



## SUMMARY



# S.C. DEPT. OF SOCIAL SERVICES REVIEW OF SNAP AND CACFP PROGRAMS

Members of the S.C. General Assembly requested that we conduct an audit of the S.C. Department of Social Services' (DSS) Division of Economic Services.

### OBJECTIVES

- Determine if DSS is effectively using program data to identify potential misuse of Supplemental Nutrition Assistance Program (SNAP) benefits.
- Review the staffing, retention, initial training, performance improvement strategies, and salaries of economic services workers, and DSS' organizational structure for economic services to determine the effect on the agency's ability to administer food assistance services.
- Review the consistency, timeliness, and effectiveness of DSS' investigation and appeal processes regarding alleged misuse of benefits and adverse decisions on eligibility and claims in the administration of food assistance programs.
- Determine the efficiency and effectiveness of the Child and Adult Care Food Program (CACFP) monitoring and reimbursement processes and DSS' compliance with laws and agency policies.

AUGUST 2021

### SNAP AND CACFP ARE FEDERAL PROGRAMS ADMINISTERED BY THE USDA



- SNAP provides monthly benefits to eligible households to supplement their food budgets.
- From calendar years 2016–2020, SNAP served between 549,000–758,000 people, per month, residing in 255,000–358,000 households, and providing an average monthly household benefit of \$281.
- SNAP is approximately a \$1 billion per year program in South Carolina.
- Enrollment had been declining until March 2020, coinciding with the COVID-19 pandemic.
- CACFP reimburses child and adult care operators and group homes for providing meals to eligible children and adults. Program expenses ranged from \$35–\$38 million with providers serving 22,469–59,432 children and adults from FFY 17-19 to FFY 19-20.
- COVID-19 caused facilities to close and the number of meals to decline.

### SNAP BENEFIT MISUSE

DSS' Benefit Integrity (BI) unit is responsible for ensuring that misuses of SNAP benefits are detected, prevented, and ultimately deterred. However, the reactive nature of the BI unit does not allow it to effectively meet its responsibilities. In September 2020, the BI unit was awarded a \$683,000 federal grant to combat SNAP fraud, an award which may allow the BI unit to become more proactive by using new data analysis and case management software.

### TESTING FOR SUSPECTED FRAUD

DSS' tests for suspected fraud in SNAP are inadequate. We conducted our own analysis and found evidence of suspected misuse of SNAP benefits.

AMOUNT SPENT ON SNAP HOUSEHOLD EBT CARD ACCOUNTS			
SINGLE-MEMBER HOUSEHOLDS		ALL SNAP HOUSEHOLDS	
\$2.3 M	After the household member was recorded as being deceased.	\$1.9 M	With reported incomes exceeding income eligibility standards.
\$200,019	While the household member was recorded as being incarcerated.	\$40,585	After winning a substantial lottery prize.
SAMPLE FILE REVIEW FOUND	<ul style="list-style-type: none"> <li>▪ No evidence that DSS is taking action to recoup SNAP benefits that were improperly spent after the death of single-member households.</li> <li>▪ Little evidence that DSS is establishing claims to recoup funds that were improperly spent by single-member households who were incarcerated.</li> <li>▪ No evidence that any of the lottery winning SNAP households reported their lottery winnings to DSS as required by federal law.</li> </ul>		

### RECEIVING BENEFITS IN TWO OR MORE STATES

Since DSS does not use either of the two available systems to determine dual SNAP participation, DSS would not know if a SNAP recipient is receiving benefits in another state unless it is self-reported or if an eligibility worker would proactively send an inquiry to another state.

## SNAP FRONTLINE WORKFORCE

### SALARIES, STAFFING, AND RETENTION

Operating from county DSS offices throughout the state, the typical SNAP frontline worker of today has fewer years of experience on the job and makes a lower salary on average than the frontline worker of five years ago. Application volume had been declining for five years, as had the number of frontline workers, until March 2020 when initial SNAP application volume dramatically increased.

### TRAINING

There are no formalized policies for most of the training for economic services (ES) frontline workers. No tracking exists for newly-hired employees from date of hire to the date of enrollment in ES basic training. Currently, there is no additional retesting if an employee does not pass basic training to ensure that employees understand the material. Also, several necessary online courses are not required to be completed before an employee begins their job duties.

### PERFORMANCE COACHING

There are no set criteria to refer an employee to performance coaches for assistance. DSS does not evaluate or maintain measures to determine the success or effectiveness of performance coaching. Performance assistance sessions did not increase employees' timeliness numbers to the federally mandated level after coaching. Additionally, DSS does not allow performance coaches to conduct follow-up visits with employees to ensure improvement.

### ORGANIZATIONAL STRUCTURE

The reporting structure for frontline employees of DSS' ES division does not align with their job responsibilities, and the deputy state director for ES is responsible for, but does not have any authority over, the employees processing ES cases. DSS is planning to change the structure of ES to report up to the deputy state director of ES.

## CACFP

CACFP has approximately 300 providers with 1,300 facilities, with at least one facility in every county. Most providers serve children exclusively, with 12% of providers serving adults. In FFY 19-20, CACFP spent over \$30 million, with approximately \$28 million in claims reimbursements to providers. In a non-COVID year, the CACFP serves between 52,000 and 59,500 individuals each month. DSS is administering the CACFP according to federal regulations and requirements, but its communications to parents and caregivers about how to file complaints as well its system for tracking complaints could be strengthened.

## INVESTIGATIONS AND HEARINGS

DSS was unable to retrieve a list of claims referred for internal investigation in a timely, accurate manner. DSS' Office of Inspector General (DSS OIG) is unable to provide information on SNAP fraud investigations prior to 2018. DSS OIG policies do not specifically account for receiving referrals to the DSS OIG from the agency's BI unit or provide for tracking referrals that do not result in an investigation. DSS relies on information systems that do not allow agency officials to track referrals not selected for investigation or claims that result in disqualification hearings in a timely and cost-effective manner. DSS has been unable to monitor its programs as cost-effectively as it could and incurs additional costs in terms of time and money to process data necessary to respond to basic management questions.

### 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

SOUTH CAROLINA GENERAL ASSEMBLY  
Legislative Audit Council  
Independence, Reliability, Integrity

K. Earle Powell  
Director

1331 Elmwood Avenue  
Suite 315  
Columbia, SC 29201  
803.253.7612