



SCS PORTER-LEATH UPDATE



PORTER-LEATH UPDATE



- SCS and Porter-Leath have been partners in providing early childhood services to Shelby County residents since 2014. The relationship has been codified in a contractual agreement. The most recent agreement was approved by the Board in 2019 and last amended in December 2020. The contract expires June 30, 2021.
- **As with most expiring contacts, the Parties attempted, in good faith, to negotiate a new agreement prior to the existing agreement's expiration. In the case of Porter-Leath's agreement, SCS administration – who negotiates contracts – attempted to do so, albeit unsuccessfully.**
- Today's presentation will detail why the negotiations were unsuccessful, SCS' efforts to address compliance concerns and Porter-Leath's financial proposal, and SCS' plans moving forward in light of Porter-Leath's unwillingness to continue providing services to the District's children at reasonable cost and in compliance with federal requirements.

PORTER-LEATH UPDATE



- Porter-Leath requested a **substantial increase in funding** to provide **fewer services** to Pre-K students at a higher cost which would jeopardize the SCS Head Start grant by putting the District **out of compliance with federal requirements**.
- The annual Porter-Leath contract provides direct instructional Pre-K services to 1,520 children out of approximately 5,600 Pre-K students served by the District. They also provide social services (wraparound) to students.
- SCS has opted to bring the Pre-K services previously handled by Porter-Leath in-house after unsuccessful negotiations.
- The SCS Human Resources team will share details in the coming days about career opportunities for early childhood educators and staff impacted by this transition.
- **Bottom Line: There will not be a disruption of services or support for students and families.**

PORTER-LEATH UPDATE



CLAIM: SCS destroyed a nationally recognized early learning program. Porter-Leath was blindsided by the abrupt termination of the contract with SCS.

FACT: SCS team members notified Porter-Leath officials of compliance concerns. Porter-Leath disregarded the notices and denied such compliance issues existed until after engaging late in the process with an attorney (May 2021), who indeed confirmed the compliance issues with the relationship. Compliance issues raised and ignored by Porter-Leath could jeopardize **ALL of Shelby County's Head Start Pre-K classes**, not just those served by Porter-Leath.

FACT: To reiterate, there will be no disruption of Pre-K services as a result of the contract expiration.

PORTER-LEATH UPDATE



FISCAL COMPLIANCE ISSUES

FACT: In preparation for SCS' first ever federal "fiscal" compliance audit in the fall, SCS proactively engaged a consultant to perform a review of the Pre-K departments financials. As a result of the review, the following compliance issues were identified, communicated to Porter-Leath, and confirmed by their attorney during a meeting on June 3, 2021.

- The Porter-Leath partnership was formalized under a contract agreement. However, due to the amount of autonomy and services provided by Porter-Leath, the federal guidelines strongly suggest that the partnership should have been formalized under a sub-recipient relationship (See Exh. A). Per SCS' consultant and confirmed by SCS' General Counsel and Porter-Leath's attorney on June 3, 2021, no other Head Start partnership of this size and nature in the U.S. is formalized under a contract agreement.
- Certain salaries at Porter-Leath were above the \$199,300 salary cap (See Exh. B). Porter-Leath communicated no plans to correct this compliance issue.
- The total administrative cost for both Porter-Leath and SCS combined is in excess of the allowable administrative cost of 15% allowed by Federal Head Start regulations (See Exh. C).
- The indirect costs for both Porter-Leath and SCS are in excess of the allowable indirect cost rate of 3.08% (3.66% for FY2022) approved by the Department of Health and Human Services (See Exh. D). SCS is the official grantee and is currently bound by the federally negotiated rate approved by the federal government.

Note: Further disregard, and/or exaggeration of these issues by approving Porter-Leath's request for increases in their administrative fees and indirect costs, **could result in loss of funding for ALL of Shelby County's Head Start Pre-k classes**, not just those served by Porter-Leath.

OPERATIONAL COMPLIANCE ISSUES PREVIOUSLY CITED FOR PORTER LEATH LOCATIONS, RESULTING IN SCS LOSING GRANT AND HAVING TO RECOMPETE FOR GRANT IN 2019.

FACT: During a federal operational compliance audit in 2019, Porter-Leath's classrooms were cited for compliance issues below. As a result of the findings, SCS was required to reapply for the grant and would not have otherwise been required to do so, if these Porter-Leath non-compliance issues were not cited.

