



Finance and Administration Committee
June 02, 2015
1:00 pm

Via Teleconference
888-537-7715
52045398#

AGENDA

1. Welcome and Introductions: Chairman
2. Consent Agenda:
 - a. YTD Finance Report
 - b. Update on Early Head Start Grant
 - c. Audit update: County Partnerships, First Steps State Office
3. Action Item:
 - a. SFY 2016 Draft Budget for Approval
4. Other



To: First Steps Finance and Administration Committee
From: Mark Barnes, Chief Operating Officer / Chief Financial Officer
Date: May 27, 2015

RE: Consent Agenda : Finance and Administration Committee – June 2, 2015

1. INFORMATION ITEM: YTD Finance Report:

The year to date finance report is presented. There have been no significant changes since the last report. This report is as of April 30, 2015.

2. INFORMATION ITEM: Update on Early Head Start Grant:

The First Steps State Office has been working to implement the new grant. The first period for the 54 month grant is 18 months, starting February 1, 2015 and ending July 31, 2016. One hourly employee has already been hired and the Grant Manager position has been posted as well as a Project Director. Interviews are expected soon for the Grant Manager and a Project Director. A team of staff members attended the Orientation Conference for the new grant in Atlanta the week of May 18th thru the 22nd. Based on the guidance from the Federal Early Head Start program managers, there may be some additional changes needed in the project plan. Training is being developed to meet the grant requirements for the SC First Steps to School Readiness Board of Trustees, which will be required by October of 2015. Staff is working to finalize and implement the project plan for the grant.

3. INFORMATION ITEM: Audit Update

All SFY 14 financial audits have been completed. SC First Steps to School Readiness contracted with two (2) independent auditing firms. One audited the 46 local partnerships and the 2 private 4K accounts. The other firm audited the Office of First Steps. Out of a total of 49 financial audits, there were zero (0) audit findings noted. This is the second consecutive fiscal year we've accomplished these exceptional results. The results reflect strong internal controls at both the local and state levels for the organization.

4. ACTION ITEM: SFY 2016 Draft Budget

Each year the Board is asked to approve the projected budget for the upcoming fiscal year, which begins on July 1, 2015. The projected budget is attached. The budget for the next year includes the following items:

- Level funding for the 4K Program. As the program grows, we expect that we will expand to full capacity and full utilization of funding during the next year as our growth continues.
- Addition of the new Early Head Start Grant. It is expected that this program will be fully implemented by July 31, 2016. This program is projected to serve over 250 children per year for the next 54 month period, once fully implemented.
- Addition of \$1.4 million in recurring State funding for the Local Partnerships. This amount is consistent with both the Senate and the House version of the state budget. This is new money which will provide a solid annual base of funding, rather than the one time money that has been used up over the last several years. This prevents a significant reduction for the local partnerships.
- Addition of \$1.1 million of recurring funding for the BabyNet Program. This funding will allow for significant improvements in getting children assessed and enrolled timely. This amount is consistent with both the Senate and the House version of the state budget.
- Addition of \$376,872 in additional funding for BabyNet Autism services. This fully funds the rate increase for these services that was included in a budget proviso in the SFY 2014-15. This is a recurring amount in the Senate version of the state budget and a onetime amount in the House version.
- 4K Program Carryforward Cash Balances are reduced in both the Senate and the House version of the state budget. In the Senate version, the amount is reduced to \$2,075,000 with the remaining funding going to the Education Oversight Committee and the State Department of Education. The yearend projected cash carry forward amount is \$9.3 million.

