

# **Report of the Office of First Steps Study Committee**

**Submitted to the South Carolina General  
Assembly**

**Pursuant to Act 287 of 2014**



**Mr. Michael Brenan, Chair  
The Honorable Nikki Setzler, Vice Chair**

**November 3, 2015**

## SECTION 1

### Study Committee Overview

#### Statutory Authority

Act 287 of 2014 reauthorized the South Carolina First Steps to School Readiness Initiative until July 1, 2016, amended the roles and responsibilities of this initiative, and created the South Carolina First Steps Study Committee:

(F)(1) There is created the Office of First Steps Study Committee to review the structure, responsibilities, governance by an organization exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, and administration of the Office of First Steps. The goal of the study committee is to guarantee that children from birth to school-age receive needed services from the Office of First Steps in the most effective way through coordination with other agencies that serve the same population. Also, the study committee shall determine whether the services provided by the Office of First Steps are provided in the most cost-effective and direct manner to entities served by the Office of First Steps, including County First Steps Partnerships Boards. The study committee shall evaluate the structure and costs of the Office of First Steps becoming an independent agency and make a recommendation as to whether the Office of First Steps should become an agency, remain as a program at the Department of Education, be relocated within a state agency other than the Department of Education, or any other alternative structure the study committee deems fit. The study committee shall also address the issues concerning the governance of an organization exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986 relative to the structure recommended by the study committee. When making its recommendation as to the structure, the study committee must include an analysis of the costs associated with a change in structure. Such costs include, but are not limited to, personnel, data security, data management, and fiscal services.

(2) The study committee shall be composed of:

(a) four members of the Senate appointed by the Chairman of the Senate Education Committee. Of these members, one must be appointed upon the recommendation of the Senate Majority Leader, one must be appointed upon the recommendation of the Senate Minority Leader, and one must be a member of the South Carolina First Steps to School Readiness Board of Trustees;

(b) four members of the House of Representatives appointed by the Chairman of the House Education and Public Works Committee. Of these members, one must be appointed upon the recommendation of the House Majority Leader, one must be appointed upon the recommendation of the House Minority Leader, and one must be a member of the South Carolina First Steps to School Readiness Board of Trustees;

(c) one member appointed by the Governor, who shall serve as chairman;

- (d) the President of the Institute for Child Success, or his designee;
- (e) the Chairman of the Education Oversight Committee, or his designee; and
- (f) the Chairman of the Joint Citizens Legislative Committee on Children, or his designee.

Except for the two members of South Carolina First Steps to School Readiness Board of Trustees appointed pursuant to subitems (a) and (b), no member of the study committee may be a member of the South Carolina First Steps to School Readiness Board of Trustees or a member of a County First Steps Partnership Board.

(3) The study committee must be staffed by the staff of the Senate Education Committee and the House Education and Public Works Committee.

(4) The study committee shall complete its review and submit its recommendation to the General Assembly no later than March 15, 2015. Upon submission of its recommendation, the study committee is dissolved." *(NOTE: House Bill 3843 of 2015 extended the due date for the report to the General Assembly to January 1, 2016).*

The General Assembly's Charge to the State Office of First Steps Study Committee was to review the following:

- the structure of the Office of First Steps;
- the responsibilities of the Office of First Steps;
- the governance by a 501 (c) (3) organization; and,
- administration of the Office of First Steps.

The goal was to be reached by examining the following areas:

1. The Committee must find ways to guarantee that children from birth to school age receive services from the Office of First Steps in the most effective way through collaboration. In other words, does the Office of First Steps collaborate and coordinate with other entities whose focus is early childhood and, if not, how should that be accomplished?
2. The Committee must explore whether the Office of First Steps' services are provided in the most effective and direct manner to entities --including local partnerships--that are served by the Office of First Steps.
3. The Committee must evaluate the structure and costs of the Office of First Steps would incur by becoming an independent agency, and recommend if the Office of First steps should become an independent agency, remain as a program at the State Department of Education, be relocated to a different state agency, or identify an alternative organizational structure.
4. The Committee must address issues concerning the governance of an organization exempt from Section 501 (c) (3) of the Internal Revenue Code relative to the structure

recommended by the Committee. The Committee must analyze the costs associated with a change in structure to include personnel, data security and management, and fiscal services.

To meet this charge, the Study Committee held five meetings during which it received testimony from numerous individuals and entities closely involved with early childhood issues.

