

1. In each of its annual reports, S.C. First Steps should report the percentage of those served who possess each risk factor, where client level data is available.

**OPERATIONAL RECOMMENDATION: CLIENT DATA PROTOCOL**– In 2006, First Steps commissioned research to determine which South Carolina children were deemed not successful in the early grades (PACT data, 2007). This research, completed by Dr. Baron Holmes with support from the Office of Research and Statistics and the SC Department of Education, resulted in South Carolina’s first-ever targeted school readiness needs assessment statewide as it provided data on the potential school success “risk factors” during children’s earliest years.

<b><u>Young Children Not Succeeding in School</u></b> <i>(Characteristics of Children Ages 0 – 3, Retained or Below Basic on PACT)</i>		
Percent of Children Not Succeeding (lowest quartile on PACT)	Risk	Total as % of Age Group (0-3)
53%	<i>Abused, Neglected, or in Foster Care</i>	3%
52%	<i>Very Low Birthweight (under 1500 grams)</i>	1.4%
48%	<i>Lower Educated Mother (under 12 grades)</i>	25%
45%	<i>TANF</i>	17%
43%	<i>Low Birthweight (1500 - 2000 grams)</i>	1.8%
43%	<i>Teen Mother (under 18)</i>	8%
42%	<i>Food Stamps</i>	32%
37%	<i>Mother (age 18 - 20)</i>	17%
36%	<i>Low Birthweight (2000 - 2500 grams)</i>	6%

Source: SC Department of Education, 2007. Research by Dr. Baron Holmes, SC Office of Research and Statistics, SC Budget and Control Board.

Brain research shows that the foundation for a child’s lifelong learning and potential is formed during the first five years. The board utilized this research to set definitive “risk factor targeting” standards for all local partnerships in 2007. Partnerships in every county collaborate with stakeholders to offer services and support to these vulnerable populations (above, by risk factor) at the earliest age possible. The board and staff examine results each year by program, by county. This data is housed in the First Steps database, and can be utilized in annual reports (though this was not a requirement of the enabling legislation).

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	<p>The First Steps database (managed by the Office of Research and Statistics) currently compares standards to results annually- by county, by program. As provided to the LAC, for example, First Steps Parents as Teachers FY 13 standards required that clients be identified with at least one board-approved risk factor at the time of enrollment, and that a majority of clients have two or more of these risk factors. In April 2013, a data report pulled for the LAC showed 1110 of 1116 First Steps' current PAT client cases (99.46%) with at least one approved risk factor. The system is capable of depicting this data at the case level and by individual risk factor. Across all PAT clients, 15.7% of clients in April 2013 possessed only one risk factor, 51% had two risk factors and 32.8% possessed three or more. This data allows the state staff and board monitor effective targeting by local partnerships.</p> <p>Section 59-152-50 (6) of H.3428 sets forth new specifications for SC First Steps annual reports. The staff and evaluation committee of the board will develop new annual report data protocol to meet legal requirements.</p>
2. In its annual reports, S.C. First Steps should state where client-level data is not available and explain how these programs reach the most at-risk children.	<p><b>CODIFIED WITHIN H.3428</b> – Section 59-152-50 (6)</p> <p>Client-level data is currently maintained for all prevalent First Steps strategies, however some First Steps programs serve clients that are not children (ie, teacher training, child care quality enhancement, parent home visitation).</p> <p><i>“...submit an annual report to the board by December first which includes, but is not limited to, the statewide needs and resources available to meet the goals and purposes of the First Steps to School Readiness initiative, a list of risk factors the office considers to affect school readiness, identification of areas where client-level data is not available, an explanation of how First Steps programs reach the most at-risk children, the ongoing progress and results of the First Steps to School Readiness initiative statewide and locally, fiscal information on the expenditure of funds, and recommendations and legislative proposals to further implement the South Carolina First Steps to School Readiness initiative statewide;”</i></p> <p>H.3428 clarifies the expectation to add detail to future annual reports. The staff and evaluation committee of the board will develop new annual report protocols to meet legal requirements.</p>
3. S.C. First Steps should model its annual report on the accountability report used by South Carolina departments and agencies.	<p><b>OPERATIONAL RECOMMENDATION: ANNUAL REPORT FORMAT</b> – First Steps has not previously utilized this reporting format and is exploring the pros and cons of using it as an annual report to the public.</p>
4. The General Assembly should amend state law to establish a statewide definition of school readiness.	<p><b>CODIFIED WITHIN H.3428</b> - Section 59-152-25 (G)</p> <p>At the recommendation of the SC First Steps board, staff, local partnerships and other stakeholders, South Carolina has first-ever legal definition of school readiness, enabling all stakeholders to work together to affect the same outcomes/indicators. This definition is codified in H.3428.</p> <p><i>“‘School readiness’ means the level of child development necessary to ensure early school success as measured in the following domains: physical health and motor skills; emotional and social competence; language and literacy development; and mathematical thinking and cognitive skills. School readiness is supported by the knowledge and practices of families, caregivers, healthcare providers, educators, and communities.”</i></p>

