

There is no reconciliation that can be done between the two amounts. The \$65 million dollar request was made by the previous administration based on their priorities and needs.

On February 9, 2011, DSS provided to W&M a revised FY 2010-11 Deficit and FY 2011-12 Budget Request. In the revised deficit figures the amount of deficit was revised to \$12,022,989. This amount was then offset by eliminating the practice of unaudited childcare in child welfare services and reconciling projected vs. actual TANF caseloads. The result was the complete elimination of the deficit as of February 7, 2011. The \$31 million you are inquiring about is the budget increase as of December 2010. It includes the revised deficit amount of \$12,821,944, loss of TANF Contingency Funds, funding for the Child Support Enforcement System, funding for loss of enhanced federal funds other than TANF, and annualized Medicaid replacement for therapeutic foster care. The request for \$31 million was never made to the General Assembly. This is because under the direction of the current administration, DSS identified further reductions that could be made to eliminate the need for an additional \$31 million and maintain funding at the current General Fund base amount.

- On September 16, 2010, the prior administration submitted a budget request for \$65,046,132 in recurring state funds.
- On January 7, 2011, the prior administration submitted a budget revision, revising the amount requested in recurring state funds to \$57,162,929
- On February 9, 2011, the Acting State Director revised the budget request to withdraw the previous administration's request for additional funding and for DSS to remain at the current General Fund base amount.

S.C. Department of Social Services

February 9, 2011

Revised FY 2010-2011 Deficit

Projected Deficit as of November 17, 2010 \$28,818,525
(Projection was based on a two-year rolling average)

Adjustments to Deficit (\$16,795,536)

- Use of two quarters of actual expenditures reflects cost saving measures implemented last year, e.g., restructuring transportation, bringing in-house employment preparation
- Savings from continued hiring freeze

Revised Deficit as of January 31, 2011 **\$12,022,989**

Offsets to Eliminate Deficit Balance

- Eliminated practice of unaudited childcare in child welfare services (\$5,000,000)
- Reconciled projected vs. actual TANF caseloads and impact of diversion services (\$7,022,989)

Revised FY 2010-2011 Deficit as of February 7, 2011 **\$-0-**

Revised FY 2011-2012 Budget Request

FY 2010-11 Base General Fund Budget 118,783,374

FY 2011-12 Projected Budget Increase as of December 2010

- Funding to cover projected annualized January 31, 2011 Revised Deficit \$12,821,944
- Funding for the loss of TANF Contingency Funds used in FY 2010-11 but not available in FY 2011-12 \$5,000,000
- Funding for the Child Support Enforcement System/SDU \$9,000,000
- Funding for loss of enhanced federal funds (other than TANF) \$1,549,655
- Funding to annualize Medicaid replacement for therapeutic foster care \$3,000,000

Total FY 2011-2012 requested as of December 2010 \$31,371,599

DSS Savings for FY 2011-12

- Elimination of Teen Pregnancy Prevention Proviso (\$1,093,944)
- 50% reduction in 2nd year transitional childcare (\$5,300,000)
- Restructure of existing contracts (training, leases, child welfare contracts) (\$13,400,867)
- 10-day furlough for all staff (\$4,976,788)
- Eliminated practice of unaudited childcare in child welfare services (\$5,000,000)
- Savings from Supplemental Security Income project (\$1,600,000)

Total DSS Savings in FY 2011-12 (\$31,371,599)

Total Revised FY 2011-2012 Budget Request Above FY 2010-2011 Base **\$-0-**

Revised FY 2011-2012 Budget Request as of February 9, 2011 **\$118,783,374**

Dear Chairman White and Subcommittee Members:

Thank you so much for your attention and consideration in our hearing yesterday on the budget for the Department of Social Services (DSS) for State Fiscal Year (SFY) 2011-2012. I am afraid that I may have been confusing in explaining our budget request and I want to make sure we provide clarification.

In December last year, DSS requested a total of \$59 million in new general fund appropriation ("Extra Appropriation") for SFY 2011-2012 which would be \$59 million above our current year's appropriation of \$119 million for SFY 2010-2011 ("DSS Base Appropriation"). This previous request for Extra Appropriation of \$59 million was to be above the DSS Base Appropriation.

Fortunately, as a result of our hard work during these past few weeks to eliminate the projected \$28.8 deficit for our current year, we were able to identify additional cost savings to lower our request for Extra Appropriation for SFY 2011-2012 from \$59 million to \$31 million above the DSS Base Appropriation for SFY 2010-2011.

Even more fortunately, as we continued to work to find a way to respond to the Legislative request for all Departments to identify how 20% could be cut from our budget, we realized that we could find enough cuts in the agency (that would not adversely impact services) to entirely eliminate our request for Extra Appropriation for SFY 2011-2012.

Accordingly, if DSS is appropriated, as we are now requesting, the same amount of general funds as we were appropriated for our current year, i.e., the \$119 million DSS Baseline Appropriation for SFY 2010-2011, DSS will be able to provide all of its legally mandated services to our clients without requiring any additional general funds above the DSS Base Appropriation of \$119 million for SFY 2011-2012.

Therefore, we respectfully request that the Legislature appropriate for DSS \$119 million for SFY 2011-2012, just as the Legislature had appropriated for DSS \$119 million for SFY 2010-2011. This will enable DSS to live within our means. We will implement all of the cost saving measures listed in our previous response to the Legislative request for ways to reduce 20% from our Department's current budget, as well as implementing additional measures, to entirely eliminate our previous request for \$59 million above the DSS Base Appropriation.

We respectfully request that there be no reduction taken, neither 20% nor any other percentage or dollar amount, from the DSS Baseline Appropriation of \$119 million. This will allow DSS to meet our agency obligations for SFY 2012 with no additional general fund allocations.

Enclosed is an easy-to-read table showing how we eliminated our previous request for \$59 million in Extra Appropriation to \$0 and providing examples of the salient cost savings measures that we are implementing to achieve this end.

Again, thank you for your time and attention. If you have any additional questions or wish to discuss this further, please call me at 803-898-7474.

Sincerely,

Linda S. Martin
Acting Director