

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

February 12, 2014

The Honorable G. Murrell Smith, Jr., Chairman
The Honorable William Clyburn
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:

I wish I could be here today in person before the subcommittee. I am under doctor's orders to "moderate" my activities until released to full duty. This involves lowering and stabilizing my blood pressure as I recover from a stroke I had in December.

The Department of Social Services (DSS) respectfully submits the following FY 2014-15 budget plan for your consideration. DSS is committed to living within our means, which we have been doing this FY 2013-14.

For the upcoming FY 2014-15, DSS is requesting recurring General Funds of \$7,200,000 for the recurring operations of the Child Support Enforcement System and the State Disbursement Unit, and \$1,620,889 to raise the monthly foster care payment for the first time since 2007.

In addition, DSS is requesting the deletion of two existing provisos, the amending of three existing provisos, 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

Department of Social Services

Mission:

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 by 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

Goals:

In Human Services:

- Improve child safety by increasing the quality of the decisions that control safety and manage risk.
- Finalize adoptions for children in foster care who are already legally free for adoption or will soon be legally free for adoption.
- Achieve positive permanency or secure pre-adoptive placements for children in long-term foster care especially for those who are age 13 to 17.

In Economic Services:

- Increase South Carolinians with jobs for work-eligible welfare recipients (both TANF and SNAP food stamps).
- Increase child support collected and support orders.

Year-End FY 2012-13 General Funds

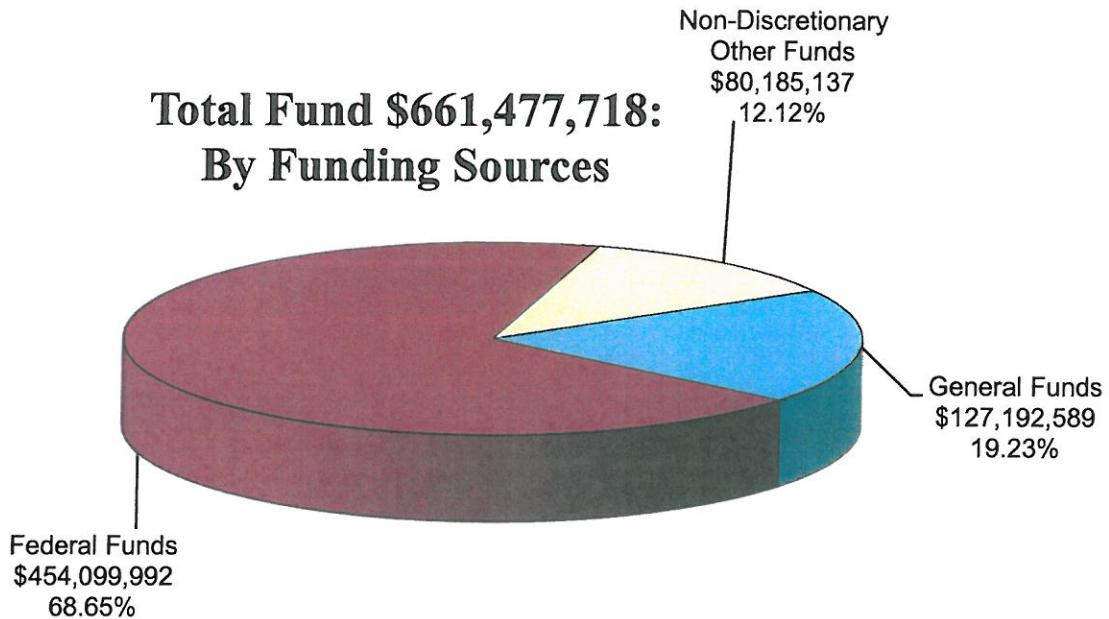
DSS closed FY 2012-13 within budget.

Budgeted Revenue Sources for FY 2013-14 (Current as of January 31, 2014)

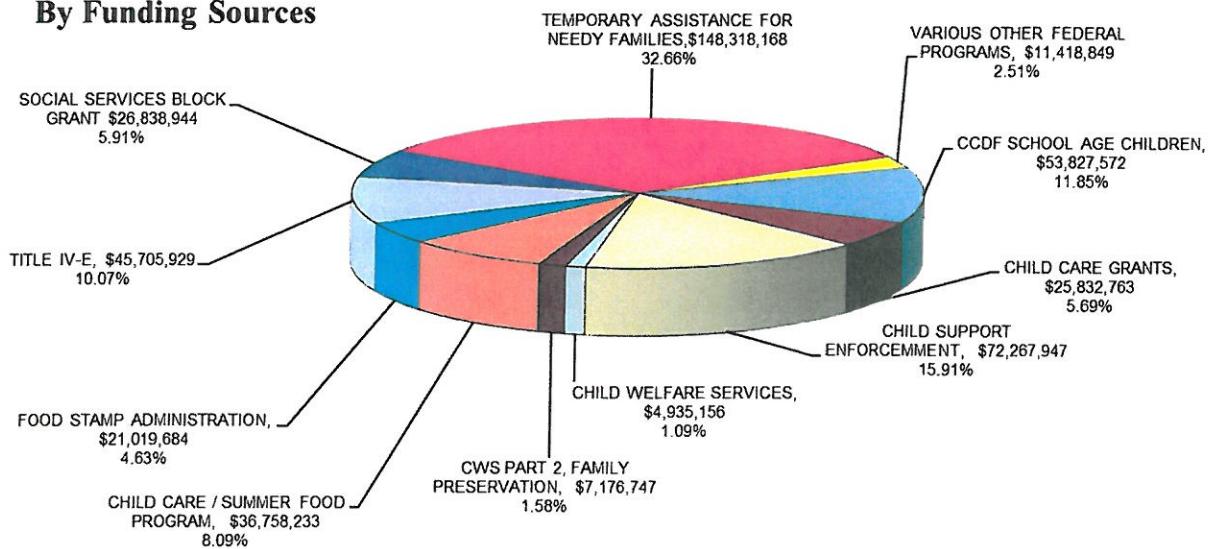
Fund	Appropriations	Expended YTD	% Expended YTD
General Fund	\$127,192,589.98	\$68,180,681.58	53.60%
Earmarked Fund	\$79,332,682.37	\$22,130,362.95	27.90%
Restricted Fund	\$849,986.00	\$406,812.44	47.86%
Federal Fund	\$454,099,992.00	\$208,387,690.97	45.89%
Total Fund	\$661,475,250.35	\$299,105,547.94	45.22%

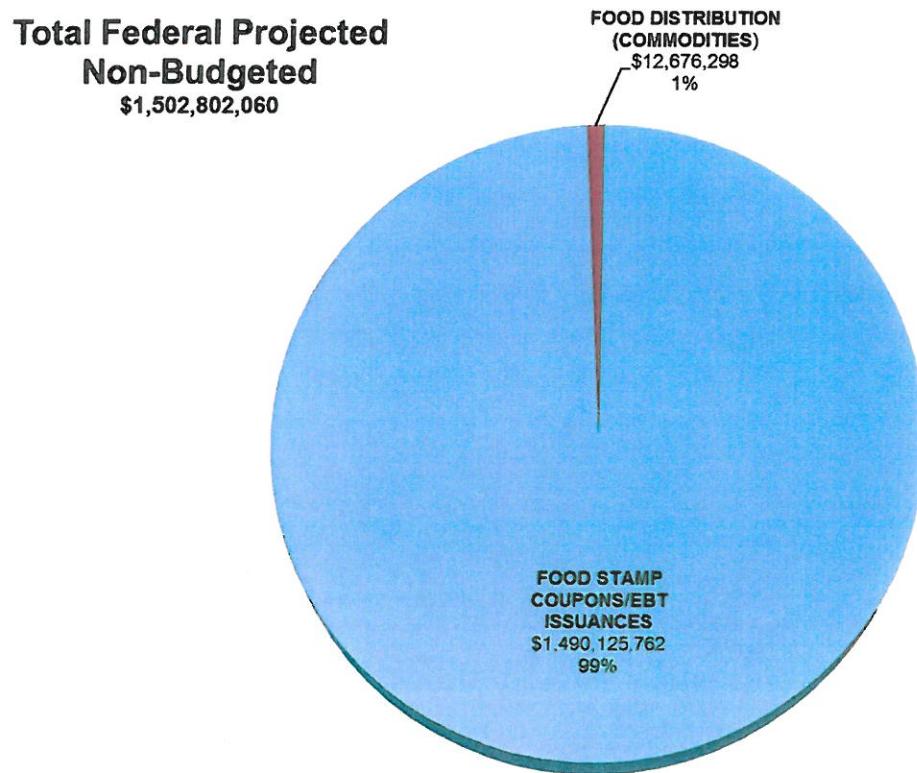
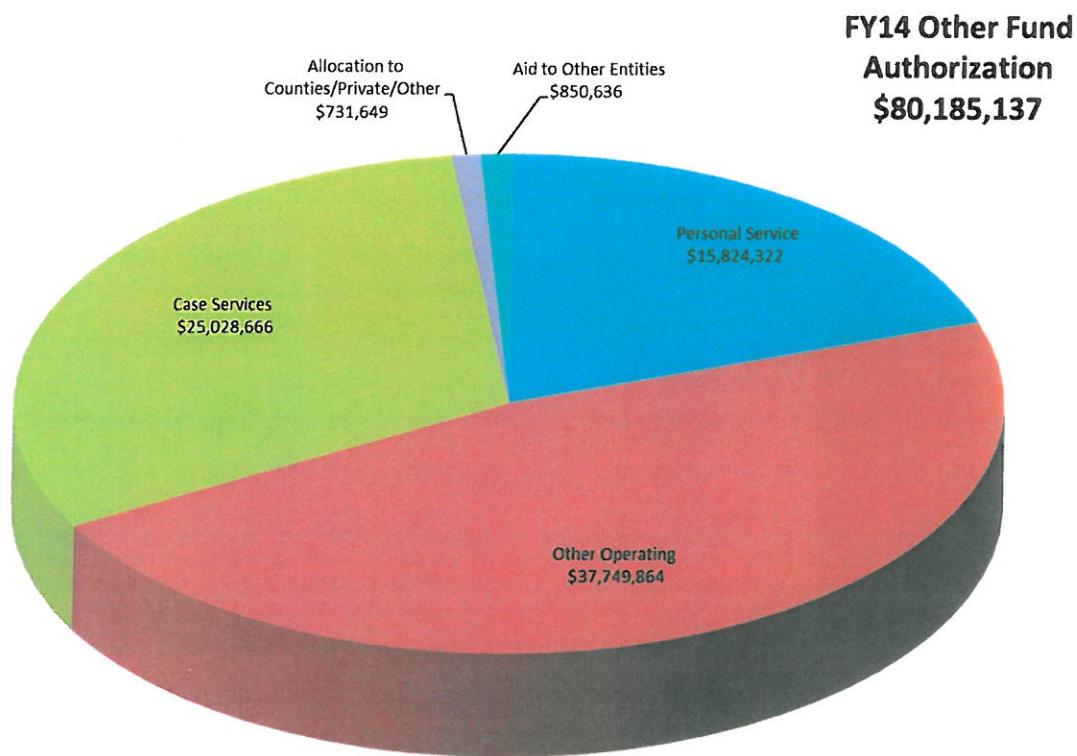
Total Expended should not exceed 58.3% for the period.

**Total Fund \$661,477,718:
By Funding Sources**



**Total Federal Budget: \$454,099,992
By Funding Sources**





FY 2014-15 Budget Request

- Maintain the General Fund Budget at the FY 2013-14 Level.
- Request last installment of development funds for Child Support Enforcement Automated System (CSES).
- Request funding to increase the Family Foster Care Payments for the first time since FY 2007.

