



City of San Antonio

Agenda Memorandum

File Number:20-1439

Agenda Item Number: 4.

Agenda Date: 2/13/2020

In Control: City Council A Session

DEPARTMENT: City Manager's Office

DEPARTMENT HEAD: Carlos Contreras

COUNCIL DISTRICT(S) IMPACTED: City Wide

SUBJECT:

Ordering May 2, 2020 Special Election

SUMMARY:

An Ordinance ordering a sales and use tax election to be held on May 2, 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; authorizing a contract with the Bexar County Elections Office in an amount up to \$900,000 to conduct the election; and appropriating funds from the FY 2020 Adopted Pre-K 4 SA fund balance pending approval by the Corporation's Board of Directors.

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 half-day 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.

HB3, which passed in the 2019 legislative session, provides additional 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. Pre-K 4 SA helps to fill the access and quality gap by creating additional high-quality seats and providing grants and professional learning to address quality standards in public, private, and parochial schools and child development centers across San Antonio's early learning landscape.

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.

ISSUE:

This Ordinance, if approved by Council, will order a special election to be held on May 2, 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 current model of the Pre-K 4 SA program uses a four-pronged approach to increase the quality of early learning in San Antonio: education centers, professional learning, family engagement, and competitive grants. Reauthorization will allow Pre-K 4 SA to continue delivering results and provide even more of San Antonio's four-year-olds with access to free, high quality full-day pre-kindergarten. The May 2020 reauthorization of funding for the Pre-K 4 SA Initiative would consist 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

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 with the following dates for early voting:

May 2, 2020 Election

Election Ordered:	February 13, 2020
Early Voting Begins:	April 20, 2020
Early Voting Ends:	April 28, 2020
Election Day:	May 2, 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 May 2, 2020 election will be considered at a later meeting.

ALTERNATIVES:

One alternative would be to not call for the special election regarding the San Antonio Early Childhood Municipal Development Corporation.

The City Council can also choose to postpone ordering the election until November 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 initial Pre-K 4 SA sales tax authorized in 2012 has generated approximately \$34 million annually in revenue. If the sales tax is renewed, it is projected to generate, on average, \$46 million in annual revenue.

This ordinance authorizes the City of City of San Antonio to enter into a contract with the Bexar County Elections Office in an amount up to \$900,000 and the appropriation of funds from the FY 2020 Adopted Pre-K

4 SA fund balance pending approval of the Corporation's Board of Directors.

RECOMMENDATION:

City Staff recommends approval of ordering a special election to be held on May 2, 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.