



SUMMARY

A Review of the Family Independence Act 2006 – 2008



INTRODUCTION

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 seventh report about the family independence program and the manner in which it has been implemented by the S.C. Department of Social Services. We reviewed the three outcome measures as required by S.C. Code §43-5-1285:

- 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 also followed up on our 2006 recommendations concerning DSS's outcome measures for the FI program, the program's quality control process, and amending state law concerning our review of the family independence program.

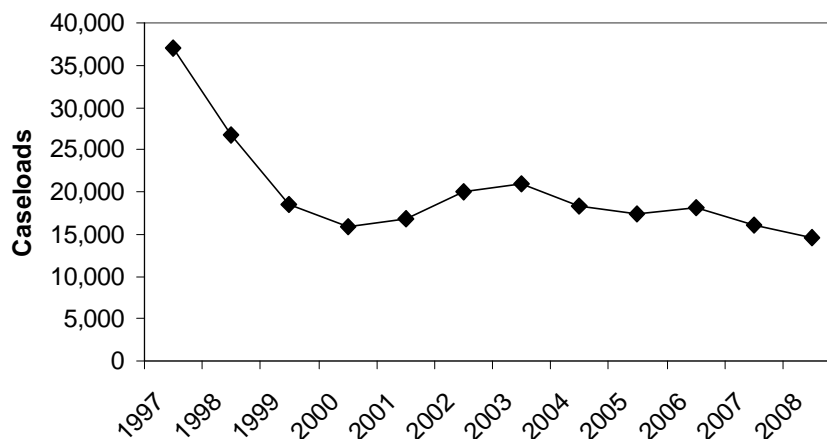
FAMILIES AND INDIVIDUALS ON WELFARE

As of December 2007, 33,723 individuals were receiving welfare in South Carolina. For the two-year period of our review, 2006 – 2007, there was a significant drop in the FI caseload. The total welfare caseload was 18,044 in January 2006 and 15,338 in December 2007, a decrease of 15% over two calendar years. The FI caseload in December 2007 was 59% less than it was in January 1997. However, due to the recent downturn in the economy, the caseload has increased 18% during the year 2008, ending the year with 17,359 cases.

From January 1, 2006, through December 31, 2007, 43,207 welfare cases were closed. The most frequently documented reason for case closure was earned income.

CHANGES IN THE FAMILY INDEPENDENCE CASELOAD

January 1997 - January 2008



RECIPIENTS PARTICIPATING IN EDUCATION AND TRAINING

FI recipients are required to participate in some required activity, such as employment, on-the-job training, or community service. DSS's participation and tracking system (PATS) is used to track clients' participation activities, which is then reported to the federal government as South Carolina's participation rate. In our last review of the FI program, we concluded that the information found in PATS was not sufficiently reliable to be used to report on clients' education and training. However, based on a random, nonstatistical sample of 17 (25%) of 68 cases identified as having FI recipients required to participate in some type of activity in October 2007, we concluded that the data maintained in this system is now reliable enough to respond to this measure.

AUDITS BY THE LEGISLATIVE
AUDIT COUNCIL CONFORM TO
GENERALLY ACCEPTED
GOVERNMENT AUDITING
STANDARDS AS SET FORTH BY
THE COMPTROLLER GENERAL OF
THE UNITED STATES.

FOR MORE INFORMATION

Our full report,
including comments from
relevant agencies,
is published on our website.
Copies can also be obtained by
contacting our office.

LAC.SC.GOV

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During the years 2006 – 2007, the federal government required that 50% of all mandatory, or work-eligible, recipients participate in some kind of work, education, or training. For this time period, 3,376 FI recipients participated in a required work activity, such as employment, on-the-job training, or community service. As of December 2007, over 4,000 FI recipients participated in an educational activity, such as working towards a high school diploma. South Carolina met the required participation rate as of December 2007 with a rate of 56.8%.

QUALITY CONTROL

Based on our recommendation in the previous audit, DSS has made efforts to improve its quality control process to ensure that recipients' work activities were allowable and properly documented. The agency provided statewide training on new requirements, hired technical assistance staff, revised its policies, and hired additional quality assurance staff.

INDIVIDUALS EMPLOYED AND THE DURATION OF THEIR EMPLOYMENT

From January 2006 through December 2007, FI clients obtained 14,710 full-time and 9,841 part-time jobs. The average hourly wage for a job found by an FI client was \$7.31. The majority of jobs obtained by FI clients was in the food service industry, followed by other service industries, sales, clerical, and healthcare. During the time period of our audit, DSS did not track how long FI clients retained their employment.

STATUS OF PREVIOUS RECOMMENDATIONS

We recommended to the General Assembly that S.C. Code §43-5-1285 be amended to eliminate the requirement that the LAC review the Family Independence Act every two years, but require the LAC to review a DSS program every three to five years. The law has not been amended. Restricting the LAC's review of DSS to just one program and requiring the review every two years may not be the most beneficial or cost-effective use of state resources.

In our previous report, we also recommended that the General Assembly amend S.C. Code §43-5-1285 to require the LAC to report on the number of FI recipients *participating* in educational, employment, and training programs. The law has not been amended. Currently, DSS does not maintain information on the completion of these activities; therefore, we report on the participation.

DSS has used the same three outcome measures to report on the FI program in its FY 06-07 and FY 07-08 annual accountability reports. The data presented in response to these measures does not accurately respond to the outcome measures. According to a DSS official, there are better measures to report the status of the FI program, such as the state's participation rate, the number of sanctions, and the job retention of clients. We recommend that DSS revise its program outcomes and performance measures to include meaningful performance measures in its annual accountability report.