OPERATING BUDGET PRIORITIES		FUNDING				
Title/Description		Non-Recurring State	Recurring State	Federal	Other	Total
Child Support Enforcement Automated System		0	7,200,000	9,975,573	0	17,175,573
Family Foster Care Payments		0	1,620,889	1,875,371	0	3,496,260
TOTAL OF ALL OPERATING BUDGET PRIORITIES		0	8,820,889	11,850,944	0	20,671,833

- Child Support Enforcement Automated System

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 \$115 million in penalties. Hewlett Packard (HP) has been the vendor on the project since August 1, 2007. As it was amended over time, the contract required HP to complete the system by August 2013. HP has paid 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.

Status of System:

The State terminated the contract with HP on July 10, 2013 for failure to meet contractual deadlines for completing the system. The State is seeking damages from HP through the contract

controversy process specified in the State Consolidated Procurement Code. The issue is currently before the Chief Procurement Officer. The hearing began October 21, 2013. Closing arguments are scheduled to begin March 28, 2014.

Plan for Completion:

Through careful reverse engineering and analysis of project artifacts and documentation, DSS recovered much of the software code developed by HP. To finalize a plan for completion, the Department of Social Services is assessing all facets of the project. The assessment includes review of business and functional requirements, technical assessment of the code and system architecture, assessment of the testing approach and software tools utilized, evaluation of the hardware requirements, analysis of the data conversion approach, and assessment of deployment strategy and project management requirements. The assessment will enable DSS to determine the most efficient approach to delivering a federally certifiable system at the earliest time.

Why Recurring Funds Are Requested:

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 2014-15.

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, FY 2013 and FY2014, recurring funds are required to operate and maintain the systems. A recurring appropriation of \$7.2 million is needed to meet estimated ongoing costs to complete and operate these systems in compliance with federal rules and regulations.

• **Family Foster Care Payments**

DSS is requesting a recurring Total Fund increase of \$3,496,260, consisting of \$1,620,889 in General Funds and \$1,875,371 in Federal Fund Authorization. DSS has recalculated the rates using the current USDA data for the Southeast Urban area for families making less than \$61,060, and the agency's rate setting methodology. As a result, DSS is requesting the monthly foster care payments be increased. These rates were last adjusted in FY 2006-07. The requested increase consists of \$51 more per month for children 0-5 years old, \$99 more per month for children 6-12 years old and \$93 more per month for children 13 years old and older.

FY 2014-15 Provisos Request

Proviso	Short Title	Request
38.1.	DSS: Fee Retention	Amend
	<i>DSS is requesting to amend this proviso to reduce the amount DSS is required to transfer to the General Fund from \$800,000 to \$500,000. These funds could then be used to draw down an additional \$582 thousand of federal funds through the 66% federal match available to the Child Support program. These funds will be used to improve the security of Federal Tax Information (FTI) and Personally Identifiable Information (PII) data, the operations of the Child Support program, and Self-Sufficiency and Family Preservation and Support programs. This proviso was first adopted before FY 1979-80, at the time welfare benefits to clients were funded under the Aid to Families with Dependent Children (AFDC) program 60% Federal and 40% State.</i>	
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>	
38.10	DSS: Fees for Court Witness in Child Welfare Services	Delete
	<i>This proviso was first adopted in FY 1994-95, as a way to assist the agency in controlling costs. The proviso, however, only addresses part of the agency and the amounts have not been adjusted since 1995. Furthermore, the proviso is no longer necessary as the same restrictions can be accomplished using agency policy, and these policies would cover all program areas of the agency.</i>	
38.15	DSS: Family Foster Care Payments	Amend
	<i>This amendment would result in an increase in the daily amount foster parents receive for the needs of their foster children. In order to fund this increase, DSS is requesting in decision package 1427, \$1,620,889 in General Funds, and increased Federal Authorization of \$1,875,371.</i>	

38.19 DSS: Child Care Voucher Amend

This proviso states that funds provided to the Department for child care vouchers must be used to enroll eligible children in facilities that meet the state's minimum licensing standards, but includes a passage allowing the Department to waive those quality standards on a case-by-case basis. The Department requests that this waiver be eliminated, so that State funds are not be used to place children in centers that fail to meet basic quality standards.

38.21 DSS: Meals in Emergency Operations Codify

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).

38.25 DSS: SNAP Coupons Delete

This proviso directed the Department to establish a program utilizing one-time funds that it is now working with the Department of Health and Environmental Control to implement.

Request the following Provisos to be continued unchanged

- 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
- 38.11 DSS: County Director's Pay
- 38.12 DSS: Use of Funds Authorization
- 38.13 DSS: Use of Funds Authorization
- 38.14 DSS: Grant Authority
- 38.16 DSS: Penalty Assessment
- 38.17 DSS: Child Support Enforcement Automated System Carry Forward
- 38.18 DSS: Child Support Enforcement System
- 38.20 DSS: Abstinence Until Marriage Teen Pregnancy Prevention Funding
- 38.21 DSS: Meals in Emergency Operations
- 38.22 DSS: Day Care Facilities Supervision Ratios
- 38.23 DSS: Foster Care Goals
- 38.24 DSS: Comprehensive Teen Pregnancy Prevention Funding

Agency Name: DSS

Person Completing Form: Charles Reese

Date: February 3, 2014

1. Is your agency in the process of reviewing and implementing the security policies issued by the Division of Information Security (Risk Management; Mobile Security; Information Systems, Acquisitions, Development, and Maintenance; HR and Security Awareness; Access Control; Asset Management; and Data Protection and Privacy)?

Yes

2. Does the agency director or his non-IT designee attend the monthly statewide IT security meetings for agency directors hosted by the Division of Information Security and Deloitte?

Yes, attends each monthly meeting.

3. Does the agency IT director and CISO attend the monthly IT security meetings for IT professionals hosted by the Division of Information Security and Deloitte?

Yes, agency IT Director attends each Monthly meeting, and our interim CISO will attend in the future.

4. As a first step in helping agencies identify and categorize data they manage and maintain, the Division of Information Security has provided tools and guidance to help agencies create an inventory of all IT assets (servers, network equipment, computers, mobile devices, etc.) Has your agency started this process?

Yes, we are in the process of identifying and categorizing data.

5. Through the Budget and Control Board's project to improve cyber security in our state, funding was provided to complete 18 agency risk assessments? Was your agency one of the 18 to complete this risk assessment?

Yes.

If so, has the assessment been completed?

Yes. Assessment was completed August 2013.

If your assessment has been completed, is your agency working on a corrective action plan to address the issues identified through the assessment?

Yes, DSS has a time line for working on and implementing each issue identified in the risk assessment conducted by the Budget and Control Board's contractor (Deloitte)

6. If your agency has not been scheduled to receive one of the 18 assessments, are you using the self-assessment tool (provided by DIS) to identify areas of risk within your agency? If your self-assessment has been completed, are you working on a corrective action plan to address the issues identified in the self-assessments?

N/A

7. Are you aware of the enterprise security services that DIS is in the process of deploying for state agencies?

Yes.

- a. VPN/2Factor
- b. Laptop Encryption
- c. Privileged User Management
- d. Patch Management
- e. Security Awareness Training
- f. Unified Threat Manager (UTM)

Have you reviewed these offerings and is your agency working with DIS to take advantage of these free services?

As DIS makes various services available, DSS reviews each service. DSS will take advantage of each DIS service when it fits our business process and technical infrastructure.

8. In an effort to build a professional development/training program for agency security officers, DIS has requested that each agency identify all employees who play a role in managing Cyber Security. Is your agency working to complete this request?

Yes. DSS has completed and returned this report to DIS.

Child Support System Proviso Report

Statement by State's Attorney on State's Contract Litigation Against HP regarding the Child Support Enforcement System & Family Court Case Management System:

"With 3 companies and 5 CEOs in just 7 years, this project has been defined by corporate chaos. The state of South Carolina demands performance and accountability from all its contractors and the same applied to HP. The fact is HP consistently failed to meet the terms of their contract, were unable to successfully test the computer system they designed, and became a hindrance to the timely completion of this project."

Marcus A. Manos, Esq.

Points

- Contract with HP started August 1, 2007.
- RON 6 schedule had completion of statewide implementation in August 2013.
- Total amount of penalties paid through FFY 2013 is \$115,725,363. Of this, HP has paid to date \$33,356,912.

Penalties paid by State	\$82,368,451
Penalties paid by HP	<u>33,356,912</u>
Total Penalties Paid	<u>\$115,725,363</u>

Contract Controversies/Notice of Default

- **September 2, 2011** – State filed a Contract Controversy alleging material breach by HP (breach of RON 5). Settled on March 7, 2012 (new RON 6). HP agreed to pay federal penalties through Federal FY 2012-13.
- **September 20, 2012** – Notice of Default because HP failed to meet the criteria for System Test midpoint on September 14, 2012 (first breach of RON 6). The State demanded that HP present a plan to cure the default. HP declined.
- **October 15, 2012** – State filed Contract Controversy alleging breach of contract (first breach of RON 6) and asked for damages.
- **December 10, 2012** – State notified HP of default and demanded cure plan within ten days as a result of HP failing to complete System Test by November 30, 2012 (second breach of RON 6).
- **July 10, 2013** – State terminates contract with HP. As of July 11, 2013, HP had passed only 1555 scripts out of a total of 2852 scripts, or 55%.
- **October 21, 2013** – Hearing of Contract Controversy begins. Estimated to last through March, 2014.

Department of Social Services
Response to Budget Proviso 38.18

H. 4813

General Appropriations Bill for Fiscal Year 2013-2014

PART IB

August, 2013

Budget Proviso Language

38.18. (DSS: Child Support Enforcement System) From the funds appropriated in Part IA, Section 38(F), the Department of Social Services shall prepare a detailed report on the status of the Child Support Enforcement System. The report shall include, but not be limited to, actions currently being undertaken to become compliant with federal government requirements; the cost required to meet minimum federal guidelines; total funds spent so far on the system; the amount of fines assessed by the federal government associated with non-compliance; how much has been spent to satisfy actions taken by the state judicial system; and how much has been spent related to actions taken by any other entity which may have altered the amount required for meeting minimum federal guidelines. The report shall be submitted to the General Assembly by August thirty-first of the current fiscal year."

In response to Proviso 13.27 in the FY 2007-2008 Appropriations Act, the Department of Social Services provided a detailed timeline of the events leading to the contract between the State and Saber Software Corporation to develop, implement and maintain the federally mandated statewide Child Support Enforcement System (CSES) and the Family Court Case Management System (FCCMS). Saber was then purchased by Electronic Data Systems (EDS), and is now a business unit of Hewlett-Packard's Enterprise Solutions Group, and will be referred to as HP in this and future updates.

In response to Proviso 26.25 in the FY 2008-2009 Appropriations Act, the Department of Social Services updated the detailed timeline with the significant events that occurred since the submission of the response to Proviso 13.27.

In response to Proviso 26.23 in the FY 2009-2010 Appropriations Act, the Department of Social Services updated the detailed timeline with the significant events that occurred since the submission of the response to Proviso 26.25.

In response to Proviso 26.20 in the FY 2010-2011 Appropriations Act, the Department of Social Services updated the detailed timeline with the significant events that occurred since the submission of the response to Proviso 26.23.

In response to Proviso 26.20 in the FY 2011-2012 Appropriations Act, the Department of Social Services updated the detailed timeline with the significant events that occurred since the submission of the previous response to Proviso 26.20.

