

Oversight Report Summary

SC First Steps to School Readiness

September 2019



SC First Steps to School Readiness is a state entity and a non-profit organization that provides services to (primarily disadvantaged) children aged zero to five, to prepare them for school. First Steps is governed by a 25 member Board of Trustees. The state office acts as the primary funding entity for the 46 Local County Partnerships and distributes funding to them via a funding formula approved by the Board of Trustees. In addition to funding the Partnerships, the state office reviews and approves their annual plans and provides oversight and support. These entities provide a variety of services, based upon their approved plans, to children and families both directly and indirectly through other providers. First Steps also acts as the funding entity for four-year-old kindergarten programs at private child care centers and provides training and technical support to these entities. The agency monitors these centers through visits and in person observation to ensure that policies are followed and the appropriate curriculum is utilized. First Steps also convenes and supports the Early Childhood Advisory Council, which facilitates collaboration and integration across the state's early childhood serving agencies.

Agency at a Glance

The stated mission of SC First Steps to School Readiness is to help families and caregivers prepare their children for school success by maximizing public and private community resources to deliver, enhance and expand high-quality early childhood services. With a General Fund budget of \$43 million and total funds authorization of \$47.6 million, the agency works through the 46 local county partnerships and private childcare centers to provide services to the target population. The agency acts as the funding entity and provides support including training and technical assistance as well as monitoring the local entities.

Issues

Incorrect Acronym Reference in Budget Provisos

The Child Development Education Pilot Program CDEPP that was created in temporary proviso was replaced by the Child Early Reading Development and Education Program (CERDEP) in Act 284 of 2014. However, several provisos governing this program still refer to CDEPP.

- **Legislative Recommendation:** The General Assembly may wish to amend provisos 1.72, 1A.53 and 1A.61 to reflect the current acronym for the four-year-old kindergarten program to ensure consistency in the various references to the same program.

Agency Status - Independent Agency/Office

In most respects, First Steps operates as a state agency and is undergoing oversight in both the Senate and House which would indicate that it is perceived as an independent agency.

- **Legislative Recommendation:** The General Assembly may wish to define in statute the status of the SC First Steps to School Readiness to clarify if it is an independent state agency and assign it a separate section in the Appropriations Act.

Composition of Governing Body

The governing body of First Steps is unusually large and, in addition to appointees, it is comprised of ex-officio members from various state agencies. Also, one member of the Board of Trustees is the Executive Director of one of the local partnerships. Both of these situations sometimes compel many of the Board Members to recuse themselves from voting due to conflicts of interest.

- **Legislative Recommendations:** The General Assembly may wish to statutorily prevent local partnership employees from serving on the First Steps Board of Trustees. The General Assembly may wish to revise the composition of the Board to have current ex-officio members of the Board of Trustees serve only in the role of members of the Early Childhood Advisory Council which the current Board of Trustees devolves into for separate meetings. The Executive Director of First Steps could also be a member of this body.

Local Partnership Association

While First Steps routinely interacts with the local partnerships and solicits input, there is no officially designated organization to represent the unified views of the partnership community.

- **Agency Recommendation:** The Director of First Steps should seek to establish an advisory panel of Local Partnership Directors to solicit official input into proposed policies of the agency to help inform the Board of Trustees about agreed upon local views regarding issues impacting the service delivery community.

Allocation Formula to Local Partnerships

The current funding formula seems overly complex and some of the factors appear to be redundant in capturing data. Some of the factors used are no longer collected meaning that portions of the formula are based on out of date information potentially skewing the results.

- **Agency Recommendation:** The staff of First Steps should develop a recommendation for the Board of Trustees to adopt a simplified formula using fewer factors which are currently collected to broadly depict variations in need between the counties. In order to ensure the State's goals of school readiness are being addressed, the agency should consider adopting requirements that a certain percentage of the local funding be expended for specific program areas such as home visitation, quality child care or literacy. These percentages could be tied to the demographics of the individual counties to address the needs in those counties.

Consolidation

Many of the Local County Partnerships receive a supplemental allocation to meet the minimum allocation amount of \$200,000. This indicates that based upon the factors used to determine need, these counties do not qualify for the funding necessary to adequately operate a local partnership.

- **Agency Recommendation:** For those Local Partnerships qualifying for less than the minimum funding allocation or providing fewer services, First Steps should develop a component to the funding formula that would incentivize consolidation of these smaller local partnerships under a larger regional office.

Carry Forward in Four-Year-Old Kindergarten

Using available carry forward might provide a means of incentivizing private providers in hard to reach areas to make additional CERDEP slots available. The current flat rate reimbursement limit for 4K programs limits the ability of First Steps to provide these incentives.

- **Legislative Recommendation:** The General Assembly may wish to consider revising the current limitation on 4-K reimbursement to provide for an increase in the rate for centers that meet certain conditions such as being located in an area defined as rural that lacks adequate opportunities for 4-K education and/or centers that meet specified quality criteria. First Steps could be directed to develop a proposal to present for the consideration of the General Assembly.

Evaluating Success

Neither the agency nor those tasked with evaluating these efforts seem to be able to adequately articulate to policymakers what constitutes success or the level of success achieved either state-wide or by individual counties. Often, inputs such as students served or number of individual home visits are used to assess programs.

- **Agency Recommendation:** First Steps should work with stakeholders, including the appropriate legislative Committees, to develop and adopt agreed upon quantifiable output measures for determining the success of programs such as the Kindergarten Readiness Assessment (KRA) to determine if the strategies being used at the local partnerships are achieving the goal of school readiness.

Student Tracking - Student Unique Number System (SUNS)/Data Analysis

Currently, it is difficult to track all of the various interventions that an individual child and or/family may have received to improve school readiness. Without the ability to accurately track children receiving services from both First Steps and other agencies providing early intervention services such as Children's Trust, it is difficult to determine what suite of services produce positive results or to track the long term impact of these services.

- **Legislative Recommendation:** The General Assembly may wish to require that students receiving any of the various early childhood education services provided by First Steps or other early childhood entities be assigned a SUNS number and that all of these services be recorded in the child's educational record.
- **Agency Recommendation:** First Steps should update the current student tracking system to a more advanced model that would allow for better tracking of children, families, and services and improve the agency's capacity to utilize the data that is collected.

Involvement of Local Partnerships in 4-K Program

The primary advantage of First Steps administering the private sector CERDEP 4K program is the ability of the local partnerships to leverage their relationships within the local community to identify eligible children, persuade local providers to render services to these children and to provide training and assistance to these private centers to improve quality. While it may be efficient for First Steps to maintain the fiduciary responsibility to pay providers, and to monitor compliance by the providers with programmatic guidelines to promote quality, this does not afford the local partnerships a role in this process. Absent this local ability to match providers with children and promote improved quality there appears to be little reason for this program to not be administered jointly with the public 4-K program at the State Department of Education.

- **Agency Recommendation:** The agency should adopt a policy, which gives the local partnerships a formal role in promoting CERDEP 4-K to parents and providers, recommending placement and improving quality.

Quality

The Director of First Steps has indicated a commitment to the DSS operated ABC quality program as the state's means of assuring quality childcare. However, approximately eighteen percent of the local partnerships' expenditures of state funds are for child care quality. This is primarily training and professional development for child care center staff. Unfortunately, due to turnover in staff at private child care centers, much of the benefit derived from this investment is soon lost. It is also unclear how this assistance is coordinated with the ABC quality program. Also, not all counties employ training and professional development.

