

Agency Name:	First Steps		
Agency Code:	H620	Section:	2



**Fiscal Year FY 2025-2026**

**Agency Budget Plan**

**FORM A - BUDGET PLAN SUMMARY**

<b>OPERATING REQUESTS</b> <i>(FORM B1)</i>	<b>For FY 2025-2026, my agency is (mark "X"):</b>	
	<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.

<b>NON-RECURRING REQUESTS</b> <i>(FORM B2)</i>	<b>For FY 2025-2026, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>CAPITAL REQUESTS</b> <i>(FORM C)</i>	<b>For FY 2025-2026, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>PROVISOS</b> <i>(FORM D)</i>	<b>For FY 2025-2026, my agency is (mark "X"):</b>	
	<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
<b>PRIMARY CONTACT:</b>	Mark Barnes	(803) 734-8079	MBarnes@scfirststeps.org
<b>SECONDARY CONTACT:</b>	David O'Kelly	(803) 734-2176	DOKelly@scfirststeps.org

I have reviewed and approved the enclosed FY 2025-2026 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

<b>SIGN/DATE:</b> <b>TYPE/PRINT NAME:</b>	<u>Agency Director</u>	<u>Board or Commission Chair</u>

*This form must be signed by the agency head – not a delegate.*

Agency Name:	First Steps
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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Unfunded Personnel Cost Increases (EIA)	192,108	0	0	0	192,108	0.00	0.00	0.00	0.00	0.00
2	B1 - Recurring	Recruitment and Retention Costs	264,401	0	0	0	264,401	0.00	0.00	0.00	0.00	0.00
3	B1 - Recurring	SC First Steps Local Partnerships	1,781,500	0	0	0	1,781,500	0.00	0.00	0.00	0.00	0.00
4	B2 - Non-Recurring	Innovation Investments	2,500,000	0	0	0	2,500,000	0.00	0.00	0.00	0.00	0.00
5	B1 - Recurring	Full-Day 4K	2,777,120	0	0	0	2,777,120	0.00	0.00	0.00	0.00	0.00
6	B1 - Recurring	Budget Authorization Request	0	2,911,212	10,800,528	0	13,711,740	0.00	0.00	0.00	0.00	0.00
TOTALS			7,515,129	2,911,212	10,800,528	0	21,226,869	0.00	0.00	0.00	0.00	0.00

Agency Name:	First Steps		
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## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	1
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*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Unfunded Personnel Cost Increases (EIA)</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General: \$192,108</b> <b>Federal: \$0</b> <b>Other: \$0</b> <b>Total: \$192,108</b>
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*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	0.00
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*Please provide the total number of new positions needed for this request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input checked="" type="checkbox"/>	HR/Personnel Related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

<b>STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES</b>	<b>Mark "X" for primary applicable Statewide Enterprise Strategic Objective:</b>	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

<b>ACCOUNTABILITY OF FUNDS</b>	<p>These funds would support all agency strategies. The increase in personnel and fringe costs affected all parts of our agency.</p>
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*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

<b>RECIPIENTS OF</b>	SC First Steps
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**FUNDS**

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

**JUSTIFICATION OF REQUEST**

A majority of SC First Steps personnel costs are funded from Education Improvement Act Funds. SC First Steps did not receive incremental funds associated with the FY 2024-25 state-approved cost increases in health insurance and mandated across-the-board increases. Without these funds we will not have enough personnel funds in our personnel accounts. The result is that previously funded positions have become unfunded. We are requesting recurring EIA funds to cover these costs. These include **\$90,877** in Personnel, **\$38,168** in fringe and **\$63,063** in health insurance. The total amount is **\$192,108**. There are no salary increases or changes in salaries associated with this request.

