

History of Capital IDEA | Economic Growth & Innovation in the 1990s

In the early 1990s, Austin Interfaith worked with the City of Austin and Travis County to create a new, locally-funded summer job experience for high school youth in both public and private settings.

Several years after the program started, Time Warner Cable came back to Austin Interfaith and said, “Your kids are great. Do you have any adults?” This was during the boom of the mid-1990s when companies like Time Warner, semiconductor companies, and even hospitals were having to import high-skill workers from around the world to fill their workforce needs. Meanwhile, local families wanted to go back to school for these new careers, but couldn’t afford to. Some were working two or three jobs and still not earning enough to make ends meet. They couldn’t even think about adding the costs of tuition, fees, books, day care, and all the other expenses.



Capital IDEA first board of directors (left to right): Jerris Peavey, Tokyo Electron Texas; Stuart Whitlow, Austin Interfaith; Cindi Kruse, Time Warner Cable; Robert Martinez, Austin Interfaith; Andrea Spencer, Austin Interfaith; Karen Gray, Austin Interfaith; Mary Molina, Austin Interfaith; Ed Berger, Seton Healthcare Network; Anita Hardeman, Austin Interfaith; Harlan Averitt, representing Mark Melliar-Smith of Sematech; Steven Jackobs, Executive Director. Not pictured: Richard Burciaga, Norwest Banks; Libby Malone, St. David’s Healthcare Partnership.

The leaders of Austin Interfaith came up with an elegant and simple idea: let’s use one problem—the need for workers with new, higher skills – to solve another – the lack of opportunity for the 200,000 adults trapped in dead-end jobs in Central Texas. Together with early employer partners Sematech, Seton, St. David’s, and many other



business leaders, elected officials, administrators, policy experts, and our sister organization in San Antonio, Austin Interfaith volunteers laid the groundwork for Capital IDEA, designing a strategy so that an adult could go back to school all the needed wraparound supports, and focus with full attention on long-term education for a real career.

This kind of serious education requires a serious investment. Austin Interfaith approached Travis County Commissioners and Austin City Council to design a new tax abatement policy so that new employers would use part of their subsidy to finance long-term training. It was a win-win: employers would find the skills they needed, and local citizens would find the new opportunities they needed. When Samsung and Photronics opened new factories in Austin and Round Rock in the late 1990s, they led the way by contributing nearly \$2 million a year to the fund.

That \$2 million investment has been paid back many, many times over to the community. A Capital IDEA graduate triples her or his earning power, from an average of only \$13,000 before Capital IDEA to a \$40,000 starting salary in a new career. Our ongoing public investments now yield over \$10 million a year in new earning power for families. Together, our graduates pay over \$3.5 million dollars a year in new taxes, and no longer need over a million dollars annually in public assistance. Our several hundred adult graduates, have become new professionals and leaders in their workplaces and communities. They've inspired thousands of their own children, family, and neighbors to also attend college. Those benefits continue to increase as new graduates enter the workforce, and as previous graduates continue to increase their earning power.