

1/18/12

Department of Social Services

**Budget Presentation for
House Ways & Means Committee
Healthcare Subcommittee**

By

Lillian B. Koller, State Director

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DSS

Serving Children and Families

LILLIAN B. KOLLER, J.D.
STATE DIRECTOR

NIKKI R. HALEY
GOVERNOR

January 18, 2012

The Honorable G. Murrell Smith, Jr., Chairman
The Honorable Harry L. Ott, Jr.
The Honorable Tracy R. Edge
The Honorable William G. "Bill" Herbkersman

Ways & Means Committee
Healthcare Subcommittee
South Carolina House of Representatives
Columbia, South Carolina 29211

Dear Representatives:

The Department of Social Services (DSS) respectfully submits the following FY 2012-13 budget plan for your consideration.

DSS is committed to living within our means, which we have been doing this FY 2011-12.

For the upcoming FY 2012-13, DSS is requesting no increase in recurring General Funds.

DSS is singly requesting \$7 million in non-recurring Capital Reserve Funds to complete development of the federally mandated Child Support Enforcement System. This \$7 million was part of the \$9 million scheduled and requested by the previous DSS administration for receipt in FY 2011-12; fortunately, the new DSS administration was able to withdraw this request, save \$2 million, and delay the need for \$7 million until FY 2012-13.

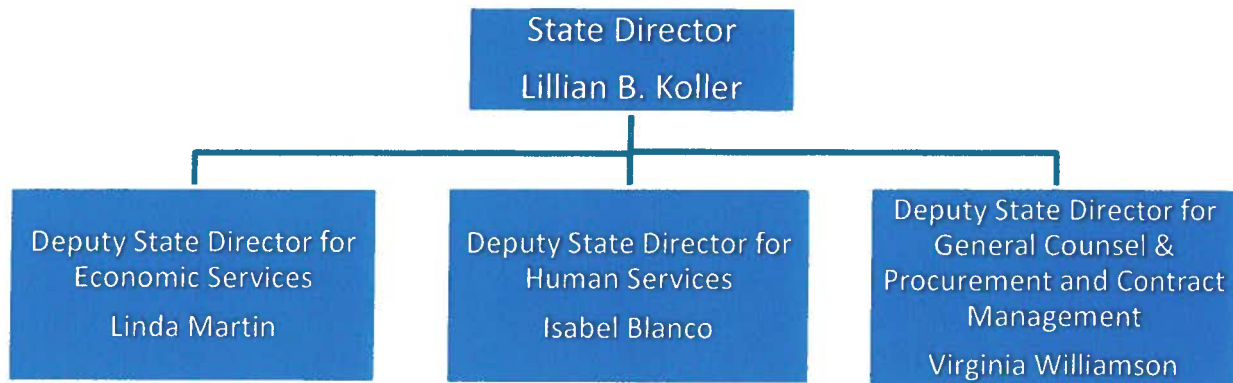
In addition, DSS is requesting the deletion of one existing proviso and the codification of four existing provisos.

Thank you for your consideration of these items. If you have any questions concerning this request, please do not hesitate to call on me.

Sincerely,



Lillian B. Koller, J.D.
State Director



DSS Mission Statement

The renewed and refocused mission of the South Carolina Department of Social Services (DSS) is to efficiently and effectively serve the citizens of South Carolina by ensuring the safety of children and adults who cannot protect themselves and assisting families to achieve stability through child support, child care, financial and other temporary benefits while transitioning into employment.

Vision:

- **Jobs for parents and other adults living in poverty**
- **Safe and thriving children with life-long families**

Wildly Important Goals (WIG's) for FY 2011-12 (July 1, 2011 to June 30, 2012):

- **Increase “positive closures for families on welfare” 100% better than last year by 06/30/12**

“Positive closures” mean families become ineligible for welfare due to increased household income, primarily by getting jobs.

Our goal doubles last year’s 10-month total of 5,060 positive closures, which will result in 10,120 positive closures by 06/30/12.

From September to December 2011, DSS helped 3,392 parents with dependent children get jobs and get off welfare.

DSS is currently at 84 percent statewide of where it must be to reach our goal, by achieving within 4 months the number of positive closures that it took 7 months to achieve in 2010.

