

CITY OF SAN ANTONIO

PROGRAM

Full-Day Prekindergarten for Low-Income 4-Year-Olds

FUNDING MECHANISM

Sales Tax Referendum

OPPORTUNITY

San Antonio has a high drop-out rate, low fourth grade reading scores and widespread childhood poverty. The city is investing in prekindergarten as a strategy to promote school readiness and better academic performance. Sixty five percent of the city's four-year-olds from low-income families were enrolled in full-day prekindergarten programs. Mayor Julian Castro sought to serve 100 percent of eligible four-year-olds.

SUMMARY

In November of 2012, San Antonio voters approved a referendum to increase local sales taxes by 1/8th of a cent to fund Pre-K 4 SA, a voluntary full-day prekindergarten program for four-year-olds from low-income families. The sales tax increase is estimated to provide about \$33.6 million per year for eight years for a total of \$268 million. It is estimated to cost an additional eight dollars per household per year.

CHALLENGES

Anti-Tax Increase Sentiment // The bipartisan, business-led task force helped gain support for a modest increase in the sales tax in a community where there was an anti-tax sentiment.

Partisan Politics // Mayor Castro was a Democrat elected in a conservative community. The campaign was positioned carefully, so it was viewed as bipartisan.

GETTING TO ACTION

Mayor Castro created a task force focusing on education outcomes. He recruited USAA CEO Major General (Ret.) Joe Robles and H-E-B (large grocery chain) Chairman and CEO Charles Butt as co-chairs. The task force was charged with addressing the following question: What is the single best use of an increase in the sales tax? The final task force report recommended investing in full-day prekindergarten.

- May 2011** | Mayor Julian Castro announced a task force led by business leaders and education experts. The task force reviewed three areas: early childhood education, high school dropout prevention and college attainment.
- June 2012** | Brainpower Task Force Report released. The task force recommended Pre-K 4 SA as the most effective way to change the trajectory for a child.
- Aug 2012** | City Council consideration and approval.
- Nov 2012** | Voter Referendum Wins 53.5% vs 46.4%.
- Sept 2013** | Program begins with the operation of two centers, two more were added in 2014.
- 2014** | The Pre-K 4 SA campaign raised nearly \$400,000 from private individuals and corporations to elevate the visibility and support for the initiative through television, radio and other media. Many small individual donations of \$7.81 were made, the same amount that the sales tax increase was estimated to cost the average household.

RESULT

San Antonio began its third year of full-day prekindergarten in the fall of 2015. Four model education centers located in different quadrants of the city each serve 500 four-year-old children. Extended day (before and after care) is available at each of the centers. Participation is selected through a lottery administered by participating school districts. Pre-K 4 SA is free for children from low-income families who live within the seven participating school districts; ten percent of the slots are reserved for tuition paying families. Children from non-participating districts and children who do not meet the income criteria may attend and pay according to a sliding fee scale. In 2016, competitive grants will be awarded to local school districts, charter schools, private and parochial schools or community-based providers to serve an additional 1,700 children annually. The program is subject to voter reauthorization in November 2020.

KEYS TO SUCCESS

- ▶ *Mayor and City Council championed the initiative*
- ▶ *Initiative was time-limited (not in perpetuity)—an eight year-pilot program*
- ▶ *The measure was paid for and the revenue source was broad-based (sales taxes)*
- ▶ *Leaders built support by passing a resolution as a first step*
- ▶ *A bi-partisan task force led by business leaders played a critical role*
- ▶ *A broad-based advocacy effort/coalition assisted in campaigning in support of the referendum*
- ▶ *Sufficient fundraising was in place to support the campaign*



HOW DOES SALES TAX WORK IN NORTH CAROLINA?

Local governments in North Carolina are not allowed to dedicate revenue to specific initiatives from increasing the local sales tax rate. Local governments can adopt a resolution defining the intent of the sales tax increase.

The state could provide greater authority for local governments to raise sales tax rates and dedicate a portion of sales tax that is distributed through the state to certain purposes, or it could pilot a local effort.