- **Agency Recommendations:** First Steps should consider a public awareness program to promote quality as a feature of those centers employing First Steps training and/or 4K education. First Steps may wish to adopt a policy which utilizes staff turnover rates in determining the quantity of staff development provided to individual child care centers. Concentrating staff development at the facility supervisor/director level to ensure that best practices are disseminated to new employees could serve as a means of maximizing resources and mitigating the loss of investment due to high turnover rates. First Steps should give priority in training and professional development to child care centers that have committed to participation in the ABC quality program.

Private/Federal Fundraising

First Steps to School Readiness was established as a 501(-c)-3 non-profit and tasked with providing services using public and private funds. However, the agency has not been successful in generating significant private funding for the initiatives as evidenced by the small percentage of revenues attributed to private funding. Also, other than Early Head Start, there has been minimal federal funding to support the work of the local partnerships.

- **Agency Recommendation:** The state office should seek to raise additional private funding to support the mission of the agency and encourage the local partnerships to increase their efforts to raise private funds. The agency should also consider pursuing federal grants and assist the local partnerships in seeking federal funding that supports the mission of First Steps. Establishing a grants coordinator/fundraising position at the agency may be a first step in securing other funding sources.

Limit Expansion of Agency Operations

SC First Steps has sought or accepted programs that expanded the original mission of the agency. In some instances, these added programs expanded the core mission of the agency or exceeded the capacity of the agency and constituent providers to administer and/or implement. This has resulted in the agency failing to successfully operate these programs.

- **Agency Recommendation:** SC First Steps to School Readiness should avoid taking on programs that do not advance the mission established in the agency's enabling legislation or which exceed the capacity of the agency and or the provider network.

Service Coordination (Subcommittee Recommended)

- **Agency Recommendation:** First Steps should coordinate services to eliminate duplication and fragmentation of services to efficiently utilize available funds

Legislative Oversight Committee

South Carolina Senate



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Mission

The stated mission of SC First Steps to School Readiness (First Steps) is to help families and caregivers prepare their children for school success by maximizing public and private community resources to deliver, enhance, and expand high-quality early childhood services. This mission statement reflects the goals and objectives described in the agency's enabling legislation.

History

SC First Steps to School Readiness was established as an "office" in 1999 by Act 99. In the initial year of operation, First Steps was appropriated \$20 million in General Funds and five FTE's with an authorization for an additional \$3 million. Nominally located within the SC Department of Education, the agency at one time received significant administrative and ancillary support from the Department. This support declined under prior administrations at the Department of Education and First Steps now functions as an essentially independent agency but remains a part of the Department in the State Appropriations Act with only minimal reliance on services from the Department. Also, with the passage of Act 152 this year, the salary of the Director of First Steps will now be subject to review and approval by the Agency Head Salary Commission.

In addition to the role of a state government entity, the state office of SC First Steps to School Readiness is a 501(c)3 non-profit entity. In this role it acts as an umbrella entity for all of the local county partnerships as the single 501(c)(3) entity under which they qualify as non-profits.

The legislation creating First Steps included a "sunset provision" which stipulated that the statutory authority for the program would expire in 2007 unless reauthorized by the General Assembly. In 2006, the program was reauthorized for an additional six years through a joint resolution until July of 2013. For fiscal year 2014, authorization was extended for another year via a temporary provision in the State Appropriations Act. In 2014, the provisions of Act 99 were reauthorized for two more years through legislation. Subsequently, the statutory language has been reauthorized

annually through a temporary proviso in the State Appropriations Act. Act 152 of 2018, in addition to numerous other provisions, reauthorized the agency until June 30, 2025.

Over time, the mission of SC First Steps has been gradually expanded to include several programs not included in the original statute. Although this expansion might be viewed as “mission creep” it was done with the consent/direction of the General Assembly. Over the past two years, there has been a contraction of the agency’s programs as two of the four added functions (BabyNet and Early Head Start – Child Care Partnership) have been eliminated from First Steps’ range of programs.

The Child Development Education Pilot Program (CDEPP) was created via a budget proviso in Fiscal Year 2006-07. As part of Act 284 of 2014, the South Carolina Child Early Reading Development and Education Program (CERDEP) was statutorily enacted with administrative responsibility for private providers assigned to First Steps. This statute replaced the pilot program which was in a temporary proviso. However, several provisos still refer to the CDEPP acronym.

The Early Childhood Advisory Council, also called the South Carolina Advisory Council, was first established by executive order in 2010 and was later codified into law. This legislation directs First Steps to coordinate the activities of the advisory council and indicates that the membership of the council be exclusively composed of the membership of the Board of Trustees of South Carolina First Steps. The Early Childhood Advisory Council is responsible for ensuring collaboration and coordination across the early childhood state system, inclusive of all agencies serving young children. The work of the Early Childhood Advisory Council has greatly increased over the past two years, in part fueled by a federal system-building grant called the Preschool Development Grant, which is funding the work of the Early Childhood Advisory Council.

In 2009, responsibility to for the SC BabyNet program was moved from the SC Department of Health and Environmental Control to First Steps via executive order. The program was subsequently transferred by executive order in 2017 from First Steps to the SC Department of Health and Human Services.

In 2014, First Steps was awarded a grant under the newly authorized Early Head Start-Child Care Partnership pilot program, allowing First Steps to fund sub-grants to private entities providing Early Head Start services in 12 counties. With one year remaining on a multi-year grant, this grant was relinquished in 2018 by a vote of First Steps’ Board of Trustees.

Including the current director, who started in 2017, there have been only three directors since the inception of the agency.

Governing Authority:

First Steps is governed by a twenty-five member Board of Trustees with the Governor or his designee serving as the chairman. The State Superintendent of Education or his/her designee serve on the Board as well. Seven members of the Board are appointed by the Governor from various communities of interest, four members are appointed by the President Pro Tempore of the Senate, four members are appointed by the Speaker of the House and the Chairmen of both the Senate Education Committee and the House Education and Public Works Committee or their designee are members. The remaining six members serve ex officio with four of these being directors of state health and human services agencies (DSS, DHEC, DHHS, and DDSN), the Director of the Children's Trust of SC and the state Head Start Collaboration Officer. All appointed members serve four-year terms. The members of this Board also comprise the Early Childhood Advisory Council which is a separate and distinct entity established to comply with the federal Improving Head Start for School Readiness Act of 2007.

The First Steps Board of Trustees

This is a large number of Trustees for a governing board and it is a unique composition whereby directors and staff of other state agencies and a non-profit serve as voting members of the governing body rather than only on the Early Childhood Advisory Council. Some of these entities provide the same or similar categories of services to the same population of clients. For a period of time, one member of the Board of Trustees was also the Executive Director of one of the First Steps Local Partnership entities. This created an inherent conflict of interest and would compel this individual to recuse himself from many of the Board's votes and discussions making them a less effective participant in the governing process.

