



# SC EDUCATION OVERSIGHT COMMITTEE

*Reporting facts. Measuring change. Promoting progress.*

## State-Funded Full-Day 4K Annual Report 2023-24 & 2024-25

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# Introduction

## & Enabling Legislation

The following is a report from the South Carolina Education Oversight Committee (EOC) pursuant to Provisos 1.47 and 1A.26 of the 2024-25 General Appropriations Act to report on the Child Early Reading and Development Education Program (CERDEP).

### Pursuant to Proviso 1.47:

*Of the funds appropriated, \$300,000 shall be allocated to the Education Oversight Committee to conduct an annual evaluation of the South Carolina Child Development Education Pilot Program 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 the data necessary and both public and private providers are required to submit the necessary data as a condition of the continued participation in and funding of the program. This data shall include developmentally appropriate measures of student progress... 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 served in high-quality programs.*



### What to Know When Reading This Report:

The focus of this annual report is on state-funded, full-day four-year-old kindergarten (4K) utilization; however, there are a variety of other 4K options in South Carolina available for families. These alternative placement options for four-year-olds have a variety of different funding sources (e.g. state, federal, and private) which have been described in previous reports. Given the specific legislative charge given to the EOC, this report focuses on CERDEP which is the inclusive term to refer to those state-funded, full-day programs administered by SC Department of Education (SCDE) and the South Carolina Office of First Steps (SCFS).

Public schools, non-profit independent schools and child care centers, many of which participate in licensing and the Continuous Quality Improvement Rating System (QRIS) operated by SC Department of Social Services (DSS), may all participate in CERDEP and serve eligible four-year-old children. CERDEP 4K is the term used to refer to full-day CERDEP programs in public schools that are state-funded and run by the local school district with the SCDE as the reporting agency. Historically, these programs may have been referred to as Public CERDEP.

First Steps 4K is the term for state-funded CERDEP in non-public school settings with SCFS as the oversight and reporting agency. In previous EOC reports, these programs were referred to as Non-Public CERDEP. For a more complete landscape of four-year-old kindergarten options for families, characteristics of the programs, and funding streams, please see Appendix A.

## Terms

### CERDEP

This is the inclusive term for full-day programs for four-year-olds administered by the SC Department of Education (SCDE) and the Office of First Steps (SCFS) funded by the state of South Carolina. It includes public schools, non-profit independent schools, and child care centers that adhere to program and quality requirements for CERDEP funding and serve eligible four-year-olds.

### CERDEP 4K

This is the term for CERDEP in public schools that are state funded and run by the local school district with the school district and SCDE as the reporting and oversight agency.

### First Steps 4K

This is the term for the state-funded CERDEP programs run in non-public school settings with SC First Steps as the oversight and reporting agency.

### Potentially Unserved

This refers to students eligible for, but not accessing CERDEP. Some of these students may be accessing district-funded or other programs, or it may not be known. If a student is a Pupil in Poverty (PIP) and their 4K experience is either Unknown, Other Public 4K (non CERDEP), or Private 4K — the students is considered Potentially Unserved by CERDEP. Head Start students are not counted as CERDEP or Potentially Unserved.

# Summary of Key Findings

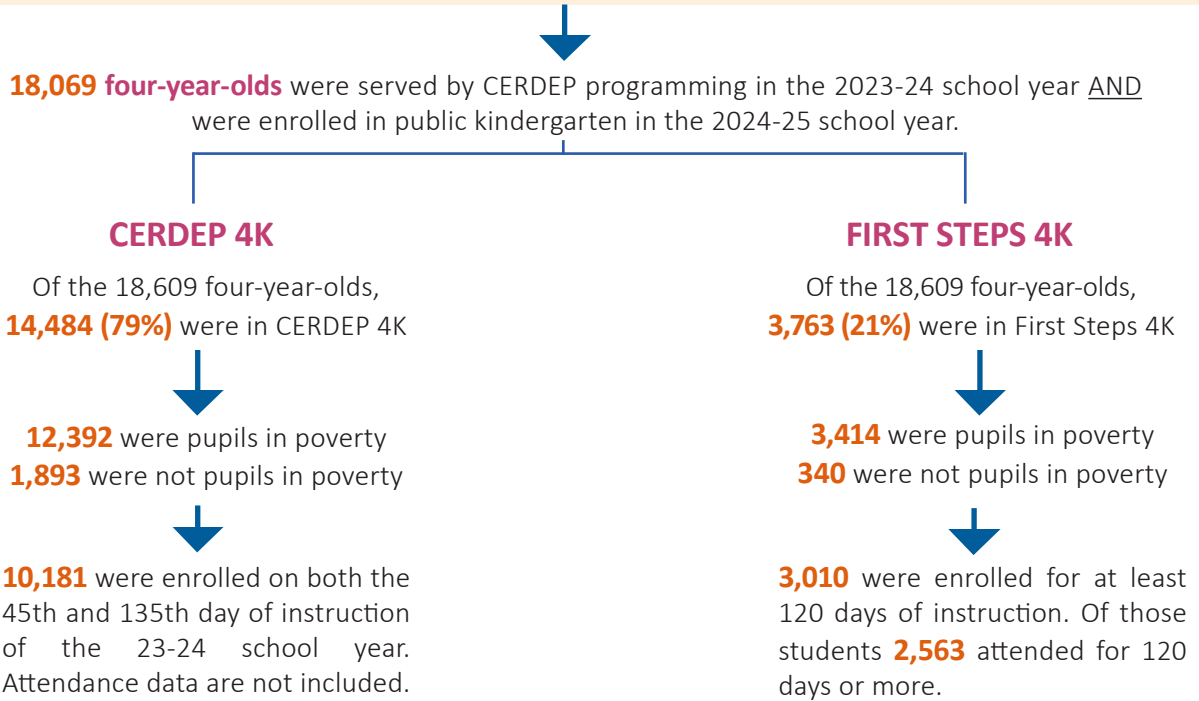
## Key Findings

This report, key findings and research questions are organized into three interrelated categories: **Access**, **Quality**, and **Impact**.

**Pupils in Poverty (PIP)** refers to a student from a household that participates in one of the following federal programs: Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Foster, Migrant, or Homeless. The Pupil in Poverty (PIP) indicator is derived from a combination of data, and in this report uses the designation provided by the SCDE.

## Access:

In school year 2024-25, **56,741 students enrolled in kindergarten**; of those students, **36,708 (65%) are pupils in poverty**.



## Head Start

Based on data received from the parent/caregiver kindergarten enrollment surveys for students enrolled in kindergarten during school year 2024-25, **1,201** four-year-olds in poverty were served in Head Start during school year 2023-24.

## Potentially Not Served

In the 2023-24 school year, there were **18,342** students potentially eligible for CERDEP programming who did not participate in CERDEP or Head Start.

## Quality:

South Carolina is assessed annually in the *State of Preschool Yearbook*, released by Rutgers University's National Institute for Early Education Research (NIEER) each May. In the most recently available, 2023 *State of Preschool Report*, South Carolina ranked 14th nationally in access to 4K, 37th in state financial investment in early childhood education, and 41st when other funds are considered in addition to state funds. Like last year, South Carolina met 7 out of 10 benchmarks of quality (NIEER, 2024).

**South Carolina invested \$114,657,866** in fiscal year 2023-24, from the State's General fund as well as a recurring appropriation of Education Improvement Act (EIA) dollars. This investment is the largest in CERDEP to date, and projected carryforward is reducing, suggesting that more funds are spent on services to children and administration cost than in previous years.

### Kindergarten Readiness Assessment (KRA)

Of the **54,687** kindergarten students who took the Kindergarten Readiness Assessment (KRA) this year, **39%** demonstrated readiness.

In the 2024-25 school year **35,465** kindergarten students identified as pupils in poverty took the KRA, **31%** demonstrated readiness.

- Of all pupils in poverty who participated in CERDEP, **35% demonstrated readiness** (37% CERDEP 4K, 28% First Steps 4K).
- Of all pupils in poverty who did not participate in CERDEP, **25% demonstrated readiness.**
- For all **10,826** pupils in poverty who demonstrated readiness on the KRA this year, 52% participated in CERDEP and 48% did not.

### Changes to CERDEP Over Time:

In order to provide a more comprehensive picture of the full landscape of 4K opportunities in SC, particularly with the Education Data Dashboard providing clearer data visualizations of these data, the EOC proposed amendments in 2024 to the budget provisos that provide for the delivery of CERDEP. The EOC proposed that the SCDE 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 revised proviso was adopted as part of the 2024-25 Appropriation Act.

CERDEP Changes 2023-24 Fiscal Year:	CERDEP Changes 2024-25 Fiscal Year:	Proposed CERDEP Changes 2025-26 Fiscal Year:
Proviso 1.48 specifies funding levels for public and private full-day 4K providers. The amendment increases the minimum reimbursement rate for instructional costs from \$4,800 to \$5,100 and increases the minimum reimbursement rate for transportation from \$587 to \$620 per student.	Data collected by the EOC from SCDE and SCFS will include average daily attendance data so that consistent enrollment may be determined. The SCDE shall also issue a unique student identifier for each child receiving services from public or private provider including CERDEP, Head Start, SC Child Care Scholarships, EIA, Title I, district-funded, and all other federal, state and local public sources.	A proposed proviso amendment would change the date of communicating the students on a CERDEP 4K waitlist from November 15th to September 1st.
At the request of the Office of First Steps, the amendment also eliminates the public private partnership program that allowed up to \$1 million to be expended on renovations.	1A.73.(SDE-EIA: Foundational Literacy Skill Training) Beginning with the current 2023-24 fiscal year, this proviso directs the Department of Education to provide training in foundational literacy skills to public school educators in kindergarten through grade three. The amendment expands the training to educators in state-funded four-year-old programs and allows the Department to carry forward funds as needed to provide the training.	At the request of EOC, a revised proviso was approved in the 2024-25 Appropriation Act that SCDE will provide a Suns ID number to all children receiving services from a public or private provider.

## 4K Experience, Definition and Data Sources

<b>CERDEP 4K</b>	<b>CERDEP in public schools: Data comes from SCDE using 5K data with CERDEP 4k designation.</b>
<b>First Steps 4K</b>	<b>CERDEP in non-public school settings: Data comes from First Steps enrollment for the current reporting year and is matched with 5K data from SCDE to ensure each student is counted once.</b>
<b>*Head Start</b>	<b>Head Start programming: data comes from SCDE 5K data where Head Start was listed as the 4K experience at enrollment in kindergarten.</b>
<b>Other Public 4K (non-CERDEP)</b>	<b>4K classes offered by public schools that are not funded by CERDEP (e.g. EIA or district funded): Data comes from SCDE using 5K data with other 4K designation.</b>
<b>Private 4K</b>	<b>4K classes in non-public school settings that are not funded using state CERDEP dollars (e.g. SC Child Care Scholarships, private pay, etc.): Data in this category reported within comes from SCDE 5K data where private 4K was listed as the 4K experience at enrollment in kindergarten.</b>

*\* **Head Start**, a federally-funded program that serves children from birth to age 5, provides the EOC Head Start Census Data that shows the number of children served in the program by county. The EOC receives this annually; however, as of February 20, 2025 these data have not been received. These data from Head Start cannot be linked to specific academic outcomes, as additional identification is needed to do so; students served by Head Start currently do not receive a unique student identifier during their 4K year. Head Start students are not counted as CERDEP, nor are they counted as potentially unserved students as it would skew the representation and lead to incomplete conclusions. Students noted as served by Head Start in this report were noted as such in the parent enrollment survey, given to parents and caregivers before the 2024-25 kindergarten year. When percentages are given in this report, Head Start pupils in poverty are not counted as CERDEP students and are subtracted from the total number of pupils in poverty to avoid skewed percentages.*



### Forthcoming Reports and Dashboards

EOC staff received 4K assessment data from the SC Department of Education on February 11, 2025. Due to the incomplete nature of some of the data provided, EOC staff determined that the 4K assessment data could not be reported with a sufficient level of confidence by the statutory deadline of March 1. Consequently, a follow-up report will be issued later in 2025 when these data are verified.

In April 2025 a report will be issued about preschool waitlists. EOC staff conducted research to address the following questions:

- How are waitlists functioning?
- How many children are on waitlists instead of accessing 4K?
- What points of opportunity exist to ensure children are not spending time on waitlists when the school year is in session?
- Where should different practices be piloted?

Proviso 1.85 in the 2023-24 Appropriations Act, enabled the EOC “pilot and maintain an interactive Education Data Dashboard.” The dashboard can be located at [dashboardsc.gov/prek](https://dashboardsc.gov/prek) and data included in this report will be updated on the dashboard by Summer 2025.

# 2025 Recommendations and Updates to 2024 Recommendations:

## 1) Increase Enrollment Efficiency for Eligible Students in CERDEP Classes

There are currently more than 400 children on a waitlist to access CERDEP 4K. Many districts that reported children on waitlists have a First Steps 4K opportunity available in the county. While the current waitlist process is compliant with the law, there are potential solutions which can be deployed to increase efficiency of enrolling all eligible children in CERDEP programming.

### A) Pilot 4K Navigators to Support Families with Children on a CERDEP 4K waitlist in Finding a State-Funded, Full-Day 4K Placement that Best Meets Their Needs:

It is the current recommendation that 4K Navigators be piloted in areas where there are CERDEP 4K waitlists. 4K Navigators will have knowledge of all preschool programming and skills to support families. Recommended pilot sites include Anderson,

Berkeley, Chesterfield, Jasper, Lexington and/or Newberry counties due to high numbers of children on the CERDEP 4K waitlist at the local school district. Each of these counties have available First Steps 4K seats. 4K Navigators should be employees of organizations that do not administer state-funded 4K. In addition, the funding should not come from a preschool program. These stipulations are so that 4K Navigators can remain objective in responding to the needs of families. There are existing websites and portals to facilitate enrollment of eligible students in 4K opportunities, but they have not yet eliminated the need for additional supports. 4K Navigators can provide support different from what already exists and begin to enroll the 402 children currently waiting for a 4K opportunity. The results of this pilot study will determine if 4K Navigators should be scaled up across the state.

#### 2024 Update

*In 2024 it was recommended that EOC staff study the waitlist process for preschool programming in South Carolina and work with relevant stakeholders to determine if a change in procedure would ensure children eligible for state-funded, full-day 4K did not spend time waiting for a 4K opportunity. This research has been completed and findings will be shared in April 2025. Knowledge gained from this study shapes the following recommendations to increase efficiency of enrolling eligible students in CERDEP classes.*

### B) Develop Guidance on When Students who Do Not Meet the Poverty Threshold Can Be Enrolled in CERDEP:

Per Section 59-156-130 (C)(2), students who do not meet the poverty threshold may be enrolled in CERDEP with costs reimbursed for these students under two conditions: 1) If by October 1st of the school year at least 75% of eligible students in the county or district are served by CERDEP, Head Start, or ABC Quality through SC Child Care Scholarships, and 2) If students score at or below the 25th national percentile on two of the three Developmental Indicators for the Assessment of Learning (DIAL) subscales. Given the nature of these requirements and the accessibility of data to determine when 75% of all financially eligible children have been served by the four listed programs, guidance is needed from SCDE. Specific guidance is needed on 1- how to best approximate the 75% described in the law and 2) when students who are not financially eligible may be enrolled in CERDEP. Currently, administrators face challenges in identifying financially eligible children for a CERDEP 4K class with available seats, while there are children who would benefit from programming and want to enroll but do not meet financial eligibility criteria. This challenge can be alleviated with more specificity in guidance on how the 75% in the law should be calculated. This will also ensure the children who are prioritized in the CERDEP law have access to the program first.

## 2) Increase CERDEP Infrastructure Using Data to Prioritize Piloting Efforts

### A) Identify School Districts with More than 20 Students on a Waitlist to Add a Class or Verify there is No Need:

It is the current recommendation that where there are more than 20 students on a CERDEP 4K waitlist, an appropriate number of CERDEP 4K classes be added and funded. If the district administrators can verify that

the number of eligible four-year-olds will decrease through data collection from: families in the community; poverty estimates by birth cohort of four-year-olds in the county; or other source, then the current number of classrooms will suffice. CERDEP 4K districts with more than 20 children on the waitlist include: Anderson 5 (74), Berkeley (34), Chesterfield (22), Jasper (22), Lexington 1 (105), and Newberry (30). Unless it can be verified that an additional CERDEP 4K classroom is not needed to serve eligible students, it is recommended that each of these districts consider adding at least one additional CERDEP 4K class.

#### 2024 Update

*It was recommended to fund additional CERDEP 4K classes in the 2024 Report of State-Funded, Full-Day 4K. While the number of classes increased by almost 20 between last year and this reporting year, the number of children on the waitlist increased. This data suggest that there is need for additional CERDEP 4K classes and intentionally adding classes is an extension of this recommendation.*

*Example: Anderson County has 61 available First Steps 4K spots and 74 children on a waitlist in Anderson 5. Some of these available First Steps 4K seats will not meet the needs of families on the waitlist due to location or other logistics. Despite that, increasing the number of CERDEP 4K classes, and utilizing a 4K navigator to identify all state-funded opportunities for eligible four-year-olds, will serve most if not all, 74 students on the waitlist.*

### ***B) Pilot Incentivizing Private Child Care to Participate in First Steps 4K:***

Collecting data on where additional First Steps 4K classrooms are will provide opportunity within the county/district to pilot focused recruitment of child care providers to participate in First Steps 4K. To ensure that child care centers are encouraged to participate in First Steps 4K, it is recommended that the Office of First Steps develop an incentivization plan to pilot in these counties using carryforward dollars. This incentivization plan should be piloted in areas with large waitlist numbers but a small number of available First Steps 4K spots or counties currently without a First Steps 4K program. This additional payment functions as a financial incentive to child care centers to offset any hesitation to meet the CERDEP requirements around increased teacher training, curriculum and materials. Counties that pilot incentivized recruitment of providers may also benefit from piloting the previously recommended 4K navigator as new program options become available.

#### **2024 Update**

*A recommendation in the 2024 report was to incentivize CERDEP participation for private child care providers. This year, it is recommended that SCFS pilot recruitment efforts in counties where there are no First Steps 4K providers and where there are children on a waitlist for CERDEP 4K.*

### ***C) Reduce Financial Inhibitors to Participating in First Steps 4K When They Exist:***

The SC Child Care Scholarship rate differs based on several factors including: daily hours of instruction, ABC Quality rating, and rural or urban setting. First Steps 4K providers can access the Child Care Scholarship funds for half-time rates for children who also participate in First Steps 4K at the same center for care outside of the CERDEP school day. For some centers, the full-time SC Child Care Scholarship rate can be higher than the First Steps 4K reimbursement rate per child based on unique characteristics. This fact can inhibit participation in First Steps 4K as there are not additional requirements of teacher training, curriculum, or materials that are different from what the licensed center is already doing to access Child Care Scholarship funds. There are quality and curriculum requirements to access First Steps 4K funds as a provider. For some centers, the per-student-reimbursement rate alone is not an adequate incentive when implementing the other requirements related to quality for First Steps 4K participation. Financial inhibitors to participating in First Steps 4K that impact the small business of child care may also be reduced by: ensuring that the per-child reimbursement for both programs is equitable for all centers and continuing to allow SC Child Care and First Steps 4K funds to be braided. It is also recommended that the gap between the true cost of 4K (which ranges from \$9,000 to \$14,000 per student) be considered as the CERDEP reimbursement rate is set.

## ***3) Continue to Increase Quality by Meeting the NIEER Benchmarks Related to Screening and Teacher Qualifications:***

Over the past two reporting years, this report has used the NIEER benchmarks of quality to measure quality in CERDEP opportunities in South Carolina. There has not been a change in the number of benchmarks South Carolina has met. Nationally, South Carolina rankings on access to 4K have slipped, while investment in 4K has remained relatively stable. Other recommendations related to access and investment have been made that should improve these national rankings while work continues to meet the last three benchmarks.



#### **Update to 2024 Recommendation:**

*In 2024, it was recommended that a plan be developed to meet the three NIEER benchmarks of quality that were not yet met in South Carolina. Two of these benchmarks are related to teacher and assistant teacher qualifications, and the SCDE is working with EOC staff to explore teacher certification in CERDEP classes in more detail. Research, findings, and action steps will be made available as this work continues. Consideration of career ladders for First Steps 4K teachers will be a part of this work moving forward.*

#### **Update to 2024 Recommendation:**

*Work has begun to meet the remaining NIEER benchmarks. EOC staff has successfully identified necessary stakeholders to convene and collaborate to ensure that all CERDEP students are screened. This will offer early identification and referral for specific intervention or health care that will increase student success and kindergarten readiness. Continued work to develop and implement a plan remains a recommendation.*



#### 4) Recruit Families for Available Seats using Additional Marketing Strategies:

A number of recruitment strategies have been deployed to recruit First Steps 4K students to fill the available seats in existing First Steps 4K classrooms. Still, approximately 40% of all capacity remains to be filled by eligible students. As such, it is recommended that additional family recruitment strategies be identified and First Steps 4K centers engage in additional marketing programs to fill available seats. Similarly, it is important that the available seats in CERDEP 4K classes be studied further; EOC staff will work with SCDE to access additional data related to available seats in addition to waitlist numbers.

#### 5) Work with SCDE to Access Additional Details in Attendance Data:

Attendance data is available from First Steps 4K with great detail. CERDEP 4K has specific enrollment data; however, measures of the impact of CERDEP programming rely on students accessing a “full dose” of CERDEP instruction. It remains a recommendation that EOC staff work with SCDE to determine how CERDEP 4K attendance data can be accessed at the student level.

##### 2024 Update

*In 2024 it was recommended that South Carolina invest in supports to better understand attendance data in CERDEP. An updated data system has since been established at SCDE. It remains a recommendation in 2025 to utilize the new structure and process of sharing data, including attendance data, between SCDE and EOC.*

#### 6) Publish Additional Papers about CERDEP that can Provide More Details on Specific Topics:

This report serves as a broad evaluation of CERDEP programming and offers recommendations; however, additional detail will be provided to decision-makers with the publication of CERDEP papers to supplement this report. The following topics will be addressed: 4K Assessment Data for students participating in CERDEP, waitlists, long-term academic outcomes correlated with CERDEP participation, partnership with community organizations to support early literacy efforts, and strategies to meet the three unmet NIEER benchmarks to include CERDEP teacher preparation and screening efforts for hearing, vision and development.

## SC Child Early Reading and Development Education Pilot Program (CERDEP) Report:

This report seeks to answer several research questions that fall into three interrelated categories: **Access**, **Quality**, and **Impact**.

**Access** to state-funded, full-day 4K is the first step in ensuring participation in programs that support kindergarten readiness:

##### Research Questions:

1. How many CERDEP programs are in South Carolina?
2. How many four-year-old children in South Carolina are in poverty and eligible for CERDEP programming?
3. How many children are served by CERDEP in South Carolina?
  - How many eligible children are not served by CERDEP?
  - How many children are on a waitlist to access a 4K opportunity?
4. What is the financial investment in 4K?
  - Are financial reimbursements a contributing factor to lack of access to 4K?
  - How does SC compare to other states in early childhood investment?



**Quality** of programming influences a family’s decision to participate in 4K and ensures that all participants enter kindergarten ready to learn.

**Research Questions on Quality:**

- a. On national benchmarks of quality, how does South Carolina fare when considering quality preschool programming?
- b. How is quality measured in SC? What is the quality of CERDEP programming?

The **Impact** of CERDEP on academic achievement is examined in this report by looking at CERDEP participants’ kindergarten readiness. For purposes of this report, kindergarten readiness is determined by the performance level on the Kindergarten Readiness Assessment (KRA). Particular attention is focused on pupils in poverty, as that is the primary qualifying characteristic for CERDEP eligibility.

**Research Question on Impact:**

- a. Are students who participate in state-funded 4K ready for kindergarten?

To answer these questions, this report addresses the 4K class enrollment from 2023-24 and the KRA results for these students, as well as the enrollment data available for the 2024-25 school year from the SCDE and SCFS.

## Access to State-Funded, Full-Day 4K:

*NIEER Access Ranking:*

Each year the National Institute for Early Education Research (NIEER) of Rutgers University, publishes a [State of Preschool Yearbook](#) and [rankings for access and resource allocation](#). In the *2022 Yearbook*, South Carolina was ranked 11th nationally in access to 4K. In the most recently available, 2023 rankings, South Carolina was ranked 14th for four-year-olds and 33rd for three-year-olds.

The SCDE and Department of Social Services (DSS) administered a survey in Fall 2024 to determine the number of 3K and 4K classrooms that are not funded by CERDEP as these classes will likely need to adhere to licensing requirements as overseen by DSS. Findings from this survey can be found in Appendix B.

## How many CERDEP programs are in South Carolina?

*Infrastructure to Offer CERDEP Opportunities:*

CERDEP 4K programming is available in all school districts except: Beaufort, Greenville, Horry, York 2 and the SC Public Charter School Districts. In the 2023-24 school year, there were 848 CERDEP 4K classrooms across all districts in the state. In the 2024-25 school year, there are 19 additional classrooms totaling 867 CERDEP 4K classes. School districts that do not participate in CERDEP do offer 4K classes funded through district, **Education Improvement Act (EIA)** or **Title 1** funds. Throughout this report, students served in EIA, Title 1 or district funded programs are referred to as students in Other Public 4K (non-CERDEP) programs.

**Education Improvement Act (EIA):** EIA funds can be used for preschool programming in districts that elect not to participate in CERDEP. These classes can be half-day and students who are 4 on or before September 1 of that year, show a delay in developmental readiness and/or meet other risk factors as determined by the school district. Beaufort, Greenville, Horry, York 2 and SC Public Charter District offer EIA-funded Pre-K, while all other districts offer CERDEP 4K programming. Districts cannot access both EIA funds for preschool and CERDEP funds.

**Title 1 funded PreK:** Title 1 funds can be used to fund preschool in a district or a school that qualifies for Title 1 funding, based on the needs of eligible students. A Title 1 preschool program should comply with the Head Start performance standards, and the SCDE is responsible for oversight of the program, although the preschool classroom can be operated by school, district, or to supplement other preschool programs. ([U.S. Department of Education non regulatory guidance, Serving Preschool Children Through Title I, Part A of the Elementary and Secondary Education Act of 1965, as Amended. February 2024](#))

*First Steps 4K:*

First Steps 4K is available during the 2024-25 school year in each county in SC except Abbeville, Allendale, Calhoun, Clarendon, Edgefield, Fairfield, and McCormick. During the 2023-24 school year, Chester did not have a First Steps 4K program, but Clarendon did. Over the past two school years, Abbeville, Allendale, Calhoun, Edgefield, Fairfield and McCormick counties have not had a First Steps 4K class. Children in South Carolina can participate in First Steps 4K in any county, so the absence of a First Steps 4K program in a county does not necessarily mean a lack of access if the student’s family can transport their child to another program. Each school district that does not participate in CERDEP 4K does have a First Steps 4K in the county of service, meaning there is a CERDEP option in every SC county.

In the 2023-24 school year, there were 327 First Steps 4K classrooms, and this school year there are 28 new classrooms for a total of 355, with the capacity to serve 5,948 children. As of December 2024, there were 2,389 available First Steps 4K seats in existing classrooms. This means that statewide, First Steps 4K classrooms are serving 60% of total capacity with 40% of the seats available for a student on a waitlist. While First Steps does recruit families and has a great deal of outreach (see Appendix C). This number of available seats suggests that different or additional recruitment strategies should be deployed to improve enrollment.

Of the 327 First Steps 4K Classrooms in the 2023-24 school year, 214 (65%) offered an 8-hour instructional day and 258 (79%) offered an extended year program that ran 220 days. Of the 355 First Steps 4K classrooms serving children in the 2024-25 school year, 227 (64%) offer an 8-hour instructional day and 260 (73%) offer an extended year program that runs 220 days. See Table A for a more detailed comparison of First Steps 4K Classrooms in the last two school years.

*Table A: First Steps 4K Classroom School Year Comparison of Access:*

2023-24 School Year		2024-25 School Year	
Number of classrooms	327	Number of classrooms	355
Classrooms that offer 8-hour instructional day	214 (65%)	Classrooms that offer 8-hour instructional day	227 (64%)
Classrooms that offer 6.5-hour instructional days	113 (35%)	Classrooms that offer 6.5-hour instructional days	128 (36%)
220 instructional days	258 (79%)	220 instructional days	260 (73%)
180 instructional days	69 (21%)	180 instructional days	95 (27%)
Total Capacity	5,534	Total Capacity	5,948

\*Data from the Office of First Steps received November 26, 2024

### How many four-year-old children in South Carolina are in poverty and eligible for CERDEP programming?

#### *Estimates of Four-Year-Olds in Poverty in South Carolina:*

Because poverty status is the primary qualifying characteristic to access CERDEP programming, estimates of how many four-year-old children are in poverty are needed to determine access. The EOC, in partnership with SCDE and SC First Steps, has built interactive data dashboards to represent this data using the pupils in poverty designation. There were 56,741 students enrolled in kindergarten in school year 2024-25. Of those 36,708 or 65% are pupils in poverty. While poverty rates do fluctuate over time, the pupils in poverty designation in kindergarten is a reasonable estimate for the number of four-year-old children in poverty the year before. Of the 36,708 identified as pupils in poverty, 15,972 were served by CERDEP programming. This is 45% of four-year-old pupils in poverty, not including pupils in poverty served by Head Start. There were 1,201 four-year-olds in poverty served by Head Start, meaning that between Head Start, CERDEP 4K and First Steps 4K, approximately 45% of four-year-olds in poverty had access to 4K as an intervention to improve school readiness.

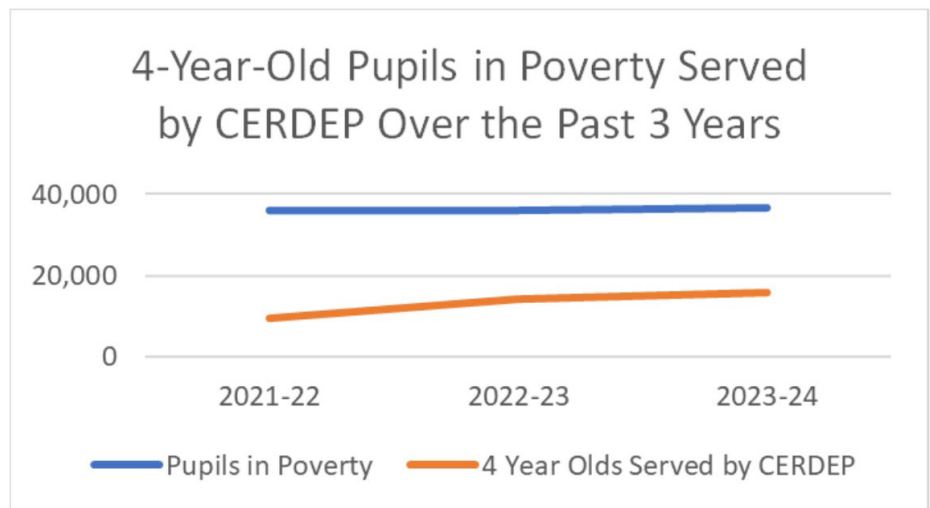


Table B: Students' 4K Experience (SY 2023-24) and PIP Status in 5K (SY 2024-25):

4K Experience	Pupils in Poverty 5K (SY 2024-25) Served in 4K Experience (SY 2023-24)	% of ALL Pupils in Poverty Served in 4K Experience (SY 2023-24)	Pupils NOT in Poverty 5K (SY 2024-25) Served in 4K Experience (SY 2023-24)	% of Pupils NOT in Poverty Served in 4K Experience (SY 2023-24)	Total	% of total enrolled Kindergarten students SY 2024-25 by 4K experience
CERDEP 4K	12,392	34%	1,893	10%	14,306	25%
First Steps 4K	3,414	9%	340	2%	3,763	7%
Head Start	1,201	3%	258	1%	1,459	3%
Other Public Pre-K	4,992	14%	3,321	17%	8,313	15%
Private 4K	2,390	7%	6,650	33%	9,040	16%
Unknown/Unserved	12,319	34%	7,400	37%	19,860	35%
<b>Total</b>	<b>36,708</b>	<b>100%</b>	<b>19,862</b>	<b>100%</b>	<b>56,741</b>	<b>100%</b>

\*Data received from the SCDE February 11, 2025, and SCFS November 26, 2024.

\*\*When PIP status data was missing, students were counted in total 4K experience only, but not PIP or non-PIP. As a result, totals may not match.

### How many eligible children are not served by CERDEP?

Per Section 59-156-130 (C)(2), students who do not meet the poverty threshold may be enrolled and costs reimbursed for these students under two conditions: 1. If by October 1st of the school year at least 75% of eligible students in the county or district are served by CERDEP, Head Start, or ABC Quality through SC Child Care Scholarships, and 2. If students score at or below the 25th national percentile on two of the three DIAL subscales. This may also account for students who do not meet the poverty threshold being served in CERDEP classes.

At this time, there is limited information regarding how school districts are able to determine the total number of financially eligible four-year-olds, as opposed to those who express interest in being enrolled in the CERDEP 4K program. Enrollment in First Steps 4K, Head Start, and accessing SC Child Care Scholarship are also unknown variables. To navigate the challenge of filling all available spots and serving only financially eligible children, a number of practices to honor

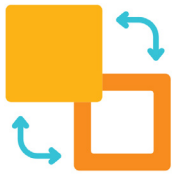
Section 59-156-130 (C)(2) have been established in local districts. While local control is valuable to meet the needs of individual communities across the state, additional guidance from SCDE on how to determine when 75% of financially eligible children are served will increase consistency of a state-funded program and may increase consistency of access for eligible children across the state.

School Year	Pupils in Poverty Potentially Not Served	% Pupils in Poverty Potentially Not Served
2020-21	26,721	74%
2021-22	25,864	72%
2022-23	21,385	60%
2023-24	18,342	55%

### How many children are on a waitlist to access a 4K opportunity?

#### *Students Waiting for a CERDEP Opportunity:*

Some pupils in poverty potentially not served by CERDEP did attempt to access CERDEP opportunities but, due to lack of CERDEP 4K spaces, were put on a waitlist. Per budget proviso, by November 15th all CERDEP 4K districts must share students on the waitlist with SCDE who shares this information with SCFS. Then, First Steps 4K enrollment specialists are to contact families with information about available First Steps 4K seats and enrollment. Waitlist data over time can be found in Table C. First Steps 4K completes the enrollment process differently than CERDEP 4K programs and as a result, when a family attempts to enroll their child in a First Steps 4K program that is full, enrollment specialists can support the family in finding a spot at a First Steps 4K program nearby. If the family does not want to enroll their child in First Steps 4K programs with an available spot and they are on a district waitlist and they do not qualify for Head Start, then the child is at high risk for not being served. EOC staff has studied the details of the 4K waitlist process, and a supplemental paper will be released in April 2025.



