



To: The Honorable Harvey S. Peeler, Jr., Chairman of the Senate Finance Committee  
The Honorable Bruce W. Bannister., Chairman of the House Ways and Means Committee

From: Georgia Mjartan, Executive Director, South Carolina First Steps

Date: March 15, 2024

**RE: First Steps 4K Underserved Communities Report Pursuant to Proviso 1.48**

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Proviso 1.48 of the General Appropriations Act for FY23 specifies that:

*“For the current fiscal year, the Office of First Steps may expend: (1) up to \$2,000,000 to pilot a program to provide higher reimbursement rates to high-quality providers. The reimbursement rate for students enrolled by child care providers rated B or higher in the ABC Quality System operated by the Department of Social Services may be increased by up to 10% of the per-student base following guidelines developed by the Office of First Steps; and (2) up to \$250,000 to provide one-time supplemental, needs-based incentive grants in an amount not to exceed \$30,000 for newly created and/or newly approved private providers proposing to expand service to ten or more CERDEP eligible children in communities unable to enroll all eligible students in a public, private, or Head Start setting during the prior fiscal year. These grants are designed to address building renovations, documented as necessary to bring proposed classrooms into compliance with licensing regulations, materials and staffing costs, and/or other obstacles currently preventing their participation in the program. The First Steps Board of Trustees shall develop and approve an application process that incorporates formal review and fiscal safeguards designed to ensure grant funds are used solely to address documented barriers to program participation. Providers receiving this one-time supplement shall be expected to participate in the program and provide high-quality, center-based programs as defined herein for a minimum of three years. Failure to participate for three years shall require the provider to return a portion of the supplemental allocation at a level determined by the Office of First Steps to School Readiness. **First Steps shall submit a report detailing its process, expenditures and expanded enrollment to the Chairman of the House Ways and Means Committee and the Chairman of the Senate Finance Committee by March 15.”***

Pursuant to the terms of the proviso, we are writing to provide an update on First Steps 4K Implementation of Proviso 1.48.

- (1) We currently are paying the higher reimbursement rate to 155 centers who have earned a “B” or higher rating with ABC-Quality, our state’s quality rating and improvement system. South Carolina First Steps 4K has spent \$778,970 to date for this fiscal year with estimated additional spending of \$640,300 through June 30 for higher reimbursement rates and anticipates a total spending of \$1,419,270 during FY24.

2022-2023	Amount	# of centers "B" or above	# of students
July	95,889	128	1,721
August	43,204	102	1,398
September	148,371	143	1,974
October	151,684	149	1,892
November	120,743	154	1,953
December	94,506	156	1,962
January	124,573	155	1,947
<i>February*</i>	<i>140,300</i>	<i>155</i>	<i>1,940</i>
<i>March*</i>	<i>125,000</i>	<i>155</i>	<i>1,928</i>
<i>April *</i>	<i>120,000</i>	<i>155</i>	<i>1,930</i>
<i>May*</i>	<i>130,000</i>	<i>150</i>	<i>1,930</i>
<i>June*</i>	<i>125,000</i>	<i>145</i>	<i>1,900</i>
<b>Total</b>	<b>1,419,270</b>		

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

- (2) Following ratification of the General Appropriations Act for FY18, the First Steps Board of Trustees developed, reviewed, and approved the required center application at its meeting on June 16, 2017. The final, board-approved application was promoted to local partnerships and centers and published on our website. Applications were submitted digitally.

On November 22, 2023, First Steps 4K notified grant awards totaling \$167,070 to six providers in Union, Aiken, Horry, Greenville, Spartanburg, and Lexington Counties to add an additional 100 slots for CERDEP eligible students. These are all areas where there are waiting lists and more slots are needed to serve families. Applications are now being received for Round Two of Expansion Grants, closing on March 15, 2024, to award the remaining \$82,930 for the creation of more needed slots.

We are grateful for the General Assembly's continued emphasis on creating opportunities for the state's at-risk pre-kindergartners. We are thankful for your bold leadership to include all deserving four-year olds in our great state of South Carolina.

cc: David Morley, Chair, SC First Steps Board of Trustees  
Martha Strickland, 4K State Director, SC First Steps  
Mark Barnes, Director of Administration, SC First Steps  
Kaitlyn Richards, Government Affairs Liaison, SC First Steps  
Grant Gibson, Senate Finance Committee  
Stephanie Meetze, House Ways and Means Committee