

**Department of Social Services**

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

**By**

**Lillian B. Koller, State Director**

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# DSS

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*Serving Children and Families*

LILLIAN B. KOLLER, J.D.  
STATE DIRECTOR

NIKKI R. HALEY  
GOVERNOR

January 30, 2013

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 2013-14 budget plan for your consideration.

DSS is committed to living within our means, which we have been doing this FY 2012-13.

For the upcoming FY 2013-14, the only request for recurring General Funds is \$7,200,000 for the recurring operations of the Child Support Enforcement System and the State Disbursement Unit.

During the FY 2012-13 budget process, DSS had initially requested \$7 million for the last development cost for this project. Because of a schedule extension and Contract Amendment in March 2012, the amount necessary for FY 2013 was reduced to \$2.5 million. The \$4.5 million request for FY 2014 represents the balance of the \$7 million needed for development costs.

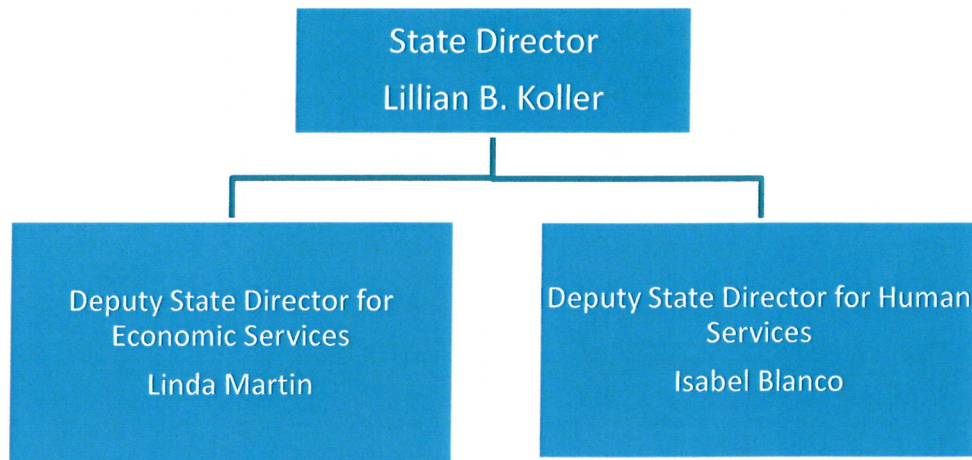
In addition, DSS is requesting the deletion of one existing proviso and the codification of four existing provisos.

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

DSS is committed to getting parents jobs and off welfare and getting enduring child safety through life-long families for foster children. Here's a short recap of our WIGs and how far we've come in so short a time:

Last year in Economic Services at DSS, we more than doubled the families who became ineligible for welfare due to increased household income, primarily by getting jobs for the parents of the children in these needy households. We set out for 10 months (from September 1, 2011 to June 30, 2012) to improve by 100% these "positive closures" of TANF cases compared to the same 10-month period in the previous year. Specifically, we set out to increase from 5,060 to 10,120 jobs for welfare recipients. And DSS achieved this ambitious WIG!

Next, we didn't waste any time and set a new WIG for 6 months (from July 1 to December 31) to close out this year 2012 by adding another 4,054 "positive closures" of TANF cases.

**This brings the grand total in just 16 months to an astounding 14,195 success stories – families with jobs and off welfare!** These families can now celebrate the New Year with more money in their households than they would have had by staying on welfare without getting a job.

And that's not all. Last year in Human Services at DSS, we set an ambitious WIG to increase by 50% the number of children in long-term foster care (on average waiting 3.5 years) to get permanent families. Specifically, we set out to get, within one year (from July 1, 2011 to June 30, 2012), as many as 1,184 long-term foster children into permanent families – 385 through reunification with their biological families and 799 through adoptions with new families. And we exceeded that goal with a total of 1,304 children who are now safe and thriving with life-long families!

Next, we set a new WIG for 6 months (from July 1 to December 31) to close out the year 2012 by adding another 56 adoptions and more than 100 family reunifications. We exceeded our goal and added another 203 permanent families.