While CERDEP 4K districts and First Steps 4K programs are compliant with the requirements of the law regarding communication of children on a waitlist, there is an increase in the number of children waiting for a CERDEP opportunity. Table D (page 12) shows that there are over 2,000 available First Steps 4K opportunities for the 400 children waiting for a class. While more information about the needs of the family and the location of the children are needed, there is reason to believe these families can be served by CERDEP. It is the recommendation that 4K Navigators be hired to support families on waitlists. Piloting 4K Navigators in Anderson 5, Berkeley, Chesterfield, Jasper, Lexington 1, and/or Newberry school district will address the needs of over half the children waiting for CERDEP slots. From this pilot study, the following goals will be met:

*Table C: Children on Waitlists Over the Past Four School Years:*

<b>District Waitlist Counts 2021-2024</b>				
<b>District</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Aiken	12	62	119	36
Anderson 2	8			
Anderson 3				17
Anderson 4		6		
Anderson 5	74		1	
Bamberg 3		5		
Barnwell 45	6			
Berkeley	34		75	52
Chester	6			
Chesterfield	22		28	11
Colleton			1	1
Darlington	10	52		
Dillon	6			
Edgefield				12
Florence 4				10
Greenwood 50		2		
Jasper	22	22		
Lancaster	12	16		
Laurens 56	6		5	
Lexington 1	105			
Lexington/Richland 5		3		
Marlboro			6	
McCormick				1
Newberry	30	6	40	19
Pickens	14			
Richland 2	7	8		
Saluda				6
Spartanburg 1		10		
Spartanburg 3				4
Spartanburg 5	11			
Williamsburg	12		20	
York 1			13	
York 3	5	10		
<b>Total</b>	<b>402</b>	<b>203</b>	<b>308</b>	<b>169</b>

\*Data from SCDE reported in the full-day 4K report over the past three years, and requested data received November 2024.

- More eligible children will be enrolled in a state-funded, full-day 4K of their family’s choice at the beginning of the school year.
- 4K Navigators can collect data on why a family does/does not select a program. This can be used for continuous quality improvement practices.
- 4K Navigators will be able to support a family across CERDEP 4K, First Steps 4K, Head Start, EIA or Title 1 funded 4K, and SC Child Care Scholarships, which provides for more options to best meet the needs of the family and child.



Across the state there are available First Steps 4K seats at a variety of quality ratings. Table D illustrates the opportunities.

*Table D: First Steps 4K Classrooms by ABC Quality Rating, 2024-25 School Year Available Seats:*

ABC Quality Rating	Number of Approved Classrooms:	Room Capacity for Students:	Students Enrolled	Available Seats:
A+	16	289	146	143
A	15	225	125	100
B+	43	762	496	266
B	121	2,013	1,234	779
C	103	1,655	947	708
Not Applicable or Not Participating	55	964	588	376
P (Pending)	2	40	23	17
<b>Total</b>	<b>355</b>	<b>5,948</b>	<b>3,559</b>	<b>2,389</b>

\*Data received from SCFS November 26, 2024.

*Access and Attendance:*

Consistent attendance impacts the fidelity of CERDEP programming, and quality of the 4K experience. The impact of CERDEP relies on students participating in the program and First Steps 4K considers 120 days a “full dose”, or enough time for the program to be implemented with fidelity for the desired effects. Currently SCDE requires attendance as described in the [CERDEP 4K guidelines for 2024-25](#). The state policy states that students who are absent more than 10 days are considered chronically absent, and administrators must “identify ways of resolving underlying factors that might be preventing consistent attendance.” At the state level, attendance data is not available for CERDEP 4K students, but the number of days students are enrolled in any CERDEP program, ranges from 1 to 220.

There were 2,563 students in First Steps 4K who were present for 120 days or more in the 2023-24 school year. The average number of days a student in First Steps 4K was absent last school year is 20 and ranges from 1 to 119. While attendance data is not available for CERDEP 4K students, there were 10,181 enrolled on both the 45th and 135th day of school in the 2023-24 school year. While increasing access to CERDEP should remain a priority, encouraging attendance for those participating should also be prioritized so that state dollars used for 4K programming have the desired effect. It is recommended that SCDE work with CERDEP 4K districts to encourage district attendance data be shared at the state level.

What is the financial investment in 4K?

*Financial Investment in 4K:*

In fiscal year 2023-24, \$114,657,866 was invested from the General Fund and EIA recurring appropriation (\$98,204,805) and carryforward from fiscal year 2022-23. The amount projected to carry forward to FY 2024-25 is \$4,766,223 for CERDEP 4K and \$11,207,120 for First Steps 4K for a total of \$15,973,343.

*Table E: CERDEP Funds Fiscal Year 2023-24*

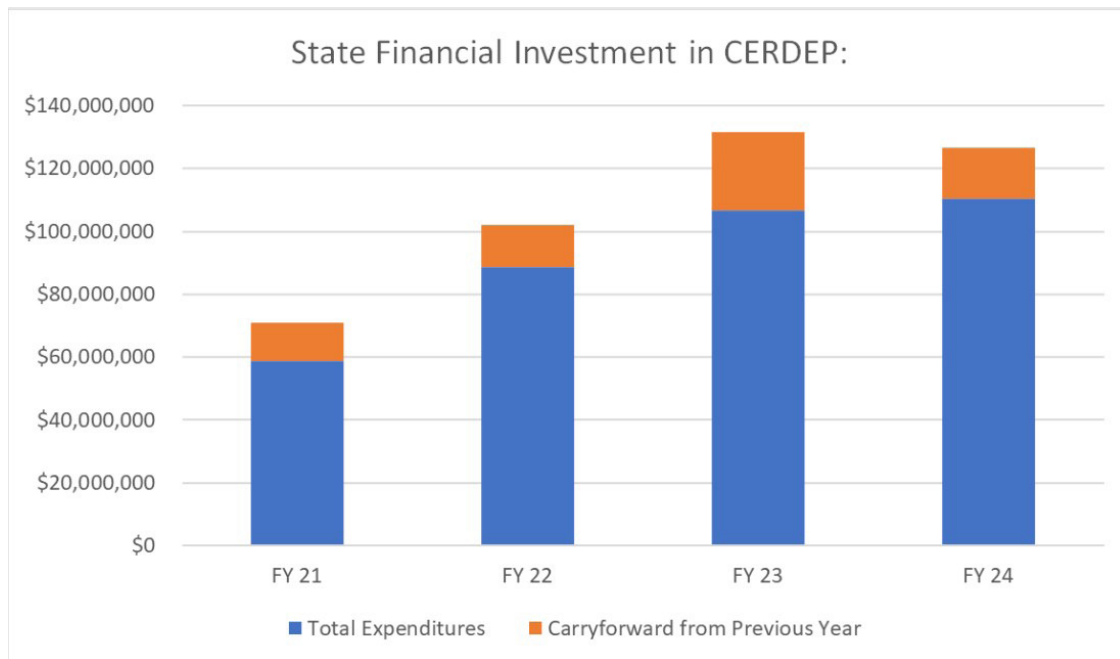
Fiscal Year	CERDEP 4K General Fund	CERDEP 4K EIA	First Steps 4K General Fund	First Steps 4K EIA	Total
2023-24	\$8,223,882	\$63,465,168	\$10,673,127	\$19,983,799	
Total EIA and General Funds	\$71,689,050		\$26,515,755		\$98,204,805
Projected Carryforward to 2024-25	\$4,766,223		\$11,207,120		\$15,973,343

In fiscal year 2022-23, \$110,553,612 was invested in CERDEP programming through General Fund and EIA appropriations (\$85,723,922) and carryforward from the previous year. Like this year, the majority of CERDEP funding comes from EIA recurring funds; however, the amount appropriated from the General Fund increased over time. The amount carried forward to FY 2023-24 was \$1,323,571 for CERDEP 4K and \$15,129,490 for First Steps 4K or \$16,453,061 total. See Table F for more details.

Table F: CERDEP Funds Fiscal Year 2024-25

Fiscal Year	CERDEP 4K General Fund	CERDEP 4K EIA	First Steps 4K General Fund	First Steps 4K EIA	Total
2022-23	\$5,983,049	\$53,225,118	\$6,531,956	\$19,983,799	
Total EIA and General Funds	\$59,208,167		\$26,515,755		\$85,723,922
Carryforward to 2023-24	\$1,323,571		\$15,129,490		\$16,453,061

Table G: State Investment in CERDEP 4K Over Time:



Source SCDE and SCFS Data Requests 2021 through 2024. Data received from SCFS November 2024, and from SCDE February 2025

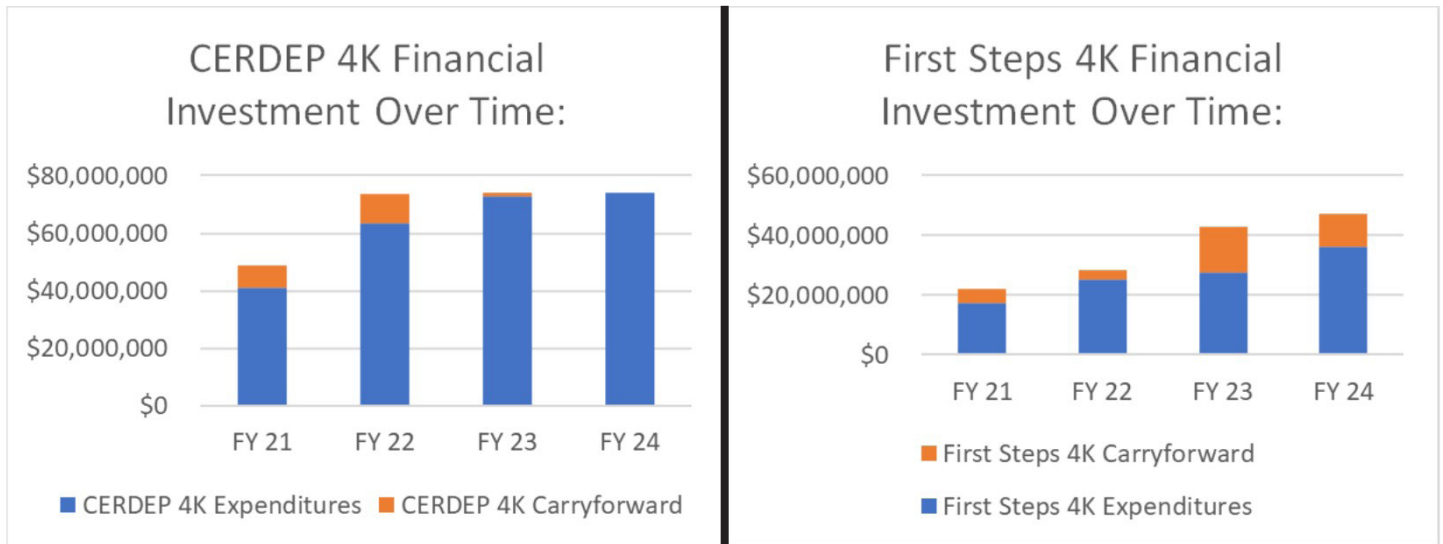
Table H: Carryforward Over Time:

Fiscal Year	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25 (projected)
Total	\$12,028,297	\$13,238,453	\$24,829,690	\$16,453,061	\$15,973,343

\*Source SCDE and SCFS Data Requests 2021 through 2024. Data received from SCFS November 2024, and from SCDE February 2025

Over the past four years, funding has increased as the appropriations from the general fund have increased. The carryforward has fluctuated. The largest increase over the past four years in carryforward was between fiscal year 2021-22 and 2022-23 with an approximate \$11 million dollar increase in total carryforward. Since CERDEP expansion efforts began, the amount of carryforward has generally increased as the appropriations from the general fund and EIA funds were appropriated with the purpose of building programs and recruiting more CERDEP families. The expenditures have almost doubled with expansion efforts as illustrated in Table I. The difference in projected total carryforward is decreasing, which illustrates a substantial increase in recruitment efforts for both programs and families.

*Table I CERDEP Investment Over Time by Program:*



\*Current Data received from SCDE and SCFS February 2025 and November 2024 respectively. Previous data reported by EOC from historic data requests.

CERDEP expansion over time seems to have reduced the amount of carryforward over time as more districts offered CERDEP funding and draw down reimbursement for additional students enrolled. While funding has increased over time for First Steps 4K and additional classrooms have been added, the number of 4K students enrolled has not kept pace with the expansion and the carryforward has increased. There are several programmatic plans to spend this money and recruit additional students resulting in a smaller projected carryforward in FY 25. A discrepancy in the proportion of funds carried forward between the two CERDEP provider agencies, suggests that plans be made to further reduce the carryforward for First Steps 4K. See Appendix D for detailed financial data.

It is recommended that SCFS engage in focused provider recruitment as a method to spend down and reduce carryforward. Chester County should be a priority for recruiting new First Steps 4K providers as the county is new to First Steps 4K and there were six children on a CERDEP 4K waitlist at the district as of November 2024. This suggests there will be children to enroll in a new center. Lexington County should also be considered for First Steps 4K provider recruitment as there were over 100 children in Lexington 1 waiting for a 4K class as of November 2024. To ensure that child care centers are encouraged to participate in First Steps 4K, it is recommended that the Office of First Steps develop an incentivization plan to pilot in these counties using carryforward dollars.

### Are Financial Reimbursements a Contributing Factor to Gaps in Access to 4K?

According to the NIEER 2023 State of Preschool Report, in South Carolina the estimated cost of full-day preschool is \$13,520 per child ([2023 State of Preschool Report](#), page 8). South Carolina is ranked 37th in state investment in early childhood education and 41st when other funding sources are considered. While the per-student reimbursement increased, the state resource rankings nationally remained the same or went down in the past two years.

In 2024, a study to investigate the true cost of 4K was funded through the Preschool Development Grant. This study was completed at the request of the EOC by economists at the Darla Moore School of Business. The full study can be found in Appendix E, and reports that while the various models of 4K programs impact cost per student, the range of the true cost of 4K is between \$14,000 and \$9,000 per pupil for full day CERDEP instruction. Teacher and staff salaries account for 40% to 60% of the cost depending on the provider type. Variation in costs arises from factors such as:

- Provider type: Public vs. private providers, with public providers generally incurring higher costs.
- Staff compensation: Public school salaries and benefits are higher than those in private centers.



- Lead teacher qualifications: Private providers can hire teachers with lower educational qualifications (e.g., associate degrees), contributing to lower personnel costs.
- Program scale and size: Smaller programs and those with fewer students per classroom tend to have higher per-pupil costs.
- Geographic location: Differences in cost of living and wages across regions also affect overall program costs.

This study found that while the \$4,800-\$5,100 per child reimbursement rate has increased over time, there is still a shortfall of over \$8,000 for CERDEP 4K, and over \$3,000 per student for First Steps 4K when CERDEP funding is the only reimbursement.

First Steps 4K providers can elect to be reimbursed for students who qualify for SC Child Care Scholarships in addition to the per child reimbursement. Appendix F describes the variation that occurs based on a program’s ABC Quality rating, urban/rural setting, and length of day. These funds can be blended to offer additional reimbursement for First Steps 4K providers. The weekly reimbursement rate for the Child Care Scholarship is higher than the weekly reimbursement rate for First Steps 4K, which could be a disincentive for private providers to participate with First Steps 4K. For urban, A+ centers accessing both First Steps 4K and Child Care Scholarship funds, for a traditional day of 6.5 hours, the reimbursement rate for full-time Child Care Scholarships only is more than for programs participating in First Steps, and those participating in First Steps and offering Child Care Scholarships half-time. While this reimbursement comparison is the exception to all other blended reimbursement amounts regardless of ABC Quality ratings, urbanicity, and length of instructional day, equalizing the First Steps 4K reimbursement and Child Care Scholarship amount using carryforward dollars could incentivize First Steps 4K participation.



*Consider the following example: An A+ rated, urban center participating in the Child Care Scholarship program offering a 6.5 hour instructional day will receive a weekly First Steps 4K reimbursement of \$174.15 and \$195 Child Care Scholarship (half-time). This total of \$369.15 weekly reimbursement rate is less than if the program only accepted full-time Child Care Scholarship funds by more than \$20/week.*

### **Elements that Inhibit Access:**

To increase access to state-funded, full-day 4K for all children, it is necessary to examine need and infrastructure across models of programming. It is also important to remember that nationally South Carolina ranks in the bottom half of the nation in state investment in 4K and studies show a gap between reimbursement rates and cost to offer high-quality, full-day 4K.

#### **CERDEP 4K**

CERDEP 4K is not offered in Beaufort, Greenville, Horry, York 2 or SC Public Charter School districts, and the EOC has no authority to examine access and quality of other funded 4K offered by the school districts. There are gaps in knowledge around factors that influence district decisions not to participate.

#### **First Steps 4K**

In the 2024-25 school year, First Steps 4K classrooms are not located in Abbeville, Allendale, Calhoun, Clarendon, Edgefield, or McCormick. These counties did not have a First Steps 4K program last school year either with the exception of Clarendon. Focused provider recruitment efforts would increase infrastructure across the state by building First Steps 4K programs where there are not any. Focused provider recruitment strategies and piloted financial incentives should also be directed to counties that serve the school districts of Anderson 5, Berkeley, Chesterfield, Jasper, Lexington 1, and Newberry, where there are more than 20 children on a waitlist. First Steps 4K has supports for the small business owners who direct child care that improve quality, administrative burden of enrollment and tuition processing, and supplements materials.



Table J: Pupils in Poverty in Counties without First Steps 4K Accessing SC Child Care Scholarships:

County	Pupils in Poverty	Pupils in Poverty Not Served by CERDEP or Head Start	Recipients of SC Child Care Scholarships	ABC Rating of Centers Receiving Vouchers	SC child care Scholarship Expenditures	Pupils in Poverty Estimated NOT to be Served
Abbeville	161	55	*	B, C, NA	\$32,497	43
Allendale	48	*	*	A, A+, B, B+	\$22,815	*
Calhoun	88	27	*	B, C, P	\$22,114	20
Clarendon	264	127	82	B+, B, C, NA, P	\$282,928	45
Edgefield	157	69	38	B+, B, C, P	\$152,111	31
McCormick	26	*	*	A+, C	\$17,170	*
<b>Total</b>	<b>744</b>	<b>278</b>	<b>120</b>	<b>A+,A,B+,B,C, P, NA</b>	<b>\$529,635</b>	<b>139</b>

\*Data sources: SCDE received in November 2024 and First Steps 4K data received December 2024, plus data from SC Child Care Vouchers received in October 2024. Cells smaller than 20 are marked with \* and removed from sums.

\*\*Any discrepancies in sums are the result of slightly different financial eligibility between SC Child Care Scholarships and CERDEP and point in time data or children may be eligible for CERDEP and served out of county.

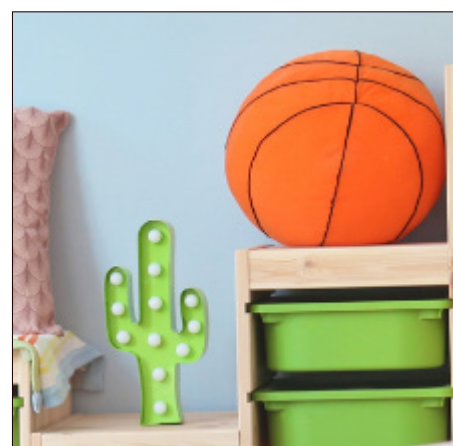
SC Child Care Scholarships fill gaps and provide access to services in many counties and school districts, but as Table J illustrates, there are still children in need of early childhood education who qualify for state-funded programming.

## Quality of State-Funded 4K Programming:

On National benchmarks of quality, how does South Carolina fare when considering quality preschool programming? How is quality measured in SC? What is the quality of CERDEP programming?

### NIEER Benchmarks of Quality:

Annually in addition to rankings on access and investment, the NIEER offers status on [10 benchmarks](#) of quality, and South Carolina has met seven of these. South Carolina has met seven of the ten benchmarks over the past two reporting years, and it remains a recommendation that EOC staff work with stakeholders to develop a strategy to meet the remaining three.



South Carolina has [Early Learning Standards \(ELS\)](#) that function similarly to the elementary, middle and high school standards, to guide learning activities in support of growth and professional development topics for teachers. The ELS have six domains of development: approaches to play and learning, emotional and social development, health and physical development, language development and communication, mathematical thinking and expression, and cognitive development.

To meet the benchmark of offering curriculum supports and approval, CERDEP 4K and First Steps 4K have a different process. CERDEP 4K has a curriculum review panel which determines approved curricula and makes recommendations to the State Board of Education. Approved CERDEP 4K curricula include: Frog Street PreK, Pre-K on My Way, The Creative Curriculum for Preschool, Worlds of Wonders, High Scope, and InvestiGators. Frog Street Pre-K

and PreK on My Way were newly added in school year 2022-23. Additionally, the curriculum review panel determined that Montessori education is approved. First Steps 4K engages in a process to approve curriculum and programs may choose from: High Scope, Creative Curriculum, or Montessori Method. First Steps 4K also uses the Conscious Discipline model to support children’s behavior.

South Carolina does not currently have a policy requiring screening for hearing, vision, and other health screenings in all state-funded 4K at this time; however, it was a recommendation in the previous report to investigate barriers and begin to develop a plan to ensure that all preschool students in state-funded 4K are screened for hearing, vision, and developmental health.

South Carolina does have a policy that teachers serving as lead teachers have specialized training in early childhood, and all CERDEP programming offer professional development aligned with curricula, early learning standards, and strategies and programs being implemented by each CERDEP model. Appendix G shows the number of attendees, and the professional development opportunity provided by CERDEP 4K and First Steps 4K. South Carolina does not have a policy about teacher and assistant teacher degrees that satisfied the NIEER benchmark, but it is a current recommendation that stakeholders begin to study teacher qualifications. This is a topic of a future supplemental paper.

There are requirements outlining state staff-to-child ratios and maximum class sizes in both the CERDEP 4K and First Steps 4K program guidelines. Additionally, any First Steps 4K program that is licensed through DSS must adhere to this ratio. The ratio is also included in [ABC Quality](#).

Policy	Requirement	Benchmark	Meets Benchmark
Early Learning & Development Standards	Comprehensive, aligned, supported, culturally sensitive	Comprehensive, aligned, supported, culturally sensitive	Yes
Curriculum Supports	Approval process and supports	Approval process and supports	Yes
Teacher Degree	BA (public), AA (non-public)	BA	Not Yet
Teacher Specialized Training	Early Childhood Education	Specializing in pre-K	Yes
Assistant Teacher Degree	High School Diploma	CDA or equivalent	Not Yet
Staff Professional Development (PD)	15 hours/year, PD plans and coaching	For teachers and assistants: at least 15 hours/year; individual PD plans; coaching	Yes
Maximum Class Size	20 (4-year-olds)	20 or lower	Yes
Staff to Child Ratio	1:10 (4-year-olds)	1:10 or better	Yes
Screening and Referral	Immunizations, developmental; vision, hearing, health and more	Vision, hearing, health screenings and referral	Not Yet
Continuous Quality Improvement System	Structured classroom observations; data used for program improvement	Structured classroom observations; data used for program improvement	Yes

### ABC Quality

[ABC Quality](#) is South Carolina’s statewide quality rating and improvement system (CQIS) for child care and early childhood education; private child care centers that are licensed or registered by DSS can voluntarily participate in the system. For First Steps 4K programs, there is a financial benefit for meeting standards of high quality. The ratings range from A+ to C based on 6 quality standards: Responsive and Sensitive Care, Language and Communication, Guidance, Program Structure, Early Learning and Environment. A rating of C meets quality standards beyond requirements for licensure. A rating of B+ and B score higher with A+ and A score the highest on the quality standards scale. NA means a quality score is not applicable, while P means the program is part of ABC Quality while awaiting a rating from DSS reviewers.

Table K: First Steps 4K Classrooms 2 Year Comparison of Quality:

2023-24 School Year		2024-25 School Year	
A+ Quality Rating	14	A+ Quality Rating	16
A Quality Rating	14	A Quality Rating	15
B+ Quality Rating	41	B+ Quality Rating	43
B Quality Rating	111	B Quality Rating	121
C Quality Rating	56	C Quality Rating	103
Pending Quality Rating	27	Pending Quality Rating	2
No Quality Rating	64	No Quality Rating	55

After comparing the ABC Quality ratings over the past 2 school years, we can see that all quality levels have increased and there are fewer classrooms not participating in ABC Quality. There are also fewer pending a quality rating which means that proportionally with more classrooms there are also more participants at higher levels of quality than in the last school year.

*Growth in 4K:*

There are two 4K assessments given in CERDEP classrooms: [Teaching Strategies GOLD](#) and [My Individual Growth and Development Indicators or My IGDIS](#) by Renaissance. All First Steps 4K classes use the GOLD, while CERDEP 4K classes have a choice between GOLD and My IGDIS. Preliminary analysis of data received in February from SCDE offered insight into the need for a more complete analysis that is in progress and will be shared as a supplemental paper later this year.

**CERDEP Impact on Kindergarten Readiness**

**KRA Performance Levels**



*Kindergarten Readiness Assessments (KRA) Results, 2024-25:*

Table L: Kindergarten Readiness by PIP Status:

KRA Performance Level	PIP	% PIP	Not PIP	% Not PIP	All	% of All
Demonstrating Readiness	10,826	31 %	10,269	54 %	21,116	39 %
Approaching Readiness	13,295	37 %	5,510	29 %	18,838	34 %
Emerging Readiness	11,344	32 %	3,343	17 %	14,733	27 %
<b>Total</b>	<b>35,465</b>	<b>100%</b>	<b>19,122</b>	<b>100%</b>	<b>54,687</b>	<b>100%</b>

## Are students who participate in state-funded 4K ready for kindergarten?

Pupils in poverty are almost twice as likely to score Emerging Readiness on the KRA as those not in poverty, while more than half of tested students who were not in poverty scored Demonstrating Readiness. When prior 4K experience is linked to KRA performance, 35% of pupils in poverty who participated in CERDEP programming demonstrated kindergarten readiness. When 4K experience is unknown, only 21% of pupils in poverty demonstrated readiness. Consistently over time, CERDEP programming has ensured more children are ready for kindergarten.

Additional data for all students who took the KRA in fall 2024 and their 4K experience can be found in Appendix H.

Pupils in Poverty Kindergarten Readiness by 4K Experience										
KRA Performance Level	Emerging Readiness		Approaching Readiness		Demonstrating Readiness		Did Not Participate		Total	
	CERDEP 4K	2,693	22%	4,746	38%	4,645	37%	308	2%	12,392
First Steps 4K	1,002	29%	1,355	40%	963	28%	94	3%	3,414	9%
Subtotal All CERDEP	3,695	23%	6,101	39%	5,608	35%	402	3%	15,806	43%
Head Start	450	37%	485	40%	239	20%	27	2%	1,201	3%
Other Public 4K	1,611	32%	1,788	36%	1,440	29%	153	3%	4,992	14%
Private 4K	510	21%	876	37%	932	39%	72	3%	2,390	7%
Unknown	5,078	41%	4,045	33%	2,607	21%	589	5%	12,319	34%
Subtotal non-CERDEP	7,649	37%	7,194	34%	5,218	25%	841	4%	20,902	57%
<b>Total</b>	<b>11,344</b>	<b>31%</b>	<b>13,295</b>	<b>36%</b>	<b>10,826</b>	<b>29%</b>	<b>1,243</b>	<b>3%</b>	<b>36,708</b>	<b>100%</b>

Data received from SCDE February 11, 2025

## Conclusion

While more children have access to state-funded 4K with increased state investment, the number of four-year-olds on a waitlist to access a program has increased. With substantial state investment, it is imperative to consider different strategies that can ensure efficient enrollment and programmatic decisions that will allow more eligible children can access high quality 4K that has a demonstrated impact on kindergarten readiness. The recommendations made in this report are intended to improve access to, quality, and impact of CERDEP 4K.

### Future Directions & Next Steps:

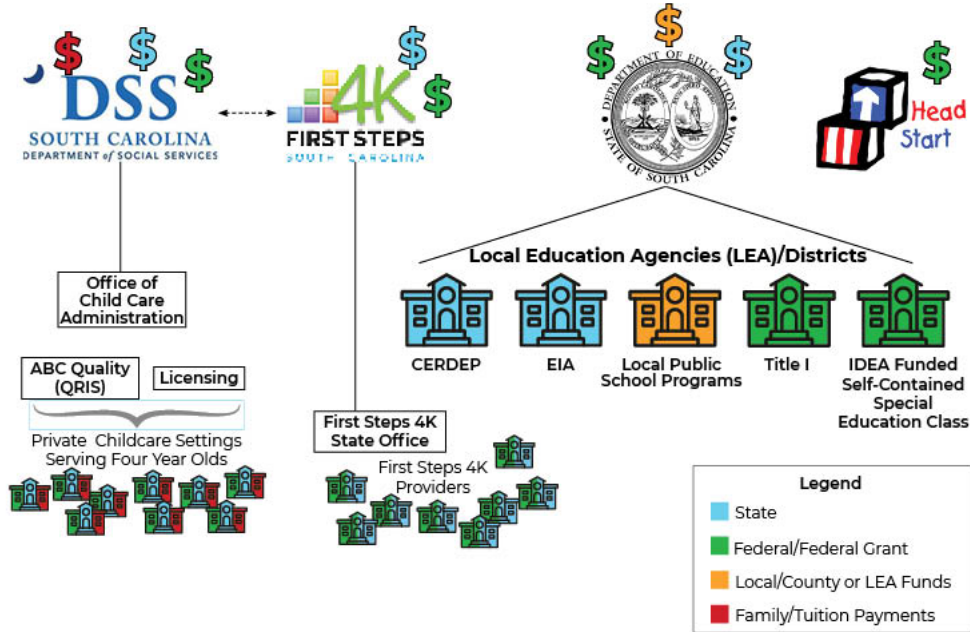
The SC Code of Laws and a number of provisos have requirements about early childhood education. Upon consultation with the Governor’s Office, this report will be the first in a series of early childhood papers designed to answer and report on research questions built from requirements, yet not reported on by other agencies. To view the code/proviso requirement, and explanation of the requirements, and research question please see appendix X. These supplemental papers will be on a variety of topics including:

1. Robust analysis using 4K assessment data and additional factors to determine the impact of CERDEP on student outcomes
2. Waitlist processes for 4K programming to determine how well the current system works and how it could be made more efficient
3. Academic outcomes correlated with participation in CERDEP including: graduation rate and third grade reading performance
4. Collaboration with community and civic organizations to support early literacy efforts
5. Teacher preparation and retention in 4K for both CERDEP 4K and First Steps 4K
6. Screening efforts in 4K and recommendations to implement universal hearing, vision, and developmental screening and referral in CERDEP funded classrooms.

# Appendix A

Appendix A: Landscape of 4K in South Carolina and Funding Streams:

## Funding Streams for 4K



# Appendix B



**Appendix B: Memorandum Re: DSS Licensing Requirements for Programs Serving Children Four Years of Age and Under:**

[DSS Licensing Requirements for Programs Serving Children Four Years of Age and Under](#)

<b>District</b>	<b>Non-CERDEP Classes (2K, 3K, 4K) Serving Children More Than 4 Hours/Day</b>
Abbeville	1
Aiken	0
Allendale	2
Anderson 1	3
Anderson 2	3
Anderson 3	3
Anderson 4	3
Anderson 5	4
Bamberg 3	0
Barnwell 01	3
Beaufort	64
Berkeley	25
Calhoun	0
Charleston	106
Charter Institute at Erskine	12
Cherokee	5
Chester	2
Chesterfield	2
Clarendon 6	3
Colleton	2
Darlington	12
Dillon 3	0
Dillon 4	0
Dorchester 2	15
Dorchester 4	2
Edgefield	0
Fairfield	5
Florence 1	6
Florence 2	0
Florence 3	2
Florence 5	0
Georgetown	9
Greenville	112
Greenwood 50	8
Greenwood 51	1
Greenwood 52	3
Hampton 3	1
Horry	62

Jasper	13
Kershaw	6
Lancaster	2
Laurens 55	3
Laurens 56	3
Lee	2
Lexington 1	20
Lexington 2	5
Lexington 3	0
Lexington 4	0
Lexington/ Richland 5	14
Limestone Charter Association	6
Marion 10	1
Marlboro	0
McCormick	2
Newberry	6
Oconee	10
Orangeburg	6
Pickens	13
Richland 1	30
Richland 2	30
Saluda	2
SC Public Charter District	19
SC School for the Deaf and the Blind	4
Spartanburg 1	1
Spartanburg 2	8
Spartanburg 3	4
Spartanburg 4	0
Spartanburg 5	0
Spartanburg 6	1
Spartanburg 7	6
Sumter	13
Union	1
Williamsburg	0
York 1 (York)	2
York 2 (Clover)	20
York 3 (Rock Hill)	3
York 4 (Fort Mill)	12
<b>Total</b>	<b>749</b>

# Appendix C

## Appendix C: The Number and Type of Communications to Recruit Students, and FS 4K Centers.

The number and type of communications (waitlist, marketing opportunities, etc.) to recruit both students and providers (for current year, through September 15)



In 2023 and 2024, First Steps 4K focused on marketing objectives related to student and partner recruitment, retention, and family engagement in our charge to get children ready for school.

1. Increase the enrollment of children served by a First Steps 4K provider
2. Increase the number of participating First Steps 4K providers to meet enrollment targets
3. Grow the overall student retention & acquisition (Day 45)
4. Increase the community/state partnerships to improve First Steps 4K awareness and visibility

These objectives were established to address the following audiences: -

1. Families/Caregivers
2. Child Care Providers
3. Internal (Current First Steps 4K Providers/Local Partnerships)
4. Stakeholders (ex. ECAC; EOC; DSS; SCDE)

Below are tactics executed in the 2023 and 2024 calendar years to support the 2023-2024 and 2024-2025 school year.

### **I. Students & Families Recruitment**

First Steps 4K continued the use of an online student application to meet families' needs. Families can check eligibility, search for approved providers, and apply with an application landing page - [www.Free4KSC.org](http://www.Free4KSC.org).

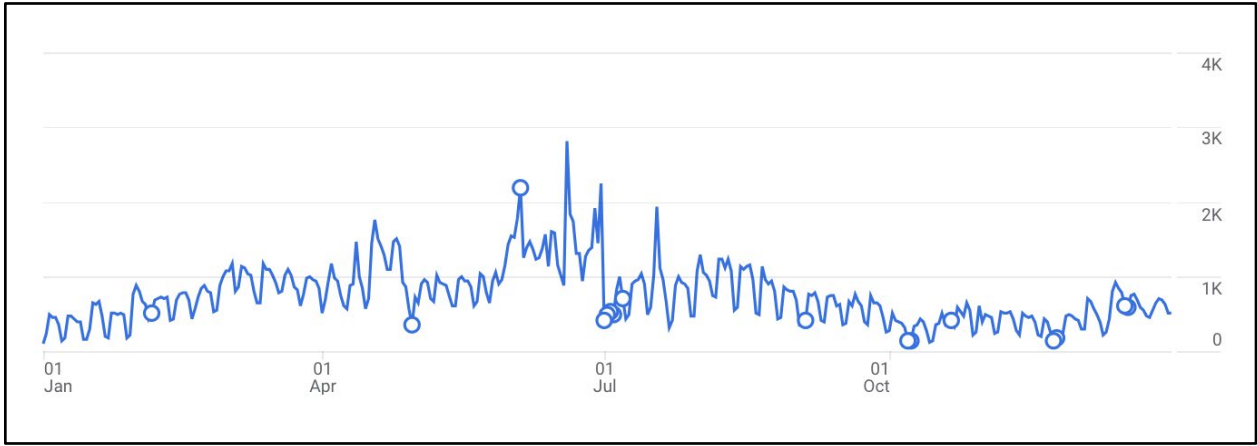
- From Jan. 1, 2023 - Dec. 31, 2023, <https://free4ksc.org> received 148,282 unique pageviews - representing the highest view page (25% of all total views) of the First Steps website.

