

Impact of the South Carolina Family Independence Act: 1998 to 2000

August 2000

The Family Independence Act (FIA) requires the Legislative Audit Council to report to the General Assembly every two years on the success and effectiveness of the program. We are required to address specific issues including:

- # 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 employed and the duration of their employment.

Our third report examines the impact of the FIA from January 1998 through December 1999.

Under the “Temporary Assistance for Needy Families” (TANF) program, South Carolina receives approximately \$99.9 million annually. Also, in 1999 the state received \$1,216,973 in bonuses for performance and improvement for success in the workforce.

The goal of the South Carolina Family Independence (FI) program is to enable families to become economically independent and leave the welfare rolls. By January 1998, 26,551 cases remained on the FI rolls in South Carolina. At the end of December 1999, that number had fallen to 16,593 cases, or 37,802 recipients — a reduction of 38%.

The number of individuals completing education and training programs is low relative to the number enrolled per month. Over a two-year period, from January 1998 to December 1999, a monthly average of only 14% of the clients enrolled, completed education and training programs.

From January 1998 through December 1999, FI recipients have obtained 18,754 full-time jobs and 7,327 part-time jobs. On average, 78% of FI recipients were employed three months later, and 61% remained employed six months later. On average, about 20% of the households that had FI benefits terminated due to earned income returned to the program within 12 months.

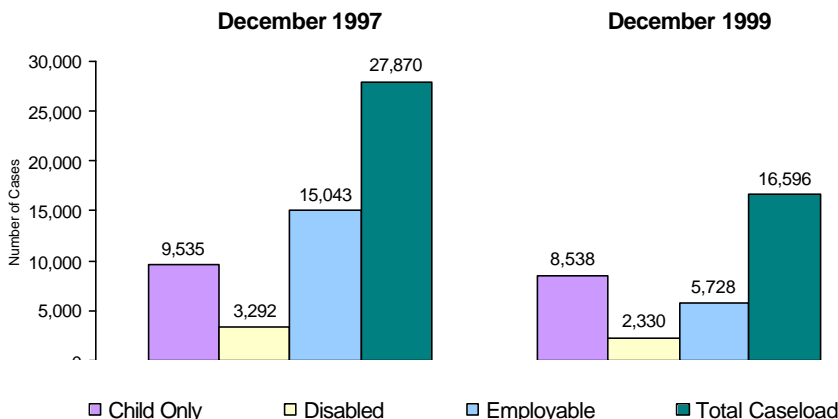
Client Outcomes

While the general demographics of South Carolina’s recipient population have not changed significantly from June 1996 when the program began, the composition of cases has changed considerably resulting in 51% of the cases being child only and only 50% of adult recipients being required to participate.

Finding employment does not mean that recipients will be self-sufficient.

- # About one-third of the employable adults on welfare have at least a part-time job, but still receive a stipend because they do not make enough to leave welfare.
- # Only about 5% of all case closures were for income not requiring a subsidy.

Composition of FI Cases



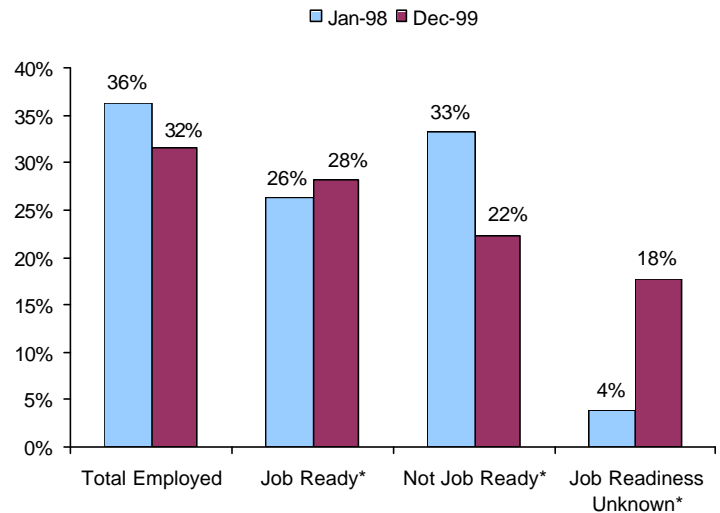
Many FI clients are not participating in employment and training activities as required and DSS staff are not placing others in employment or training programs as required by policy. This may be related to a lack of available components or flexibility in the placement of clients as indicated by respondents to our staff survey.



