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COMMITTEE REPORT

April 27, 2017

**H. 3591**

Introduced by Reps. Govan, J.E. Smith, Allison, Erickson, G.R. Smith, Felder, Douglas, Martin, Ridgeway, Robinson‑Simpson, Yow, Williams, Wheeler, Loftis, D.C. Moss, Henegan, Ryhal, Jordan, Fry, Ballentine, Henderson, Crawford, S. Rivers, Herbkersman, W. Newton, Anthony, Lowe, Arrington, Thayer, Duckworth, Putnam, Gagnon, White, Simrill, McCoy, Stavrinakis, Elliott, Daning, Crosby, Sottile, Cogswell, Neal, McKnight, Hart, McEachern, West, Bamberg, Anderson, Hayes, Norrell, Cobb‑Hunter, Davis, B. Newton, Ott, Hosey, Knight, Jefferson, Brown and Gilliard

S. Printed 4/27/17--S.

Read the first time February 22, 2017.

**THE COMMITTEE ON EDUCATION**

To whom was referred a Bill (H. 3591) to amend Section 59‑152‑32, Code of Laws of South Carolina, 1976, relating to benchmarks and objectives required as part of the, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

HARVEY S. PEELER, JR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Introduced on January 25, 2017**

**State Expenditure**

This bill requires specifically that the First Steps to School Readiness Board of Trustees (board) approve the benchmarks and objectives for school readiness programs and that the benchmarks and objectives be posted on the Office of First Steps (office) website. Additionally, the board will report the results of the readiness assessment by state and county annually to the General Assembly and use the results to assist county partnerships to support and improve school readiness for all students. Also, this bill requires the office to submit an annual report to various House and Senate committees with information pertaining to kindergarten readiness, annual and five year goals to serve high-risk children in the state, and innovative practices in counties that are making progress toward benchmarks and objectives, among other requirements. The office is further required to submit annual reports required of state agencies including an annual accountability report pursuant to §1-1-820.

Moreover, this bill disbands the eight member Office of First Steps Study Committee, comprised of four members from the House and four members from the Senate. The bill replaces the committee with a joint House and Senate committee consisting of ten members, five from the House and five from the Senate, which is required to conduct a review of the South Carolina First Steps Readiness Program, if the House and Senate Legislative Oversight Committees do not conduct a review in accordance with §2-2-20.

Further, the board is required to submit salary recommendations for the office executive director to the Agency Head Salary Commission as required of boards and commissions of state agencies.

**South Carolina First Steps to School Readiness**. This bill requires additional reporting and accountability by the South Carolina First Steps to School Readiness. The additional time required to meet the required reporting and accountability standards will be managed by existing staff and within the agency’s current appropriations.