- From Jan. 1, 2024 - September 15, 2024, <https://free4ksc.org> received 92,408 unique pageviews - representing the highest view page (21% of all total views) of the First Steps website.

With access to this data about our website visitors, future questions can be added based on our observations of user behaviors. This metrics-driven decision-making has been vital to accommodating the real time needs of families and responding accordingly.

**Website Enhancements**

During the 2023-2024 and 2024-2025 school year, families continued to utilize the provider detail web pages to learn more about the available providers in their community. Historically, April/May and August/September serve as key times in the year when parents are looking for early child care programs. Now by tracking provider detail page views, we are able to see that in 2023 June & July were top times for provider pages being viewed. (image below of month-by-month website traffic in 2024). This level of user insights has informed our strategies for when and how to communicate with families.



To continue our partnership and collaboration with Palmetto Pre-K and ABC Quality, all First Steps 4K provider detail web pages incorporate their program logos, along with links to valuable family resources and respective local partnership offices. Families can also “Apply” directly from the First Steps 4K provider web page making it easy for families to choose their First Steps 4K provider and then apply with only one click.

This visible display of our partnership serves as a testament to our commitment to providing families with comprehensive support and resources. These First Steps 4K provider webpages aim to inform families with choices to make informed decisions about their child's education. Providers also receive data about the traffic their dedicated pages receive on the First Steps website. Since most providers do not have the funds to support a unique web property, these dedicated provider pages have served as a supportive marketing tool for our current and future First Steps 4K partners across the state.

On the First Steps 4K provider detail pages, parents can see detailed information about a facility such as, school hours, schedule, type, etc. In collaboration with DSS - SC Child Care, we also feature licensing information and provide parents with a direct link to a provider's detailed information on <https://www.scchildcare.org/>.

**Family-Centered Outreach**

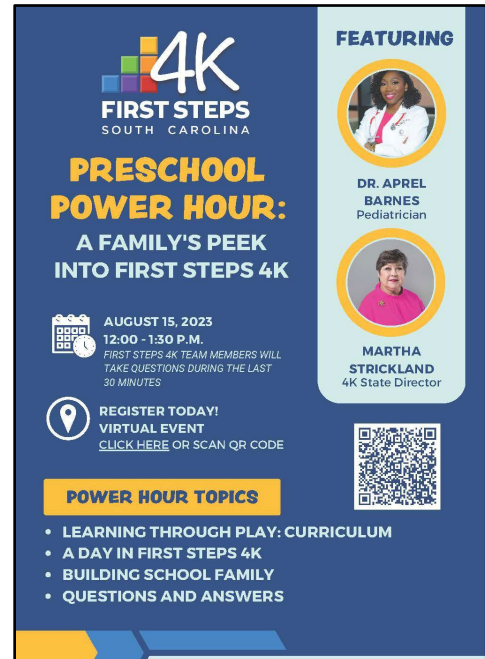
Family-centered outreach is a critical component of the First Steps 4K program, particularly when engaging with prospective families. This approach emphasizes building strong

relationships with families, empowering them to make informed decisions, and providing timely support throughout the enrollment process. By prioritizing family-centered outreach, the Eligibility Specialist team can effectively address the specific needs of families who are missing documents or have not yet selected a provider. This proactive approach not only facilitates a smooth transition into the program but also fosters a sense of trust and partnership between families and the First Steps 4K program. The Eligibility Specialists used texting as a primary form of communication with individual families, guiding them through the First Steps 4K application and processes.

**Preschool Power Hour**

Families were invited to attend the inaugural Preschool Power Hour, a virtual event held on August 15, 2023. The digital offering featured a presentation by Dr. Aprel Barnes from Brookland Community Pediatrics, who shared essential insights from a pediatrician's perspective on 4K readiness. Families also learned about the diverse curricula used in First Steps 4K classrooms, including Conscious Discipline, and gained a better understanding of attendance expectations, particularly the importance of punctuality. Additionally, families had the opportunity to ask questions directly to the 4K State Director, 4K Coaches, and a former First Steps 4K parent during a live Q&A session.

The second annual Preschool Power Hour was held on August 12, 2024, and featured Mr. Chazz, America's Favorite Teacher, who spoke to families about breaking generational cycles and the importance of family engagement in the school setting.



All families receive a follow-up email with a recording of the Preschool Power Hour along with handouts and resources to support their child's learning throughout the school year.

First Steps 4K will continue to offer the Preschool Power Hour each year and looks to expand this idea by offering more virtual sessions throughout the school year.



## Spanish Outreach and Student Application Launch

**¡APLICA YA!**  
para el año escolar 2024-2025

- Guardería gratuita para niños de cuatro años de día completo
- Becas de cuidado infantil para hermanos de 0 a 12 años
- Ambientes de clase de alta calidad basados en el plan de estudios
- Opciones de escuela de elección de los padres

**4K**  
FIRST STEPS  
SOUTH CAROLINA  
FREE4KSC.ORG

To better reach the Hispanic community and encourage enrollment in First Steps 4K, created and launched a student application in Spanish. This allows families to easily understand the eligibility requirements, application process, and benefits of the program. Additionally, community outreach efforts were conducted in Spanish, including

**VISITAMOS TU CASO SERIAMENTE**  
VISITAMOS PARA UNA CONSULTA GRATIS

**Yours Marscher Berglund**  
Abogada

- Representación al Cliente con:
- Representación en Corte, Malas de Pagos, etc.
- Adopción, Acuerdos de Separación, Divorcio, Custodia y Más
- Lesiones Personales: Auto y Accidentes de Trabajo
- Compra y Venta de Bienes Raíces

Division of Enforcement 803-757-3372  
www.burgund.com  
843-757-2888

**CENTURY METAL**  
VISITAMOS SI NECESITAS  
TECHOS DE METAL

HASTA 17 COLORES  
A ELEGIR

CONSEJEROS DE PINTAR  
CON COLORES DE  
SHERWIN  
WILLIAMS  
SOL CONSULTA

CONSEJEROS GRATIS  
CENTURY METAL WOODBRIDGE  
100 Mall Lane, Moultrie, GA 31788  
803-253-8148  
www.century-metal.com

**Inscriba a su hijo hoy mismo en el programa FREE 4K**

Preparación para el jardín de niños

Escoge un programa de color de 4 de jardín de niños en su área. Los proveedores de servicios del estado de Carolina del Sur ofrecen un programa de preparación para el jardín de niños que incluye un año de clases de preparación de clase temprano y actividades, y experiencias de aprendizaje de calidad. Todos los niños de First Steps de 4 años y el 50% de los niños de desarrollo que cumplen con los estándares estatales para la preparación para la escuela. Las clases son personalizadas y se dictan cinco días a la semana durante todo el año. Muchos proveedores ofrecen horarios extendidos y escuelas de verano. Ahora ofrecemos becas para el transporte de First Steps en y sus hermanas de 0 a 12 años.

Identificar su elegibilidad y complete la solicitud en **FREE4K.org**. También puede llamar a los números de ayuda al cliente.

**4K**  
FIRST STEPS  
SOUTH CAROLINA

811.2024.1481MAGAZINE.COM.17

this video (<https://youtu.be/st-U8SzP13Y>) made by First Steps 4K leader, Haymee Giuliani (St. Joseph Catholic School), and [this no-cost, featured ad in La Isla Magazine](#). La Isla magazine reaches 80,000 readers per month, by both digital and print issues. By making the application process accessible and engaging in culturally relevant outreach, First Steps 4K reaches and serves more Hispanic families.

## External Events and Partnership Opportunities

To foster strong partnerships and increase awareness of the First Steps 4K program, staff actively participated in various community festivals and organizational meetings. First Steps 4K was represented at the following events and conferences:

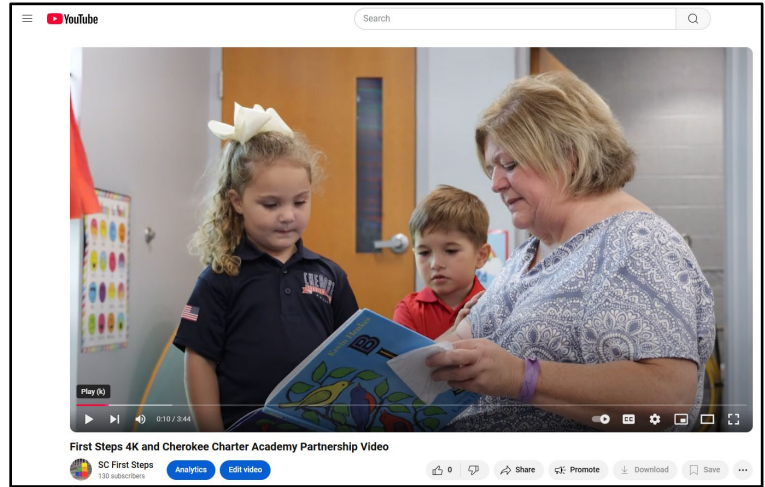
- SC Early Childhood Association Annual Conference - February 2023 and 2024
- SC Association of Early Care and Education - February 2023 and 2024
- Midlands KidFest and Camp - March 2023
- York County Early Childhood Educational Conference - March 2023
- SC Independent School Association Heads' Spring Retreat - March 2023
- SC Read-In - April 2023 and 2024 (Virtual)
- Saluda Community Baby Shower - June 2023
- Horry County Week of the Young Child Community Fair - April 2023
- SC Association for the Education of Young Children - September 2023
- eSTEAM Festival - October 2023 and October 2024
- Lexington School District Two Early Childhood Community Conference - October 2023
- SC First Steps Legislative Breakfast - February 2024
- Iris Festival (Sumter) - March 2024
- Lexington Kids Day - April 2024
- McLeod NFP Community Advisory Board Meeting - September 2024
- PeeDee Family Conference - September 2024



- Richland County Public Education Partners Bright Futures Breakfast - October 2023

**Cherokee Charter Video - Charter School Partnership Growth**

This video serves as an overview of the educational opportunities of the First Steps 4K program, showcasing a successful implementation of the program at Cherokee Charter Academy in Gaffney, SC. The video features parents, school and program administrators, and teachers showcasing First Steps 4K's effectiveness as a parent choice option, its role in early childhood and its potential for future growth among charter school districts.

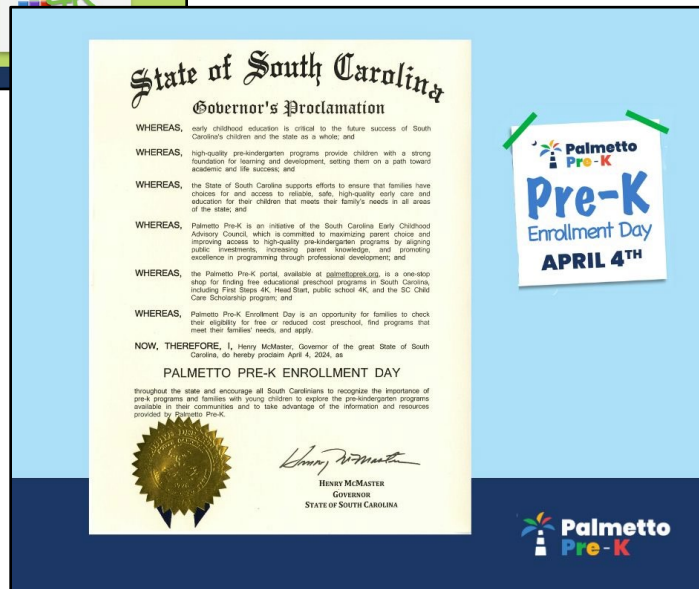


importance of education in

**Palmetto Pre-K Enrollment Day (April 4, 2023, and April 4, 2024)**

was a social media campaign where partners across the state shared a graphic for the day on their social media accounts to show the state's solidarity in support of publicly-funded preschool. Palmetto Pre-K partners include First Steps 4K, Head Start, the SC Department of Education, and SC DSS. PalmettoPreK.org serves as a way for families to easily access free and subsidized federal, state, and local preschool programs. Governor Henry McMaster recognized

April 4 as Palmetto Pre-K Enrollment Day, a day to celebrate the preschool South Carolina.





## Early Childhood State Agency Collaborations



The First Steps 4K + Child Care Scholarship program continues to provide whole family care and education – Years 3 and 4 of Implementation. Families can apply for child care scholarships for all children in their household – completely online. Through a partnership with the SC Child Care Scholarship Program, First Steps 4K + covers wrap-around care for enrolled students and full-day and afterschool care for all siblings, ages 0-12.

Through a shared application database, families can upload information in one place and apply for all children in their household. This innovative collaboration between First Steps 4K and the SC Child Care Scholarship program was established in response to an enrollment barrier identified by families – the lack of access to affordable child care for siblings of First Steps 4K students. First Steps 4K + is an interagency, nationally-recognized innovation that braids state and federal funds. This has proven to be a model for other states to efficiently maximize funds and increase access to these programs intended to support children and families. For the 2023-2024 school year, 2,182 families were approved for the First Steps 4K + Child Care scholarships, and as of November 2024, an additional 1,847 were approved for the scholarships for the 2024-2025 school year.



- 79% of families credit their ability to work or go to school to their child's participation in First Steps 4K. (Reference: [Spring 2024 First Steps 4K Family Engagement Survey Results](#))

## SC Department of Education Waitlists

For the 2024-2025 school year, First Steps 4K received the waitlists from 16 school districts (Abbeville, Anderson 02, Anderson 05, Barnwell 45, Berkeley, Chester, Chesterfield, Darlington, Dillon 04, Jasper, Lancaster, Lexington 01, Pickens, Richland 02, Spartanburg 05, York 03). Out of the list, 225 families could be eligible for First Steps 4K based on the family's documented income from the CERDEP application.

- First Steps 4K called and texted each family using the phone number on the waitlist.
- Identified opportunity areas continue to include adding email addresses to the contact information sent to First Steps 4K and adding opt-in language on CERDEP student applications about communicating with families via text messaging.

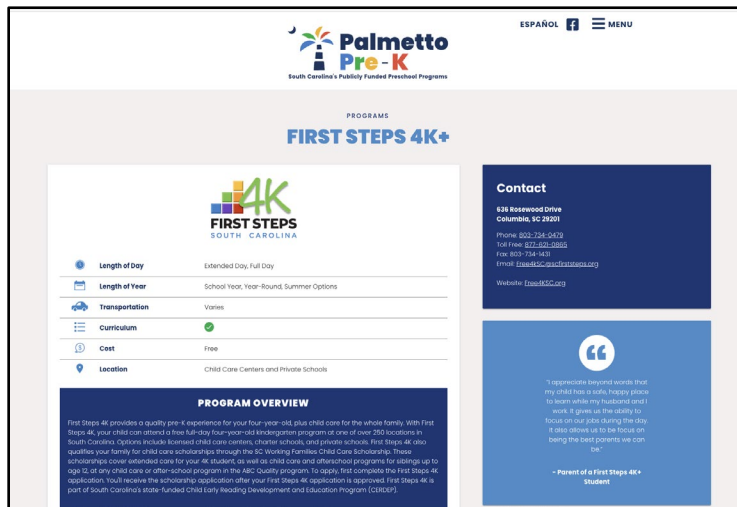
**Women, Infant and Children Nutrition Program (WIC) Program Partnership** – WIC remains a valuable referral partner for eligible families. By partnering with WIC, we could leverage the existing marketing efforts of WIC and send messages to a look-alike audience about the importance of school readiness and applying for First Steps 4K. Examples of the four messages sent from WIC to their clients are below:

- APRIL - Choose a First Steps 4K for your child. P.S. Siblings are free too! Learn more and apply at [Free4KSC.org](#)

- MAY - Enroll in a 4K classroom of your choice with First Steps 4K. Sibling scholarships are available too. Free4KSC.org
- JUNE - WIC clients are eligible for First Steps 4K! Learn more and apply today at Free4KSC.org
- JULY - It's not too late to enroll in First Steps 4K! Apply today at Free4KSC.org.

**First 5 SC - Online Application (launched in 2023)**

In 2022, First Steps began work with the Early Childhood Advisory Council (ECAC) to participate in an online application for families on First5SC.org. This shared common application would allow families to apply to multiple programs, First Steps 4K included, for children birth through years old. The shared application launched in March 2023. Since launch there have been over 3,000 applications submitted through First 5 SC. Of those applications, 1576 have been for First Steps 4K and Local Partnership programs.



**Palmetto Pre-K - A Leading Tool to Reach Families**

As a partner of Palmetto Pre-K, First Steps 4K is featured on the search tool for families to find state-funded preschool options in their area.

Agency staff can access and contact interested families in their program each month who express interest in more information. Palmetto Pre-K is the number one source First Steps 4K uses to receive contact information from eligible families. In 2023, work began to integrate Palmetto PreK eligibility

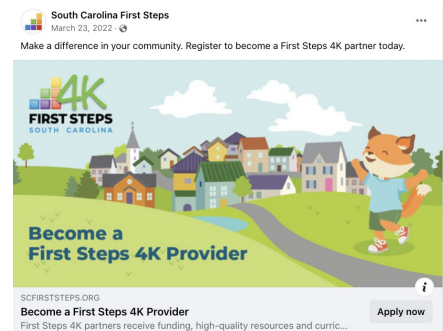
screeener to pre-populate in the First 5 SC application. This would allow families to see additional early childhood programs offered in SC. A beta test is currently underway as of November 2024.

**Traditional & Digital Marketing Efforts**

**Google Search & Mobile Display Ads** ran exclusively on mobile devices to reach busy families on the go, and younger users who use desktop devices less frequently. With the smaller screen size of a mobile device comes less inventory for ads, but the ability to be more targeted and reach young parents on the move.

We served our target audience with over 1.8M impressions and generated a very strong click-through rate of 2.4%, well above the industry benchmark of 0.05%.

**Facebook/Instagram Ads** running on Facebook and Instagram generated 15M impressions and over 75K clicks. We also used remarketing strategies to re-engage with users who were already familiar with the website.



### **Live Radio Reads/Streaming Radio (Spotify) Ads**

Live radio reads were aired in the following markets: Augusta, Columbia, Myrtle Beach, Florence, Greenville-Spartanburg, Savannah, and Charleston. Streaming ads on Pandora & Spotify received 525K impressions.

### **Direct Mail**

Historically, direct mail has been a high-converting marketing tactic for student enrollment. This insight supported the strategic audience focus for mailings in 2023 and 2024 to target all Medicaid-eligible or SNAP-eligible families with a four-year-old living in the home. Postcards are mailed to these families a minimum of three times each school year.

### **Family Communications & Feedback Loops**

Effective communication with families plays a critical role in enhancing parent's understanding of school readiness. First Steps 4K continues to use family-centric communication vehicles and feedback loops to listen, respond, and share with current First Steps 4K families.

### **Texting**

Text messaging offers a convenient and efficient way to reach families. By sending short, timely messages, First Steps 4K can share important student application updates, newsletters, and resources directly to parents' phones, ensuring timely communication and engagement. In texts sent in 2023 and 2024, the average reach was 93.5%.

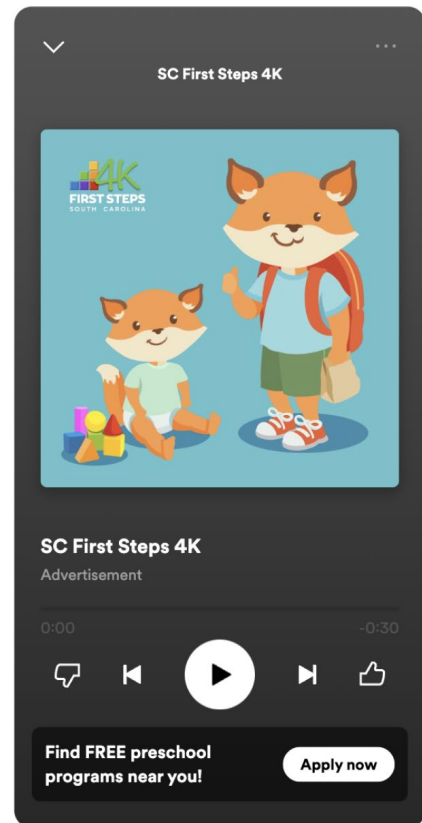
### **Family and Provider E-Newsletters - The Connection**

Monthly e-newsletters were distributed and fostered stronger connections between families, providers, and the organization itself. This effective communication tool enables First Steps 4K to highlight other state agencies and organizations by sharing partner resources.

### **Your Voice Matters Surveys - Providers and Families**

#### **Provider Survey (Fall 2023)**

To continue improving our partnership with providers, a survey was administered to get their input on areas where they were feeling supported and opportunities where First Steps 4K could grow as a support system for providers. First Steps 4K leaders, teachers, and instructional assistants were invited to participate in the Fall 2023 First Steps 4K Provider Engagement Survey between December 4 and December 18, 2023. The survey was sent via email by First Steps 4K Coaches to their providers. A reminder message to complete the survey was posted on the private First Steps 4K Facebook page by the First Steps 4K Outreach Coordinator. There were 181 responses to the survey (estimated response rate: 26%). There was a 33% increase in the estimated response rate compared to the Fall 2022 survey.



A few key learnings from the survey include:

- Most survey respondents (80%) would highly recommend the First Steps 4K program to families with eligible 4-year-olds in their county.
- 3 out of 4 survey respondents would highly recommend First Steps 4K to other child care providers in their county.
- According to survey respondents, the top 3 most valuable parts of the First Steps 4K program are 1) the information they learn at First Steps 4K Academy, 2) the information they learn during coaching sessions with their First Steps 4K Coach, and 3) the relationship they build with their First Steps 4K Coach.

First Steps 4K providers were also given a list of topics and asked to rank which areas they would like to receive additional support in during the spring semester of the 2023-2024 school year. Teacher development, classroom management, and family engagement were the top 3 areas of support identified by providers (reference: [Fall 2023 First Steps 4K Provider Engagement Survey Results](#)). Feedback provided on this survey was used to develop content for professional development and training that were offered to First Steps 4K providers during the spring semester and during the summer of 2024.

For the 2024-2025 school year, the annual provider survey will be administered during spring 2025. The timing of the survey was shifted to allow more time for providers to become familiar with the First Steps 4K curriculum and program guidelines prior to identifying areas of success and opportunities for growth within the program. Additionally, the timing shift will provide an opportunity for meaning making sessions to occur with providers during the summer of 2025. These meaning-making sessions will bring together First Steps 4K providers and First Steps 4K staff to interpret and respond to the data provided on the survey.

#### **Family Survey (Spring 2024)**

Over 3,000 families were invited to participate in the Spring 2024 First Steps 4K Family Engagement Survey between March 4 and March 25, 2024. The survey was sent via text message (93% delivery rate) by the First Steps 4K Outreach Coordinator on March 4, 2024. A reminder message to participate in the survey was also included in the March First Steps 4K Family Newsletter that was sent via email/text to families on March 20, 2024. The survey was available in English and Spanish and there were 286 responses to the survey (estimated response rate: 9%).

A few key learnings from the survey include:

- Most survey respondents (88%) would highly recommend the First Steps 4K program to a friend or family member with a 4-year-old child.
- Survey respondents said their child can recognize the alphabet (89%) and are beginning to write their first name (89%) because of their enrollment in the First Steps 4K program.

- Over three out of four survey respondents whose child was enrolled in an extended day or extended year program report being able to work or attend school full-time because of their child's enrollment in First Steps 4K.

Feedback from this survey is used to understand the impact of enrollment in a high-quality First Steps 4K program on the family unit (reference: [Spring 2024 First Steps 4K Family Engagement Survey Results](#)).

During the 2023-2024 school year, the Family Engagement Survey was administered once to reduce the burden on families. For the 2024-2025 school year, the annual family engagement survey will be administered in the spring semester.

# Appendix D

**Appendix D: CERDEP Financial Data:**

CERDEP 4K Projected Fiscal Year 2023 Expenditures and Revenues

REVENUES	Total
<b>Carryforward from FY 22 to FY 23</b>	\$10,134,463.06
<b>FY 23 General Fund Appropriation</b>	\$5,983,049.00
<b>FY 23 EIA Recurring Appropriation</b>	\$53,225,118.00
<b>FY23 Transfer of Appropriation</b>	\$4,908,129.00
<b>Total Revenues</b>	<b>\$74,250,759.06</b>

EXPENDITURES	Total
<b>Portion of EOC Evaluation (EIA)</b>	\$195,000.00
<b>Cost of Instruction (\$5,100 per child pro-rata)</b>	\$66,690,131.10
<b>Supplies for New Classrooms (\$10,000 per classroom)</b>	\$770,000.00
<b>Transportation</b>	\$-
<b>Assessment</b>	\$600,000.00
<b>Professional Development and Curriculum</b>	\$-
<b>Other: Expansion</b>	\$-
<b>Extended Year</b>	\$-
<b>Summer Program (from FY 22)</b>	\$665,132.54
<b>Extended Day</b>	\$320,198.40
<b>Parental Engagement</b>	\$1,988,000
<b>Curriculum</b>	\$1,698,726
<b>Total Expenditures</b>	<b>\$72,927,188.01</b>
<b>Amount Remaining to Carryforward to FY 24</b>	<b>1,323,571.05</b>



## Office of First Steps 4K Program Financial Report

Fiscal Year 2023-24 Actual Revenues & Actual Expenditures	
<b>TOTAL Available Funds</b>	
Carry forward from FY23 to FY24	\$15,129,490
Interest Earned and other	\$18,592
EIA Appropriated Funds	\$19,983,799
Appropriated General Funds	\$10,673,127
Teacher Supply Funds	\$99,050
ESSER Federal Funds	\$1,466,656
<b>TOTAL Available Funds:</b>	<b>\$47,370,714</b>
<b>TOTAL Actual Transfers/Expenditures</b>	
<i>Transfers:</i>	
Portion of EOC Evaluation \$105,000	\$105,000
<i>Subtotal Transfers:</i>	<i>\$105,000</i>
<i>OFS Administrative Expenditures:</i>	
Salaries	\$1,971,806
Contractual Services	\$1,006,699
Supplies and Materials	\$1,731,594
Rental/Lease	\$74,858
Travel	\$139,285
Fringe Benefits	\$876,080
GASB 87 Lease	\$3,157
Parent Engagement (Proviso)	\$0
Other (Explain) Vehicles Purchase	\$0
<i>Subtotal:</i>	<i>\$5,803,479</i>
<i>Payments to Providers:</i>	
Instruction (\$5,500 per child pro-rata)	\$19,954,887
Extended Program (Extended day, Extended Year & Summer Programs)	\$5,177,485
Curriculum/Equipment and Materials for New Classrooms (\$2,000 to \$20,000 per provider)	\$1,293,261
Incentives and Miscellaneous	\$0
Stipends(Not Including Teacher Supply Payments)	\$509,410
Recruitment and Retention (ESSER Federal Grant Expenditures)	\$691,800
Language and Literacy Boost (ESSER Federal Grant Expenditures)	\$817,505
Teacher Supplies	\$99,050
Transportation (\$657 per child)	\$100,678
Higher Reimbursement Rates (Quality Payments 10%)	\$1,455,901
Other: (Field Trips, office supplies, Center Grants)	\$155,138
<i>Subtotal:</i>	<i>\$30,255,115</i>
<b>TOTAL Transfers/Expenditures:</b>	<b>36,163,594</b>
Funds Carried Forward to FY25	8,837,799
Unreimbursed Federal Funds	772,807
State Funds Expended and On-Hold Locally (At Manley Garvin, for center reimbursements)	<u>1,596,514</u>
<b>TOTAL Carry Forward</b>	<b>11,207,120</b>

Oct 22 2024



Office of First Steps 4K Program Financial Report

Fiscal Year 2022-23 Actual Revenues & Actual Expenditures	
<b>TOTAL Available Funds</b>	
Carry forward from FY22 to FY23	\$15,462,501
Interest Earned and other	\$37,118
EIA Appropriated Funds	\$19,983,799
Appropriated General Funds	\$6,531,956
Teacher Supply Funds	\$80,700
ESSER Federal Funds	\$809,563
<b>TOTAL Available Funds:</b>	<b>\$42,905,637</b>
<b>TOTAL Actual Transfers/Expenditures</b>	
<i>Transfers:</i>	
Portion of EOC Evaluation \$105,000	\$105,000
<i>Subtotal Transfers:</i>	<i>\$105,000</i>
<i>OFS Administrative Expenditures:</i>	
Salaries	\$1,783,818
Contractual Services	\$502,418
Supplies and Materials	\$411,291
Rental/Lease	\$67,683
Travel	\$115,603
Fringe Benefits	\$766,831
GASB 87 Lease	\$63,200
Parent Engagement (Proviso 1.55.)	\$0
Other (Explain) Vehicles Purchase	\$100,584
<i>Subtotal:</i>	<i>\$3,811,428</i>
<i>Payments to Providers:</i>	
Instruction (\$5,100 per child pro-rata)	\$16,207,193
Extended Program (Extended day, Extended Year & Summer Programs)	\$4,537,166
Curriculum/Equipment and Materials for New Classrooms (\$1,000 to \$10,000 per provider)	\$434,390
Incentives and Miscellaneous	\$4,114
Stipends(Not Including Teacher Supply Payments)	\$291,314
Recruitment and Retention (ESSER Federal Grant Expenditures)	\$227,750
Language and Literacy Boost (ESSER Federal Grant Expenditures)	\$581,813
Teacher Supplies	\$79,800
Transportation (\$587 per child)	\$71,965
Higher Reimbursement Rates (Quality Payments 10%)	\$1,312,468
Other: (Field Trips, office supplies, Center Grants)	\$111,747
<i>Subtotal:</i>	<i>\$23,859,719</i>
<b>TOTAL Transfers/Expenditures:</b>	<b>27,776,147</b>
Funds Carried Forward to FY24	12,728,504
Unreimbursed Federal Funds	1,050,978
State Funds Expended and On-Hold Locally (At Manley Garvin, for center reimbursements)	<u>1,350,008</u>

TOTAL Carry Forward	15,129,490
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## Office of First Steps 4K Program Financial Report

Fiscal Year 2024-25 Projected Revenues & Expenditures	
<b>TOTAL Available Funds</b>	
Carry forward from FY24 to FY25	\$11,207,120
Interest Earned and other	\$50,000
EIA Appropriated Funds	\$26,881,490
Appropriated General Funds	\$12,452,200
Teacher Supply Funds	\$125,200
ESSER Federal Funds	\$1,675,000
<b>TOTAL Available Funds:</b>	<b>\$52,391,010</b>
<b>TOTAL Actual Transfers/Expenditures</b>	
<i>Transfers:</i>	
Portion of EOC Evaluation \$105,000	\$105,000
<i>Subtotal Transfers:</i>	<i>\$105,000</i>
<i>OFS Administrative Expenditures:</i>	
Salaries	\$2,164,709
Contractual Services	\$2,194,150
Supplies and Materials	\$1,844,792
Rental/Lease	\$232,489
Travel	\$147,847
Fringe Benefits	\$909,178
GASB 87 Lease	\$63,200
Parent Engagement (Proviso)	\$0
Other (Explain) Vehicles Purchase	\$263,838
<i>Subtotal:</i>	<i>\$7,820,203</i>
<i>Payments to Providers:</i>	
Instruction (\$5,700 per child pro-rata)	\$23,176,200
Extended Program (Extended day, Extended Year & Summer Programs)	\$5,497,990
Curriculum/Equipment and Materials for New Classrooms (\$2,000 to \$20,000 per provider)	\$2,524,750
Incentives and Miscellaneous	\$35
Stipends(Not Including Teacher Supply Payments)	\$290,848
Recruitment and Retention (ESSER Federal Grant Expenditures)	\$400,000
Language and Literacy Boost (ESSER Federal Grant Expenditures)	\$1,275,000
Teacher Supplies	\$125,200
Transportation (\$631 per child)	\$75,250
Higher Reimbursement Rates (Quality Payments 10%)	\$1,900,876
Other: (Field Trips, office supplies, Center Grants)	\$60,079
<i>Subtotal:</i>	<i>\$35,326,228</i>
<b>TOTAL Transfers/Expenditures:</b>	<b>43,251,431</b>
Funds Carried Forward to FY26	9,139,579
Unreimbursed Federal Funds	-
State Funds Expended and On-Hold Locally (At Manley Garvin, for center reimbursements)	1,650,000
<b>TOTAL Projected Carry Forward</b>	<b>10,789,579</b>

## Office of First Steps 4K Program Financial Report

Fiscal Year 2024-25 Projected Revenues & Expenditures	
<b>TOTAL Available Funds</b>	
Carry forward from FY24 to FY25	\$11,207,120
Interest Earned and other	\$50,000
EIA Appropriated Funds	\$26,881,490
Appropriated General Funds	\$12,452,200
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<b>TOTAL Actual Transfers/Expenditures</b>	
<i>Transfers:</i>	
Portion of EOC Evaluation \$105,000	\$105,000
<i>Subtotal Transfers:</i>	<i>\$105,000</i>
<i>OFS Administrative Expenditures:</i>	
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State Funds Expended and On-Hold Locally (At Manley Garvin, for center reimbursements)	1,650,000
<b>TOTAL Projected Carry Forward</b>	<b>10,789,579</b>

# Appendix E

**South Carolina Child Early Reading and Development  
Education Program (CERDEP)  
Cost Report 2024**



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## Executive Summary

The South Carolina Early Reading Development and Education Program (CERDEP) is a state-funded, full-day four-year-old kindergarten (4K) program that serves students who are from low-income households. The program is administered by the South Carolina Department of Education (SCDE) and the South Carolina Office of First Steps (SCFS) and aims to improve kindergarten readiness. As of the 2022-23 school year, CERDEP served 14,294 students, accounting for approximately 36 percent of four-year-old Pupils in Poverty (PIP) in the state.

In order to deliver a high-quality 4K program, it is critical to document and analyze the costs of CERDEP for education leaders in South Carolina. For the 2023-24 school year, the state increased the minimum reimbursement rate for instructional costs from \$4,800 to \$5,100 and the minimum reimbursement rate for transportation from \$587 to \$620 per student for CERDEP providers. Although the reimbursement rates have increased significantly over the past years, even accounting for the inflation rates, states and early childhood policymakers often lack accurate insight into the actual costs of programs when designing funding policies, such as per-pupil reimbursement rates. A report by the National Academies of Sciences, Engineering, and Medicine (NASEM) highlights that if these reimbursement rates fall short of covering the full program costs, providers may struggle to maintain high-quality services over time, jeopardizing the long-term stability and sustainability of the statewide early childhood program.

Accordingly, this report estimates the full cost of CERDEP for providers, separately for public schools and private centers, to better inform the decisions of stakeholders on CERDEP reimbursement policies. We employ rigorous methods and seek to answer the following questions:

- How do factors like teacher qualifications, compensation, and program size, impact per-pupil costs?
- What are the per-pupil costs of delivering CERDEP services for public and private providers? What are the major differences in inputs and cost structures between public and private CERDEP providers?
- How do these differences impact the overall cost-efficiency and sustainability of CERDEP in public versus private settings?
- How does the per-pupil cost compare to the current per-pupil reimbursement rate for CERDEP providers?