Reduce the number of children who experience maltreatment within six months of an unfounded investigation of abuse and neglect from 700 (4.3%) to no more than 446 (2.8% or less) by 09/30/12

While DSS is meeting or exceeding all of the child safety measures imposed by the federal government, there is real cause for concern in an area that the federal government does not measure.

By adopting this child safety measure, DSS is now leading the nation in this area.

- **Increase positive permanency by 50% better than last year by 06/30/12 for children in foster care 17 months or more**

This means increased reunifications, adoptions and legal guardianships for children in foster care who have waited the longest for life-long families.

Last year, DSS had the highest percentage in three federal fiscal years of children in long-term foster care 17 months or more.

In FY10, 785 children in foster care for 17 months or more exited to positive permanency. Our goal of 50% would increase positive permanency by an additional 392 children, for a total of 1,177 children reaching positive permanency by 6/30/12.

DSS is currently exceeding where it must be to reach our goal.

We have finalized 432 adoptions and 257 reunifications of children in foster care for 17 months or more in Family Courts statewide between July and December 2011.

This exceeds the monthly target necessary to improve 50% better than last year by June 30, 2012.

- **Increase FY10 adoptions by 50% by 06/30/12**

Currently there are 615 children in foster care who are legally free who have not yet been adopted. Only 53.5% of children who are legally free become adopted in less than 12 months from termination of parental rights.

Also there are currently 783 children with a plan of adoption who are not yet legally free to adopt.

In FY10, 553 children were adopted. Our goal to increase by 50% would result in an additional 266 children being adopted, for a total of 799. DSS is exceeding the monthly target with 432 adoptions finalized statewide between July and December 2011 for children in long-term foster care.

DSS Accomplishments in FY 2011-12

- **INCREASED THE NUMBER OF WELFARE CLIENTS WHO FOUND JOBS BY 3,392**
 - From September to December 2011, DSS helped 3,392 parents with dependent children get jobs and get off welfare.
 - It took four months for DSS to accomplish what took nearly seven months in 2010.

- **IMPROVED PERFORMANCE OF THE FOOD STAMPS PROGRAM BY REDUCING THE ERROR RATE TO 1.49 PERCENT**
 - In 2010, the error rate was 5.14 percent, which was higher than the national average and put the State in jeopardy of federal financial penalties if the error rate was not improved.
 - As of July 2011, the most recent month officially confirmed, the error rate was just 1.49 percent.
 - From March to July 2011, this rate has remained below 2.3 percent.

- **AGGRESSIVELY CURBING FRAUD, WASTE AND ABUSE IN SOCIAL SERVICES THROUGH VITAL STATISTICS**
 - DSS uncovered 635 dead recipients of benefits.
 - Fraud investigations have been initiated.
 - To prevent future fraud, DSS is resuming its link with vital statistics, unused since 2005.

- **FOUND "FOREVER FAMILIES" FOR CHILDREN IN LONG-TERM FOSTER CARE BY FINALIZING 432 ADOPTIONS AND 257 REUNIFICATIONS**
 - We have finalized 432 adoptions and 257 reunifications of children in foster care for 17 months or more in Family Courts statewide between July and December 2011.
 - This exceeds the monthly target necessary to improve 50% better than 2010 by June 30, 2012.

- **IMPROVED TIMELY INVESTIGATIONS OF CHILD ABUSE AND NEGLECT REPORTS BY ELIMINATING THE BACKLOG OF 24,783 CHILD ABUSE AND NEGLECT REPORTS**
 - Backlog of 24,783 child abuse and neglect reports that were pending for 60 days or longer were eliminated within four months, making children safer in South Carolina.

FY 2012-13 Budget Request

- **Maintain the General Fund Budget at the FY 2011-12 Level.**
- **Request Last Installment of Development Funds for Child Support Enforcement Automated System (CSES).**

OPERATING BUDGET PRIORITIES		FUNDING				
Priority No.	Title/Description	Non-Recurring State	Recurring State	Federal	Other	Total
1	Child Support Enforcement Automated System	7,000,000	0	13,588,235	0	20,588,235
TOTAL OF ALL OPERATING BUDGET PRIORITIES		7,000,000	0	13,588,235	0	20,588,235

DSS is requesting non-recurring funds of \$7 million to complete development of the federally mandated Child Support Enforcement System and the Family Court Case Management System (the "Project") and \$13,588,235 in federal authorization for matching funds. This \$7 million was previously identified as the last development cost installment for this Project.