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<p>5. The General Assembly should amend state law to authorize the South Carolina Department of Education to adopt a statewide readiness assessment of children entering the formal education system.</p>	<p><b>CODIFIED WITHIN H. 3428-</b> Section 59-152-33 (A) and <b>S.516 (READ TO SUCCEED)-</b> Section 59-155-150 (A)</p> <p>The state's former assessments (Cognitive Skills Assessment Battery, 1977-2002, and South Carolina Readiness Assessment, 2002-2008) each provided certain data pertaining to a child's readiness for first grade or kindergarten. Since 2008, there has been no uniform school entry measure in South Carolina. The First Steps board, the SC Kindergarten Entry Assessment Steering Committee, the Education Oversight Committee, the Early Literacy Working Group, and numerous statewide stakeholders worked from January to June 2014 to support the introduction of a developmentally appropriate assessment for children in publicly-funded 4K and 5K, beginning with an early literacy assessment. This recommendation was codified in June 2014 in both H. 3428 and S.516.</p> <p><b>H.3428 - Section 59-152-33 (A)</b></p> <p><i>"Before July 1, 2015, the South Carolina Education Oversight Committee shall recommend an assessment to evaluate and measure the school readiness of students prior to their entrance into a prekindergarten or kindergarten program per the goals pursuant to Section 59-152-30 to the State Board of Education. Prior to submitting the recommendation to the State Board, the Education Oversight Committee shall seek input from the South Carolina First Steps to School Readiness Board of Trustees and other early childhood advocates. In making the recommendation, the South Carolina Education Oversight Committee shall consider assessments that are research-based, reliable, and appropriate for measuring readiness. The assessment chosen must evaluate each child's early language and literacy development, numeracy skills, physical well-being, social and emotional development, and approaches to learning. The assessment of academic readiness must be aligned with first and second grade standards for English language arts and mathematics. The purpose of the assessment is to provide teachers, administrators, and parents or guardians with information to address the readiness needs of each student, especially by identifying language, cognitive, social, emotional, and health needs, and providing appropriate instruction and support for each child. The results of the screenings and the developmental intervention strategies recommended to address the child identified needs must be provided, in writing, to the parent or guardian. Reading instructional strategies and developmental activities for children whose oral language and emergent literacy skills are assessed to be below the national standards must be aligned with the district's reading proficiency plan for addressing the readiness needs of each student. The school readiness assessment adopted by the State Board of Education may not be used to deny a student admission or progress to kindergarten or first grade. Every student entering the public schools for the first time in prekindergarten and kindergarten must be administered a readiness screening by the forty-fifth day of the school year."</i></p> <p><b>S.516 - Section 59-155-150 (A)</b></p> <p><i>"With the enactment of this chapter, the State Superintendent of Education shall ensure that every student entering publicly-funded prekindergarten and kindergarten beginning in Fiscal Year 2014-2015 will be administered a readiness assessment by the forty-fifth day of the school year. Initially the assessment shall focus on early language and literacy development. Beginning in Fiscal Year 2016-2017, the assessment must assess each child's early language and literacy development, mathematical thinking, physical well-being, and social-emotional development. The assessment may include multiple assessments, all of which must be approved by the board. The approved assessments of academic readiness must be aligned with first and second grade standards for English/language arts and mathematics. The purpose of the assessment is to provide teachers and parents or guardians with information to address the readiness needs of each student, especially by identifying language, cognitive, social, emotional, health problems, and concerning appropriate instruction for each child."</i></p>
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<p>6. The General Assembly should amend Section 59-152-70 (A)(7)(1) of the Code of Laws to eliminate the requirement that county partnerships annually evaluate programs for effectiveness.</p>	<p><b>CODIFIED WITHIN H.3428</b> - Section 59-152-70 (A)</p> <p>First Steps believes each local partnership should be accountable for results. In H.3428, the local partnership responsibility is outlined clearly, including new duties effective July 2016.</p> <p><i>A First Steps Partnership Board shall, among its other powers and duties:</i></p> <ul style="list-style-type: none"> <li><i>(1) adopt bylaws as established by the First Steps to School Readiness Board to effectuate the provisions of this chapter which must include the creation of a periodic meeting schedule;</i></li> <li><i>(2) coordinate a collaborative effort at the county or multicounty level which will bring the community together to identify the area needs related to the goals of First Steps to School Readiness; develop a strategic long-term plan for meeting those needs; develop specific initiatives to implement the elements of the plan; and integrate service delivery where possible;</i></li> <li><i>(3) coordinate and oversee the implementation of the comprehensive strategic plan including, but not limited to, direct service provision, contracting for service provision, and organization and management of volunteer programs;</i></li> <li><i>(4) effective July 1, 2016, each partnership's comprehensive plan shall include the following core functions:</i> <ul style="list-style-type: none"> <li><i>(a) service as a local portal connecting families of preschool children to community-based services they may need or desire to ensure the school readiness of their children;</i></li> <li><i>(b) service as a community convener around the needs of preschool children and their families; and</i></li> <li><i>(c) support of state-level school readiness priorities as determined by the State Board;</i></li> </ul> </li> <li><i>(5) update a needs assessment every three years;</i></li> <li><i>(6) implement fiscal policies and procedures as required by the First Steps office and as needed to ensure fiscal accountability of all funds appropriated to the partnership;</i></li> <li><i>(7) keep accurate records of the partnership's board meetings, board member's attendance, programs, and activities for annual submission to the First Steps to School Readiness Board of Trustees;</i></li> <li><i>(8) collect information and submit an annual report by October first to the First Steps to School Readiness Board of Trustees, and otherwise participate in the annual review and the three-year evaluation of operations and programs. Reports must include, but not be limited to:</i> <ul style="list-style-type: none"> <li><i>(a) determination of the current level and data pertaining to the delivery and effectiveness of services for young children and their families, including the numbers of preschool children and their families served;</i></li> <li><i>(b) strategic goals for increased availability, accessibility, quality, and efficiency of activities and services for young children and their families which will enable children to reach school ready to succeed;</i></li> <li><i>(c) monitoring of progress toward strategic goals;</i></li> <li><i>(d) report on implementation activities;</i></li> <li><i>(e) recommendations for changes to the strategic plan which may include new areas of implementation;</i></li> <li><i>(f) evaluation and report of program effectiveness and client satisfaction before, during, and after the implementation of the strategic plan, where available; and</i></li> <li><i>(g) estimation of cost savings attributable to increased efficiency and effectiveness of delivery of services to young children and their families, where available.</i></li> </ul> </li> </ul>
<p>7. South Carolina First Steps should independently evaluate each publicly-funded program individually on a regular basis to determine effectiveness and continued funding.</p>	<p><b>CODIFIED WITHIN H.3428</b> - Section 59-152-50 (4) and (7) and Section 59-125-160</p> <p>First Steps supports continuous and ongoing evaluation of the initiative and funded strategies. H.3428 establishes a cyclical evaluation schedule for each prevalent program investment.</p> <p><i>"(4) evaluate each program funded by the South Carolina First Steps to School Readiness Board of Trustees on a regular cycle to</i></p>