Understanding the relationship between the inputs needed to run a CERDEP program and the program and provider characteristics is an essential first step to estimate the full costs of CERDEP programs. This step will allow us to estimate the costs for a hypothetical provider of a particular type to run a CERDEP program based on a cost model. Using data from specific providers and a cost model, we compare program expenditures to the per-pupil reimbursement rate to assess whether state funding is sufficient to cover the full program costs. We can also compare the cost-efficiency of different programs.

In the remainder of this summary, we begin with a brief overview of our approach to addressing the study questions, followed by a presentation of the key findings. We then conclude with a



discussion of the significant policy implications derived from our findings and the recommendations based on the cost analysis.

## Approach

To address these study questions, we utilize two complementary approaches. First, we develop a hypothetical cost model informed by existing literature. This model estimates per-pupil CERDEP costs under standard program assumptions while also examining cost variations based on factors such as program scale, regional price differences, teacher qualifications, compensation, and transportation services. Second, we collect expenditure data from a sample of public and private CERDEP providers through a survey and use this data to refine and update our model estimates.

Both methods focus on estimating the total cost for CERDEP providers to meet program requirements. This includes direct classroom resources, as well as indirect resources like program administration and operations.

The first cost-modeling approach builds on established cost calculators designed for 4K programs, adapted to reflect the specific features of CERDEP, such as the option to provide transportation services. The model utilizes the survey data from CERDEP providers in South Carolina and estimates costs by inputting key program components, such as staffing, class sizes, and service delivery details, and then calculating total and per-pupil costs. The analysis assumes a standard school-year program (180 days, 6.5 hours per day) and provides baseline cost estimates comparable to the baseline program criteria established in an earlier RAND report<sup>1</sup>. This method is used to capture the changes in costs over the years that are *only* due to changes in input prices.

We also adopt alternative scenarios, in line with the scenarios in the earlier report, that modify variables like teacher pay, class size, and additional services capture key factors contributing to variation in CERDEP costs. In particular, to demonstrate how costs fluctuate depending on the provider's characteristics, we estimate per-pupil costs for four hypothetical provider types, including one representing public providers and three representing private providers with different assumptions about labor inputs. Salaries at private providers are much lower than at public providers. This to great extent reflects the lower educational attainment and experience levels on average observed in the private center workforce. One question of interest is how costs would change if teachers at private providers were at parity with public providers, so one private provider type is keeping other inputs the same but adjusting pay. The second and third private provider types have lead teachers with bachelor's degrees and with associate's degrees, respectively. The four hypothetical provider types are thus:

- Type A: public schools or centers run by school districts
- Type B: Private centers offering public-school-level compensation
- Type C: Private centers paying typical private-sector wages in childcare settings, and

<sup>11</sup> [https://www.rand.org/pubs/research\\_reports/RR2906.html](https://www.rand.org/pubs/research_reports/RR2906.html)

- Type D: Private centers where lead teachers are only required to have an associate's degree.<sup>2</sup>

Moreover, we assess the extent to which the estimated per-pupil costs under different provider circumstances are covered by the CERDEP per-pupil reimbursement. The cost model reflects the providers' actual program expenditures, which can then be compared to public revenue sources like CERDEP's per-pupil reimbursement. This comparison helps us determine under what circumstances, if any, the reimbursement rate is sufficient to cover program costs.

The second approach relies on survey data collected from both private First Steps and public CERDEP providers. We designed the surveys in collaboration with South Carolina First Steps, the Department of Education and Education Oversight Committee, which were distributed via email to all participating CERDEP providers. We received completed surveys from 14 districts and 34 providers. The following aspects were surveyed:

- Staffing capacity
- Costs and revenues
- Enrollment information
- Wage and education details for CERDEP staff
- Provider characteristics (e.g., nonprofit/for-profit status, independent vs. chain operations)

Public school districts were asked to provide detailed cost and staffing information for up to four CERDEP sites, while private providers supplied similar information. We limit the number of sites districts reported on in order to reduce the time burden of the survey. Many districts responding to our survey had only four or fewer sites, making this restriction not binding. Having information on up to four sites helps us understand district level constraints and choices. Both types of providers were asked to report detailed wage and hour information for one randomly selected CERDEP site. This approach provided detailed insights from CERDEP providers statewide on the resources needed for program implementation, along with illustrative estimates of per-pupil program costs, to evaluate whether CERDEP reimbursement rates were sufficient to cover the total costs.

Finally, to contextualize South Carolina's CERDEP per-pupil reimbursement rate, we gathered data on state-funded full-day pre-K programs from neighboring states such as Florida, Georgia, North Carolina, and Tennessee. The comparison covers program characteristics, teacher requirements, and per-pupil reimbursement rates.

<sup>2</sup> This scenario does not reflect realities of SC setting but included to provide comparability to the RAND report. According to 2023-2024 guidelines "Providers shall employ qualified lead teachers in each First Steps 4K classroom. Teachers holding a four year-degree or higher in Early Childhood Education are preferred. Each lead teacher employed in the First Steps 4K program shall possess, at minimum, a two-year degree in early childhood education or a related field. Teachers possessing a two-year degree must be enrolled and demonstrating progress toward the completion of a teacher education program within four years." See for more details <https://www.scfirststeps.org/media/dfli5lzi/final-first-steps-4k-guidelines-2023-2024-8-24-2023-with-cover.pdf>. In Chapter 3, we report on how SC First step providers are staffed.

A few limitations of the two approaches are worth noting. First, the low response rate (13%) of the survey raises concerns about the representativeness of the findings, and data gaps led to assumptions that may affect the accuracy of cost estimates. Additionally, the methodology simplifies differences between public and private providers, potentially overlooking geographic and program-specific nuances. The survey’s focus on quantitative data, like costs and staffing, neglects qualitative factors such as program quality and teacher satisfaction, which are critical in assessing effectiveness. Additionally, the cost model assumes uniformity in class sizes and staffing levels, which may not reflect actual variability across settings. Geographic factors and fluctuating input costs, such as salaries and facility expenses, may reduce the model’s long-term relevance. Lastly, the model narrowly examines a few cost components while ignoring broader factors like curriculum expenses or policy changes, limiting its ability to simulate diverse scenarios. These limitations may affect the understanding of the true costs and outcomes of CERDEP programs. Future evaluations of the program should incorporate information on geographical location of the providers and consider surveying parents and teachers to account for qualitative differences.

## Key Findings

We organize our key findings according to the four main questions mentioned above. We also summarize these findings in the following text box.

<p><b>1. Sources of Cost Variation</b></p> <ul style="list-style-type: none"> <li>• The primary <b>cost components</b> include staffing (lead teachers, assistant teachers, aides), classroom materials, meals, transportation, occupancy, and administrative support. Staffing accounts for the largest proportion of costs, about 40% to 60% depending on the provider type.</li> <li>• <b>Variation in costs</b> arises from factors such as: <ul style="list-style-type: none"> <li>○ <b>Provider type:</b> Public vs. private providers, with public providers generally incurring higher costs.</li> <li>○ <b>Staff compensation:</b> Public school salaries and benefits are higher than those in private centers.</li> <li>○ <b>Lead teacher qualifications:</b> Private providers can hire teachers with lower educational qualifications (e.g., associate degrees), contributing to lower personnel costs.</li> <li>○ <b>Program scale and size:</b> Smaller programs and those with fewer students per classroom tend to have higher per-pupil costs.</li> <li>○ <b>Geographic location:</b> Differences in cost of living and wages across regions also affect overall program costs.</li> </ul> </li> </ul>
<p><b>2. Per-Pupil Costs and Variation by Provider Context</b></p> <ul style="list-style-type: none"> <li>• The <b>baseline per-pupil cost</b> varies by hypothetical model-based provider type: <ul style="list-style-type: none"> <li>○ Public school sites (Type A): \$14,048 per pupil.</li> <li>○ Private centers with public school-level pay parity (Type B): \$13,969 per pupil.</li> <li>○ Private centers with standard childcare salaries (Type C): \$9,436 per pupil.</li> <li>○ Private centers with associate-degree lead teachers (Type D): \$9,246 per pupil.</li> </ul> </li> <li>• Costs change based on factors like program size, class size, teacher qualifications, and rent or transportation availability.</li> <li>• The major differences in cost structures between public and private CERDEP providers are primarily driven by <b>staff compensation, teacher qualifications, and operational costs.</b></li> </ul>

### 3. The cost-efficiency and sustainability of CERDEP

- **Staff Costs:** Public providers face higher costs due to offering public school wages and benefits, which range from 50% to 100% higher than those of private providers, who pay wages commensurate with other teachers in private child care settings.
- **Teacher Qualifications:** Public providers require teachers with bachelor's degrees, increasing costs. Private providers are allowed to hire teachers with associate's degrees or less, modestly reducing costs.
- **Program Size:** Larger programs improve sustainability through economies of scale. Smaller class sizes raise costs for both types of providers.
- Private providers generally spend less on staffing as they can hire teachers with fewer qualifications, while public providers face higher operational costs, affecting their sustainability without additional funding.

### 4. CERDEP Cost vs. Reimbursement

- State reimbursement rates do not fully cover the operational costs of CERDEP for most providers, leading to funding gaps:
  - Public providers face a shortfall of **\$8,402** (59.8% of total costs are uncovered).
  - Private providers with public school parity face a shortfall of **\$7,736** (55.4% uncovered).
  - Private providers with typical market wages have a smaller gap of **\$3,203** (33.9% uncovered).
  - Providers hiring teachers with an associate's degree experience a shortfall of **\$3,013** (32.6% uncovered).
- Reimbursement covers only **40-67%** of the total costs depending on the provider type, even when at full enrollment, highlighting the financial strain on CERDEP providers.
- Some costs, such as facility rent, may be incurred by providers whether or not they have a CERDEP classroom. Reimbursement rates are insufficient to cover even classroom teacher salaries for public providers (Type A) and private providers with salaries at parity with public teachers (Type B). Reimbursement rates are similar to total costs minus facility and administrative costs for private providers paying typical private salaries (Types C and D).

## Factors determining the costs and sources of cost variation

The factors that determine costs for CERDEP providers and sources of cost variation are shaped by several key elements:

### 1) Staffing and Compensation:

- Personnel costs are the largest factor affecting overall costs, particularly in public providers. Public CERDEP providers must offer salaries and benefits in line with South Carolina's public-school system, where benefits can account for up to 45 percent of salaries.
- Private providers (Types C and D) have more flexibility, allowing them to offer lower wages and benefits. For instance, Type D providers can employ lead teachers with only an associate's degree, further lowering personnel costs.

### 2) Program Size and Class Size:

- The number of CERDEP rooms and student enrollment can also influence costs. Larger programs with more students benefit from economies of scale, leading to lower per-pupil costs.

- Smaller class sizes, on the other hand, increase costs as fewer students are enrolled per classroom while fixed expenses, like facilities and staffing, remain constant.

### **3) Facilities and Transportation:**

- **Rent and transportation services** contribute to cost variations. For example, schools that do not need to pay for rent or transportation services can reduce their operational costs by up to 8-12 percent.
- Private centers generally face lower occupancy and administrative costs than public schools.

### **4) Lead Teacher Qualifications:**

- Public providers and Type B private providers must hire lead teachers with a bachelor's degree, which increases salary and benefits costs. Meanwhile, private providers (Type D) can hire teachers with lower qualifications, such as an associate's degree, reducing personnel costs significantly.

In summary, the main factors driving cost variations between CERDEP providers are staffing and class size. Program size, facilities, transportation, and teacher qualifications also impact costs but to a lesser degree. Public providers tend to have higher overall costs due to stricter requirements for teacher qualifications and staff compensation.

### **Per-Pupil Costs and Variation by Provider Context**

The baseline cost model examines four distinct CERDEP provider contexts: one for public school district programs and three for private centers (see Table S.1). These types allow for comparisons based on three key features: public versus private, compensation levels, and lead teacher qualifications.

In particular, the model assumes all CERDEP sites offer a traditional school year with 6.5 hours per day for 180 days per year; each site has two classrooms, each with 20 students (maximum capacity), totaling 40 CERDEP students per site; all provider types incur costs for rent and transportation services.

Type A refers to public school district sites, where the setting is a public school or center operated by the school district. The lead teacher must hold a bachelor's degree with a specialization in Early Childhood Education (ECE), and the compensation structure follows public school salaries and benefits, including a 45 percent fringe benefit rate. Type A assumes a total school enrollment of 450 students, with 150 in the 4K program.

Type B, C, and D are all private centers. We assume all of these centers have a total enrollment of 120 students, a typical size for a smaller provider. Comparison of Type A to Type B captures the cost savings from the larger scale, all else equal, in this hypothetical setting. Specifically, Type B applies to the private centers with pay parity to public schools, including the 45 percent fringe benefit rate. The lead teacher qualifications and compensation are identical to Type A.

Type C represents private centers that offer standard childcare sector wages. In this context, the lead teacher is still required to have a bachelor’s degree in ECE, but the compensation is lower than in Types A and B (capturing higher turnover and lower experience among the private school teaching staff even when education level is comparable to public provider setting). Teachers in Type C are compensated according to private sector wages, with a lower fringe benefit rate of 12 percent. Type D also applies to private centers, but the lead teachers in these programs only need an associate’s degree. Compensation remains aligned with private sector wages, and the fringe benefit rate is 12 percent, the same as in Type C.

**Table S.1. Key Assumptions for Four Provider Types for Hypothetical CERDEP Cost Model**

	<b>Type A - Public School District Site:</b>	<b>Type B - Private Center (Pay Parity):</b>	<b>Type C - Private Center (Typical Private Wages):</b>	<b>Type D - Private Center (Associate Degree Teachers):</b>
<b>Setting</b>	Public school or center funded by the school district	Private center, but with pay parity to public school staff	Private center with typical childcare sector wages	Private center with lower qualification requirements
<b>Lead Teacher Quality</b>	Bachelor’s degree in early childhood education (ECE) +certificate	Bachelor’s degree in ECE +certificate	Bachelor’s degree in ECE	Associate’s degree
<b>Compensation</b>	Public school salary and benefits (45% fringe benefits)	Same as public schools (45% fringe benefits)	Lower private sector wages (12% fringe benefits)	Lower private sector wages (12% fringe benefits)
<b>Total School Enrollment</b>	450 students, with 150 in 4K programs	120 students	120 students	120 students.

NOTES: All provider types are assumed to offer the traditional CERDEP (6.5 hours per day and 180 days per year) with two CERDEP rooms in the site and full enrollment of 20 children. Facility cost (rent, mortgage, etc) and transportation services are all assumed for all four types.

Notably, the progression from Type A to D shows decreasing lead teacher qualifications and compensation. This relationship highlights how teacher qualifications and compensation serve as the main sources of cost variation for providers. The lower teacher wages in Types C and D substantially reduce private provider’s costs for operating a CERDEP classroom compared to the public school district model of Type A.

We provide model-based estimates for CERDEP unit costs, broken down by per pupil, per pupil-day, and per pupil-hour, in Table S.2. and elaborate on the main findings are as follows:

**Table S.2. Model-Based Estimated CERDEP Unit Costs, Baseline Model by Provider Type (2023 dollars)**

	<b>Type A</b>	<b>Type B</b>	<b>Type C</b>	<b>Type D</b>
<b>Per-pupil cost</b>	14,048	13,969	9,436	9,246
<b>Per-pupil-day cost</b>	78.05	77.60	52.42	51.37
<b>Per-pupil-hour cost</b>	12.01	11.94	8.07	7.90

The per-pupil costs of CERDEP vary significantly depending on the type of provider (public or private) and key program features. Here's an overview of the variations:

## 1) Illustrative Provider Types

### Public Providers (Type A):

- The per-pupil cost for public school sites is the highest at **\$14,048**, primarily due to higher staffing costs. Public schools are required to hire lead teachers with a bachelor's degree in early childhood education (ECE) and offer compensation on par with public school teachers, which significantly increases personnel expenses.

### Private Providers:

- **Type B:** These providers operate in private centers but have pay parity with public schools. Their per-pupil costs are nearly identical to public providers at **\$13,969**, as they also employ CERDEP certified teachers with bachelor's degrees and offer similar wages.
- **Type C:** Private providers with lower salaries typical of the private childcare sector have a lower per-pupil cost of **\$9,436** (a 32% reduction compared to Type B).
- **Type D:** Private providers with even lower teacher qualification requirements (associates degree or less for lead teachers) have the lowest per-pupil cost of **\$9,246** (a 2% reduction compared to Type C).

## 2) Key Factors Influencing Variation:

Several other factors also play an important role in determining the costs. Table S.3.

- **Staffing Costs:** This is the most significant driver of cost differences. Public providers pay higher salaries and benefits, while private providers, especially those with lower teacher qualification requirements, can reduce staffing expenses.
- **Program Size and Class Size:** Larger programs with more classrooms and higher enrollments tend to have lower per-pupil costs due to economies of scale, whereas smaller programs have higher costs. Reducing class sizes also increases costs significantly.
- **Facilities and Transportation:** Rent and transportation services further influence costs. Programs that do not incur rent or transportation expenses have reduced per-pupil costs.
- Other major cost drivers included variations in local salaries and price differences, reduced class sizes (fewer than the allowable 20 children per classroom), and whether facility rental or mortgage costs—part of occupancy expenses—were

factored in. We summarize how these cost variations affect the estimated per-pupil costs in Table S.3.

**Table S.3. CERDEP Per-Pupil Cost by Provider Type -Alternative Scenarios (2023 dollars)**

<b>Scenario</b>	<b>Type A</b>	<b>Type B</b>	<b>Type C</b>	<b>Type D</b>
<b>Baseline</b>	14,048	13,969	9,436	9,246
<b>Salaries and Unit Cost</b>				
Lower-cost areas <sup>a</sup>	12,258	12,193	8,426	8,264
Higher-cost areas	17,514	17,407	12,966	12,622
<b>Program Size</b>				
1 CERDEP room	14,325	14,245	9,712	9,523
4 CERDEP rooms	13,910	13,831	9,298	9,108
<b>Class Size</b>				
18 students	15,006	14,927	9,980	9,769
11 students	21,102	21,022	13,440	13,095
<b>Without Rent etc. <sup>b</sup></b>	12,896	12,817	8,284	8,094
<b>Without Transportation</b>	13,746	13,667	9,134	8,944

<sup>a</sup> We do not observe geographical location or make assumptions about geographical locations. Lower or higher cost areas are by level of BLS average data. Specifically, 25<sup>th</sup> percentile of wages is considered to be observed in low cost areas, while 75<sup>th</sup> percentile of wages is in high cost areas. <sup>b</sup> Rent is a component of occupancy costs. Utilities are still included in occupancy costs, along with repair and maintenance.

Overall, the costs per pupil range from **\$9,246** to **\$14,048**, depending on provider type and program characteristics, with public providers incurring the highest expenses.

### **The cost-efficiency and sustainability of CERDEP programs**

The cost-efficiency and sustainability of CERDEP programs in public versus private settings are influenced by several factors, leading to significant differences between the two:

1. **Staff Compensation:** Public CERDEP providers (Type A) have higher costs due to offering public school-level wages and comprehensive benefits (up to 45% fringe benefits). This results in higher personnel expenses compared to private providers, especially those paying lower childcare-sector wages (Type C and D). This makes private providers more cost-efficient in terms of staffing.
2. **Teacher Qualifications:** Public providers are required to hire lead teachers with a bachelor's degree in ECE (and that have passed Praxis test), which further drives up costs. Private providers, particularly Type D, are allowed to hire teachers with an associate's degree or less, leading to lower salary expenses and better cost-efficiency.
3. **Program Scale and Class Size:** The sustainability of CERDEP programs improves with larger class sizes and more classrooms. Public providers, operating larger programs, benefit from economies of scale. However, smaller class sizes increase per-pupil costs across both



public and private settings, impacting cost-efficiency. That said, smaller classrooms are shown to improve student learning, making 20 student per classroom with 2 teachers a desirable setting.

In summary, private providers generally have a more cost-efficient structure, while public providers face higher costs due to compensation requirements. These differences affect the long-term sustainability of CERDEP programs, with public providers requiring greater financial support to cover operational costs.

### **CERDEP Cost Versus Reimbursement**

The per-pupil cost for CERDEP providers significantly exceeds the current per-pupil reimbursement rate:

1. **Public Providers (Type A):** The per-pupil cost is **\$14,048**, while the total reimbursement, including instruction and other services, is **\$5,646 to \$6,233**. This leaves a funding gap of **\$8,402**, covering only about **40-45%** of total costs.
2. **Private Providers:**
  - **Type B** (pay parity with public providers): Per-pupil cost is **\$13,969**, with a gap of **\$7,736** (about **55%** of costs uncovered).
  - **Type C** (private sector wages): Per-pupil cost is **\$9,436**, leaving a gap of **\$3,203**, covering about **65-67%** of costs.
  - **Type D** (associate degree lead teachers): Per-pupil cost is **\$9,246**, with a shortfall of **\$3,013**, covering approximately **67-68%** of total costs.

In sum, the reimbursement rates fall short for all provider types, with public providers facing the largest shortfall.

### **Policy Implications**

Our analysis brings to light several key policy considerations concerning the reimbursement of CERDEP providers, both public and private, for their services. We focus on five specific issues.

#### **Policy Consideration 1: Addressing Compensation Gaps Between Public and Private Teachers**

Teacher pay is the most important factor in the total program cost. Ensuring teacher pay is sufficiently high is also crucial for program quality as higher pay allows programs to attract and retain the most qualified teachers. However, as highlighted in this study, there are substantial pay gaps (on the order of 50% or more) between teachers at public and private programs. Public lead teachers earn a median salary of \$57,000, while private center lead teachers make between \$18,720 and \$37,624, depending on their pay structure (e.g., hourly, weekly, or annual). This difference is expected given higher education and further certification public school teachers are required to have. The benefits offered by public providers (such as health insurance and retirement plans)

further widen the cost gap, with private centers often unable to match these compensation packages. A key policy issue is whether the CERDEP reimbursement system should reinforce the significant pay gaps between public schools and private center-based providers or attempt to ameliorate it.

Public providers tend to have higher costs due to requirements for hiring lead teachers with a bachelor's degree and a teaching license and offering public school-level salaries and benefits. In contrast, private providers, particularly those that hire lead teachers with only an associate's degree and pay lower wages, manage lower per-pupil costs. Hence, there is increasing focus on achieving salary parity between pre-K teachers in public schools and private centers, along with discussions on how to implement this. For example, First Steps could also require private CERDEP providers to follow the same or an adjusted salary schedule as the public schools for their lead classroom teachers. This can only be achieved given a higher CERDEP reimbursement.

Admittedly, achieving compensation parity for private providers would raise the per-pupil cost of CERDEP, requiring additional state funding if enrollment levels are to be maintained or increased. Providing opportunities for private school teachers to earn additional certifications or subsidizing continued education may be one way to achieve this goal. This could potentially bring several benefits, such as reduced staff turnover (leading to more experienced teachers and more stable bonds between teachers and children, increasing program quality), better learning environments, and less reliance of private center staff on social safety net programs like Supplemental Nutrition Assistance Program (SNAP).

At the same time, if parity is only applied to 4K teachers in private programs and not to teachers working with younger children (e.g., infants, toddlers, or 3K), it could create new challenges. Within-site pay disparities among similarly qualified staff may impact staff morale, performance, satisfaction, and retention. Therefore, addressing compensation parity requires consideration of differences between public and private programs, as well as potential inequities within private centers based on the ages of the children being served.

### **Policy Consideration 2: High Vacancy Rates Increase the Per-Child Cost**

Many providers, both public and private, are not operating at full program capacity, with 60% of private providers and 49% of public providers operating below capacity. Private providers are particularly likely to have multiple vacancies, with the average classroom having only 11 CERDEP children. Most programs indicated that they could increase enrollment without hiring additional staff. Given the high share of program costs made up by staffing costs, this means that they could operate at full capacity with minimal increases in cost. Thus, having enrollment below capacity means that the costs are split fewer ways, raising the per pupil costs. A smaller class size may improve student learning (Krueger and Whitmore 2001), but it also is more costly.

### **Policy Consideration 3: A Single Reimbursement Rate vs. Variable Rate**

Our analysis shows that CERDEP providers, even when adhering to program requirements, incur significantly different per-pupil costs. According to our model, these differences can be substantial,

amounting to several thousand dollars per pupil. The variation stems from factors such as compensation levels, resource unit prices across regions, class sizes, and lead teacher qualifications (for center-based providers), among other influences. Notably, some factors, like class size, are within the control of providers, while others, such as local cost levels, are not.

A single reimbursement rate for all providers, whether public or private, offers simplicity and uniformity. However, this approach can create significant challenges due to the inherent differences between the operational contexts of public and private providers.

Public providers typically offer higher teacher salaries and more comprehensive benefits than private centers. A single rate does not account for these disparities, meaning that private centers may struggle to compete with public providers for high-quality staff. This creates a situation where private centers, especially those with lower salaries, may face financial strain while offering comparable services. Moreover, costs, particularly for labor and rent, vary widely across different regions. In higher-cost areas, providers may find the single reimbursement rate inadequate, especially private centers that do not benefit from the economies of scale often available to larger public institutions.

Second, using a single reimbursement rate may impact the service quality and accessibility. Private centers with lower budgets might face challenges in maintaining program quality if forced to work within the confines of a single reimbursement rate. This could possibly lead to cuts in non-mandatory services like transportation or meals. Additionally, with insufficient reimbursement, private providers in high-cost areas may opt not to participate in CERDEP, potentially reducing access to early childhood education for children in underserved regions, where public options are limited.

*Factors to Consider with a Variable Reimbursement Rate*

To introduce a variable reimbursement rate, it’s important to understand which sources of cost variation to account for and how many factors to include in the rate schedule. Table S.4 outlines factors that influence reimbursement rates of five states, i.e., Alabama, Florida, Georgia, North Carolina, and Tennessee, that have adopted a variable reimbursement rate. These states account for five main factors in determining the reimbursement rate: geographic location, teacher education and compensation, public versus private provider status, class size, and the number of days programs operate. Most states only adjust rates for one or two of these factors, with teacher education and compensation being the most common. Alabama and Georgia stand out by varying rates for all five factors.

**Table S.4. A Comparison of Reimbursement Factors of State-Funded 4K Programs**

State	Variable Reimbursement Rate	Factors Tied to Reimbursement					
		Location	Teacher Education & Compensation	Public vs. Private	Class Size	Days of Service	Local Funds to Supplement
<b>Alabama</b>	✓	✓	✓	✓	✓	✓	✓

<b>Florida</b>	✓	✓					
<b>Georgia</b>	✓	✓	✓	✓	✓	✓	
<b>North Carolina</b>	✓		✓	✓			
<b>South Carolina</b>							
<b>Tennessee</b>	✓						✓

SOURCE: State 4K program websites and other materials documented in Appendix A.

In setting the reimbursement rate schedule for CERDEP, it’s essential to recognize the program’s key sources of cost variation, including staffing costs, lead teacher qualifications, class size, and operational expenses. Public providers have higher costs due to hiring teachers with bachelor’s degrees and offering public school-level salaries and benefits, while private providers, particularly those hiring teachers with lower qualifications, are more cost-efficient, particularly if they are operating at full capacity. However, in the survey data, private providers have higher vacancy rates than public providers.

Other cost variations stem from **rent** and **transportation**. Public providers often use existing infrastructure for transportation, while private providers incur lower administrative and occupancy costs. Comprehensive health and developmental screenings also add to the higher costs of public providers. Also, for some programs, a program component may be already covered by other public funding sources. Then the CERDEP rate may exclude reimbursement for that specific component. For instance, a reimbursement component for meals can be excluded if providers qualify for Child and Adult Care Food Program (CACFP) reimbursement.

In sum, these cost variations highlight the need for a **differentiated reimbursement structure** that reflects the actual costs incurred by each provider type. Policies should consider adjusting rates based on the abovementioned factors, such as staffing levels, teacher qualifications, and the extent of additional services like transportation and health screenings. By recognizing these variations, the state can ensure that reimbursement rates are equitable and reflective of the true cost of delivering CERDEP services across different settings. For example, currently in SC, First Steps providers can get additional funding for activities or extended day and extended year programs, whereas Public 4K providers do not.

**Policy Consideration 4: How to Account for Challenges that are Unique to Provider Type**

As small businesses, private providers face different challenges from public providers. As highlighted earlier, one significant difference is the pay scale for teachers. In addition, because they are small businesses, private providers have fewer economies of scale. They also generally do not have administrative staff members fully dedicated to administering CERDEP or for learning about, applying to, and maintaining records for other public programs, such as the Child and Adult Care Food Program (CACFP).

SC Voucher Program, managed by the South Carolina Department of Social Services, helps low-income families afford childcare, including pre-K programs. Families participating in First Steps 4K, which provides free full-day kindergarten for four-year-olds, can also receive

additional childcare scholarships (First Steps Scholarship) through the SC Voucher system. These vouchers cover before- and after-school care for First Steps 4K students and their siblings up to age 12, allowing access to providers within the ABC Quality system and ensuring families have affordable pre-K and extended care options. In particular, for pre-K children in full-day care, the maximum weekly reimbursement of SC Voucher Program can range from \$150 to \$240 depending on the type of provider and the location (urban or rural). That is, for a child in full-time care, this equates to about \$600 to \$960 per month. On the other hand, the current CERDEP reimbursement rates are roughly \$470 to \$519 per month, significantly lower than SC Voucher.

In the survey of private providers, centers reported the price that they charge for full-time care for private pay four-year-olds. The average price charged was \$713 per month, while the median price charged was \$758 (that is, half of providers charged more than \$758 per month and half charged less). Prices ranged from approximately \$477 per month on the low end (10<sup>th</sup> percentile) to \$867 per month on the high end (90<sup>th</sup> percentile). Thus, private pay rates also seem to be higher than CERDEP reimbursement rates.

Providers may participate in a mix of public programs and have private pay families. However, when reimbursement rates are not aligned, it may provide an incentive for providers to shift toward serving children in the program with the higher reimbursement rate, all else being equal. And providers that can charge more on the private market may opt not to participate in CERDEP.

### **Policy Consideration 5: How to Ensure Reimbursement Rates Keep up with Inflation**

There has been significant inflation since the last CERDEP cost study, which estimated costs as of the 2017-18 school year. Although a full annual cost study is likely not feasible, it is important for reimbursement rates to keep up with inflation to ensure purchasing power is not lost and providers can continue to run high quality programs. Recent inflation has been particularly notable in the wages of low-wage workers, including child care teachers, putting pressure on private provider costs. According to the U.S. Bureau of Labor Statistics' Occupational Employment Statistics, median wages for elementary school teachers in South Carolina rose 20% between 2017 and 2023, while child care teacher wages increased by a substantial 45% over that time period. Given the high fraction of total costs made up of salaries and benefits, these large labor cost increases would have had a significant impact on total costs. It is important for stakeholders to be aware of how costs are changing in between cost studies, potentially beyond what is accounted for through cost of living adjustments.

### **Policy Consideration 6: What Proportion of Costs to Cover**

Another important question is what proportion of provider costs should be covered by state funds. Our model-based estimates indicate that providers may need to cover up to half of CERDEP costs from other sources. Public school districts likely have access to additional public funds, which may justify providing a smaller reimbursement share for public providers compared to private centers. Private providers, with fewer alternative funding options, are compelled to offer lower

salaries and benefits to remain financially viable, given the current reimbursement shortfall under CERDEP.

The policy considerations regarding how much provider costs to cover in the reimbursement rate schedule for CERDEP are shaped by the significant variations in per-pupil costs across different provider types. For the reimbursement rate schedule to be equitable, policymakers must decide whether to recognize these differences. For example, **public providers** face significant shortfalls between the total per-pupil costs (averaging **\$14,048**) and the current reimbursement rates (approximately **\$5,646 to \$6,233**). Private providers experience smaller gaps, with per-pupil costs around **\$9,436 to \$9,246** depending on teacher qualifications and salary levels.

Moreover, the reimbursement schedule should account for other sources of funding for the Pre-K programs. For instance, among the states that we compare South Carolina CERDEP to, Alabama and Tennessee have explicit policies that require a contribution of local funds to supplement the state reimbursement rates (as shown in the last column of Table S.4.). As such, the state reimbursement rate is not intended to cover the full cost of the program. In a similar vein, if CERDEP providers are eligible for meal cost reimbursement through CACFP, CERDEP would not need to cover the per-pupil meal expenses; vice versa.

On the cost side, determining whether a component should be covered depends on whether the expense is essential for maintaining high quality or simply an optional feature without added program benefits. To exclude certain costs from CERDEP reimbursement, it is important to fully understand which features are evidence-based and necessary. For instance, higher spending on enrichment activities, like additional field trips beyond a set limit, or using costly professional development models that lack proven effectiveness, may not warrant reimbursement. The per-child reimbursement rate does not align with the coverage of these expenses under any model. Rather than focusing on what portion to cover, it may be more effective to consider which components should be covered.

## **Policy Recommendations**

Our analysis has underscored multiple policy challenges tied to the per-pupil reimbursement system for CERDEP providers. These issues require careful deliberation in the policymaking process, as many of the challenges involve critical trade-offs. Therefore, we propose a series of recommended steps for CERDEP stakeholders in South Carolina to engage in, fostering a systematic evaluation of the potential impacts and advantages of altering the current reimbursement framework.

### **Recommendation 1: Provide Incentives for Higher Teacher Pay**

The quality of CERDEP programs is critically tied to the quality of the teachers interacting with the children on a daily basis. Given the research on how increasing pay increases ability to attract better teachers (higher education and qualifications) and reduces teacher turnover, paying high enough salaries is crucial to program quality (for example see, Krueger and Whitmore 2001). Thus, one area of opportunity is offering a tiered reimbursement rate system that ties higher

reimbursement rates to higher teacher salaries. Given the potentially challenging dynamics within centers of raising pay for 4K teachers and potentially not for teachers in other age groups, we recommend convening stakeholders, particularly private providers, to discuss implementation design. Providing opportunities for private school teachers to earn additional certifications or subsidizing continued education may be one way to achieve this goal. In addition to increasing reimbursement rate when tied to teacher quality, this could potentially bring several other benefits, such as reduced staff turnover (leading to more experienced teachers and more stable bonds between teachers and children, increasing program quality) and thus better learning environments.

One additional benefit of this system, in addition to incentivizing private providers to increase salaries, is that it will allow public providers, who already pay significantly higher salaries, to have more of their costs covered by CERDEP. Current CERDEP reimbursement rates are low enough relative to expenditures for public providers that they do not cover the costs of the classroom teachers. Public sites are crucial for serving underserved areas, and increasing reimbursement rates could bring more public schools into the program.

### **Recommendation 2: Assess Root Cause for High Vacancy Rates**

In our survey we document vacancies in certain areas while there are waitlisted students in others. Understanding why vacancy rates are high will help to inform what policy response is needed, if any. If public providers have expanded in recent years, that may have reduced demand for private providers. Assessing whether there are more providers in some areas than is needed to support the eligible population in that area would also be useful. Alternatively, perhaps more outreach is needed to eligible families to induce them to enroll their children in the CERDEP or First Steps 4K programs.