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

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## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	2
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*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Recruitment and Retention Costs</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General: \$264,401</b> <b>Federal: \$0</b> <b>Other: \$0</b> <b>Total: \$264,401</b>
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*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	0.00
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*Please provide the total number of new positions needed for this request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input checked="" type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input checked="" type="checkbox"/>	HR/Personnel Related
	<input type="checkbox"/>	Consulted DTO during development
	<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #

<b>STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES</b>	<b>Mark "X" for primary applicable Statewide Enterprise Strategic Objective:</b>	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

<b>ACCOUNTABILITY OF FUNDS</b>	<p>These funds would support all agency strategies. The increases in personnel and fringe costs will affect all parts of the agency.</p>
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*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

	SC First Steps
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**RECIPIENTS OF FUNDS**

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

**JUSTIFICATION OF REQUEST**

First Steps management team worked with the state's Office of Human Resources to analyze all positions in the agency during 2023. The agency has never received a recruitment and retention budget increase from the General Assembly. The analysis conducted by OHR reviewed every position and employee to ensure that they are classified and paid properly based on each job function and role. This request is the result of that work and includes the recommendations of staff from the Office of Human Resources. The evaluation compared our employees salaries to other state employees salaries in like roles and functions in early 2023. This request includes additional funds to cover needed reclassifications and salary adjustments for current employees based on the study. In addition, since that time, in order to recruit new staff, we have had to increase starting pay for 5 positions, and had to increase current salaries for an additional 10 positions to retain staff. The increase in starting pay was for positions that had shown a history of not being able to fill at the previous salary levels. All increases have been approved by OHR or are in the process of getting approved. The personnel cost for the Classification and Compensation study and the recruitment and retention increases comes to a total personnel cost of **\$211,521**, with **\$52,880** for fringe for a total cost **\$264,401**. There would be no operating cost for this request which makes the total cost of this request **\$264,401**.

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

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## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	3
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*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	SC First Steps Local Partnerships
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<p><b>General: \$1,781,500</b></p> <p><b>Federal: \$0</b></p> <p><b>Other: \$0</b></p> <p><b>Total: \$1,781,500</b></p>
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*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	0.00
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*Please provide the total number of new positions needed for this request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input checked="" type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input checked="" type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	HR/Personnel Related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

<b>STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES</b>	<b>Mark "X" for primary applicable Statewide Enterprise Strategic Objective:</b>	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

<b>ACCOUNTABILITY OF FUNDS</b>	<p>These funds would support the following priorities from our strategic plan 1) to ensure children are ready for kindergarten 2) increase funding for first steps investments in early childhood and 3) create a coordinated and family-centered early childhood system.</p> <p>The majority of the funds would be used to incentivize strategies that will significantly increase the number of young children "demonstrating readiness" on SC's Kindergarten Readiness Assessment. Funds will also be used to strengthen local and regional collaboration.</p>
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*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

	The SC First Steps local partnerships would receive the majority of the funds through
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**RECIPIENTS OF FUNDS**

READY grants. Some funds would be used to cover the increases in cost for operational support which includes audits, payroll systems, and financial management.

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

**JUSTIFICATION OF REQUEST**

Increases in services provided through READY Grants:

\$1,500,000 to advance strategies that will significantly increase the number of young children “demonstrating readiness” on SC’s Kindergarten Readiness Assessment. Additional funding for READY grants will prioritize the most effective programs that have the right level of available technical assistance; and will result in an increase in the number of children served.

Direct Support to the Local Partnerships:

In the last year there have been significant increases in costs for direct support, these include increases for 1) annual financial audits of \$75,000 2) cost of integrating a payroll and grants system into the existing financial management system of \$56,500 and 3) increased cost for additional payroll and benefits administration of \$150,000 for a total increase of \$281,500.

Total recurring requested for the SC First Steps Local Partnerships is \$1,781,500.