**Office of First Steps Committee Members**

<b>Member</b>	<b>Appointment of:</b>
1. Mr. Michael Brenan (Chair)	Governor
2. The Honorable Nikki Setzler (Vice Chair)	Senate Education Committee Chair
3. The Honorable Greg Hembree	Senate Education Committee Chair
4. The Honorable Ross Turner	Senate Education Committee Chair
5. The Honorable Mike Fair	Senate Education Committee Chair
6. The Honorable Rita Allison	House Education and Public Works Chair
7. The Honorable Garry R. Smith	House Education and Public Works Chair
8. The Honorable Raye Felder	House Education and Public Works Chair
9. The Honorable John Richard C. King	House Education and Public Works Chair
10. Mr. Joe Waters	Designee, Institute for Child Success
11. Mr. David Whittemore	Chair, Education Oversight Committee
12. The Honorable Shannon Erickson	Designee, Joint Citizens Legislative Committee on Children

## SECTION 2

### Study Committee Approach

#### Summary

The Study Committee conducted its work in a series of public meetings, and gathered information from a cross-section of diverse sources: local and state experts directly and indirectly involved with early childhood issues, national early childhood experts, a former Palmetto State Governor, child care operators, First Steps Board Chairman and County Partnership Executive Directors, associated federal and state entities, etc. The Study Committee conducted an online, confidential survey, of the Executive Directors, and received responses from 36 of 46 partnerships - a 78% response rate. (Attachment C).

#### Meeting Summaries

##### Meeting 1 - October 28, 2014, 10:00 AM, 433 Blatt Building

The Committee held its organizational meeting, with all members attending (Representative Allison attended via conference call). Members elected Senator Setzler as Vice Chair, and agreed that several meetings would need to be scheduled to hear requested testimony, and to hear from the public. Members were given a copy of the Committee's charge, which Mr. Brenan reviewed, and each member made a few brief comments on the scope and approach of the Committee. Two key considerations will be understanding what First Steps was originally doing versus what they are doing now, and the impact that any recommendations may have on the 501(c)(3) status as we move forward. As Executive Director of First Steps, Ms. DeVenny was invited by Representative Smith to make a few remarks to the Committee, and provided a recap of First Steps' history.

The next meeting date was scheduled for November 10, beginning at 1:00 PM, for the purpose of receiving testimony from requested speakers, per members' input and discussion.

Information distributed to members prior to the meeting;

- H.3428 as passed
- Governor's Veto message for H.3428
- Summary of the June 2013 Legislative Audit Council (LAC) Report on First Steps
- Copy of the full June 2013 LAC Report
- First Steps 2013 Annual Report
- Current roster of First Steps Board members
- Updated June 2013 LAC Recommendation Status

Information distributed subsequent to the meeting:

- A copy of Act 99 from 1999 (original legislation).



Meeting 2 - November 10, 2014, 1:00 PM, 433 Blatt Building

The Committee held its second meeting, with all members in attendance except for Representative King. Mr. Brenan opened by reminding members and attendees that the charge of the Committee is to review the structure of First Steps and its administration, especially as it pertains to its 501(c)(3) status. The Committee's charge will necessitate discussions being forthright and open, and with candor, honesty and civility.

Requested speakers presented information and were to provide staff with a copy of their remarks:

1. Mr. Perry Simpson - Director, Legislative Audit Council
2. Mr. Dino Teppara - Legislative & Public Affairs, SC Department of Education
3. Mr. Ken Wingate - Chairman, First Steps Board
4. Ms. Darnell McPherson - Executive Director, Darlington First Steps (carried over to 12/4/14, as she was unable to attend meeting)
5. Mr. Derek Lewis - Executive Director, Greenville County First Steps
6. Mrs. Melanie Barton - Executive Director, Education Oversight Committee
7. Ms. Barbara Scott - Myers Nursery and Day Care, Hopkins
8. Dr. Emily Carroll - Policy Counsel, Institute for Child Success
9. Ms. Caitlin Carey - Director of Communications & Public Policy, United Way (carried over to 12/4/14, due to time constraints)
10. Ms. Megan Branham - LMSW, Policy and Government Liaison, Children's Trust (carried over to 12/4/14, due to time constraints)
11. Mr. James Pasley - Executive Director, Waccamaw EOC, Inc., Head Start Program, Early Head Start (Williamsburg, Horry, Georgetown )  
Mary Lynn Diggs - Director, Head Start Collaboration Office
12. Leigh Bolick - Director, Early Care and Education, DSS (carried over to 12/4/14, due to time constraints, then to 12/18/14 due to illness)
13. Ann-Marie Dwyer - MSW, LISW-CP, Director of Behavioral Health, DHHS

An opportunity for Q & A followed speaker remarks.