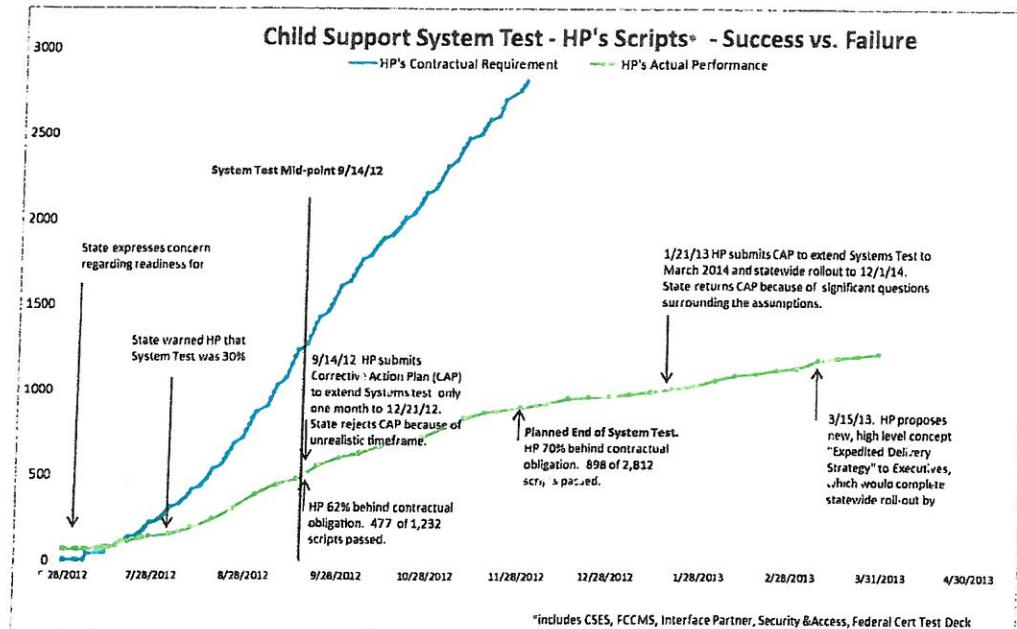
In response to Proviso 26.19 in the FY 2012-2013 Appropriations Act, the Department of Social Services updated the detailed timeline with the significant events that occurred since the submission of the response to Proviso 26.20.

The following represents an update to the six previous submissions and is filed in response to Proviso 38.18 of the FY 2013-2014 Appropriations Act, updating the detailed timeline with the significant events that occurred since the submission of the response to Proviso 26.19.

The Department's previous reports are attached for reference purposes.

1. What actions are currently being undertaken to become compliant with federal government requirements?

- The Department of Social Services entered into a contract with HP on August 1, 2007, for the development of the statewide CSES and the FCCMS. Beginning August 1, 2007, HP and the State worked toward development and delivery of a system that meets federal certification requirements and State business needs. On September 2, 2011, the State filed a contract controversy with the Chief Procurement Officer of the Information Technology Management Office pursuant to SC Code Section 11-35-4230 alleging material breach by HP. On March 7, 2012, the State and HP settled the contract controversy. HP agreed to pay federal penalties through Federal FY 2012-13. The system was scheduled to be in use in all 46 counties and in all DSS regions in FY 2013-14. That settlement (Record of Negotiations 6 (RON 6)) extended the contract schedule from 68 months to 73 months.
- After HP and the State signed RON 6 in early March 2012, HP failed to meet deadlines for testing the software designed to operate CSES and FCCMS ("the System"), resulting in two formal actions by the State.
 - (1) The State sent HP a Notice of Default on September 20, 2012 because HP failed to meet the criteria for System Test midpoint on September 14, 2012 (established in the contract) and because HP failed to provide a reasonable schedule showing how it would complete the rest of System Test on time, a requirement if it missed the midpoint benchmark. In the letter, the State demanded that HP present its plan to cure the default. HP declined. The State filed a Contract Controversy with the Chief Procurement Officer on October 15, 2012, alleging that HP breached its contract and asking for damages.
 - (2) When HP failed to complete System Test by November 30, 2012, as required by the Contract, the State sent HP another letter on December 10, 2012, notifying them of the default and demanding a cure plan within ten (10) business days. HP requested and the State granted an extension to January 21, 2013. On January 21, 2013, HP submitted a Corrective Action Plan (CAP) and a revised project schedule. The project schedule accompanying the CAP showed statewide implementation of CSES and FCCMS being completed in December 2014, which represented a 16month extension from the RON 6 schedule. The RON 6 schedule had completion of statewide implementation in August 2013. The State project team reviewed the schedule and told HP in a letter dated January 30, 2013, that the CAP was not approvable as submitted because it "contains gaps and inconsistencies and lacks the detail necessary for the State to approve this CAP." The letter added: "The State team will continue to meet with the HP team to discuss how HP would implement specific aspects of the proposal."
- The parties also engaged in discussions, protected by Rule 408 of the SC Rules of Evidence, to move the CFS Project to completion by means different than the means specified in RON 6. Those discussions were not fruitful.
- While the above actions were taking place, work continued in System Test under RON 6; however, HP's progress in delivering acceptable test results was extremely slow. From January 1, 2013 through June 30, 2013, HP's System Test scripts passed review at the rate of 21.58 per week for CSES and FCCMS. The critical path of the RON 6 project schedule continued to push further and further out. According to the June 2013 Monthly Status Report for the CFS Project, the critical path to complete statewide implementation of CSES and FCCMS was pushed by 236 business days because system testing was so far behind schedule.
- As of July 11, 2013, HP had passed only 1555 scripts out of a total of 2852 scripts, or 55%. Based on the average weekly rate of passage noted above, it would have taken HP until August 2014 to pass all System Test scripts, 21 months beyond the end date of November 30, 2012, for System Test under RON 6. The chart below shows the lack of progress in HP's System Test efforts through the end of June 2013.



- On July 10, 2013, the State sent a letter to HP notifying the company that the State was terminating the contract. The hearing in the Contract Controversy (originally scheduled for July 31, 2013) has been rescheduled for October 21, 2013 and is estimated to last through November 27, 2013. The Chief Procurement Officer will hear the State's case for breach of contract and damages and HP's claims against the State.
- The State team has moved forward to complete the CSES and FCCMS Systems in-house. The State is currently assessing the viability of the code produced by HP to determine the remediation effort needed to complete the project. The State is working with the federal Office of Child Support Enforcement (OCSE) to gain federal support and funding for the Project.
- The State attempted to work with HP to accomplish an orderly transfer of certain project materials and other assets from HP to the State team with limited success. HP disputes the State's right to certain materials and has been slow to produce others, so this issue has become part of the litigation.

2. What is the cost required to meet minimum federal guidelines:

Federal guidelines determine whether the State produces a certifiable CSES, but do not include a state's business practices nor appropriate business model.

The table below shows CFS Project costs actually incurred through June 30, 2013, the latest expenditure figures available at the writing of this document. Under the HP contract, the cost required to develop and deploy CSES is \$129,720,470 (\$44,104,960 in State General Funds), and the cost required to develop and deploy FCCMS is \$15,760,583 (all State General Funds). These costs cover procurement, project management and oversight, system development, and system implementation costs, including all hardware and software.

With the termination of HP on July 10, 2013, as noted in the section immediately above, the CFS Project is in a transition phase. The State must assess the viability of the code that HP produced, determine how much work remains before the Systems can successfully pass all testing phases and be delivered to the users. The State team is developing a new plan and schedule for completion, in coordination with OCSE, that will include a budget aligned with that plan. The State will not issue a large-scale RFP to contract for the

remaining work. The State will acquire the necessary resources through available State contracting mechanisms and will manage the work itself.

Cost Category	SFY	Amount	Federal	State
CSES expenditures for planning and procurement activities for current contract	2006-2007	\$6,889,523	\$4,547,085	\$2,342,438
CSES expenditures to date for current development activities	2008-2013	\$75,825,201	\$46,950,805	\$28,874,397
Total CSES		\$82,714,724	\$51,497,890	\$31,216,834
FCCMS expenditures for current planning and procurement activities for current contract	2006-2007	\$579,028	\$0	\$579,028
FCCMS expenditures to date for current development activities	2008-2013	\$9,304,024	\$0	\$9,304,024
Total FCCMS		\$9,883,052	\$0	\$9,883,052
Total for CSES and FCCMS		\$92,597,776	\$51,497,890	\$41,099,886

3. What are the total funds spent so far on the system?

The total funds spent so far on the South Carolina automated systems project for CSES and FCCMS shown in the table below includes the previous development effort with Unisys Corporation.

Cost Category	SFY	Amount	Federal	State
Expenditures for prior Unisys development effort	1992-1999	\$34,696,802	\$28,917,718	\$5,779,084
Expenditures for planning and procurement activities	2000-2007	\$7,468,551	\$4,547,085	\$2,921,466
Expenditures to date for current development activities	2008-2012	\$85,129,225	\$46,950,805	\$38,178,421
Total Expenditures through SFY2012		\$127,294,578	\$80,415,608	\$46,878,970

4. What is the amount of fines assessed by the federal government associated with non-compliance?

For federal fiscal years (FFY) 1998-2013, the total amount of funding assessed in federal penalties is \$115,725,363, which has been incurred as follows.

Penalties Assessed	
FFY 1998	\$893,628
FFY 1999	\$1,714,073
FFY 2000	\$3,788,805
FFY 2001	\$5,317,626
FFY 2002	\$8,162,687
FFY 2003	\$7,880,498
FFY 2004	\$7,568,561
FFY 2005	\$6,911,858
FFY 2006	\$6,859,309
FFY 2007	\$6,756,475
FFY 2008	\$7,330,080
FFY 2009	\$9,180,717
FFY 2010	\$10,494,344
FFY 2011	\$10,699,976
FFY 2012	\$11,022,245
FFY 2013	\$11,144,481
Total	\$115,725,363

Under a 2001 settlement agreement with the State's first vendor for the Systems, Unisys Corporation, \$17,633,961 in settlement funds were used to offset penalties. Under the terms of contract amendments 3, 5, and 6 between HP and the State, HP will pay federal penalties incurred due to schedule extensions through FFY13. The total amount paid in penalties to date by HP is \$33,356,912. HP's obligation to pay federal penalties beyond FFY 2013 will be determined as part of the Contract Controversy.

Other than when paid with funds from Unisys and HP, these penalties were paid with 100% State General Funds. The OCSE will continue to require penalty payments until the year in which the State submits its CSES, implemented statewide, for federal certification review. Once the State submits its CSES for federal review, OCSE does not assess the penalty for any succeeding year during which federal officials review the State's CSES for certification requirements; however, if the State's CSES fails to meet certification requirements, OCSE will impose the penalty for the review years. After certification is granted, the State will receive a rebate of 90% of the penalty for the year that the State's CSES was submitted for federal certification review.

5. How much has been spent to satisfy actions taken by the State judicial system?

The answer to this question remains the same as the 8/31/2008 response to Proviso 26.25.

6. How much has been spent related to actions taken by any other entity which may have altered the amount required for meeting minimum federal guidelines?

There are no costs beyond those listed in items 2 through 5.

FACTS

MORE JOBS

- Governor Nikki Haley's DSS helped find jobs for 20,299 South Carolinians receiving welfare (persons on TANF cash assistance and/or food stamps) between February 2011 and December 2013.
 - The retention rate is 97% (clients exiting welfare with jobs and staying off cash assistance for at least 3 months). More than 80% have not returned to TANF for at least 2 years.
- In February 2012, DSS implemented SNAP 2 Work, State's first mandatory job requirement for work-eligible food stamp recipients.
 - 1,956 food stamp recipients found employment through SNAP 2 Work between February 2012 and November 2013.

MORE SERVICES TO FAMILIES

Reduced child abuse and neglect reports with no action from 37% in 2011 to 18% in 2013 (this is better than the national average of 38% with no action).

- In 2011, when DSS received a report of child abuse or neglect, they either: (a) referred the report for investigation, or (b) took no action.
- Since 2012, when DSS receives a report of child abuse or neglect, they either: (a) refer the report for investigation; (b) take no action; or (c) refer the family to Community Based Prevention Services.
- DSS' implementation of Community Based Prevention Services has resulted in a 148% increase in services available for families.

MORE CHILDREN ADOPTED

- 50% more children adopted compared to SFY 2010.
- 1,807 children adopted between February 2011 and January 2014.
- 51% fewer children aging out of foster care compared to SFY 2010.