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*



Agency Name:	First Steps		
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## FORM B1 – RECURRING OPERATING REQUEST

<b>AGENCY PRIORITY</b>	5
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*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Full-Day 4K</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General: \$2,777,120</b> <b>Federal: \$0</b> <b>Other: \$0</b> <b>Total: \$2,777,120</b>
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*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	0.00
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*Please provide the total number of new positions needed for this request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input checked="" type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input checked="" type="checkbox"/>	HR/Personnel Related
	<input type="checkbox"/>	Consulted DTO during development
	<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #

<b>STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES</b>	<b>Mark "X" for primary applicable Statewide Enterprise Strategic Objective:</b>	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

<b>ACCOUNTABILITY OF FUNDS</b>	<p>Full-day 4K fulfills the agency's strategic goals to 1) ensure children are ready for kindergarten and 2) increase funding for First Steps' investment in early childhood. These funds would be used to operate the program and to pay tuition costs for the children to be served.</p> <p>These services are evaluated annually by multiple measures including pre and post assessments, SC's Kindergarten Readiness Assessment, annual Education Oversight Committee evaluations, external and internal evaluations. The additional funding <u>would support greater staffing stability and expansion of number children served.</u></p>
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*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

	Funding would primarily support the child care providers offering SC First Steps 4K.
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**RECIPIENTS OF FUNDS**

The funding also supports the staffing at SC First Steps who provide training and site monitoring. Predetermined eligibility requirement would remain the same.

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

**JUSTIFICATION OF REQUEST**

First Steps 4K offers free, full-day four-year-old kindergarten for South Carolina’s most vulnerable children. We partner with more than 270 licensed child-care centers and private schools across the state, making it easy for families to meet a child’s developmental needs, go to work and/or school.

The 4K Program has continued to grow each year. Starting with the 2024-25 year, the number of children enrolled in the first month has again increased more than 12% over the same month last year. The program has enrolled over 3,850 students for the current year. We expect the program to add at least another 7% for the 2025-26 fiscal year which would total an additional 270 students. In order to fund this increase, we are requesting the following items which are needed for the 2025-26 school year.

1. Funding to cover the expected 7% increase in students for 25-26: \$1,953,220
2. Funding to cover a \$200 increase per student in tuition rate: \$823,900

The total funding needed is \$2,777,120.

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

Agency Name:	First Steps		
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## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	6
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*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Budget Authorization Request</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General: \$0</b> <b>Federal: \$2,911,212</b> <b>Other: \$10,800,528</b> <b>Total: \$13,711,740</b>
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*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	0.00
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*Please provide the total number of new positions needed for this request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input checked="" type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input checked="" type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input checked="" type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	HR/Personnel Related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

<b>STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES</b>	<b>Mark "X" for primary applicable Statewide Enterprise Strategic Objective:</b>	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

<b>ACCOUNTABILITY OF FUNDS</b>	<p>This request covers all of the strategic goals and objectives in our strategic plan and accountability report.</p>
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*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

	<p>These funds would come to SC First Steps from various federal and private grants,</p>
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**RECIPIENTS OF FUNDS**

donated funds, and other fund sources, including existing cash balances and fundraising. The majority of these funds, would be distributed to our Local Partnerships and 4K providers for direct services to children and families throughout the state.

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

**JUSTIFICATION OF REQUEST**

SC First Steps has received a number of private and federal grants and contracts that will be in place for the 2025-26 fiscal year. In addition, we have cash balances and are active in fundraising and these funds will need to be used to pay for services for the fiscal year. The total amount of authorization requested is broken out below.

	<b>Federal</b>	<b>Earmarked</b>	<b>Total</b>
<b>Total</b>	2,911,212	10,800,528	13,711,740
<b>Classified</b>	855,473	330,215	1,185,688
<b>Employer Contributions</b>	260,567	137,941	398,508
<b>Other Operating</b>	1,795,172	10,332,372	12,127,544

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

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## **FORM B2 – NON-RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	4
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*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	Innovation Investments
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	\$2,500,000
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*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input checked="" type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
	<input type="checkbox"/>	HR/Personnel Related
	<input checked="" type="checkbox"/>	Request for Non-Recurring Appropriations
<input type="checkbox"/>	Request for Federal/Other Authorization to spend existing funding	
<input checked="" type="checkbox"/>	Related to a Recurring request – If so, Priority # SC First Steps Local Partnerships	

<b>STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES</b>	<b>Mark "X" for primary applicable Statewide Enterprise Strategic Objective:</b>	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

