L A C

SOUTH CAROLINA GENERAL ASSEMBLY
Legislative Audit Council

May 2011

A REVIEW OF THE FAMILY INDEPENDENCE ACT 2008 – 2010

- Data About Family Independence Recipients
- Projected Budget Deficit and Cost Savings Not Considered

Legislative Audit Council

1331 Elmwood Ave., Suite 315
Columbia, SC 29201
(803) 253-7612 VOICE
(803) 253-7639 FAX

Authorized by §2-15-10 *et seq*. of the South Carolina Code of Laws, the Legislative Audit Council, created in 1975, reviews the operations of state agencies, investigates fiscal matters as required, and provides information to assist the General Assembly. Some audits are conducted at the request of groups of legislators who have questions about potential problems in state agencies or programs; other audits are performed as a result of statutory mandate.

The Legislative Audit Council is composed of five public members, one of whom must be a practicing certified or licensed public accountant and one of whom must be an attorney. In addition, four members of the General Assembly serve ex officio.

Audits by the Legislative Audit Council are conducted in accordance with generally accepted government auditing standards as set forth by the Comptroller General of the United States.

Copies of all LAC audits are available at no charge. We encourage you to visit our website to view and print copies of LAC reports.

LAC.SC.GOV

Audit Manager
Marcia A. Lindsay

Typography
Candice H. Pou
Maribeth R. Werts

Legal Counsel
Andrea Derrick Truitt

SOUTH CAROLINA GENERAL ASSEMBLY

Legislative Audit Council

A REVIEW OF THE FAMILY INDEPENDENCE ACT 2008 – 2010

LAC.SC.GOV

LAC/10-FIA

Contents

Introduction and Background

Audit Objectives

The Family Independence Act (FIA) requires the Legislative Audit Council to report every two years on the success and effectiveness of the policies and programs created under the act. This is our eighth report about the family independence (FI) program and the manner in which it has been implemented by the S.C. Department of Social Services (DSS). Our objectives for this report are to identify:

- The number of families and individuals no longer receiving welfare.
- The number of individuals who have completed educational, employment, or training programs.
- The number of individuals who have become employed and the duration of their employment.

We followed up on our previous LAC recommendations. We also reviewed DSS's projected budget deficit and cost savings the agency did not consider.

Scope and Methodology

The period of this review was generally January 1, 2008, through December 31, 2009, with consideration of earlier and more recent periods when relevant.

Information used as evidence in this report was obtained from the following sources:

- State and federal laws.
- Interviews with DSS staff.
- DSS outcome measures.
- Examination of FI client files.
- Financial reports and records.
- Agency documentation submitted to the Office of State Budget and members of the General Assembly regarding its projected budget deficit.

Criteria used to measure performance included state and federal laws and agency measures. Most of the statistical information used for aggregate data on FI clients was obtained from reports generated by the client history and information profile (CHIP) system. The CHIP system is used to determine eligibility and issue benefits for food stamps and the FI program. We did not perform tests on the validity and reliability of the data from the CHIP system; however, we reviewed the internal controls over this system and concluded that they were sufficient. DSS staff perform quality control reviews for the food stamp program and also review FI case files and data reports. In addition, the federal government conducts re-reviews from the cases reviewed by quality control.

We also used data from PATS (participation and tracking system), which is primarily used to calculate the work participation rate. We have concluded that this data is reliable enough for us to use in this report.

We conducted this performance audit in accordance with generally accepted government auditing standards with the exception of the general standard concerning quality control. Due to LAC budget reductions, funding was not available for a timely external quality control review. In our opinion, this omission had no effect on the result of this audit.

Those generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Welfare reform dramatically changed the nation’s welfare system in 1996 into one that requires work in exchange for time-limited assistance. The federal law created the Temporary Assistance for Needy Families (TANF) program, which replaced the former Aid to Families with Dependent Children (AFDC), ending the federal entitlement to assistance.

States have been given flexibility to design their TANF programs in ways that promote work, responsibility, and self-sufficiency, as well as strengthen two-parent families. States may use TANF funding in any manner “reasonably calculated to accomplish the purposes of TANF,” including providing assistance to needy families so children can be cared for in their own homes and to reduce dependency by promoting job preparation, work, and marriage.