- Child Left at Hanley Elementary During Fire Drill
- Failure to Clean Grease Trap Resulted in Health & Safety Violation at Delano Head Start

FACT: Porter-Leath continues to have compliance issues that result in Plans of Corrective Actions. These include incidents involving children and personnel.

PORTER-LEATH UPDATE



CLAIM: SCS walked away from the table and previously issued RFPs to modify the relationship.

FACT: As a possible solution to correcting the non-compliance issues, multiple RFPs were issued separating services and stipulating the federal guidelines within them. This solution was consistent with guidance provided by the District's legal counsel and our Head Start consultant. However, SCS later attempted to conduct direct negotiations with Porter-Leath in hopes that a mutually agreeable solution could be developed together.

CLAIM: Porter-Leath and SCS will be competing for children

FACT: Annually, Head Start receives more applicants than we are currently able to serve. If Porter-Leath continues to support students, that only helps provide additional seating capacity to assist with the Pre-K services demand.

PORTER-LEATH UPDATE



CLAIM: As Head Start grant dollars have increased, SCS's administrative budget increased while Porter-Leath's decreased.

FACT: The District's programming costs have historically increased to meet internal controls/federal compliance requirements as follows:

- Since 2014, SCS has increased programming (including teacher assistants and HR/onboarding staff) to ensure the District is in compliance with class ratios, health mandates, and disability program services, etc.
- Playgrounds are a fundamental part of the Pre-K experience. Since 2014, all Pre-K center playground equipment and fields have been a direct cost to SCS based on federal grant regulations and requirements.
- SCS Head Start grant funds were utilized to provide all Pre-K students with remote learning devices and manuals during the pandemic.
- SCS continues to provide wraparound support to families in community programs even without funding from Head Start, First 8, or General Funding.
- There was an increase in parent engagement activities (family nights, literacy sessions, community activities, etc.) in person and virtual from the SCS office during the pandemic.
- SCS streamlined registration processes by transitioning to online portals/platforms which was a direct cost to SCS.
- Eligibility, Recruitment, Selection, Enrollment, and Attendance (ERSEA) governs how programs determine eligibility, enroll children, and track attendance. The SCS team uses funding/resources to help programs assess services and recruit the children and families most in need.



WHERE WE WERE

RE 
IMAGINING 901
SHELBY COUNTY SCHOOLS



**PORTER-LEATH
COLLABORATION
SINCE 2014**

WHERE WE WERE...

Head Start FY 2021 Contracted Support - \$16.9m

DIRECT EDUCATION SERVICES

- Center-based maintenance and operations
- Instruction
- Nutritional Services Program

COMPREHENSIVE SERVICES

- Wraparound Services - Social Services support
- Behavioral and Mental Health Services
- Health Services-Health, Hearing, Speech and Vision screenings