**This brings the grand total in just 18 months to an astounding 1,507 children, formerly in foster care, who can now celebrate the New Year belonging to a family again! It's truly wonderful for them!**



## Year-End FY 2011-12 General Funds

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	Appropriations	Expended	Remaining Balance
Personnel Services	\$46,142,157.04	\$46,142,157.04	\$-0-
Other Operating	\$11,719,795.74	\$11,719,795.74	\$-0-
Case Services	\$61,200,630.22	\$61,073,283.61	\$127,346.61
Special Items – Proviso 26.21	\$1,093,944.00	\$820,458.00	\$273,486.00
<b>Total General Fund</b>	<b>\$120,156,527.00</b>	<b>\$119,755,694.39</b>	<b>\$400,832.61</b>

**Note:** Proviso 26.21(DSS: Teen Pregnancy Prevention) requires that the unexpended funds be carried forward for the purpose of fulfilling the department's contractual agreement. The FY 2011-12 contracts were awarded in October 2011 and expired on September 30, 2012.

## Total Fund Expenditures for FY 2012-13 (As of January 18, 2013)

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*Total Expended should not exceed 55% for the period.*

Fund	Appropriations	Expended YTD	% Expended YTD
General Fund	\$122,796,666.36	\$57,717,743.16	47.00%
Earmarked Fund	\$74,835,151.00	\$17,815,916.88	23.81%
Restricted Fund	\$849,986.00	\$281,741.36	33.15%
Federal Fund	\$1,940,691,746.00	\$881,681,869.36	45.43%
<b>Total Fund</b>	<b>\$2,138,548,068.36</b>	<b>\$957,497,270.76</b>	<b>44.77%</b>

## **FY 2013-14 Budget Request**

- **Maintain the General Fund Budget at the FY 2012-13 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	4,500,000	7,200,000	16,210,306	0	27,910,306
TOTAL OF ALL OPERATING BUDGET PRIORITIES		4,500,000	7,200,000	16,210,306	0	27,910,306

### **Background**

Federally Mandated Child Support Enforcement System/State Disbursement Unit: 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 early 1990s, the federal government required each state to implement a federally certified, automated child support enforcement system and State Disbursement Unit (SDU). The South Carolina General Assembly passed legislation requiring the SDU in 1999 and in 2008 passed legislation to implement the SDU. 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 \$104 million in penalties. Since 2011, HP has paid or is obligated to pay over \$33 million toward the federal penalties for failure to complete the project according to contract. **No State funds have been requested for penalty payments since FY 2011.**

### **Recurring Request**

DSS is requesting a recurring Total Fund increase of \$17,175,573, consisting of \$7.2 million in General Funds and \$9.9 million in Federal Fund authorization, for FY 2012-13.

Since 2007, the General Assembly has appropriated over \$50 million for the development and implementation of the Child Support Enforcement System, the Family Court Case Management System and the State Disbursement Unit – systems that are necessary to meet federal requirements and the State's business processes for Child Support Enforcement.

As noted in DSS's budget requests of FY 2012 and FY 2013, recurring funds are required to operate and maintain the systems. A recurring appropriation of \$7.2 million is needed to meet

the estimated contractual obligations necessary to operate these systems in compliance with federal rules and regulations.

### **Non-recurring Request**

DSS is requesting non-recurring funds of \$4.5 million to complete development of these federally mandated systems and \$6,234,733 in federal authorization. In its initial request for funding for FY 2013, DSS asked for \$7 million in non-recurring funds to complete the system development portion of the project and indicated that \$7.2 million in recurring funds would be needed in FY 2014 for operating and maintaining the system. However, in March, 2012, DSS reach another agreement with HPSLES to extend the project and for HP to pay federal penalties resulting from the schedule extension. Because of the schedule extension and commensurate anticipated reduction of expenditures in FY 2013, the General Assembly appropriated \$2.5 million of the original \$7 million request. Therefore, \$4.5 million in non-recurring funds is needed to complete and deploy the system in FY 2014. The agency anticipates requesting recurring funds in FY 2014 to operate the systems.

## FY 2013-14 Provisos Request

Proviso	Short Title	Request
38.5.	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>		
38.6.	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>		
38.9	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>		
38.21	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>		
38.23	DSS: Analysis of Referrals	Delete
<i>This proviso requires a report be submitted to the Governor, Chairman of Senate Finance and the Chairman of House Ways &amp; Means detailing the referral process and three year history of referrals/placements made by DSS to John de la Howe School. The report was submitted on December 12, 2012, completing the requirements of this proviso.</i>		

+ proviso re: Title IV.E.