The Family Independence Act, implemented in South Carolina in 1996, changed the welfare system to a program emphasizing participation in socially-responsible behavior and becoming self-sufficient through employment and employment-related activities.

Funding

Federal TANF funds are allocated to states as block grants. In order to receive the full amount of federal funds allocated, South Carolina is required to spend a certain amount of its own money on recipients. This is known as the state's maintenance of effort. Certified public expenditures, such as 4K kindergarten and lottery scholarships for low-income students, were used as DSS's maintenance of effort.

Table 1.1 shows TANF revenue for FFY 08-09. South Carolina qualified for additional federal funds from the federal contingency fund as a result of the "food stamp trigger" in the amount of $19.9 million. The food stamp trigger is activated when there is an increase in the number of food stamp cases within a state, as defined by the Social Security Act. Also, DSS received $9 million in funds from the American Recovery and Reinvestment Act (ARRA) of 2009, also known as stimulus funds.

Table 1.1: TANF Revenue FFY 08-09

Revenue	
Federal TANF Award	$99,967,824
Contingency Funds	19,993,565
ARRA-Stimulus Funds	9,025,626
TOTAL	**$128,987,015**

Source: DSS

Of the $99.9 million block grant, $4 million was transferred to the Social Services Block Grant (SSBG). Of the remaining $125 million, DSS spent $42 million, which included the stimulus funds, on basic assistance for FI clients, including stipends, child care, and transportation and other supportive services.

Table 1.2 shows the major expenditure categories in which DSS spent the majority of its funds. Basic assistance includes stipends, child care, and transportation. The table indicates that less than one-third of expenditures from the TANF block grant were used for basic assistance. Expenditures for non-assistance include work-related activities/expenses, education and training, other work activities/expenses, and transportation. DSS spent the majority of the TANF block grant on these expenditures.

Table 1.2: Major TANF Expenditures FFY 08-09

Major Expenditures			
	Basic Assistance	Non Assistance	Other
Federal TANF	$28,478,880	$67,488,944	$46,132,309
State MOE in TANF	$1,047,953	$53,037,154*	$40,330,301*
Contingency	$3,501,347	$16,492,218	$0
ARRA – Stimulus Funds	$9,025,626	$0	$0

* Certified public expenditures.

Source: DSS

The "Other" category of expenditures from the TANF block grant of $46 million includes child welfare, county administration, emergency assistance and shelters, battered spouse assistance, and some foster care and child protective services.

TANF Reauthorization

The federal Deficit Reduction Act of 2005 included provisions to reauthorize the Temporary Assistance for Needy Families (TANF) program. This reauthorization results in significant changes to South Carolina's FI program, including narrower definitions of work activities in which FI recipients can participate, creation of a state work verification plan, and increased supervisory reviews of FI caseworkers' cases.

States continue to be required to have 50% of all adult, non-disabled recipients and 90% of two-parent families participate in work activities for a certain number of hours per week. In 2006, South Carolina excluded the two-parent families from the TANF-funded program and placed them into a separate state-funded program. South Carolina had previously created a separate FI state-funded program for the disabled FI recipients since it was difficult to find appropriate work activities for these individuals.

During our audit time frame of 2008 and 2009, South Carolina benefited from a caseload reduction credit based on the percentage difference between the average caseload in 2005 and the current caseload.

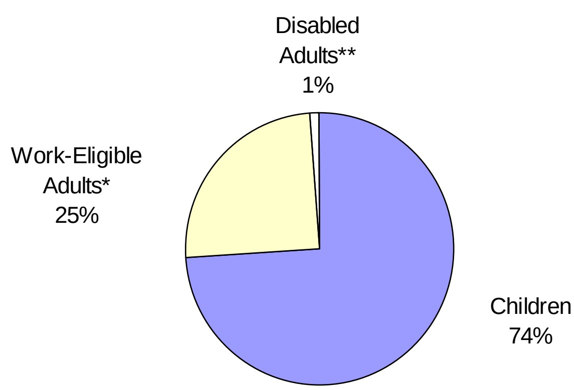
Data About Family Independence Recipients

Families and Individuals on Welfare

As of December 2009, 43,518 individuals were receiving welfare in South Carolina. Of this number, 447 adults were categorized as disabled, and 10,929 were categorized as work-eligible, meaning that the recipient is required to participate in a work, education, or training program. Seventy-four percent of family independence recipients were children.