<b>ACCOUNTABILITY OF FUNDS</b>	<p>Innovation Investments would support the following priorities from our strategic plan: 1) ensure children are ready for kindergarten, 2) increase funding for SC First Steps investment in early childhood, and 3) create a coordinated and family-centered early childhood system.</p> <p>The availability of Innovation Investments will increase the number of children receiving direct services and the number of children able to demonstrate readiness on the Kindergarten Readiness Assessment.</p>
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*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

<b>RECIPIENTS OF FUNDS</b>	<p>SC First Steps local partnerships will be able to apply for "Innovation Investments" through the annual application process. Only the most effective strategies with a specific plan for county and regional partnerships will qualify.</p>
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon*

<p><b>JUSTIFICATION OF REQUEST</b></p>	<p>Innovation Investments would be used to incentivize regional capacity to scale up the most impactful programs and services for families with children under age five. Investments will be awarded to local partnerships that demonstrate specific plans to partner locally and regionally with other organizations serving young children and their families.</p> <p>The purpose of this approach is to increase the number of children served and achieving “demonstrating readiness” on SC’s Kindergarten Readiness Assessment.</p> <p>SC First Steps is requesting \$2,500,000 in one-time funds to both create and implement Innovation Investments and to achieve the intended outcome.</p>
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*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

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## **FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	1.103
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*Cite the proviso according to the renumbered list (or mark "NEW").*

<b>TITLE</b>	SDE: First Steps Division
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*Provide the title from the renumbered list or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	VIII, Education Improvement Act, I First Steps to School Readiness, XIII First Steps to School Readiness
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*Identify the associated budget program(s) by name and budget section.*

<b>RELATED BUDGET REQUEST</b>	N/A
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*Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.*

<b>REQUESTED ACTION</b>	Delete
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	State Department of Education
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY &amp; EXPLANATION</b>	<p>Proviso separates SC First Steps from the State Department of Education effective July 1, 2024. The action has been taken so the proviso can be deleted.</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

**FISCAL IMPACT**

The action has already been completed so should have no impact.

*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

**PROPOSED  
PROVISO TEXT**

**1.103.** (SDE: First Steps Division) Effective July 1, 2024, the Office of First Steps is authorized to operate independently from the Department of Education. The Office of First Steps shall work with the Department of Administration, Executive Budget Office, in consultation with the Department of Education, to separate out funding sources, employees, proviso language, and anything else pertinent to formally separate First Steps from the Department of Education.

*Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*



Agency Name:	First Steps		
Agency Code:	H620	Section:	2

## **FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	1.47,1A.26
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*Cite the proviso according to the renumbered list (or mark "NEW").*

<b>TITLE</b>	SDE: Full-Day 4K
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*Provide the title from the renumbered list or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	VIII, Education Improvement Act, I First Steps to School Readiness, XIII First Steps to School Readiness
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*Identify the associated budget program(s) by name and budget section.*

<b>RELATED BUDGET REQUEST</b>	Full Day 4K
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*Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.*

<b>REQUESTED ACTION</b>	Amend
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	State Department of Education
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY &amp; EXPLANATION</b>	<p>Proviso specifies the requirements and limitations on the expenditure of funds for the Full-Day 4K Program (CERDEP). Requested change reinforces and documents the understanding that both the State Department of Education and SC First Steps will collect and share any waiting lists for the 4K program at the school and child care center level by September 1 of the fiscal year.</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

The fiscal impact should be minimal as this is already an expected process.

## FISCAL IMPACT

*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

**1.47.** (SDE: Full-Day 4K) (A) Eligible students residing in any school district or attending any charter school authorized by the South Carolina Public Charter School District or an approved institution of higher education may participate in the South Carolina Early Reading Development and Education program (CERDEP) pending the availability of space and funding. Student eligibility as defined by Section 59-156-130 of the 1976 Code is an annual family income of one hundred eighty-five percent or less of the federal poverty guidelines as promulgated annually by the United States Department of Health and Human Services or a statement of Medicaid eligibility.

