of primary importance to the economic success of the city and metro region?

The answer is City Dividends™. A City Dividend is the economic benefit resulting from investing resources to successfully achieve a measurable, actionable goal toward your city’s and metro region’s economic progress. The objective of City Dividends is to provide quantitative estimates of the economic gains and/or savings that metropolitan regions and cities could achieve by improving their performance on specific priority issues.

City Dividends are based on a simple but profound premise - the power of progress - or what Harvard Professor Teresa Amabile calls the “progress principle.” Her extensive research has found that the single most important motivator and catalyst of positive action is making progress and showing forward momentum in meaningful work.

City Dividends are premised on our research and experience that measurable progress, or “moving the needle,” on targeted work can reap huge economic growth dividends for cities and metro regions, and accelerate movement on important goals. Focusing on a particular goal allows us to approach a problem with the kind of intensity needed to formulate an action plan that works.

City Dividends as a Catalyst for Collective Impact

We have found that a City Dividend can be a powerful catalyst for convening stakeholders from different sectors around a common agenda and set of metrics for addressing an important challenge. CEOs for Cities’ highly successful $1 million Talent Dividend Prize, funded by the Kresge and Lumina Foundations in partnership with Living Cities, has helped to catalyze, motivate, and accelerate work on the goal of college completion in 57 American cities competing to achieve the greatest increase in college degree completion over a three-year period. We have found that when there is cross-sector, collaborative focus on achieving a targeted, measurable and actionable goal toward your city’s economic success, the collective impact is positive and measurable, and momentum is sustained. The Talent Dividend Prize incentivized accelerated progress toward the goal of college completion by shining a powerful light on the opportunity and the achievable, measurable goal provided an incentive to make meeting the challenge a priority.
City Dividends can be customized and applied to the situations of individual cities and metropolitan areas and used as a tool in strategic planning and policy advocacy. Cities should adopt City Dividends simply because they can’t afford to drive into the future without collective energy, intense focus, and a well-informed, accelerated path to success.

The future belongs to those cities and regions that can best catalyze collaborative, cross-sector change by demonstrating measurable progress on important goals, thus earning their City Dividends.

Lee Fisher
President and CEO
CEOs for Cities
Lfisher@ceosforcities.org
www.ceosforcities.org
EXECUTIVE SUMMARY

THE CHALLENGE THAT EVERY CITY FACES IS HOW TO BEST MOBILIZE, ACCELERATE, AND SUSTAIN ACTION ON THE KEY ISSUES THAT CONTRIBUTE TO CITY SUCCESS. THE FUTURE BELONGS TO THOSE CITIES AND REGIONS THAT CAN BEST CATALYZE COLLABORATIVE CHANGE BY DEMONSTRATING MEASURABLE PROGRESS ON IMPORTANT GOALS.

CEOs FOR CITIES BELIEVES THE ANSWER IS CITY DIVIDENDS. CEOs FOR CITIES CREATED THE CITY DIVIDEND CONCEPT TO CATALYZE COLLABORATIVE ECONOMIC PROGRESS IN CITIES AND REGIONS. CITY DIVIDENDS, FIRST DEVELOPED BY ECONOMIST JOE CORTRIGHT OF IMPRESSA, INC., FOR CEOS FOR CITIES, AND CAROL COLETTA, FORMER PRESIDENT AND CEO OF CEOS FOR CITIES, ARE PREMISED ON RESEARCH AND EXPERIENCE THAT MEASURED PROGRESS, OR “MOVING THE NEEDLE,” ON TARGETED WORK CAN REAP LARGE ECONOMIC DIVIDENDS FOR CITIES AND METRO REGIONS, AND ACCELERATE MOVEMENT ON IMPORTANT GOALS.

A CITY DIVIDEND™ IS THE ECONOMIC BENEFIT RESULTING FROM INVESTING RESOURCES TO SUCCESSFULLY ACHIEVE A MEASURABLE, ACTIONABLE GOAL TOWARD YOUR CITY’S AND METRO REGION’S ECONOMIC PROGRESS.

A City Dividend™ is the economic benefit resulting from investing resources to successfully achieve a measurable, actionable goal toward your city’s and metro region’s economic progress. The objective of City Dividends is to provide quantitative estimates of the economic gains and/or savings that metropolitan regions and cities could achieve by improving their performance on specific priority issues.

CEOs for Cities previously developed three City Dividends—the Talent, Green, and Opportunity Dividends—and the opportunity to develop other city dividends related to city success is unlimited. This report updates the Opportunity Dividend for the San Antonio metropolitan region.

- The Opportunity Dividend™: The Opportunity Dividend goal is reducing the metro region poverty rate by 1%, and the dividend is the public savings associated with reducing poverty in the region.

San Antonio Opportunity Dividend: Major Findings

The Opportunity Dividend™ shows the decrease in public anti-poverty spending for every 1% decrease in the number of persons in poverty for each metropolitan region.