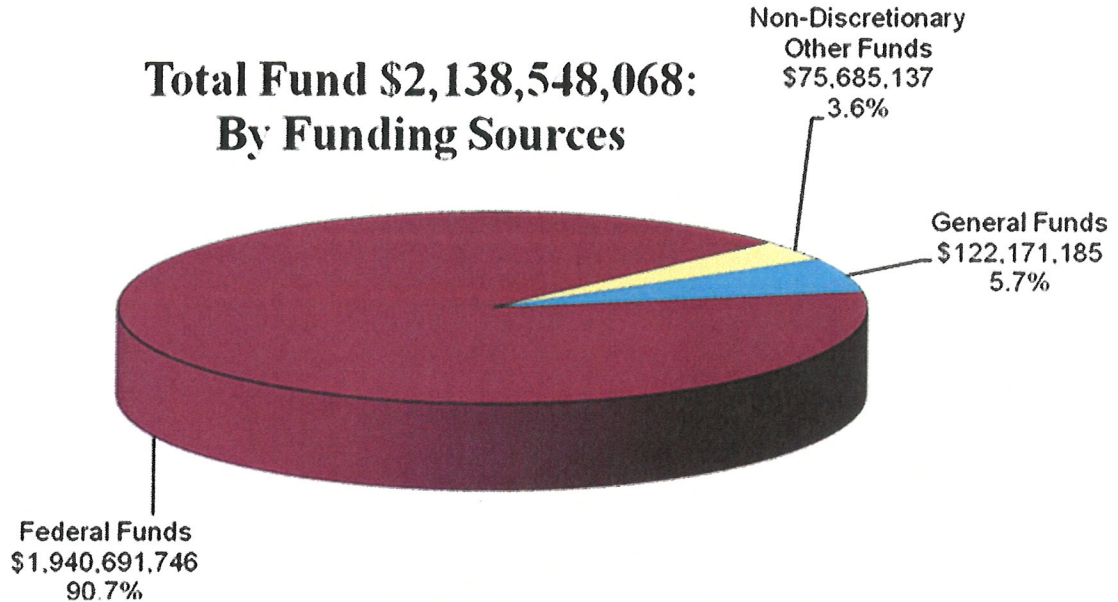
**Request the following Provisos to be continued unchanged**

- 38.1 DSS: Fee Retention
- 38.2 DSS: Recovered State Funds
- 38.3 DSS: Foster Children Burial
- 38.4 DSS: Battered Spouse Funds
- 38.5 DSS: Court Examiner Services Exemption
- 38.6 DSS: TANF Advance Funds
- 38.7 DSS: Fee Schedule
- 38.8 DSS: Food Stamp Fraud
- 38.9 DSS: TANF Immunizations Certificates
- 38.10 DSS: Fees for Court Witness in Child Welfare Services
- 38.11 DSS: County Director's Pay
- 38.12 DSS: Use of Funds Authorization
- 38.13 DSS: Use of Funds Authorization
- 38.14 DSS: Grant Authority
- 38.15 DSS: Family Foster Care Payments
- 38.16 DSS: Penalty Assessment
- 38.17 DSS: Child Support Enforcement Automated System Carry Forward
- 38.18 DSS: Child Support Enforcement System
- 38.19 DSS: Child Care Voucher
- 38.20 DSS: Teen Pregnancy Prevention
- 38.21 DSS: Meals in Emergency Operations
- 38.22 DSS: Day Care Facilities Supervision Ratios