Another possibility is that enrollment may be low in more rural areas where there are fewer children nearby but still a need for a CERDEP provider. In the case that there are not other providers in the area but also low enrollment, consider adjusting reimbursement rates to acknowledge that per pupil costs are higher so that providers can continue to serve in this underserved area. The data also reveals a major gap in transportation services—89% of public providers offer transportation, compared to only 23% of private providers. Transportation is crucial for access, especially for low-income families. The state should prioritize transportation subsidies to improve access and financial stability in underserved areas.

### **Recommendation 3: Consider Differentiating Rates based on Program Characteristics**

In recommendations 1 and 2 above, we discuss possible differentiation of reimbursement rates by teacher salaries and, for underserved areas, by enrollment levels. There are also other areas where rate differentiation may prove beneficial. Public school CERDEP providers (Type A) face significantly higher costs than private providers, mainly due to higher wages, comprehensive benefits (e.g., health insurance, paid leave), and offering a wider range of services like health screenings and transportation. Despite these costs, public sites are crucial for serving underserved areas. The funding gap remains large, with public schools receiving far less than their actual costs.

This data emphasizes the need to raise reimbursement rates for public providers to better reflect their service offerings and higher personnel expenses.

Reimbursement increases could also account for the additional services public schools provide (such as speech screenings, dental services, and developmental assessments), which are offered by over 80 percent of public providers but far less frequently by private providers. This highlights the importance of tailoring funding to the broader service portfolio provided in public school settings. In addition, reimbursement rates could vary based on teacher qualifications, incentivizing providers to higher teachers with more ECE-specific training.

#### **Recommendation 4: Continue Additional Supports for Private Providers**

Small private providers benefit from the additional support provided to them in terms of professional development, ease of program participation, and connecting them to other programs that can assist with costs. When asked what the most important factors were for participating in CERDEP, several providers specifically mentioned the teacher training and support provided to them at no charge. Several others also mentioned appreciating that CERDEP was not too administratively burdensome.

#### **Recommendation 5: Update Model-Based Cost Estimates Annually**

In order to estimate how well reimbursement rates are keeping up with inflation, the key ingredient is teacher labor. Office of Employment and Wage Statistics (of Bureau of Labor Statistics) releases statistics for May of each year on wages of elementary school teachers and child care workers, allowing stakeholders to monitor trends in the cost of this crucial input (see [https://www.bls.gov/oes/2023/may/oes\\_nat.htm](https://www.bls.gov/oes/2023/may/oes_nat.htm) for May 2023 numbers). It also allows for doing a back-of-the-envelope calculation of how much the labor cost increases are estimated to increase the total cost of the program for providers. In our survey, however, we noted providers who responded reported below average wages for SC. It reflects within state variation in prices and potentially high concentration of First Steps providers in low cost areas.

#### **Recommendation 6: Generate Consensus on Fraction of Total Costs Reimbursement Rates Should Cover**

CERDEP reimbursement rates fall well below estimated total costs of program provision. A key question is determining the targeted fraction of costs to cover. Programs do utilize other revenue sources, so the question is what fraction of their total costs they should be required to fund with those other sources, such as other public programs and donations. We recommend convening key stakeholders to determine whether CERDEP reimbursement rates should cover the full cost of care or if providers should also be using other funding sources. If providers are expected to use other funding sources as well, CERDEP could assist programs with understanding what other funding is available and what other programs are doing in order to cover the gap between the cost of care and the reimbursement rates.



Another possibility to consider is a guaranteed base funding for all providers with supplementary per pupil reimbursement. This will enable all providers to cover fixed costs of operations and be less vulnerable to fluctuations in demand.

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**Report starts on the next page**

**South Carolina Child Early Reading and Development  
Education Program (CERDEP)  
Cost Report 2024**

# 1. Introduction

The South Carolina Early Reading Development and Education Program (CERDEP) is a state-funded initiative aimed at improving kindergarten readiness for four-year-olds from low-income households. Administered by the South Carolina Department of Education (SCDE) and South Carolina First Steps (SCFS), CERDEP provides full-day pre-kindergarten (4K) education through a mixed-delivery system, which includes both public schools and private childcare providers. Established to support at-risk children, particularly those in impoverished or rural areas, CERDEP has grown significantly since its inception in 2006.

As of the 2022-2023 school year, CERDEP served nearly 14,300 students, accounting for 36 percent of the state's four-year-old Pupils in Poverty (PIP). Despite steady increases in state reimbursement rates, concerns remain regarding whether these rates fully cover the actual costs of delivering high-quality early education services.

According to the *2023 State of Preschool Yearbook* by the National Institute for Early Education Research (NIEER), about 35 percent of 4-year-olds attended state-funded programs across the U.S. for the 2022-2023 school year. The total number of enrolled children remains below pre-pandemic levels. States are spending more on pre-K than ever before—about \$11.7 billion in total, with an average of \$7,277 per child; much of this increase is due to temporary federal COVID-19 relief funds. South Carolina has made significant progress in terms of access, ranking 14th for 4-year-old enrollment, but spending remains relatively low compared to other states, placing 37th in national spending rankings.

In the 2023–2024 school year, CERDEP providers in South Carolina were reimbursed \$5,100 per student for instructional costs, which is above the state's previous rate. However, this rate is below the national average for per-pupil spending in state-funded pre-K programs and falls short of the NIEER estimated costs required for a high-quality, full-day preschool program that meets all quality benchmarks (which is \$13,520 per child for South Carolina). Importantly, South Carolina applies a uniform reimbursement rate for all CERDEP providers, regardless of provider type (public or private) or geographic location within the state. This model contrasts with other states like Georgia and North Carolina, where variable rates are based on factors such as the type of provider, geographic area, and/or teacher qualifications.

The current CERDEP reimbursement schedule highlights several areas for further consideration. First, the gap between the cost of operation and the reimbursement rate limits the ability of providers to maintain high quality standards, such as adequate teacher salaries and student-to-teacher ratios, and raises questions about the sustainability of the programs. Second, the single reimbursement rate, which fails to account for program characteristics and locations, may result in more disparities in program quality. Lastly, since private providers often face lower wage scales compared to public providers, the uniform rate may not sufficiently incentivize private providers to pay wages that are high enough to hire and retain the most qualified educators, potentially limiting access to high quality programs in certain areas.

This report, prepared for the South Carolina Department of Education, provides a detailed analysis of CERDEP's cost structures. It examines the factors that influence per-pupil costs, such as teacher qualifications, staff compensation, and program size, while also comparing public and private providers' cost-efficiency.

Specifically, we address the following questions:

- 1) How do factors such as teacher qualifications, compensation, and program size influence per-pupil costs?
- 2) What are the per-pupil costs for delivering CERDEP services in both public and private settings? What are the key differences in cost structures between public and private CERDEP providers?
- 3) How do these differences affect the cost-efficiency and long-term sustainability of CERDEP in public versus private programs?
- 4) How does the per-pupil cost of providing CERDEP compare to the current reimbursement rate offered to CERDEP providers?

Understanding program costs is critical for South Carolina's education leaders and others across the country to fully grasp the financial demands of delivering high-quality pre-K programs. It also helps assess whether existing reimbursement rates are sufficient to sustain these programs. Once we identify the source of cost variation, we can estimate the operational costs for individual providers based on their specific characteristics, or for different types of providers through a cost model. By comparing the estimated or actual costs to the per-child reimbursement rate, decision-makers can determine whether the current state funding adequately covers the costs of delivering high-quality preschool education. Consequently, the findings can inform policymakers on the adequacy of current reimbursement rates and offer insights into potential policy adjustments that could enhance the financial sustainability of CERDEP.

## Approach and Limitations

We adopt two approaches for understanding the CERDEP costs. Both are informed by a survey of providers used to gather data on real-world program characteristics, staffing, and cost structures for a set of providers. First, we employ a **model-based approach** to estimate the per-pupil costs of providing CERDEP (Child Early Reading Development and Education Program) services. These costs are based on typical input costs based on outside labor market and cost data for South Carolina. Second, we use a **survey-based approach** relying on wages collected from the survey of providers to directly inform the cost calculation. This approach accounts for differences between CERDEP providers and averages from other providers within the state but is limited by the smaller sample of survey respondents.

The team collaborated with South Carolina First Steps and the Department of Education to design the survey. The aim was to collect detailed data on staffing, enrollment, program costs, and revenues. The survey was sent via email to 279 CERDEP providers, and the response rate was

relatively low, with responses from 14 public school districts (representing 39 sites) and 35 private providers, amounting to 13 percent of the total provider population.

The survey collected various types of data. Provider characteristics, such as the program structure, number of hours and days of service, staffing practices, and enrollment numbers, were documented. It also gathered detailed information on staffing costs, including wages, benefits, and the roles of lead teachers, assistant teachers, and administrative staff. The survey further explored the revenue sources for providers, including public funds, private payments, and donations. This information was crucial for evaluating the overall economic cost of running CERDEP programs in both public and private settings.

The first approach—model-based approach consists of the following steps. The analysis begins with a baseline model that estimates the total cost of running CERDEP programs by drawing on survey data from providers, along with labor market information. This model incorporates various cost components such as classroom staff, administrative expenses, materials, transportation, and occupancy costs. A traditional program structure is assumed, involving 180 days of operation per year with 6.5-hour school days and class sizes of 20 students. The model differentiates between four provider types, considering both public and private settings and varying teacher qualifications and compensation structures.

Following the baseline model, a cost sensitivity analysis is conducted to assess how changes in certain program characteristics—such as class size, teacher compensation, and transportation—affect the per-pupil cost estimates. This analysis helps identify the main cost drivers by testing different scenarios and measuring the resulting variations in costs.

The final part of the approach involves comparing the per-pupil cost estimates from both the baseline model and alternative scenarios with state reimbursement rates. This comparison allows the researchers to evaluate whether the current state funding levels adequately cover the costs of providing CERDEP services.

A few limitations of this approach are worth noting. First, the model simplifies real-world variability by assuming uniformity in features like class sizes and staffing levels across providers, which may not accurately reflect the diverse practices in actual settings. Geographic variations and specific program circumstances, such as urban versus rural locations, could lead to different cost structures that the model does not fully account for. Additionally, the cost assumptions used in the model rely on static input prices, such as salaries and facility costs, drawn from market data at a specific point in time. This makes the model vulnerable to changes in inflation, labor market conditions, and policy shifts, limiting its long-term relevance. It also does not capture any differences that may exist between CERDEP providers and others.

In the second approach, the survey results allowed for a comparative analysis of public and private specific to CERDEP providers, revealing that private providers generally have lower per-pupil costs. This is mainly due to differences in staff compensation, where private providers pay lower wages and offer fewer benefits compared to their public counterparts. Additionally, significant variations were noted in the services offered, with public providers more likely to offer health

screenings, developmental assessments, and transportation services. These service differences help explain some of the (small) remaining cost disparities between provider types.

The data gathered through the survey was instrumental in creating cost estimates for CERDEP programs. These estimates were then used to inform both baseline cost models and alternative scenarios, enabling a sensitivity analysis that considered how various factors might affect program costs. By comparing the real-world cost estimates with state reimbursement rates, the analysis provided insights into whether the current funding levels are sufficient to cover the costs of operating CERDEP programs.

Despite the value of this survey-based approach, there are some limitations. One significant issue is the relatively low response rate, with only 13 percent of providers participating. This raises concerns about the representativeness of the findings, as the small sample size may not fully capture the diversity of CERDEP providers across South Carolina. Another limitation is the presence of data gaps, with some districts and providers failing to report detailed information on specific cost components or revenue sources. The issue of missing data could affect the precision of the cost estimates.

The approach also involves simplifying some of the differences between public and private providers to create standardized cost comparisons. This may overlook more nuanced variations between the two provider types, such as geographic differences or specific program characteristics. There is also the possibility of misreporting or misunderstanding certain survey questions, particularly regarding services like health screenings or developmental assessments, which may be outsourced by private providers rather than offered in-house. Additionally, the survey focuses primarily on quantitative data, such as costs and staffing, but does not account for qualitative factors like program quality or teacher satisfaction, which are also important in evaluating the effectiveness and cost-efficiency of CERDEP programs.

A limitation of both approaches is that the model focuses solely on financial aspects and does not explore how cost components relate to program quality or child outcomes. For example, it does not examine whether higher staff compensation leads to better developmental outcomes for children. The analysis also overlooks non-tangible factors like teacher satisfaction, parent engagement, or the benefits of certain teaching approaches, which could indirectly affect program costs and outcomes.

## 1.1 Background

The South Carolina Early Reading Development and Education Program (CERDEP) originated from the Child Development Education Pilot Program (CDEPP), which began in 2006 through an annual budget proviso, targeting children in specific districts involved in the Abbeville County School District et al. versus South Carolina school funding lawsuit. In 2014, Governor Nikki Haley signed the program into state law as a permanent program, renaming it as CERDEP. This comprehensive program offers full-day kindergarten for at-risk four-year-olds. Initially focused on the trial districts outlined in the lawsuit, CERDEP's scope gradually expanded to include other needy districts, prioritizing those with a poverty index of 90 percent or higher.

The South Carolina General Assembly has continually augmented funding to ensure more at-risk four-year-olds can access full-day educational programs. The state spent \$106,698,962 for the 2022-23 Fiscal Year and \$109,243,667 for the 2023-2024 Fiscal Year on 4K the most significant investments to date.

By the 2023-24 academic year, the original districts marked their seventeenth year of CERDEP implementation since 2006, while the 2013 expansion districts reached their eleventh year, and those added in 2014 reached their tenth year. Furthermore, CERDEP extended its reach to non-CERDEP districts, targeting schools with 60 percent or more of the student body classified as PIP during the 2019–20 and 2020–21 school years. By 2023-24, eligibility expanded to encompass all school districts.

School districts are mandated to provide the following in CERDEP classrooms: 1) a comprehensive, systemic approach to reading aligned with both the State Reading Proficiency Plan and the district’s annual reading proficiency plan; 2) successful administration of readiness assessments; 3) developmental and learning support essential for children’s readiness for school; 4) parenting education, including guidance on methods to support their child’s development; and 5) identification of community and civic organizations to support early literacy efforts. CERDEP employs a mixed-delivery system, allowing public schools, non-profit independent schools, and childcare centers to cater to eligible children. The SCDE and local school district oversee public school programs, while SCFS, a statewide public-private partnership dedicated to enhancing school readiness, supervises implementation in non-public providers.

In Table 1.1, we outline the key characteristics and requirements of the CERDEP program for the 2023–2024 academic year, alongside an assessment of how these features align with the NIEER quality benchmarks, including critical components related to child and family eligibility, program operations, and teacher qualifications. These features are significant indicators of pre-K program quality. For instance, the CERDEP program has specific child and family eligibility criteria, such as requiring children to be four years old by September 1 and ensuring that family income does not exceed 185 percent of the federal poverty guidelines or Medicaid eligibility. However, such criterion is not aligned with any NIEER standard, as NIEER does not include specific eligibility benchmarks. Other operational aspects of the program, such as licensing requirements (through the South Carolina Department of Social Services) and service options (180–220 days), also do not correspond directly to NIEER benchmarks.

Several CERDEP features do align with NIEER’s revised 2017 quality standards. These include class size and staff-child ratios, where the program meets the NIEER Standard 7 (maximum class size of 20) and Standard 8 (1:10 staff-child ratio). CERDEP also aligns with NIEER’s Standard 1, as it follows the South Carolina Early Learning Standards for guiding children’s learning and development. Additionally, NIEER’s Standard 2 is met through the approval of several curriculum options, including Creative Curriculum, HighScope, Montessori, and Big Day in Pre-K.

However, there are areas where CERDEP falls short of NIEER’s quality benchmarks. For instance, while public school lead teachers are required to have a bachelor’s degree, private school lead teachers are only required to hold an associate’s degree with progression toward a bachelor’s,



meaning CERDEP does not meet NIEER Standard 3, which requires all lead teachers to have a bachelor's degree. Similarly, instructional assistants are only required to hold a high school diploma, which does not satisfy NIEER Standard 5 for assistant teacher qualifications.

In areas such as teacher professional development and classroom monitoring, CERDEP does meet the relevant NIEER standards. Teachers are required to complete 15 hours of professional development annually, aligning with NIEER Standard 6, and the program is regularly monitored through structured classroom observations, meeting NIEER Standard 10 for continuous quality improvement systems.

As of the 2023–2024 school year, CERDEP meets 7 of the 10 NIEER quality benchmarks, placing it in the middle to higher range compared to other state pre-K programs. While this analysis shows alignment with several key indicators of quality, there remain areas where the program does not meet the highest standards, particularly regarding teacher qualifications and screening processes.

## 1.2 CERDEP Reimbursement Mechanisms

The SCDE and SC First Steps are responsible for reimbursing CERDEP districts and private providers with state funds. Depending on state funding availability, the South Carolina General Assembly sets the reimbursement rates for three main components: instruction, transportation, and materials and equipment for new classrooms. These rates are uniform across public and private providers statewide. Table 1.2 presents the reimbursement rates for the three components, starting with the first year of the program through the 2023-2024 school year.

When CERDEP was initiated in the 2006-2007 school year, providers were reimbursed \$3,077 per pupil (EOC, 2006). The estimated per-pupil cost at the time was \$3,647 for public schools and \$2,693 for private settings, based on median salary data and fringe benefits rates for teachers and assistants. Classroom materials were estimated at \$60 per pupil, and transportation services at \$185 per pupil.

The reimbursement rates have increased over the years. In the 2023-2024 school year, the reimbursement rate is \$5,100 per pupil for instructional costs, an increase of 66 percent since the start of the program. The increase outpaces general inflation and reflects the state's continued investment in early childhood education, particularly in light of the growing enrollment in CERDEP programs. Additionally, any school with a 60 percent or higher poverty index is now eligible to request CERDEP funding, broadening the scope of eligible institutions (NIEER, 2023; EOC, 2024).

Transportation reimbursement remained the same until the 2017-2018 school year and gradually increased afterward. In the 2023-2024 school year, the reimbursement rate for transportation is \$620 per pupil, reflecting an increase of 12.7 percent from 2007. However, only private providers are eligible to claim these costs, as public districts are expected to incorporate transportation expenses into their overall budgets. New classrooms can receive up to \$10,000 for materials and equipment, depending on the number of additional CERDEP children served. This rate has remained the same since the inception of the program.

Notably, the rates listed in Table 1.2 are for the traditional school year CERDEP option (i.e., 180 days of instruction at 6.5 hours per day). The General Assembly also made funds available for extended CERDEP program options, including extended-day, extended-year, and summer options.

**Table 1.2. CERDEP Reimbursement Rates from 2006–2007 to 2023–2024**

School Year	Instruction (in nominal dollars)	Transportation (in nominal dollars)*	Materials and Equipment for New Classrooms (in nominal dollars)
2006–2007	3,077.00	185.00	Up to 10,000 per classroom
2007–2008	3,931.00	550.00	"
2008–2009	4,093.00	550.00	"
2009–2010	4,093.00	550.00	1,000 per pupil for providers enrolling 1 to 6 children; support not to exceed 10,000 for providers enrolling 7 or more children
2010–2011	4,218.00	550.00	"
2011–2012	4,218.00	550.00	"
2012–2013	4,218.00	550.00	"
2013–2014	4,218.00	550.00	"
2015–2016	4,218.00	550.00	"
2016–2017	4,323.00	550.00	"
2017–2018	4,422.00	561.63	"
2018–2019	4,510.00	574.00	"
2019–2020	4,600.00	574.00	"
2020–2021	4,600.00	574.00	"
2021–2022	4,800.00	575.00	"
2022–2023	4,800.00	587.00	"
2023–2024	5,100.00	620.00	"

\* With the exception of 2006–2007, when both private and public providers could claim transportation costs, the transportation reimbursement rate applies to private providers only.

NOTE: " = no change from previous year. SOURCE: RAND (2019), State-funded full-day 4K report 2019-2020, CERDEP Annual Reports 2020-2024.

We present the reimbursement rates for these options in Table 1.3. These rates are calculated based on base reimbursement.<sup>3</sup> Accordingly, the extended-day programs received an additional \$4.36 each hour per pupil for the extension of the program from 6.5 hours to up to 8.5 hours. Based on the same reimbursement structure, the daily reimbursement rate for the extended-day and summer programs is \$28.33 per pupil for the programs that run up to 6.5 hours each day and \$37.05 for those 6.5 to 8.5 hours long each day beyond 180 days of traditional instruction.

**Table 1.3. First Steps Extended Service Options Reimbursement Rates**

Service Option	Additional Reimbursement Beyond Base Rate
Extended Day	\$4.36 per additional hour (up to 2 hours beyond 6.5 hours)
Extended Year	\$28.33 (up to 6.5 hours) and \$37.05 (6.5 to 8.5 hours)
Summer	\$28.33 (up to 6.5 hours) and \$37.05 (6.5 to 8.5 hours)

SOURCE: Child Early Reading and Development Education Program (CERDEP) unexpended funds report. <https://dc.statelibrary.sc.gov/handle/10827/37178>

<sup>3</sup> In the 2023-2024 school years, the reimbursement rate for instruction of a traditional school year is \$5,100. Given 180 days of traditional instruction at 6.5 hours daily, the annual rate translates to an hourly rate of \$4.36.

Overall, the reimbursement rates for CERDEP have significantly increased over the years, reflecting the state’s commitment to early childhood education and its recognition of the program’s benefits for preparing children for kindergarten and future academic success.

Table 1.4 lists the programs we overviewed, including the Florida Voluntary Pre-Kindergarten Program, the Georgia Preschool Program, the North Carolina Pre-K Program, and the Tennessee Voluntary Pre-K Program. While CERDEP is a targeted program focusing on districts with high poverty rates, low-income families earning below 185 percent of the Federal Poverty Level (FPL), and other at-risk groups, Florida and Georgia offer universal access to their 4K programs. North Carolina and Tennessee also have targeted programs, although North Carolina targets families below 75 percent of the State Median Income (SMI), while Tennessee follows a threshold similar to CERDEP, focusing on families earning less than 185 percent of FPL.

**Table 1.4. Features of State-Funded 4K Academic-Year Programs in Selected States**

State Program	4K Eligibility	Key Program Features	NIEER Standards Met
<b>Alabama First Class Pre-K</b>	All eligible; Primary sources of pre-K funding targeted towards classrooms serving a certain % FRPL eligible students	Class size: 20 Staff-child ratio: 1:10 Lead teacher: BA in ECE Assistant teacher: CDA or 9 ECE/CD credits	10
<b>Florida Voluntary Pre-Kindergarten Program</b>	Universal	Class size: 20 Staff-child ratio: 1:10 Lead teacher: CDA or equivalent + training Assistant teacher: None	2
<b>Georgia Preschool Program</b>	Universal	Class size: 22 Staff-child ratio: 1:11 Lead teacher: BA in ECE, CD, ECE SpEd Assistant teacher: CDA	8
<b>North Carolina Pre-K Program</b>	Targeted (low-income families <75% of SMI, or other at-risk)	Class size: 18 Staff-child ratio: 1:9 Lead teacher: BA in ECE, CD Assistant teacher: CDA	8
<b>South Carolina CERDEP</b>	Targeted (districts with high poverty, low-income families <185% FPL, or other at-risk characteristics)	Class size: 20 Staff-child ratio: 1:10 Lead teacher (public): BA in ECE Lead teacher (private): AA in ECE or CD, working toward BA Assistant teacher: HSD	7
<b>Tennessee Voluntary Pre-K</b>	Targeted (low-income families <185% FPL, or other at-risk characteristics)	Class size: 20 Staff-child ratio: 1:10 Lead teacher: BA in ECE, CD, ECE SpEd Assistant teacher: HSD	5

NOTES: ECE stands for a degree specialization in *early childhood education* rather than *early care and education*, as in the rest of the report. AA = associate degree; BA = bachelor’s degree; CD = child development; HSD = high school diploma; SMI = state median income; SpEd = special education; FPL = federal poverty level; FRPL = free and reduced-price lunch.

SOURCE: State 4K program websites and other materials documented in Appendix A.

Moreover, CERDEP allows a maximum class size of 20 students, with a staff-child ratio of 1:10, similar to Florida and Tennessee, though North Carolina’s program is more favorable with smaller classes and a 1:9 ratio. Georgia’s program allows larger classes of 22 and a 1:11 ratio compared to CERDEP.

CERDEP requires lead teachers in public classrooms to hold at least a bachelor’s degree (BA) in early childhood education (ECE). In private settings, lead teachers may have an associate’s degree (AA) while working toward a BA. Georgia and North Carolina require lead teachers to have a BA in ECE across all settings, with no flexibility for private providers. Florida’s requirements are less stringent, with only a Child Development Associate (CDA) credential required. CERDEP’s assistant teachers must have a high school diploma (HSD), while Georgia and North Carolina demand a CDA.

As a result, CERDEP meets seven of ten NIEER standards, which is comparable to Tennessee but falls short of Georgia and North Carolina, which meet eight. Florida only meets two NIEER standards, reflecting a lower focus on quality benchmarks compared to CERDEP and other states.

Table 1.5 presents the reimbursement features of these programs, including reimbursement mechanisms, maximum per-pupil reimbursements, and additional factors that influence the reimbursement rates.

**Table 1.5. Reimbursement Features of State-Funded 4K Programs in Selected States: Most Recent Academic Year Available**

State	State Reimbursement Mechanism	Maximum Per-Pupil Reimbursement	Factors Tied to Standard Academic Reimbursement	Other Reimbursements (Annual)
Alabama (2022-2023)	Discretionary grants (three levels)	\$7,429	Lead teacher education, metro vs. nonmetro area, public vs. private provider, class size, number of days offering services, sparsity allowance	Supplement for classrooms with other funding, up to \$3,600 or \$200/pupil enrolled.
Florida (2023-24)	Per-pupil discretionary grant	\$2,941 (school year) \$2,511 (summer)	District cost differential	Summer option
Georgia (2023-24)	Per-pupil discretionary grant	\$5,224 (public school) \$5,093 (private metro area) \$4,786 (Private non-metro area)	Lead teacher education, metro vs. nonmetro area, public vs. private provider, class size, number of days offering services, sparsity allowance	~\$150 per pupil (New classroom)
North Carolina (2023-24)	Per-pupil discretionary grant based on state contract with provider	\$4,932 (public sites) \$6,471 (private or non-public sites)	Lead teacher education/credential, public vs. private provider	Administration (~4%), New classroom, Quality funds
Tennessee (2023-24)	Per-pupil formula grant; required local match based on school funding formula	\$6,050	None	None

SOURCE: State 4K program websites and other materials documented in Appendix A. NOTE: See Table 1.4 for full program names. The standardized program is 5 to 6.5 hours per day for 180 days.

Alabama adopts a three-tiered discretionary grant system to distribute funding, based on the needs of different providers. The maximum per-pupil reimbursement for the standard academic year is \$7,429, though the total spending per child, which includes local and supplemental funding, rises to \$10,881. Notably, Alabama began transitioning from a uniform reimbursement rate to a variable

reimbursement rate starting in 2021. This shift was part of a broader strategy to allow more flexibility and to adapt funding based on program characteristics. Florida, Georgia, and North Carolina all provide a per-pupil discretionary grant. Florida provides a maximum of \$2,941 during the school year and \$2,511 for the summer, adjusted by district cost differences. Notably, the pre-K program in Florida is only half-day. Georgia determines the reimbursement levels based on location and provider type. Public schools receive up to \$5,224 per pupil, while private providers get between \$4,786 and \$5,093 depending on their location. Additional factors, such as teacher education and class size, influence the rates. Georgia also offers about \$150 per pupil for new classrooms. North Carolina offers \$4,932 per pupil for public sites and \$6,471 for private sites. The program adjusts for teacher qualifications and provider type and includes additional funds for administration, new classrooms, and quality improvements. Unlike other states, Tennessee operates under a per-pupil formula grant, and it has no additional adjustments for factors like class size or teacher education. The maximum reimbursement rate is \$6,050.

Compared to these states, CERDEP's reimbursement rate is similar to Georgia's and to the rate for public sites in North Carolina, but it falls short of the rates in Alabama and Tennessee, as well as the higher rate for private sites in North Carolina. CERDEP's reimbursement model is more rigid, as it does not distinguish between public and private providers or account for geographic differences as extensively. In contrast, other states offer greater flexibility by adjusting funding levels based on a wider range of factors, allowing them to better accommodate local needs and provider characteristics.

### **Prior Research on the Cost of Pre-K Programs**

High-quality Pre-K programs offer significant developmental and social benefits, especially for children from low-income families. However, their implementation is often constrained by cost, which varies significantly depending on multiple factors. One major cost factor is teacher qualifications. Well-trained teachers, especially those holding degrees in early childhood education, are crucial for positive outcomes. Competitive salaries that align with K-12 teacher wages also increase program costs. According to Phillips et al. (2017), paying competitive salaries alone can raise costs by 20-30 percent. Similarly, maintaining low child-teacher ratios and small class sizes—another hallmark of quality—requires hiring additional staff, which further increases expenses. Program duration also influences costs. Full-day Pre-K programs are typically more expensive than part-day offerings because they require longer staff hours and more resources, such as meals. Moreover, high-quality curricula demand more specialized teacher training and support, adding to the overall expense.

National and state-level studies provide varied cost estimates for high-quality Pre-K programs. For instance, the *Cost of Preschool Quality & Revenue (CPQ&R)* model estimates costs ranging from \$8,000 to \$13,000 per child per year (Friedman-Krauss et al., 2022). These differences are influenced by teacher wages, regional expenses, and program standards. States like New Jersey, with its Abbott Preschool Program, spend around \$12,000 per child, while other states like Oklahoma and Georgia report lower costs, closer to \$7,000-\$9,000 (Friedman-Krauss et al., 2022).

Beyond the immediate costs, several studies, such as Heckman et al. (2010), show that high-quality Pre-K yields significant long-term economic and social returns. These include reduced costs in education, criminal justice, and welfare, along with higher future earnings for participants. Estimates suggest that every dollar invested in high-quality Pre-K can return \$7 to \$10 in future savings and benefits.

However, funding remains a critical challenge. States rely on varying combinations of federal, state, and local funding, leading to disparities in quality and access. Many programs struggle to cover the full costs of delivering high-quality services, with Greenberg et al. (2020) suggesting that most state funding only meets 70 percent of necessary program costs. This gap hampers the ability to scale programs effectively. Therefore, policymakers need to address these challenges to ensure that more children benefit from high-quality early education.

## **Roadmap**

The rest of the report is structured as follows: Chapter 2 outlines the methodology for estimating CERDEP costs using a model-based approach and survey data from public and private providers. It covers the baseline assumptions, alternative cost models, and key variables affecting per-pupil cost estimates. Chapter 3 presents the cost analysis findings, comparing public and private providers and examining how factors like teacher qualifications, class sizes, and compensation influence costs. Chapter 4 summarizes the key findings, focusing on the adequacy of current CERDEP reimbursement rates and potential adjustments for cost-efficiency. The report concludes with policy recommendations to ensure CERDEP's financial sustainability while maintaining quality.

## 2. Model-Based Estimates of South Carolina CERDEP Costs

Chapter 2 follows the cost estimation methods and prices provided by PCQC of US DHHS and follows the structure of earlier cost evaluation of CERDEP (RAND, 2019) for comparability. We build a cost model that calculates the cost of providing childcare or preschool services, based on assumptions about program structure, program inputs, and the prices of those inputs. When necessary, provider survey data helps form these assumptions. The total cost of providing a program is determined by taking the quantity of inputs needed (to satisfy the program structure), multiplying each input by its price, and summing across all inputs. To obtain the per-pupil cost estimate, the total cost is divided by the assumed number of CERDEP students enrolled at the program site. With this approach, our model allows us to alter program cost components (such as provider type, teacher compensation, and program scale) and measure how the resulting per-pupil cost estimates vary. Chapter 3 presents per-pupil cost estimates of CERDEP using survey data from providers.

This chapter examines our baseline cost model for a CERDEP program. In this case, we assume a traditional school year program that operates 6.5 hours per day, 180 days per calendar year. Other program structure assumptions made are consistent with CERDEP requirements. This makes direct comparisons to earlier RAND report possible. Our analysis starts by describing the baseline model assumptions and the alternative cost models employed that deviate from the baseline (also discussed in section C of the Appendix). We then present the results for our baseline model, followed by the results for the alternative scenarios. Lastly, the per-pupil cost estimates are compared with CERDEP reimbursement rates to examine whether state funds cover program costs. Chapter 4 discusses these outcomes and policy recommendations.

### 2.1 Approach

As mentioned, our approach to develop this cost model may incorporate the provider data when needed, but it is beyond the scope of this project to model every possible combination of program characteristics and features recorded in the data. Therefore, we mirror the approach by earlier reports to facilitate comparability over time and create relatively simple models of 4K provider programs that are built on key program features typically observed in public and private providers in South Carolina. Differences in key features between public and private programs establish the types of providers modeled in this chapter. Baseline assumptions are made for each provider type that are as realistic as possible in terms of the program structures and costs faced by providers in South Carolina. By using our model and comparing the baseline CERDEP costs by provider type, we can capture sources of cost variation that are due to provider type differences. We then examine how the costs for each provider type would change if we altered program characteristics such as class size, teacher compensation, and the inclusion of transportation services. This “sensitivity analysis” is our second tool used to identify potential sources of cost variation. With both methods, we can identify program features that are cost drivers and examine how these features are considered in state reimbursement rates.

In this chapter we will work with general hypothetical “typical” provider types. In Chapter 3 we apply this model to our survey data and produce cost estimates for variety of providers in South Carolina with similar “types”.

## Assumptions for the Baseline CERDEP Cost Model

To build our model, we need to specify the site-level features of a **hypothetical typical** CERDEP program, such as number of classrooms and class size, and determine the resource quantities required to run a CERDEP program that satisfies these features. Relevant resources include classroom and administrative staff positions, classroom materials, number of meals provided, square footage of space occupied, and so on. Each resource requires a corresponding unit price, such as the salary paid to a classroom teacher, the cost of one lunch, or the rental price of the space used. These prices may vary by public and private providers and produce site-level cost estimates reflecting these differences. Once we specify site features, resources required, and corresponding unit prices, the cost model multiplies the quantity of each resource by its price to obtain the site-level total cost of the resource. The total cost for a program with the specified features is the sum of the site-level resource costs. The per-pupil cost estimate is the program cost divided by CERDEP enrollment at the program site.

The assumptions needed for our baseline model are divided into four categories: provider context, staffing model, staff compensation, and unit costs for non-personnel resources.