Meeting 3 - December 4, 2014, 1:00 PM, 110 Blatt Building (Live Broadcast)

Mr. Brenan welcomed everyone, and proceeded to call requested speakers to the podium. All members with the exception of Representatives Smith and King and Mr. Waters were in attendance. Members heard testimony from the following speakers:

1. Ken Wingate - Chairman, First Steps Board (who introduced Ms. Van Riper)  
Lisa Van Riper - Board Member and Executive Committee Member, First Steps Board
2. Ms. Kelly Callahan - Vice President and Chief Operating Officer, United Way
3. Sue Williams - CEO, Children's Trust
4. Ann-Marie Dwyer - MSW, LISW-CP, Director of Behavioral Health, DHHS
5. Ms. Darnell McPherson - Executive Director, Darlington First Steps
6. Mr. Alexis Pipkins - Executive Director, Lee County First Steps  
Mr. Andrew Moses - Board Chairman, Lee County First Steps
7. Dr. Beverly Buscemi - State Director, Department of Disabilities and Special Needs
8. Dr. Oran Smith - President, Palmetto Family Council

An opportunity for Q & A followed speaker remarks.

Meeting 4 - December 18, 2014, 1:00 PM, 110 Blatt Building (Live Broadcast)

Mr. Brennan opened by welcoming everyone, and asking Representatives Erickson, Felder, and Smith to provide an update on their trip to Israel, from which they returned the day prior. He then welcomed Governor Jim Hodges, who was quite instrumental in the passage of Act 99 in 1999. All committee members were in attendance.

The following speakers presented information to the Committee:

1. Governor Jim Hodges
2. Ms. Rosemary Wilson - Early Childhood Comprehensive Services
3. Ms. Jenna Stephens - Senior Policy Analyst, Joint Citizens and Legislative Committee on Children
4. Ms. Leigh Bolick - Director, Early Care and Education, DSS
5. Mr. Jim Reynolds - Transform SC, SC Council on Competiveness
6. Ms. Karen Ponder - Consultant to BUILD National Early Childhood
7. Mr. Scott Hipper - CEO, National Office of Parents as Teachers
8. Mr. Jim Konduros - Funder
9. Mr. Jim Riddle - Executive Director, Lexington County First Steps
10. Mr. Norman Dover - VP for Educational Services, Thornwell Children's Home
11. Ms. Libby Sweat- Lambert - Director, Fort Lawn Community Center
12. Ms. Karen Odom - Executive Director, Chesterfield County First Steps
13. Dr. Linda Lavender - Superintendent, Lexington District 4 (Early Childhood Program)
14. Mr. David Lisk - Executive Director, York County First Steps

An opportunity for Q & A followed speaker remarks.

After the conclusion of testimony at 4:50 PM, Mr. Brennan stated the next step is for the Committee to begin its deliberations, with the intent of meeting the March 15, 2015 report deadline. First Steps had provided members with a folder of follow up information from Mr. Wingate's 12/4/14 presentation with Ms. Van Riper, and Representative Smith requested that Ms. DeVenny present this information to the Committee. Due to time constraints, a date for the next meeting not discussed.

Meeting 5 - March 26, 2015, 1:00 PM, 110 Blatt Building (Live Broadcast)

Mr. Brennan welcomed everyone, and proceeded with invited speakers:

1. Melanie Barton - Executive Director, Education Oversight Committee
2. Dr. Janice Grendel - Fellow, Edward Ziglar Center in Child Development & Social Policy, Yale University
3. Rick Noble - Executive Director, Richland County First Steps

An opportunity for Q & A followed speaker remarks.

Meeting 6 - October 26, 2015, 1:00 PM, 433 Blatt Building (Live Broadcast)

Following opening remarks by Mr. Brenan and testimony from Mr. Ken Wingate, members discussed the draft report emailed to them on September 30, 2015, then agreed unanimously to adopt the report as amended (to include an addendum to be provided by Mr. Wingate, with a brief note of explanation). The meeting concluded with remarks recognizing Study Committee members and the chair, committee staff, and the First Steps Executive Director and board chair for their respective contributions to the committee's efforts.

## SECTION 3

### **Goals and Purpose of a Statewide Early Childhood Strategy - Regional and National Perspectives**

#### Regional:

Subsequent to Study Committee meetings held to gather data and information, the Southern Regional Education Board (SREB) drafted specific policy recommendations and action steps to "give more young children a solid start when they enter school." These recommendations were the product of a 16-member Early Childhood Commission, convened by the SREB and comprised of leaders from 16 states. Kentucky Governor Steve Beshear chaired this Commission, which met between November 2014 and May 2015. The Commission's Report, to be published in September 2015, is anticipated to include recommendations that focus on the areas its members agreed were a high priority in the region - quality, accountability, access, and governance:

- Improving quality in early childhood development programs
- Enacting state accountability systems that assess program performance and reward quality
- Providing high-quality early learning services to groups of children most likely to benefit from interventions
- Establishing a comprehensive and integrated framework of policies and programs that support early childhood development.