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	<p><i>determine its effectiveness and whether it should continue to receive funding;</i></p> <p><i>(7) provide for ongoing data collection. Before June 30, 2015, the board shall develop a response to the November 2014 external evaluation of each prevalent program and the overall goals of the initiative, as provided in Section 59-125-160. The office shall contract with an external evaluator to develop a schedule for an in-depth and independent performance audit designed to measure the success of each prevalent program in regard to its success in supporting the goals of the State Board and those set forth in Section 59-152-20 and Section 59-152-30. Results of all external performance audits must be published in the First Steps annual report;"</i></p>
<p>8. The General Assembly should amend Section 59-152-50(6) and 59-152-160(B) of the South Carolina Code of Laws to clarify the period of time addressed by the external evaluation.</p>	<p><b>CODIFIED WITHIN H.3428 - Section 59-125-160 (A)</b></p> <p>First Steps' enabling legislation required a triennial external evaluation. H.3428 amends the evaluation timeframe and adds a new cyclical prevalent program evaluation (no less than every five years per prevalent program).</p> <p><i>"(A) The South Carolina First Steps to School Readiness Board of Trustees shall establish internal evaluation policies and procedures for local partnerships for an annual review of the functioning of the partnership, implementation of strategies, and progress toward the interim goals and benchmarks. In instances where no progress has been made, the Office of First Steps to School Readiness shall provide targeted assistance and/or the South Carolina First Steps to School Readiness Board of Trustees may terminate the grant. An independent evaluation of each prevalent program investment using valid and reliable measures must be completed and published by the First Steps Board of Trustees no less than every five years. The First Steps board shall adopt a cyclical evaluation calendar including each major program investment no later than June 30, 2015. After publication of a baseline report for each major program investment defined in Section 59-152-25, subsequent reports will be published no later than five calendar years from the date of each prior publication. In addition to the independent evaluation of each prevalent program, an evaluation of the progress on the initiative's goals and purpose must be completed by November 1, 2014, and every five years thereafter by an independent, external evaluator under contract with the South Carolina First Steps to School Readiness Board of Trustees. The purpose of this evaluation will be to gauge First Steps' progress in meeting the goals established in Section 59-152-20 and Section 59-52-30.</i></p> <p><i>(B) Local partnerships must agree to participate in such an evaluation in order to receive a First Steps grant. Subsequent grant approval and grant allocations must be dependent, in part, on the results of the evaluations. If an evaluation finds no progress has been made in meeting local goals or implementing strategies as agreed to in the First Steps grant, the grant may be terminated.</i></p> <p><i>(C) The purpose of the evaluation is to assess progress toward achieving the First Steps goals and to determine the impact of each strategy in supporting improved school readiness as defined in Section 52-152-15. The impact assessment shall include, but is not limited to, school readiness measures; benefits from child development services; immunization status; low birth-weight rates; parent literacy; parenting skills; parental involvement; transportation; and developmental screening results. During the course of the evaluation, if an evaluator determines that any state agency has failed to comply with the coordination and collaboration provisions as required in this chapter, the final report must reflect that information. Each program evaluation report must be reported to the General Assembly no later than three months after conclusion of the evaluation. Local partnerships shall cooperate fully in collecting and providing data and information for the evaluation of their funded strategies."</i></p>
<p>9. South Carolina First Steps should comply with state law and ensure performance evaluations are published by the due date.</p>	<p><b>OPERATIONAL RECOMMENDATION: DATA DELAY</b> – As noted by the external evaluation panels in both 2006 and 2010, these prior reports were delayed due to partner agency data issues outside of First Steps' direct control.</p> <p>First Steps' next external evaluation is due November 15, 2014 (budget proviso 1.74).</p>



