



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: Ann Vandervliet, Executive Director, South Carolina First Steps

Date: March 13, 2026

RE: First Steps 4K Underserved Communities Report Pursuant to Proviso 1.47

Provisos 1.47 of the General Appropriations Act for FY 26 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 providers. 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 to 10% of the per-student base following the guidelines developed by the Office of First Steps; and (2) up to \$250,000 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, we are writing to provide an update on the implementation of First Steps 4K Underserved Communities Report Pursuant to Proviso 1.47.

- (1) We currently are paying the higher reimbursement rate to 186 centers who have earned a “B” or higher rating with ABC-Quality, our state’s quality rating and improvement system. South Carolina First Steps 4K has spent \$1,364,699 to date for this fiscal year with an estimated additional spending of \$429,000 through June 30 for higher reimbursement rates and anticipating a total spending of \$1,793,699 during FY26.

2025-2026	10% Quality Amount	# of centers "B" or above	# of students
July	141,432.24	126	1,762
August	171,985.20	169	2,274
September	178,917.90	177	2,327
October	168,818.88	185	2,365
November	99,191.18	183	2,351
December	116,938.57	185	2,320
January	163,542.70	195	2,416
February	161,653.69	186	2,322
March	162,218.51	186	2,302
<i>April* (estimate)</i>	<i>152,000.00</i>	<i>186</i>	<i>2,300</i>
<i>May* (estimate)</i>	<i>147,000.00</i>	<i>186</i>	<i>2,300</i>
<i>June* (estimate)</i>	<i>130,000.00</i>	<i>171</i>	<i>2,050</i>
Total	1,793,698.87		

** Months with estimated net payments, centers and # of students.*

(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.

On May 1, 2025, First Steps 4K notified grant awards totaling \$148,737 to six providers in Greenville, Kershaw, Marion, and Richland counties to add an additional 60 slots for CERDEP eligible students.

Our priorities for FY2026 include two groups: counties where districts are reporting waiting lists and counties with one or less First Steps 4K programs. The FY26 Expanding 4K in Underserved Communities Provider Grant Application is currently accepting applications and will close on March 31, 2026.

We are grateful for the General Assembly's continued emphasis on creating opportunities for all state's at-risk pre-kindergarteners. 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
David O'Kelly, Chief Financial Officer, SC First Steps
Elliott Epps, Legislative Liaison, SC First Steps
Grant Gibson, Senate Finance Committee
Stephanie Meetze, House Ways and Means Committee