IMPROVING CHILD WELFARE PRACTICE

- For the first time, DSS successfully completed federal requirements to improve child safety, permanency and well-being; avoided \$1.19 million in federal penalties.
- 94.7% of children now receiving face-to-face visits at least once a month, compared to 84.4% in 2011 (in-home family preservation cases).
- 26% reduction in overdue permanency planning hearings. In 2012, DSS changed agency policy to require permanency planning hearings be completed within 9 months, rather than 12 months.
 - As of June 2013, only 3.8% of hearings completed outside the 9-month expectation. In September 2011, 30% of permanency planning hearings remained incomplete after 12 months.

INPROVING FOOD STAMP PROGRAM ACCOUNTABILITY

- Received \$4.1 million in federal performance bonuses since 2011 for food stamp program accountability. DSS provided additional training to case reviewers and increased communication between policy and quality assurance staff -- resulted in increased program integrity and fewer overpayments of food stamp benefits.
 - Reduction in food stamp payment error rate since 2010 -- from 5.85% to 1.59%.
 - South Carolina now ranked No. 6 in U.S. for food stamp payment accuracy.

Child Deaths Review

- **By both number and percentage, there was a decrease in the number of child deaths with “DSS Involvement.”**
- “DSS Involvement” - Cases where DSS child welfare was involved with the deceased child prior to the child’s death or with a sibling, half-sibling, or step-sibling of the child; includes Child Protective Services (CPS) investigations (founded and unfounded), screened-out intakes, foster care, Community-Based Prevention Services, and Family Preservation services.
- DSS conducted a thorough review of all child deaths regardless of the cause of death or the length of time since prior “DSS involvement.”
- DSS examined 87 cases in 2011, 87 cases in 2012, and 76 cases in 2013.

Findings for 2013

2013 Cases with “DSS Involvement,” Cause of Death (as recorded in the coroner’s intake), and the Time Elapsed Since Prior “DSS Involvement”

- **Open “DSS Involvement”**

(including involvement beginning only after DSS received a report of the fatal injury or terminal medical condition)

- 12 pre-existing medical condition (e.g., premature birth)
- 3 unsafe sleeping
- 6 accidents (e.g., car accidents, drowning)
- 1 homicide
- 1 suicide
- 1 suspicious

- **6 Months Since Prior “DSS Involvement”**

- 4 accident
- 4 unsafe sleep
- 2 house fire
- 2 homicide
- 2 undetermined
- 1 shaken baby syndrome
- 1 neglect
- 1 unknown
- 1 SIDS

- **Over 6 Months to Over 12 Years Since Prior “DSS Involvement”**

- 8 accident
- 5 house fire
- 5 undetermined
- 4 homicide
- 3 suicide
- 3 unsafe sleep
- 3 medical condition
- 1 stillborn
- 1 possible abuse

2013 - Child Deaths and Time Elapsed Since Prior “DSS Involvement”

	1. Accidental - Medical	2. Accidental - Other	3. Non- Accidental	Suicide	Undeter- mined
Current Involvement	12	8	1	1	1
< 1 Year	1	14	4		3
1 to < 2 Years	1	7	1		2
2 to < 5 Years	1	3	4	1	
5 to < 10 Years	1	2	1	2	3
>= 12 Years	1	1			
Total for 2013	17	35	11	4	9

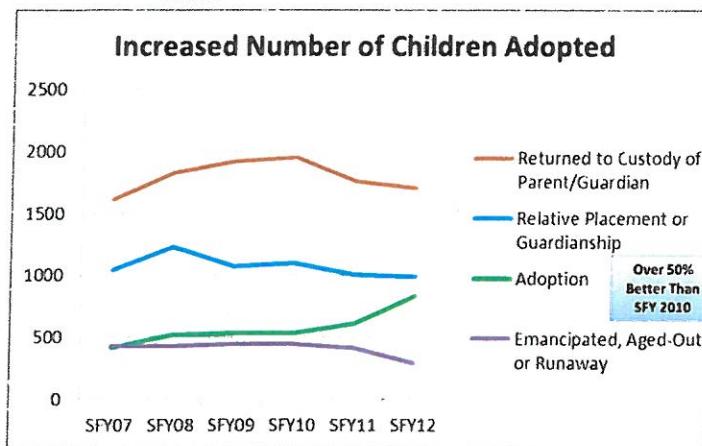
2013 Examples

- A 16 year old boy was struck and killed by a train. DSS was last involved with this family when the child was 6 years old.
- A 5 year old child with a terminal auto-immune genetic disease died while receiving DSS Family Preservation services to help the family with necessary medical care for the child.
- A 3 year old girl died in a house fire. DSS had been involved with her family 7 years before her death. DSS received no reports of abuse or neglect concerning this child during her life.

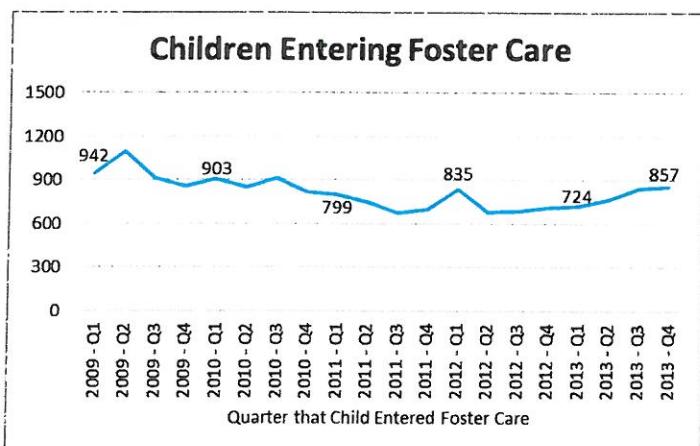
1. Medical condition/natural (cancer, stillborn – complication due to medical condition)
2. Unsafe sleep, SIDS, car accidents, and choking
3. Homicide

Improving Child Welfare Practice

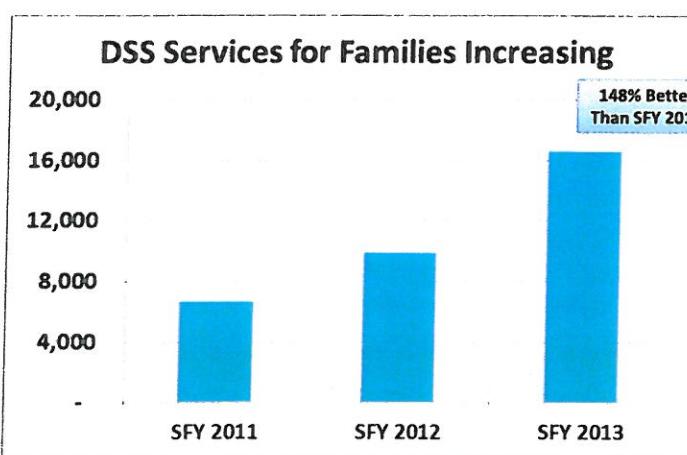
- **\$1.19 million** in federal penalties avoided; for the first time, DSS successfully completed federal requirements to improve child safety, permanency and well-being (paid \$2,388,358 in 2007 for not meeting requirements).
- **50% more** children adopted compared to SFY 2010 (**1,735 children** adopted between February 2011 and December 2013).
- **51% fewer** children aging out of foster care alone (compared to SFY 2010).
- **19% reduction** in child abuse and neglect reports with no action since 2011.
- **13% increase** in child abuse and neglect detected and confirmed when reported to the agency reports -- resulting from training and closer supervision and accountability for child safety.
- **148% increase** in services for families since January 2012; new community-based prevention services implemented to strengthen families.
- Face-to-face contacts in open CPS cases have significantly improved from 84.4% in June 2011 to **94.7%** in June 2013.



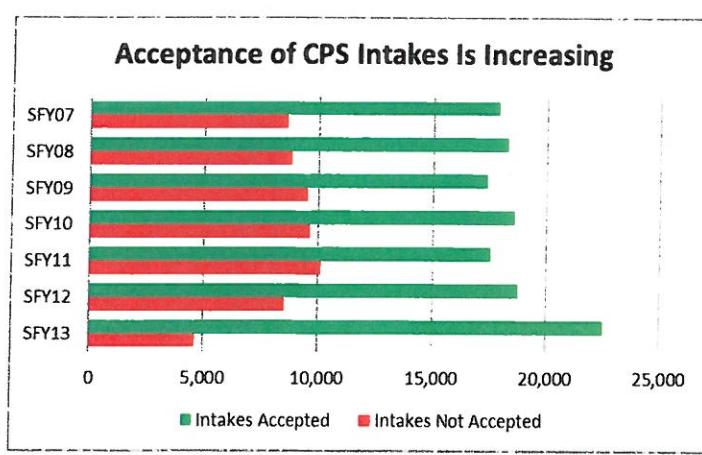
50% more children adopted compared to SFY 2010 (1,735 children adopted.) **51% fewer** children aging out of foster care alone (compared to SFY 2010)



The number of children entering foster care has remained constant the past two years

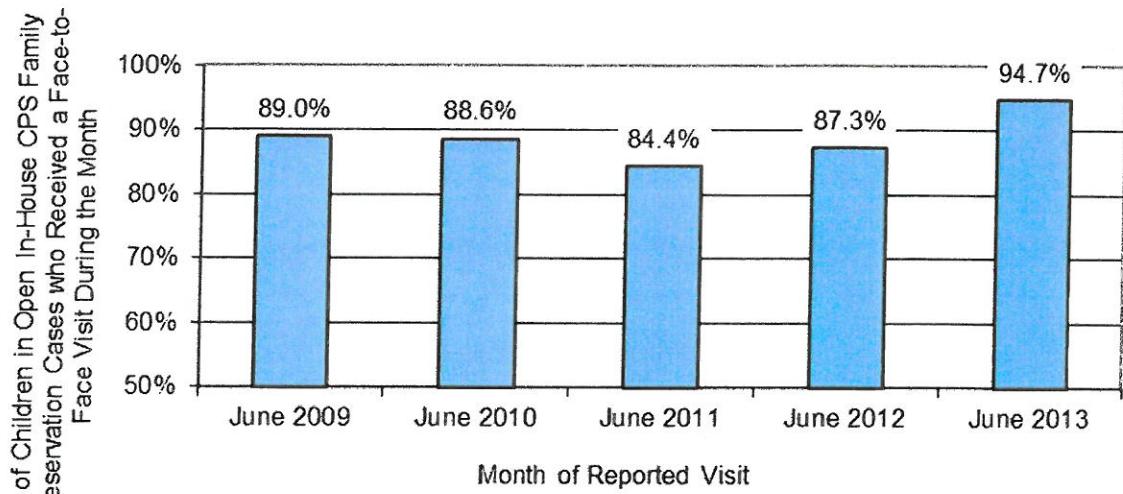


148% increase in services for families since January 2012; new community-based prevention services implemented to strengthen families. (More information pg. 5)



The percentage of intakes with No Action has declined from 37% in SFY 2011 to **18%** in SFY 2013 (this is also better than the national 38% No Action rate) (More information pg. 5)

Face to Face Contacts



Face-to-face contacts in open CPS cases have significantly improved from 84.4% in June 2011 to **94.7%** in June 2013.

Community Based Prevention Services

Through Community Based Prevention Services, DSS has created a statewide structure of services that implements policies and mandates established by the South Carolina General Assembly.