Member	Appointed by	Community Represented	Appointed Date	Expiration Date	Geographic Information	Gender	Race
Vacant	Governor	Designee	2/1/2019	2/1/2023	Richland	M	W
Spearman, Molly	Ex Officio	Dept. of Education			Richland	F	W
Vacant	Governor	Parent of Young Child					
Vacant	Governor	Business					
Vacant	Governor	Early Childhood Educator					
Williams, Amy A.	Governor	Medical Provider	7/1/2015	7/1/2019	Charleston	F	W
Pryor, Walter "Roger"	Governor	Childcare and Development Provider	8/14/2014	8/14/2018	Lexington	M	W
Allison, Merita "Rita"	Chair House Education & Public Works	Representative	12/9/2008		Spartanburg	F	W
Hembree, Greg	Chair Senate Education	Senator	3/10/2017		Horry	M	W
Hussey, Julie C., Acting-Chair	President Pro Tempore of the SC Senate	Parent of a Young Child	9/17/2015	9/17/2019	Charleston	F	W
Fleming, Walter Jr.	President Pro Tempore of the SC Senate	Business	9/17/2015	9/17/2019	Florence	M	B
Vacant	President Pro Tempore of the SC Senate	Early Childhood Educator					
McConnell, Jennifer M.	President Pro Tempore of the SC Senate	Medical or Childcare Provider	2/20/2014	2/20/2018	Lexington	F	B
Johnson-Brebner, Angel	Speaker of the SC House of Representatives	Parent of a Young Child	11/30/2018	11/30/2022	Charleston	F	W
Holt, Timothy S.	Speaker of the SC House of Representatives	Business	10/8/2014	10/8/2018	Greenville	M	W
Canright, Shelley	Speaker of the SC House of Representatives	Early Childhood Educator	11/30/2018	11/30/2022	Richland	F	W
Newman, Alexia	Speaker of the SC House of Representatives	Medical or Childcare Provider	9/15/2014	9/15/2018	Spartanburg	F	W
Malloy, Gerald	Governor	Senator	3/26/2015		Darlington	M	B
Govan, Jerry N., Jr.	Governor	Representative	1/22/2013		Orangeburg	M	B
Poole, Mary	Ex Officio	DDSN, Director	7/19/2018		York	F	W
Toomey, Richard	Ex Officio	DHEC, Director	2/26/2019		Beaufort	M	W
Baker, Josh	Ex Officio	DHHS, Director	2/15/2015		Richland	M	W
Leach, Michael	Ex Officio	DSS, Director	3/1/2019		Richland	M	W
Diggs, Mary Lynne	Ex Officio	Head Start Collaboration Office	6/18/2014		Richland	F	B
Sue Williams	Ex Officio	Children's Trust	6/18/2014		Richland	F	W

Risk Factors

The myriad factors that lead to children reaching school age without having attained the requisite skills for academic success are complex and often related to intransient societal issues. These include factors such as poverty, single parents and minimal academic achievement of the children's parents. While many of these problems are beyond the scope of First Steps to address directly, the programs attempt to mitigate the effects of these risk factors on educational preparedness. Other common risk factors, often referred to as Adverse Childhood Experiences (ACES) can frequently be averted or ameliorated through early intervention. These traumatic experiences may include emotional, physical and sexual abuse; domestic violence; substance use and/or mental illness of someone in the household; being separated from parents, including incarceration and divorce; food insecurity; and homelessness.

Operations/Programs

1) Local County Partnerships

Established in statute, there are forty-six independent Local County Partnerships. Each partnership is governed by a local board of trustees with a minimum of 12 and maximum of 30 members. Various categories and requirements for representation are specified in statute. These local partnerships are tasked with providing a network of services to low income families with preschool children. The manner in which these services are provided is largely determined by the local plan which must be submitted to the state First Steps entity for approval. However, at least seventy-five percent of state appropriated program funds must be used for programs determined to be evidence-based. No more than twenty-five percent of the program funds may be used to fund evidence-informed programs. A list of evidence-based programs is promulgated by the State First Steps Board. Currently, there are twenty-five programs considered to be evidence-based. To qualify as evidence-based, a program must be "grounded in published, peer-reviewed research that is linked to determined outcomes; employ well-trained and competent staff to whom the program provides continual professional development that is relevant to the specific model being delivered; demonstrate strong linkages to other community-based services; and be operated to ensure program fidelity; or be commonly recognized by experts in the field as such a program". To qualify as an evidence-informed program requires that it be supported by research indicating its potential effectiveness.

The Local County Partnerships are diverse entities employing 436 individuals state-wide, 384 full-time and 52 part-time. Some of the diversity results from the demographic variations between the counties that are served. In terms of the number of employees working at each partnership, this varies from a high of 78 to as few as 2 employees in a few cases. The number of employees at a partnership does not necessarily reflect the size of the program in that county. This is because some partnerships elect to use a model in which services are provided in-house while others choose to contract out most of the services to other entities.

The primary service areas undertaken by the local partnerships include:

A) Home Visiting - This evidence-based, voluntary strategy connects expectant parents and parents of young children with trained professionals who help teach parents and caregivers how to support their child's development and school readiness. Often taking place in the families'

homes, home visiting programs aim to (a) increase parent knowledge of early childhood development and improve parenting practices, (b) provide early detection of developmental delays and health issues, (c) prevent child abuse and neglect, and (d) increase children's school readiness and school success.

Home visiting and parenting programs are the strategies most frequently provided across the local partnerships. For FY2020, 43% of state formula funds granted to local partnerships will be used for parenting programs, inclusive of home visiting. First Steps funds and supports multiple home visiting models, but the most commonly employed is Parents as Teachers (PAT), with 31 counties using this model. In providing these services, local partnerships generally utilize one of two service delivery models. The most common is to contract out for the actual services most often with a school district. A second option used by some local partnerships is to provide services directly.

B) Quality Child Care - One means of providing quality child care is through vouchers/scholarships which are either operated in-house or purchased from the Department of Social Services (and in most cases partially funded with federal dollars) to place children in private, quality child care centers. A second part of this is to improve the quality of private child care centers. This may include training for teachers and early educators; coaching, consulting, and mentoring for teachers and directors provided by trained quality enhancement technical assistance providers; provision of materials, and support for centers participating in the state quality rating and improvement system (ABC Quality). Some partnerships have sought ways to incentivize quality by participating in entities such as the Palmetto Shared Services Alliance. In addition to providing quality professional development for child care staff, this entity also uses the power of bulk purchasing to reduce costs for participating entities to purchase supplies and other benefits. As a broad category, "quality child care" (inclusive of child care quality enhancement, child care scholarships, and child care training) is the second largest local partnership strategy with 31% of FY2020 formula funds being directed to these services.

C) Literacy - Intended to promote reading and early literacy, the most commonly used program for child literacy is Imagination Library. This is the program established by Dolly Parton through the Dollywood Foundation to provide age-appropriate books on a monthly basis at no cost to the families.

D) Early Identification and Referral - In acting as a portal for other services, local partnerships attempt to identify children with specific needs that cannot be served by the local partnership and put the families in contact with a service provider that can address these needs. In addition, they conduct developmental screenings for children 0-5 when requested by parents and child care providers or as a component of other programs.

2) Child Early Reading Development and Education Program (CERDEP) - Four Year Old Kindergarten

First Steps administers the state funded private provider portion of the Child Early Reading Development and Education Program. The public school provided portion of the program is administered by the SC Department of Education. Both programs utilize approved, research-based curriculum and reimburse at the same rate of \$4,510 per student served, for the 2018-19 State Fiscal Year. Private providers may also receive a grant of \$1,000 per child for up to 6 enrolled students or up to \$10,000 if they enroll 7-20 students in the first year of participation in the program for materials and equipment if they participate for at least three years. They may also receive a reimbursement of \$563 per child for each eligible child transported to and from the school where they participate in the program. Unlike many other education funding programs, the

reimbursement rate for educational programs does not vary based upon the geographic location or the specific circumstances of the child served.