(B) A parent or guardian may choose to enroll their child in a public school participating in the program and approved by the Department of Education pursuant to Section 59-156-210 or in a private provider participating in the program and approved by the Office of First Steps pursuant to Section 59-156-200. A private provider includes, but is not limited to, a child care center, a military child care facility regulated by the United States Department of Defense, or a non-profit independent school. State funds appropriated for the provision of CERDEP services in military child care facilities may not be used to supplant existing federal child care funds. No school district can be denied participation in CERDEP or be denied CERDEP funding pursuant to the terms of this provision.

(C) 4K programs in public schools and non-profit independent schools participating in CERDEP are not required to be approved, registered, or licensed by the Department of Social Services in order to participate in CERDEP. Instead, the Department of Education and the Office of First Steps are responsible for ensuring that providers deliver high-quality educational programs pursuant to Section 59-156-160.

(D) Public and private providers shall be funded for instructional costs at a minimum rate of \$5,100 per student enrolled. Eligible students enrolling during the school year or withdrawing during the school year shall be funded on a pro rata basis determined by the length of their enrollment. Private providers transporting eligible children to and from school shall also be eligible for reimbursement at a minimum of \$620 per eligible child transported. First Steps and the Department of Education must provide an equitable distribution above the minimum between public and private providers. First Steps and the Department of Education must provide a quarterly report beginning October 1 detailing funding above the minimum made to any provider to the Governor, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. All providers who are reimbursed are required to retain records as required by their fiscal agent. New providers participating for the first time in the current fiscal year and enrolling between one and six eligible children shall be eligible to receive at a minimum of \$1,000 per child in materials and equipment funding, with providers enrolling seven or more such children eligible for funding at a minimum of \$10,000. The Department of Education and the Office of First Steps Readiness are authorized to utilize carry forward funds and federal funds to supplement the amount expended for materials and equipment. Providers receiving equipment funding are expected to participate in the program and provide high-quality, center-based programs as defined herein

**PROPOSED  
PROVISO TEXT**

for a minimum of three years. Failure to participate for three years will require the provider to return a portion of the equipment allocation at a level determined by the Department of Education and the Office of First Steps to School Readiness. Funding to providers is contingent upon receipt of data as requested by the Department of Education and the Office of First Steps. The Department of Education shall only provide funding for public school students whose complete records have been entered into PowerSchool based on the one hundred and thirty-five day student average daily membership. For the current fiscal year, providers may enroll pay-lunch children who score at or below the twenty-fifth national percentile on two of the three DIAL-3 subscales by July 1 if at least seventy-five percent of the total number of children eligible or the Child Early Reading Development and Education Program in a district or county are projected to be enrolled in that program, Head Start, or ABC Child Care Program as determined by the Department of Education and the Office of First Steps, Child Early Reading Development and Education Program. Providers may receive reimbursement for these children if funds are available. **By September 1, the Department of Education and the Office of First Steps must collect the documented waiting lists, share the lists, and determine a process to notify parents of eligible students of available slots in all approved providers.** The Department of Education is required to offer waivers allowing students with disabilities to be served in multi-categorical classroom settings based on similar cognition and abilities. Funding appropriated for CERDEP may be carried forward and expended for the same purpose.

(E) Annually, the Department of Education is directed to audit the annual allocations to public providers to ensure that allocations are accurate and aligned to the appropriate pro rata per student allocation, materials, and equipment funding. In the event the department, during the audit process determines that the annual allocations of the prior fiscal year are not accurate, the department must adjust the allocations for the current fiscal year to account for the audit findings. The department must provide the results of the annual audit findings to the General Assembly no later than December first. Likewise, in the event the Office of First Steps determines that the annual allocations of the prior fiscal year to private providers are not accurate, the Office of First Steps must adjust the allocations for the current fiscal year to account for the findings.