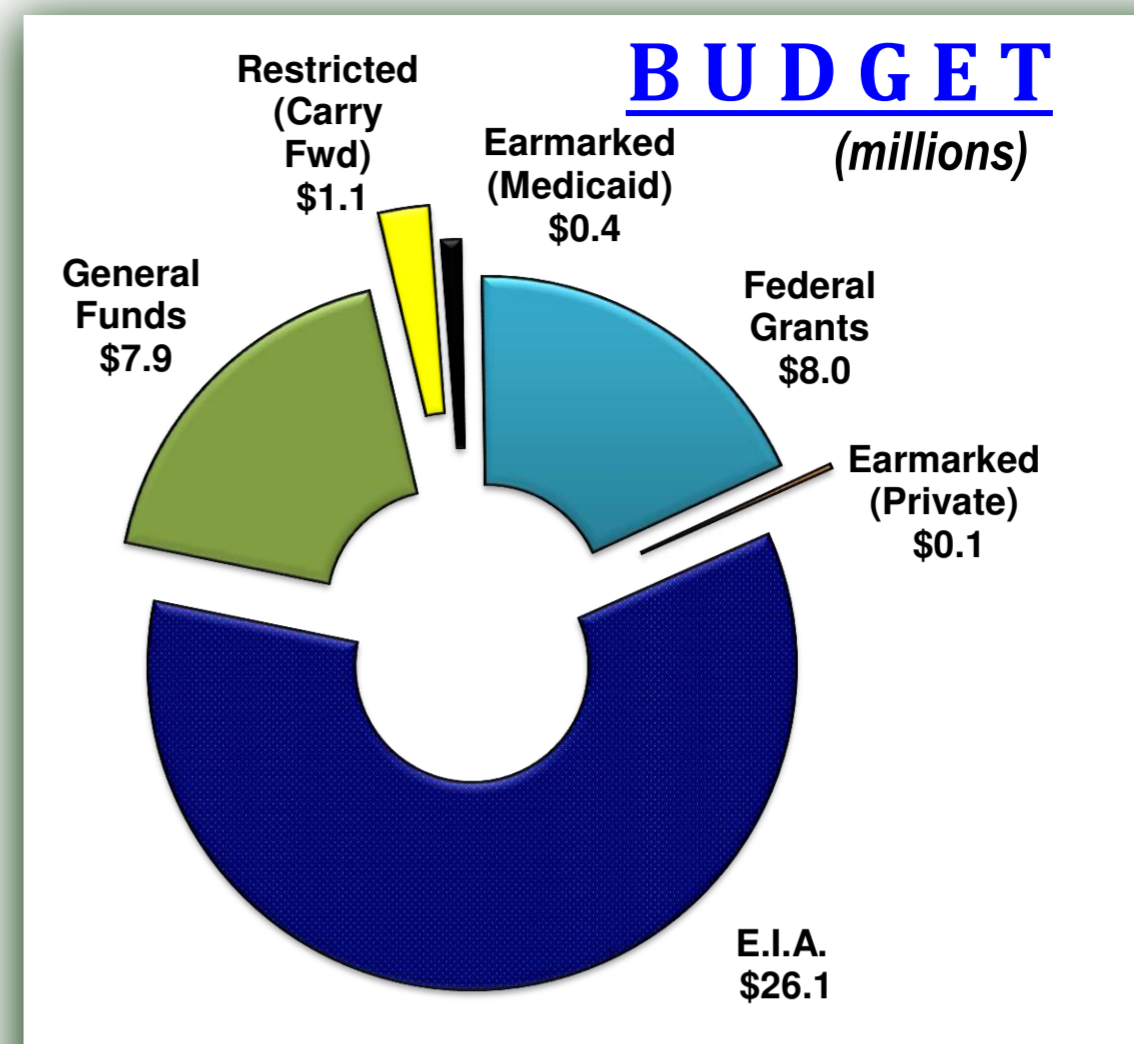
STAFF RECOMMENDATION: Approval



FY 2015 Financial Status Report

As of:
April 30, 2015

SPENDING RATES	
<u>Projected</u>	89%
<u>Actual</u>	69%
Spending is UNDER Budget	



PROGRAMS / OPERATIONS		BUDGET	EXPENDITURES		BALANCE	
Description	Source	Total	Actual	%	Amount	%
LOCAL PARTNERSHIPS (LP)	E.I.A.	\$ 12,693,265	\$ 11,693,265	92%	\$ 1,000,000	8%
LP CENTRAL OPERATING	Gen. Fund (GF)	\$ 808,879	\$ 652,115	81%	\$ 156,764	19%
PRIVATE 4-K	E.I.A. / GF	\$ 16,662,864	\$ 8,899,557	53%	\$ 7,763,307	47%
EARLY HEAD START	Federal	\$ 1,944,933	\$ 6,539	0%	\$ 1,938,394	100%
BABYNET	Federal / E.I.A. / GF / Medicaid	\$ 10,097,554	\$ 7,875,215	78%	\$ 2,222,339	22%
Community Advisory Board Dev. NURSE FAMILY PARTNERSHIP	Private	\$ 20,000	\$ 20,000	100%	\$ -	0%
COUNTDOWN TO KINDERGARTEN	E.I.A.	\$ 65,000	\$ 26,012	40%	\$ 38,988	60%
POLICY & ACCOUNTABILITY	E.I.A. / GF / Private	\$ 1,308,527	\$ 1,105,264	84%	\$ 203,263	16%
GRAND TOTAL:		\$ 43,601,022	\$ 30,277,967	69%	\$ 13,323,055	31%

NOTES:

