



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-3780 • RFA.SC.GOV/IMPACTS

This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 4023	Introduced on February 23, 2023
Author:	S. Jones	
Subject:	First Steps	
Requestor:	House Education and Public Works	
RFA Analyst(s):	Bryant and Boggs	
Impact Date:	March 15, 2023	

Fiscal Impact Summary

This bill revises the composition, manner of appointment, and terms of membership of the Local First Steps Partnership Boards. The bill specifies that the terms of all local First Step Partnership members terminate on July 1, 2023, and requires the South Carolina First Steps to School Readiness (First Steps) Board of Trustees to design and implement a transition plan setting forth the tasks to be accomplished by local First Steps partnerships. The bill also includes provisions concerning the administration of local partnerships, provides for the establishment of multicounty partnerships, and revises certain provisions concerning competitive bidding for the purchase or procurement of goods and services.

This bill further requires all publicly funded early childhood serving agencies and entities to participate in certain data sharing initiatives supported by the First Steps Advisory Council. The bill also creates additional duties for the advisory council, including requiring the council to revise data governance policies, provide for certain activities to build parent knowledge, and develop, implement, and review an overall strategic plan. The bill also changes the oversight duties of the First Steps Board of Trustees to include provisions concerning local partnership personnel policies. Lastly, the bill states that the provisions of the South Carolina First Steps to School Readiness Act, as enacted by Act 99 of 1999 and as subsequently amended, and this chapter are permanently enacted, and future reauthorization is not necessary.

First Steps reports that the bill will require changes in current policies and procedures. Certain provisions of the bill will also require additional review by the Board of Trustees, such as hiring a new executive director, approving any salary increases, and revising the agency's local partnership bylaws, all of which will require additional staff time. First Steps anticipates that these changes will also have an impact on their local partnerships, which will have to implement these new policies and procedures. However, the agency expects that once the new policies and procedures are developed and implemented, any expenditure impact will be minimal and can be absorbed by the agency and the local partnerships.

The S.C. Department of Education (SCDE), the Department of Mental Health (DMH), the Department of Health and Human Services (DHHS), the Department of Health and Environmental Control (DHEC), the Department of Social Services (DSS), and the Department

of Disabilities and Special Needs (DDSN) indicate that this bill will have a minimal expenditure impact that can be managed within existing staff and appropriations.

The Revenue and Fiscal Affairs Office (RFA) surveyed all forty-six counties and the South Carolina Association of Counties (SCAC) and received responses from two counties. Aiken and Chesterfield counties indicate that this bill will have no expenditure impact. Due to the limited number of responses, the local expenditure impact of this bill is undetermined.

Explanation of Fiscal Impact

Introduced on February 23, 2023

State Expenditure

This bill revises the composition, manner of appointment, and terms of membership of the Local First Steps Partnership Boards. Each local partnership board must have no more than twenty-five elected or appointed members, and each county legislative delegation must appoint six members to a local partnership board. Of these members, three must be appointed by the Senate members and three by the House members of the delegation. In multicounty partnerships, legislative delegations must modify their appointments based on a plan approved by the First Steps Board of Trustees.

The bill also specifies that the terms of all local First Step partnership members terminate on July 1, 2023, and requires the First Steps Board of Trustees to design and implement a transition plan setting forth the tasks to be accomplished by local First Steps partnerships. This plan must be fully implemented by July 1, 2024.

The bill includes provisions concerning the administration of local partnerships and provides for the establishment of multicounty partnerships. A First Steps Partnership Board must submit a request to hire a local First Steps partnership executive director, along with any salary recommendations, for approval by the First Steps Board of Trustees. A First Steps Partnership Board must also implement and document an annual performance evaluation for the local First Steps partnership executive director, which must be submitted to the First Steps Board of Trustees. Each local partnership may employ or acquire staff pursuant to the local partnership bylaws, but the overhead costs of a First Step partnership's operations may not exceed 13 percent of the total state funds appropriated for partnership grants. First Steps must also develop and require local partnerships to adopt policies and procedures for the purchase or procurement of goods and services that ensure competition.