- Combined Opportunity Dividend for the largest 51 metropolitan regions - $31 billion.
- Opportunity Dividend for the San Antonio metropolitan region - $403 million. This means that the San Antonio metro region will see a decrease in public anti-poverty expenditures of $403 million.
- San Antonio’s Opportunity Dividend ranks 24th of the 51 largest metropolitan regions.
- A decline in San Antonio’s poverty rate from 17.3% to 16.3% means that the number of persons in poverty in the San Antonio metro region will decline by 21,911 people.
- Opportunity Dividend for 1 less person in poverty, on average, in the largest 51 metropolitan regions is $18,378. This means that for every one person that moves above the poverty threshold, each metro region saves, on average, $18,378 in public anti-poverty expenditures.

Appendix Table B1 shows the largest 51 metropolitan regions that have been included in this report. Appendix Table B2 lists the Opportunity Dividend for these 51 metropolitan regions, and their corresponding ranking within the cohort. All values are shown in millions of dollars per year.
INTRODUCTION
CEOS FOR CITIES CREATED THE CITY DIVIDEND CONCEPT TO CATALYZE COLLABORATIVE ECONOMIC PROGRESS IN CITIES AND REGIONS. A CITY DIVIDEND IS THE ECONOMIC BENEFIT RESULTING FROM INVESTING RESOURCES TO SUCCESSFULLY ACHIEVE A MEASURABLE, ACTIONABLE GOAL TOWARD YOUR CITY’S AND METRO REGION’S ECONOMIC PROGRESS. THE OBJECTIVE OF CITY DIVIDENDS IS TO PROVIDE QUANTITATIVE ESTIMATES OF THE ECONOMIC BENEFITS THAT METROPOLITAN REGIONS AND CITIES COULD ACHIEVE BY IMPROVING THEIR PERFORMANCE ON SPECIFIC PRIORITY ISSUES.

This report explores the Opportunity Dividend. The Opportunity Dividend examines individuals in poverty and the public money spent on combating poverty. Detailed methodology on how the Opportunity Dividend is calculated and associated data sources is included in Appendix A.

Opportunity Dividend
The Opportunity Dividend estimates how much the public sector can reduce its anti-poverty expenditures when there are fewer individuals in poverty. On one hand, there are many factors associated with poverty (e.g., crime, housing, hunger, and unemployment) that are not taken into consideration by the Opportunity Dividend. On the other hand, some of the public anti-poverty spending is not generated from the local government, but rather is money allocated from the federal government that is distributed by the states (Temporary Aid for Needy Families – TANF) or is directly dispersed from the federal government (the Earned Income Tax Credit – EITC). In these instances, the dollars in public anti-poverty spending could not have been saved by the local government because they were never generated at the local level. Total public anti-poverty spending used in the calculation of the Opportunity Dividend includes Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), Earned Income Tax Credit (EITC), and other assistance payments.

THE #SA2020 OPPORTUNITY DIVIDEND
WHAT IF SAN ANTONIO DECREASES ITS POVERTY RATE BY 1%?
A 1% decrease in the San Antonio metro region’s poverty rate may seem small, but the change pays big dividends to everyone in the region.

WHAT DOES A 1% DECREASE IN THE POVERTY RATE LOOK LIKE?

<table>
<thead>
<tr>
<th>2012</th>
<th>DIVIDEND GOAL</th>
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<tbody>
<tr>
<td>17.3%</td>
<td>16.3%</td>
</tr>
<tr>
<td>378,226</td>
<td>356,315</td>
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</tbody>
</table>

FEWER PEOPLE LIVING IN POVERTY IN SAN ANTONIO.

WHAT ARE THE ECONOMIC SAVINGS FOR SAN ANTONIO?

Public anti-poverty spending in the San Antonio metro region decreases by:

$403 MILLION

Public anti-poverty spending per person in the largest 51 metro regions decreases by:

$18,378

PER ONE PERCENT DECREASE IN THE POVERTY RATE
SAN ANTONIO OPPORTUNITY DIVIDEND

WHAT IF THE SAN ANTONIO METRO REGION DECREASES ITS POVERTY RATE BY 1%?

TO DO THIS, THE POVERTY RATE IN THE SAN ANTONIO METRO REGION WILL DECREASE FROM 17.3% TO 16.3%. THEREFORE, THE METROPOLITAN REGION WILL SEE A DECREASE IN PUBLIC ANTI-POVERTY EXPENDITURES OF $403 MILLION. THIS VALUE IS KNOWN AS SAN ANTONIO’S OPPORTUNITY DIVIDEND. COMPARED TO THE OTHER METROPOLITAN REGIONS IN THE COHORT, SAN ANTONIO’S OPPORTUNITY DIVIDEND RANKS 24TH OF THE 51 LARGEST METRO REGIONS, FALLING NEAR THE MIDDLE OF THE COHORT. NEW YORK CITY RANKS FIRST FOR THE OPPORTUNITY DIVIDEND, WITH A CALCULATED SAVINGS OF OVER $3 BILLION. THE ROCHESTER METRO REGION HAS THE LOWEST OPPORTUNITY DIVIDEND WITH NEARLY $200 MILLION SAVINGS IN PUBLIC ANTI-POVERTY SPENDING.