#### National

Increasingly, statewide systems are being implemented to meet the SREB recommendations listed above. An integrated, systemic approach to early childhood is considered an optimal approach to facilitate an accurate and timely connection of data that could be used to improve program effectiveness, inform decisions, and help a state's policymakers answer key questions resulting in children and families being prepared for school upon entry into pre-kindergarten or kindergarten.

A truly integrated early childhood system would not only link early childhood and K-12 data, but would also connect to health and social service systems that serve those same children and their families. As of February 2014, Pennsylvania was the only state that could link child-level data across all early childhood programs and to its state K-12 data system. Another 30 states securely



link child-level data to their respective state's K-12 data. Twenty states link early childhood child-level data to social services, and 12 link early childhood child-level data to health data.

In addition to providing accurate, timely data about program and intervention results from across the state, such a system would serve as the backbone for an enhanced accountability system, which is critical to measuring impact and developing modifications for confirming that children are ready for school. Following are fundamental questions that states often consider in assessing their state's early childhood policies:

- Are children, birth to age five, on track to succeed when they enter school and beyond?
- Which children have access to high-quality early care and education programs?
- Is the quality of programs improving?
- What are the characteristics of effective programs?
- How prepared is the early care and education workforce to provide effective education and care for all children?
- What policies and investments lead to a skilled and stable early care and education workforce?

*Source: Early Childhood Data Collaborative, 2010. Building and Using Coordinated State Early Care and Education Data Systems: A Framework for State Policymakers. Washington, D.C.*

## SECTION 4

### **Status of Early Childhood Strategies and Outcomes in South Carolina and Study Committee Recommendations**

#### **Summary of Current Environment**

Study Committee activities, hearings, and research disclosed a wealth of related expertise, data, reports, and information available as guidance for reform and/or continuous improvement in early childhood development. (Please see Section 5 of this report for examples of key information links). They also revealed a broad range of views and perceptions on the administration of the Office of First Steps; however, there was general agreement that the intended mission of First Steps is legitimate. Despite widespread interest, support, and involvement of numerous state, county and local entities, early childhood strategies and initiatives do not appear to be integrated or coordinated at the state level.

The absence of a statewide systemic system is resulting in children being prepared for school at an uneven and inconsistent level across the state, and exacerbates missed opportunities for funding, including federal and private funding, and the leveraging of private sector dollars. As an example, in December 2014, First Steps and its local partnerships in Charleston and Spartanburg were awarded a total of \$30.5 million in federal Early Head Start grants to expand early learning services for some of the state's neediest infants and toddlers; however, there was a missed opportunity to successfully compete for a significant U.S. Department of Education and

Health and Human Services grant for the development and expansion of high-quality preschool slots.

And just within the early childhood education system, multiple separate state entities manage multiple related funding streams and programs, including state-funded 4K, federally-funded 4K such as Head Start and Early Head Start, Child Care Development Fund, Individuals with Disabilities Education Act via BabyNet, and Title I. Those entities involved include the State Department of Education, Department of Social Services, First Steps, and the Department of Health and Environmental Control. Ideally, an integrated state early childhood system should also organize and coordinate early childhood education functions with health and social services, including home visitation, Medicaid, and child abuse and neglect services. This ideal becomes increasingly critical in the context of the State Supreme Court's November 2014 decision in the *Abbeville* lawsuit, in which Chief Justice Toal wrote that "there are myriad other issues, under the State's control, working to prevent students within these districts from receiving the constitutionally required opportunity."

The subject of this Study Committee is not alone in facing the challenges of how to better meet the needs of its constituents, as evidenced by recent concerns involving DSS and other agencies. However, as a mature, 15-year-old entity, First Steps' policies and practices should not be so entrenched as to hinder redirecting its principal mission and making a greater contribution to resolving the "disconnect between intentions and performance." Governance and structure for a comprehensive and systemic system of clearly effective early childhood strategies would be under the State's control, and the Study Committee has been given the opportunity to provide such recommendations.

Lastly, the Study Committee acknowledges the efforts of the First Steps Board as reconstituted by Act 287 and the visional leadership of its new Chair, who for the first time has required the Office of First Steps to visit all 46 partnerships.

### **First Steps Study Committee Recommendations**

The Office of First Steps Study Committee was charged with reviewing the structure, responsibilities, governance and administration of the State Office of First Steps. The following four recommendations are made based upon presumed early childhood goals at the statewide level. They are intended to be consistent with *Abbeville* requirements, which the court made clear must include meaningful provisions to "*address the pervasive effects of pervasive poverty*" on plaintiff district students.

#### **Recommendation 1: Develop and communicate a consistent, concise unifying statewide vision with short- and long-term goals and objectives for early childhood education and strategies, before determining the optimal governance and administrative structure.**

Early childhood standards are somewhat in flux because the South Carolina Early Learning Standards are currently being revised by First Steps and DSS. The First Steps Reauthorization legislation (Act 287 of 2014) mandated that the First Steps Board undertake certain comprehensive long-range planning initiatives that would contribute significantly to a statewide vision and to objectives benefitting preschool children.