Chart 2.1: Family Independence Recipients

December 2009



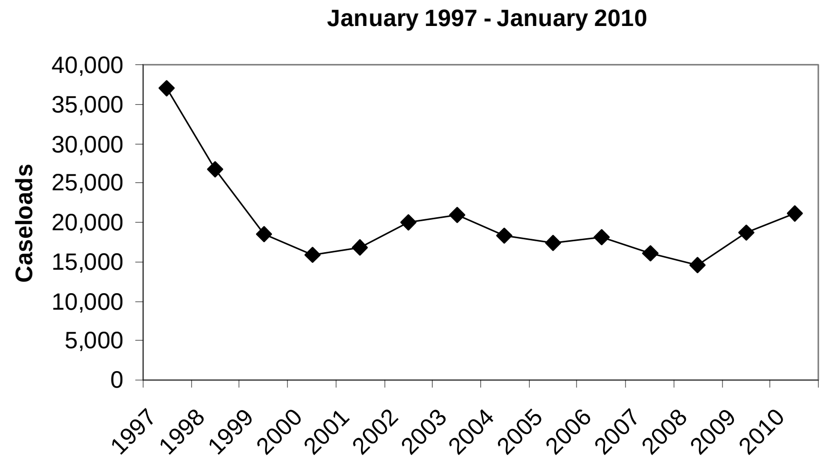
* Work-eligible adults are required to participate in a work, education, or training program.
** The program for the disabled is totally funded from state dollars. No federal money is received for the disabled population and it is not counted in the state's federal participation rate.

Source: DSS

Number of Welfare Recipients

The total welfare caseload in December 2009 was 20,453 and increased to 21,111 in January 2010. Caseloads peaked by October 2010 at 21,691, but decreased to 20,747 by January 2011.

Chart 2.2: Changes in the Family Independence Caseload

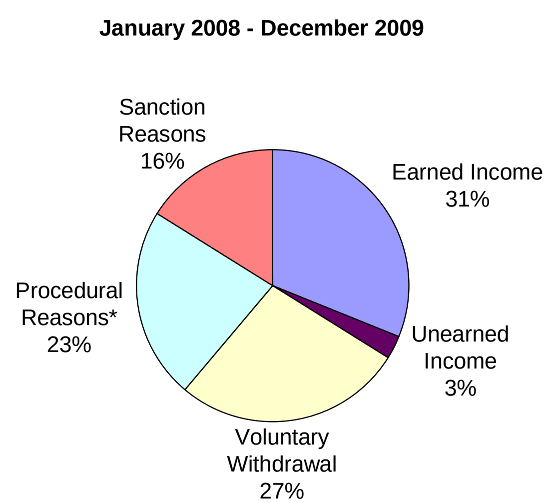


Source: DSS

People Leaving Welfare

From January 1, 2008, through December 31, 2009, 81,458 welfare cases were closed. The most frequently documented reason for case closure was earned income, followed closely by voluntary withdrawals (see Chart 2.3).

Chart 2.3: Reasons for Family Independence Case Closures



* This category includes reasons such as federal and state time limits, the inability to locate the recipient, and failure to furnish information.

Source: DSS

Recipients Participating in Education and Training

DSS maintains data on the number of FI recipients who participate in education and training programs; not on the number who complete these programs. The participation rate is the information reported to the federal government.

During the years 2008-2009, the federal government required that 50% of all mandatory, or work-eligible, recipients participate in some kind of work, education, or training activity. Child-only cases and disabled recipients in the FI program were exempt from this participation rate. Two-parent families and disabled clients are in solely state-funded programs. This eliminates these groups from the federal work requirements.

During January 2008 through December 2009, more than 21,000 jobs were obtained by FI recipients. For those years, 3,365 recipients participated in an educational or training program.

According to agency officials, the “countable” activities recipients may participate in were limited and there is a stricter method of counting hours. However, DSS met its annual average participation rate both years.