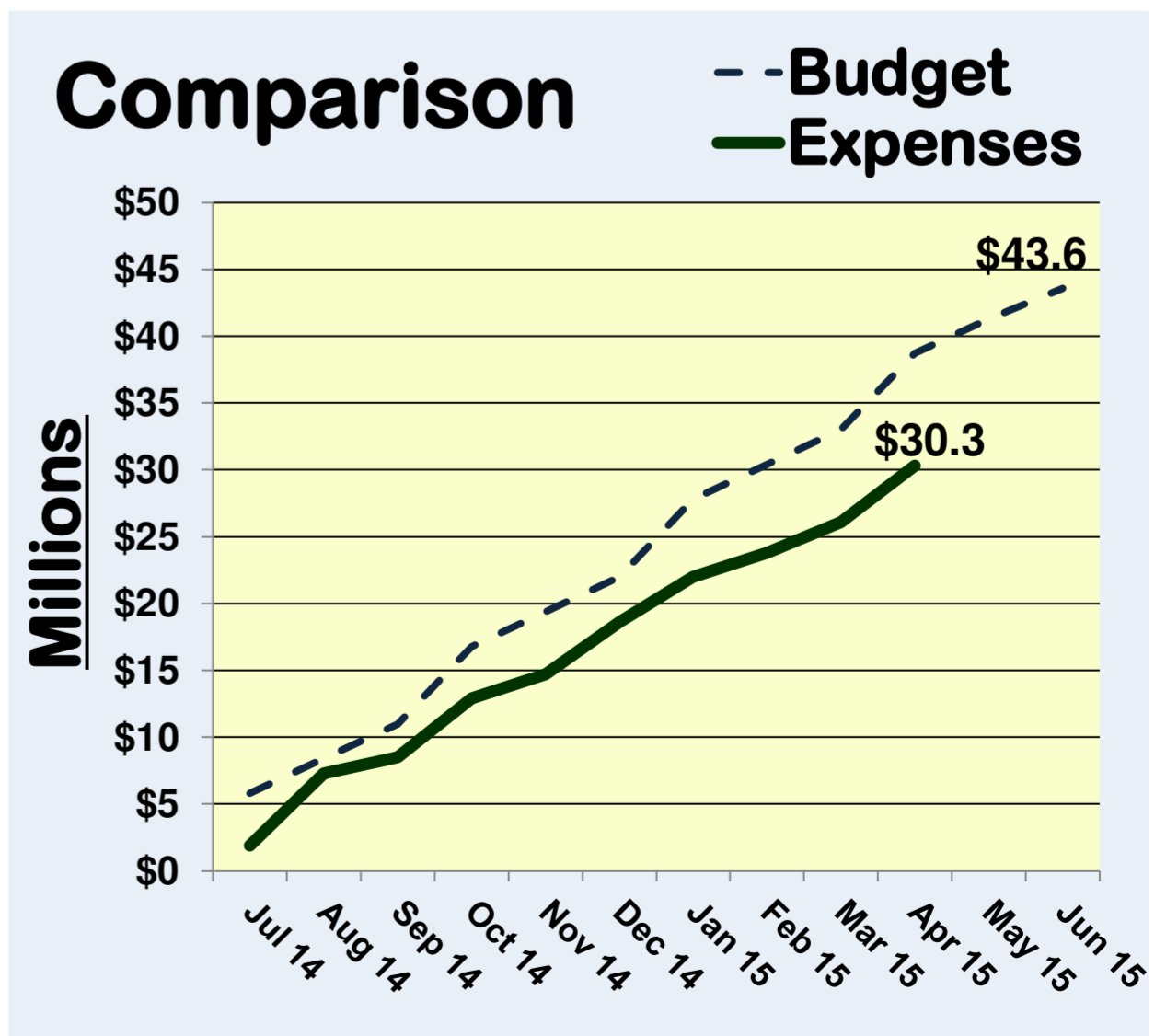
1) Local Partnerships:

- Funding sources: Education Improvement Act (EIA) funds
- Formula allocation cash advances are disbursed on a quarterly basis
- Expenditures reflect disbursements from SC First Steps (state-level)
- Does not include local-level actual expenses to staff and vendors

2) Local Partnerships Central Operating

- Regional finance managers (RFM).....accounting firms
- Accounting software network support & data housing
- Programmatic data housing & network support
- Workers' compensation insurance coverage
- External programmatic evaluation
- Financial audits --- annually
- Does not include local-level actual expenses to staff and vendors

