



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 22

Agenda Date: May 19, 2022

In Control: City Council A Session

DEPARTMENT: Pre-K 4 SA

DEPARTMENT HEAD: Dr. Sarah Baray

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Pre-K 4 SA FY 2023 Budget

SUMMARY:

Ordinance approving the Pre-K 4 SA FY 2023 Budget for the fiscal year beginning July 1, 2022 and ending on June 30, 2023 in the amount of \$52,912,591.00, and personnel complement as adopted by the San Antonio Early Childhood Education Municipal Development Corporation Board of Directors on April 5, 2022.

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. Pre-K 4 SA is governed by an eleven-member Board of Directors appointed by City Council serving two-year staggered terms. The program does not receive any revenue from the City's General Fund.

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. 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.

Independent evaluations demonstrate that San Antonio's investment in high quality early learning has had a positive effect in children even beyond their enrollment in Pre-K 4 SA. The program 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 2019 cost-benefit study by researchers from Westat, University of Pennsylvania, and Teacher's College at Columbia University monetized Pre-K 4 SA program outcomes to calculate a return of more than \$59 million to the community in the program's first eight years.

By design, Pre-K 4 SA does more than provide an outstanding educational experience to children who attend a Pre-K 4 SA school. Pre-K 4 SA also increases access to high-quality early learning by supporting other early learning programs through grants and professional learning. Since receiving grant funding from Pre-K 4 SA, six partner districts and two schools in the Archdiocese system have increased the quality of their prekindergarten programs as measured by the National Institute of Early Education Research (NIEER) Prekindergarten Benchmarks, which are associated with long-term benefits for children. NIEER ranks Texas public prekindergarten programs as meeting only four of the 10 benchmarks, among the lowest in the nation. In contrast, every Pre-K 4 SA partner district and school meets at least 6 benchmarks. Two districts meet more than eight benchmarks, making them Gold Standard programs.

During the May 4 "B" Session, City Council was provided with a programmatic update and informational briefing on the Pre-K 4 SA FY 2023 Annual Budget that was adopted by the San Antonio Early Childhood Education Municipal Development Corporation Board of Directors on April 5, 2022.

ISSUE:

This ordinance approves the Pre-K 4 SA FY 2023 Budget for the fiscal year beginning July 1, 2022 and ending on June 30, 2023. The Board of Directors Bylaws, approved by City Council, require an Annual Budget 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.

Personnel Complement. The FY 2023 Pre-K 4 SA personnel complement consists of 467 authorized positions, which includes 104 Certified Teachers, 101 Assistant Teachers, 65 Full-Time Teacher Assistants, and 31 Part-Time Teacher Assistants. 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 2022-2023 school year.

Annual Operating Budget. Below is an overview of Pre-K 4 SA's Annual Operating Budget for FY 2023 to include major program areas.

Revenues	FY 2023 Budget
Dedicated Sales Tax	\$46,861,557
State/Local Match	2,095,732
USDA (Food)	867,740
Sliding Scale Tuition	172,000
Interest/Misc. Revenue	33,872
Fund Balance	19,114,933
Total Available Funds	\$69,145,834
Operating Expenses and Transfers	FY 2023 Budget
Model Schools	\$26,091,748
Operational Systems & Services	1,967,387
Facilities, Leases & Maintenance	7,728,888
Competitive Grants	4,214,408
Professional Learning	3,908,369
Program Evaluation & Research	422,893
Outreach, Engagement & Communication	2,334,914
Sales Tax Collection Fee	923,565
Administration	1,383,471
Transfers to Other Funds	3,936,949
Total Budget	\$52,912,591

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 68% of the Pre-K 4 SA total revenue. The FY 2023 sales tax revenue of \$46,861,557 assumes a 3% increase as compared to the FY 2022 estimated sales tax revenue of \$45,490,055. The FY 2022 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). The sales tax revenue has been updated since it was presented to the Board of Directors on April 5 to reflect the sales tax projection in the General Fund that was presented to Council on May 11 as a part of the 6+6 re-estimate.

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 Pre-K 4 SA FY 2023 Adopted Annual Operating Budget reflects a 15% increase from the FY 2022 Adopted Annual Operating Budget. Pre-K 4 SA will accept a total of 2,000 students for the 2022-2023 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 reflects an expansion of services to 3 year-old children and the addition of 20 positions.

ALTERNATIVES:

City Council could choose to not approve the FY 2023 Pre-K 4 SA Budget and request changes to the budget by Pre-K 4 SA. In this event, the Board of Directors would need to amend their adopted Budget and forward the budget to the City Council for approval.

FISCAL IMPACT:

This action will not impact the City's General Fund Budget. The FY 2023 Pre-K 4 SA program Budget, as adopted by the Board of Directors on April 5, 2022, is \$52,912,591. This action also will allow for any budget adjustments necessary to reflect internal services and indirect cost assessments originally authorized in the City's FY 2022 budget.

RECOMMENDATION:

Staff recommends that City Council approve the FY 2023 Annual Budget as recommended and adopted by the San Antonio Municipal Development Corporation Board of Directors on April 5, 2022.