A child care center must provide a minimum of 6.5 hours of instructional time daily for at least 180 days per year. In 2017, 2,467 children attended the publicly funded private provider (First Steps) 4K program. The State appropriates \$6.4 million in General Funds and \$9.7 million in EIA funds to the First Steps 4K Program for a total of \$16.3 million. This \$16.3 million is 25% of the total funds appropriated by the state for CERDEP. The Department of Education receives the remainder of the \$63.7 million or \$47.4 million, which is 75% of the total.

The requirements for a child to participate in this program are that the enrolled child be four years of age by September 1st of the school year, Medicaid eligible or in poverty (defined as those who qualify for Medicaid, SNAP, or TANF, or are homeless, transient, or in foster care) and must reside in a qualified school district.. School district eligibility for the CERDEP program has changed over time. Initially, the program was limited to children residing in the eight trial districts and funded at \$3,077 per child served. Over time, the program has been expanded to the current level in which children residing in districts at or above 70% of the poverty index may be served at a reimbursement rate of \$4,510, for the 2018-19 state fiscal year, per child served. The number of participating centers and children served have both increased every year. Over the past four years, with no statutory change to eligibility, the enrollment increased by 7.5% annually. The 40% growth in enrollment between '13-'14 and '14-'15 was a result of a legislative change increasing funding and the number of children and school districts eligible for the program.

SC First Steps CERDEP

Term	Approved Providers	# 4K students served	Percent Increase
2013-14	96	1,368	
2014-15	162	1,916	40%
2015-16	179	2,065	7.8%
2016-17	185	2,226	7.8%
2017-18	191	2,337	5%
2018-19	212	2,558	9.4%

It has been suggested, that public school 4K has produced better outcomes than private 4K, however this assessment is unfounded. When queried, state analysts responsible for evaluating the 4K program speculated that children attending public 4K are more disadvantaged than those in private 4K. Since most of the children attending private 4K are not provided transportation and this would indicate that the parents were employed but part of the class described as the “working poor” while parents of public 4K students might be unemployed and without personal transportation. However, no data has been presented to demonstrate the validity of this hypothesis. Instead, it appears to have been an attempt to explain an anomaly in a specific year in which private 4K results were in fact superior to public 4K. The data on the efficacy of the two programs is mixed at best and does not allow for these conclusions.

While more than half of the First Steps local county partnerships are involved with the 4K program, their role is informal in that it is not required by the state office or in legislation. Those local partnerships that take the initiative to become involved use interpersonal relationships with the child care provider community to encourage them to accept CERDEP slots for needy children. They provide child care training, technical assistance and coaching to the centers that also participate in First Steps 4K to ensure the overall quality of the center, supplementing the support provided by First Steps to the 4K classrooms to ensure the other classrooms also receive assistance in increasing their quality. They also work with families and local school district staff to match children with available slots in the community.

The settings and structure of private licensed child care differs from the public school settings, necessitating a different approach to supporting their delivery of high-quality 4-year-old Kindergarten. Recognizing that child care centers do not have the embedded support of a school district infrastructure or teacher licensing requirements, the state office of First Steps provides intensive, ongoing coaching, training, mentoring and support to teachers and directors. First Steps employs 16 “regional coordinators” who visit centers twice monthly providing extensive, on-site training, coaching and consultation to 4K teachers and directors to ensure programs are being delivered with fidelity to the model, curriculum is being implemented successfully, and quality early learning strategies are being employed. A recently published RAND Corporation study of the CERDEP workforce showed that with this support, all children, regardless of the share of teachers in the 4K classroom who had a BA, were equally likely to meet or exceed age-level expectations at the end of 4K. Additionally, the study noted that approximately two-thirds of CERDEP teachers in private First Steps 4K centers had a BA or higher in the 2017-2018 school year (despite the fact that only an AA was required), and across private providers, approximately 94% of children were taught by a BA-level teacher.

SC First Steps CERDEP Enrollment by County

2018-19 45 Day Count

County	Approved Centers	Total 4K Slots	Enrolled Students
Aiken	14	259	179
Allendale	1	10	2
Anderson	6	110	34
Bamberg	3	55	34
Barnwell	2	48	30
Beaufort **	1	20	4
Berkeley	6	96	57
Charleston **	1	10	10
Cherokee	2	30	17
Chester	2	30	12
Chesterfield	2	28	5
Colleton	1	20	13
Darlington	2	40	30
Dillon	3	53	43
Dorchester	2	31	6
Edgefield	1	10	4
Fairfield	1	20	7
Florence	13	307	219
Georgetown	6	115	43
Greenwood	3	45	28
Hampton	1	20	13
Horry	27	550	335
Jasper	2	24	17
Kershaw	3	57	42
Laurens	4	110	96
Lee	1	20	17
Lexington	16	246	131
Marion	6	121	104
Marlboro	1	20	17
Newberry	2	36	21
Oconee	2	40	21
Orangeburg	8	160	99
Pickens **	1	20	2
Richland	28	463	302
Saluda	1	20	9
Spartanburg	15	281	155
Sumter	13	254	152
Union	2	60	56
Williamsburg	4	80	44
York	3	58	26
TOTALS	212	3977	2436

** Center is not in an approved CERDEP district but enrolled 4K students reside in CERDEP districts:
Beaufort
Charleston
Pickens

Approved CERDEP districts with NO private CERDEP slots:
Abbeville (*no licensed child care centers)
Calhoun 1, 2 and 3 (*only one licensed child care center)
Dorchester 4 (2 centers in Dorchester 2)
McCormick (*no licensed child care centers)

3) Early Head Start – Child Care Partnership

The Early Head Start- Child Care Partnership program that First Steps administered from 2014 – 2018 was a federally funded pilot program serving children ages 0-3 in fourteen eligible counties in South Carolina. The eligible counties are Allendale, Anderson, Bamberg, Berkeley, Dillon, Fairfield, Georgetown, Laurens, Lexington, McCormick, Newberry, Orangeburg, Saluda and York. The program was supported by a four and a half year grant with 256 children enrolled. The Early Head Start – Child Care Partnership program requires the state First Steps Office to act as the grant recipient assuming accountability for the activities of the private child care centers which are awarded sub-grants.

Due to a series of incidents that occurred in 2017, at two private childcare providers in separate counties, the federal Office of Head Start within the Administration for Children and Families was threatening to rescind the Early Head Start – Child Care Partnership grant to First Steps. Because one of these incidents took place during the corrective period for a previous incident, it appeared likely that the grant would be rescinded potentially resulting in the agency losing the ability to apply for other financial aid from the federal Office of Administration for Children and Families. Since the state First Steps Office is also the non-profit umbrella entity for all of the Local County Partnerships, this could imperil the ability of these entities to pursue federal funding opportunities.

Therefore, facing the likelihood of having the grant rescinded, the First Steps Board voted in June of 2018 to voluntarily relinquish the federal Early Head Start – Child Care Partnership grant and work with DSS to place eligible children previously served through these programs into a voucher slot until the grant funding could transfer to another South Carolina entity for continuation of services to enrolled children. Of the 252 children still in the program at the time it ended, 112 were aging out of eligibility for services, 64 received full-time vouchers, 20 received part-time vouchers, 13 were denied continued services due to eligibility requirements, 20 families opted out of continuing in the program, and 22 were still being processed by DSS to determine eligibility. Once First Steps relinquished the grant, the Administration for Children and Families was able to execute an agreement transferring the grant in its entirety to the South Carolina Association of Community Action Partnerships, which is already heavily involved with Head Start and Early Head Start throughout the state.