The Opportunity Dividend has been estimated by analyzing the correlation between the number of individuals in poverty and total public sector anti-poverty spending within a metropolitan region. Persons in poverty are defined as the number of people with income less than the poverty threshold over the course of 12 months. Total public anti-poverty spending includes Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), Earned Income Tax Credit (EITC), and other assistance payments.

Poverty Thresholds are defined by the United States Census Bureau for each year by size of family and number of related children under 18 years of age. In 2012 the poverty threshold for one person was $11,720; for a family of four that includes two children, the poverty threshold was $23,283. For more details, please see: https://www.census.gov/hhes/www/poverty/data/threshld/.

Examining poverty rates across the largest 51 metropolitan regions reveals that the Memphis metro region has the highest poverty rate of the cohort in 2012 at nearly 20%, while the Washington, D.C. metro region has the lowest poverty rate at less than 10% (Figure 7). With a 17.3% poverty rate, the San Antonio metro region has the 8th highest poverty rate of the largest 51 metropolitan regions. The average poverty rate of this cohort is 14.8%; including San Antonio, there are 26 metro regions that have a poverty rate above the average.
In order to create the Opportunity Dividend, the number of individuals in poverty is associated with public anti-poverty spending using a regression analysis. We regressed the number of people in poverty on public anti-poverty spending for each of the 51 largest metro regions, using 2012 data.

Figure 3 displays the association of the number of people in poverty to public anti-poverty spending. Calculating the Opportunity Dividend for each metro region signifies that for a decrease in the poverty rate, or the number of poor persons, there is a corresponding savings in public anti-poverty spending. On average, for the largest 51 metro regions, there is a saving of $18,378 per person in public anti-poverty expenditures. What this dollar amount signifies is that for every one person that moves above the poverty threshold, each metro region saves, on average, $18,378 in public anti-poverty expenditures.

**Fig. 3 Opportunity Regression, 2012**

Source: US Census Bureau, American Community Survey; US Bureau of Economic Analysis; y=18.378x-2E+09 \[ R^2 = 0.8621 \]
SAN ANTONIO OPPORTUNITY DIVIDEND MATH

378,226 people live in poverty in the San Antonio metro region

$18,378 public anti-poverty expenditures per impoverished individual

1% reduction in poverty rate

21,911 less people in poverty in the San Antonio metro region

Reducing the number of people in poverty by 1% will reduce public anti-poverty spending in the San Antonio metro region by $403 million annually
This report uses data compiled from a variety of secondary data sources in order to calculate the Opportunity Dividend. Appendix Table A1 details the Opportunity dividend, variable, and source. We used a regression analysis to calculate the Opportunity Dividend based on data for the 51 largest metropolitan regions (see above Table A1 for description of variables and data sources).

The Opportunity Dividend was estimated by multiplying the average savings in poverty spending per person ($18,378) by the number of persons that account for a 1% decrease in the poverty rate. For example, a decline in San Antonio’s poverty rate from 17.3% to 16.3% means that the number of persons in poverty will decline by 21,911 persons. The decline in number of persons in poverty is then multiplied by average savings in poverty spending per person.

The unit of analysis for this study is that of the Metropolitan Statistical Area (MSA), referred to in this report as metropolitan regions, metro regions, or metropolitan areas. MSAs have been defined by using updated 2003 Office of Management and Budget (OMB) delineations.1 A cohort of the largest 51 MSAs is used in this report in keeping with the cohort of CEOs for Cities City Vitals 2.0. For a listing of all MSAs, see Appendix Table B1.

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1MSAs, as defined by the US Census Bureau, are associated with at least one urbanized area with a population of at least 50,000, comprising of the central county/counties (or equivalent entities) containing the core, plus adjacent, outlying counties having a high degree of social and economic integration with the central county/counties as measured through commuting. For more information: http://www.census.gov/prod/cen2010/dac/ct1.pdf.
### Appendix Table B2. Largest 51 Metropolitan Regions Opportunity Dividends (in millions)

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<tr>
<th>MSA</th>
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<td>Value (millions)</td>
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<tr>
<td>San Antonio-New Braunfels, TX</td>
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<tr>
<td>San Diego-Carlsbad-San Marcos, CA</td>
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<td>San Francisco-Oakland-Fremont, CA</td>
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<tr>
<td>San Jose-Sunnyvale-Santa Clara, CA</td>
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<tr>
<td>Seattle-Tacoma-Bellevue, WA</td>
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<td>Tampa-St. Petersburg-Clearwater, FL</td>
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<tr>
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Source: US Census Bureau, 2012 American Community Survey; 2012 US Bureau of Economic Analysis