TEACHER EXCELLENCE PROGRAM STARTED IN 2016

- Coaching and Instructional Support

MANAGEMENT SUPPORT

- Administrative program support

Educational Services			
Baseline FY 2021	SCS Proposal	Initial Proposal- June 3 rd -4 th	Latest Proposal June 7 th
Students Served: 1,520 PL Students (Funding Source: Head start- \$11.4M)	Students Served: 1,520 PL Students (Funding Source: Head start- \$12.3M)	Students Served: 1,520 PL Students (Funding Source: Head start- \$15.9 M)	Students Served: 1,220 PL Student (Funding Source: Head start- \$13.21M)
Comprehensive Services			
Baseline FY 2021	SCS Proposal	Initial Proposal- June 3 rd -4 th	Latest Proposal June 7 th
Students Served: 1,520 PL & 1,680 SCS= 3,200 (Funding Source: Head start- \$2.8M)	Students Served: 1,520 PL & 1,680 SCS= 3,200 (Funding Source: Head start- \$2.8M)	Students Served: 1,520 PL & 1,680 SCS= 3,200 (Funding Source: Head start- \$2.8M)	Students Served: 1,520 PL & 1,680 SCS= 3,200 (Funding Source: Head start- \$2.8M)
Students Served: 600 SCS Students (Funding Source: Fund 1- \$769K)	Students Served: 600 SCS (Funding Source: Fund 1- \$769K)	Discontinue Services	Discontinue Services
Students Served: 120 SCS Students (Funding Source: VPK- \$154K)	Students Served: 120 SCS (Funding Source: VPK- \$154K)	Discontinue Services	Discontinue Services
Teacher Excellence Program			
Baseline FY 2021	SCS Proposal	Initial Proposal- June 3 rd -4 th	Latest Proposal June 7 th
(Funding Source: Head start- \$893K est.)	(Funding Source: Head start- \$893K est.)	(Funding Source: Head start- \$893K est.)	(Funding Source: Head start- \$893K est.)
Child Care Services- Subcontracted Speech, Nursing, Mental Health			
Baseline FY 2021	SCS Proposal	Initial Proposal- June 3 rd -4 th	Latest Proposal June 7 th
Students Served: 1,520 PL students (Funding Source: Head start- \$835K)	Discontinue Services	Discontinue Services	Discontinue Services
Total Porter Leath Contracts \$16.9M	Total Porter Leath Contracts \$16.9M	Total Porter Leath Contracts \$19.7M	Total Porter Leath Contracts \$16.9M
Porter Leath Per Pupil \$7,517	Porter Leath Per Pupil \$8,067	Porter Leath Per Pupil \$10,461	Porter Leath Per Pupil \$10,828
SCS Provides Ed. Services to 4,260 SCS Per Pupil: \$7,567 <small>*Note SCS Pays for Certified Teachers/PL Does Not</small>	SCS Provides Ed. Services to 4,260 SCS Per Pupil: \$7,567 <small>*Note SCS Pays for Certified Teachers/ PL Does Not</small>	SCS Provides Ed. Services to 4,260 SCS Per Pupil: \$7,567 <small>*Note SCS Pays for Certified Teachers/ PL Does Not</small>	SCS Provides Ed. Services to 4,260 SCS Per Pupil: \$7,567 <small>*Note SCS Pays for Certified Teachers/ PL Does Not</small>



WHERE WE ARE GOING

RE 
IMAGINING 901
SHELBY COUNTY SCHOOLS



TRANSITION PLANNING

WHERE WE ARE GOING...

STUDENT PLACEMENT

- The majority of Pre-K seats will remain in SCS owned facilities. The remaining will be placed in SCS elementary schools and locally owned childcare centers throughout Memphis.



WHERE WE ARE GOING...

TRANSITION PLANNING

CAREER OPPORTUNITIES

- SCS Human Resources will share details about career opportunities for early childhood educators and staff impacted by this transition. SCS Early Childhood and Human Resources will host a job fair in June.



COMMUNICATION TO FAMILIES

WHERE WE ARE GOING...

MASS MESSAGING ON CONTINUED SUPPORTS *In Collaboration w/SCS Communications and Family & Community Engagement*

- Early Childhood team has reached out to all Pre-K families letting them know that these changes will not impact their services
- Early Childhood team will distribute flyers in the community
- Early Childhood will work with Communications to run ads on District platforms (88.5FM, social media, etc.)
- Registration and recruitment billboards are currently posted across Memphis
- Radio and television ads will start after July 1



THANK YOU

RE 
IMAGINING 901
SHELBY COUNTY SCHOOLS



Appendix

Year	Direct Services	Comprehensive Services
2016	93 classrooms Porter-Leath (11 ASD direct services, lost 2 classes at Georgian Hills, added 1 at Vision Prep)	82 classrooms VPK 55 classrooms PDG (includes 32 community partners) 14 classrooms County Commission <u>20 classrooms District SPED</u> 182 classrooms
2017	82 classrooms Porter-Leath (lost 11 ASD, added 1 to Vision Prep, lost 1 at MLK)	80 classrooms VPK 65 classrooms PDG (includes 32- Community Partners) 13 classrooms County Commission <u>20 classrooms District SPED</u> 178 Classrooms
2018	78 classrooms Porter-Leath (moved 2 from St. Williams to Lucy, closed 4 from St. Williams)	80 classrooms VPK 15 classrooms Fund 1 71 classrooms PDG (includes 32-Community Partners) 13 classrooms County Commission <u>20 classrooms District SPED</u> 199 Classrooms
2019	78 classrooms Porter-Leath	80 classrooms VPK 30 classrooms Fund 1 70 classrooms PDG (includes 32 community partners) 13 classrooms County Commission <u>20 classrooms District SPED</u> 213 classrooms
2020	78 classrooms Porter-Leath	80 classrooms VPK 62 classrooms Fund 1 (includes 32 community partners) <u>20 classrooms District SPED</u> 162 Classrooms
2021	76 classrooms Porter-Leath (changed 2 HS centers at Lucy to District classes)	82 classrooms VPK 30 classrooms Fund 1 <u>20 classrooms District SPED</u> 132 Classrooms