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10. South Carolina First Steps should ensure that it uses valid and reliable methods in determining the effectiveness of its programs.	<p><b>CODIFIED WITHIN H.3428</b> - 59-125-160 (A) inserts language on valid and reliable measures.</p> <p><i>"An independent evaluation of each prevalent program investment using valid and reliable measures must be completed and published by the First Steps Board of Trustees no less than every five years. The First Steps board shall adopt a cyclical evaluation calendar including each major program investment no later than June 30, 2015."</i></p>
11. The S.C. First Steps Board of Trustees should define the terms "evidence-based programs" and "promising programs" and promulgate these terms in regulation.	<p><b>CODIFIED WITHIN H.3428</b> - Section 59-152-25 (A) and (E) clarifies these definitions in law.</p> <p><i>"(C) 'Evidence-informed program' means a program that does not satisfy the criteria of an evidenced-based program model but that South Carolina First Steps to School Readiness Board of Trustees determines is supported by research indicating its potential effectiveness.</i></p> <p><i>(F) 'Prevalent program investment' means a program administered by a partnership and funded with state grant money, which accounts for at least ten percent of total programmatic spending in First Steps."</i></p>
12. The S.C. First Steps should develop a list of approved evidence-based and promising programs.	<p><b>CODIFIED WITHIN H.3428</b> - Section 59-152-32 (A) mandates the Board <i>"publish and distribute a list of approved evidence-based and evidence-informed programs"</i> by July 1, 2015.</p> <p>The First Steps Reauthorization Programs Work Team considered this recommendation of the LAC in its Fall 2013 work. Recommendations were offered to the board at its annual retreat in October 2013. The Program and Grants Committee and the board began its deliberations and national scan for similar state and national program criteria between October and December 2013. These findings will form the basis of the work for the board in support of the legal requirement in H.3428.</p>
13. S.C. First Steps should limit state funding to a board-approved list of evidence-based and promising programs.	<p><b>CLARIFICATION IN H. 3428</b> - After careful consideration by the First Steps Reauthorization Program Work Team and state board during fall 2013, First Steps believes existing methodology meets the needs of local communities. (Current board practice permits local partnerships to propose innovative strategies and evaluation plans for detailed review and approval.) However, H.3428- Section 59-152-100 does offer guidance to the board for state funding of programs:</p> <p><i>"(B) At least seventy-five percent of state funds appropriated for programs must be used by the local partnership for evidence-based programs. Not more than twenty-five percent of state funds appropriated for programs to a local partnership may be used for evidence-informed programs."</i></p>
14. The General Assembly should amend state law to limit the number of state-funded First Steps programs.	<p><b>H. 3428 DOES NOT ADDRESS EXPLICITLY.</b></p> <p>First Steps will continue to evaluate this recommendation for future legislation. Limitations were placed on program expenditures in H.3428 Section 59-152-100 (see above). No amendment to limit the number of state-funded First Steps programs was addressed in law.</p>
15. S.C. First Steps should allocate staff resources sufficient to provide the technical assistance required by S.C. Code 49-152-50(3).	<p><b>COMPLETED.</b> First Steps restructured the technical assistance function to provide for more assistance to local partnerships, effective January 2014.</p>