- In consultation with the State Board of Education, and its advice and consent, adopt a specific description of school readiness (that includes characteristics of a ready child; characteristics of schools, educators, and caregivers necessary to create an optimal learning environment; and characteristics of the optimal environment which would lead to the readiness of students)
- Establish specific benchmarks and objectives for use by the board, local partnership boards, and any agency that administers a program to benefit preschool children
- Determine whether state and local programs and activities are effective and contribute to achieving its long-established goals in § 59-152-30 (as per Act 99 of 1999, and amended slightly by Act 287 of 2014).
- Publish and distribute a list of approved evidence-based and evidence-informed programs.

**1.A Fulfill requirements of Section 2, Act 287:** Act 287 requires the First Steps Board to fulfill the above requirements by July 1, 2015. However, information gleaned from the Office of First Steps and State Board of Education web sites reveals that these fundamental requirements are incomplete, and are in various stages of development. The Study Committee acknowledges that advancements in the First Steps program and services as a result of Act 287 will take time; however, completion of these initial mandates must be of utmost priority. The Committee is aware that First Steps was selected as one of the House Legislative Oversight Committee’s initial areas of review, and as such has been required to develop and provide significant documentation to that Committee. The committee is sympathetic to the strain on First Steps’ resources to meet these multiple requirements, but must contemplate that some circumstances leading to this situation were not unavoidable.

**1.B Statewide data system:** Upon the fulfillment of the mandated objectives listed above, the state should plan for a statewide childhood data system that will serve as the backbone for enhanced quality and outcomes, increased access, and accountability. In addition to monitoring program quality, numbers served, and assessment results, an interagency data system should include descriptive program data, such as curricula and assessments used, length of school day, family engagement activities, and characteristics for success in college, careers and citizenship. It is essential that a lead state agency with strong leadership and a history of successful collaboration be identified and accountable for the development of the data system.

**1.C Early childhood accountability definition:** The state’s K-12 accountability system defines accountability as “the acceptance of the responsibility for improving student performance and taking actions to improve classroom practice and school performance by the Governor, the General Assembly, the State Department of Education, colleges and universities, local school boards, administrators, teachers, parents, students, and the community.” The Study Committee advises that a similar definition of accountability should be applied to the early childhood education system.

**Recommendation 2: Upon completion of Recommendation 1, the Governor and General Assembly should adopt a governance structure that increases accountability, quality, and impact of statewide early childhood education programs, and thus better facilitates school**

**readiness outcomes for all children in the state. Along with Recommendation 1, a strong, results-driven leadership structure with evidence of a history of collaboration and partnering is needed to propel progress, especially in Plaintiff districts and other stressed areas.**

The overarching goal of a statewide early childhood system is to ensure: (1) quality; (2) accountability; (3), access; and (4) governance of programs that serve young children and their families. A lead state agency often serves as the primary leader with sufficient support capabilities and capacity to establish and lead implementation of these four components among all child-serving agencies and programs, and it would be logical to look to First Steps to establish these components throughout the state. However, there is not clear, sound evidence that this has occurred, or that First Steps is the sole candidate to coordinate all early childhood services across multiple systems and funding streams. The Legislative Audit Council's 2013 Report on First Steps states that *"First Steps has reported questionable statistics to the public by stating that the implementation of early childhood development and education programs has coincided with a 48% decrease in the percentage of students who repeat first grade and is saving \$21 million per year. For these statistics, First Steps did not report the retention rate of students who had participated in early childhood programs versus the retention rate of students who had not. In addition, because there are no statewide criteria for retaining students, the criteria can vary from location to location and across time."*

Yet First Steps repeated a similar claim in its subsequent Annual Report for 2013, by stating on the first page that *"Between 2001 and 2013, first grade retention has dropped 52% statewide."* It has since modified this claim in its December 2014 Measuring Outcomes for South Carolina's Children's Report to say this is "a measure of the state's collective success in preparing young children for school." This report contains a number of encouraging facts and figures, however, they are not constructed and reported in a manner conducive to reflecting progress over time. June 2013 LAC findings that *"An error in calculating the FY 12-13 county partnership allocation resulted in 32 counties being overfunded and 14 being underfunded"* and that *"The funding formula has not been promulgated in state regulation, reducing transparency and oversight from the General Assembly,"* coupled with deadlines for certain reports and deliverables required by state statute not being met, there is an obligation to consider if these situations are examples of a stressed entity in need of immediate intervention and or modification - and/or one that has gone beyond its original scope.