**Senate and House of Representatives**. This bill replaces an eight member study committee with a ten member study committee that will meet only if the South Carolina First Steps to School Readiness is not reviewed by the House and the Senate Legislative Oversight Committees within the period prescribed by §2-20-20. Should this committee meet, the costs would be subsistence and per diem for a total $230, plus mileage per member, resulting in a total expense of $2,305 plus mileage per meeting. These costs can be managed within each legislative body’s respective appropriations.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 59‑152‑32, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO BENCHMARKS AND OBJECTIVES REQUIRED AS PART OF THE FIRST STEPS TO SCHOOL READINESS COMPREHENSIVE LONG‑RANGE INITIATIVE, SO AS TO PROVIDE THE BENCHMARKS AND OBJECTIVES MUST BE APPROVED BY THE FIRST STEPS TO SCHOOL READINESS BOARD OF TRUSTEES AND POSTED ON THE INTERNET WEBSITE OF THE STATE OFFICE OF FIRST STEPS TO SCHOOL READINESS; TO AMEND SECTION 59‑152‑33, RELATING TO THE FIRST STEPS TO SCHOOL READINESS ASSESSMENT, SO AS TO IMPOSE CERTAIN REQUIREMENTS FOR REPORTING AND USE OF THE RESULTS OF THE ASSESSMENT; TO AMEND SECTION 59‑152‑50, AS AMENDED, RELATING TO MISCELLANEOUS REPORTING REQUIREMENTS, SO AS TO REVISE THE REQUIREMENTS; TO AMEND SECTION 59‑152‑70, AS AMENDED, RELATING TO FIRST STEP PARTNERSHIP BOARDS, SO AS TO PROVIDE THE STATE OFFICE OF FIRST STEPS TO SCHOOL READINESS ANNUALLY SHALL PUBLISH THE COMPREHENSIVE PLANS OF THESE BOARDS ON THE INTERNET WEBSITE OF THE OFFICE, TO LIMIT THE PERIOD OF TIME IN WHICH LOCAL OFFICES MAY INCREASE THEIR ESTABLISHED OVERHEAD COST RATES, AND TO PROVIDE LOCAL PARTNERSHIPS THAT ARE NOT PART OF MULTICOUNTY PARTNERSHIPS AND EXCEED THEIR OVERHEAD COST RATES ARE INELIGIBLE TO RECEIVE STATE FUNDS; TO AMEND SECTION 63‑11‑1710, RELATING TO THE SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF TRUSTEES, SO AS TO REQUIRE THE BOARD ANNUALLY TO PROVIDE ACCOUNTABILITY REPORTS REQUIRED OF STATE AGENCIES; TO AMEND SECTION 63‑11‑1720, AS AMENDED, RELATING TO THE STATE OFFICE OF FIRST STEPS STUDY COMMITTEE, SO AS TO DELETE PROVISIONS CONCERNING THE COMMITTEE AND TO PROVIDE FOR LEGISLATIVE REVIEW OF THE STATE OFFICE OF FIRST STEPS TO SCHOOL READINESS IF THE OFFICE IS NOT REVIEWED BY THE HOUSE AND SENATE OVERSIGHT COMMITTEES WITHIN A PROSCRIBED TIME PERIOD; TO AMEND SECTION 63‑11‑1740, AS AMENDED, RELATING TO THE ADMINISTRATION OF THE STATE OFFICE OF FIRST STEPS TO SCHOOL READINESS, SO AS TO REQUIRE THE BOARD TO SUBMIT JUSTIFICATIONS AND RECOMMENDATIONS REGARDING THE SALARY OF ITS EXECUTIVE DIRECTOR TO THE AGENCY HEAD SALARY COMMISSION; AND TO REPEAL SECTION 63‑11‑1735 RELATING TO THE BABYNET INTERAGENCY EARLY INTERVENTION SYSTEM.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 59‑152‑32(A)(2) of the 1976 Code, as added by Act 287 of 2014, is amended to read:

“(2) establish specific benchmarks and objectives for use by the board of trustees, local partnership boards, and any agency that administers a program to benefit preschool children. The benchmarks and objectives must be approved by the board and posted on the website of the Office of First Steps;”

SECTION 2. Section 59‑152‑33(D) of the 1976 Code, as added by Act 287 of 2014, is amended to read:

“(D) The South Carolina First Steps to School Readiness Board of Trustees shall support the implementation of the school readiness assessment and must provide professional development to support the readiness assessment for teachers and parents of programs supported with First Steps funds. The board shall utilize the annual aggregate literacy and other readiness assessment information in establishing standards and practices to support all early childhood providers served by First Steps. The South Carolina First Steps to School Readiness Board of Trustees shall report the results of the kindergarten readiness assessment by state and by county on the annual report to the General Assembly required in Section 59‑152‑50(6), and use the results to assist county partnerships to support local initiatives to improve readiness for all students.”

