



# City of San Antonio

## Legislation Details (With Text)

**File #:** 20-2687

**Type:** Staff Briefing - With Ordinance

**In control:** City Council A Session

**On agenda:** 4/9/2020

**Title:** Ordinance moving a previously ordered Sales and Use Tax Election to authorize the continuation of the current 1/8th cent sales and use tax for eight additional years for the benefit of the San Antonio Early Childhood Education Municipal Development Corporation's Pre-K 4 SA Program from May 2, 2020, to November, 3 2020. [Carlos J. Contreras III, Assistant City Manager; Sarah Baray, Ph.D., CEO, Pre-K 4 SA]

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Staff Presentation, 2. Ordinance 2020-04-09-0245

| Date     | Ver. | Action By              | Action   | Result |
|----------|------|------------------------|----------|--------|
| 4/9/2020 | 1    | City Council A Session | approved | Pass   |

**DEPARTMENT:** City Manager's Office

**DEPARTMENT HEAD:** Carlos J. Contreras III

**COUNCIL DISTRICT(S) IMPACTED:** City Wide

### SUBJECT:

Moving May 2, 2020 Special Election to November 3, 2020

### SUMMARY:

An Ordinance ordering a sales and use tax election to be moved from May 2, 2020 to November 3, 2020 in the City of San Antonio, Texas to reauthorize the current 1/8th of a cent sales and use tax for a period of eight years for the benefit of the San Antonio Early Childhood Municipal Development Corporation's (the "Corporation") Pre-K 4 SA Program, in accordance with Chapter 379A of the Texas Local Government Code.

### BACKGROUND INFORMATION:

In August 2012, City Council authorized the creation of the San Antonio Early Childhood Education Municipal Development Corporation for the purposes of developing early childhood literacy and educational programs in accordance with Chapter 379A of the Texas Local Government Code, known as the Better Jobs Act. In November 2012, San Antonio voters approved a 1/8th of a cent sales tax for the benefit of the

Corporation to fund the Pre-K 4 SA Initiative for an initial eight-year period. The program increases the quality of early learning in San Antonio using a four-pronged approach: education centers, professional learning, family engagement, and competitive grants. Each year, 2,000 children are served directly at the four education centers and the program additionally supports more than 55,000 children through professional learning and competitive grants.

Pre-K 4 SA is governed by an eleven-member Board of Directors appointed by City Council. Board Members serve two-year staggered terms. The program is self-supported with the 1/8 cent sales tax approved by voters in 2012 and does not receive any revenue from the City's General Fund. The program's business model is to partner with independent school districts to leverage state funding for Pre-K. Under terms of the memorandum of understanding (MOU) between Pre-K 4 SA and partner school districts, eligible children who are enrolled at a Pre-K 4 SA Education Center are dually enrolled in their school district. In exchange for providing full-day prekindergarten services, Pre-K 4 SA receives the majority of the state funding from the districts. Current partner school districts include East Central ISD, Edgewood ISD, Harlandale ISD, Northside ISD, North East ISD, San Antonio ISD, Southside ISD, Southwest ISD, and New Frontiers Public Schools.

Independent evaluations demonstrate that San Antonio's investment in quality early learning has had a positive effect even beyond children enrolled in the four Education Centers. Pre-K 4 SA closes the gap in kinder readiness and has lasting effects including better attendance, decreased need for special education services, and better 3rd grade math and reading scores. A recent cost-benefit study by researchers from Westat, University of Pennsylvania, and Teacher's College at Columbia University calculated that after subtracting the costs of the program, Pre-K 4 SA will have returned over \$59 million in benefits to the San Antonio community in its first eight years.

In 2019, the Texas legislature passed HB 3, which provides funding to incentivize school districts to offer full-day Pre-K to eligible children. However, HB3 does not expand the number of children eligible for public Pre-K and does not require districts to meet quality standards identified by the National Institute for Early Education Research. Even after the passage of HB3, 40% of San Antonio's 25,000 four-year-olds are not eligible for public Pre-K. Of those families who are not eligible, between 3,000 and 5,000 of those families are unable to afford high quality Pre-K in the private sector.

