



SUMMARY

A LIMITED REVIEW OF LICENSING AND OVERSIGHT OF CHILD CARE PROVIDERS BY THE S.C. DEPARTMENT OF SOCIAL SERVICES

JUNE 2026



S.C. Code §2 15 64 requires the Legislative Audit Council (LAC) to audit a program of the S.C. Department of Social Services (DSS) every three years. After consultation with the Senate and House leadership, the LAC determined that it would review the department's oversight of child care providers.

OBJECTIVES

- Review the DSS licensing process for child care providers to determine what inefficiencies can be identified and corrected for a more timely process.
- Review the ABC Quality program to determine its current status.
- Determine ways the license revocation and appeals process can be more timely and consistently addressed in all the regions.
- Evaluate the data management systems used by the child care division to find inefficiencies and determine how increasing automation and integration can improve the division's processes and timeliness.
- Review the functions of the DSS fire marshal staff to determine what changes can improve the efficiency of the process and ensure the safety of children served by providers.

FOR MORE INFORMATION

Our full report, including comments from relevant agencies, is published on our website.

LAC.SC.GOV

AFFORDABILITY AND AVAILABILITY OF CHILD CARE

The audit request for this report noted that a Special Joint Committee to Study Childcare (the Special Joint Committee) was meeting to evaluate the affordability and availability of child care in South Carolina. The audit request stated that one area identified as a priority was the regulatory environment surrounding child care programs. Our audit focused on that area to add value to the work of the Special Joint Committee but not duplicate its efforts.

To ensure our audit report also included the most up-to-date information about affordability and availability, we included the average annual price of infant, center-based care which ranged from \$6,403 to \$12,818 across all counties in South Carolina. Additionally, regarding availability, we found counties had a wide variance in child care gaps (i.e., percent of children needing care whose families lack reasonable access to formal child care), but the average state percentage was lower than the nation's average of 28.2%. Detailed county-level data on child care costs and child care provider gaps in South Carolina can be found in Appendices B and C of the report.

Average Annual Price of Child Care in S.C.

\$10,474

Child Care Gap in S.C.

12.8%

LICENSING PROCESS

DSS IS NOT TRACKING THE LENGTH OF THE LICENSURE PROCESS.

Despite being asked by a member of the Special Joint Committee in January 2024 to start tracking how long the child care provider licensing process takes, we found no evidence that DSS has done so. Using a statistically valid, random sample of 50 child care providers, we found that the length of time from application form submittal to provisional licensure took anywhere from 6 to 614 days, with the median time being 121 days. The number of days includes potential delays caused by applicants not submitting all required documents, which is outside of DSS' control. We found, however, that DSS normally completes checks of the Central Registry of Child Abuse and Neglect (Central Registry) within one week and background investigations within a median of nine days.

DSS IS VIOLATING STATE LAW BY COVERING THE COST OF FINGERPRINT SCANS FOR CHILD CARE PROVIDER STAFF.

From August 2021 through May 2025, DSS used federal grant money to pay almost \$1.8 million to IDEMIA, the state vendor for digital fingerprinting services, for fingerprint scans conducted as part of background checks on child care provider staff. DSS has also waived the Central Registry check fee for provider staff starting in FY 21-22, despite collecting approximately \$200,000 per year from Central Registry check fees before waiving the fee. While DSS' payments to IDEMIA and the waiving of the Central Registry check fee for child care provider staff may be well intentioned, state law requires prospective employees or child care facilities to pay for the costs of background checks.

ABC QUALITY PROGRAM

DSS' QUALITY RATING SYSTEM NEEDS CLEARER STANDARDS, BETTER COMMUNICATION, AND THE ABILITY TO APPEAL A RATING.

Families can be assisted with the affordability of child care through the ABC Quality program, South Carolina's voluntary statewide Quality Rating and Improvement System. This program allows child care providers that choose to participate in the program to receive subsidies for children to attend. Providers we surveyed and interested parties mentioned the need for clearer program standards, better communication with DSS, and the ability to appeal a rating. Providers can earn points through a portfolio/document submission and on-site observation. The points are essentially converted to grades of A+, A, B+, B, and C, which determine, in part, the amount of subsidies which may be received. However, providers have no ability to appeal when there is a disagreement over their ratings. We found that at least seven other Southeastern states have some mechanism for providers to appeal or ask for a reconsideration of a quality rating.

REVOCATIONS AND APPEALS

THE PROCESS TO REVOKE A CHILD CARE PROVIDER'S LICENSE IS LENGTHY AND LACK OF POLICIES MAY LEAD TO INCONSISTENT ENFORCEMENT.

DSS does not have a comprehensive policy or standard procedures for its licensing specialists to follow when a potential issue at a child care provider is found, which may cause inconsistent oversight. We found providers that were given a corrective action plan (CAP) and subsequently revoked remained on CAPs for an average of 150 days.

PROVIDERS WHOSE LICENSES HAVE BEEN REVOKED ARE ALLOWED TO REMAIN OPEN PENDING APPEAL.

Based on our sample, providers remained open and caring for children after revocation for a median of seven months while the revocation was being appealed. The number of compliance site visits to these revoked providers also varied by region, providing inconsistent oversight.

DSS HAS A DUPLICATIVE PROCESS FOR PROVIDERS TO APPEAL REVOCATION DECISIONS.

The agency allows providers to request an administrative reconsideration meeting with central office staff in addition to filing an appeal with DSS' Office of Administrative Hearings (OAH). The reconsideration meeting is not governed by any policies, no minutes of these meetings are taken, and allowing such a meeting at that point in the process may duplicate the function of OAH.

AUTOMATION NEEDS

LACK OF A PROVIDER PORTAL MAY CAUSE DELAYS IN THE LICENSURE PROCESS.

DSS does not have a multi-functional provider portal that allows child care provider applicants or current licensed child care providers to electronically upload and submit required documentation. Almost all licensing-related forms, renewals, and supporting documentation must be submitted via mail, email, or in person. According to DSS' information technology staff, the agency has the ability to design and develop an enhanced child care provider portal, at a minimal cost, which allows for more than the current portal used for background checks. Although a provider portal may streamline processing and reduce time spent handling paperwork, DSS has not prioritized the development of such a portal.

DSS RELIES ON INEFFICIENT PAPER FILING SYSTEMS TO MANAGE CHILD CARE LICENSING.

DSS has not implemented an electronic recordkeeping system to maintain files and records for child care providers. During a site visit to the DSS Midlands regional office, we observed 54 filing cabinets designated for hard-copy provider files, with some files being stored on top of the cabinets. Licensing staff stated it would be easier to manage provider records if documents could be stored electronically. In addition, we found that the division's central database, Child Care Services System, lacks core capabilities needed by licensing staff.

DSS' FIRE MARSHAL

DSS' FIRE MARSHAL PROGRAM MAY CONFLICT WITH STATE LAW AND INSPECTIONS MAY BE LIMITED.

State law still requires the former S.C. Department of Health and Environmental Control and the Office of the State Fire Marshal to conduct fire and health safety inspections, as requested by DSS, even though DSS' fire marshals now conduct these inspections. Also, state law limits DSS to one annual, unannounced visit per provider. This means that if a licensing specialist makes an unannounced visit, as required by the federal Child Care and Development Fund (CCDF) program if the provider is eligible to receive CCDF funds, the fire marshal may not be able to make an unannounced visit that year to check for potential fire hazards. Child care providers may only receive one fire inspection every three years, at the time of license renewal. As a result, a provider may be out of compliance with fire codes for years before DSS identifies a deficiency.

SOUTH CAROLINA GENERAL ASSEMBLY

Legislative Audit Council

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