SECTION 3. Section 59‑152‑50 of the 1976 Code, as last amended by Act 287 of 2014, is further amended to read:

“Section 59‑152‑50. Under supervision of the South Carolina First Steps to School Readiness Board of Trustees, there is created an Office of South Carolina First Steps to School Readiness. The office shall:

(1) provide to the board information on best practice, successful strategies, model programs, and financing mechanisms;

(2) review the local partnerships’ plans and budgets in order to provide technical assistance and recommendations regarding local grant proposals and improvement in meeting statewide and local goals;

(3) provide technical assistance, consultation, and support to local partnerships to facilitate their success including, but not limited to, model programs, strategic planning, leadership development, best practice, successful strategies, collaboration, financing, and evaluation;

(4) evaluate each program funded by the South Carolina First Steps to School Readiness Board of Trustees on a regular cycle to determine its effectiveness and whether it should continue to receive funding;

(5) recommend to the board the applicants meeting the criteria for First Steps partnerships and the grants to be awarded;

(6) submit an annual report to the board, the House Ways and Means Committee, the House Education and Public Works Committee, the Senate Finance Committee, and the Senate Education Committee by December first which includes, but is not limited to, the following information:

(a) ~~statewide~~ the needs and resources available to meet the goals and purposes of the First Steps to School Readiness initiative~~,~~ statewide, to include each local partnership;

(b) a list of risk factors the office considers to affect school readiness~~,~~;

(c) identification of areas where client‑level data is not available~~,~~;

(d) an explanation of how First Steps programs reach the most at‑risk children~~,~~;

(e) the ongoing progress and results of the First Steps to School Readiness initiative statewide and locally~~,~~;

(f) fiscal information on the expenditure of funds, and recommendations and legislative proposals to further implement the South Carolina First Steps to School Readiness initiative statewide;

(g) kindergarten readiness results for the prior school year as well as longitudinal data to document progress toward improving kindergarten readiness;

(h) annual and five‑year goals to serve a high proportion of at‑risk children in the State along with a plan and timetable to reach the goals that align to the benchmarks and objectives established by the board;

(i) the evidence‑based and evidence‑informed programs provided and number of children and families served for the past three fiscal years. The data must include the percentage of total at‑risk children served by the initiative;

(j) the total amount of state, local, federal and other revenues received and the total amount of these funds expended by the State Office of First Steps and by each local partnership for services to children and families;

(k) availability of high quality and affordable professional development and high impact strategies such as coaching for child care providers to include the number of individuals, by partnership, who receive the professional development;

(l) innovative practices in counties that are making progress toward the benchmarks and objectives;

(m) technical assistance provided by State Office of First Steps to county partnerships with information related to the type of assistance provided and outcomes of the assistance;

(n) evidence of each local partnership’s collaboration with public and private stakeholders; and

(o) performance reviews of the local partnership boards referenced in Section 59‑152‑70(F);

(7) provide for ongoing data collection. Before June 30, 2015, the board shall develop a response to the November 2014 external evaluation of each prevalent program and the overall goals of the initiative, as provided in Section 59‑125‑160. The office shall contract with an external evaluator to develop a schedule for an in‑depth and independent performance audit designed to measure the success of each prevalent program in regard to its success in supporting the goals of the State Board and those set forth in Section 59‑152‑20 and Section 59‑152‑30. Results of all external performance audits must be published in the First Steps annual report; ~~and~~

(8) coordinate the First Steps to School Readiness initiative with all other state, federal, and local public and private efforts to promote good health and school readiness of young children and support for their families~~.;~~

(9) complete an annual accountability report pursuant to Section 1‑1‑820 and identify key program area descriptions and expenditures and link these to key financial and performance results measures, and provide this report to the General Assembly to post on its internet website; and

(10) submit to the Agency Head Salary Commission, pursuant to Sections 8‑11‑160 and 8‑11‑165, justification of and recommendations for the salary and any salary increases for the Executive Director of the South Carolina Office of First Steps to School Readiness.”

