



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 4.

Agenda Date: 5/12/2021

In Control: City Council B Session

DEPARTMENT: Pre-K 4 SA

DEPARTMENT HEAD: Sarah Baray, Ph.D.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Pre-K 4 SA FY 2022 Budget

SUMMARY:

During the May 12, 2021 "B" Session, staff will present a program overview and briefing on the Pre-K 4 SA FY 2022 Proposed Amended Budget to be considered by the Pre-K 4 SA Board of Directors on May 13, 2021. The Council is scheduled to consider approving the FY 2022 Pre-K 4 SA Adopted Budget on May 20, 2021 as required by the Corporation bylaws.

BACKGROUND INFORMATION:

In August 2012, City Council authorized the creation of the San Antonio Early Childhood Education Municipal Development Corporation for the purposes of increasing literacy through high quality early childhood education 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. In November 2020, voters approved a reauthorization of the 1/8th of a cent sales tax for an additional eight-year period, funding the program through 2029.

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 56,000 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 a 1/8 cent sales tax approved by voters in 2012, and reauthorized in 2020. The program does not receive any revenue from the City's General Fund.

Independent evaluations demonstrate that San Antonio's investment in high 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.

City staff will provide City Council with an overview of the Pre-K 4 SA FY 2022 Proposed Amended Budget to be considered for adoption by the Pre-K 4 SA Board of Directors on May 13, 2021. The Board of Directors Bylaws, approved by City Council, require that City Council approve the program's annual Budget on or before July 1 of each year. As stated in the bylaws, an Annual Budget is required to be adopted by the Board by May 1 each year and approved by City Council prior to the start of the new fiscal year on July 1. Council consideration of the Board of Director's Adopted FY 2022 Budget is scheduled for the Council "A" session on May 20, 2021.

ISSUE:

Pre-K 4 SA is a comprehensive initiative with four components designed to improve the quality of early childhood education throughout San Antonio: 1) four model Education Centers serving 2,000 children annually; 2) family outreach and engagement; 3) free, best-in-class professional development for early childhood educators; and 4) competitive grants providing support of Pre-K 4 SA programming in public, private, charter, and parochial schools and child development centers.

The four Pre-K 4 SA Education Centers, located in the North, South, East and West quadrants of San Antonio, serve 500 students each in a full-day program with free extended hour learning for working families. Every PreK 4 SA classroom is staffed with a certified teacher and credentialed assistant teacher who have specialized training. For FY 2022, Pre-K 4 SA will have a total of 104 Certified Teachers, 100 Assistant Teachers, 65 Full-Time Teacher Assistants, and 31 Part-Time Teacher Assistants. The program will have a total of 447 authorized positions. Pre-K 4 SA has budgeted for full-day security coverage at all four education centers with security services that may include the use of SAPD officers for the 2021-2022 school year. The Education Centers meet national standards for high quality early childhood education and serve as demonstration sites to assist other pre-kindergarten programs improve quality. The Education Centers also serve as incubators of innovation to test new ideas that are shared with pre-kindergarten programs across the city.

The Professional Learning department at Pre-K 4 SA provides a comprehensive program that offers coaching services to educators from public, private, charter, and parochial schools and child development centers throughout the year to demonstrate best-practices in early childhood education.

Pre-K 4 SA distributes grants to increase the quality of programs providing early learning and care. Funds allow education partners to implement Pre-K 4 SA's proven practices in their own programs. This includes low student-teacher ratios, increased teacher credentials, and high-quality curriculum and assessments.

As part of the grants program, Pre-K 4 SA operates the Gardendale Early Learning Program in partnership with

Edgewood ISD. Through this partnership, Pre-K 4 SA and Edgewood ISD are building a model program to serve children in prekindergarten through second grade. The program is expected to enroll 400 children for the 2021-22 school year and serve as a replicable demonstration site.

Through the various components of the program, Pre-K 4 SA reaches approximately 58,000 students annually. This includes children served at the four Education Centers and through competitive grants and professional learning opportunities for educators.