The Early Head Start program at First Steps had been without a director since the previous director's retirement in early 2018. Although the staff working in Early Head Start at First Steps was terminated when the grant was relinquished, these were temporary grant positions dependent upon continued federal funding.

Finance:

Because First Steps is included in the Department of Education's budget, it is difficult to independently verify financial data in SCEIS. The agency contracts with an instate CPA firm to manage the accounting function for all of the local partnerships and to make payments to 4K providers. This eliminates the need for local partnerships to use program funds to pay for this service or hire additional administrative staff.

Allocations

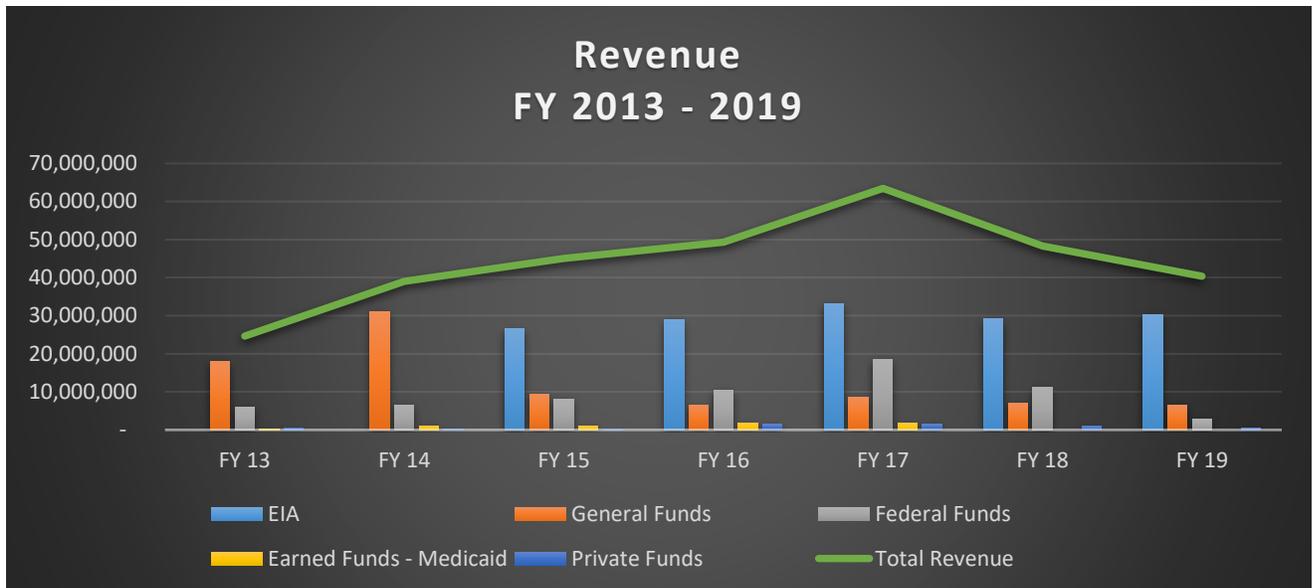
The Local County Partnerships receive an annual allocation based upon a methodology adopted by the State First Steps Board of Trustees. Through the 2018-19 state fiscal year, this allocation model distributed 80% of the available funds utilizing eight weighted factors in determining each partnership's funding. An additional 20% of the funds are then allocated based upon "quality and feasibility". However, in recognition of the fact that a minimum funding threshold is required to operate a program, a minimum allocation has been established. That minimum was increased in FY17 to \$200,000. In both FY17 and FY18, there were twenty-five counties that were funded at the minimum threshold because the funding model resulted in these counties being allocated less than \$200,000. Once the allocation for each Local County Partnership has been derived based upon the formula it is then revised to provide the minimum allocation to those twenty-five counties while the counties with allocations exceeding the minimum threshold have their allocations reduced by a pro rata share to fund the base amount. In FY18, counties exceeding the minimum had their formula allocation reduced by 13.4 percent to fund the minimum allocation to the other counties. The goal of this allocation model is to direct funding to the areas of need and address the risk factors that contribute to a deficiency in school readiness. The factors and associated weightings are:

Population of Children Under Age 6	30
Free and Reduced Lunch Population	25
Per Capita Personal Income Ratio	20
Children Overage in 3 rd Grade	5
3 rd Graders Not Meeting Grade Level on PASS ELA	5
3 rd Graders Not Meeting Grade Level on PASS Math	5
Low Birth Weight Infants	5
Births to Mothers with Less than HS Diploma	5

The number of factors used seems excessive and, based upon the similarity in the distribution, they appear to be redundant. Also, in some instances, the "subsidy" received by counties to meet the minimum threshold exceeds their formula allocation. This coupled with the fact that more than half the counties in the state fall below the minimum allocation would seem to indicate either a problem with the funding model or that the model is being distorted so much by the minimum threshold that it is not achieving the objective of the formula.

Update: In 2019, the allocation model was updated and simplified. Legislation outlines the three factors that must be utilized in the funding formula. These three legislatively mandated factors are: (a) population of eligible children, (b) population of at-risk children, and (c) population with below average income. The revised model maintains a base allocation of \$200,000 for all location partnerships and then grants additional funding on top of the base funding to counties with an age 0-5 population of more than 2,800 children living at or less than 185 percent of poverty. The three factors are applied by using: (a) county's population of eligible children with (b) at-risk and eligible children being defined as children ages 0 through 5 living in families whose income is equal to or less than 185% of poverty, which is also an indicator of (c) the population with below average income. This new formula eliminated the duplication and complexity of the previous model. In addition, counties are no longer subsidizing smaller counties. The model is being phased in starting with the 2019-2020 state fiscal year with full implementation within three years.

Revenues



Revenues for First Steps increased consistently between 2013 and 2017 primarily due to additional appropriations in state funds. The agency’s General Funds have increased over that time frame from \$18.2 million to \$43 million while total funds authorization has grown from \$26 million to \$63.5 million over that same time period. However, with the transfer of the BabyNet program and loss of Early Head Start funding, revenues have declined since 2017. Despite the non-profit status of First Steps and the language in the enabling legislation about maximizing private and federal funding sources, state appropriations account for nearly 90% of the agency’s revenues. Local and private funding has only equated to 1% of total revenues with the remaining 9% coming from federal and other funds.

At the Local County Partnerships this funding picture is much different. These entities receive 60% of their funding from the state, 33% from federal sources and 7% attributable to local private fundraising. Additionally, the local partnerships provide \$5.4 million through in-kind contributions. The state office endeavors to assist the local county partnerships in seeking private and federal funding opportunities.