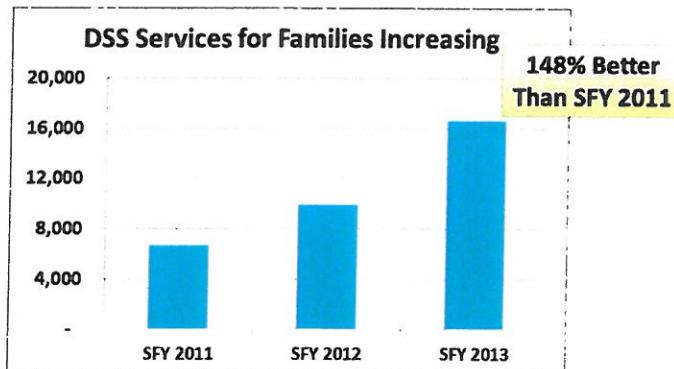
- The General Assembly stated in SC Code Section 63-7-10 that child welfare services must be based on certain principles, including:
 - "... State and community agencies have a responsibility to implement prevention programs aimed at identifying high risk families and to provide supportive intervention to reduce occurrence of maltreatment...."
 - The state's child welfare system must be designed to be child-centered, family-focused, community-based, and culturally competent in its prevention and protection efforts..."
 - Neighborhoods and communities are the primary source of opportunities and supports for families and have a primary responsibility in assuring the safety and vitality of their members. "
- SC Code Section 63-7-910 says:
 - DSS must respond to referrals of family-related problems and divides those referrals into (1) known or suspected cases of child abuse or neglect and (2) "other problems of a nature which may affect the stability of family life."
 - Reports involving abuse or neglect must be referred to DSS county offices. Calls involving other problems must be referred to a county DSS office or to "other service agencies."
- SC Code Section 63-7-910(D) says DSS may contract for delivery of "protective services, family preservation services, foster care services, family reunification services, adoptions services, and other related services or programs."

The network of Community Based Prevention Services also demonstrates that the State is in compliance with the federal Child Abuse Prevention and Treatment Act (CAPTA), as amended, which requires the Governor to certify that the State:

"...has in effect and is enforcing a State law, or has in effect and is operating a statewide program, relating to child abuse and neglect that includes...triage procedures, including the use of differential response, for the **appropriate referral of a child not at risk of imminent harm to a community organization or voluntary preventive service...**" (Section 106 (b)(2)(B)(v)

Community Based Prevention Services:

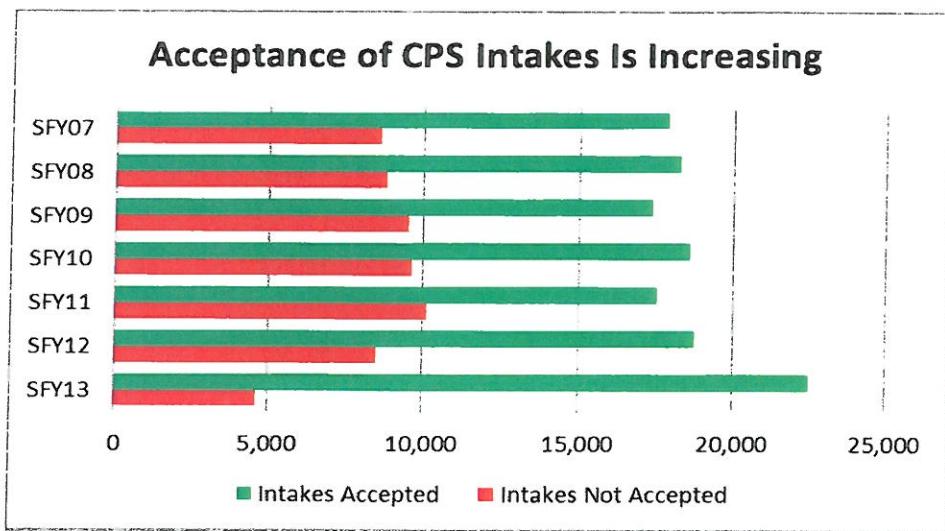
- Serve more families. The majority of traditional investigations do not result in any services being provided.
- Engage parents more effectively to use services that address their specific needs within their community.
- Better understand and address the family issues to prevent child abuse and neglect.



DSS is Proud to Partner with Specialized Alternatives for Families & Youth (SAFY) and Growing Homes Southeast:

- Services are provided to the children and families in the family's home by professional providers that connect the family to services within their home community; Community Based Prevention Services for families **broaden the safety net for children**
- Having Community Based Prevention Services for families helps protect children better by helping to be **more proactive on child safety** in two specific ways:
 - Community providers assess risk factors and the service needs of families who otherwise would not receive any services from DSS and **help those families build protective capacity** that prevents harm to their children
 - The community providers also act as **"extra" mandatory reporters** if they see risk escalating in the homes they visit, they report those concerns to DSS
- **Having more eyes on children and more supports for families means better child safety**

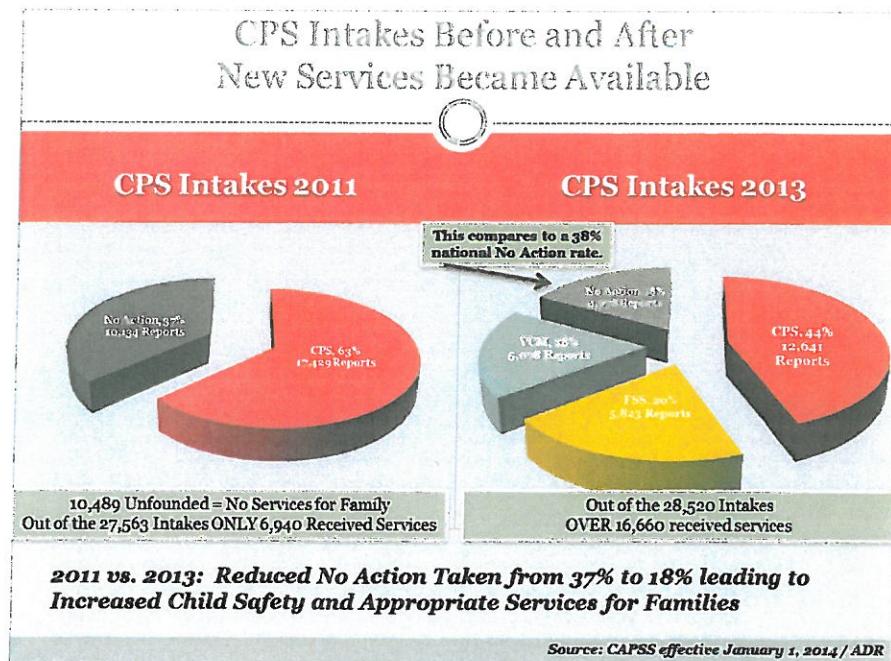
Community Based Prevention Services allow families referred to the agency for possible child abuse and/or neglect to receive supportive services without the threat of a child protective services investigation. Collaborative efforts with community based organizations have been shown to increase the families' engagement with services. This method also involves the community's assistance in meeting families' service needs resulting in long-term improvement in the safety, stability and well-being of children.



Before this administration, there were only 2 responses by DSS – No Action or Investigation, and most Investigations were “Unfounded” resulting in no services to families. Now DSS is proactive and provides services to help the family and prevent child abuse.

Under this administration, the percentage with no action taken by DSS has declined from 37% in SFY 2011 to 18% in SFY 2013 (this is also better than the national 38% No Action rate). The percentage of intakes accepted for investigation has remained basically the same since the implementation of these services, as have the number of children placed in foster care.

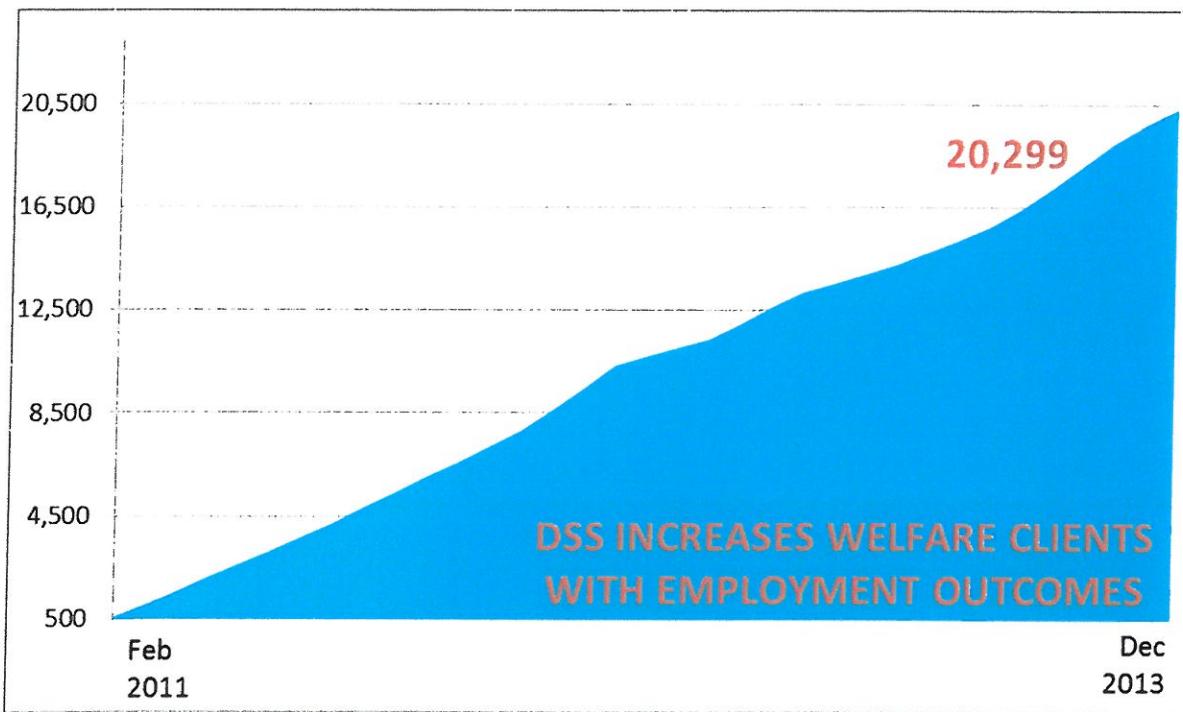
- 19% reduction in child abuse and neglect reports with no action since 2011
- 148% increase in services for families since January 2012; new community-based prevention services implemented to strengthen families



MORE JOBS

Governor Nikki Haley's DSS helped find jobs for 20,299 South Carolinians receiving welfare (persons on TANF cash assistance and/or food stamps) between February 2011 and December 2013.