Through contract negotiations with the Project contractor, Hewlett Packard State and Local Enterprise Services (HP) and a thorough review of the project budget, DSS was able to forego a request for project funding in FY 2011-12 that saved \$9 million in recurring and non-recurring funds. This request for \$7 million was part of the \$9 million scheduled and requested by the previous DSS administration for receipt in FY 2011-12; fortunately, the new DSS administration was able to withdraw this request, save \$2 million, and delay the need for \$7 million until FY 2012-13.

Therefore, requests for non-recurring and recurring funds were withdrawn in FY 2011-12 and no request for penalties will be made for FY 2012-13. Instead, the Child Support Enforcement System is currently projected to be completed in FY 2012-13. The agency anticipates requesting recurring funds in FY 2013-14 to operate the systems.

Background

Child Support Enforcement is a federally mandated program funded, in part, by Title IV-D of the federal Social Security Act. It is inextricably linked by federal requirements to the Child Welfare Program and the Temporary Assistance for Needy Families (TANF) Program. The Child Support Enforcement Program is designed to ensure that non-custodial parents provide financial support for their children. By ensuring that parents take financial responsibility for their children, many children stay out of poverty and out of the foster care system.

In the Family Support Act of 1988 ("FSA-88), Congress required all states to develop and implement a statewide, automated CSES by October 1, 1995, which was later extended to October 1, 1997. Due to the State's failure to have a certified statewide system operational by October 1, 1997, South Carolina became subject to federal penalties. To date, the State has been assessed more than \$93 million in penalties. \$17,633,961 of the penalties has been paid with funds acquired in settlement of litigation with a previous vendor.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 required states to establish one location responsible for collecting and disbursing child support payments, to be in place by 1999. This requirement is called the State Disbursement Unit (SDU). The SDU will interface with the CSES. Failure to comply with the

SDU requirement subjects the state to annual monetary penalties, but those penalties are being held in abeyance at this time.

In 2007, the State entered into a contract with Saber Corporation (HP assumed responsibility for this contract upon its purchase of EDS, which had purchased Saber) to complete the automated Child Support Enforcement System and, in 2008, the State entered into a contract with ACS to implement and manage the SDU. Since 2002, the South Carolina General Assembly has been appropriating non-recurring funds to the Department of Social Services for penalties and system development costs.

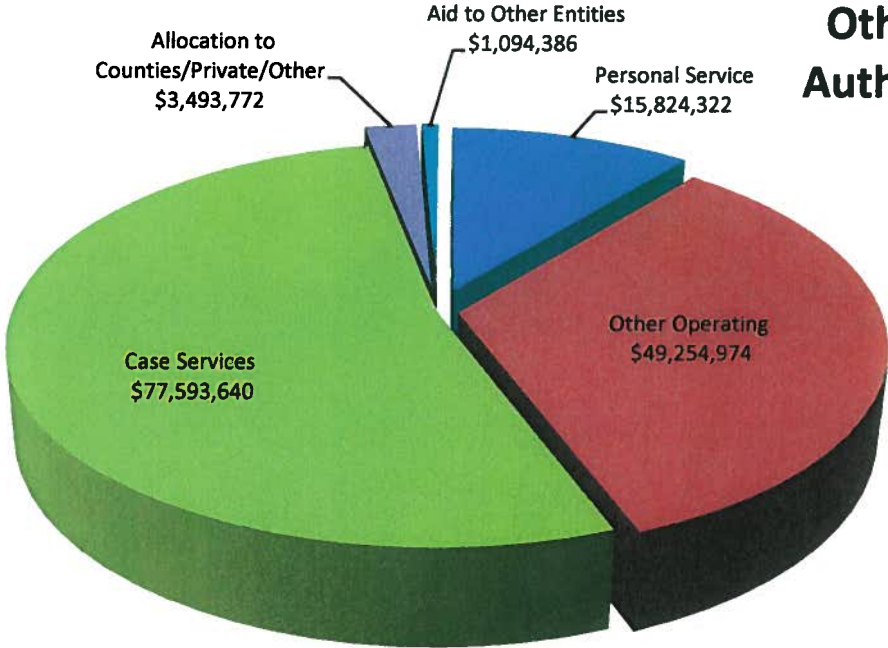
In November 2010, DSS reached an agreement with HP to pay for penalties going forward through FFY2012. This action enabled DSS to carry forward a portion of the \$18.5 million appropriated in FY11 to pay for system development costs.