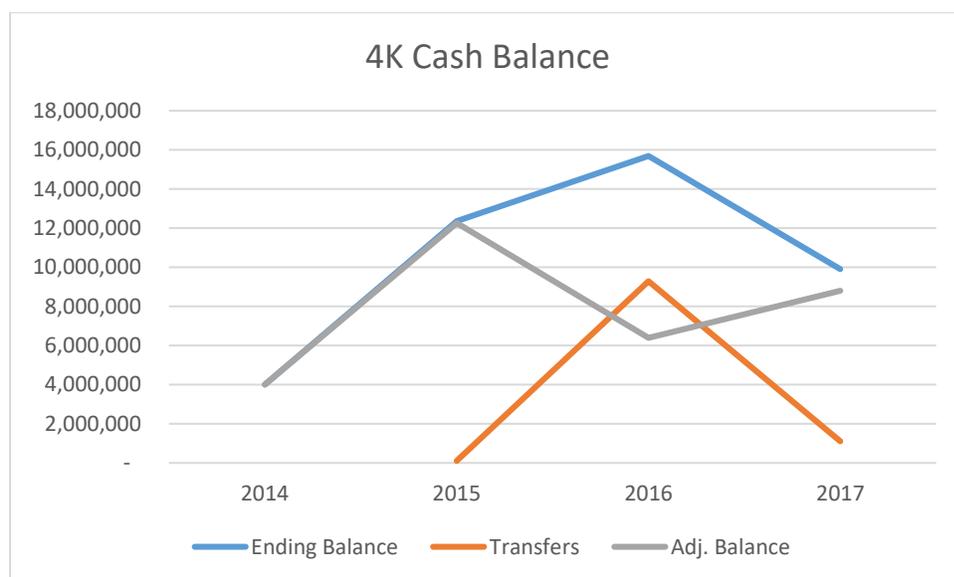
Programmatic Budget

The table below demonstrates the manner in which the revenues were budgeted between the agency’s major programs.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Policy & Accountability	1,428,776	1,954,718	1,981,762	2,813,386	2,846,727	2,617,338	2,925,635
Programmatic & Local Partnership	13,316,166	14,157,433	13,502,144	14,058,265	16,471,443	17,281,890	17,165,824
Private 4K	2,484,628	11,642,893	16,683,664	16,384,864	16,233,089	17,319,874	17,319,874
Early Head Start			1,948,933	4,160,565	12,038,227	11,079,447	2,931,134
Babynet	<u>7,400,626</u>	<u>11,253,940</u>	<u>10,919,097</u>	<u>11,896,150</u>	<u>15,860,997</u>		
Total	<u>24,630,196</u>	<u>39,008,984</u>	<u>45,035,600</u>	<u>49,313,230</u>	<u>63,450,483</u>	<u>48,298,549</u>	<u>40,342,467</u>

Carry Forward

As displayed below, the First Steps 4K program (CERDEP) has had considerable carry-forward for the past four years. Were it not for the fact that over \$10 M was transferred out of the program to the Education Oversight Committee & Department of Education, the FY17 ending balance might have exceeded \$19 M. These balances have been carried forward despite the fact that some qualified counties had few or no children enrolled in a First Steps 4K program. Recent changes to the program adopted by the General Assembly allowing extended day and summer programs may help to reduce the current carry forward amounts. First Steps has attempted to fully utilize this increased flexibility to provide a more comprehensive service for children in the 4K program. These extended services improve the amount of time children spend in an educational environment and can help working parents by providing extended hours and days in high quality 4K classrooms.



For the 2018-19 fiscal year, the actual amount of cash carry forward decreased due to the changes mentioned above, which include increasing the number of children served by almost 10%. It is estimated that the carry forward will decrease from \$9.7 million at the beginning of the 2018-19 fiscal year, to approximately \$7 million at the end of the year, which is a reduction of 28%.

Student Information and Reporting

Access

Access to quality child care continues to be a problem in much of the state. Utilization and expansion of the DSS voucher program is one means of providing greater access to child care. Some local partnerships do “purchase” vouchers from DSS to provide child care. However, this does not resolve the lack of available child care centers in parts of the state. Enticing private child care providers to locate in underserved communities continues to be a problem. This absence of child care centers also makes it difficult to place eligible children in 4K slots.

Quality

One of the challenges in promoting school readiness is ensuring quality throughout First Steps services. In the 4K program, quality is assessed through site visits to ensure compliance with best practices and adherence to the prescribed curriculum as well as training and technical assistance when applicable. The Education Oversight Committee also prepares an annual assessment of the state funded full-day 4K program. Since the private provider 4K program is center based, some of these centers participate in the DSS ABC quality program. This is the tool used to assess the quality of child care centers throughout the state. However, participation in the ABC quality program is voluntary and many centers view the cost of participation as exceeding the benefits. Some providers and local partnership directors also believe that the manner in which the program is administered to be inadequate in measuring quality.

In discussing alternatives for promoting quality, the Director of First Steps indicated that her position was that the ABC program was the tool that had been adopted by the state and expressed a commitment to supporting and improving that program. Currently, a center that elects to participate indicates what grade they are applying for and must then meet all of the individual criteria for that rating. However, DSS is in the process of revising and piloting a revision of the ABC program. Under this revised quality assessment, centers simply elect to participate and are awarded a grade based upon various factors. These factors include easily quantifiable items such as educational attainment of staff and staff to child ratio as well as observable factors such as staff child interaction. However, unlike the current system, the factors are weighted and meeting a specific minimum for each factor is not required. Instead, higher scores in one area can counter a lower score in another section of the rating system. This may help to address one of the primary concerns of the private child care center community which is the high cost of meeting the staff to child ratios.

An assumption that evidence-based programs carried out with fidelity to the model will produce the desired results is also a component in the method that First Steps uses to ensure quality services are being delivered that meet the program goals. At the same time, the extensive menu of evidence-based programs that can be employed by the local county providers seems to suggest that specific combinations of programs work better in some communities than others. It is important to know if the strategies being employed by the local county providers are appropriate to achieve the desired results and not selected simply because of an ability to implement them at the local level. Another concern is the extent to which the early childhood programs contribute to a child's success later in their academic career or if these gains are eventually negated due to the adverse circumstances that the early childhood interventions seek to mitigate. To assess this would require comparing the academic success of children receiving these services to other children in similar circumstances over time. Currently, it is difficult to conduct such longitudinal testing due to the problems associated with identifying children, accurately recording what services they receive, and then tracking them through their educational career.

Staffing

First Steps has 55.5 FTEs authorized in the 2019-2020 state budget. Ten have not yet been established as they are new this fiscal year. Thirty-seven of these positions are filled. This is a significant reduction from the 91.5 FTEs authorized in FY 17. The reason for this steep reduction in FTEs was the transfer of the BabyNet program from First Steps to the SC Department of Health and Human Services. The agency also employs 11 temporary employees and 1 time-limited

employee. The agency currently has a vacancy rate of 18.7% but does not seem to be experiencing significant turnover compared to other state agencies.

Coordination of Services

Several state agencies provide services to the same population targeted by First Steps and some of the services provided overlap. The Department of Education provides 4K kindergarten through the school districts. DSS manages the ABC quality rating program for child care centers and provides vouchers to allow children from low income families to attend child care centers. Children's Trust administers the Maternal Infant and Early Childhood Home Visiting (MIECHV) program which also funds evidence-based home visitation programs. The Babynet program (formerly at First Steps) is now operated by HHS. The duties of the state First Steps Office include coordination between federal, state, local and private efforts to promote good health and school readiness of young children and support for their families. At the state level, some of this coordination is facilitated by the composition of the Board of Trustees/Advisory Council. The duty of the State Office to review local partnership plans and budgets and evaluate programs provides for coordination with local providers. At the staff level, program offices routinely meet and work with their respective staff at other agencies to develop strategies and procedures to ensure that similar services conform to the appropriate statutory requirements and best practices. However, it is unclear that any single entity has the authority to require coordination between the various state agencies. Some of these agencies report directly to the governor while others have a governing board and at least one is under the authority of a state-wide elected official.