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16. The S.C. First Steps Board of Trustees should refrain from taking action in the absence of a quorum.	<b>OPERATIONAL RECOMMENDATION: BOARD QUORUM</b> - H.3428 Section 63-11-1720 changes the composition of the state board, giving all trustees voting privileges (effectively creating an “early childhood public-private cabinet” structure). First Steps’ enabling legislation provided agency heads (or their designees) voice but no vote, creating potential quorum issues when legislative or Constitutional trustees were excused or absent. H.3428 Section 63-11-1720 enables dialogue and full participation, and minimizes potential quorum issues.
17. The S.C. First Steps Board of Trustees should enforce its attendance policy.	<b>OPERATIONAL RECOMMENDATION: BOARD ATTENDANCE</b> – Following the passage of H. 3428, the Board is reviewing and updating its bylaws, including the standing attendance policy.
18. The General Assembly should amend SC Code 63-11-1720 (A) to allow the Governor and Superintendent of Education to designate a person to attend and vote at First Steps board meetings.	<b>CODIFIED WITHIN H.3428</b> – Section 63-11-1720 permits designees for Governor and Superintendent. Both designee roles are filled as of October 2014.
19. If the General Assembly does not amend SC Code 63-11-1720 (A) to allow the Governor and Superintendent of Education to have designees to the board, the Governor and Superintendent of Education should attend the meetings.	<b>CODIFIED WITHIN H.3428</b> - See #18 above.
20. The Governor should and members of the General Assembly should appoint trustees when their terms expire, as required by state law.	<b>RECOMMENDATION TO GOVERNOR AND GENERAL ASSEMBLY</b> – Both have filled vacancies in the past several months. As of October 2014, only one vacancy exists on the state First Steps board.
21. The General Assembly should amend SC Code 1-5-40 to add First Steps to the list of boards and commissions that the Secretary of State monitors.	<b>CODIFIED WITHIN H.3428</b> - Section 1-5-40  South Carolina First Steps is currently listed on the Secretary of State website.
22. The S.C. First Steps Board of Trustees should develop, implement, and document an	<b>OPERATIONAL RECOMMENDATION: DIRECTOR EVALUATION</b>  This process is spelled out in agency bylaws and is the current practice of the board.