3) Federal grants are multi-year and cross State Fiscal Years



As of: May 27, 2015

INCOME	APPROPRIATION			SPENDING AUTHORITY ONLY				FY 16	FY 15 *	GRAND TOTAL
	Recurring E.I.A.	Non-Recur. Gen. Fund	TOTAL	Federal	Medicaid	Private	TOTAL	PROJECTED BUDGET	PROJECTED CARRY FWD.	
APPROPRIATION										
Restricted							\$ -	\$ -		\$ -
County Partnerships	\$ 12,693,265		\$ 12,693,265				\$ -	\$ 12,693,265		\$ 12,693,265
Private 4K	\$ 9,767,864	\$ 6,510,000	\$ 16,277,864				\$ -	\$ 16,277,864		\$ 16,277,864
BabyNet/Autism	\$ 1,699,848		\$ 1,699,848				\$ -	\$ 1,699,848		\$ 1,699,848
Unrestricted	\$ 4,974,631	\$ 8,480	\$ 4,983,111				\$ -	\$ 4,983,111		\$ 4,983,111
	\$ 29,135,608	\$ 6,518,480	\$ 35,654,088	\$ -	\$ -	\$ -	\$ -	\$ 35,654,088	\$ -	\$ 35,654,088
GRANTS										
BabyNet/Autism			\$ -	\$ 6,053,317			\$ 6,053,317	\$ 6,053,317		\$ 6,053,317
Early Head Start			\$ -	\$ 4,410,825			\$ 4,410,825	\$ 4,410,825		\$ 4,410,825
	\$ -	\$ -	\$ -	\$ 10,464,142	\$ -	\$ -	\$ 10,464,142	\$ 10,464,142	\$ -	\$ 10,464,142
OTHER										
BabyNet Reimbursements			\$ -		\$ 1,800,000		\$ 1,800,000	\$ 1,800,000		\$ 1,800,000
Donations			\$ -			\$ 1,350,000	\$ 1,350,000	\$ 1,350,000		\$ 1,350,000
Earned Interest			\$ -			\$ 150,000	\$ 150,000	\$ 150,000		\$ 150,000
	\$ -	\$ -	\$ -	\$ -	\$ 1,800,000	\$ 1,500,000	\$ 3,300,000	\$ 3,300,000	\$ -	\$ 3,300,000
CARRY FORWARD										
Private 4K from FY 14 (Gen. Funds)			\$ -				\$ -	\$ -	\$ 4,004,031	\$ 4,004,031
Private 4K from FY 15 (E.I.A.)			\$ -				\$ -	\$ -	\$ 5,343,584	\$ 5,343,584
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,347,615	\$ 9,347,615
TOTAL INCOME:	\$ 29,135,608	\$ 6,518,480	\$ 35,654,088	\$ 10,464,142	\$ 1,800,000	\$ 1,500,000	\$ 13,764,142	\$ 49,418,230	\$ 9,347,615	\$ 58,765,845
EXPENSES										
Local Partnerships										
Formula Allocation	\$ 12,693,265		\$ 12,693,265				\$ -	\$ 12,693,265		\$ 12,693,265
County Central Operating										
Operations	\$ 773,164		\$ 773,164				\$ -	\$ 773,164		\$ 773,164
Statewide Programs										
BabyNet	\$ 4,042,833		\$ 4,042,833	\$ 6,053,317	\$ 1,800,000		\$ 7,853,317	\$ 11,896,150		\$ 11,896,150
Early Head Start			\$ -	\$ 4,410,825			\$ 4,410,825	\$ 4,410,825		\$ 4,410,825
Private 4-K	\$ 9,767,864	\$ 6,510,000	\$ 16,277,864				\$ -	\$ 16,277,864	\$ 9,347,615	\$ 25,625,479
Countdown to Kindergarten	\$ 65,000		\$ 65,000				\$ -	\$ 65,000		\$ 65,000
Policy and Accountability										
Payroll, Operations & Information Technology	\$ 1,793,482	\$ 8,480	\$ 1,801,962			\$ 1,500,000	\$ 1,500,000	\$ 3,301,962		\$ 3,301,962
TOTAL EXPENSES:	\$ 29,135,608	\$ 6,518,480	\$ 35,654,088	\$ 10,464,142	\$ 1,800,000	\$ 1,500,000	\$ 13,764,142	\$ 49,418,230	\$ 9,347,615	\$ 58,765,845
BALANCE:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Note: Carry Forward amount will be adjusted based on the final SC State Appropriation Act, which has not passed the General Assembly. The last version of the budget, passed by the Senate, would move all 4K Carry-forward to the State Department of Education except for \$2,075,000 which would be retained by SC First Steps for specific purposes. The House has proposed different amounts and uses for the First Steps Carry Forward include moving \$5.9 million to other uses and leaving the remainder with First Steps, including \$300,000 for 4K Technology needs as well as using \$376,872 for BabyNet Autism funding for SFY 2016.