After careful deliberation and assessment of the status of the Project and its history, the Executive Committee that governs the Project, consisting of the DSS State Director, the Chief Justice, the Governor's Office, and representatives from the Budget and Control Board and the Clerks of Court, authorized the filing of a Contract Controversy against HP before the State's Information Technology Management Office, as authorized by SC Code Section 11-35-4230, on September 2, 2011. The State asserts that HP is in material breach of the contract. A hearing has been scheduled.

Other Fund Authorization

At this time, DSS projects to have sufficient authorization for Other Funds.

**FY 2012-13
Other Fund
Authorization**



FY 2012-13 Provisos Request

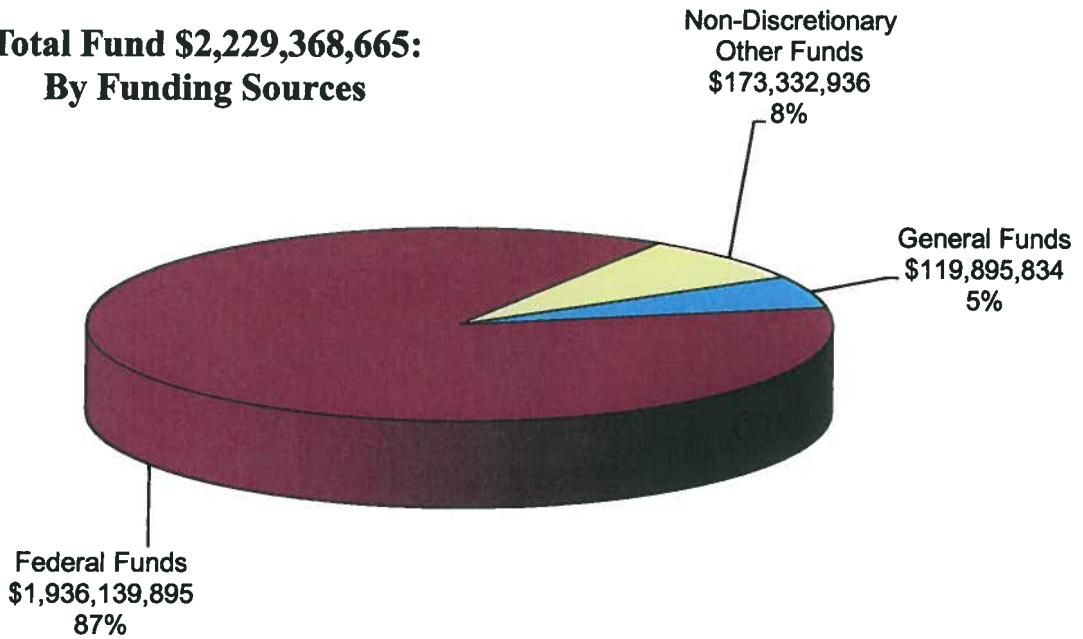
Proviso	Short Title	Request
26.5.	DSS: Court Examiner Services Exemption	Codify
<i>This proviso prohibits DSS employees fully or partially paid with federal funds from serving as court examiners, which could potentially jeopardize the state's ability to draw federal dollars for their efforts. Federal policies in this arena are unlikely to change for the foreseeable future; therefore, the proviso should be codified.</i>		
26.6.	DSS: TANF Advance Funds	Codify
<i>This proviso authorizes the Department to use General Funds to advance payments to TANF recipients so that benefits are not interrupted while waiting for Federal Funds to materialize. This permits the Department to manage its cash flow in a manner that protects the beneficiaries of this program, and should be codified.</i>		
26.9	DSS: TANF Immunizations Certificates	Codify
<i>This proviso directs DSS to obtain proof that the children of TANF applicants and recipients have received age-appropriate immunizations. This language is important to promoting child welfare and should be incorporated into permanent law.</i>		
26.13	DSS: Prevent Welfare Reform Duplications of Services	Deletion
<i>This proviso first appeared during the welfare reform era in the mid-1990s, and was intended to ensure that state agencies did not duplicate service offerings, primarily under the Family Independence Act of 1995. The Departments of Social Services and Employment and Workforce have an effective working relationship in this policy area, rendering this proviso obsolete.</i>		
26.22	DSS: Meals in Emergency Operations	Codify
<i>This proviso is necessary in order to provide meals for employees who are required to work at emergency shelters and other locations and are unable to leave their station and are not in a travel status. The department is the Primary State Agency designated for coordinating Mass Care operations (ESF-6), and coordinating Food Services (ESF-11).</i>		