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annual performance evaluation process for the S.C. First Steps director.	
23. The SC First Steps Board of Trustees executive committee should discuss and act only on items requiring attention prior to the next board meeting.	<b>OPERATIONAL RECOMMENDATION: EXECUTIVE COMMITTEE</b>  This is the current practice of the Executive Committee.
24. The Executive committee of the S.C. First Steps board should comply with Section VI(j)(2) of the bylaws, and distribute minutes if its meetings to the entire board. The S.C. First Steps board should add a report from the executive committee to the committee reports section of each board meeting agenda.	<b>OPERATIONAL RECOMMENDATION: EXECUTIVE COMMITTEE</b>  This is the current practice of the Executive Committee and full board.
25. The General Assembly should amend S.C. Code 63-11-1720(A)(1-3) to ensure that geographic areas not close to urban centers are represented on the S.C. First Steps Board of Trustees.	<b>CODIFIED WITHIN H.3428- Section 63-11-1720 (B)</b>  <i>"(B) In making the appointments specified in subsection (C)(1), (2), and (3) of this chapter, the Governor, President Pro Tempore of the Senate, and the Speaker of the House of Representatives shall seek to ensure diverse geographical representation on the board by appointing individuals from each congressional district as possible."</i>
26. The General Assembly should re-examine SC Code 63-11-1720 which establishes the number of trustees on the S.C. First Steps board.	<b>CODIFIED WITHIN H.3428 - Section 63-11-1720 (C) 6</b>  H. 3428 reduces the number of state board trustees, includes 5 agency heads as ex-officio members with voting status.
27. The South Carolina Department of Education should work with the South Carolina Office of the Comptroller General and South Carolina First Steps to accurately and consistently report the	<b>COMPLETED.</b> This has been an historic challenge for First Steps. Due to the existing budget structure, certain First Steps funds were difficult to isolate within the larger SC Department of Education budget. Following the LAC June 2013 recommendation, however, First Steps was pleased to work with the SC Department of Education and Comptroller General to segregate First Steps funds from the SC Department of Education funds.



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expenditures and revenues of South Carolina First Steps.	
28. South Carolina First Steps should comply with South Carolina Regulation 19-712.02.B and ensure that all leave taken by all South Carolina First Steps employees is recorded accurately within the state employee database.	<b>COMPLETED.</b> This has always been the practice of SC First Steps. All leave is up-to-date within SCEIS.
29. S.C. First Steps should contract with an independent cost accountant to determine an adequate and not excessive overhead cost rate for county partnerships. The issues addressed in this independent review should include but not be limited to: A definition of overhead costs; Overhead costs incurred by county partnerships versus those incurred by outsourced service providers; Overhead costs versus indirect programming costs; A methodology for calculating overhead cost rates, including the funding sources on which the rates are based.	<p><b>CODIFIED WITHIN H.3428:</b> Section 59-152-70 (B)</p> <p><i>“(B) Each local partnership may, in the performance of its duties, employ or acquire staff pursuant to the local partnership bylaws established by the South Carolina First Steps School to Readiness Board of Trustees. Overhead costs of a First Step partnership's operations may not exceed eight percent of the total state funds appropriated for partnership grants. The South Carolina First Steps to School Readiness Board of Trustees shall contract with an independent cost accountant to provide recommendations as to an adequate and not excessive, overhead cost rate for individual partnerships no later than July 1, 2017. Once these recommendations are received the First Steps to School Readiness Board of Trustees may adjust the overhead percentage for the local partnership.”</i></p>
30. The South Carolina General Assembly should amend Section 59-152-70(B) of the S.C. Code of Laws to establish an adequate but not excessive cost rate limit for county partnerships based on a review by an independent cost accountant.	<p><b>CODIFIED WITHIN H.3428 -</b> Section 59-152-70 (B)</p> <p><i>“(B) Each local partnership may, in the performance of its duties, employ or acquire staff pursuant to the local partnership bylaws established by the South Carolina First Steps School to Readiness Board of Trustees. Overhead costs of a First Step partnership's operations may not exceed eight percent of the total state funds appropriated for partnership grants. The South Carolina First Steps to School Readiness Board of Trustees shall contract with an independent cost accountant to provide recommendations as to an adequate and not excessive, overhead cost rate for individual partnerships no later than July 1, 2017. Once these recommendations are received the First Steps to School Readiness Board of Trustees may adjust the overhead percentage for the local partnership.”</i></p>