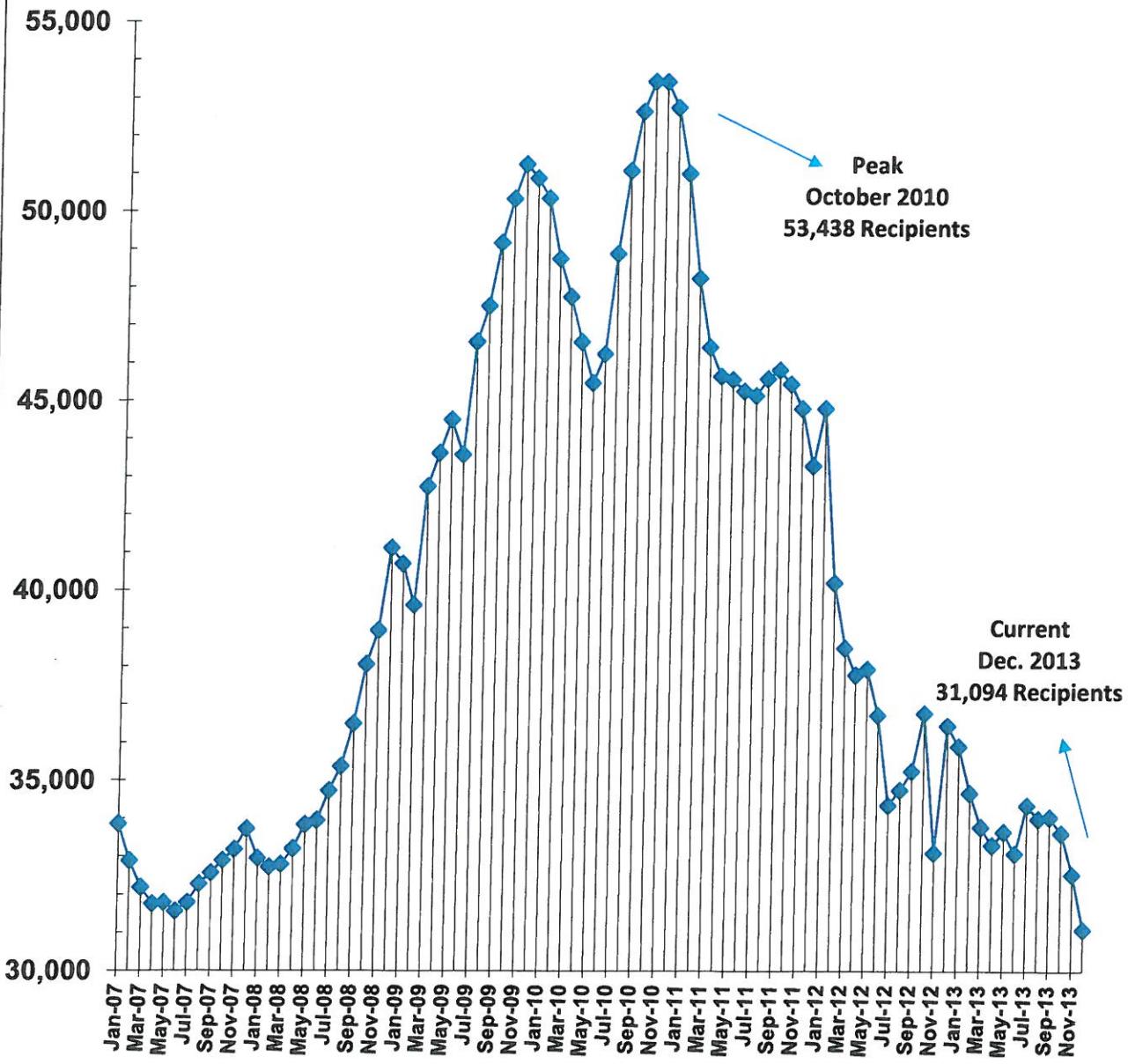
More People with Jobs



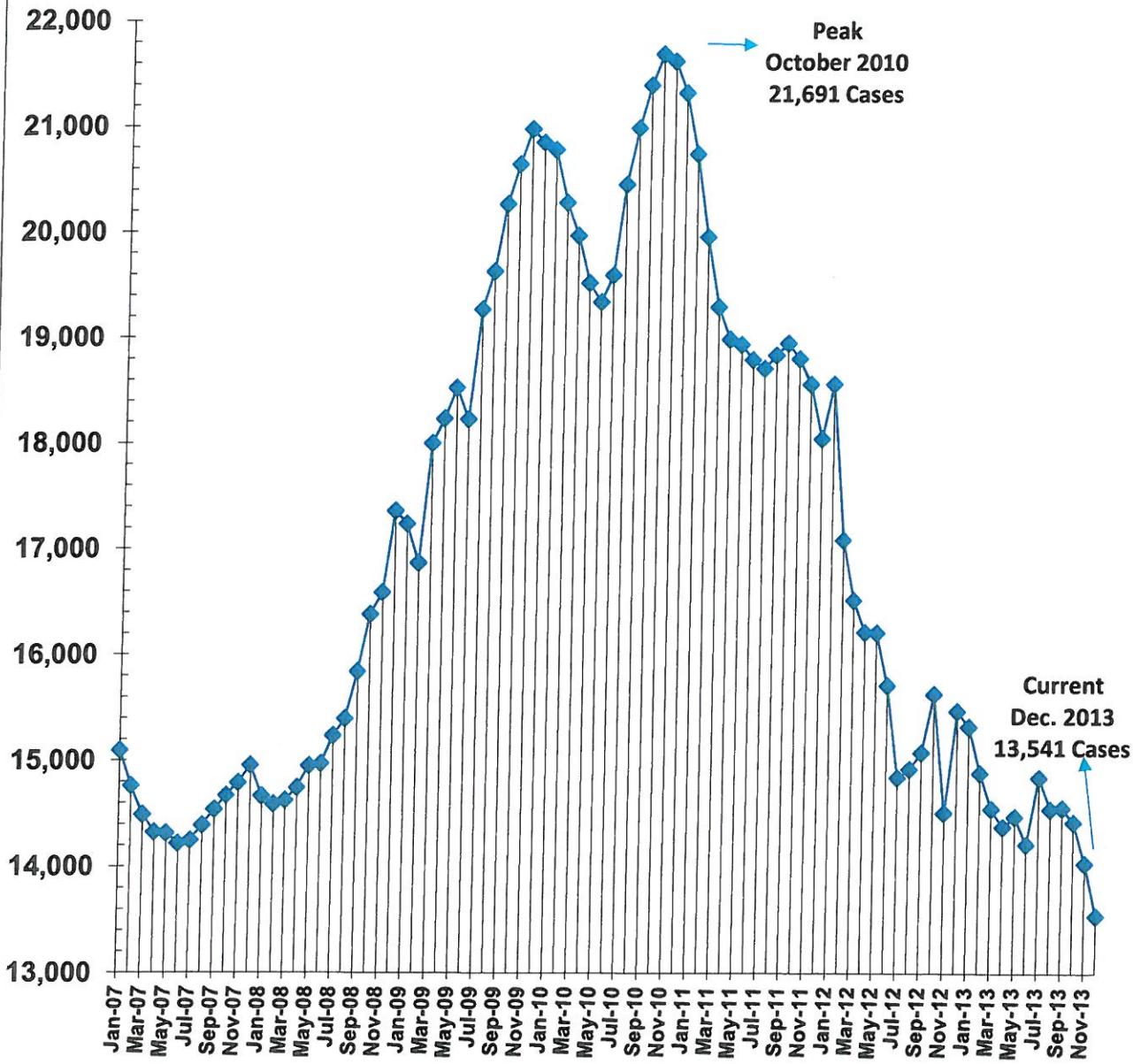
- Over 18,000 of these jobs were obtained by TANF recipients, meaning those parents, once living in poverty with their children, are now making enough income that they no longer qualify for welfare (cash assistance).
- The retention rate is 97% (clients exiting welfare with jobs and staying off cash assistance for at least 3 months). More than 80% have not returned to TANF for at least 2 years.
- In February 2012, DSS launched SNAP 2 Work, State's first-ever mandatory job requirement for work-eligible food stamp recipients; 3,291 food stamp recipients have found jobs since this initiative started in February 2012.