### Provider Context

We begin by specifying the provider context for CERDEP instruction. Following RAND and supported by our findings in Chapter 3, we have evidence that cost structures vary between public and private providers, largely due to staff compensation. We also observe that private centers can employ lead teachers with only an associate degree, versus public programs that require lead teachers have a bachelor’s degree. Our baseline model considers these key program features that could potentially affect per-pupil costs by creating four provider contexts – one context, or type,

**TABLE 2.1: Sources of Per-Pupil Cost Variation Addressed in Baseline Cases and Sensitivity Analysis**

Source of Variation in Per-Pupil Cost	Examined in Baseline	Examined in Sensitivity Analysis
Provider type	Public versus private	-
Compensation for classroom staff (private centers only)	Public school salaries and benefits vs. private center salaries and benefits	-
Highest degree of lead teacher (private centers only)	Bachelor's degree vs. associate degree	-
Price variation across geographic areas <sup>a</sup> (assume state median in baseline)	-	Lower-cost vs higher-cost geographic areas
Program size (assume 2 CERDEP rooms in baseline)	-	Smaller (1 CERDEP room) and larger (4 CERDEP rooms) program size
Class size (assume enrollment of 20 per classroom in baseline)	-	Smaller class sizes (11 and 18)
Facility costs (included in baseline)	-	Not included
Transportation services (included in baseline)	-	Not included

NOTES: - = not applicable. <sup>a</sup> We do not observe geographical location or make assumptions about geographical locations. Lower or higher cost areas are by level of BLS average data.



assumes a public-school setting while the other three are set in a private center. These provider types allow us to vary key program features within our baseline model – public versus private delivery, staff compensation at private centers, and lead teacher credentials at private centers. Other potential sources of cost variation such as geographic location, program scale, and class size are considered in the sensitivity analysis, our second approach. Table 2.1 summarizes how we model potential sources of cost variation – the first column lists the key feature for the provider or program, while the second and third columns note how we vary this feature to capture the effect on costs and where it is examined. The second column includes the variations observed through the baseline model and the third column includes those observed through sensitivity analysis.

Table 2.2 shows all four provider contexts with the specific assumptions used in our baseline model. The first column lists the provider context feature while the second, third, fourth, and fifth columns represent each provider type, and the assumptions made under each type. All provider types assume a traditional school year program for CERDEP instruction that operates 6.5 hours per day, 180 days per calendar year. CERDEP program size is assumed to be two classrooms, with 20 students enrolled in each classroom, for a total site enrollment of 40 CERDEP students. We assume the number of students enrolled is the maximum capacity for the classroom, and our baseline model assumes transportation services and facilities rent are costs incurred by all provider types. Key features in the model that vary by provider type are outlined with a box in Table 2.2 and are described with other provider-specific features as follows:

- **Type A** providers are sites operated by school districts in either a public school or a center that is publicly funded. Lead teachers are assumed to have a bachelor’s degree with ECE specialization. Staff compensation is consistent with public school salaries and benefits, based on the median salaries for teachers and administrators in South Carolina (see later sections and Appendix C for information on salary estimates). We assume a total school enrollment of 450 students across all grades and assume the school district has 150 4K students enrolled.
- **Type B** providers mirror Type A but is a private site instead of public. Type B centers are assumed to have the same lead teacher requirements and staff compensation is at parity with the compensation for equivalent staff roles in the public school setting. For private centers, district enrollment is not applicable in this context, and we assume total center enrollment is 120 students to reflect the differences in site enrollment between public and private types.
- **Type C** providers are the same as Type B, the exception being staff compensation is consistent with typical median salaries for private childcare settings in South Carolina (staff compensation is discussed further in later sections).
- **Type D** providers are the same as Type C, the exception being lead teachers only need an associate degree to meet the minimum requirements for employment at private centers.

Establishing these four provider types allows us to easily compare how key program features contribute to differences in per-pupil costs. Comparing Type A with Type B providers shows the cost differences for a public program versus a private program where these two contexts have the same compensation levels and degree requirements. To observe differences in per-pupil costs when compensation levels correspond to provider type (public program salaries versus private center salaries), we can compare Type A with Type C providers. For private providers who have lower

teacher credentials (and corresponding salaries), the impact on per-pupil costs can be measured by comparing Type C with Type D providers.

### **Staffing Model**

Our cost model makes assumptions about the classroom level staff and administrative staff at the provider site (see Appendix C and Table C.1 for additional details.) Staff are measured as full-time equivalent (FTE) positions. All public and private providers are assumed to employ the same number of staff per classroom – one lead teacher, one assistant teacher, and a 0.25 FTE floater who serves as a substitute when needed.

Administrative staff varies for each provider type and each FTE position is adjusted to reflect the share specifically serving CERDEP students. These shares allow us to estimate the portion of the staff compensation directly contributing to CERDEP costs in our educational setting. For the baseline model, Type A providers are assumed to operate with 0.09 FTE principal, 0.33 FTE school-level ECE director, 0.33 FTE office manager, and 0.33 FTE administrative assistant for the 4K CERDEP classrooms. This type also assumes a district-level ECE coordinator who serves all 4K students in the district, with a 0.13 share of this FTE position used in our setting.

The private center providers of Types B, C, and D assume similar administrative staff positions and adjusts these positions to reflect the share specifically serving CERDEP students. We assume these provider types operate in our setting with a 0.33 share of each staff role: center ECE director, center ECE associate director, office manager, and administrative assistant.

### **Staff Compensation**

The cost model has assumptions about compensation for each of the classroom-level and administrative staff roles (see Appendix C and Table C.2 for additional details). Bureau of Labor Statistics (BLS) data on occupational wage estimates for South Carolina as of May 2023 forms our salary assumptions. We use the closest BLS category and occupation code to collect salary estimates for each classroom staff role. For example, since the BLS data does not include a public preschool teacher category, we follow previous studies and use the kindergarten teacher category to obtain a salary estimate for the public-school lead teacher in our model. We also adjust estimates when needed to obtain the compensation associated with a school year period. For example, we use the childcare workers BLS category for assistant teachers and floaters in private programs. Since this category records salary estimates for a full calendar year, we use the BLS hourly wage estimate to obtain the salary associated with a school calendar year (assumed to be 25 weeks of a calendar year at 40 hours per week). In the case of the Type D provider, where the lead teacher is assumed to have only an associate degree, we assume the lead teacher's salary is 90 percent of the private lead teacher salary recorded for Type C providers.

Similarly, we use the closest BLS category and occupation code to collect salary estimates for each administrative staff role, documented in Appendix C. For the BLS categories used for office managers and administrative assistants, we take the corresponding wage estimates and make the same adjustments as we did for childcare workers, obtaining the salaries associated with a 25-week school year. We also adopted the fringe benefit rate closer to the rate for single coverage, about 45% for public school CERDEP certified teachers and 12% for private center staff.

### **Other Unit Prices**

Our cost model has assumptions about unit costs for components other than personnel that we believe to be necessary for CERDEP program providers (see Appendix C and Table C.3 for additional details). Major categories include professional development, classroom materials, meals, transportation, occupancy, and other operating costs. Most of these categories have cost subcomponents. The baseline unit cost estimates are drawn from Provider Cost of Quality Calculator (PCQC) estimates for South Carolina (provided by the Office of Child Care within the U.S. Department of Health and Human Services). These baseline costs do not vary by provider context or alternative scenarios since we assume the same number of students, rooms, and sites for all Types A through D (see Table 2.2).

**TABLE 2.2: Baseline Assumptions for Four Provider Types for CERDEP Cost Model**

Features	Type A	Type B	Type C	Type D
Setting	School district school or center	Private center	Private center	Private center
Days	180	180	180	180
Hours per day	6.5	6.5	6.5	6.5
Lead teacher qualifications	Bachelor's with ECE	Bachelor's with ECE	Bachelor's with ECE	Associate degree
Compensation	Public school salaries and benefits	Pay parity with Type A	Center salaries and benefits	Center salaries and benefits
Salaries	50th percentile	50th percentile	50th percentile	50th percentile
Fringe benefit rate	45 percent	45 percent	12 percent	12 percent
Total district enrollment	150	-	-	-
Total school/center enrollment	450	120	120	120
Total CERDEP/4K rooms	2	2	2	2
Group size	20	20	20	20
Enrollment	Full	Full	Full	Full
Facility rent	Included	Included	Included	Included
Transportation	Included	Included	Included	Included

NOTES: The feature that changes in moving from Type A to Type B, from Type B to Type C, and from Type C to Type D is outlined with a box. - = not applicable.

### Alternative Scenarios Examined

The baseline model is our first tool that helps us identify potential sources of cost variation, focusing on key program features of provider type, staff compensation, and lead teacher credentials. Our second tool takes the baseline model and alters additional program characteristics to observe the sensitivity of these estimates to program alterations (see Table 2.1). Specifically, we change six characteristics to create alternative scenarios and measure sensitivity:

- **Salaries and unit costs:** The baseline model assumes salaries are at the South Carolina state median and unit cost estimates are equivalent to the PCQC estimates. However, we adjust these costs to account for the cost variation typically seen across rural areas (lower costs) and urban areas (higher costs). Following RAND (2019), we alter our estimates for lower-cost areas by using the 25<sup>th</sup> percentile salaries for the state (provided by BLS) and adjusting all unit costs downward by 7.5 percent. Similarly, we alter our estimates for

higher-cost areas by using the 75<sup>th</sup> percentile salaries for the state and adjusting all unit costs upward by 7.5 percent (see Tables C.2 and C.3 in the Appendix). We expand this portion of the analysis by creating another scenario that uses the 90<sup>th</sup> percentile salaries for South Carolina, representing the providers facing some of the highest personnel costs in the state.

- **Program size:** The baseline model assumes a CERDEP program size comprised of two classrooms for all provider types. For our alternate scenarios, we consider program sizes of one CERDEP classroom and four CERDEP classrooms to measure economies of scale. Since classroom sizes are not changing and remain at 20 students per room, our per-pupil estimates are only affected by cost components at the site level, such as professional development, school curriculum, and telephone and internet (see Table C.3 in the Appendix).
- **Class size:** The baseline model assumes each CERDEP classroom has a full enrollment of 20 students. Although this is the desired level consistent with CERDEP requirements, it is possible some classrooms choose to operate with a smaller class size or have vacancies at the program site – in our own survey data, we see the average CERDEP classroom enrolls about 11 students. Despite this chapter heavily following the cost model established by RAND (2019), we rely on our own survey data for this portion of our sensitivity analyses by considering class sizes of 11 and 18 students for all provider types.
- **Facilities costs:** The baseline model assumes rent or mortgage is paid by the program. Similar to RAND (2019), we consider an alternate scenario where programs do not incur costs for occupancy while facilities utilities, repair, and maintenance are still included. This alternative is applied to all provider types but is highly reflective of public programs who typically do not pay rent or mortgage for the space used for CERDEP classrooms.
- **Transportation:** The baseline model assumes transportation services are provided by the program. Since this is not a CERDEP program requirement, we consider an alternate scenario for all providers where transportation services are not provided.

## 2.2 Model-Based Estimates of CERDEP Costs

Our discussion on building the cost-model brings us to examining its results. We begin with our baseline model estimates for the total per-pupil costs of CERDEP instruction followed by studying how those estimates change with our sensitivity analysis.

### Estimated Per-Pupil Costs for the Baseline Model

Table 2.3 presents the total per-pupil cost of CERDEP instruction by provider type under the cost-model baseline assumptions. Panel (a) displays this cost in total and broken down for each major cost component. The first column of Panel (a) shows model estimates for Type A providers, representative of public sites – in the last row, we see the total cost for a Type A provider CERDEP program is estimated to be about \$14,000 per-pupil. The second, third, and fourth columns are designated for the Type B, C, and D providers, respectively, and show the baseline model estimates for these private providers. Comparing the total per-pupil costs across provider types, we see that Type A and Type B have similar costs of \$14,000 per pupil, while Type C and D providers are

estimated to cost closer to \$9,000 per pupil. The major cost components unrelated to personnel are the same across all provider types due to the baseline model assumptions. The staffing model is also constructed in the same way for each provider type, leading us to conclude that this \$5,000 difference across these pairs of provider types is driven by the variation in personnel compensation. This can be seen in the first three rows of each column in Panel (a): for Types A and B with public salaries and benefits, the per-pupil cost for personnel (roughly \$8,700) is over double the per-pupil cost of this same component for Type C and D providers with private salaries and benefits (about \$4,000).

**TABLE 2.3: Model-Based Estimated CERDEP Per-Pupil Cost and Per-Pupil Cost Components, Baseline Model by Provider Type (2023 Dollars)**

Cost Component	Type A	Type B	Type C	Type D
	(Public Site)	(Private Center, Pay Parity with Public Site)	(Private Center, Center Salaries)	(Private Center, Center Salaries and Associate's Degree)
<b>a. Cost Per Pupil (\$)</b>				
Personnel	8,792	8,712	4,180	3,990
Classroom	6,553	6,553	2,826	2,636
Administrative	2,239	2,160	1,354	1,354
Professional Development	34	34	34	34
Classroom Materials and Supplies	309	309	309	309
Meals	2,239	2,239	2,239	2,239
Transportation	302	302	302	302
Occupancy	1,792	1,792	1,792	1,792
Other Operating Costs	580	580	580	580
Total	14,048	13,969	9,436	9,246
<b>b. Percentage Distribution (%)</b>				
Personnel	62.6	62.4	44.3	43.2
Classroom	46.6	46.9	29.9	28.5
Administrative	15.9	15.5	14.4	14.6
Professional Development	0.2	0.2	0.4	0.4
Classroom Materials and Supplies	2.2	2.2	3.3	3.3
Meals	15.9	16.0	23.7	24.2
Transportation	2.1	2.2	3.2	3.3
Occupancy	12.8	12.8	19.0	19.4
Other Operating Costs	4.1	4.2	6.2	6.3
Total	100.0	100.0	100.0	100.0
<b>c. Other Unit Cost Estimates (\$)</b>				
Cost per pupil-day	78.05	77.60	52.42	51.37
Cost per pupil-hour	12.01	11.94	8.07	7.90

NOTES: Percentages may not sum up to 100 because of rounding.

Panel (b) of Table 2.3 uses the estimates in Panel (a) to show each major cost component as a percentage of the per-pupil total cost by provider type for the baseline model. The first row of Panel (b) confirms our earlier observations and shows that the largest component is personnel. Starting in the first column, personnel make up about 62 percent of CERDEP costs for Types A and B compared to about 44 percent of costs for Types C and D. Within personnel costs, shown in the second and third rows, we see that administrative personnel are estimated to have similar shares

across all types at about 15 percent of the total cost, meaning the differences in personnel costs are mostly attributed to the classroom personnel costs. While every provider has one lead teacher, one assistant teacher, and one floater, compensation for these positions equate to about 47 percent of the total cost for Types A and B compared to about 29 percent of the total cost for Types C and D. Notably, the next largest component for all types is meals (16 to 24 percent), which differs from the previous RAND study where their next largest component was occupancy costs (RAND(2019)). In our model, occupancy is the third largest component (13 to 19 percent). The remaining major cost components have shares below 7 percent across all types, but are larger for Types C and D due to the lower share in personnel costs relative to Types A and B.

Panel (c) of Table 2.3 presents additional cost measures of the cost per pupil-day and the cost per pupil-hour. Since our cost model assumes a traditional program for CERDEP instruction (operating 6.5 hours per day, 180 days per calendar year), these estimates provide the per-pupil costs for programs operating at longer hours each day (an extended day program) and programs open more days than the traditional 180-day school year (an extended year program). Types A and B are estimated to cost about \$12 per hour compared to per-pupil costs of about \$8 per hour for Types C and D. The average daily costs are about \$78 per pupil for Types A and B compared to about \$52 per pupil for Types C and D.

### **Variation in Per-Pupil Costs Under Alternative Scenarios**

Our baseline model estimates tell us that staff compensation is a major factor driving differences in the total per-pupil costs of CERDEP instruction. This next section focuses on the results of our sensitivity analysis, examining the cost model under the six alternate scenarios described earlier in this chapter. Table 2.4 presents the total per-pupil cost of CERDEP instruction by provider type under each alternative scenario's assumptions. The first row in panel (a) is the baseline estimate for each provider type, taken directly from the results reported in Table 2.3. Using the baseline estimate as a benchmark, panel (b) shows the change in per-pupil cost for each alternative scenario for each provider type relative to the baseline cost. Panel (c) records this difference as a percentage change from the baseline. We measure the sensitivity of our baseline estimates by altering six key characteristics and observing the resulting changes to costs:

- **Salaries and unit costs:** Accounting for lower-cost and higher-cost areas of living is clearly reflected in our alternative model estimates: CERDEP programs in lower-cost communities are estimated to cost roughly 11 to 13 percent lower than the baseline environment. Areas with high-costs face CERDEP per-pupil cost estimates about 11 percent higher relative to the baseline environment. Our expanded scenario, where we model providers paying salaries at the 90<sup>th</sup> percentile, show these “higher cost” communities are estimated to have per-pupil costs 25 to 37 percent higher compared to the baseline. Altogether, the difference in per-pupil costs between lower-cost and higher-cost areas can range from \$4,000 to \$5,000 depending on the provider type. This gap could be even larger if we had modeled unit costs at the highest and lowest costs faced by communities across the state.
- **Program size:** Our baseline estimates are the least sensitive to changes in program size. CERDEP programs assumed to operate one classroom are estimated to have per-pupil costs 2 to 3 percent higher compared to the baseline. “Larger” programs with four CERDEP rooms are associated with costs roughly 1 to 2 percent lower than the baseline per-pupil

costs. Overall, the difference in per-pupil costs between smaller and larger programs is estimated to be about \$400. Note that this value is the same across all provider types because the site-level unit costs do not vary by provider type (see Table C.3 in the Appendix).

**TABLE 2.4: CERDEP Per-Pupil Cost by Provider Type Under Alternative Scenarios (2023 Dollars)**

	Type A	Type B	Type C	Type D
<b>a. Cost Per Pupil (\$)</b>				
Baseline	14,048	13,969	9,436	9,246
Salaries and unit cost				
25th percentile salaries, 7.5% lower unit cost	12,258	12,193	8,426	8,264
75th percentile salaries, 7.5% lower unit cost	15,604	15,515	10,486	10,269
90th percentile salaries, 7.5% lower unit cost	17,514	17,407	12,966	12,622
Program size				
1 CERDEP room	14,325	14,245	9,712	9,523
4 CERDEP rooms	13,910	13,831	9,298	9,108
Class size				
18	15,006	14,927	9,980	9,769
11	21,102	21,022	13,440	13,095
Without facility costs like mortgage, rent etc <sup>a</sup>	12,896	12,817	8,284	8,094
Without transportation	13,746	13,667	9,134	8,944
<b>b. Absolute Change from Baseline (\$)</b>				
Salaries and unit cost				
25th percentile salaries, 7.5% lower unit cost	-1,790	-1,776	-1,010	-983
75th percentile salaries, 7.5% lower unit cost	1,555	1,546	1,050	1,023
90th percentile salaries, 7.5% lower unit cost	3,465	3,438	3,529	3,375
Program size				
1 CERDEP room	276	276	276	276
4 CERDEP rooms	-138	-138	-138	-138
Class size				
18	958	958	544	523
11	7,054	7,054	4,004	3,849
Without facility costs like mortgage, rent etc	-1,152	-1,152	-1,152	-1,152
Without transportation	-302	-302	-302	-302
<b>c. Percentage Change from Baseline (%)</b>				
Salaries and unit cost				
25th percentile salaries, 7.5% lower unit cost	-12.7	-12.7	-10.7	-10.6
75th percentile salaries, 7.5% lower unit cost	11.1	11.1	11.1	11.1
90th percentile salaries, 7.5% lower unit cost	24.7	24.6	37.4	36.5
Program size				
1 CERDEP room	2	2	2.9	3
4 CERDEP rooms	-1	-1	-1.5	-1.5
Class size				
18	6.8	6.9	5.8	5.7
11	50.2	50.5	42.4	41.6
Without facility costs like mortgage, rent etc	-8.2	-8.2	-12.2	-12.5
Without transportation	-2.1	-2.2	-3.2	-3.3

NOTES: Percentages may not sum to 100 because of rounding.

<sup>a</sup> Rent is a component of occupancy costs. Utilities, repair, and maintenance are still included in occupancy costs.

- Class size:** Changing the class size has a meaningful impact on per-pupil costs. Reducing the class size from 20 students to 18 students increases per-pupil costs by 6 to 7 percent. This change is even greater when the class size drops to 11 students – CERDEP programs with only 11 students per classroom are estimated to have per-pupil costs 42 to 50 percent higher compared to the baseline. Together, the gap in per-pupil costs between smaller and

larger class sizes can range from \$3,300 to \$6,000 depending on provider type. Considering our choice to model a class size of 11 based on our survey data, this result could provide much insight into real sources of cost variation and the downsides of running a CERDEP program with a class size that is smaller than the maximum enrollment desired.

- **Facilities cost:** Our baseline model computes a per-pupil cost for rent of \$1,152. Removing rent as a cost subcomponent is estimated to decrease per-pupil costs by 8 to 12 percent. Despite this difference being far less substantial compared to the other alternative estimates in Table 2.4, this scenario is more often observed with providers. Therefore, the gap in per-pupil costs between providers who incur rent costs versus those who do not could be up to \$1,152.
- **Transportation:** Our baseline estimates show little sensitivity to the elimination of transportation services. The baseline model assumes a transportation cost per pupil of \$302. Changing our assumptions to a program scenario where transportation is not provided results in per-pupil costs 2 to 3 percent lower than the baseline estimates.

Overall, the baseline analysis and sensitivity analysis indicate that provider context plays a large role in determining per-pupil costs. Differences in per-pupil costs are largely driven by (1) personnel compensation, either due to geographic areas or whether the program is public or private; (2) meal services, which has considerably increased as a major cost component since the previous edition of this study (RAND(2019)); and (3) class size, due to the resulting change in the staff-child ratio. Factors associated with occupancy costs lead to relatively modest changes in per-pupil costs but can still be considered as potential sources of cost variation.

### **Comparison of Per-Pupil CERDEP Costs with Per-Pupil Reimbursement**

The per-pupil CERDEP costs produced by our model can be compared with the corresponding year's CERDEP reimbursement rates to determine whether a gap exists between the financial resources available and estimated costs to operate the program. Since our model is based on input cost data for 2023, we use the reimbursement rates for the 2022-2023 school year to make our comparison. Table 2.5 presents the results of this analysis. Panel (a) displays the potential reimbursements available for each provider type modeled this chapter – since all four provider contexts are assumed to operate under the traditional CERDEP instruction format, all types receive the instruction reimbursement of \$4,800 per-pupil provided in 2022-2023. The second row of panel (a) shows that private center types B, C, and D are eligible to receive a transportation reimbursement of \$587 per-pupil that was available in 2022-2023. This reimbursement is only applied to scenarios where we assume transportation services are provided by the private center. The last row of panel (a) displays the per-pupil reimbursement for meal costs by provider type. The Child and Adult Care Food Program (CACFP) at the U.S. Department of Agriculture (USDA) provides reimbursements for meals and snacks to eligible children at participating childcare centers. Since the income threshold for CERDEP eligibility (see Table 1.4) matches CACFP reimbursement eligibility, the CACFP reimbursement applies for all four provider types in our model – CERDEP children can receive a reduced-price meal, a free meal, or a snack, per USDA Food and Nutrition Service (FNS) guidelines. In 2022-2023, providers could claim up to \$1.66 for breakfast, \$3.04 for lunch, and \$0.97 for a snack for each child. In total, over a 180-day school year, a provider could receive as much as \$547.20 per child when assuming the maximum possible reimbursement. Considering all revenue sources, the largest reimbursement a provider may receive



is a total of about \$5,900 per pupil. The last two rows of panel (a) show how this total maximum reimbursement changes by provider type and when transportation is not offered.

**TABLE 2.5: CERDEP Per-Pupil Cost Versus Per-Pupil Reimbursement by Provider Type Under Alternative Scenarios (2023 Dollars)**

	Type A	Type B	Type C	Type D
<b>a. Possible Reimbursements</b>				
CERDEP instruction (\$)	4,800	4,800	4,800	4,800
CERDEP transportation (\$)	0	587	587	587
USDA food (\$)	547	547	547	547
Total reimbursement (\$)	5,347	5,934	5,934	5,934
Total reimbursement (\$), no transportation (\$)	5,347	5,347	5,347	5,347
<b>b. Per-Pupil Gap Estimates, All Applicable Revenue Sources and Baseline Cost Estimates</b>				
1. Total cost (\$)	14,048	13,969	9,436	9,246
Gap = Cost - reimbursements (\$)	8,701	8,034	3,502	3,312
Gap as a percentage of cost (%)	61.9	57.5	37.1	35.8
2. Total cost without rent (\$)	12,896	12,817	8,284	8,094
Gap = Cost - reimbursements (\$)	7,549	6,882	2,350	2,160
Gap as a percentage of cost (%)	58.5	53.7	28.4	26.7
3. Total cost without rent and transport (\$)	12,594	12,515	7,982	7,792
Gap = Cost - reimbursements (\$)	7,247	7,167	2,635	2,445
Gap as a percentage of cost (%)	57.5	57.3	33.0	31.4
4. Instructional cost (\$)	11,229	11,229	7,501	7,312
Gap = Cost - reimbursements (\$)	5,881	5,294	1,567	1,378
Gap as a percentage of cost (%)	52.4	47.2	20.9	18.8
5. Instructional cost without rent (\$)	10,077	10,077	6,349	6,160
Gap = Cost - reimbursements (\$)	4,729	4,142	415	226
Gap as a percentage of cost (%)	46.9	41.1	6.5	3.7
6. Instructional cost without rent and transport (\$)	9,775	9,775	6,047	5,858
Gap = Cost - reimbursements (\$)	4,427	4,427	700	511
Gap as a percentage of cost (%)	45.3	45.3	11.6	8.7

NOTES: Percentages may not sum up to 100 because of rounding.

Panel (b) of Table 2.5 displays the potential gap between a provider's total per-pupil reimbursement and total per-pupil cost, calculated for various scenarios highlighted in Table 2.3. Consistent with the other tables in this chapter, each column represents one of the four provider

contexts. Each scenario or “case” is shown by row and numbered, with a total of six cases presented. All cases present estimates by provider for the per-pupil cost under baseline assumptions, the size of the gap between this cost and the per-pupil revenue, and the size of the gap measured as a percentage of the per-pupil cost.

It is evident that in all cases, the per-pupil costs exceed the per-pupil reimbursements. Case 1 is our baseline model scenario presented earlier in Table 2.3, where providers are assumed to pay rent and provide transportation services. Recalling the estimated per-pupil cost for Types A and B is around \$14,000, we see that about 60 percent of this cost is not covered by the maximum reimbursements available. For Types C and D, where the per-pupil cost was estimated to be closer to \$9,000, this gap is smaller, equal to about 36 percent of per-pupil expenditures. The remaining cases all have gap estimates lower than case 1, which is expected considering our baseline model incorporates all possible inputs offered in the program setting. Case 2 shows the estimates for the baseline model absent rent expenses, where the estimated gap changes only slightly for Types A and B, now equal to about 59 percent and 54 percent, respectively. A greater change is seen for Types C and D, with the size of the gap decreasing to roughly 27 percent of their estimated cost. Since Types A and B are estimated to have much higher costs compared to Types C and D, mostly due to differences in staff compensation, it makes sense that the latter two provider types exhibit larger adjustments in gap sizes relative to the former two types. Case 3 is our scenario where both rent and transportation expenses are not incurred, decreasing the maximum reimbursement for private centers to about \$5,300 since transportation reimbursement is no longer given. Without this source of revenue, because the per-pupil cost of \$302 for this service is less than the per-pupil reimbursement of \$587, we see the size of the gap increase for the private center providers. Therefore, there is a net surplus associated with offering transportation services where providers are reimbursed.

The last three cases in Table 2.5 are based on definitions established by RAND in a prior edition of this study (RAND, 2019). They adjust their baseline model to consider only the “instructional costs” when producing per-pupil estimates, defined as the cost components deemed necessary for classroom learning (rather than the entire school environment – see Table 2.3): classroom personnel, professional development, classroom materials and supplies, meals, transportation, and occupancy. Case 4 is our baseline model scenario with only *instructional costs* incorporated. Case 5 reproduces these estimates without rent expenses, mirroring the move from case 1 to case 2. Case 6 also focuses on just the *instructional costs* but excludes rent and transportation, similar to case 3. With these three cases, we see that per-pupil revenues cannot fully cover just the per-pupil instructional costs. For Type A providers operating in a public setting, the gap size is smallest when instructional costs do not include rent nor transportation, estimated to be about 45 percent in the first column for case 6. For Type B, C, and D private centers (columns two through four), their best attempt at breaking even with instructional costs is in case 5, when the program does not pay rent but provides transportation and is reimbursed. The gap for each provider type in this scenario is estimated to be about 41 percent (Type B), 7 percent (Type C), and 4 percent (Type D). As we saw in cases 1 through 3, there is still a net surplus when transportation is provided and reimbursed by private centers – the gap sizes increase when moving from case 5 to case 6 in the last three columns of Table 2.5.

To summarize, under our baseline model assumptions, the available reimbursements provided by CERDEP and USDA are not enough to cover the total cost of a CERDEP program that meets the necessary requirements for the quality of instruction desired. This applies to both public and

private providers based on South Carolina median salaries and average unit costs. Even when considering only the “instructional costs” associated with a CERDEP classroom, there is still a gap between revenue sources and costs. Although it was not explored in this section of Chapter 2, the gap estimates are expected to be larger in higher-cost areas of the state and smaller in lower-cost areas. It is important to note that the measures displayed in this section are likely underestimates since we are assuming providers are receiving the maximum reimbursement rates available. Realistically, this is not often the case, implying that the gap estimates would be even larger than what has been presented in this chapter.

## 3. Survey-Based Estimates of Costs for CERDEP Providers in South Carolina

In order to collect information on the program characteristics specific to South Carolina CERDEP environment and provide cost estimates that are more reflective of the conditions South Carolina CERDEP providers operate in, we surveyed the private center-based providers and public-school districts participating in CERDEP.

Model based estimates in Section 2 utilizes prices related to childcare provision collected by Bureau of Labor Statistics (for wages) and US Department of Health and Human Services, Office of Childcare and may not reflect the conditions and the prices for South Carolina CERDEP providers. CERDEP operates mostly in the impoverished and rural parts of the state and prices and salaries are likely have a distribution different than the state level distribution.

With the help of South Carolina First Steps (First Steps, here on) and the Department of Education (SC DOE), all providers were given a link to the survey. Participation in this survey was voluntary. We received completed surveys from 14 districts (39 unique sites) and 35 providers (about 13% of 279 providers). This section will provide the results of this survey.

### 3.1 Survey design

In collaboration with SC First Steps and SC Department of Education, the University of South Carolina team designed two surveys that ask a series of questions to providers on the staffing, capacity, costs, and revenues separately for private and public providers of CERDEP. These surveys reflect South Carolina CERDEP program components and gather information that enables us to approximate per pupil cost of providing CERDEP by provider type. Copies of the surveys sent to CERDEP participants are provided in Appendix 1.<sup>4</sup>

Both surveys were built on the Qualtrics platform and distributed to providers via email (sent by SC First Steps to private providers and by the SC Department of Education to public school districts). All providers were asked to gather salary, enrollment and hours information prior to answering the survey questions. Districts with less than 4 CERDEP sites are asked to provide detailed enrollment, cost, and staffing information on all CERDEP sites across their district, while larger districts were asked to provide this information for a randomly chosen subset of 4 of their sites. All districts were also asked to provide very detailed hours, wage and education information for one randomly selected CERDEP site.

Additionally, in the survey for providers, we asked non-profit/for-profit status, if the provider is part of a chain or an independent provider, and prices charged to private pay families. While only about half of the providers who responded are for profit, almost 80 percent are independently operated and are not part of local or national chains.

<sup>4</sup> Emails to both providers and districts (by SC First Steps for private providers and by SC Department of Education to the public-school districts) were sent in last week of May 2024 with about 2 weeks to complete the information needed. Twenty-two private providers were sent the survey for public school districts. For these providers some of the organizational information is missing. We will utilize this data whenever information is complete.

We use the survey results to provide provider-based cost estimates and parameters for some counterfactual models using the same methodology used in Section 2.

## 3.2 Differences between Public CERDEP 4K Sites and Private First Steps CERDEP Providers

### Program Characteristics and Enrollment

There are 14 public school districts with a total of 39 CERDEP sites who responded to the district survey. In addition, we have completed surveys from 36 private providers.<sup>5</sup> The first portion of the survey collects information on enrollment, program structure such as hours and days of service as well as public/private and for/non-profit status of providers. Some of the information gathered on provider characteristics are summarized in Table 3.1.

The average number of CERDEP sites per district is 5, number ranging from 1 to 18, reflecting the variance in the district sizes. The modal number of CERDEP classroom is 1 in the private provider setting while it is higher in public settings. Only 8 school districts serve children younger than 4-year-olds and none younger than 3-year-olds. Almost all private providers have younger children in the site.

All districts provide at least 6.5 hours of care with about 50 percent also providing limited extended hours. Only a few of these public providers indicate very limited summer care with the majority open only 180 days during the academic year. In contrast, almost 80 percent of all providers are open year-round with about one-third of them providing at least 4 hours of extended care beyond the normal 6.5 hours care provided by public providers. The average number of hours among 35 providers responded to this question is about 9 hours. We will adjust the length of care hours and days of service to match the public-school numbers in calculating comparable costs of operation.<sup>6</sup>

Districts that responded to the survey (and sites) vary in size, with total elementary school district (site) enrollment of 500 (130) to over 10000 (about 800) [external district and school report card data]. 10 of the 14 districts in our survey have at most 4 CERDEP sites. Districts are asked detailed enrollment questions about up to 4 of their sites. For districts with more than 4 sites, we have information for only 4 of their randomly chosen sites. Site-level CERDEP enrollment varies from 14 to 126 with district-level total CERDEP enrollment ranging from 48 to 360.

Providers also vary in terms of size, total enrollment for all ages ranging from about 80 to just under 800. Many of the providers have age groups younger than 4-year-olds. Total 4-year-old first steps program enrollment ranges from 7 to 40 with an average number of 21. Each private provider is asked more detailed enrollment and staffing questions for 1 of their CERDEP classrooms on

<sup>5</sup> Of the 35 private providers, 14 completed the provider survey and 21 completed the district survey due to an error in the survey link sent in the email.

<sup>6</sup> We will consider 180 days of care with no extended care in our reimbursement calculations for a typical provider. Any estimate for a year around extended day service private provider is an underestimate and needs to be adjusted accordingly.

site. In these random classrooms the average enrollment is about 12 with a range of 7 to 20 pupils in class.