(F) Of the funds appropriated, \$300,000 shall be allocated to the Education Oversight Committee to conduct an annual evaluation of the South Carolina Early Reading Development and Education Program (CERDEP) and to issue findings in a report to the General Assembly by March first of each year. To aid in this evaluation, the Education Oversight Committee shall determine and obtain the data necessary and both public and private providers are required to submit the necessary data as a condition of continued participation in and funding of the program, including average daily attendance data, so that consistent enrollment may be determined. This data shall include developmentally appropriate measures of student progress. Additionally, the Department of Education shall issue a unique student identifier for each child receiving services from a public or private provider including those funded by CERDEP, Head Start, SC Child Care Scholarships, EIA, Title I, district-funded, and all other federal, state, or local public sources. The Department of Education shall be responsible for the collection and maintenance of data on the public state funded full day and half-day four-year-old kindergarten programs. The Office of First Steps to School Readiness shall be responsible for the collection and maintenance of data on the state funded programs provided through private providers. The Education Oversight Committee shall use this data and all other collected and maintained data necessary to conduct a research based review of the program's implementation and assessment of student success in the early elementary grades along with information, recommendations, and a timeline for how the state can increase the number of students served in high-quality programs. To aid in the accurate reporting of four-year-olds in poverty served in formal education programs in public schools in South Carolina, the Department of Education must provide to the EOC data related to four-year-olds served in formal education programs funded with other state, local, or federal funds, including Title 1 and EIA-District-funded programs, denoting full- or partial-day status.

(G) For eligible children residing in school districts that do not participate in CERDEP, the Department of Education is required to develop and implement inter-district transfer policies that give parents or guardians the option of their eligible child attending an out-of-district school that participates in CERDEP.

(H) 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.

(I) If by August first, the Department of Education or the Office of First Steps determines that appropriations will exceed expenditures, available funds may be used to fund an extended program and to increase the length of the program to a maximum of eight and a half hours per day or two hundred and twenty days per year or to fund summer programs. If a district chooses to fund summer enrollment, the program funding shall conform to the funding in this act for full year programs; however, it shall be reduced on a pro rata basis to conform with the length of the program. A summer program shall be no more than eight and a half hours per day and shall be not more than ten weeks in length. The per pupil allocation and classroom grant must conform with the appropriated amount contained in this act and end of year adjustments shall be based on the one hundred and thirty-five-day student average daily membership or later student average daily membership for districts choosing to extend the program past one hundred and eighty days. Funds may also be used to provide parent engagement, professional development, and quality evaluations of programs. No later than April first, the Department of Education and the Office of First Steps shall report to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee on the expenditure of these funds to include the following information: the amount of money used and specific steps and measures taken to enhance the quality of the 4K program and the amount of money used for professional development as well as the types of professional development offered and the number of participants. The Office of First Steps is directed to determine if the provision of extended programs in private centers improves the ability of parents to enter the workforce or to pursue postsecondary training or industry credentials.

(J) On or before November 15, the Department of Education and the Office of First Steps shall share data that identifies the total number of children enrolled in CERDEP in both public and private providers. If available appropriations exceed the instructional costs of serving children enrolled in the program and if a waiting list of eligible children can be documented by the Department of Education and by the Office of First Steps, then the Executive Budget Office may authorize the transfer of funds between the Department of Education and the Office of First Steps. (K) The Office of First Steps and the Department of Education shall collaborate with the South Carolina Head Start State Collaboration Office to inform parents of all publicly funded full-day 4K programs including Head Start by participating in PalmettoPreK and First5SC.

*Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

Agency Name:	First Steps		
Agency Code:	H620	Section:	2

## **FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	1.83
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*Cite the proviso according to the renumbered list (or mark "NEW").*

<b>TITLE</b>	SDE: READY Program
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*Provide the title from the renumbered list or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	XIII. FIRST STEPS TO SCH READINESS, READY
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*Identify the associated budget program(s) by name and budget section.*

<b>RELATED BUDGET REQUEST</b>	Priority 3, Local Partnerships READY Grants
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*Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.*

<b>REQUESTED ACTION</b>	Amend
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	None
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY &amp; EXPLANATION</b>	<p>This proviso establishes the READY Grants and the specifics on how it is to be implemented at SC First Steps. It defines the areas of the state that should be prioritized, it limits the amount that can be spent on administering and managing the Grants at the state office to 3% and limits the amount that can be spent on any county to 10%.</p> <p>The requested change would increase the minimum amount spent per county from 10% to 20%. This change would allow the agency more flexibility in accomplishing our mission and to continue to build momentum for successful outcomes of children’s achieving readiness in high need areas of the state.</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

**FISCAL IMPACT**

This change will not have a fiscal impact to the state. It will allow the agency to make and provide more targeted impacts for children’s success in high priority areas.