Since adopting the budget on April 6, 2021, Pre-K 4 SA has received updated Sales Tax projections from the Office of Management and Budget as a part of their FY 2021 6+6 Mid-Year Financial Report. In order to align with the City's budget, Pre-K 4 SA has been asked to update its FY 2021 Re-Estimate and FY 2022 Adopted Sales Tax figures. The Pre-K 4 SA Board is scheduled to consider the FY 2022 Proposed Amended Budget for adoption on May 13, 2021. Below is an overview of Pre-K 4 SA's Proposed Amended Operating Budget for FY 2022 to include major program areas.

Revenues	FY 2022 Proposed Budget
Dedicated Sales Tax	\$39,464,706
State/Local Match	3,720,000
USDA (Food)	1,526,481
Sliding Scale Tuition	375,000
Interest/Misc. Revenue	16,245
Fund Balance	6,272,783
<i>Total Available Funds</i>	<i>\$51,375,215</i>
Operating Expenses and Transfers	FY 2022 Proposed Budget
Pre-K 4 SA Education Centers	\$27,354,720
Transportation Services	528,537
Facilities, Leases & Maintenance	7,540,567
Competitive Grants	3,391,799
Professional Learning	1,891,142
Program Assessment	268,750
Enrollment/Attendance Services	560,108
Public Relations/Marketing	992,764
Sales Tax Collection Fee	781,758
Administration	1,707,672
Transfers to Other Funds	866,450
<i>Total Budget</i>	<i>\$45,884,267</i>

The Pre-K 4 SA program utilizes 1/8 cent of a local sales tax levied within the City of San Antonio city limits. Sales tax makes up 77% of the Pre-K 4 SA total revenue.

The FY 2022 sales tax budget of \$39,464,706 assumes a 5% increase in revenue as compared to the FY 2021 estimated sales tax revenue of \$37,714,896. The FY 2021 estimate reflects nine months of actual sales tax revenue (July-March) combined with projected revenue for the remainder of the Pre-K 4 SA Fiscal Year (April-June), as well as reflects projected impacts of COVID-19.

The State/Local Match is revenue that Pre-K 4 SA receives from each of eight participating school districts. Pre-K eligible children enrolled at the Pre-K 4 SA Education Centers may be dually enrolled in their local school district. The school districts receive state and local funds per student enrolled. A portion of this funding is sent to Pre-K 4 SA to offset the operating costs of educating the students. The USDA (Food) program is revenue from a US Department of Agriculture nutrition reimbursement program that allows Pre-K 4 SA to receive funds for a portion of each meal provided to the students. Also, Pre-K 4 SA offers sliding scale tuition for families that do not meet state eligibility requirements to attend prekindergarten, or reside in a non-participating school district.

The FY 2022 Board of Director's Proposed Annual Expenditure Budget reflects a 9% increase from the FY 2021 Adopted Annual Budget. Pre-K 4 SA will accept a total of 2,000 students for the 2021-2022 school year. Appropriations are required for the hiring of Education Center staff, food service, and other expenses required for the daily operations of each Education Center, and reflect a restoration of services and positions in preparation for post-COVID operations.

ALTERNATIVES:

The Board of Director's Adopted FY 2022 Pre-K 4 SA Budget will be placed on the agenda for the May 20, 2021 "A" Session. City Council could choose to not approve the Board of Director's Adopted FY 2022 Pre-K 4 SA Budget and request changes to the budget by the Corporation. In this event, the Corporation's Board of Directors would need to amend their adopted Budget and forward the budget to the City Council for approval.

FISCAL IMPACT:

This is a briefing only and will not impact the City's General Fund Budget. The City Council is scheduled to consider approving the FY 2022 Pre-K 4 SA Budget on May 20, 2021, as required by the Pre-K 4 SA bylaws. The FY 2022 Pre-K 4 SA Adopted Budget is \$45,884,267.

RECOMMENDATION:

This is a staff briefing. Staff intends to bring the Pre-K 4 SA FY 2022 Adopted Operating Budget to City Council for consideration on May 20, 2021.