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Subject: Staff Update

In late December and January two media outlets, Greenville News and Post & Courier, ran stories about DSNAP fraud. The number of people that qualified for FEMA IA (appx. 28,000 approved with a 72% denial rate) is much lower than those that qualified for DSNAP (appx. 188,000 approved with a 12% denial rate). Several legislators (Fair, Smith, Turner, and Alexander) have reacted to these stories. DSS knew going in that fraud was a potential issue due to the manner in which the feds require the program be administered. According to DSS, the feds do not allow the agency to ask for verification (whereas FEMA requires verification). And, DSNAP provides benefits to individuals affected by the flood in three ways (loss of income, unreimbursed expenses, or damage to home), where FEMA IA only provides assistance to those with damage to their home. Our denial rate (12%) is in line with other states in similar disasters, with the exception of New Jersey. (Maryland – 2013 – 15% denial; Illinois – 2013 - 10% denial; Colorado – 2013 - 15% denial; New Jersey – 2012 – 49% denial). DSS plans to conduct a benefits integrity audit and recoup any funds fraudulently paid out. This may become an issue during Susan's budget hearing or in oversight meetings.

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