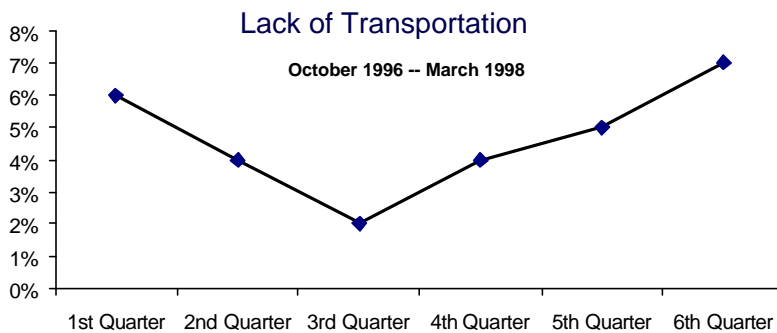
DSS minimally assesses the extent to which clients have personal barriers to employment, and does not measure the effectiveness of training components in moving clients to self-sufficiency.

- # Since January 1998, in spite of the fact that 40% of the mandatory caseload was not job ready or in an unknown job readiness status, and 26% were job ready, but not employed, fewer than 200 clients monthly have been assessed.
- # Since January 1998, the total number of clients employed has declined to approximately one-third of the nonexempt adult clients, and the percentage of clients in unknown job readiness status has grown from 4% to 18%.

Job Readiness of Nonexempt Clients



TRANSPORTATION



Transportation continues to be one of the biggest barriers to self-sufficiency facing FI clients who cite lack of transportation as one of the reasons they are no longer employed or participating in the FI program.

We found that DSS now collects more data on transportation assistance; however, the data that is collected may not be sufficient to adequately evaluate transportation needs.

SURPLUS FUNDS

States have been permitted to carry forward unspent TANF balances and expend them to assist welfare recipients generally in making the transition to permanent employment. Almost one-half of DSS's \$22.2 million surplus funds was committed in support of and/or coordination with the Governor's First Steps program. We found no evidence that the General Assembly was involved in planning for these expenditures.

Surplus funds could have been used to provide payments to individual recipients for ongoing basic needs such as food, clothing, and shelter. South Carolina's FI stipends are among the lowest in the nation, at \$201 for a family of three.

COUNTY PERFORMANCE OVERSIGHT

After our 1996 audit recommendation, DSS established a county review and evaluation process that collected and analyzed operational and performance information. DSS no longer performs county-based reviews that can help ensure accountability for end results, and does not use performance goals, as required by law, to guide counties' performance and ensure they are meeting their responsibilities. There is evidence that, in some cases, counties may not be in compliance with laws and regulations, possibly resulting in clients losing entitled benefits.

CHILD CARE

Between January 1998 and December 1999, there was a 12% decline in the number of working poor children served, due in part to refusal by the Department of Health and Human Services (DHHS) to accept new applications after October 1998. According to a DHHS official, the agency stopped taking applications for the working poor in order to make funds available for the third year of transitional child care that had been approved by the DSS director. However, DHHS refused to adopt the third year of transitional child care, citing "system and administrative obstacles."

In addition, child care services have not been made available to all FI families. DSS and DHHS officials indicated to us that child care services are denied to individuals who are successful in securing employment during the initial job search.

This document summarizes our full report, *Impact of the South Carolina Family Independence Act: 1998 to 2000*. Agency responses are included in the full report. Results from the survey of DSS county staff are available on our website or by request. All LAC audits are available free of charge. Audit reports and information about the LAC are also published on the Internet at www.state.sc.us/sclac. If you have questions, contact George L. Schroeder, Director.