*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

**PROPOSED  
PROVISO TEXT**

1.83. (SDE: READY Program) Funds for the Resources for Early Acceleration and Development in Youth (READY) program must be awarded by the South Carolina First Steps to School Readiness Board of Trustees to First Steps local partnerships through a competitive and targeted grants process. Grant awards must prioritize evidenced-based programs for children from birth through age three who live in rural communities and in communities where kindergarten readiness scores are consistently below the state average. Of the funds appropriated, no more than ~~ten~~ twenty percent may be distributed to any one county, and no more than three percent may be retained by the Office of First Steps for administering, monitoring, and evaluating the program. An annual report on the state's investment in early learning and development must be provided by the Office of First Steps to the General Assembly and the Governor by December 1st of the current fiscal year.

*Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

Agency Name:	First Steps		
Agency Code:	H620	Section:	2

**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION  
CONTINGENCY PLAN**

<b>TITLE</b>	SC First Steps
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<b>AMOUNT</b>	\$576,850
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*What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.*

<b>ASSOCIATED FTE REDUCTIONS</b>	No FTE's would be reduced. Any general fund reductions for staffing would be covered by other sources of funds.
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*How many FTEs would be reduced in association with this General Fund reduction?*

<b>PROGRAM / ACTIVITY IMPACT</b>	<p>The cuts would include the following reductions:</p> <p>Personnel \$38,828 with associated fringe of \$6,854. These cuts would be offset from other funds. Operating funds would be reduced by \$67,601, which would reduce the support for the ECAC and Local Partnerships and would result in reductions of the development and promotion</p> <p>of the portals for parents trying to get access to services for their children and reduce support for the local partnerships. The CDEPP</p> <p>(4K) Program would be reduced by \$373,566 which could result in a reductions of as many as 51 low income children in the program. The remaining amount, \$90,000 would be reduced from the READY Grants to the Local Partnerships, which could result in the reduction of as many as 900 children from various services being provided to low income children.</p> <p><b>Total reduction in Funding of \$576,850.</b></p>
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*What programs or activities are supported by the General Funds identified?*

<b>SUMMARY</b>	<p>3% of the recurring General Funds would be \$19,228,324 X .3 = \$576,850 and would be broken down as follows. The Classified personnel are staff members at SC First Steps in various programs.</p> <ol style="list-style-type: none"> <li>1. Classified \$38,828</li> <li>2. Fringe \$6,854</li> <li>3. CDEPP (4K) \$373,566 Full day 4 year old kindergarten in private providers throughout the state.</li> <li>4. READY Local Partnership Grants \$90,000 Grants provided to Local Partnerships for direct evidence based services along with capacity and infrastructure.</li> </ol> <p><b>Total Funding Reduction: \$576,850</b></p>
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*Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.*

N/A

**AGENCY COST  
SAVINGS PLANS**

*What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?*



Agency Name:	First Steps		
Agency Code:	H620	Section:	2

## **FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS**

<b>TITLE</b>	SC First Steps
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*Provide a brief, descriptive title for this request.*

<b>EXPECTED SAVINGS TO BUSINESSES AND CITIZENS</b>	SC First Steps does not assess finds or fees associated with its services. First Steps has no regulations on businesses or members of the public.
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*What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input type="checkbox"/> Repeal or revision of regulations.
	<input type="checkbox"/> Reduction of agency fees or fines to businesses or citizens.
	<input type="checkbox"/> Greater efficiency in agency services or reduction in compliance burden.
	<input type="checkbox"/> Other

<b>METHOD OF CALCULATION</b>	N/A
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*Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.*

<b>REDUCTION OF FEES OR FINES</b>	N/A
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*Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?*

<b>REDUCTION OF REGULATION</b>	N/A
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*Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?*

<b>SUMMARY</b>	N/A
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