Additional Charts

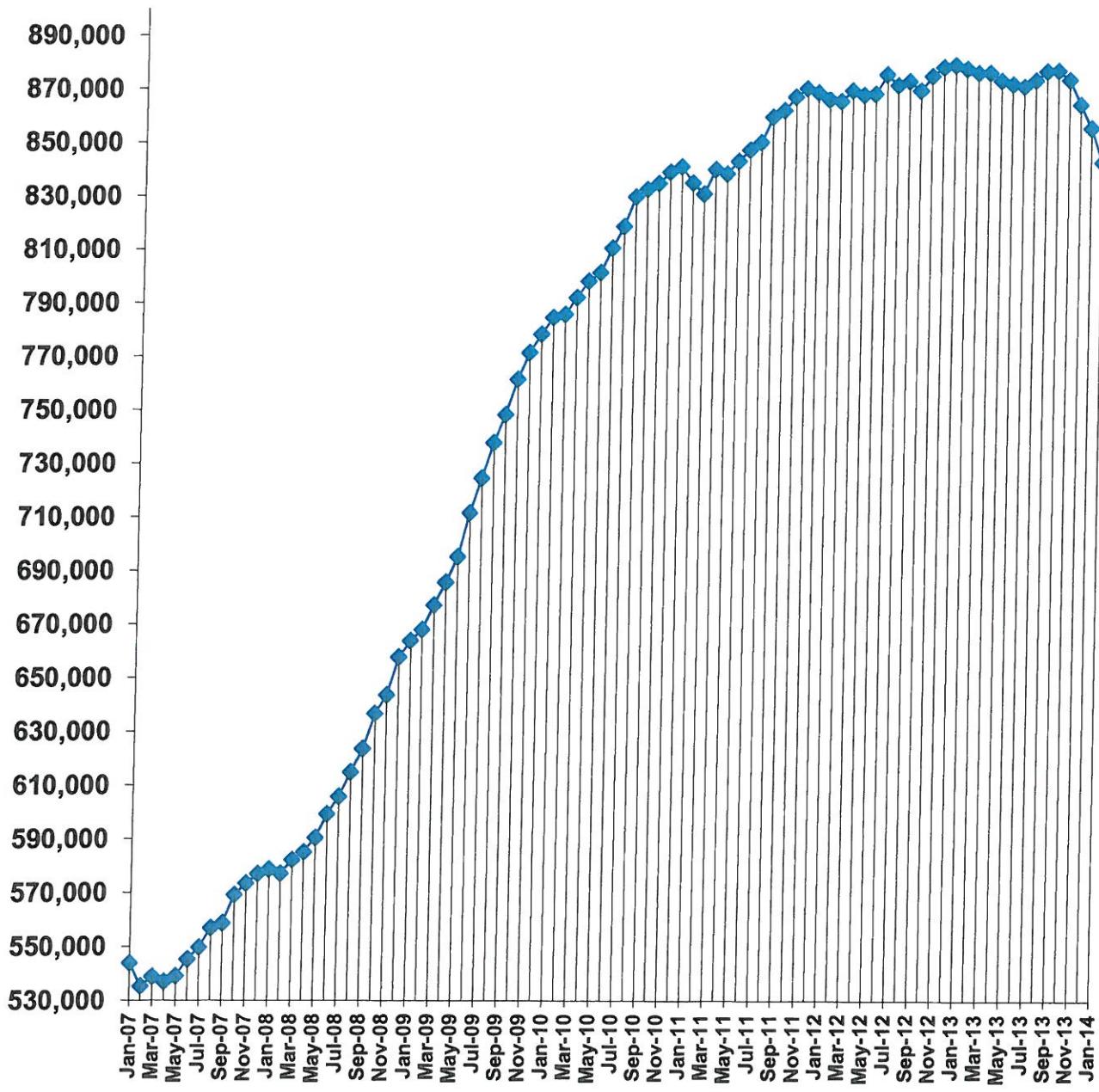
Family Independence Recipients



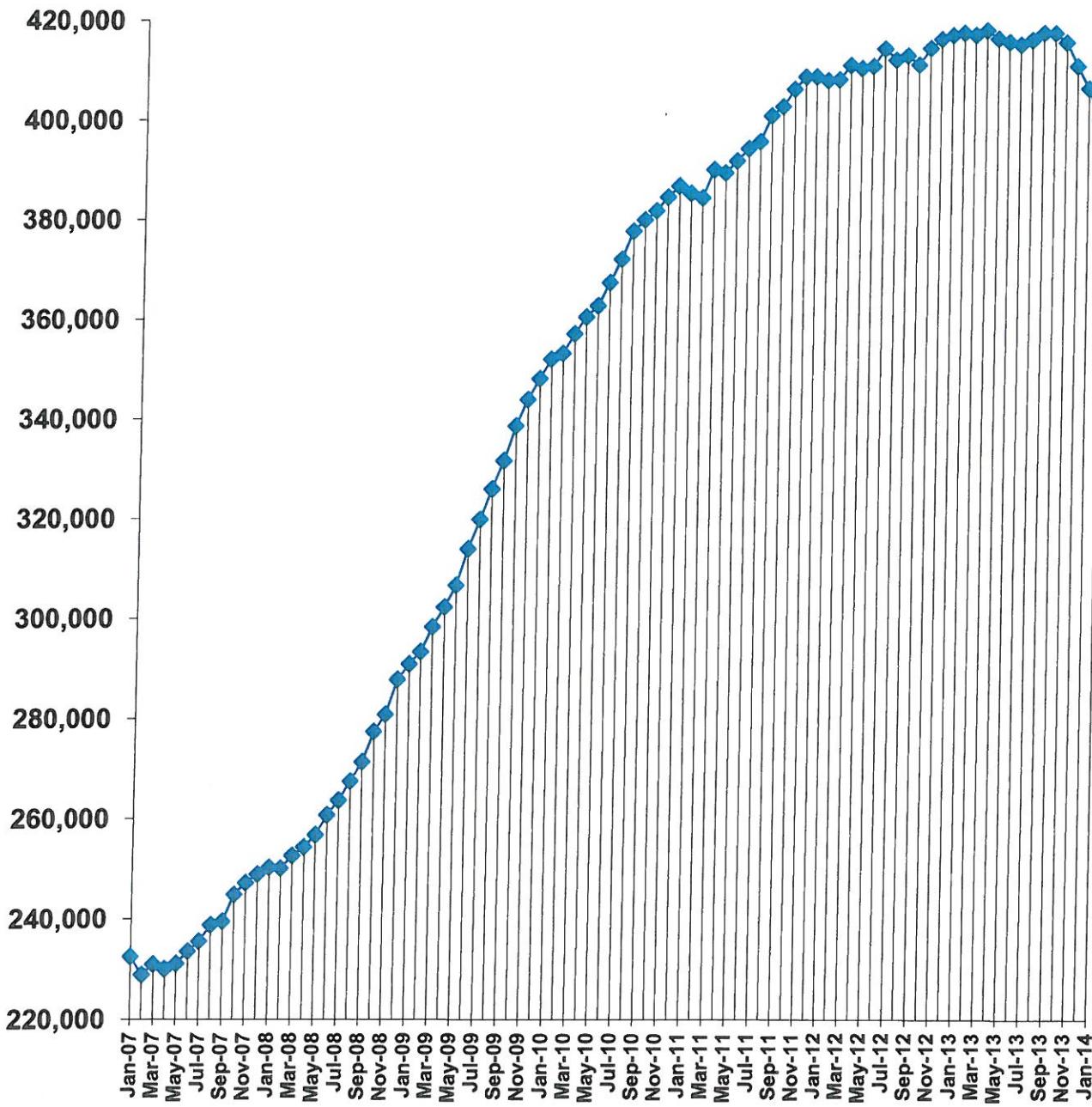
Family Independence Cases



Supplemental Nutrition Assistance Program (SNAP / Food Stamps) Recipients



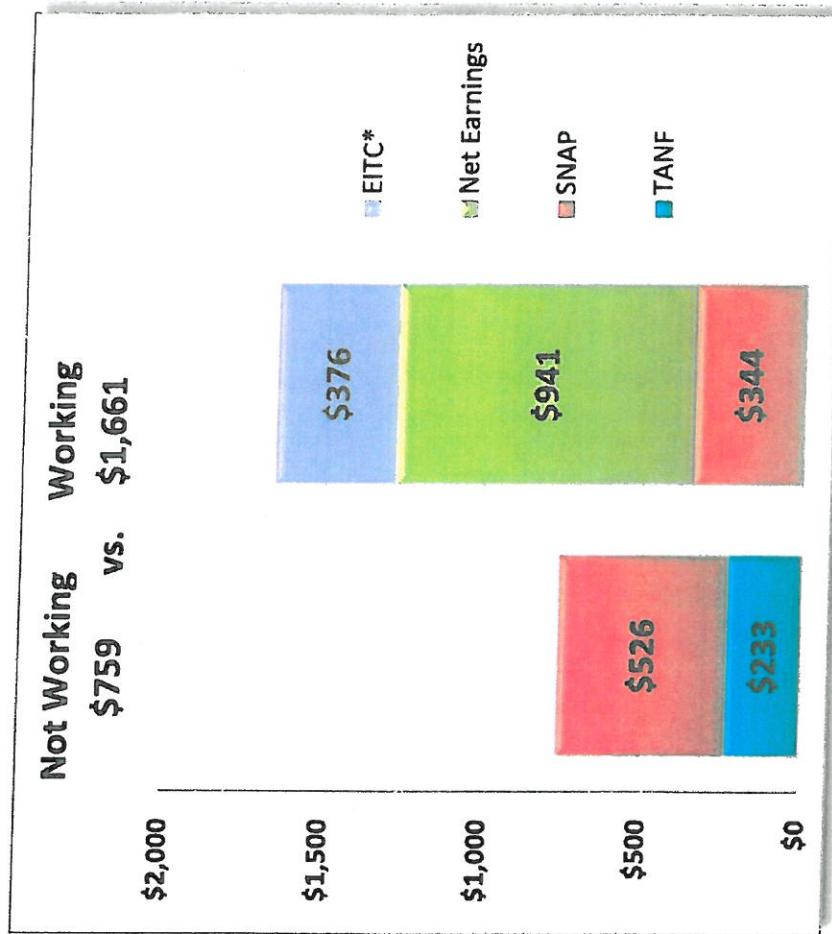
Supplemental Nutrition Assistance Program (SNAP / Food Stamps) Cases



More Jobs

South Carolina Work Pays

Not Working vs. Working



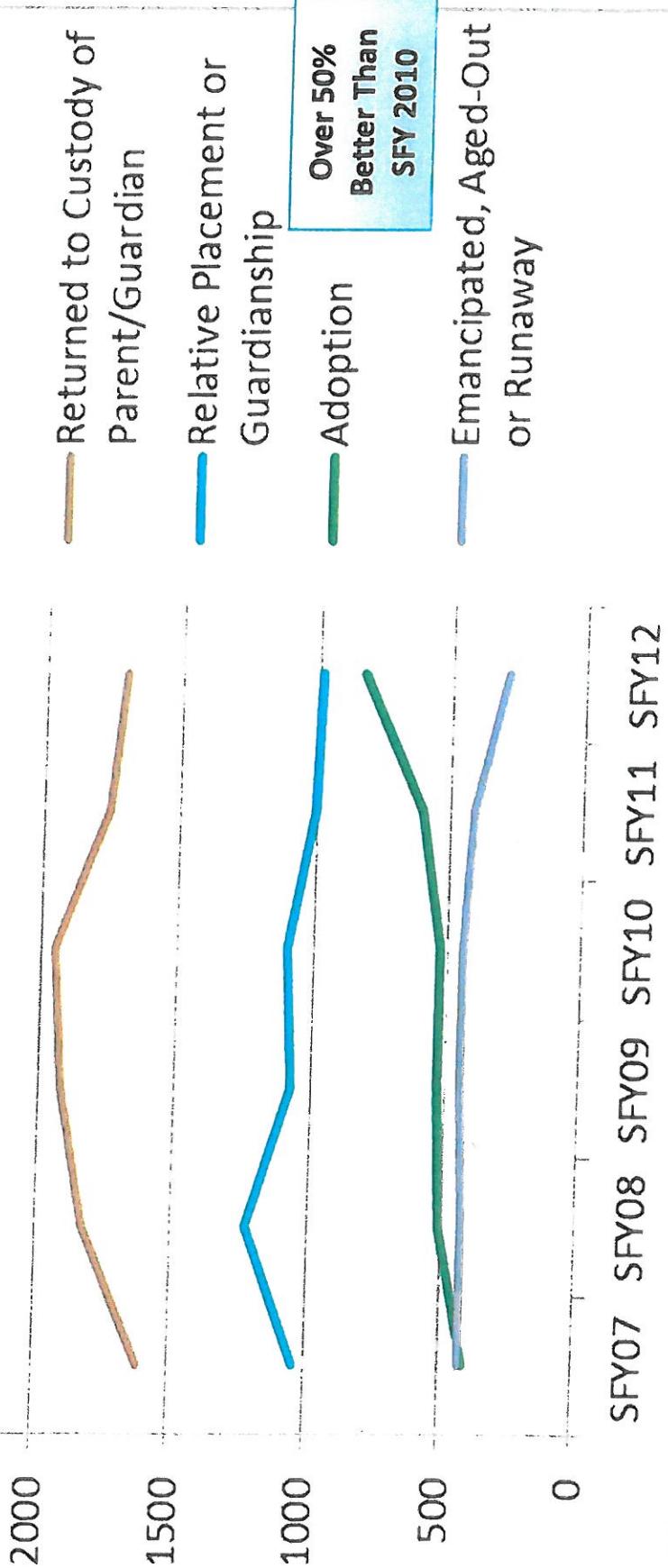
Source	Not Working	Working
TANF	\$233	\$0
SNAP	\$526	\$344
Net Earnings	\$0	\$941
EITC*	\$0	\$376
Total	\$759	\$1,661

\$500	\$0
\$233	\$344

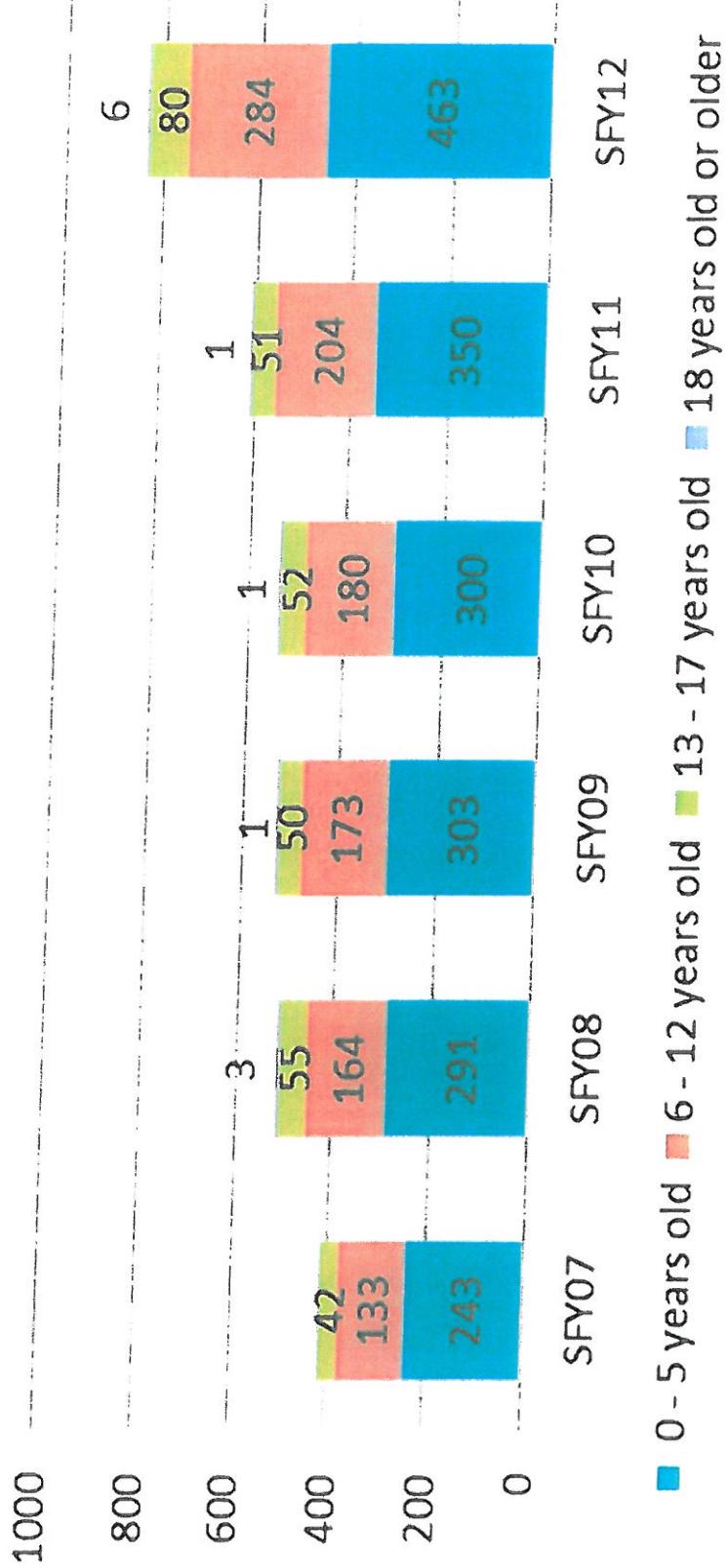
This example is for a single parent with 2 children.
 Numbers are based on South Carolina's current minimum wage of \$7.25 an hour. TANF welfare recipients typically get jobs that pay better than this -- many are earning \$8.00 to \$9.00 an hour, and others earn more.
 * EITC based on one payment of \$4,510 for the year.