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<p>31. When implementing Section 59-152-70(B) of the S.C. Code of Laws regarding county partnership overhead costs, S.C. First Steps should promulgate regulations with a clear methodology for calculating county partnership overhead cost rates.</p>	<p><b>SEE #30 ABOVE</b> - Section 59-152-70 (B) provides the necessary groundwork for such action.</p>
<p>32. South Carolina First Steps should promulgate its funding formula in state regulation.</p>	<p><b>CODIFIED WITHIN H.3428</b> - Section 59-152-90 (C) sets forth updated demographics for the First Steps formula.</p> <p><i>“ (2) The South Carolina First Steps to School Readiness Board of Trustees shall establish a formula, which includes the identification of the most relevant and effective factors, by which the allocations for qualifying Partnership grants are calculated. The board shall identify the factors, develop the funding formula, and promulgate both in regulation pursuant to the Administrative Procedures Act. The factors utilized in the funding formula, and the weight given to each factor by the formula, must reflect that the intent of the General Assembly is to ensure that the money allocated to each local partnership is in proportion to the following:</i></p> <ul style="list-style-type: none"> <li><i>(a) population of eligible children;</i></li> <li><i>(b) population of at-risk children; and</i></li> <li><i>(c) population with below average income.”</i></li> </ul> <p>Both the board and the First Steps Reauthorization Funding Work Team examined the existing factors and set forth a draft work plan for consideration (Fall 2013). The state board will re-examine these findings as First Steps plans for the promulgation process called for in H.3428.</p>
<p>33. The funding formula and any subsequent changes should be included in the South Carolina First Steps Board of Trustees' bylaws to provide a clear guide to current and future trustees on how to allocate funds.</p>	<p><b>OPERATIONAL RECOMMENDATION: FUNDING FORMULA ADDITION TO BYLAWS</b></p> <p>SC First Steps to School Readiness bylaws are currently under review by First Steps legal counsel following the passage of H.3428. Revisions to the bylaws will include the methodology of the current First Steps funding formula (found currently in the finance operations manual) until further updates are promulgated.</p> <p>Upon adoption by the Board, this information will also be recorded in board meeting minutes.</p>
<p>34. South Carolina First Steps Board of Trustees should accurately record the funding formula and any subsequent changes within the full state board minutes for the relevant meeting.</p>	<p><b>OPERATIONAL RECOMMENDATION: FUNDING FORMULA CHANGES IN MINUTES</b></p> <p>The First Steps funding formula, passed by the state board in 2000 (developed per enabling legislation, with consultation by senior officials at the SC Department of Health and Environmental Control), has been changed only twice by the board since 2000 (in 2005 and in 2009, both times to reflect changes in the state's standardized tests, which were reflected in the KindsCount data). In both cases, the minutes of the board meetings reflect these discussions and changes.</p>

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	<p>A recent analysis of the current funding formula -and related factors- was conducted by the First Steps Reauthorization Funding Work Team and state board (September-October 2013).</p> <p>The formula review was facilitated by former Budget and Control Board and DHEC officials, with recommendations offered to the full board in October 2013. The state board will re-examine these findings as First Steps plans for the promulgation process called for in H.3428.</p>
35. South Carolina First Steps should include a funding formula page on its website which outlines full formula details (including factors, weights, and sources of data) posts announcements regarding upcoming changes to the formula, and provides direction for public input.	<p><b>OPERATIONAL RECOMMENDATION: FUNDING FORMULA DETAILS ON WEBSITE</b></p> <p>First Steps launched an updated website in February 2014. The website is still being phased in as resources are available (through the remainder of the 2014 calendar year). When complete, formula information will be readily available and prominently displayed for the public. Currently, all staff and volunteers are offered a one-on-one training and analysis of their partnership funding allocation by the Office of First Steps. This has been the practice since the introduction of the formula in 2000.</p>
36. In the annual state appropriation for South Carolina First Steps, the South Carolina General Assembly should specify the allocation to county partnerships.	<p><b>COMPLETED BY GENERAL ASSEMBLY.</b></p> <p>With assistance from Executive, House and Senate staff, and analysts at the Office of the SC State Budget, SC First Steps to School Readiness FY14 appropriation include a specific line for First Steps local partnerships (and other specific programs at First Steps). This increases transparency and accountability to the public; we are seeking this clarity in the FY16 budget structure.</p>
37. South Carolina First Steps Board of Trustees should not make allocations outside the funding formula.	<p><b>OPERATIONAL RECOMMENDATION</b> – Minimum allocations made outside of the funding formula relate to rural county partnership needs/minimum partnership funding since May 2003 (note the “resource availability” issue contemplated in # below).</p> <p>A recent analysis of the current funding formula -and related factors- was conducted by the First Steps Reauthorization Funding Work Team and state board as a result of the LAC recommendations (September-October 2013). The formula review was facilitated by former Budget and Control Board and DHEC officials, with recommendations offered to the full board in October 2013. The state board will re-examine these findings as First Steps plans for the promulgation process called for in H.3428.</p>
38. The South Carolina First Steps Board of Trustees should add a resource availability factor to the funding formula to account for the	<p><b>OPERATIONAL RECOMMENDATION</b> – H.3428 codified the Board’s responsibility to promulgate the partnership funding formula. As part of this process, the Board will weigh the pros and cons of a resource availability factor – recognizing that any modification of existing methodology will result in “winners and losers” from a funding perspective.</p>