SECTION 4. Section 59‑152‑70(A) and (B), as last amended by Act 287 of 2014, is further amended to read:

“(A) A First Steps Partnership Board shall, among its other powers and duties:

(1) adopt bylaws as established by the First Steps to School Readiness Board to effectuate the provisions of this chapter which must include the creation of a periodic meeting schedule;

(2) coordinate a collaborative effort at the county or multicounty level which will bring the community together to identify the area needs related to the goals of First Steps to School Readiness; develop a strategic long‑term plan for meeting those needs; develop specific initiatives to implement the elements of the plan; and integrate service delivery where possible;

(3) coordinate and oversee the implementation of the comprehensive strategic plan including, but not limited to, direct service provision, contracting for service provision, and organization and management of volunteer programs;

(4) effective July 1, 2016, each partnership’s comprehensive plan shall include the following core functions:

(a) service as a local portal connecting families of preschool children to community‑based services they may need or desire to ensure the school readiness of their children;

(b) service as a community convener around the needs of preschool children and their families; and

(c) support of state‑level school readiness priorities as determined by the State Board;

(5) update a needs assessment every three years;

(6) implement fiscal policies and procedures as required by the First Steps office and as needed to ensure fiscal accountability of all funds appropriated to the partnership;

(7) keep accurate records of the partnership’s board meetings, board member’s attendance, programs, and activities for annual submission to the First Steps to School Readiness Board of Trustees;

(8) collect information and submit an annual report by October first to the First Steps to School Readiness Board of Trustees, and otherwise participate in the annual review and the three‑year evaluation of operations and programs. Before December 1, 2017, and annually before December first thereafter, the Office of South Carolina First Steps shall publish each local partnership’s comprehensive plan and annual report on the office’s website. Reports must include, but not be limited to:

(a) determination of the current level and data pertaining to the delivery and effectiveness of services for young children and their families, including the numbers of preschool children and their families served;

(b) strategic goals for increased availability, accessibility, quality, and efficiency of activities and services for young children and their families which will enable children to reach school ready to succeed;

(c) monitoring of progress toward strategic goals;

(d) report on implementation activities;

(e) recommendations for changes to the strategic plan which may include new areas of implementation;

(f) evaluation and report of program effectiveness and client satisfaction before, during, and after the implementation of the strategic plan, where available; and

(g) estimation of cost savings attributable to increased efficiency and effectiveness of delivery of services to young children and their families, where available.

(B) Each local partnership may, in the performance of its duties, employ or acquire staff pursuant to the local partnership bylaws established by the South Carolina First Steps School to Readiness Board of Trustees. Overhead costs of a First Step partnership’s operations may not exceed eight percent of the total state funds appropriated for partnership grants. The South Carolina First Steps to School Readiness Board of Trustees shall contract with an independent cost accountant to provide recommendations as to an adequate, and not excessive, overhead cost rate for individual partnerships no later than July 1, 2017. Once these recommendations are received, the First Steps to School Readiness Board of Trustees may adjust the overhead percentage for the local partnership. Once the overhead rates are established, the rates may not be amended or revised for at least five years, and the board may not grant a waiver from this provision to the local partnership. Local partnerships that are not part of a multicounty partnership and exceed the overhead cost rate are ineligible to receive state funds.”

SECTION 5. Section 63‑11‑1710 of the 1976 Code, as added by Act 361 of 2008, is amended to read:

“Section 63‑11‑1710. (A) There is established the South Carolina First Steps to School Readiness Board of Trustees, an eleemosynary corporation, which shall oversee the South Carolina First Steps to School Readiness initiative, a broad range of innovative early childhood development and education, family support, health services, and prevention efforts to meet critical needs of South Carolina’s children through the awarding of grants to partnerships at the county level as provided for in Section 59‑152‑90.

(B) The board may accept gifts, bequests, and grants from any person or foundation. The fund and grants from the fund shall supplement and augment, but not take the place of, services provided by local, state, or federal agencies. The board of trustees shall carry out activities necessary to administer the fund including assessing service needs and gaps, soliciting proposals to address identified service needs, and establishing criteria for the awarding of grants.

(C) The board must ensure the fiscal and programmatic accountability of the administration of the State Office of First Steps through the submission of annual reports as required by a state agency including, but not limited to, required reports to the Office of the Governor, General Assembly, State Department of Administration, State Fiscal Accountability Authority, Comptroller General, Inspector General, and State Auditor which includes the annual accountability report, debt collection report, composite bank account report, sole source reportings, annual budget request beginning with the Governor’s annual deadline, recovery audits, Inspector General’s fraud, waste, and abuse report, and agency head salary commission reports. Required reporting is to be made public on the recipient’s website in the same manner in which state agency reports are made public.”