This bill further requires all publicly funded early childhood serving agencies and entities to participate in certain data sharing initiatives supported by the advisory council and creates additional duties for the First Steps Advisory Council. The council must develop, maintain, and serve as the governing body for a unified and integrated data collection system, implement data governance policies, and maintain a comprehensive infrastructure for integrated and longitudinal data for public early childhood education and development programs and services, as well as state, local and federal funding sources. The council must also develop and maintain parent knowledge-building activities, including web-based portals to inform parents of all publicly

funded early childhood programs and services and an eligibility screener and common application. Additionally, the council must prepare an overall strategic plan at least once every five years that establishes clearly defined goals, objectives, strategies, and key measures of progress for optimizing the state's early childhood system. The council must periodically review the implementation of this plan and review any changes in the state's needs.

The bill also amends the oversight duties of the First Steps Board of Trustees to include provisions concerning local partnership personnel policies. The board must establish core personnel policies and procedures, which must be adopted by local First Steps partnerships, and develop a standard process for reviewing submissions made by local partnerships relating to the hiring, salaries, and annual performance evaluations of local partnership executive directors by July 1, 2024.

Lastly, the bill states that the provisions of the South Carolina First Steps to School Readiness Act are permanent and future reauthorizations are not required.

South Carolina First Steps to School Readiness. First Steps reports that the bill will require changes in current policies and procedures. Certain provisions of the bill will also require additional review by the Board of Trustees, such as hiring a new executive director, approving any salary increases, and revising the agency's local partnership bylaws, all of which will require additional staff time. First Steps anticipates that these changes will also have an impact on their local partnerships, which will have to implement these new policies and procedures. However, the agency expects that once the new policies and procedures are developed and implemented, any expenditure impact will be minimal and can be absorbed by the agency and the local partnerships. Therefore, First Steps indicates that the provisions of the bill can be managed using existing staff and resources. Additionally, Section 8, which makes authorization of First Steps permanent, will have no impact. This allows the agency to continue to operate without requiring reauthorization every five years from the General Assembly.

S.C. Department of Education. This bill requires all publicly funded early childhood serving agencies and entities to participate in certain data sharing initiatives supported by the advisory council. SCDE indicates that this bill will have no expenditure impact on the agency since the requirements of bill can be managed within existing appropriations.

Department of Mental Health. This bill adds DMH to the list of publicly funded childhood-serving agencies that is to have a chief executive officer serve as an ex officio voting member on the board. DMH reports that any expenditure impact will be managed within existing staff and appropriations.

Department of Health and Human Services. DHHS indicates that this bill will not impact Medicaid provider policy or reimbursement rates. Any administrative costs resulting from the provisions of this bill can be managed within existing staff and appropriations.

Department of Health and Environmental Control. DHEC reports that this bill will have no expenditure impact on the agency since any additional responsibilities can be managed by existing staff and within existing resources.

Department of Social Services. DSS reports that this bill will have no expenditure impact on the agency since any additional responsibilities can be managed by existing staff and within existing resources.

Department of Disabilities and Special Needs. DDSN reports that this bill will have no expenditure impact on the agency since the requirements of bill can be managed within existing appropriations.

State Revenue

N/A

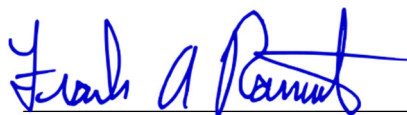
Local Expenditure

This bill revises the composition, manner of appointment, and terms of membership of the Local First Steps Partnership Boards. The bill includes provisions concerning the administration of local partnerships and provides for the establishment of multicounty partnerships.

RFA surveyed all forty-six counties and the SCAC and received responses from two counties. Aiken and Chesterfield counties indicate that this bill will have no expenditure impact. Due to the limited number of responses, the local expenditure impact of this bill is undetermined.

Local Revenue

N/A



Frank A. Rainwater, Executive Director