



Allocation Committee Report: 4/30/2019

The Local Partnership Allocation Committee consisted of members of the SC First Steps Board of Trustees Finance and Administration Committee, 5 Local Partnership Executive Directors, some of them members of the Executive Directors Finance and Administration Committee, and staff from the SC First Steps State Office. The 3 Committee meetings were facilitated by Dr. Max Learner, who had facilitated the prior two allocation processes for the organization since the agency's inception. The Committee reviewed the current allocation method, the current state statutes regarding the requirements, and various methods of allocating the funds. The principles that were included in the evaluation included community needs, transparency, simplicity, fairness, being compliant with state law, accountability, and information availability, among others.

Current Situation

The Allocation model being used by the organization includes 8 factors. Of these 8 factors, only 5 contain information that is currently available. The model is complicated and hard to explain, many people don't understand it.

In 2014 the Statutes were changed to require that we meet three standards as it relates to allocations. Section 59-152-90 of the law states that the model should be based on the:

1. Population of eligible children
2. Population of at-risk children
3. Population with below average income

In addition, with the 2014 changes, SC First Steps is required to promulgate the allocation in regulation.

Recommendation

We evaluated several different options. One of these was an index used by the State Department of Education, which was for all children, not 0 through 5, which is the focus of SC First Steps. The evaluation included WIC allocation methods, population based factors, and the number of children 0 through 5 that were under 185% of poverty, in addition to a number of other possibilities.

We found that of all of these, one factor summed up all of the above. The number of children 0 through 5 living in families whose income was equal to or less than 185% of poverty. This factor is used by many state and federal programs determine eligibility for programs or for their allocations of funds. They include DHHS, DSS, DHEC, State Department of Education, etc.

This one factor more closely identifies the population of children that our Partnerships serve than any other (Eligible Children), represents the population of at-risk children better than any other as income represents the biggest risk factor, and clearly represents the children who are aged 0 through 5 in each county with below average income.

Other critical parts of the model include a minimum amount of \$200,000 in the allocation model so that a basic set of services and support can be provided in each county. Using the funding available for the Local Partnerships, an average amount of available funding for each child was computed. This rate indicated that each county would receive minimum funding for approximately 2,800 children in the factor. Any county with an estimated number of children greater than 2,800, in the factor, would receive additional funding, with that amount based on an average amount of available funding and the number of children.

Some features of the proposed allocation model:

1. Number of children updated annually
2. Based on estimated numbers of children
3. Includes base funding which supports 13% Admin, 12% Core Functions
4. Establishes a base number of children for the minimum allocation
5. Allocates remaining funds based on the number of additional eligible children in the counties
6. Builds in a line to adjust the amount a Local Partnership receives by possible compliance penalties, which would be developed later by the Board of Trustees Program and Grants Subcommittee, and approved by the Board of Trustees.
7. Would include a phase in over three years to start in FY 2020, with the phase in to include 10% in the first year, 40% in the second year, and 50% in the third.

Process and Model Input

The Allocation Committee provided a copy of the proposed Allocation Model to all of the Local Partnership Executive Directors one week prior to the presentation of the Model to the Board of Trustees Finance and Administration Committee. In addition, a webinar for the Executive Directors was held on March 14, one week prior to the presentation to the Board Committee. This webinar went through the model and implications in detail along with the proposed implementation schedule. The webinar included a question and answer session to provide responses and answers to any questions from the Executive Directors.

Action Taken

SC First Steps Staff presented the Allocation Committee recommendations to the Board of Trustees Finance and Administration Committee on March 20, 2019. At that time the Committee reviewed the

recommendations, voted to approve the recommendations and to forward them to the full Board of Trustees Meeting scheduled for April 26, 2019. The Allocation Model and its impact was posted for Public Review and Input on April 1 through April 10, 2019. Comments submitted were given to the Board in their entirety.

Board Approval

The SC First Steps Board of Trustees reviewed and approved the new allocation model in their meeting on April 26, 2019 for implementation beginning with the new fiscal year that starts in July of this year.

Attachment: Allocation Model Draft (2 Pages)