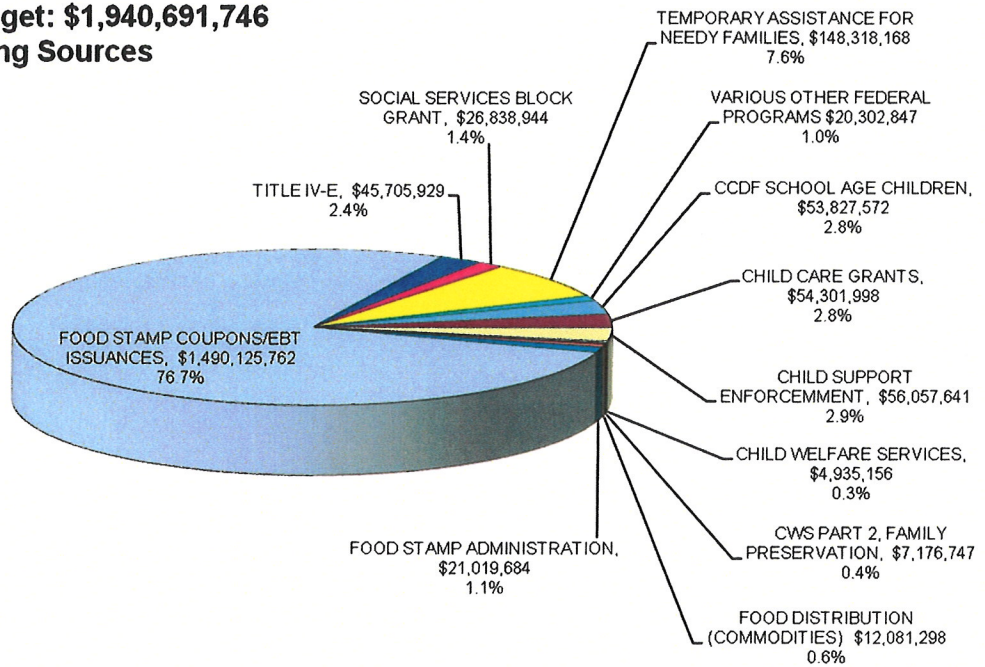


## Budgeted Revenue Sources for FY 2012-13

### Total Fund \$2,138,548,068: By Funding Sources

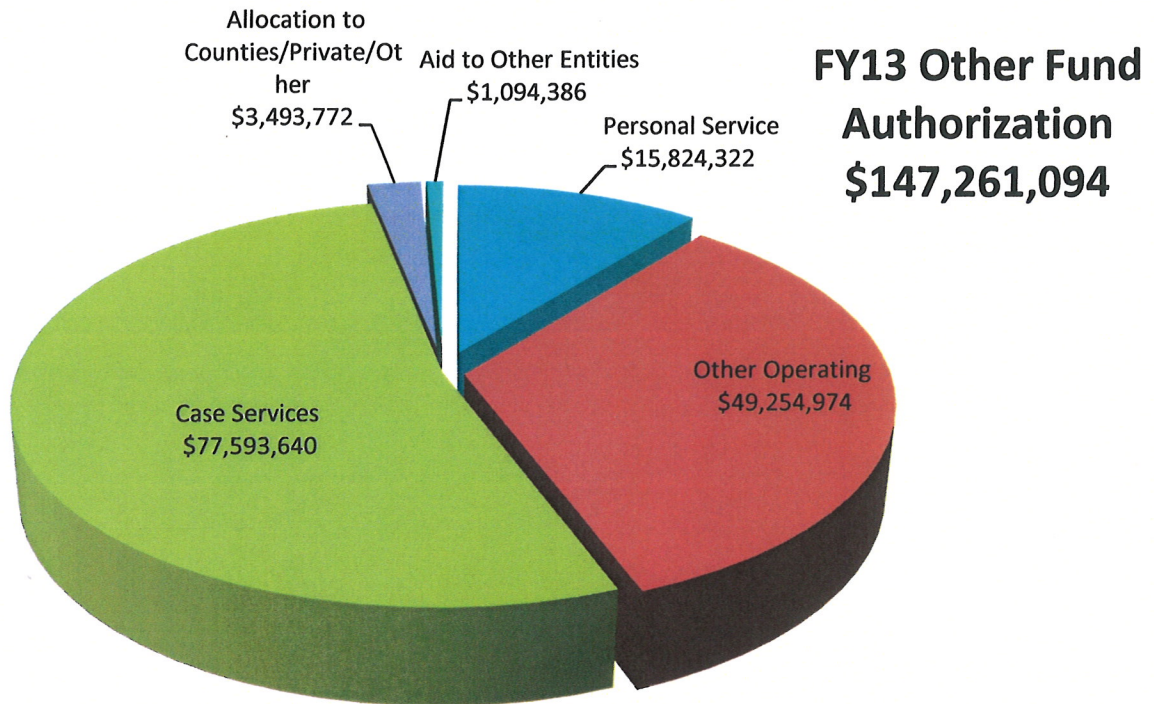


### Total Federal Budget: \$1,940,691,746 By Funding Sources



## Other Fund Authorization

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



## **Additional Charts**

### Increased the Number of Welfare Clients Who Found Jobs