Additionally, the Local County Partnerships are legislatively tasked with acting as a community convener, a local portal and coordinator in providing services. This is primarily accomplished through interpersonal relationships with the local school districts, private child care providers and other state and local entities. The degree to which each local partnership fulfills these tasks varies based upon the leadership at the local partnership and the receptiveness of the entities they must work with to accomplish their goals.

II. Issues

A. Incorrect Acronym Reference in Budget Provisos

The Child Development Education Pilot Program CDEPP that was created in temporary proviso was replaced by the Child Early Reading Development and Education Program (CERDEP) in Act 284 of 2014. However, several provisos governing this program still refer to CDEPP.

- **Legislative Recommendation:** The General Assembly may wish to amend provisos 1.72, 1A.53 and 1A.61 to reflect the current acronym for the four-year-old kindergarten program to ensure consistency in the various references to the same program.

B. Agency Status - Independent Agency/Office

The SC First Steps to School Readiness was referred to as an office in the enabling legislation. The organization's budget is still a part of the South Carolina Department of Education's budget making it more difficult to track the organization's financial transactions in SCEIS. However, First Steps has been largely separated administratively from the Department of Education, submits a separate budget request, does not receive formula funding via the Education Finance Act and is governed by a separate Board of Trustees. The Executive Director's salary is now under the purview of the Agency Head Salary Commission. Although relatively small, First Steps has a larger staff than a number of state agencies. In most respects, First Steps operates as a state agency and is undergoing oversight in both the Senate and House which would indicate that it is perceived as an independent agency.

- **Legislative Recommendation:** The General Assembly may wish to define in statute the status of the SC First Steps to School Readiness to clarify if it is an independent state agency and assign it a separate section in the Appropriations Act. This would not prevent First Steps from purchasing administrative services from a larger state entity to avoid increases in the number of staff required.

C. Composition of Governing Body

The governing body of First Steps is unusually large. In addition to appointees, it is comprised of ex-officio members from various state agencies. In many cases, the agencies that these members head or work in may have agendas which conflict with that of First Steps and these entities may be in competition with First Steps for resources. Also, for a period of time, one member of the Board of Trustees was the Executive Director of one of the local partnerships which seems to be a conflict of interest and provides this partnership structural advantage over the other 45 local partnerships in having a voice in the governance of First Steps programs. Both of these situations sometimes compel many of the Board Members to recuse themselves from voting due to conflicts of interest.

- **Legislative Recommendation:** The General Assembly may wish to statutorily prevent local partnership employees from serving on the First Steps Board of Trustees.
- **Legislative Recommendation:** The General Assembly may wish to revise the composition of the Board to have current ex-officio members of the Board of Trustees

serve only in the role of members of the Early Childhood Advisory Council which the current Board of Trustees devolves into for separate meetings. The Executive Director of First Steps could also be a member of this body.

D. Local Partnership Association

While First Steps routinely interacts with the local partnerships and solicits input, there is no officially designated organization to represent the unified views of the partnership community. This can result in specific individuals or groups of partnerships' views prevailing even if these do not represent the opinions of the majority of the local partnerships.

- **Agency Recommendation:** The Director of First Steps should seek to establish an advisory panel of Local Partnership Directors to solicit official input into proposed policies of the agency to help inform the Board of Trustees about agreed upon local views regarding issues impacting the service delivery community.
- **Agency Response:** In 2016, the State Office of First Steps began facilitating an Executive Directors Leadership Council which involves the directors of each of the 46 local partnerships. The Council meets in-person quarterly and through monthly webinars. Members are invited to participate in committees that mirror the committees of the First Steps Board of Trustees. These committees provide an opportunity for members to provide input into board and programmatic decisions (i.e. the development of the revised funding formula).

E. Allocation Formula to Local Partnerships

With eight separate weightings, the current funding formula seems overly complex in attempting to target resources to areas of need. Some of the factors also appear to be redundant in capturing risk factors associated with school readiness and could actually have the effect of penalizing success with reduced funding. Data on a few of the factors used is no longer collected meaning that portions of the formula are based on out-of-date information potentially skewing the results.

- **Agency Recommendation:** The staff of First Steps should develop a recommendation for the Board of Trustees to adopt a simplified formula using fewer factors which are currently collected to broadly depict variations in need between the counties.
- **Agency Recommendation:** In order to ensure the State's goals of school readiness are being addressed, the agency should consider adopting requirements that a certain percentage of the local funding be expended for specific program areas such as home visitation, quality child care or literacy. These percentages could be tied to the demographics of the individual counties to address the needs in those counties.
- **Agency Response:** In 2019, the allocation model was updated and simplified. Legislation outlines the three factors that must be utilized in the funding formula. These three legislatively mandated factors are: (a) population of eligible children, (b) population of at-risk children, and (c) population with below average income. The revised model maintains a base allocation of \$200,000 for all location partnerships and then grants

additional funding on top of the base funding to counties with an age 0-5 population of more than 2,800 children living at or less than 185 percent of poverty. The three factors are applied by using: (a) county's population of eligible children with (b) at-risk and eligible children being defined as children ages 0 through 5 living in families whose income is equal to or less than 185% of poverty, which is also an indicator of (c) the population with below average income. This new formula eliminated the duplication and complexity of the previous model. In addition, counties are no longer subsidizing smaller counties. The model is being phased in starting with the 2019-2020 state fiscal year with full implementation within three years.

F. Consolidation

Many of the Local County Partnerships receive a supplemental allocation to meet the minimum allocation amount of \$200,000. This indicates that based upon the factors used to determine need, these counties do not qualify for the funding necessary to adequately operate a local partnership. Funding them at a higher level than what they qualify for is likely to reduce the efficient use of already scarce funds. Additionally, service delivery throughout the state appears to be uneven. While personal relationships at the local level are important to the successful operation of these programs, in some cases, a regional approach might better utilize resources without jeopardizing these local relationships.

- **Agency Recommendation:** For those Local Partnerships qualifying for less than the minimum funding allocation or providing fewer services, First Steps should develop a component to the funding formula that would incentivize consolidation of these smaller local partnerships under a larger regional office.

G. Carry Forward in Four-Year-Old Kindergarten

First Steps has been very proactive in using the additional flexibility granted under proviso 1.72 and the sharing of school district waiting lists has allowed for better identification of eligible students. Both of these factors have helped to slow and/or reduce the carry forward in the 4K program. However, the lack of available slots in many rural parts of the state and in centers with high quality programs continues to be an issue. Using the available carry forward funds in the program might provide a means of incentivizing private providers in these hard to reach areas to make additional CERDEP slots available. The current flat rate reimbursement limit for 4K programs limits the ability of First Steps to provide these incentives.

- **Legislative Recommendation:** The General Assembly may wish to consider revising the current limitation on 4K reimbursement to provide for an increase in the rate for centers that meet certain conditions such as being located in an area defined as rural that lacks adequate opportunities for 4K education and/or centers that meet a specified quality criteria. First Steps could be directed to develop a proposal to present for the consideration of the General Assembly.
- **Agency Response:** As per the recommendation, First Steps developed such a proposal, which resulted in 2019 / 2020 proviso changes including a proviso allowing up to a 10% increase in reimbursement for high quality centers as defined using the ABC Quality designation of B or above and is being implemented currently.

