



To: The Honorable Harvey S. Peeler, Jr., Chairman of the Senate Finance Committee  
The Honorable Bruce W. Bannister, Chairman of the House Ways and Means  
Committee

From: Georgia Mjartan, Executive Director, SC First Steps

Date: March 15, 2023

**RE: First Steps 4K Underserved Communities Report Pursuant to Proviso 1.55**

Proviso 1.55 of the General Appropriations Act for FY23 specifies that:

*For the current fiscal year, the Office of First Steps may expend: (1) up to \$2,000,000 to pilot a program to provide higher reimbursement rates to high-quality childcare centers. The reimbursement rate for students enrolled by child care providers rated B or higher in the ABC Quality System operated by the Department of Social Services may be increased by up to 10% of the per-student base following guidelines developed by the Office of First Steps; and (2) up to \$100,000 to provide one-time supplemental, needs-based incentive grants in an amount not to exceed \$30,000 for newly created and/or newly approved private providers proposing to expand service to ten or more CERDEP eligible children in communities unable to enroll all eligible students in a public, private, or Head Start setting during the prior fiscal year. These grants are designed to address building renovations, documented as necessary to bring proposed classrooms into compliance with licensing regulations, materials and staffing costs, and/or other obstacles currently preventing their participation in the program. The First Steps Board of Trustees shall develop and approve an application process that incorporates formal review and fiscal safeguards designed to ensure grant funds are used solely to address documented barriers to program participation. Providers receiving this one-time supplement shall be expected to participate in the program and provide high-quality, center-based programs as defined herein for a minimum of three years. Failure to participate for three years shall require the provider to return a portion of the supplemental allocation at a level determined by the Office of First Steps to School Readiness. First Steps shall submit a report detailing its process, expenditures and expanded enrollment to the Chairman of the House Ways and Means Committee and the Chairman of the Senate Finance Committee by March 15.*

Pursuant to the terms of the proviso, I am writing to provide an update on First Steps 4K implementation of Proviso 1.55.

- (1) We currently are paying the higher reimbursement rate to 150 centers who have earned a "B" or higher rating with ABC-Quality, our state's quality rating and improvement system. To date South Carolina First Steps 4K has spent or encumbered \$953,279.97 for higher reimbursement rates and anticipates a total spending of \$1.33M during FY23.

2022-2023	Amount	# of centers "B" or above	# of students
July	77,363.52	128	1,584
August	42,106.97	102	1,037
September	84,145.50	113	1,231
October	153,319.05	144	1,706
November	124,294.75	150	1,903
December	78,712.35	149	1,921
January	124,983.55	148	1,933
February	128,977.25	150	1,967
March	139,377.03	150	1,937
April (estimate)	120,000.00	150	1,930
May (estimate)	130,000.00	150	1,930
June (estimate)	123,000.00	140	1,800
<b>Total</b>	<b>1,326,279.97</b>		

(2) Following ratification of the General Appropriations Act for FY18, the First Steps Board of Trustees developed, reviewed, and approved the required center application at its meeting on June 16, 2017. The final, board-approved, application was promoted to local partnerships and centers and published on our website. Applications were submitted digitally.

SC First Steps 4K will fund grants during FY23 for a total of \$100,000 to expand slots in underserved communities across South Carolina. Applications have been received and are in review process. Successful grant recipients will be reported when reviews are complete.

We are grateful for the General Assembly's continued emphasis on creating opportunities for the state's at-risk pre-kindergartners. We are thankful for your bold leadership to include all deserving four-year olds in our great state of South Carolina.

cc: David Morley, Chair, SC First Steps Board of Trustees  
Martha Strickland, 4K State Director, SC First Steps  
Mark Barnes, Director of Administration, SC First Steps  
Kaitlyn Richards, Government Affairs Liaison, SC First Steps  
Grant Gibson, Senate Education  
Marc Truesdale, House Ways and Means