In previous reviews of the FI program, we recommended that the General Assembly amend S.C. Code §43-5-1285 to require the Legislative Audit Council to report on the number of clients *participating* in educational, employment, and training programs. This section of law has not been amended and DSS still does not track the number of recipients who *complete* education and training; therefore, we are reporting on our state’s participation rate, what activities may qualify, which FI recipients must participate, and the number of hours FI recipients are working.

Recommendation

1. The General Assembly should amend S.C. Code §43-5-1285 to require the Legislative Audit Council to report on the number of Family Independence recipients participating in educational, employment, and training programs.

Individuals Employed and the Duration of Their Employment

From January 2008 through December 2009, family independence clients obtained 11,030 full-time and 11,053 part-time jobs. A full-time job is considered 30 hours or more per week and a part-time job is considered 20 to 29 hours per week.

The average hourly wage for a full-time job found by an FI client was $7.72. The majority of jobs obtained by FI clients was in the food and beverage industry, followed by sales, domestic services, clerical, and healthcare.

For the years 2008 and 2009, approximately 23% of FI recipients whose cases closed due to earned income returned to the FI program within one year.

Status of Previous Recommendations

DSS has reported some performance measures on an annual basis to the legislature and the public since 2002. Because this information is now readily available to the General Assembly and the public, there is no longer a need for the Legislative Audit Council to review the Family Independence program every two years. This is our eighth review of the FI program.

Restricting the Legislative Audit Council's review of DSS to just one program and requiring this review every two years may not be the most beneficial or cost-effective use of state resources. Any number of DSS programs could be subject to audit, which could make DSS more accountable to the General Assembly and the public.

Recommendation

2. The General Assembly should amend S.C. Code §43-5-1285 to:

   - Eliminate the requirement that the Legislative Audit Council review the Family Independence Act every two years.
   - Require the Legislative Audit Council to review a Department of Social Services program every three to five years.

FI Program Outcomes

For this review, DSS provided improved measures for the three outcome measures it uses to report on the FI program. In our recent audits, we reported that the agency referred to data which did not accurately respond to the outcome measures. However, DSS has not reported these improved measures in its accountability report.

The improved outcome measures which DSS should report are:

FI ELIGIBLE FAMILIES WILL RECEIVE SERVICES IN A TIMELY AND EFFECTIVE MANNER.

In past years, DSS reported the average monthly caseloads in response to this measure. For this review, DSS established measures for this outcome using the number of FI applications approved or denied within 30 days of filing date and established an agency objective of > 97%. It also used the percent of FI cases (excluding child-only) with a family plan developed within 45 days of approval and established a > 95% objective.

FAMILIES RECEIVING FI SERVICES ACHIEVE A LEVEL OF COMPETENCE COMMENSURATE WITH ABILITIES WHILE IMPROVING FAMILY FUNCTIONING AND SELF-RELIANCE.

DSS has developed measures for this outcome using the percent of FI case closures due to earned income; however, the agency goal is 8% of employable each month. Also, the agency could measure the percent of FI cases with one or more adults participating in a combination of work and other countable activities for the required number of hours. DSS's objective for this measure is 50%, which is the federal participation mandate.

CHILDREN IN FAMILIES RECEIVING FAMILY INDEPENDENCE DO NOT BECOME RECIPIENTS AS ADULTS.

DSS established measures for this outcome using the percentage of TANF children (ages 17, 18, or 19) in an active case who graduate from high school. The agency also established a 90% goal for this measurement. Also, DSS can use the percentage of TANF children in an active case as teens who will become a parent before adulthood. The objective for this measurement is less than 15%.

Recommendation

3. The S.C. Department of Social Services should include improved measures regarding the Family Independence program in future accountability reports.

Projected Budget Deficit and Cost Savings Not Considered

During our audit of the FI program, we reviewed documents concerning the agency's loss of state and federal funds and projected expenditures that resulted in the agency requesting permission to operate with a budget deficit. We also found that the agency depleted its rainy day fund of approximately $45 million by 2001, funds that could have been used in case of a budget crisis. In addition, we examined current nonessential service contracts DSS is funding that could be eliminated to offset the size of the projected deficit. We explain what actions DSS took with regards to its deficit and how this has affected the FI program.