H. Evaluating Success

First steps to School Readiness provides numerous services to attain the goal of school readiness. However, neither the agency nor those tasked with evaluating these efforts seem to be able to adequately articulate to policymakers what constitutes success or the level of success achieved either state-wide or by individual counties. This lack of definitive criteria gives rise to some doubt about the efficacy of the programs. Often, inputs such as students served or number of individual home visits are used to assess programs.

- **Agency Recommendation:** First Steps should work with stakeholders, including the appropriate legislative Committees, to develop and adopt agreed upon quantifiable output measures for determining the success of programs such as the Kindergarten Readiness Assessment (KRA) to determine if the strategies being used at the local partnerships are achieving the goal of school readiness.
- **Agency Response:** First Steps has contracted with the University of South Carolina's Institute for Families in Society to conduct a five-year, external evaluation of the efficacy of First Steps' programs on child and family outcomes as well as overall effectiveness in fulfilling First Steps' mission. Part of the scope with this external evaluator includes their development of proposed output and outcome indicators. This evaluation will be completed in 2019.

I. Student Tracking - Student Unique Number System (SUNS)/Data Analysis

Currently, it is difficult to track all of the various interventions that an individual child and or/family may have received to improve school readiness. Without the ability to accurately track children receiving services from both First Steps and other agencies providing early intervention services such as Children's Trust, it is difficult to determine what suite of services produce positive results or to track the long term impact of these services.

- **Legislative Recommendation:** The General Assembly may wish to require that students receiving any of the various early childhood education services provided by First Steps or other early childhood entities be assigned a SUNS number and that all of these services be recorded in the child's educational record.
- **Agency Recommendation:** First Steps should update the current student tracking system to a more advanced model that would allow for better tracking of children, families, and services and improve the agency's capacity to utilize the data that is collected.

J. Involvement of Local Partnerships in 4K Program

One unique advantage of First Steps administering the private sector CERDEP 4K program is the ability of the local partnerships to leverage their relationships within the local community to identify eligible children, persuade local providers to render services to these children and to provide training and assistance to these private centers to improve quality. While it may be efficient for First Steps to maintain the fiduciary responsibility to pay providers, to monitor compliance by the providers with programmatic guidelines to promote quality, this does not afford the local partnerships a role in this process.

- **Agency Recommendation:** The agency should adopt a policy which gives the local partnerships a formal role in promoting CERDEP 4K to parents and providers, recommending placement and improving quality.
- **Agency Response:** Over half of the local partnership are actively engaged in supporting and promoting First Steps 4K. The First Steps State Office has actively worked over the past year to engage local partnerships more fully in the 4K program. With the additional communication, outreach and enrollment tools developed by the First Steps State Office in 2018 and 2019 including a new online screener and enrollment portal, local partnerships are expected to play an even more significant role in promoting CERDEP 4K. While not mandated through policy, this expectation has been made clear (i.e. through communication at quarterly meetings and in weekly newsletters from the state office to the local partnerships).

K. Quality

The Director of First Steps has indicated a commitment to the DSS operated ABC quality program as the state's means of assuring quality child care. Approximately eighteen percent of the local partnerships' expenditures of state funds are for child care quality. This is primarily training and professional development for child care center staff. Unfortunately, due to turnover in staff at private child care centers, some of the benefit derived from this investment is lost. It is also unclear how this assistance is coordinated with the ABC quality program. Also, not all counties employ training and professional development.

- **Agency Recommendations:** First Steps should consider a public awareness program to promote quality as a feature of those centers employing First Steps training and/or 4K education.
- **Agency Recommendations:** First Steps may wish to adopt a policy which utilizes staff turnover rates in determining the quantity of staff development provided to individual child care centers. Concentrating staff development at the facility supervisor/director level to ensure that best practices are disseminated to new employees could serve as a means of maximizing resources and mitigating the loss of investment due to high turnover rates.
- **Agency Recommendations:** First Steps should give priority in training and professional development to child care centers that have committed to participation in the ABC quality program.

Agency Response: First Steps is actively working with DSS to coordinate child care quality enhancement efforts with the ABC Quality program. With limited federal resources available through DSS to provide child care quality enhancement and training, state funds allocated through First Steps for child care quality enhancement, training, coaching and technical assistance meet an unmet need and fill gaps in services ensuring more children receive high-quality child care. First Steps is currently implementing a public awareness campaign about 4K which includes an emphasis on the high quality of programs. Recent communications efforts have also featured local partnership quality enhancement and child care training. First Steps is incentivizing center participation in ABC Quality by tying increased reimbursement to the state's quality rating system.

Also, as per the recommendation, staff development efforts targeting center directors in addition to teachers have been implemented.

L. Private/Federal Fundraising

First Steps to School Readiness was established as a 501-c)3 non-profit and tasked with providing services using public and private funds. However, the agency has not been successful in generating significant private funding for the initiatives as evidenced by the small percentage of revenues attributed to private funding. Also, other than Early Head Start, there has been minimal federal funding to support the work of the local partnerships.

- **Agency Recommendation:** The state office should seek to raise additional private funding to support the mission of the agency and encourage the local partnerships to increase their efforts to raise private funds. The agency should also consider pursuing federal grants and assist the local partnerships in seeking federal funding that supports the mission of First Steps. Establishing a grants coordinator/fundraising position at the agency may be a first step in securing other funding sources.
- **Agency Response:** The agency has established two new positions as per this recommendation, a Director of Grantmaking and Development responsible for grant-writing, grants management and grant making and a Fundraising Coordinator responsible for individual and corporate giving and fundraising events. The agency has also recently procured a fundraising software platform for all 46 local partnerships that will greatly enhance their fundraising capacity and is supporting their fundraising efforts through communications assistance and PR efforts statewide.

M. Limit Expansion of Agency Operations

SC First Steps has sought or accepted programs that expanded the original mission of the agency. In some instances, these added programs expanded the core mission of the agency or exceeded the capacity of the agency and constituent providers to administer and/or implement. This has resulted in the agency failing to successfully operate these programs.

- **Agency Recommendation:** SC First Steps to School Readiness should avoid taking on programs that do not advance the mission established in the agency's enabling legislation or which exceed the capacity of the agency and or the provider network.

N. Service Coordination (Subcommittee Recommended)

- **Agency Recommendation:** First Steps should coordinate services to eliminate duplication and fragmentation of services to efficiently utilize available funds.
- **Agency Response:** Through the Early Childhood Advisory Council, South Carolina First Steps has taken on the critical role of coordinating early childhood services at the state level. This endeavor has gained tremendous momentum over the past year with funding from the Preschool Development Grant (a federal grant award), and two dedicated staff members have been hired to support this work. An Interagency Collaboration Committee has been established and meets regularly to ensure coordination among the early childhood serving agencies. A vision statement and common goals across the early childhood state system have been adopted by the Early

Childhood Advisory Council in 2018 and 2019. At the local level, local partnerships have been authorized and encouraged to strengthen their “core functions” role which includes coordinating early childhood services at the county level. An early childhood state “portal” for services is currently under development that will provide families and community members with clarity about where to get services and resources for young children and their families regardless of the funding source or the agency providing the service.