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<p>resource disparity between counties.</p>	<p>A recent analysis of the current funding formula -and related factors, including the “resource availability “ question- was conducted by the First Steps Reauthorization Funding Work Team and state board as a result of the LAC recommendation (September-October 2013). The formula review was facilitated by former Budget and Control Board and DHEC officials, with recommendations offered to the full board in October 2013.</p> <p>The state board will re-examine these findings as First Steps plans for the promulgation process called for in H.3428.</p>
<p>39. The South Carolina General Assembly should amend South Carolina Code 59-152-90(E) to delete the requirement that South Carolina First Steps should take into consideration the subjective factors as they relate to the funding process.</p>	<p><b>CODIFIED WITHIN H.3428</b> – Section 63-11-1730 clarifies grant qualification requirements.</p> <p>Pursuant to 63-11-1730, the South Carolina First Steps to School Readiness Board of Trustees shall establish the grant qualification requirements. The board shall develop and promulgate grant qualification requirements in regulation pursuant to the Administrative Procedures Act. These requirements must include, but not be limited to, the following:</p> <ul style="list-style-type: none"> <li>(a) adoption and adherence to bylaws promulgated by the South Carolina First Steps to School Readiness Board of Trustees, which includes, but is not limited to, compliance with the board composition, attendance, voting, and disclosure requirements;</li> <li>(b) utilization of the South Carolina First Steps to School Readiness benchmarks and objectives;</li> <li>(c) implementation of programs and activities, which are effective and contributing to state goals, and otherwise acceptable pursuant to the requirements of Chapter 152, Title 59; and</li> <li>(d) fulfillment of all the duties in Section 59-152-70.</li> </ul> <p>(2) The South Carolina First Steps to School Readiness Board of Trustees shall establish a formula, which includes the identification of the most relevant and effective factors, by which the allocations for qualifying Partnership grants are calculated. The board shall identify the factors, develop the funding formula, and promulgate both in regulation pursuant to the Administrative Procedures Act. The factors utilized in the funding formula, and the weight given to each factor by the formula, must reflect that the intent of the General Assembly is to ensure that the money allocated to each local partners is in proportion to the following:</p> <ul style="list-style-type: none"> <li>(a) population of eligible children;</li> <li>(b) population of at-risk children; and</li> <li>(c) population with below average income.</li> </ul> <p>(3) First Steps shall include the grant qualification requirements and funding formula on its website. The website information shall include formula details, announcements regarding proposed changes to the formula, and directions for public input.</p> <p>(E) In conjunction with the independent external program evaluation established pursuant to Section 59-152-160, the board of trustees shall conduct a formal review of the grant qualification requirements and funding process adopted pursuant to subsections (C) and (D) and, upon completion of the review, shall submit to the General Assembly a statement either verifying the continued applicability and appropriateness of the grant qualification requirements and funding process in use at that time or recommending any appropriate and necessary changes.</p>
<p>40. South Carolina should implement internal controls to ensure</p>	<p><b>COMPLETED.</b> This operational recommendation has been addressed, with two staff now charged with independently preparing formula allocations as an additional crosscheck.</p>

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partnership awards are accurate.	
41. The South Carolina General Assembly should amend state law to define the age limit for children and their families eligible to receive S.C. First Steps funding according to months, rather than years.	<p><b>CODIFIED WITHIN H.3428</b> – Section 59-152-25 clarifies ages served under First Steps law.</p> <p><i>“(E) ‘Preschool child’ means a child from the prenatal stage to entry into five-year-old kindergarten.”</i></p>
42. The General Assembly should amend all references to "county partnerships" to "local partnerships" in the S.C. Code of Laws.	<p><b>CODIFIED WITHIN H.3428</b> – Section 59-152-25 defines partnership. References to “county partnerships” are changed from the enabling legislation to “local partnership” throughout H.3428.</p> <p><i>(D) ‘Partnership’ refers to a local First Steps organization designated as such by the South Carolina First Steps to School Readiness Board of Trustees, organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit corporation and formed to further, within the coverage area, the purpose and goals of the First Steps initiative as stated in Sections 59-152-20 and 59-152-30.</i></p>