Success appears to be locally-driven, with technical assistance being a key service need. An overriding consideration for a change in the structure and governance of the Office of First Steps is a decision of how to preserve this public-private structure, which by all accounts is a model that can work well and is addressed herein. Several options for consideration in changes to governance are proposed:

**Option 1: Locate an Office of Early Childhood Services as a cabinet-level agency that reports directly to the Governor. Georgia, Massachusetts, Kentucky and Washington, have cabinet agencies that streamline an otherwise fragmented system of services. An appointed Director, confirmed by the Senate, could be hired and serve at the will of the sitting Governor, resulting in more accountability.**

In Kentucky, the Governor's Office of Early Childhood establishes the vision for Kentucky's young children and families, which is as follows: "All young children are healthy and safe, possess the foundation that will enable school and personal success, and live in strong families that are supported and strengthened within their communities. Kentucky envisions learning as a continuum, beginning at birth and continuing throughout life." This is reflected in the strong alliances among early childhood educators, public school administrators, institutions of higher education, parent associations and the business community. For more information about Kentucky, please see Attachment A.

**Option 2: Establish an office or division within the Department of Education to coordinate all early childhood education funding services and to manage multiple funding streams, so that the leveraging of these existing funding streams and services would be combined and coordinated, including state-funded 4K, Early Head Start, Head Start, child care quality enhancement, parenting and family engagement services.**

In 2005, Maryland completed consolidation of numerous, disjointed funding streams and early childhood programs under one office: the Maryland Department of Education's Division of Early Childhood Development, which is responsible for early care and education. In Maryland, the Governor appoints the members of the State Board of Education, who in turn appoint the State Superintendent of Schools. Maryland reports that 83 percent of children who entered kindergarten in 2013-14 were school-ready, a significant increase from 49 percent in 2011-12. For more information about Maryland's model, see Attachment B.

In Florida, the Office of Early Learning in the state's Department of Education administers federal and state childcare funds, the School Readiness Program, the voluntary 4K programs, early learning coalitions (which are similar to local partnerships) and Child Care Resource and Referral Services. In 2011-12, 79 percent of children who finished voluntary 4K programs were ready for kindergarten. Florida has also set specific quality requirements for all providers. In order for a private provider to participate in voluntary 4K, 70 percent of the children who attend the private center must be assessed and identified as ready for kindergarten.

**Option 3: As another alternative, transition the private 4K First Steps program to the Department of Education, which has responsibility for the public 4K program, with two options for residual early childhood services and functions:**

- (a) located in a cabinet-level agency, or
- (b) remaining in the Office of First Steps, with strict adherence to a targeted focus on effective, collaborative services to help at-risk families with young children.

**Recommendation 3: The public-private partnership created between the Office of First Steps to School Readiness Board of Trustees and local First Steps County Partnerships should continue. However, the 501(c)(3) designation of each county partnership should be modified.**



As the central organization, the Office of First Steps received a group 501(c)(3) tax exemption letter, and the affiliated organizations - the local partnerships - are thus treated as tax exempt organizations, even though they do not have individual determination letters. If Recommendation 1 or 2 were to be adopted and First Steps were to cease to exist, each partnership would have to seek its own determination letter to reacquire tax exempt status. Regardless of any action on the future of the Office of First Steps by the General Assembly, the Study Committee recommends that each partnership begin to seek its own 501(c)(3) status, independent of the central organization. This modification is consistent with the intent of language in Act 287 that encourages multiple First Steps local partnerships to collaborate in a manner that they determine will maximize efficient and effective services and programs to children and families in their respective areas, and best enable the partnerships to execute their duties and powers.

**Recommendation 4: To further the goal of developing a statewide, systemic initiative, a technical assistance initiative to assess and strengthen the capacity and capability of local county partnerships should be established.**

The modification of the partnerships' 501(c)(3) structure and status will necessitate intensive nonprofit capacity building to address local board governance, fiscal management systems, revenue and fundraising development (including grant writing, strategic and long-range planning, communications, and marketing).

### **Conclusion**

As mentioned in Section 4, a wealth of information has been promulgated by and about First Steps, as reflected by a sampling of some of the most current and/or relevant reports in Section 5. This information should be timely, communicated clearly and consistently, and provide an overall indication of how successful First Steps is with effectively and efficiently identifying and addressing the needs of children from zero to age five, especially those most at-risk. There should be a common vision year over year, with corresponding strategies targeting the most at-risk children under First Steps' purview, and clear evidence that the strategies are succeeding in proportion to efforts and expenditures. After surveying this sampling of information, however, questions and uncertainty remain:

- What is the vision to address the increasingly challenging impact of early childhood poverty in the Palmetto State?
- Is reliable, timely and informative data available to validate this vision and its corresponding programs, services, and outcomes?
- If not, how are decisions on grants, programs, and services informed so as to ensure they are targeted to those who need it most and will benefit the most?
- What are the entity's operating principles and guidelines?

