

**MINUTES OF THE BOARD OF DIRECTORS OF  
SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS  
BOARD OF TRUSTEES  
A SOUTH CAROLINA NONPROFIT CORPORATION**

**November 14, 2008**

**MINUTES**

- Voting Directors Present: Mr. Lewis Smoak, Vice-Chair  
Ms. Lisa Van Riper  
Mr. Henry Parr, Jr.  
Ms. Kristin Hook
- Voting Directors Absent: Representative Jimmy Neal  
Senator Michael Fair, excused  
Superintendent Jim Rex  
Ms. Judith Aughtry  
Ms. Sabine Lang, excused  
Dr. Floyd Creech  
Governor Mark Sanford  
Senator John Matthews  
Dr. Thaddeus Bell  
Ms. Katherine Davis  
Ms. Marileen Chapman  
Ms. Julia-Ellen Davis, excused  
Ms. Nicky Wallace, excused  
Rev. Reece Yandle  
Ms. Linda O'Quinn  
Dr. Francis Rushton
- Non-Voting Directors Present: Dr. David Goble, Director, SC State Library  
Mr. Tim Ervolina, President/CEO, United Way of SC
- Non- Voting Directors Absent: Ms. Jennifer Buster (designee for Mr. Stan Butkus, SC DDSN)  
Ms. Kathleen Hayes, Director, SC DSS  
Ms. Susan Jones (designee, SC DOT)  
Ms. Angela Flowers (designee, for Ms. John McGill, SC DMH)  
Ms. Emma Forkner, Director, SC DHHS  
Mr. Lee Catoe, Director, DAODAS  
Mr. Jim Griffith, Director, Transportation Assn. of SC  
Dr. Paul Krohne, President, SC School Board Association  
Mr. David Potter, SC Education Oversight Committee  
Mr. Tim Ervolina, President/CEO, United Way of SC  
Dr. Nancy Freeman, Regulatory Advisory Committee  
Mr. Bobby Bowers, Director, SC B&CB/ORS  
Ms. Stephanie Frazier (designee for Mr. Barry Russell,  
President, SC Tech College System)  
Ms. Lane Jeselnik (designee for Dr. Garrison Walters, SC  
Commission on Higher Education)

Ms. Cindy Sweigart (designee for Mr. C. Earl Hunter,  
Director, SC DHEC)

Others Present: Ms. Susan DeVenny, SC First Steps  
Mr. Rodney Jenkins, SC First Steps  
Ms. Samantha Ingram, SC First Steps

### **Call to Order**

Mr. Lewis Smoak called the meeting to order.

### **Budget Recommendation**

Ms. Susan DeVenny discussed the budget proposal approved by the Executive and Finance and Administration Committees on November 12, 2008.

Ms. DeVenny reminded the trustees that First Steps managed a 3% across-the-board cut to all state-funded agencies, passed by the Budget and Control Board on August 12, 2008. Ms. DeVenny stated that the board's August actions protected the 13 subsidized counties (those who receive \$195K), while the remainder of the 46 counties (33) counties and the state office split the cut. The amount of the 3% cut was \$601,000.

Ms. DeVenny noted that the rescission bill passed on Oct. 31 includes targeted cuts and is affecting state agencies in many ways. Ms. DeVenny said for First Steps, the targeted cut equals 9.7% of our original allocation (and includes the previous 3% cut taken in August). Ms. DeVenny said this total reduction amounts to \$1.78 million from our original allocation.

Ms. DeVenny reported the Executive and Finance and Administration committees have worked closely with the budget in two November work sessions (7<sup>th</sup> and 12<sup>th</sup>). Ms. DeVenny then informed the board that a possible additional 2% cut is likely in December because of lower revenue projections made by the Bureau of Economic Advisors on November 7, 2008.

Ms. DeVenny stated that the recommendation before the board today was approved by two board committees and proceeded to walk through the actions required. The committee recommends cutting all 46 County Partnership's original allocation amounts by 6%, and --to prepare for a possible December cut--asks that all partnerships sequester an additional 3% from their original allocations. Ms. DeVenny stated that the state office would again take a proportionate share of the cut, equal to \$330,000 of the approximately \$1.38M cut.

Mr. Lewis Smoak stated that the state office would use one-time private funds to pay for the mandatory High Scope evaluation in order to help prevent reductions in staff at this time. Ms. DeVenny said the state office has taken a cut, so far, of just over \$800,000 of the \$1.78M (or 37% of the total cut to the agency). Ms. DeVenny noted that the state office staff would continue to make necessary adjustments, such as furloughs, and possibly reductions in force if another budget cut is incurred.

Ms. DeVenny stated that the legislators will be returning to session in January, looking at a much lower revenue projection, so the size of the agency and an examination of a different model of operations may need to be looked out. Ms. DeVenny thanked Mr. Henry Parr for the work he and his subcommittee are doing to help First Steps work closely with other agencies and entities

serving young children in order to make smart investment decisions at a time of reduced revenues. Mr. Lewis Smoak asked if anyone had any questions.

Ms. Lewis Smoak thanked Mr. Henry Parr as well, and reiterated to the group that all 46 counties would take a 6% cut across-the-board cut, and there would not be any protection for the smaller counties in this action. Mr. Smoak reminded the group that the agency would be looking at another 3-4% cut in the near future. Mr. Smoak stated that the Executive and Finance and Administration Committees have taken up this matter in their last two meetings and recommend the board approve the 6% cut to the County Partnerships.

Ms. DeVenny added that the board's amendment of the partnership carry-forward policy, approved earlier in the year, enabled the county partnerships to keep some of last year's "leftover" funds and records show that about 35% of partnerships will be able to weather this cut because of the one-time use of carry-forward dollars. Mr. Jenkins said that the state office has already informed the County Partnerships to use this time to plan for July because they will not have carry-forward dollars to help them in the next fiscal year.

Mr. Tim Ervolina thanked the committees for their hard work, but suggested First Steps be cautious about sequestering only 3%. Mr. Ervolina said that the low numbers he has seen come into United Way campaigns may be an indication that people are not spending money and that the economic downturn will be long and sustained.

Ms. DeVenny said that First Steps staff share his concerns, and thus worked with board committees on a course of action that would ask County Partnerships to take two actions at once with their local boards—to vote on both a cut and a sequester. This will save the Executive Directors from having to revisit this matter from week to week as the budget shortfall continues.

Ms. DeVenny said that she has heard from legislative and budget offices that First Steps, along with other state agencies, should anticipate an additional 2-4% cut which is why the County Partnerships were asked to sequester a 3% cut on top of the 6% statewide cut.

Ms. Susan DeVenny asked if trustees would feel more comfortable with a 5% sequester figure. Mr. Smoak asked staff to encourage the County Partnerships to be ready for another 3% and ask them to be prepared to have a plan if that percentage should increase.

Mr. Rodney Jenkins stated that the County Partnership did complete a budget exercise that allowed them to look at what a 10% cut would like. Ms. Susan DeVenny said that the County Partnerships have already prioritized where they would take money in a 10 % cut.

Mr. Lewis Smoak asked if anyone disagreed.

Upon a motion by the Executive and Finance and Administration Committees, the board approved a 6% cut for all County Partnerships, from their original allocations, as well as the sequestering of an additional 3% cut to the County Partnership in preparation for pending cuts in General Appropriations and EIA. The remainder of the cut will be taken at the state office.

Ms. Susan DeVenny said the board would be copied on communications sent to the County Partnerships regarding the budget cuts. Ms. DeVenny also reminded the board of the next meeting in Columbia on Dec. 11.

With no further business, the meeting was adjourned.