Request the following Provisos to be continued unchanged

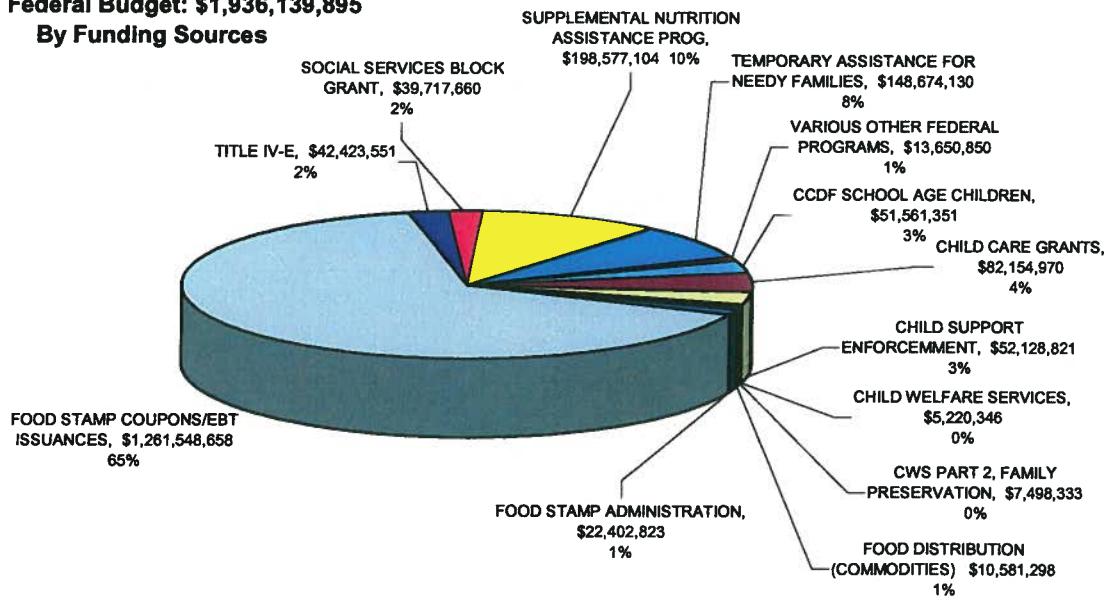
- 26.1 DSS: Fee Retention
- 26.2. DSS: Recovered State Funds
- 26.3. DSS: Foster Children Burial
- 26.4. DSS: Battered Spouse Funds
- 26.5. DSS: Court Examiner Services Exemption
- 26.6. DSS: TANF Advance Funds
- 26.7 DSS: Fee Schedule
- 26.8 DSS: Food Stamp Fraud
- 26.9 DSS: TANF Immunizations Certificates
- 26.10 DSS: Fees for Court Witness in Child Welfare Services
- 26.11 DSS: County Director's Pay
- 26.12 DSS: Use of Funds Authorization
- 26.14 DSS: Use of Funds Authorization
- 26.15 DSS: Grant Authority
- 26.16 DSS: Family Foster Care Payments
- 26.17 DSS: Penalty Assessment
- 26.18 DSS: Child Support Enforcement Automated System Carry Forward
- 26.19 DSS: Child Support Enforcement System
- 26.20 DSS: Child Care Voucher
- 26.21 DSS: Teen Pregnancy Prevention
- 26.22 DSS: Meals in Emergency Operations
- 26.23 DSS: Day Care Facilities Supervision Ratios