In summary, a focus on the intent to meet statutory requirements and evolving client needs are basic administrative expectations for a public entity. The absence of clear, convincing evidence on such focus is indicative of an administration not addressing the urgent need for meaningful early childhood services through its governing board. Thus the Study Committee recommends that unless the following are provided in full to the Committee Chair by January 1, 2016, a leadership change to avoid an inevitable crisis in administration of this entity is clearly in order:

1. Description of School Readiness--Due 7/1/15 (§59-152-32)
2. Benchmarks and Objectives for the Board and Local Partnerships--Due 7/1/15 (§59-152-32)
3. Determination of Effectiveness of State and Local Programs--Due 7/1/15 (§59-152-32)
4. Review of the School Readiness Description, Benchmarks, and Objectives--Due 12/31/2014 (§59-152-32)
5. 2014 and 2015 Annual Report--Due 12/1/14 and 12/1/15 (§59-152-50), to include all applicable requirements itemized in 59-152-50(6) and (7).
6. Response to the November, 2014 external evaluation--Due 6/30/15 (§59-152-50)
7. Local Partnership 2015 Annual Reports received --Due 10/1 annually (§59-152-70)
8. Cyclical Evaluation Calendar including each major investment--Due 6/30/2015 (§59-152-160)
9. Independent Evaluation of the Progress on the Initiatives' Goals and Progress-- Completed March 2015 (§59-152-160)
10. BabyNet OSEP Report--Due 12/31/2015 (Proviso 1.96)
11. SUNS Report (Unique Student Identifiers)--Due 11/1/2015 (Proviso 1A.66)
12. CDEPP Data for the Education Oversight Committee --Due 11/30/2015 (Proviso 1A.66)
13. First Quarter of FY16 Quarterly Progress Report on the Implementation of the LAC's BabyNet recommendations-- (Proviso 117.99)
14. Grant qualification requirements posted on OFS web site (59-152-90(C)(3))
15. Listing of Fiscal Year 2015-16 grant allocation amounts, examples of how three formulas were calculated, and how the requirements support Plaintiff district needs.
16. Brief explanation of the modest growth in the number of children from Plaintiff districts served in First Steps' private 4K program in recent years (309, per the 2007-2008 EOC Program Report, vs. approximately 695 last year).
17. Timeline for promulgation of regulations (63-11-1730)
18. Update to October 2014 Legislative Audit Council response
19. Update to First Steps Board members provided to the Study Committee March 2015  
<http://scfirststeps.com/wp-content/uploads/2015/03/Board-of-Trustees-March-2015.pdf>

*Note: The report Addendum contains information in response to this list from the Office of First Steps, including acknowledgement of materials not yet due as noted herein.*

## SECTION 5

### Reports and Communications

#### SC FIRST STEPS:

##### SC First Steps Annual Reports (per 63-11-1730, due January 1 annually)

- Link to First Steps 2014 Report (not available on First Steps web site)
- Link to 2011, 2012, 2013 First Steps Annual Reports <http://scfirststeps.com/annual-reports/>

##### External Evaluations of First Steps Programs (per 59-125-160, required every three years until 2014; now required every five years):

- March 2015 - By Compass, a nonpartisan research organization located in Durham, NC (for Fiscal Years 2011 - 2014)  
<http://scfirststeps.com/wp-content/uploads/2015/03/EXECUTIVE-SUMMARY-Report-on-the-Evaluation-of-South-Carolina-First-Steps-to-School-Readiness-Compass-Evaluation-and-Research.pdf>
- November 2010 - By High/Scope Educational Research Foundation, an independent, nonprofit 501(c)(3) organization with headquarters in Ypsilanti, Michigan  
<http://scfirststeps.com/wp-content/uploads/2014/12/South-Carolina-First-Steps-to-School-Readiness-2009-Evaluation.pdf>
- 2006 - By High/Scope Educational Research Foundation  
<http://scfirststeps.com/wp-content/uploads/2014/12/High-Scope-Educational-Research-Foundation-2006.pdf>
- January 2003 - By Child Trends (for 1999 - 2002)  
<http://scfirststeps.com/wp-content/uploads/2014/12/Child-Trends-Evaluation-2002.pdf>

