



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: Ann Vandervliet, Executive Director, South Carolina First Steps

Date: March 14, 2025

**RE: First Steps 4K Underserved Communities Report Pursuant to Proviso 1.47**

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Proviso 1.47 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 1.47.

- (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 \$775,900 to date for this fiscal year with an estimated additional spending of \$642,823 through June 30 for higher reimbursement rates, and anticipating a total spending of \$1,418,723 during FY24.

<b>2024-2025</b>	<b>10% Quality Amount</b>	<b># of centers "B" or above</b>	<b># of students</b>
July	\$65,113	127	1,755
August	\$64,675	124	1,767
September	\$140,734	143	1,930
October	\$177,780	152	1,943
November	\$90,376	149	1,903
December	\$94,569	151	1,962
January	\$142,653	155	2,004
<i>February*</i>	<i>\$139,783</i>	<i>155</i>	<i>2,016</i>
<i>March*</i>	<i>\$128,040</i>	<i>155</i>	<i>1,994</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>\$1,418,723</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 April 15, 2024, First Steps 4K notified grant awards totaling \$82,890 to three providers in Dorchester, Aiken, and Greenville counties to add an additional 40 slots for CERDEP eligible students.

Our priorities for FY2025 include two groups: counties where districts are reporting waiting lists and counties with one or less First Steps 4K programs. The FY25 Expanding 4K in Underserved Communities Provider Grant Application is currently accepting applications and will close on March 31, 2025. Thus far, twelve programs have completed virtual appointments to discuss their grant proposals, and seven applications have been formally received.

We are grateful for the General Assembly's continued emphasis on creating opportunities for the South Carolina's at-risk pre-kindergartners. Please do not hesitate to reach out to a member of our staff if you have any questions.

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