**Table 3.1 Provider Characteristics**

	School Districts	Total Providers
(a) Enrollment, Facilities and Program Structure	(n = 14)	(n=35)
<b>Program hours and days</b>		
Typical Hours	6.5	9 (6.5 to 12)
Days per year for academic-year program	180	255 (235 to 260)
Offer hours beyond the full-day program	-	Yes (35)
Offer summer or extended-year program	-	Yes (38)
<b>Enrollment and Facilities</b>		
Ages served prior to kindergarten	3K (8), Non-CERDEP 4K (5)	Infants (14), toddlers (14), 3K (24), 4K (14)
Average Number of CERDEP sites	5 (1 to 18)	
Facility	Public Schools	Church (10), Own building (15), Private
Number of CERDEP classrooms		1(10) 2(4)
<b>Total site other 4K<sup>d</sup></b>		43(8 to 102)
Part-day enrollees		1.6 (0 to 20)
Full-day enrollees		14.7 (2 to 35)
Extended-day enrollees		11 (0 to 34)
Summer enrollees		15.6 (0 to 40)
<b>Total CERDEP/First Steps 4K enrollment<sup>d</sup></b>	39 (15 to 126)	34 (14 to 70)
Part-day enrollees		2.6 (0 to 22)
Full-day enrollees		12.8 (3 to 27)
Extended-day enrollees		8.7 (0 to 20)
Summer enrollees		13.8 (0 to 40)
<b>Total district 4K enrollment</b>	158 (40 to 360) <sup>c</sup>	
<b>Total school/site enrollment (min max)</b>	130 to 800	80 to 800
<b>Total district elementary enrollment (min max)</b>	500 to over 10000	
<b>(b) Other Features<sup>d</sup></b>		
Type of provider	Public school districts	For-profit (43%), Non-profit (57%)
Accredited	-	Yes (14%), No (86%)
Head Start grantee	Yes (9%), No (91%)	Yes (9%), No (91%)
Accept ABC vouchers	-	Yes (82%), No (18%)
Title I funding	Yes (64%), No (36%)	No (97%), Don't know (3%)
Fiscal year	July 2022 - December 2024	January 2022 - December 2024

<sup>a</sup> Average number of sites

<sup>b</sup> Other include places of business, childcare centers, rented building, and city buildings.

<sup>c</sup> Average number of enrollees with minimum and maximum in the data. To protect anonymity of responses site/school and district level of enrollment numbers are rounded up or down to nearest that has more than 5 observations

<sup>d</sup> Some of this information is not available for providers who were sent the district survey. We assume they have similar distribution of such characteristics as the ones in the provider survey

### Staff Characteristics and Program Level Staffing Practices

As we show in Section 2, according to model-based cost analysis there are significant differences in costs by provider type. Private providers have lower per pupil costs compared to public providers. In these models, the main driver of the differences in per-pupil cost of service is the

staffing costs. Publicly available wage data used in these models, have much higher base salaries in public school districts.

Survey data show similar patterns for public-private wage differentials as shown on Table 3.2. Table 3.2 summarizes the wages for administrators, teachers/lead teachers and all others including assistant teachers, floaters and substitutes (School districts surveyed do not report having any floaters or substitutes). Averages salaries reported are significantly lower than values from BLS median numbers shown in Section 2.

<b>Employee Role</b>	<b>Public</b>	<b>Private<sup>a</sup></b>
Administrative director	83000	22/730/ 40000
Teacher or Lead Teacher	57000	16/650/ 53300
Assistant Teacher or Aide, Floater or Substitute	20000	14/440/24300
<b>Fringe benefits for classroom staff<sup>b</sup></b>	<b>Public</b>	<b>Private</b>
Reduced Child Care Fees	0.14	0.84
Priority Enrollment	0.29	0.70
Compensation For Overtime	0.29	0.70
Partially Paid Retirement Plan	0.57	0.24
Fully Paid Health Insurance	0.43	0.14
Partially Paid Health Insurance	0.50	0.24
Paid Health Insurance Dependents	0.21	0.11
At Least Partial Dental Insurance	0.43	0.24
Paid Sick Leave OR Personal Leave	0.79	0.62
Paid Vacations	0.07	0.68
Paid to Attend Staff Meetings	0.00	0.70
Paid to Attend Professional Development	0.21	0.65

<sup>a</sup>Hourly, weekly and annual pays, respectively, as reported in the survey rounded to nearest 1 or 10 dollars

<sup>b</sup>Share of of providers that have these benefits for any group is reported. Number of observations are 14 for public providers and 37 for the private providers for this portion of the survey.

In the district survey, responders are asked to report detailed salary information for all employees in one random site. We have annual salaries reported for all sites reported for each district. Provider survey on the other hand asks about First Steps involved employees and pay amounts and pay periods. We have for all employee roles salaries reported either as hourly, weekly, monthly or yearly. Table 3.2 reports average values for each category of data. Pay scales as well as pay periods reflect the heterogeneous nature of the employee pool private providers are utilizing. For our cost calculations we utilized the reported hourly wages for private provider employees and created *comparable* annual salaries to public school settings by multiplying these numbers by 1170 hours (6.5 hours a day for 180 days) as the lower bound for wage costs. We also created hourly wages corresponding to weekly, monthly and annual sums reported using standard program

operating hours and days<sup>7</sup>. Wages using annual values (which resulted in the highest comparable annual wage estimates) are later used in the cost calculations as the upper bound to private provider staffing cost estimates.

Table 3.2 also shows types of fringe benefits offered for CERDEP classroom staff by provider type. Each cell shows the share of providers that indicated offering the said benefits to teachers and assistant teachers and/or aids. Table 3.3 gives these shares by type of classroom staff and type of provider, highlighting disparities across providers and positions.

**Table 3.3 Non Wage Benefits for classroom staff by staff and provider type**

	School Districts			Private Providers		
	Part-time Teachers	Full-time Teachers	Assist. Teachers	PT Teachers	FT Teachers	Assist. Teachers
Reduced Child Care Fees	0.07	0.07	0.00	0.57	0.81	0.65
Priority Enrollment	0.21	0.21	0.14	0.43	0.68	0.57
Compensation for Overtime	0.14	0.07	0.21	0.41	0.65	0.51
Partially Paid Retirement Plan	0.21	0.50	0.43	0.08	0.22	0.14
Fully Paid Health Insurance	0.14	0.29	0.29	0.03	0.11	0.08
Partially Paid Health Insurance	0.07	0.50	0.43	0.05	0.19	0.14
Paid Health Insurance Dependents	0.07	0.21	0.21	0.03	0.08	0.05
At Least Partial Dental Insurance	0.00	0.43	0.43	0.03	0.22	0.14
Paid Sick Leave or Personal Leave	0.14	0.79	0.64	0.22	0.59	0.43
Paid Vacations	0.00	0.07	0.00	0.22	0.62	0.41
Paid to Attend Staff Meetings	0.00	0.00	0.00	0.46	0.68	0.46
Paid to Attend Professional Development	0.00	0.21	0.21	0.38	0.62	0.46

Share of of providers that have these benefits for each group of teachers is reported. Number of observations are 14 for public providers and 37 for the private providers for this portion of the survey.

Table 3.4 shows that private and public providers also employ teachers with different educational profiles. All public-school lead teachers in CERDEP classrooms have at least a four-year college degree, with more than half with graduate degrees and all with a major in early childhood education. In private setting, however, only 67 percent reported to have 4-year college or more in educational attainment. This table also shows average share of time dedicated to CERDEP classrooms by provider and staff type. These numbers are similar to FTE assignments in the cost models and will be utilized in our survey data-based cost estimates along with the patterns documented in the following table.

<sup>7</sup> All reported later in Table 3.10



**Table 3.4 Staffing Practices by employee type and educational attainment**

	High School	Two year college	Four year college	Graduate	Major in ECE	Average CERDEP Time Share
<b>Private Providers</b>						
Administrative director	1	0	2	1	3	0.29
Teacher-director	0	0	1	0	1	1.00
Teacher or Lead Teacher	0	4	8	2	13	0.95
Assistant Teacher or Aide	4	5	0	0	6	0.93
Floater	1	1	0	0	1	0.37
Others including Substitutes	0	1	0	0	1	0.30
<b>Public Providers</b>						
Administrative director	0	0	0	1	1	0.13
Teacher or Lead Teacher	0	0	12	15	27	1.00
Teacher-director	0	0	0	0	0	0.00
Assistant Teacher or Aide	12	14	3	0	9	0.90
Floater	0	0	0	0	0	0.00
Others including Substitutes	0	0	0	2	2	0.14

Table 3.5 provides a more detailed look in to classroom staffing practices by provider type. In private settings the most common staffing practice is 1 lead and 1 assistant, with on average little over 1 for each staff type. Average student per classroom is 11 in private provider setting and 20 in public school CERDEP classrooms. These numbers imply on average about 11 pupils per both lead teachers and the assistant teachers in First Steps classrooms, only about 6 pupils per each classroom staff. In public settings, staffing is more standard. On average classrooms have 20 students and with *1 lead plus 1 assistant* staffing model, this implies 10 pupils per classroom staff, as regulated.

**Table 3.5 Staffing Practices**

<b>Private Providers</b>	
Lead teacher per class	1 (10) 2(4)
Assistant Aid per class	0(1) 1(11) 2(2)
Reported Staffing Patterns	
1 lead with 1 aid	8
1 lead no aid	1
1 lead 2 aides	1
2 leads 2 aides	1
2 leads 1 aid	3
Average pupil per lead teacher	10.43
Average pupil per asisstant or aid	11.39
Average pupil per classroom staff	5.5
<b>Public Providers</b>	
Lead teacher per class	1.10
Assistant Aid per class	1.08
Average pupil per lead teacher	20.34
Average pupil per asisstant or aid	18.43
Average pupil per classroom staff	10.67

## Capacity

Affordable quality childcare is in short supply across the state of SC and elsewhere. CERDEP aims to alleviate the childcare burden on low income working parents by subsidizing early childhood education for their 4-year-olds. If the CERDEP providers are not distributed across the state in a manner to address needs locally, however, we will observe both excess capacity and excess demand within the program. To understand if the providers are distributed efficiently, we included a set of questions in the surveys on the capacity profiles of the providers. We asked the providers if they have any vacancies, and if so the maximum number of vacancies in the survey period. Only 39 percent of the private providers and 41 percent of the public providers reported to be at full capacity. If there are vacancies, we follow up with a question regarding hiring needs if these vacancies were to be filled. Among the providers who had vacancies (i.e about 60 percent of each group), 30 percent of the private providers responded that they would not need to hire new staff if these vacancies were to be filled, indicating excess capacity. Among the public providers this share was 49 percent. Survey responders were also asked if the district or the provider has a waitlist and if so maximum number of children that were waitlisted in the survey period.

**Table 3.6 Capacity Differences - Vacancies, Staffing Needs, Waitlists**

	Mean	Min	Max*
<b>Private Providers</b>			
Full capacity (No vacancies)	0.39		
Maximum vacancy if ever any	6.50	2.00	13.00
Excess capacity (No need to hire new staff if vacancies filled)	0.29		
Any wait list maintained at site	0.44		
Max number ever in the wait list	6.60	2.00	20.00
<b>Public Providers</b>			
Full capacity (No vacancies)	0.41		
Maximum vacancy if ever any	4.15	1.00	10.00
Excess capacity (No need to hire new staff if vacancies filled)	0.49		
Any wait list maintained at the district	0.62		
Max number ever in the wait list	7.68	2.00	25.00

## Services Provided

There are other important differences in CERDEP delivery by provider type that needs to be considered for costs evaluations and reimbursement amount determination as well as future evaluations of returns to program expenditures. Table 3.7 reports the types of services provided to CERDEP pupils. Some of the differences we observe in prices across providers maybe reflecting the differences in the services covered with the care offered in the centers.

In fact, we observe significant differences in the provision of health and developmental screenings and other developmental assessments and educational services, as well as provision of transportation to and from the program for CERDEP students. Almost all public CERDEP sites provide some form of health screening (hearing, vision etc.) or developmental screening or service (speech, developmental assessment) while these shares are much lower for private providers.

Public schools provide transportation to and from the program using existing transportation services (almost universal at 80% to 90%). Private providers do not commonly provide transportation (only about 23%). For this reason, we exclude transportation costs from cost calculations for the private providers, while including them for the public-school settings. Meals are included for all types of providers, as all settings provide meals for children in the program, and so do costs of health and developmental services. These services are not commonly reported to be provided by private providers, however. We suspect this is a misunderstanding of the questions; services may not be provided in-house by center staff but are contracted out. If in fact the services were not provided or paid for by the providers for the CERDEP/First Steps children per pupil cost estimates of care should be reduced by about 6 percent for private providers and by about 5 percent for public schools as later captured in Table 3.10.

**Table 3.7 Services Provided by Provider Type, Share of Providers**

	School Districts	Private Providers
Vision screening	1.00	0.54
Hearing screening	1.00	0.48
Dental screening	0.82	0.21
Annual Measurement of height and weight	0.56	0.12
Speech screening	0.90	0.47
Speech services	1.00	0.43
Other special education services	1.00	0.29
Developmental assessments	1.00	0.77
Counseling services for children and parents	0.87	0.26
Referral for parents to social services	0.74	0.57
Transportation services from home to the program	0.89	0.23
Transportation services from the program to home	0.79	0.23
Meals for children provided by the program	0.90	0.97
Snacks for children provided by the program	0.77	0.94

### Sources of Revenue

Information on types and amounts of donations received are needed for proper economic cost calculations as we need to account for non-cash costs as well as cash costs. Both private and public providers receive donations. Moreover, private providers also serve non-CERDEP children, and charges for their care may be to some extent subsidizing CERDEP care provision. It is also important to understand if the providers are collecting other federal and state funds supporting subsidized care provision that they are eligible for. Our surveys, as a result also collected information on sources of revenues, including government funds, for each provider as well as private funds received, including donations.

Information on sources of revenues and types of donations received are summarized in Table 3.8. It is surprising that not all respondents reported receiving CERDEP instruction reimbursement and

even though almost all private providers provide extended day and summer care to First Steps children, they do not report to receiving funds from the program. This to some extent may be reflecting the limited nature of support for the extended hours (only up to 2 additional hours) and additional days (only up to 40 summer days) of service.

Main source of difference in revenue sources by provider types come through other public funds and revenues from private sources. We will not consider these components in calculation of costs but will discuss our findings in light of information on other sources of resources and revenue for the providers.

**Table 3.8 Sources of Revenue for Public and Private Providers**

<b>Revenue Source</b>	<b>School Districts *</b>	<b>Private Centers*</b>
<b>Sources of public funding</b>		
CERDEP instruction	83%	82%
CERDEP new provider	36%	45%
CERDEP transport	45%	16%
CERDEP expansion (extended day, year, or summer)	0%	13%
Education Improvement Act Child Development Program (EIA 4K) funds	50%	7%
Early Head Start, Head Start	9%	9%
USDA CACFP	38%	59%
Title I	64%	3%
Individual with Disabilities Act (IDEA) Part B or Part C funds	75%	3%
Other district funds	56%	6%
SC Vouchers	0%	74%
Other public funds ( ARPA Grants, City level funds)	11%	100%
<b>Sources of private funding</b>		
Parent fees	0%	66%
Sponsoring agency	0%	15%
Local Goups Contributions	0%	21%
Special events/fund raising	18%	41%
Private Donations	0%	26%
Investment Income	0%	9%
Other Private Revenue (Grants,	0%	0%
*shares of reported receipt		

### 3.3 Program Cost Evaluation using the Survey Data

Our surveys provide us with the program characteristics, such as hours and days of service enrollment size and staffing decisions by provider. Differences we documented make it clear that comparison of operating costs across private and public CERDEP providers will not be direct.

Table 3.9 summarizes the assumptions we made in our simulations using survey data to create the most conservative high and low-cost scenarios for both public and private providers. In order to keep our estimates conservative, we assumed full capacity in all providers and simulated costs for median (low-cost scenarios) or high (high cost scenarios) enrollment environments.

<b>Setting</b>	<b>Public - low</b>	<b>Public - high</b>	<b>Private - high</b>	<b>Private - low</b>
Days	180	180	180	180
Hours per day	6.5	6.5	6.5	6.5
Salaries	BLS data 25th Percentile	Survey average annual salaries	Survey average annual salaries adjusted	Survey data hourly salaries for annual pay
Fringe benefit rate	0.45	0.45	0.12	0.12
Total district enrollment	360			
Total school/center enrollment	800	500	80	120
Total CERDEP/4K rooms	2	2	1	1
Group size (class size)	20	20	20	20
Enrollment	Full	Full	Full	Full
Facility rent	1	1	1	1
Transportation	1	0	0	0

In our calculations of costs, we standardize the program offerings across providers and adjust the wages paid to CERDEP staff, biggest per pupil cost component, in private sites to make them directly comparable to public school wages using all different sets of pay information available in the private provider surveys (as shown earlier in Table 3.2).

Table 3.10 summarizes the staffing costs inputs for public and private providers. These numbers follow the same staff salary ratios used in Section 2 models, when information on a certain position is not available in the survey. In addition, we use BLS 25<sup>th</sup> percentile salaries as a lower bound for public providers, in addition to the averages of salaries reported in the surveys by each position, when available. For private providers 3 different sets of wage inputs are created using the survey data in addition to the 25<sup>th</sup> per centile values from the BLS data used in the model-based estimates. We will use the annual wage estimates using hourly wages reported as our lower bound wage inputs for the private providers. Adjusted annual salaries displayed in the last column on the other hand are used as the upper bound of wages for private providers.

**Table 3.10 Wage Inputs for Cost Simulations using Survey Data**

Staff Role	BLS data 25h PCT	Survey annual
<b>a. School-district programs</b>		
Classroom staff		
Lead teacher	48,970	57,000
Assistant teacher/floater	22,370	20,000
Administrative staff		
District ECE coordinator	80,880	83,000
School principal	80,880	83,000
School ECE director	60,660	62,250
Office manager	22,322	22,322
Administrative assistant	13,582	13,582
<b>b. Private Centers</b>		
Classroom staff		
Lead teacher	29,060	18720
Assistant teacher/floater	11,072	16380
Administrative staff		
Center director	52,045	25740
Center associate director	41,636	20,592
Office manager	19,152	19,152
Administrative assistant	11,653	11,653
	Survey annual using hourly for 1170 hours	Survey annual using weekly for 36 weeks
	Survey annual using annual 180/255	Survey annual using annual 180/255

**Table 3.1.1 Survey-based Per Pupil Cost Estimates**

<b>Cost Component</b>	<b>Public Low</b>	<b>Public High</b>	<b>Private Low</b>	<b>Private High</b>
<b>a. Cost Per Pupil (\$)</b>				
Personnel	7,370	7,773	3,530	4,666
Classroom	5,578	5,945	2,090	3,308
Administrative	1,792	1,828	1,440	1,358
Professional Development	34	34	34	34
Classroom Materials and Supplies	309	309	309	309
Meals	2,239	2,239	2,239	2,239
Transportation	302	302	0	0
Occupancy	1,792	1,792	1,792	1,792
Other Operating Costs	580	580	580	580
<b>Total</b>	<b>12,626</b>	<b>13,029</b>	<b>8,484</b>	<b>9,620</b>
<b>b. Percentage Distribution (%)</b>				
Personnel	58.4	59.7	41.6	48.5
Classroom	44.2	45.6	24.6	34.4
Administrative	14.2	14.0	17.0	14.1
Professional Development	0.3	0.3	0.4	0.4
Classroom Materials and Supplies	2.4	2.4	3.6	3.2
Meals	17.7	17.2	26.4	23.3
Transportation	2.4	2.3	0.0	0.0
Occupancy	14.2	13.8	21.1	18.6
Other Operating Costs	4.6	4.5	6.8	6.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>c. Other Unit Cost Estimates (\$)</b>				
Cost per pupil-day	70.15	72.38	47.13	53.45
Cost per pupil-hour	10.79	11.14	7.25	8.22

Table 3.11 documents survey-data-based cost estimates for two cost levels for both provider types. We label providers serving in low enrollment, high wage environments as high-cost providers. However, please note that in all settings we assume full enrollment on an average public or private setting, making our estimates conservative lower bound for both high- and low-cost providers.

Our per pupil cost numbers produced using survey data is highly comparable to model-based estimates and show levels of costs that are significantly higher than reimbursement amounts set by the state for these providers.



## 4. Key Findings and Recommendations

In this report, we estimate costs for providing CERDEP 4K services in South Carolina for both public and private providers. Understanding the cost of providing 4K, particularly high-quality 4K, is critical for stakeholders determining reimbursement rates. The program must provide sufficient funding for high-quality care while also being good stewards of taxpayer dollars. Reimbursement rates that are too low risk not attracting enough providers and forcing participating providers to cut costs to the detriment of the quality of service provision, while rates that are higher than necessary do not provide optimal value for taxpayers.

We employ two main strategies for estimating costs, both informed by data on the cost of providing preschool services in South Carolina, for four archetypal provider types. First, we use a model-based approach with inputs typical of those needed to run a preschool program and costs based on South Carolina labor market data and cost of living. Second, we supplement this approach by using information on salaries and benefits from an original survey of CERDEP 4K providers. The survey as provides key insights into the actual inputs use by CERDEP providers as well as typical enrollment, which is critical for determining per-pupil costs as providers are not always operating at full capacity.

### Key Findings

Below, we discuss our key findings regarding the inputs required for CERDEP 4K programs, the cost of the programs, and fraction of the estimated costs covered by the reimbursement rates.

1. **Staffing is provider's primary cost**, accounting for 42-63% of the total cost, depending on provider context. Differences in wages by context therefore have a substantial impact on total cost. Meals and facility costs both make up significant portions of total cost, ranging from 15-26% of total costs for meals and 12-21% for facility costs. Other cost categories typically make up less than 5% of the total budget.
2. **Estimated per-pupil costs vary significantly by provider context**. Public providers must pay teachers wages on the same pay scale as other elementary school teachers, substantially increasing costs for public providers. Costs for private providers would be nearly identical to public providers if the private providers paid the same wages as public providers. Instead, we estimate that costs for private providers is about one-third lower than for public providers. Total costs are only about 2% lower for private providers whose lead teacher has an associate's degree as opposed to a bachelor's degree. We estimate the following per-pupil costs by provider type:
  - Public Provider (Type A): \$14,048
  - Private provider with pay parity to public provider (Type B): \$13,969
  - Private provider with typical wages (Type C): \$9,436
  - Private provider with lead teacher with an AA (Type D): \$9,246
3. **Public and Private Providers face different challenges for sustainability**. Higher salaries for teachers in public 4K programs increase program costs significantly, well above reimbursement rates. Private providers face cost inefficiencies because their smaller size means they cannot spread administrative costs over several sites or classrooms. Private providers also have higher vacancy rates, raising per pupil costs due to lower enrollment.

Given that reimbursement is on a flat per pupil basis, reimbursement rates are often not high enough to cover the higher per pupil costs of smaller classrooms.

4. **CERDEP 4K reimbursement rates cover 40-67% of estimated costs.** Across all four program archetypes, reimbursement rates fail to cover the full cost of care. The shortfall is particularly large for the public providers. Estimated shortfalls and fraction of costs covered by provider type are below.
  - Public program (Type A): 40% of costs covered, shortfall of \$8,402 per pupil
  - Private program with pay parity (Type B): 45% of costs covered, shortfall of \$7,736 per pupil
  - Private program with typical private pay (Type C): 67% of costs covered, shortfall of \$3,203 per pupil
  - Private program with lead teacher with an AA (Type D): 67% of costs covered, shortfall of \$3,013 per pupil

These estimated shortfalls are calculated using cost estimates that assume full enrollment. Many providers have vacancies, increasing the per pupil cost and, thus, the estimated shortfall.

## Areas for Further Consideration

Our analysis of the cost of providing CERDEP 4K services relative to the reimbursement rates reveals several key aspects of the program that merit further consideration. We discuss six below.

1. **Provide Incentives for Higher Teacher Pay:** Teachers in private programs have very low salaries on average, receiving at most sixty cents on the dollar compared to their counterparts in public programs with the same job titles and levels of education. In addition, private providers receive fewer non-wage benefits, such as health insurance and access to a retirement plan. Prior research shows that higher salaries can reduce teacher turnover and improve the quality of interactions between teachers and students (Bassok, Gibbs and Latham, 2019; Brown and Herbst 2024). In the CERDEP survey data, we find that turnover rates are over three times higher for teachers in private settings as compared to public settings (11% vs. 3%), and this was in a year when many providers indicated that they used funding from the American Rescue Plan Act to provide bonuses to teachers. The lower salaries in the private sector may thus be reducing quality at private providers. One possible policy response is to increase reimbursement rates, tying increases to higher teacher salaries. Private providers do face a dilemma in that raising pay for teachers in CERDEP classrooms would lead to pay inequality among their staff. Therefore, convening stakeholders to discuss feasible paths for increasing pay for teachers at private providers may be fruitful.
2. **Assess Root Causes for Vacancy Rates:** Vacancy rates are relatively high at private providers, with the average classroom having only 11 CERDEP children. A smaller class size may improve student learning (Krueger and Whitmore 2001), but it also leads to higher per pupil costs. Understanding why vacancy rates are high will help to inform what policy response is needed, if any. If public providers have expanded in recent years, that may have reduced demand for private providers. Assessing whether there are more providers in some areas than is needed to support the eligible population in that area would also be useful. Alternatively, perhaps more outreach is needed to eligible families to induce them to enroll their children in the CERDEP program. Providers serving hard-to-reach areas that do not

have sufficient demand but where programming is nonetheless needed could be provided with additional reimbursements to account for the smaller class sizes. They could also receive larger transportation subsidies to encourage them to provide transportation, making CERDEP more accessible for families.

3. **Consider Differentiating Rates by Program Characteristics:** Different programs offer different levels of services, but all providers currently receive the same reimbursement rate. Public providers, in particular, tend to offer a menu of services not available at the typical private provider. Reimbursement rates could also increase with teacher qualifications, incentivizing private providers to hire teachers with higher levels of formal education.
4. **Support for Private Providers:** Continue programs providing support to private providers and continue developing new ways to support providers. The previous RAND report encouraged assisting private providers in finding and applying for other sources of funding. Nearly sixty percent of providers now receive funding from the Child and Adult Care Food Program (CACFP). When asked what the most important factors were for participating in CERDEP, several providers specifically mentioned the teacher training and support provided to them at no charge. Given how valuable private programs find the support provided by First Steps 4K, we recommend continuing to look for ways to better support and build up community for private providers. Increasing support for teacher training and further subsidized education can bring additional benefits as discussed earlier.
5. **Update Model-Based Costs Annually:** Particularly during times of higher inflation, as we have seen over the past five years since the previous cost study, it is important to regularly monitor how costs are increasing for providers. Given that an annual cost study and provider survey is likely not feasible, stakeholders can use broader labor market data and other data to monitor trends in costs. Given the importance of labor costs in determining total costs, this is a particularly important input price to track. The Bureau of Labor Statistics provides annual statistics on the wages of elementary teachers and child care workers that could be used for such monitoring.
6. **Generate Consensus on Fraction of Total Costs Reimbursement Rates Should Cover:** Under all cost models, even those with more conservative assumptions for cost (i.e., lower salaries), we find that estimated costs exceed reimbursement rates. Both public and private providers report receiving funds outside of CERDEP reimbursement to support their program. Thus, there is a question of what fraction of the costs should the reimbursement rate cover? Stakeholders should determine the answer to this question, and if the answer is less than the total cost of care, consider assisting providers with suggestions for how to cover the gap between the cost of care and reimbursement rates.

# Appendices

## Appendix A. Sources for Background Information

4K Reimbursement Mechanism Sources	
State	Source
ALABAMA	<a href="https://children.alabama.gov/for-educators/grants-funding/first-class-prek-funding/">https://children.alabama.gov/for-educators/grants-funding/first-class-prek-funding/</a>
FLORIDA	<a href="https://www.fldoe.org/schools/early-learning/">https://www.fldoe.org/schools/early-learning/</a>  <a href="https://www.fldoe.org/core/fileparse.php/20628/urlt/2223-DEL-AnnualReport.pdf">https://www.fldoe.org/core/fileparse.php/20628/urlt/2223-DEL-AnnualReport.pdf</a>  <a href="http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&amp;Search_String=&amp;URL=1000-1099/1002/Sections/1002.71.html">http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&amp;Search_String=&amp;URL=1000-1099/1002/Sections/1002.71.html</a>
GEORGIA	**THIS PDF IS FOR 2023-24 <a href="https://www.dec.state.ga.us/documents/attachments/Guidelines.pdf">https://www.dec.state.ga.us/documents/attachments/Guidelines.pdf</a>  <a href="https://www.dec.state.ga.us/PreK/About.aspx">https://www.dec.state.ga.us/PreK/About.aspx</a>  <a href="https://www.dec.state.ga.us/documents/attachments/2022-2023_RateChart.pdf">https://www.dec.state.ga.us/documents/attachments/2022-2023_RateChart.pdf</a>
NORTH CAROLINA	**THIS PDF IS FOR 2023-24 <a href="https://ncchildcare.ncdhhs.gov/Portals/0/documents/pdf/2/2023-2024_NC_Pre-K_Program_Requirements_and_Guidance-FINAL-July_2023-4.pdf?ver=YUjHzMdcZjj_SGADg2xHGA%3d%3d">https://ncchildcare.ncdhhs.gov/Portals/0/documents/pdf/2/2023-2024_NC_Pre-K_Program_Requirements_and_Guidance-FINAL-July_2023-4.pdf?ver=YUjHzMdcZjj_SGADg2xHGA%3d%3d</a>  <a href="https://ncchildcare.ncdhhs.gov/Home/DCDEE-Sections/North-Carolina-Pre-Kindergarten-NC-Pre-K">https://ncchildcare.ncdhhs.gov/Home/DCDEE-Sections/North-Carolina-Pre-Kindergarten-NC-Pre-K</a>
TENNESSEE	<a href="https://www.tn.gov/education/districts/early-learning/voluntary-pre-k.html#:~:text=The%20Voluntary%20Pre%20DK%20initiative,%20Dacademic%20and%20social%20skills).">https://www.tn.gov/education/districts/early-learning/voluntary-pre-k.html#:~:text=The%20Voluntary%20Pre%20DK%20initiative,%20Dacademic%20and%20social%20skills).</a>  <a href="https://www.tn.gov/sbe/committees-and-initiatives/the-basic-education-program.html">https://www.tn.gov/sbe/committees-and-initiatives/the-basic-education-program.html</a>  <a href="https://comptroller.tn.gov/content/dam/cot/area/advanced-search/2023/TISAandtheBEP.pdf">https://comptroller.tn.gov/content/dam/cot/area/advanced-search/2023/TISAandtheBEP.pdf</a>
SOUTH CAROLINA	<a href="https://ed.sc.gov/instruction/early-learning-and-literacy/cerdep/">https://ed.sc.gov/instruction/early-learning-and-literacy/cerdep/</a>  <a href="https://ed.sc.gov/instruction/early-learning-and-literacy/cerdep/cerdep-guidelines-2023-24/">https://ed.sc.gov/instruction/early-learning-and-literacy/cerdep/cerdep-guidelines-2023-24/</a>
Other helpful links:	Barnett and Kasmin, 2016 <a href="https://sites.nationalacademies.org/cs/groups/dbassesite/documents/webpage/dbasse_176099.pdf">https://sites.nationalacademies.org/cs/groups/dbassesite/documents/webpage/dbasse_176099.pdf</a>  NASBE State Education Standard, May 2024: Opportunities and Challenges for Preschool Expansion <a href="https://www.nasbe.org/?s=Fully+Funding+Pre-K+through+K-12+Funding+Formulas">https://www.nasbe.org/?s=Fully+Funding+Pre-K+through+K-12+Funding+Formulas</a>

ALABAMA	State Program (Year) Alabama (2022-2023)	State Reimbursement Mechanism Discretionary grants (three levels)	<p>Factors Tied to Reimbursement **This info may need to move to Column P** Three levels: (1) Excellence Grants (up to \$48,300/year) to help increase program quality; (2) Tiered Grants (\$84,604 to \$97,908 per grant annually) dependent on free and reduced lunch population; (3) New Classroom Setup Grants (up to \$125,000) to cover new classrooms for one year. [Sources: NIEER p. 37 and webpage screenshot in folder - AL First Class Pre-K Funding - Early Childhood Education; taken from https://children.alabama.gov/for-educators/grants-funding/first-class-prek-funding/]</p>	<p>Maximum Per-Pupil Reimbursement for Standard Academic Year School-Day Program KDS working on it</p>	<p>Other Reimbursements (Annual) KDS check if any other states have transportation reimbursements etc Per-pupil allocation funding: For non-Head Start classrooms that receive Excellence or Tiered funding, separate funding up to \$3,600 or \$200/pupil enrolled. In-kind or other revenue sources used as supplemental funding. For classrooms with Tiered or New Classroom funding, supplemental funds must match at least 25% of grant awards. [Source: https://children.alabama.gov/for-educators/grants-funding/first-class-prek-funding/]</p>	<p>State Spending per Child Enrolled [NIEER Yearbook] \$7,429 [Source: NIEER p. 37]</p>	<p>All reported spending per child enrolled [NIEER Yearbook] *Pre-K programs may receive additional funds from federal or local sources not included here \$10,981 [Source: NIEER p. 37]</p>	<p>Local/Federal/Etc. per-pupil spending [NIEER p.26] State: \$7,429 Local: \$3,452 Federal: \$0</p>	<p>Start-up Grants, Other federal Preschool Development Grant (PDG B-5) one-year planning grant for \$4 million [Source: NIEER p. 37]</p>
FLORIDA	Florida (2022-2023)	State Reimbursement Mechanism Unclear, school funding formula or discretionary formula grant? Funding consists of separate baseline projected student allocation, allocation per full time student accounting for comparable wage factor, and funds can be reallocated after actual enrollment is reported. [Source: http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&Search_Strings=&URL=1000-1099/1002/Sections/1002.71.html]	<p>Student enrollment; Comparable Wage Factor [Source: http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&amp;Search_Strings=&amp;URL=1000-1099/1002/Sections/1002.71.html]</p>	<p>\$2,948.40 (Base student allocation of \$2,803 multiplied by District Cost Differential; Minimum district payment was \$2,570.40) [Source: https://edcx.org/wp-content/uploads/2022/06/VPK20222023PaymentRateScheduleFINAL.pdf]</p>	<p>State Spending per Child Enrolled [NIEER Yearbook] \$3,142 [Source: NIEER p. 61]</p>	<p>All reported spending per child enrolled [NIEER Yearbook] *Pre-K programs may receive additional funds from federal or local sources not included here \$3,142 [Source: NIEER p. 61]</p>	<p>Local/Federal/Etc. per-pupil spending [NIEER p.26] State: \$3,142 Local: \$0 Federal: \$0</p>	<p>Federal recovery funds of \$48,867,817. [Source: NIEER p. 60]</p> <p>Minimum wage funding - additional funding for a wage incentive program for VPK providers who pay employees a minimum of \$15/hr for VPK-related work. [Source: p.19 https://www.fldoe.org/core/fileparse.php/20628/urlt/2223-DEL-AnnualReport.pdf]</p>	
GEORGIA	Georgia (2022-2023)	State Reimbursement Mechanism Funded through Georgia Lottery for Education and administered by Department of Early Care and Learning (DECAL) [Source: https://www.decal.ga.gov/BHS/StartingAGeorgiaPreKProgram.aspx]	<p>Student enrollment; Lead teacher credentials [Source: https://www.decal.ga.gov/PreK/ProgramComponents.aspx]</p> <p>Program compliance; Compliance with other programs offered through DECAL [Source: https://www.decal.ga.gov/BHS/StartingAGeorgiaPreKProgram.aspx]</p> <p>(*2023-24) Program type and service area, number of children served, lead teacher credential [Source: p.43 https://www.decal.ga.gov/documents/attachments/GuidelinesText.pdf]</p>	<p>\$4,700.66 (Payments vary by lead teacher credentials and whether site is private metro, private non-metro, or public. Minimum payment was \$2720.75) [Source: 2022-2023_GeorgiaPreKRateChart document in folder]</p>	<p>State Spending per Child Enrolled [NIEER p. 63] \$5,646 [Source: NIEER p. 63]</p>	<p>All reported spending per child enrolled [NIEER Yearbook] *Pre-K programs may receive additional funds from federal or local sources not included here \$5,646 [Source: NIEER p. 63]</p>	<p>Local/Federal/Etc. per-pupil spending [NIEER p.26] State: \$5,646 Local: \$0 Federal: \$0</p>	<p>Federal recovery funds of \$26,471,608. [Source: NIEER p. 62]</p>	

NORTH CAROLINA	North Carolina (2022-2023)	Per-pupil discretionary grant; Based on state contract with provider (ex. private sites must use rate increases for teacher salaries) [Source: p.6 of 2022-2023_NC_Pre-K_Additional_Guidance_for_NC_Private_e-K_Programs_5182022F document in folder]	"Per-child", attendance-based model [Source: p.5 DS Private sites - need at least one child enrolled and lead teacher credentials [Source: p.6 of 2022-2023_NC_Pre-K_Additional_Guidance_for_NC_Private_e-K_Programs_5182022F document in folder]	Head Start: \$4,000 Public: \$4,730 [Source for Head Start and Public: p.11 of NC_Pre-K_Fiscal_Land_Contract_Manual_Revised_September_2020_Note_Added_6-3-2022 document in folder] Private: \$6,820 ** Private rate is \$682/child per month. [Source: p.3 of 2023-2024_NC_Pre-K_Additional_Guidance_for_NC_Private_e-K_Programs_MAY2023 document in folder] Taken this rate and multiplied by 10 months to get annual rate, as shown in example here: p.7 2022-2023_NC_Pre-K_Additional_Guidance_for_NC_Private_e-K_Programs_5182022F.pdf	Additional \$68,244,128 in TANF funds. Federal recovery funds of \$6,537,337. [Source: NIEER p.119]	\$6,672 [Source: NIEER p. 120]	\$8,504 [Source: NIEER p. 120]	State: \$6,672 Local: \$1,745 Federal: \$86	December 2022 - federal Preschool Development Grant Birth through Five (PDG B-5) one-year planning grant for \$4 million [Source: NIEER p. 143]
TENNESSEE	Tennessee (2022-2023)	VPK grants provided to local education agencies by Tennessee State Department of Education and Early Learning Division; Districts may contract with outside sources if funded required local match amount [Source: NIEER p.143]	Program quality [Source: NIEER p.143]	Approximately \$5,874- Reimbursements are by classroom (allocation of \$117,490/classroom intended for 20 students in AY22-23) [Source: Jessica Franklin, Senior Manager of Voluntary Pre-K]	December 2022 - federal Preschool Development Grant Birth through Five (PDG B-5) one-year planning grant for \$4 million [Source: NIEER p. 143]	\$4,823 [Source: NIEER p. 144]	\$6,211 [Source: NIEER p. 144]	State: \$4,823 Local: \$1,388 Federal: \$0	December 2022 - federal Preschool Development Grant Birth through Five (PDG B-5) one-year planning grant for \$4 million [Source: NIEER p. 138]
SOUTH CAROLINA	South Carolina (2022-2023)	Per-pupil formula grant [Source: p.43 https://ed.sc.gov/finance/financial-services/manual-handbooks-and-guidelines/funding-manuals/fiscal-year-2022-2023-funding-manual/]	Per-pupil formula grant [Source: p.43 https://ed.sc.gov/finance/financial-services/manual-handbooks-and-guidelines/funding-manuals/fiscal-year-2022-2023-funding-manual/]	\$5,100 ** Legal minimum recorded as \$4,800 but these sources have noted \$5,100 even though I cannot find a payment rate chart confirming this [Sources: p.3 and p.21 https://www.scsstatehouse.gov/reports/DeptofEducation/2023%20CERDEP%20unexpended%20Funds%20Report.pdf https://ed.sc.gov/finance/financial-services/manual-handbooks-and-guidelines/funding-manuals/fiscal-year-2022-2023-funding-manual/] Transportation reimbursement of either \$587 (through September 2022) or \$620 (starting October 2022) through June 2023 per-pupil - unclear which is correct for AY2223 [Source: SC_FirstSteps4K_BecomeAProvider_August2023 SC_FirstSteps4K_BecomeAProvider_May2023 documents in folder] 22-23 CERDEP guidelines document (from September 2022) p.30 says private providers are eligible for \$587 transportation reimbursement even though p.29 says both public and private are eligible	December 2022 - federal Preschool Development Grant Birth through Five (PDG B-5) one-year planning grant for \$3,734,616. Federal recovery funds of \$809,763. [Source: NIEER p. 138]	\$3,900 [Source: NIEER p. 140]	\$4,147 [Source: NIEER p. 140]	State: \$3,900 Local: \$0 Federal: \$247	December 2022 - federal Preschool Development Grant Birth through Five (PDG B-5) one-year planning grant for \$3,734,616. Federal recovery funds of \$809,763. [Source: NIEER p. 138]

## Appendix B. Methods for Chapter 2 Cost Model

This appendix shares additional information on the construction of the cost model utilized in Chapter 2. The analysis in Chapter 2 relies on assumptions made for staff employed, staff compensation, and other unit costs necessary for a CERDEP program provider. As discussed in Chapter 2, these assumptions can vary by public and private program environments.