Budgeted Revenue Sources for FY 2011-12

**Total Fund \$2,229,368,665:
By Funding Sources**

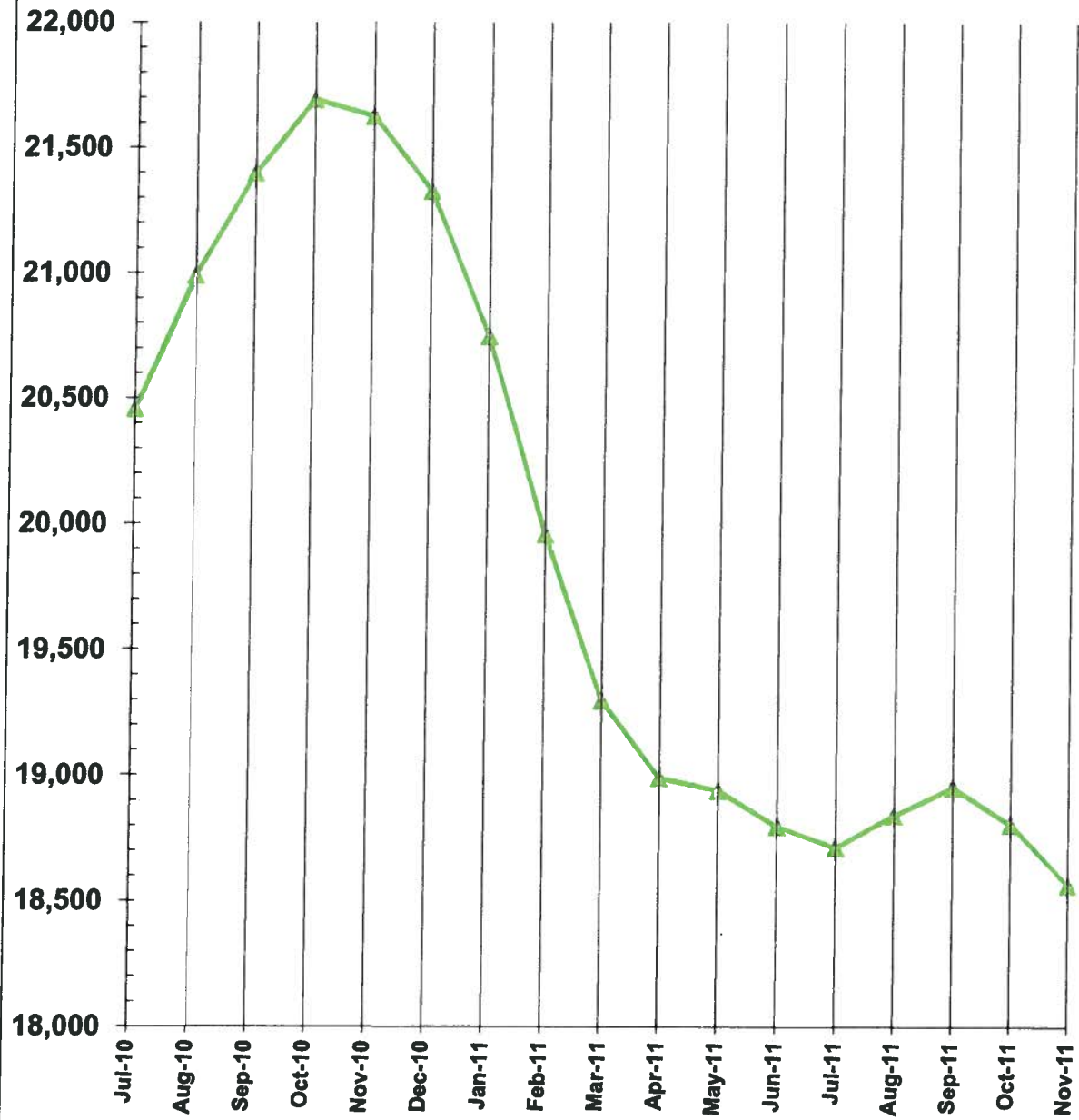


**Total Federal Budget: \$1,936,139,895
By Funding Sources**