SECTION 6. Section 63‑11‑1720 of the 1976 Code, as amended by Act 287 of 2014, is further amended to read:

“Section 63‑11‑1720. (A) There is created the South Carolina First Steps to School Readiness Board of Trustees which must be chaired by the Governor, or his designee, and must include the State Superintendent of Education, or his designee, who shall serve as ex officio voting members of the board.

(B) In making the appointments specified in subsection (C)(1), (2), and (3) of this section, the Governor, President Pro Tempore of the Senate, and the Speaker of the House of Representatives shall seek to ensure diverse geographical representation on the board by appointing individuals from each congressional district as possible.

(C) The board shall include members appointed in the following manner:

(1) the Governor shall appoint one member from each of the following sectors:

(a) parents of young children;

(b) business community;

(c) early childhood educators;

(d) medical providers;

(e) child care and development providers; and

(f) the General Assembly, one member from the Senate and one member from the House of Representatives;

(2) the President Pro Tempore of the Senate shall appoint one member from each of the following sectors:

(a) parents of young children;

(b) business community;

(c) early childhood educators; and

(d) medical or child care and development providers;

(3) the Speaker of the House of Representatives shall appoint one member from each of the following sectors:

(a) parents of young children;

(b) business community;

(c) early childhood educators; and

(d) medical or child care and development;

(4) the chairman of the Senate Education Committee or his designee;

(5) the chairman of the House Education and Public Works Committee or his designee; and

(6) the chief executive officer of each of the following shall serve as an ex officio voting member:

(a) Department of Social Services;

(b) Department of Health and Environmental Control;

(c) Department of Health and Human Services;

(d) Department of Disabilities and Special Needs;

(e) State Head Start Collaboration Officer; and

(f) Children’s Trust of South Carolina.

(D) The terms of the members are for four years and until their successors are appointed and qualify. The appointments of the members from the General Assembly shall be coterminous with their terms of office.

(E) Vacancies for any reason must be filled in the manner of the original appointment for the unexpired term. A member may not serve more than two terms or eight years, whichever is longer. A member who misses more than three consecutive meetings without excuse or a member who resigns must be replaced in the same manner as his predecessor. Members may be paid per diem, mileage, and subsistence as established by the board not to exceed standards provided by law for boards, committees, and commissions. A complete report of the activities of the First Steps to School Readiness Board of Trustees must be made annually to the General Assembly.

(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~~ In the event South Carolina First Steps to School Readiness is not reviewed by the House and Senate Legislative Oversight Committees within the period prescribed by Section 2‑2‑20, a joint House and Senate committee shall conduct a review. The joint committee shall consist of five members appointed by the Chairman of the House Education and Public Works Committee and five members appointed by the Chairman of the Senate Education Committee. The committee must be co‑chaired by one member of the House and one member of the Senate. A report must be provided to the Speaker of the House and President Pro Tempore of the Senate within one hundred eighty days after the first meeting of the joint committee.”

SECTION 7. Section 63‑11‑1740 of the 1976 Code, as added by Act 361 of 2008, is amended to read:

“Section 63‑11‑1740. The South Carolina First Steps to School Readiness Board of Trustees shall employ, by a majority vote, a director of the Office of South Carolina First Steps to School Readiness and other staff as necessary to carry out the South Carolina First Steps to School Readiness initiative, established in Title 59, Chapter 152, and other duties and responsibilities as assigned by the board. The director, with the approval of the board, shall hire such staff as is considered necessary to carry out the provisions of the initiative. The South Carolina First Steps to School Readiness Board of Trustees shall submit to the Agency Head Salary Commission, pursuant to Sections 8‑11‑160 and 8‑11‑165, justification of and recommendations for the salary and any salary increases for the Executive Director of the South Carolina Office of Frist Steps to School Readiness.”

SECTION 8. Section 63‑11‑1735 of the 1976 Code is repealed.

SECTION 9. This act takes effect upon approval by the Governor.

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