Depletion of Rainy Day Fund

In our 2002 examination of the Family Independence program, we reported that DSS had depleted its Family Independence program rainy day reserves, primarily by contracting with nonprofit entities to provide services to low-income citizens. We reported that "unspent TANF funds have all been obligated, and the state has no 'rainy day' fund in the event caseload increases would require more funds for basic cash assistance to recipients."

In our 2002 audit, we found that DSS had depleted its $45 million TANF "rainy day" fund by issuing questionable sole source contracts for nonessential services.

Because the amount of welfare funds appropriated by the federal government remained the same and DSS experienced a significant reduction in its welfare caseloads, DSS had accumulated significant surplus funds. These funds could have been used for a wide range of welfare services, such as child protective services programs, afterschool programs, employment programs, and other services authorized by federal law. However, in 1999, federal law was changed to limit how these funds could be used. After 1999, federal law limited expenditures of surplus funds to welfare payments, child care, or transportation. Other services had to be funded out of current federal appropriations, and the incentive to save for a rainy day, or economic downturn, was reduced.

Instead of maintaining a rainy day fund, DSS obligated and spent all of its $45 million surplus funds on services to low-income families, such as literacy, afterschool care, substance abuse treatment, and other programs. The agency also transferred $11 million to the S.C. Department of Health and Human Services for child care and social services block grant.

Reporting of Projected Deficit

In October 2009, DSS management notified the Governor's Office and legislative staff of the loss of certain federal funds; subsequent meetings were held to discuss and report a potential budget deficit. In September 2010, the DSS State Director notified the Office of State Budget that the agency could run a deficit as high as $52 million and a formal notification would be submitted.

After meeting with staff of the Office of State Budget, cost savings were identified to reduce the potential deficit to $28.8 million. In October 2010, DSS stated that it had done everything possible to reduce expenditures. In November 2010, DSS submitted a deficit management plan and asked for permission to operate with a deficit of $28.8 million. If permission to operate with a deficit was not authorized, DSS stated that it would terminate the Child Protective Services program and the Temporary Assistance for Needy Families (welfare) program on April 13, 2011. As a result, staff of the Office of State Budget recommended that the Budget and Control Board find that the operating deficit was unavoidable and due to factors which were wholly outside the control of the agency.

In November 2010, DSS reported it would discontinue its Child Protective Services program in April 2011 if not allowed to operate with a deficit.

Instead of deciding what action should be taken, the Budget and Control Board postponed the DSS request until the February 2011 meeting. The day before the Board was scheduled to decide what action to take on DSS's budget deficit, DSS determined that it could withdraw its request to operate with a $28.8 million deficit. On February 7, 2011, DSS reported that additional savings were identified and that the deficit would be avoided for FY 10-11. Our review of DSS budget documents, its deficit management plan, and documents created in February and March 2011 concerning additional cost savings found the following.

Cost Savings of $3.2 Million Omitted

Section 1-11-495 (B) of the S.C. Code of Laws requires agencies to "develop a plan, in consultation with the board, which eliminates or reduces a deficit." In November 2010, DSS submitted a detailed deficit management plan to the Budget and Control Board. However, this plan did not account for all cost-cutting measures that were implemented in FY 10-11. The documents we reviewed indicate that $3.2 million in identified savings were not included in the agency's strategy for reducing its deficit.

The plan's summary listed $8,819,371 of savings and revenue enhancements that were identified in FY 10-11 to lower the projected deficit from $37.7 million to $28.8 million. However, another section of the report itemized cost-savings measures also implemented in FY 10-11 that were not listed in the summary. For example, the report identified savings of $403,614 by eliminating the adult day care program in 2011. There is no evidence that this savings was counted. In addition, the report states that $2,493,970 of savings was realized in 2011 by eliminating the training division, field staff, policy writers, and other staff. There is no evidence that these savings were counted towards deficit reduction.

We could not determine why $3.2 million of savings listed in the detailed plan were excluded from the summary analysis. Based on information made available in the November 2010 deficit management plan, the projected deficit could have been overstated by $3.2 million by not counting all savings.