In preparation for possible reauthorization, Pre-K 4 SA developed and presented its value proposition to City Council on January 16, 2020. The value proposition accounted for implementation of HB3 and consisted of the following elements:

- Continue to serve San Antonio's children and families with the greatest educational need at four best-in-class demonstration sites
- Over an 8-year period, create 3,000+ additional free seats for children from middle-class families (household incomes between \$45K-\$65K)
- Offer free Professional Learning to strengthen San Antonio's early learning teaching corps
- Support and strengthen families as advocates for their children and increase access to the workforce and higher education through Family Engagement
- Award grants to support quality early learning infrastructure across the city

City Council voted on February 13, 2020 to order a sales and use tax election to be held on May 2, 2020 to reauthorize the current 1/8th of a cent sales and use tax for a period of eight years for the benefit of the San Antonio Early Childhood Municipal Development Corporation's (the "Corporation") Pre-K 4 SA Program, in accordance with Chapter 379A of the Texas Local Government Code.

Since City Council's action to order a sales and use tax election to be held on May 2, 2020, the community has

been substantially impacted by the COVID-19 pandemic. In response to COVID-19, Governor Greg Abbott issued a proclamation on March 18, 2020 suspending provisions of the Texas Election Code to allow political subdivisions to postpone their May 2, 2020 elections until the next uniform date, occurring on November 3, 2020.

## ISSUE:

This Ordinance, if approved by Council, will order the special election to be moved from May 2, 2020 to November 3, 2020 in the City of San Antonio, Texas to reauthorize the current 1/8th of a cent sales tax for a period of eight years for the benefit of the San Antonio Early Childhood Municipal Development Corporation, in accordance with Chapter 379A of the Texas Local Government Code.

To continue funding the Pre-K 4 SA Initiative, the City must hold a sales and use tax election in accordance with the Local Government Code.

The services of Pre-K 4 SA are more vital now than ever as families are faced with unprecedented financial hardship due to the closure of schools and businesses across San Antonio in response to COVID-19. While the long-term financial impacts of the pandemic will not be known for several months, it is expected that, due to loss of income, many more children in the community will become eligible for free, public pre-kindergarten. In addition, many more families will fall in the middle class range between 45K-\$65K, and be unable to afford high-quality pre-kindergarten in the private sector.

Pre-K 4 SA remains committed to serving the most vulnerable children in the community, and will work with its partner districts to determine how to best respond to the changing landscape in the coming months. While reauthorization will still include an expansion to middle-class families, the duration of the initial ramp-up period will remain flexible to account for the anticipated increase in children who meet state eligibility requirements. Additionally, scope of services to educators, including Professional Learning and Grants, will be scaled proportionately so that families and students are given priority.

If approved by voters, the renewed sales tax would be authorized for an additional eight year period, commencing on April 1, 2021 immediately after the full collection of sales and use tax previously authorized by the voters in November 2012.

This ordinance, if approved by Council, will order the election for May 2, 2020 to be moved to November 3, 2020 with the following dates for early voting:

### **November 3, 2020 Election**

|                      |                  |
|----------------------|------------------|
| Election Called:     | April 9, 2020    |
| Early Voting Begins: | October 19, 2020 |
| Early Voting Ends:   | October 30, 2020 |
| Election Day:        | November 3, 2020 |

This item authorizes the Special Election to be held jointly with other participating local political subdivisions located within Bexar County as proscribed by law. The City shall 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 shall 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 could choose not move the special election ordered for May 2, 2020.

## FISCAL IMPACT:

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

|  |        |         |
|--|--------|---------|
| State  | 6 ¼ %  | 0.06250 |
| City: General Fund                               | 1%     | 0.01000 |
| 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 % | 0.0825  |

If the proposition passes, the City would continue at the maximum sales tax allowed by law of 8.25%.

The City of San Antonio has previously authorized entering into a contract with the Bexar County Elections Office in an amount up to \$900,000 and approved the prior appropriation of funds from the FY 2020 Adopted Pre-K 4 SA fund balance to be used for the November 3, 2020 election.

## RECOMMENDATION:

City Staff recommends approval of moving a special election to be held on May 2, 2020 to November 3, 2020 in the City of San Antonio, Texas to reauthorize the current 1/8th of a cent sales tax for a period of eight years for the benefit of the San Antonio Early Childhood Municipal Development Corporation, in accordance with Chapter 379A of the Texas Local Government Code.

## DEPARTMENT HEAD AUTHORIZATIONS:

|             |            |                          |
|-------------|------------|--------------------------|
| Tina Flores | City Clerk | Office of the City Clerk |
| Sarah Baray | CEO        | Pre-K 4 SA               |