##### LEGISLATIVE AUDIT COUNCIL (LAC) REVIEW OF SC FIRST STEPS TO SCHOOL READINESS (JUNE 2013):

- LAC Summary [http://lac.sc.gov/LAC\\_Reports/2013/Documents/First\\_Steps\\_Summary.pdf](http://lac.sc.gov/LAC_Reports/2013/Documents/First_Steps_Summary.pdf)
- LAC Full Report [http://lac.sc.gov/LAC\\_Reports/2013/Documents/First\\_Steps.pdf](http://lac.sc.gov/LAC_Reports/2013/Documents/First_Steps.pdf)
- First Steps' Status Report of LAC Recommendations (last updated October 2014, for the Study Committee) <http://scfirststeps.com/wp-content/uploads/2014/12/Status-of-Legislative-Audit-Council-Recommendations-First-Steps.pdf>
- First Steps' Status Report of BabyNet LAC Recommendations (last updated December 3, 2014)  
<http://scfirststeps.com/wp-content/uploads/2014/12/Status-of-Legislative-Audit-Council-Recommendations-BabyNet.pdf.pdf>



**HOUSE LEGISLATION OVERSIGHT COMMITTEE (LOC) REPORTS FROM FIRST STEPS:**  
<http://www.sstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/AgencyPHPFiles/FirstStepstoSchoolReadiness.php>

- Restructuring and Seven-Year Plan Report (March 31, 2015)  
<http://scfirststeps.com/wp-content/uploads/2015/05/SC-First-Steps-House-Oversight-Committee-Restructuring-and-Seven-Year-Plan-Report-3.31.15.pdf>
- May 2015 Survey Results (First Steps results may be found on pages 42-62)  
[http://www.sstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/Survey/May%202015%20Survey%20Results%20\(CG,%20DOT,%20First%20Steps,%20DSS,%20and%20DJJ\).pdf](http://www.sstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/Survey/May%202015%20Survey%20Results%20(CG,%20DOT,%20First%20Steps,%20DSS,%20and%20DJJ).pdf)
- Program Evaluation Report  
<http://www.sstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/2015%20Program%20Evaluation%20Reports/First%20Steps%20Program%20Evaluation%20Report.PDF>
- Staff Study and Agency Response  
<http://www.sstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/2015StaffStudyAndAgencyResponse/First%20Steps%20Staff%20Study%20and%20Agency%20Response.PDF>

**EDUCATION OVERSIGHT COMMITTEE:**

- CDEP/4K Evaluations (required in a series of annual Provisos)  
<http://www.eoc.sc.gov/CDEPP/Pages/default.aspx>

**ARTICLES AND REPORTS ON EARLY CHILDHOOD DATA AND GOVERNANCE**

- Southern Region Educational Board (SREB) Policy Analysis on High-Quality Pre-K Yields Lasting Gains for Children (June 2015)  
[http://publications.sreb.org/2015/FadeoutOnePager\\_FINAL.pdf](http://publications.sreb.org/2015/FadeoutOnePager_FINAL.pdf) (one-page summary)  
  
[http://publications.sreb.org/2015/15E05\\_PreKFadeOutDebate.pdf](http://publications.sreb.org/2015/15E05_PreKFadeOutDebate.pdf) (20-page brief)
- *When Brain Science Meets Public Policy: Rethinking the Governance of Early Childhood Systems*, by Janice M. Gruendel, Ph.D., Fellow, Edward Zigler Center in Child Development & Social Policy, Yale University and Emily Carroll, Ph.D. Research & Policy Counsel, Institute for Child Success (iCS)  
[http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0CC8QFjADAhUKewiMpoXRzsfHAhXlZlAKHfQAD4U&url=http%3A%2F%2Fwww.instituteforchildsuccess.org%2Fmydocuments%2Fbrain\\_science\\_pt2.pdf&ei=IiXeVYyNHciZgwT0gbyoCA&usg=AFQjCNGNZbFfwgS\\_H3jbo8EEIplVol7oSg](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0CC8QFjADAhUKewiMpoXRzsfHAhXlZlAKHfQAD4U&url=http%3A%2F%2Fwww.instituteforchildsuccess.org%2Fmydocuments%2Fbrain_science_pt2.pdf&ei=IiXeVYyNHciZgwT0gbyoCA&usg=AFQjCNGNZbFfwgS_H3jbo8EEIplVol7oSg)

**ATTACHMENT A - Kentucky Early Childhood Education System**

**ATTACHMENT B - Maryland Early Childhood Early Childhood Education System**

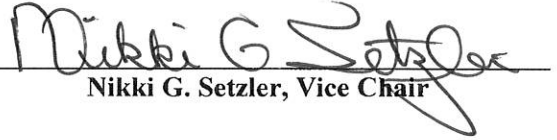
**ATTACHMENT C - First Steps Study Committee Survey**

**ADDENDUM - Committee Requests for Publication: (1) Transcript of October 26, 2015 testimony by Ken Wingate, and (2) First Steps' detailed response to 19 item list that concludes the report.**

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Michael Brenan', written over a horizontal line.

Michael Brenan, Chair

A handwritten signature in black ink, appearing to be 'Nikki G. Setzler', written over a horizontal line.

Nikki G. Setzler, Vice Chair