Elimination of Projected Budget Deficit

In February 2011, new DSS management withdrew its request to operate with a $28.8 million deficit. We examined documents explaining the elimination of the agency's projected deficit which DSS submitted to the Office of State Budget and a Senate Judiciary Subcommittee charged with examining the agency's deficit.

According to documents provided to the Office of State Budget and a Senate Judiciary Subcommittee, DSS was able to eliminate a projected budget deficit, in part, by more accurately projecting cost saving measures enacted in the previous fiscal year. DSS reported that as of January 2011, it had sufficient data to project that agency expenditures would be $16.8 million less than estimated, and these savings could be used to lower its deficit.

In February 2011, DSS withdrew its request to operate with a $28.8 million deficit.

Documents indicate that the majority of reduced expenses found in January 2011 consisted of cancelled contracts for transportation, job training, and teen pregnancy prevention services in FY 08-09 and FY 09-10. Because these contracts had been cancelled, it is unclear why previous management did not immediately count these savings.

In addition, approximately $5.7 million was projected to be saved by managing expenses associated with childcare. The agency would no longer allow certain clients to obtain childcare paid with DSS funds since they no longer met criteria to receive the services. This cost control was instituted by the previous administration; however, savings were not counted until 2011. Finally, about $1.3 million in savings could be attributed to shrinking TANF caseloads.

Table 3.1 summarizes savings that DSS reported to eliminate its budget deficit projection.

Table 3.1: Savings Reported to Eliminate Budget Deficit

Adjustments to deficit based on cost savings implemented last year	$16,795,536
Eliminated "unaudited" childcare in child welfare services	5,732,689
Use of non-federal funds for child welfare	4,000,000
IV-E adjustments to maximize federal match	500,000
Foster care adjustments to maximize federal match	500,000
Reconciled projected vs. actual TANF caseloads	1,290,300
TOTAL	**$28,818,525**

Source: DSS

Conclusion

The S.C. Department of Social Services relies on a number of state and federal funding sources that have unique rules and guidelines concerning expenditures. Multiple funding streams and varying rules and regulations concerning how these funds can be spent, along with budget cuts and losses of key personnel, made it difficult to make precise budget projections.

Our review found additional cost-savings measures that should have been considered when assessing the solvency of the agency, and savings related to the termination of contracts could have been more accurately forecasted. However, both executive management and staff analyzing the agency's budget in 2010 did not accurately forecast expenditures or include all expenses that could be eliminated.

DSS management reports that it is reorganizing its finance and budgeting staff and cross training staff to rectify these issues.

Recommendations

4. If surplus TANF funds become available, the S.C. Department of Social Services should either place these funds in a rainy day account or expend them on services directly related to TANF clients, such as increasing the stipend or job-related programs.

5. Before requesting permission to operate with a deficit, the S.C. Department of Social Services should require its internal auditor to examine and verify management's calculations concerning revenues, expenditures, and cost-savings measures and certify the accuracy of the potential deficit.

6. The S.C. Department of Social Services management should ensure that staff responsible for preparing and analyzing agency financial information possess the necessary experience and skills.

Additional Cost Savings Could Have Reduced the Projected Deficit

DSS had additional cost savings that either were not reported or counted to reduce the projected deficit. For example, furloughs of 5 days for lower-level employees and 10 days for higher-paid employees could have saved $2.8 million. Also, contracts, including a contract for alcohol and drug abuse treatment funded with $1.4 million of TANF funds, could have been eliminated. The contract served few TANF clients for alcohol and drug abuse treatment.

Implementing staff furloughs and eliminating nonessential contracts could have reduced the projected deficit by approximately $4 million or prevented the agency from reducing the TANF stipend by 20% in FY 10-11, meaning that a family of three’s monthly cash assistance decreased from $271 to $216.

Contracts for Nonessential Services

As of January 2011, DSS had five grants/contracts for services paid by TANF funds for approximately $4 million. In our 2002 audit, we found issues similar to the current contracts, including all contracts were procured as sole-source procurements, monitoring needed improvement, the contracts had few, if any, measurable, performance-based results, and FI clients were not given priority for these TANF-funded services. We also found that two of the five contracts served residents of just one county.