### Staffing Model

Table C.1 shows the staffing structures assumed for each of the four provider contexts used in the baseline model. For all provider contexts, staffing is comprised of classroom-level positions and site-level administrative positions, with an additional position at the district-level for Type A public providers only. Staff are shown as full-time equivalent (FTE) positions. All public and private providers are assumed to employ the same number of staff per classroom – one lead teacher, one assistant teacher, and a 0.25 FTE floater who serves as a substitute when needed.

The number of administrative staff varies by provider context. Type A, a public school district site, assumes one school principal, school ECE director, office manager, administrative assistant, and district ECE coordinator. These positions serve an entire school population or district – in our baseline model, we are assuming the educational setting is two CERDEP classrooms. To obtain accurate estimates of the staff compensation costs contributing to CERDEP costs in our setting, these positions are adjusted to reflect the share of the position specifically serving CERDEP students. Type A adjustments are as follows:

- **School principal:** We use the share of CERDEP students relative to the total school site enrollment to obtain the share of the position dedicated to CERDEP students. Using our assumptions in Table 2.2, total school enrollment is 450 students while total CERDEP enrollment is 40 students. This results in a 9 percent share of the position dedicated to CERDEP. Therefore, when estimating staff compensation costs, we use a 9 percent share of the principal's salary.
- **School ECE director (This position does not show up in our survey but is considered in PCQC calculations):** A similar logic is employed. The Type A school-level ECE director is assumed to manage the CERDEP 4K classrooms, with one director for every 120 students. With a total CERDEP enrollment of 40 students, this means one-third of the position is used in our baseline model and results in a 33 percent share that will be taken from the director's salary when estimating costs.
- **Office manager/Administrative assistant:** The same assumptions made for the School ECE Director are made for the office manager and administrative assistant, resulting in a 33 percent share of each position's salary assigned as CERDEP costs.
- **District ECE coordinator:** At the district level, we assume one district ECE coordinator for every 300 4K students. Following Table 2.2, with 150 4K students in the district, the coordinator position is assumed to be one-half of the FTE position in our baseline model. To estimate costs, we use the share of CERDEP students at the district site relative to the total district 4K enrollment. Assuming 40 CERDEP students, a 27 percent share of the coordinator's half-time position is dedicated to CERDEP in our baseline setting. This corresponds to approximately a 13 percent share of the coordinator's (full-time) salary assigned as CERDEP costs.

The administrative staffing structure is different for the remaining provider contexts (Types B, C, and D in Table 2.2) since these types are private centers. We assume these providers employ one center ECE director, center ECE associate director, office manager, and administrative assistant. Similar to the public setting, each of these roles serves the entire school population and therefore needs to be adjusted for the share of time dedicated to CERDEP students. Types B, C, and D private centers are each assumed to have a total site enrollment of 120 students and a total CERDEP enrollment of 40 students. Using the share of CERDEP students relative to total site enrollment, a 33 percent share of the salaries for all site-level administrative staff will be assigned as CERDEP costs for these types in our baseline model.

### **Staff Compensation**

Table C.2 shows the assumed salary levels for the classroom-level and administrative staff roles in Table C.1, separated by public program compensation (panel (a)) and private program compensation (panel (b)). We use data on occupation-level wages in South Carolina as of May 2023 from the U.S. Bureau of Labor Statistics (BLS) to form our salary assumptions. The salaries used in our baseline model are shown in the first column. The remaining columns show the salaries we use in the remaining model program scenarios for providers that face lower, high, or higher costs relative to the baseline setting.

#### *Classroom Staff*

We use the closest BLS category and occupation code to collect salary estimates for each classroom staff role. Kindergarten teachers and teacher assistants' categories are used for lead teachers and assistant teachers/floaters in public school programs. This assumption is realistic given pay parity in public schools, where 4K teachers are on the same salary scale as other public school teachers. For lead teachers in private settings, we use the preschool teachers BLS category in panel (b). For assistant teachers/floaters in private programs, we use the childcare workers BLS category. Unlike the other occupation categories already noted, this category records wage estimates for a full calendar year. To obtain the salary associated with a school calendar year, we use the BLS hourly wage estimate and assume staff members work 25 weeks of a calendar year at 40 hours per week.

Using the median wage estimates from BLS for our baseline model, the first column of Table C.2 shows the assumed classroom salaries for public (a) and private (b) programs. Kindergarten teachers (public lead teachers) had a South Carolina median salary of about \$60,000, while preschool teachers (private lead teachers) had a South Carolina median salary of almost \$34,000. Teacher assistants (public assistants/floaters) had a South Carolina median salary of almost \$24,000 compared to about \$13,000 for childcare workers (private assistants/floaters).

The last assumption made for staff compensation pertains to the salary levels used in our model when evaluating Type D private providers. Under this scenario, the lead teacher has an associate's degree instead of a bachelor's degree. Therefore, for the Type D providers, we assume the lead teacher salary is 90 percent of the private lead teacher salary shown in panel (b) of Table C.2.

#### *Administrative Staff*

Similarly, we use the closest BLS category and occupation code to collect salary estimates for each administrative staff role in Type A public programs. The education administrator's category is used for the district ECE coordinator and school principal. Following RAND (2019), we also assume the school ECE director salary is about 75 percent of the principal's salary since there is no equivalent BLS category. For the categories used for office managers and administrative assistants, we take the corresponding wage estimates and make the same adjustments as we did for childcare



workers, obtaining the salaries associated with a 25-week school year. Looking at the estimates for our baseline model in the first column of Table C.2, we see education administrators (district coordinators, principals) had a South Carolina median salary of almost \$99,000. Office managers and administrative assistants are assumed to have South Carolina median salaries of about \$28,000 and \$16,000, respectively.

For administrative staff roles in private programs, there are no equivalent BLS categories. Following the modifications made in RAND (2019), the assumed public salaries are used to obtain estimates for private program salaries. We take the 25<sup>th</sup> percentile public salary estimate from BLS and assign this value as the median salary for the corresponding private program role. For example, the 25<sup>th</sup> percentile salary for the public school ECE director of \$60,660 is assigned as the “baseline” median value for the private center director. We use the 50<sup>th</sup> percentile public salary as the 75<sup>th</sup> percentile salary for private programs. The 25<sup>th</sup> percentile and 90<sup>th</sup> percentile values for private programs are calculated using the 25<sup>th</sup>/50<sup>th</sup> and 90<sup>th</sup>/75<sup>th</sup> percentile ratios for private lead teachers. We assume the associate director has an 80 percent share of the director’s salary, equivalent to about \$48,000 as the South Carolina median value. Similar modifications are made for the office manager and administrative assistant salaries using the adjusted school-year values estimated for each public program salary. In private centers, office managers are assumed to have South Carolina median salaries of about \$22,000 compared to about \$13,000 for administrative assistants.

## **Other Unit Prices**

Table C.3 shows the unit costs for components other than personnel that are necessary to provide CERDEP 4K services. These components are categorized into professional development, classroom materials, meals, transportation, occupancy, and other operating costs. In the last column of Table C.3, the unit costs for subcomponents are displayed as either per-site, per-pupil, or per-square foot denominations.

The Office of Child Care within the U.S. Department of Health and Human Services offers a Provider Cost of Quality Calculator (PCQC) which can be used to estimate the operating costs at various quality levels of a childcare program. We use PCQC estimates for South Carolina as our baseline unit cost estimates shown in the first column of Table C.3. The only category not included in PCQC is transportation – for this, we use the estimated cost from RAND(2019) and adjust for inflation to obtain our 2023 cost estimate. The second and third columns of Table C.3 show the unit costs adjusted for provider contexts where salary levels are assumed to be outside the baseline, consistent with RAND’s assumption that prices generally follow wages. For lower-salary contexts, unit costs are 7.5 percent lower than the baseline costs, while higher-salary contexts assume unit costs are 7.5 percent higher than the baseline costs.

The unit costs associated with the baseline model do not vary by provider context since we assume the same number of students, rooms, and sites for all Types A through D (see Table 2.2). This logic also applies to the alternative scenario models that face lower, high, or higher costs relative to the baseline setting.

**TABLE A.1: Assumed Baseline FTE Staffing Structure for CERDEP Cost Model, by Provider Type**

Staff Role	Number of FTE Staff			
	Type A (Public Site)	Type B (Private Center)	Type C (Private Center)	Type D (Private Center)
Classroom staff, per classroom				
Lead teacher	1	1	1	1
Assistant teacher	1	1	1	1
Floater	0.25	0.25	0.25	0.25
Administrative staff, per site				
School principal	0.09			
School/center ECE director	0.33	0.33	0.33	0.33
School/center ECE assoc. director		0.33	0.33	0.33
Office manager	0.33	0.33	0.33	0.33
Administrative assistant	0.33	0.33	0.33	0.33
Administrative staff, per district				
District ECE coordinator	0.13			

Sources for CACFP information:

[https://www.tomcopelandblog.com/blog/2022-2023-food-program-reimbursement-rates-announced#:~:text=Breakfast:%20\\$1.66,Previous](https://www.tomcopelandblog.com/blog/2022-2023-food-program-reimbursement-rates-announced#:~:text=Breakfast:%20$1.66,Previous)

<https://www.fns.usda.gov/cacfp>

<https://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs/child-and-adult-care-food-program/#:~:text=USDA's%20Food%20and%20Nutrition%20Service,full%2Dprice%20meal%20or%20snack.>

**TABLE A.2: Assumed Occupational Salaries for CERDEP Cost Model, Baseline and Alternative Scenarios (2023 Dollars)**

<b>Staff Role</b>	<b>Baseline Median: \$ for 50th Percentile</b>	<b>Lower Cost: \$ for 25th Percentile</b>	<b>High Cost: \$ for 75th Percentile</b>	<b>Higher Cost: \$ for 90th Percentile</b>	<b>BLS Category (Code)/Notes</b>
<b>a. School-district programs</b>					
Classroom staff					
Lead teacher	60,420	48,970	66,000	78,870	Kindergarten teachers, except special education (25-2012)
Assistant teacher/floater	23,970	22,370	28,760	33,790	Teacher assistants, except postsecondary (25-9041)
Administrative staff					
District ECE coordinator	98,990	80,880	109,930	132,620	Education administrators, elementary and secondary school (11-9032)
School principal	98,990	80,880	109,930	132,620	Same as above
School ECE director	74,243	60,660	82,448	99,465	75% of school principal
Office manager	28,510	22,322	35,091	41,322	First-line supervisors of office and administrative support workers (43-1011)
Administrative assistant	16,582	13,582	21,173	25,923	Office clerks, general (43-9061)
<b>b. Private Centers</b>					
Classroom staff					
Lead teacher	33,870	29,060	38,680	61,420	Preschool teachers, except special education (25-2011)
Assistant teacher/floater	13,269	11,072	14,298	17,524	Childcare workers (39-9011)
Administrative staff					
Center director	60,660	52,045	74,243	117,890	Modified school ECE director (see text)
Center associate director	48,528	41,636	59,394	94,312	Modified school ECE director (see text)
Office manager	22,322	19,152	28,510	45,270	Modified school office manager (see text)
Administrative assistant	13,582	11,653	16,582	26,330	Modified school administrative assistant (see text)

**TABLE A.3: Assumed Unit Prices for CERDEP Cost Model, Baseline and Alternative Scenarios (2023 Dollars)**

Cost Component	Unit Cost (\$)			Unit
	Baseline	Lower Cost	Higher Cost	
Professional development				
Professional services and fees	1,282.00	1,185.85	1,378.15	Per site
Professional membership and subscriptions	75.00	69.38	80.63	Per site
Classroom materials and supplies				
Classroom supplies	148.00	136.90	159.10	Per pupil
Education supplies	119.00	110.08	127.93	Per pupil
Child assessment tool	27.00	24.98	29.03	Per pupil
Developmental screening tool	14.00	12.95	15.05	Per pupil
Curriculum	37.00	34.23	39.78	Per site
Meals				
Food and food preparation	2,182.00	2,018.35	2,345.65	Per pupil
Kitchen supplies	57.00	52.73	61.28	Per pupil
Transportation	302.00	279.35	324.65	Per site
Occupancy <sup>a</sup>				
Rent, lease, mortgage	18.00	16.65	19.35	Per square foot
Utilities	4.00	3.70	4.30	Per square foot
Building insurance	2.00	1.85	2.15	Per square foot
Maintenance, repair, cleaning	4.00	3.70	4.30	Per square foot
Other operating costs				
Office supplies and equipment	119.00	110.08	127.93	Per pupil
Medical supplies	67.00	61.98	72.03	Per pupil
Insurance (e.g., liability, accident)	129.00	119.33	138.68	Per pupil
Advertising	24.00	22.20	25.80	Per pupil
Telephone and internet	4,907.00	4,538.98	5,275.03	Per site
Audits and legal fees	3,536.00	3,270.80	3,801.20	Per site
Licensing fees and permits	590.00	545.75	634.25	Per site
Accreditation fees	625.00	578.13	671.88	Per site
<sup>a</sup> For occupancy costs, the model assumes each CERDEP room is 1,280 square feet.				

## **Appendix C: Surveyed Costs Components for CERDEP by Provider Type**

We collected cost information from both private and public providers for the inputs needed for CERDEP delivery. These costs include both staffing costs and materials and resources utilized at the classroom, school/site, and district level (if applicable). Appendix Table 3.1 provides a detailed list of information collected for each category and level of cost. Major cost categories are:

### Classroom Expenditures:

1. Wage and Nonwage Expenditure for Classroom Staff (Lead Teacher, Assistant Teacher or Floaters/Aides)
2. Professional Development Expenditures
3. Cost of Designated CERDEP Classroom Materials

Detailed classroom level information was collected from one random classroom when there are more than one CERDEP classroom on site.

### School or Center Level Shared Resources:

1. Center or school level supporting staff wage and non-wage costs, professional development expenditures including program director or principle and other support staff
2. Materials and supplies
3. Food and transportation services and occupancy costs
4. All other operating costs

When not reported as a direct cost only for the CERDEP program, only a proportion of these costs are allocated as CERDEP costs. The proportion is set as the share of CERDEP students in the school enrollment.

Detailed staffing and enrollment information is collected from districts for up to 4 sites. If there are more than 4 sites in a district, 4 sites are randomly selected. These districts also report enrollment and staffing numbers for all sites.

### District-level shared resources:

For public school districts, we also consider district-level program support staff. These expenditures are allocated to CERDEP sites by their share in district-level enrollment or total number of sites, whichever is reported.

When available and possible to do so, respondents reported the above categories of costs at the unit level. However, in some instances, aggregated amounts were reported. We will calculate cost components at a common level and provide per pupil costs by provider type with scale and quality adjustments.

### Donations

Calculation of economic costs account for not only direct cash costs of resources used and paid for by the agencies to provide the program but also opportunity costs of resources that are obtained at reduced or no cost. Thus, in addition to the amounts paid for above list of services and goods, we asked for in-kind donations received.

**TABLE B.1: Expenditure Categories and Items for Cost Analysis Surveyed**

<b>Expenditure Category and Item</b>	<b>Classroom level</b>	<b>School or Center Level</b>	<b>District Level</b>
Personnel expenses			
Classroom staff salaries	x	x	x
Classroom staff payroll taxes and benefits	x	x	x
Program-level staff salaries		x	x
Program-level staff payroll taxes and benefits		x	x
Other personnel-related expenses			
Education/training costs	x	x	x
Classroom supplies and other instructional support	x	x	
Lost revenue from staff discounts for their children		x	
Subcontractors		x	
Food service		x	
Transportation services		x	
Cost of Food			
Other expenses		x	
Occupancy expenses			
Rent or mortgage and taxes		x	
Cash cost of building		x	
Utilities		x	
Repair and maintenance		x	
Facilities <sup>a</sup>		x	
Other occupancy related expenses		x	
Insurance		x	
Administrative and other expenses			
Office supplies		x	
Children's Toys and Materials		x	
Curriculum costs		x	
Assessment costs		x	
Maintenance supplies		x	
Equipment rental and maintenance		x	
Depreciation on equipment		x	
Travel		x	
Telephone		x	
Postage and phone		x	
Marketing, advertising and PR		x	
Photocopying, printing, publication		x	
Licenses and fees		x	
Dues and subscriptions		x	
Interest payments		x	
Nondepreciated equipment		x	
Insurance		x	
Other		x	
Contractors (e.g., payroll, accounting, legal)		x	
Miscellaneous		x	
Donated services			
Food		x	
Building rent		x	
Estimated Building rent <sup>d</sup>		x	
Annual Value of building		x	
Building Space <sup>c</sup>		x	
Services		x	
Insurance		x	
Utilities <sup>a</sup>		x	
Building <sup>a</sup>		x	
Space <sup>a</sup>		x	
Subsidized food program <sup>a</sup>		x	

# Appendix F



## Provider Reimbursement Rates 2024-25 SCHOOL YEAR

Delivery Option	ABC Quality Rating	First Steps 4K Weekly Rate	Child Care Scholarship Program Half-Time Rate		Total Weekly Rate	
			URBAN	RURAL	URBAN	RURAL
Traditional Day (6.5 hours)	A+	\$174.15	\$195	\$125	\$369.15	\$299.15
Extended Day (8 hours)	A+	\$214.35	\$195	\$125	\$409.35	\$339.35
Traditional Day (6.5 hours)	A	\$174.15	\$169	\$110	\$343.15	\$284.15
Extended Day (8 hours)	A	\$214.35	\$169	\$110	\$383.35	\$324.35
Traditional Day (6.5 hours)	B+	\$174.15	\$150	\$105	\$324.15	\$279.15
Extended Day (8 hours)	B+	\$214.35	\$150	\$105	\$364.35	\$319.35
Traditional Day (6.5 hours)	B	\$174.15	\$125	\$100	\$299.15	\$274.15
Extended Day (8 hours)	B	\$214.35	\$125	\$100	\$339.35	\$314.35
Traditional Day (6.5 hours)	C	\$158.35	\$122	\$85	\$280.35	\$243.35
Extended Day (8 hours)	C	\$194.85	\$122	\$85	\$316.85	\$279.85
Traditional Day (6.5 hours)	Not enrolled	\$158.35	\$0	\$0	\$158.35	
Extended Day (8 hours)	Not enrolled	\$194.85	\$0	\$0	\$194.85	

### Explanation:

First Steps 4K students qualify for a half-time scholarship if the student attends the school longer than the instructional day (6.5 or 8 hours).

Example: A First Steps provider, located in an urban setting with a B rating, provides an 8-hour instructional day. The provider receives a weekly rate of \$214.35 from First Steps 4K, plus an additional \$125 from the Child Care Scholarship Program. The provider will receive a total of \$339.35 weekly for 25 weeks (180 days) for every child enrolled in their First Steps 4K classroom.

First Steps 4K providers offering a summer school program will receive tuition reimbursement for 32 weeks (220 days).

\*Child Care Scholarship Program rates are listed at the maximum rate. Actual rates could vary depending on the provider's charged rate.



## Office of First Steps 4K Program Financial Report

Fiscal Year 2023-24 Actual Revenues & Actual Expenditures	
<b>TOTAL Available Funds</b>	
Carry forward from FY23 to FY24	\$15,129,490
Interest Earned and other	\$18,592
EIA Appropriated Funds	\$19,983,799
Appropriated General Funds	\$10,673,127
Teacher Supply Funds	\$99,050
ESSER Federal Funds	\$1,466,656
<b>TOTAL Available Funds:</b>	<b>\$47,370,714</b>
<b>TOTAL Actual Transfers/Expenditures</b>	
<i>Transfers:</i>	
Portion of EOC Evaluation \$105,000	\$105,000
<i>Subtotal Transfers:</i>	<i>\$105,000</i>
<i>OFS Administrative Expenditures:</i>	
Salaries	\$1,971,806
Contractual Services	\$1,006,699
Supplies and Materials	\$1,731,594
Rental/Lease	\$74,858
Travel	\$139,285
Fringe Benefits	\$876,080
GASB 87 Lease	\$3,157
Parent Engagement (Proviso)	\$0
Other (Explain) Vehicles Purchase	\$0
<i>Subtotal:</i>	<i>\$5,803,479</i>
<i>Payments to Providers:</i>	
Instruction (\$5,500 per child pro-rata)	\$19,954,887
Extended Program (Extended day, Extended Year & Summer Programs)	\$5,177,485
Curriculum/Equipment and Materials for New Classrooms (\$2,000 to \$20,000 per provider)	\$1,293,261
Incentives and Miscellaneous	\$0
Stipends(Not Including Teacher Supply Payments)	\$509,410
Recruitment and Retention (ESSER Federal Grant Expenditures)	\$691,800
Language and Literacy Boost (ESSER Federal Grant Expenditures)	\$817,505
Teacher Supplies	\$99,050
Transportation (\$657 per child)	\$100,678
Higher Reimbursement Rates (Quality Payments 10%)	\$1,455,901
Other: (Field Trips, office supplies, Center Grants)	\$155,138
<i>Subtotal:</i>	<i>\$30,255,115</i>
<b>TOTAL Transfers/Expenditures:</b>	<b>36,163,594</b>
Funds Carried Forward to FY25	8,837,799
Unreimbursed Federal Funds	772,807
State Funds Expended and On-Hold Locally (At Manley Garvin, for center reimbursements)	<u>1,596,514</u>
<b>TOTAL Carry Forward</b>	<b>11,207,120</b>

Oct 22 2024

# Appendix G

**Appendix G: Early Learning Professional Learning Opportunities:**

**Offered by SCDE: Early Learning Professional Learning Opportunities 2024-25**

<b>Title/Topic of PLO</b>	<b>Date(s)</b>	<b>Platform (Virtual/F2F)</b>	<b>Number of Participants</b>
EC MTSS Session 1	1/30/2024	F2F	45
Developing Emergent Writing Skills Session 1	2/16/2024	F2F	20
EC MTSS Session 2	3/5/2024	F2F	45
Assessment Regional PLO	3/19/2024	F2F	5
Developing Emergent Writing Skills Session 1	3/22/2024	F2F	28
EC MTSS Session 3	4/2/2024	F2F	45
EC MTSS Session 1	4/1/2024	F2F	35
Elevating Purposeful Play-Based Learning,	5/28/2024	F2F	35
Pyramid Model with Assistant Principals & Behavior Interventionists,	6/4/2024	F2F	32
Elevating Purposeful Play-Based Learning,	6/6/2024	F2F	40
REL PLC Emergent Literacy Module 1: Print Knowledge,	6/25/2024	F2F	15
REL PLC Emergent Literacy Module 2: Phonological Awareness	6/26/2024	F2F	15
Joyful Center-Based Learning in PreK	7/17/2024	F2F	15
Joyful Center Based Learning in PreK: The What, Why, & How!	7/18/2024	F2F	10
Joyful Center-Based Learning in PreK	7/18/2024	F2F	12
I Am a Teacher Too!	7/22/2024	F2F	3
I Am a Teacher Too!	7/23/2024	F2F	3
I Am a Teacher Too!	7/ 23/2024	F2F	3
Promoting Emotional and Social Competence (Unpacking the Kit),	7/25/2024	F2F	10
EC MTSS Session 2	7/26/2024	F2F	35
EC MTSS Session 1	7/29/2024	F2F	23
SC Early Childhood MTSS (Session 2)	7/26/2024	F2F	27
Igniting the Power of Nursery Rhymes	8/5/2024	F2F	28

I Am a Teacher Too! Cherokee	8/5/2024	F2F	18
I Am a Teacher Too!	8/7/2024	Virtual	199
Joyful Center-Based Learning in PreK	8/11/2024	F2F	1
CERDEP High-Quality Environment Support	8/22/2024	F2F	21
I Am a Teacher Too! Pickens	9/3/2024	F2F	30
Joyful Center-Based Learning in PreK	9/4/24	F2F	5
Joyful Center-Based Learning in PreK	9/6/2024	F2F	3
Joyful Center-Based Learning in PreK: The What, Why, & How	9/8/2024	F2F	1
Joyful Center-Based Learning	9/23/24	F2F	5
Joyful Center-Based Learning in PreK	9/11/2024	F2F	5
Joyful Center-Based Learning in PreK	9/23/2024	F2F	29
Joyful Center-Based Learning in PreK: The What, Why, & How	9/23/2024	F2F	1
Purposeful Play	10/11/2024	F2F	25
Purposeful Playful Math	10/11/2024	F2F	2
I Am a Teacher Too!	10/11/2024	F2F	1
Developing Emergent Writing Session 2	10/14/2024	F2F	28
Inclusion Conference: CERDEP Presentation	10/17/25	F2F	25
Challenging Behaviors (EC-MTSS)	10/29/2024	F2F	21
EC-MTSS Session 2- Kershaw	11/4/2024	F2F	23
MTSS – Teaching for Executive Functions	11/13/24	F2F	60
Challenging Behaviors (EC-MTSS)	11/19/2024	F2F	35
Unpacking the Pyramid Model Kit (EC-MTSS)	1/3/2025	F2F	30

Joyful Center-Based Learning in PreK	1/3/2025	F2F	1
Challenging Behaviors (EC-MTSS)	1/23/2025	F2F	17
Challenging Behaviors (EC-MTSS)	1/29/2025	Virtual	62
SC Early Childhood MTSS Session Three	1/29/2025	Virtual	1
Addressing Challenging Behavior (Pyramid)	1/29/2025	Virtual	3

**Offered by First Steps:**

**Teacher/Leader Professional Development opportunities and teacher/leader training opportunities/coaching supports (for previous and current school year)**

<b>Training event</b>	<b>offered</b>	<b>2023-24 participants</b>	<b>2024-25 participants</b>
New Teacher training	August 2023, 9 virtual sessions	115 participants	125 participants
Winter New Teacher training	January, 9 virtual sessions	67 participants	TBD (estimate 75)
All Teacher training	August, 3 days in person	428 participants	543 participants
New Leader Training	Winter (Jan.) Spring (March – Aug) virtual	20 participants 72 participants	Estimation of 35 participants Estimation of 186 participants
Leadership Academy	August (in-person)	275 participants	250 participants
Leadership Forums Certified trainings	Sept. 2024 – June 2025	<i>Not offered in 23-24</i>	Sept. 19, 50 participants Oct. 17, 42 participants Nov. 21, 124 registered Dec. 19, TBD Jan. 16, TBD Feb. 20, TBD Mar. 20, TBD Apr. 17, TBD May 15, TBD June 19, TBD
AIM4X National Directors Credential	Oct -July, monthly training opportunities	Cohort 6 – 15 completers	Cohort 7 – 17 participants, 4 continuing
GOLD Assessment training	September, virtual	251 participants	246 participants

GOLD Tutorial trainings	Spring documentation trainings	161 participants	Oct – June open forums for tutorials, 1x / month
Teacher PD day	September	Gold training-- 373 participants	Gold training-- 502 participants
Teacher PD day	November	Five Steps to Self-Regulation -- 409 participants	Early Writing Skills -- 574 participants
Conscious Discipline Lunch and Learn series	Self-regulation skills, offered monthly	289 participants	TBD
Effective parent orientation training and conducting conferences	November, February, May, June, July	5 trainings through the year-- total of 351	1 <sup>st</sup> training in October- 38 participants
Using Ready Rosie to boost engagement		May--26 participants	October--230 participants
ASQ Online Training		January & July--103 participants	September – 270 participants
Palmetto PreK Jamboree	July 31 & Aug 1, 2023 virtual	850 participants	
	March 2024	965 participants	
	July 2024		504 participants
	March 2025		TBD
SCAEYC Conference	October 2023	11 participants	
SCECA Conference	February 2024	126 participants	
SCAECE Conference	March 2024	19 participants	
SCAEYC Conference	October 2024		5 participants
SCECA Conference	February 2025		110 projected participants
SCAECE Conference	March 2025		25 projected participants
LETRS EC Enrollment	October 2023-May 2025	18 4K Staff completed	80 teachers and four 4K Coaches enrolled and participating

First steps is also piloting a Language and Literacy Boost program in selected First Steps 4K classrooms across the state. The goal of the pilot is to promote intentional teaching practices that develop and encourage high quality language and literacy environments and instruction, based on the Science of Reading, in First Steps 4K classrooms.

These intensive activities are accompanied by a pre and post assessment of the classroom environment (the Early Language and Literacy Classroom Observation or ELLCO), ongoing monthly trainings, parent engagement events every other month to enable parents to support children’s development at home with ideas to extend learning, funding for teacher stipends and other literacy promoting materials, and

holistic support from their First Steps 4K coach and a dedicated First Steps 4K language and Literacy Coach. Outcomes include ELLCO assessments, Teacher and Director participation, counties represented, students impacted and Family Engagement events and participation. This Language and Literacy Boost pilot is through ESSER III funds with SCDE's partnership.

# Appendix H



**Appendix H: All students who took the KRA in 2023-24 by Performance Level and 4K Experience:**

Kindergarten Readiness by 4K Experience										
KRA Performance Level	Emerging Readiness		Approaching Readiness		Demonstrating Readiness		Did Not Participate		Total	
	Number	% of 4K Experience at level	Number	% of 4K Experience at level	Number	% of 4K Experience at level	Number	% of 4K Experience at level	Number	% of 4K Experience of total KRA scores
CERDEP 4K	2,978	21%	5,349	37%	5,607	39%	372	3%	14,306	25%
First Steps 4K	1,092	29%	1,470	39%	1,085	29%	116	3%	3,763	7%
Subtotal All CERDEP	4,070	23%	6,819	38%	6,692	37%	488	3%	18,069	32%
Head Start	510	35%	590	40%	323	22%	36	2%	1,459	3%
Other Public 4K	2,117	25%	2,709	33%	3,199	38%	288	3%	8,313	15%
Private 4K	989	11%	2,690	30%	5,177	57%	184	2%	9,040	16%
Unknown	7,047	35%	6,030	30%	5,725	29%	1,058	5%	19,860	35%
Subtotal Non-CERDEP	10,663	28%	12,019	31%	14,424	37%	1,566	4%	38,672	68%
Total	14,733	26%	18,838	33%	21,116	37%	2,054	4%	56,741	100%

\*Data Source: data from SCDE on 5-year-old Kindergarten Readiness Scores and data collected via 4K Experience Parent Survey collected at kindergarten enrollment

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