More Children Adopted

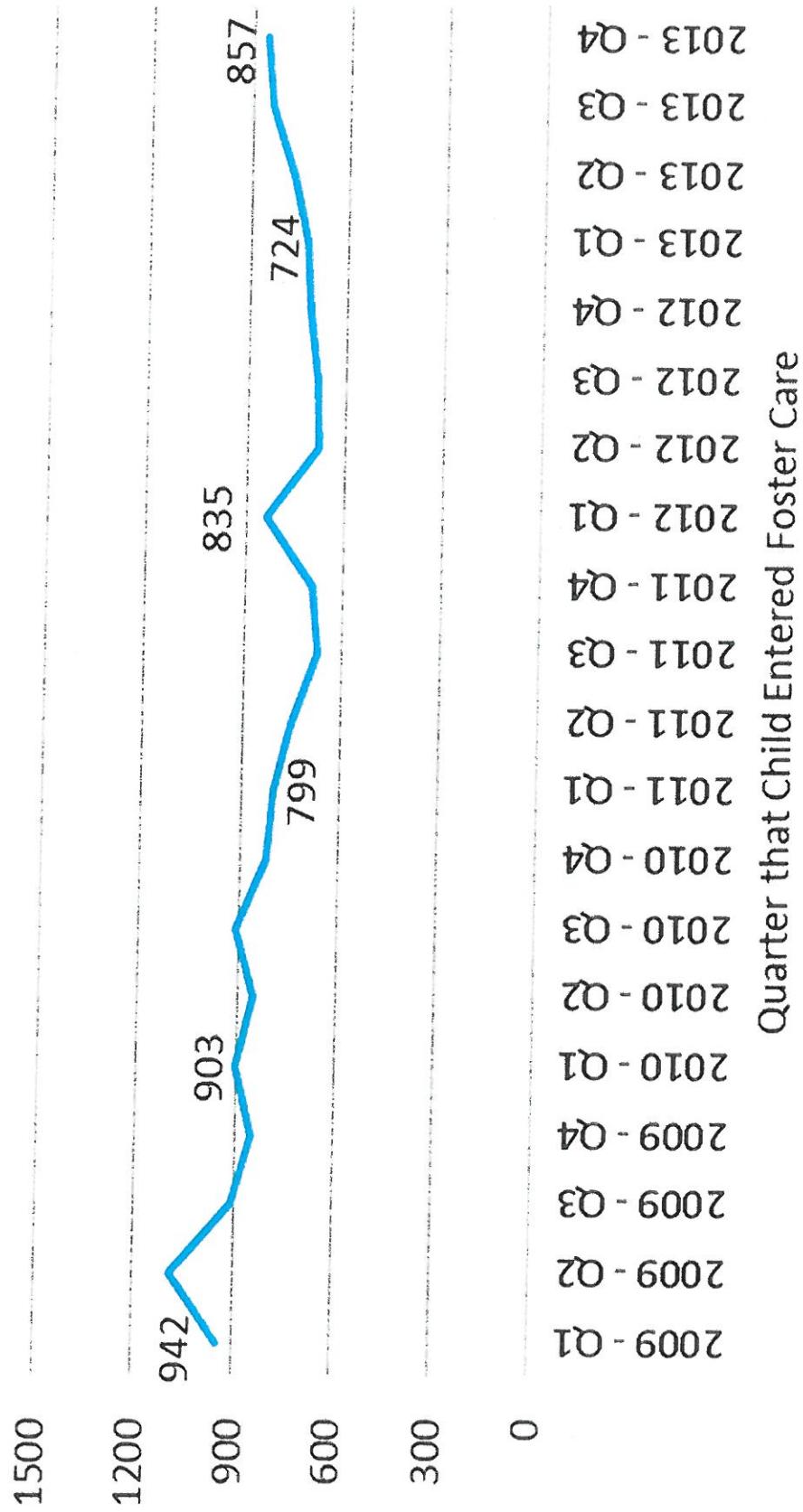
Increased Number of Children Adopted



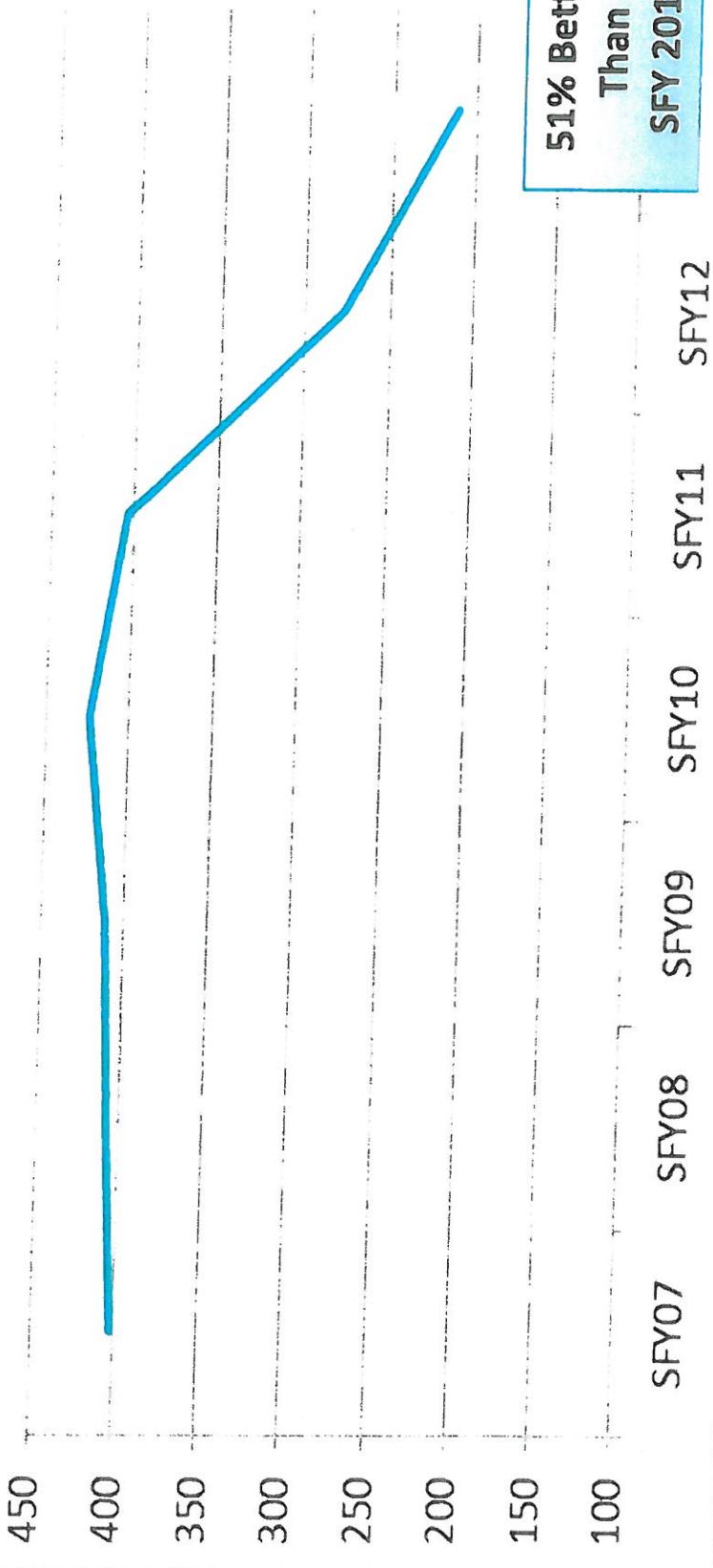
Number of Children Adopted by Age Group



Children Entering Foster Care



Reduced Number of Children Who Aged-Out of Foster Care Alone

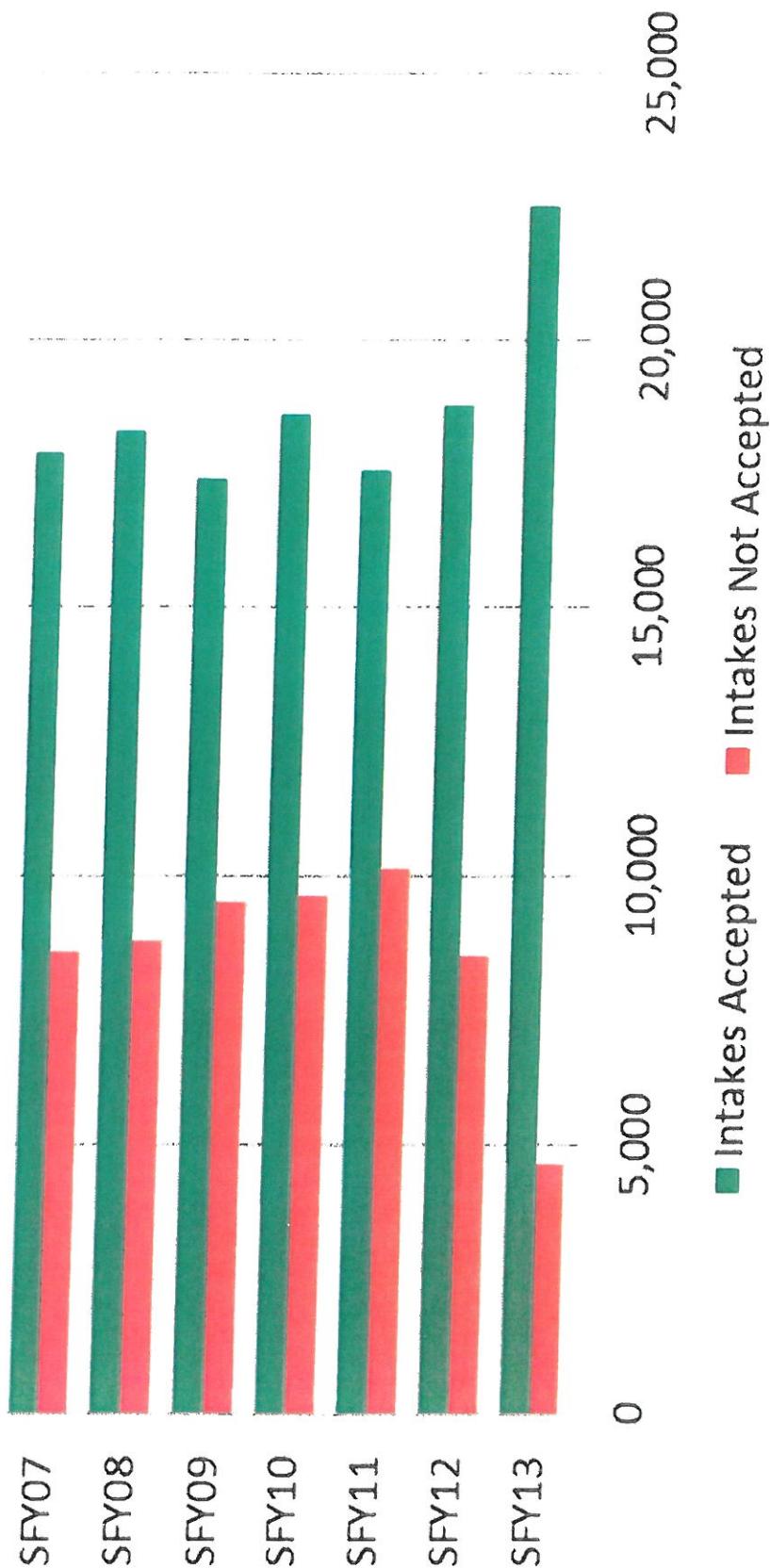


More Services for Families

DSS Services for Families Increasing



Acceptance of CPS Intakes Is Increasing



Face-to-Face Contacts Have Significantly Improved