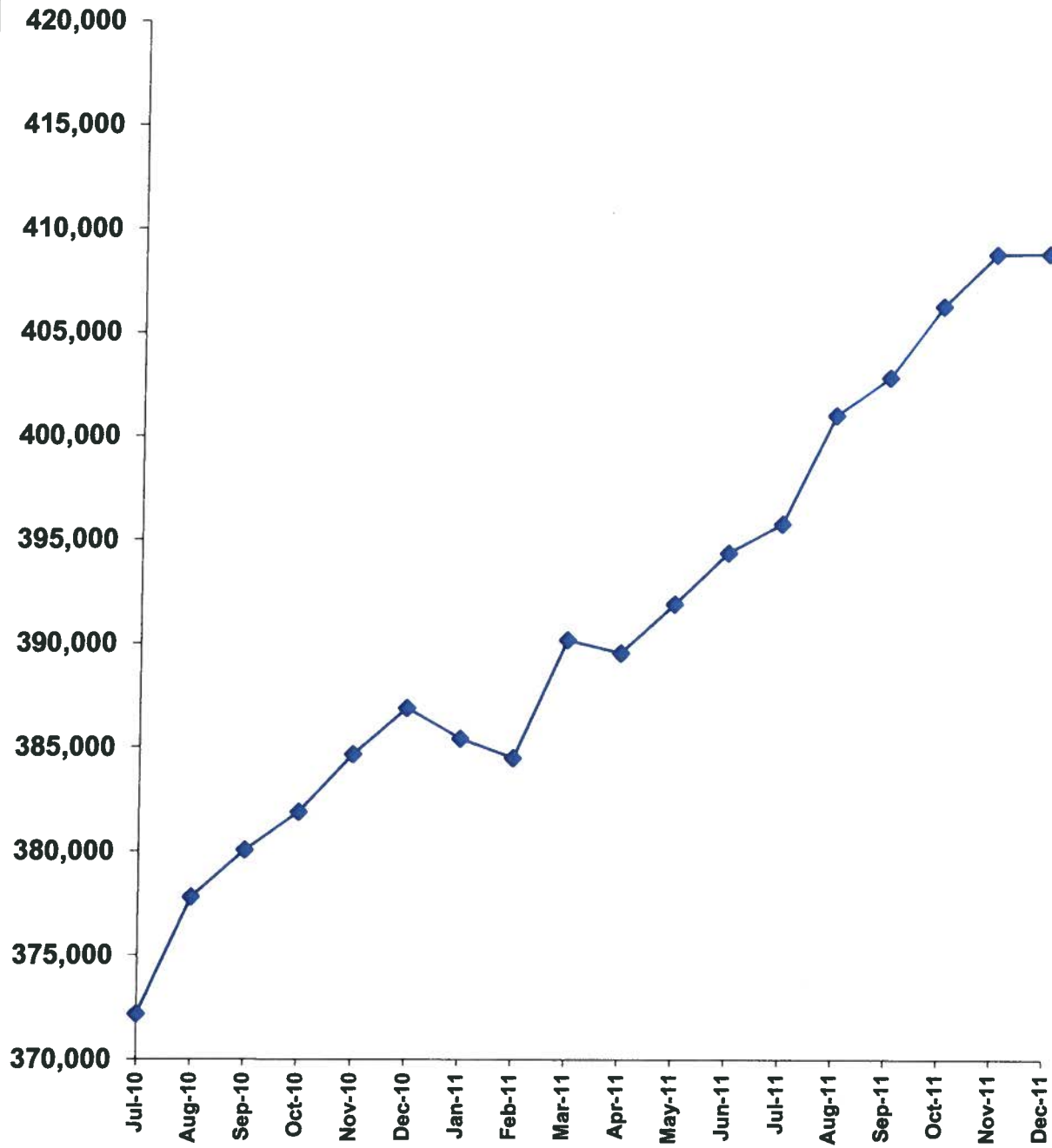


Additional Charts

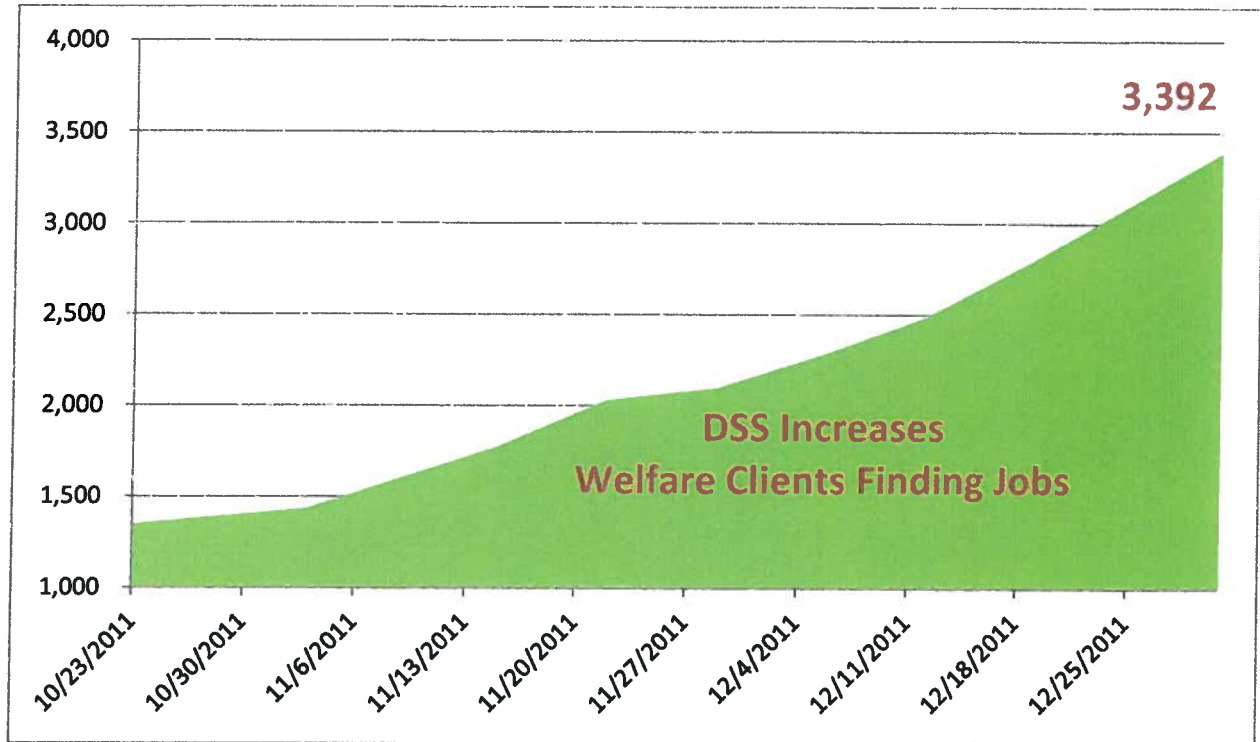
Family Independence Cases



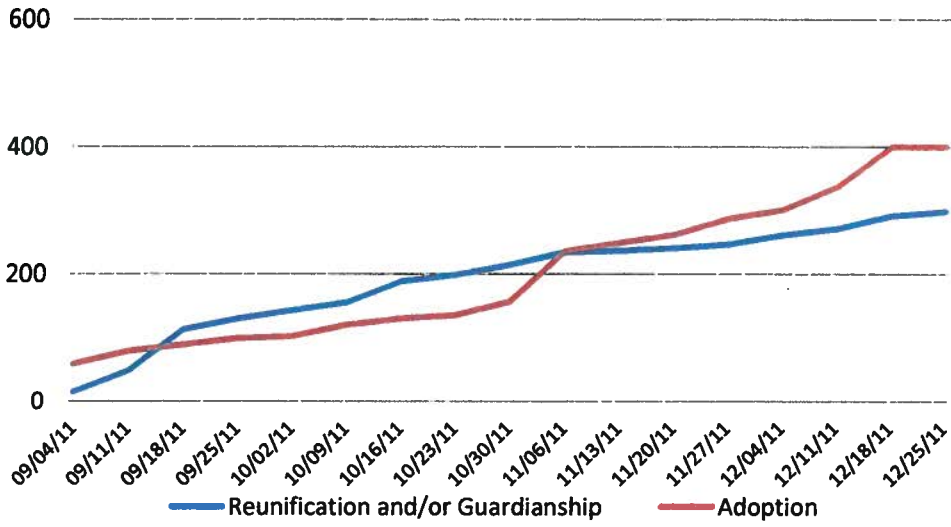
Supplemental Nutrition Assistance Program (SNAP / Food Stamps) Cases



Increased the Number of Welfare Clients Who Found Jobs



Children in Long-Term Foster Care for 17 Months or More



Source: MY4DX (1/17/12) - ADR

Supplemental Nutrition Assistance Program (SNAP) Error Rate