At the time of our current review, DSS had two contracts totaling $116,000 for afterschool programs serving families/children in Richland County *only*. The other afterschool program also served students in one area *only* — Richland County School District 1. While both of these afterschool programs have merit and serve a needy population, expending state funds for programs which serve such a restricted area is not the best use of limited resources. Also, neither contractor reported on the number of TANF clients served.

Alcohol and Drug Abuse Treatment Contract

DSS provides an alcohol and drug abuse treatment provider with $1,399,500 annually to serve DSS clients. The FFY 10-11 contract's description of services states "Case management and residential bed cost for FI clients in need of substance abuse treatment." According to the latest report from this provider to DSS, FI clients were the smallest number of clients served. While these services might be worthy, savings realized by terminating this non-mandatory contract could have reduced the projected deficit in 2010.

Remaining Contracts/ Grants

The two remaining contracts provide direct services for DSS and the FI population. We do not recommend discontinuation of these contracts.

DSS contracts with a provider for its service of verifying certain employment and income-related information on DSS clients. According to DSS staff, the agency pays by each usage of the service.

DSS has a grant with another provider for initiatives to support fathers and families through counseling, mentoring, parenting education, and encouraging child support payments. These services also include activities to foster economic stability by helping fathers in job training, job searches, and career-advancing education. TANF and the Deficit Reduction Act of 2005 include a renewed focus on fatherhood and the promotion of marriage. DSS addresses this by the initiatives in this grant.

Recommendations

7. The S.C. Department of Social Services should implement all cost-savings measures available, such as staff furloughs or elimination of nonessential grants and contracts, before requesting permission to operate with a deficit.

8. The S.C. Department of Social Services should terminate its current contracts/grants for the afterschool programs serving only Richland County.

9. The S.C. Department of Social Services should terminate its contract with the alcohol and drug abuse treatment provider.

Agency Comments

DSS
Serving Children and Families

LILLIAN B. KOLLER, J.D.
STATE DIRECTOR

NIKKI HALEY
GOVERNOR

May 5, 2011

Mr. Thomas J. Bardin, Jr., Director
SC Legislative Audit Council
1331 Elmwood Ave, Suite 315
Columbia, SC 29201

Dear Mr. Bardin:

Thank you for providing me the opportunity to review and comment on the Legislative Audit Council's evaluation entitled, *A Review of the Family Independence Act 2008-2010,* which was performed pursuant to S.C. Code §43-5-1285. We thank you for considering our previous recommendations and amending your report to accommodate our comments. We concur with your findings and would like to offer an additional response to your recommendations.

The Family Independence (FI) program continues to perform well, even in times of economic stress for our State and nation. FI caseloads have increased from 17,359 in December 2008 to 21,256 in December 2010. Although the economy is sluggish and there are less work opportunities for our clients, DSS has been able to achieve a measure of success by continuing to assist our FI participants in obtaining both full-time and part-time jobs with an average hourly wage of $7.72 for the full-time jobs.

The first recommendation in the audit is for the General Assembly to amend S. C. Code §43-5-1285 which requires the Legislative Audit Council to report the number of clients who *complete* education and training. We support you in your efforts to change the law to state "clients who are *participating* in education and training activities." The Family Independence Act, which was implemented in 1996, limits cash benefits to no more than 24 months out of 120, with some exceptions. It is important to note that some education and training activities cannot be completed within the two years allotted by state law.

The second recommendation requires legislative action, and would remove the requirement for an audit of the Family Independence program every two years. DSS will support the General Assembly's desires regarding review of the agency.

Thank you for including this response as an appendix to your report. As always, we view the findings of your staff as a useful tool as we strive to improve our programs to better serve the low-income families of South Carolina.

Sincerely,

Lillian B. Koller

Lillian B. Koller, J.D.
State Director

LBK:pgw

SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES
OFFICE OF THE DIRECTOR, P.O. BOX 1520, COLUMBIA, S.C. 29202-1520
TELEPHONE: (803) 898-7360 • FAX: (803) 898-7277
WEB SITE: www.dss.sc.gov

This report was published for a total cost of $9; 25 bound copies were printed at a cost of 35¢ per unit.