



SUMMARY

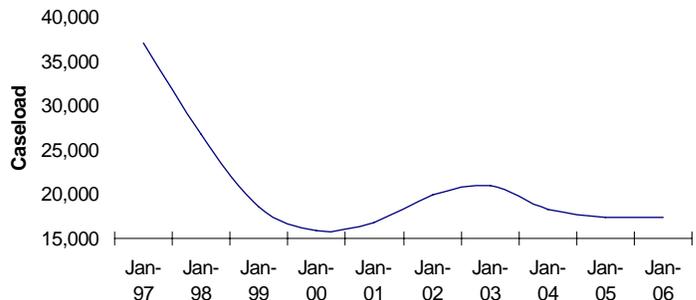
A Review of the Family Independence Act 2004 – 2006



FAMILIES AND INDIVIDUALS ON WELFARE

CHANGES IN THE FAMILY INDEPENDENCE CASELOAD

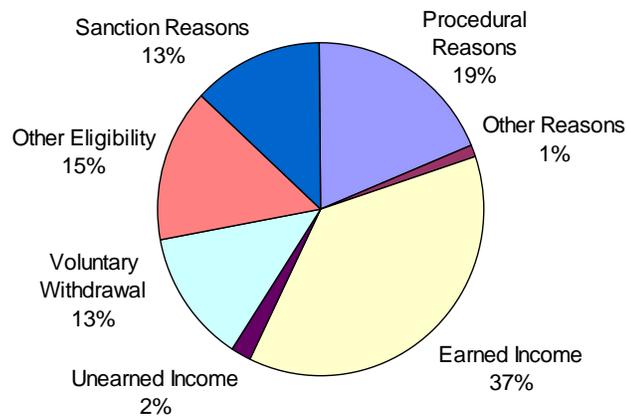
January 1997 – January 2006



Over a 24-month period (January 2004 through December 2005), the welfare caseloads in South Carolina decreased. January 2004 had the highest number of cases.

REASONS FOR CASE CLOSURE

January 2004 – December 2005



The Family Independence caseload fell from 18,343 in January 2004 to 17,575 in December 2005, a decrease of 4.2% over two calendar years. The FI caseload in December 2005 was 52% less than it was in January 1997.

From January 1, 2004 through December 31, 2005, 44,448 welfare cases were closed. The most frequently cited reason for case closure (37%) was earned income.

RECIPIENTS PARTICIPATING IN EDUCATION AND TRAINING

In order to receive a welfare stipend, certain adult FI recipients are required to participate in work, training, or other activities that can lead to full-time employment. In October 2003, DSS implemented the Participation and Tracking System (PATS) to be used to meet data reporting requirements. We reviewed a sample of client case files and concluded that the information in PATS was not sufficiently reliable to be used to report on a client's education and training.

We found examples of clients participating in activities that should not have been counted towards their work requirements and examples of cases which had insufficient documentation to support the clients' work activities. In two cases, clients were allowed to count providing child care to their own children as a community service activity. The files contained client agreement forms stating that the clients were to:

- Provide their children with nutritious meals.
- Take their children to doctors' appointments.
- Provide entertainment and educational activities.
- Obtain required immunizations.

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 sixth 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.

- Number of families and individuals no longer receiving welfare.
- Number of individuals who have completed education and training.
- Number of individuals finding employment

We also followed up on our 2004 recommendations concerning DSS's outcome measures and amending state law concerning our review of the family independence program.

JANUARY 2007

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 DSS, and this
document are published on the
Internet at

LAC.SC.GOV

Copies can also
be obtained by calling

(803) 253-7612

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DSS also allowed the clients to fill out and sign their own evaluation forms and grade themselves in such areas as attendance, punctuality, and willingness to work.

We also found cases where there was insufficient documentation to substantiate a client's participation. For example, a client was reported as participating in community service in October 2005 but there was no documentation in the file. After we requested documentation, DSS officials determined that the county staff had entered the information in error and the client had not participated in any work activities in October 2005.

During the period of our review, DSS did not have an adequate quality control process in place to ensure that clients' work activities are allowable and properly documented. As a result of the reauthorization of the Temporary Assistance for Needy Families program, DSS is required to develop a work verification plan which will specify what documentation will be required to prove client participation in an activity.

INDIVIDUALS EMPLOYED AND DURATION OF EMPLOYMENT

From January 1, 2004 through December 31, 2005, there were 16,333 FI cases closed due to earned income. DSS does not have information on the duration of employment of FI clients who obtain jobs. However, DSS data shows that approximately 57% of clients who left the program between January and June 2004 because they found employment were still employed one year after they left the FI program. In addition, DSS information shows that approximately 75% of these clients were still receiving food stamps one year after their case closures. DSS reports show that 1,508 households in 2004, and 1,300 households in 2005, whose cases had closed due to earned income returned to the FI rolls within one year.

TANF REAUTHORIZATION

The federal Deficit Reduction Act of 2005 (Pub.L.No.109-171) included provisions to reauthorize the Temporary Assistance to Needy Families (TANF) program. New provisions in the law will result in significant changes to DSS's family independence (FI) program. These include:

- Narrower definitions of the various work activities in which clients can participate.
- Revision to the caseload reduction credit which will effectively eliminate this credit, making it more difficult to meet participation rates.
- Elimination of separate state programs (SSP) which allowed states to exclude certain individuals from the calculation of the state's participation rate.
- Requirement for states to develop a work verification plan which sets forth how it will determine whether an activity can be counted towards a client's participation requirement, how the clients' hours will be counted and verified, and how the agency's internal control procedures will ensure accurate and consistent participation information.

According to DSS officials, if South Carolina is unable to meet federal participation rates, the state could face up to \$13.5 million in penalties.

PREVIOUS RECOMMENDATION

In 2004 we suggested that the legislature revise the requirement that we review the Family Independence Act every two years. We recommended requiring that we conduct a review every three to five years of a DSS program selected by the legislature. This would make DSS more accountable to the General Assembly and the public. This recommendation has not yet been implemented.