

# Office of the State Inspector General

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## **Review of Organizational Restructuring and Human Resource Practices at the South Carolina Department of Mental Health**

## **I. Introduction**

The South Carolina Office of the State Inspector General (SIG) was established by the South Carolina General Assembly in 2012 (Act No. 105) for the purpose of investigating and addressing allegations of fraud, waste, abuse, mismanagement, and misconduct in agencies, specifically the executive branch of state government. The SIG's authorities are found in S.C. Code of Laws [§ 1-6-50\(C\)](#).

By [letter dated 7/15/24](#), the South Carolina House of Representatives Ways and Means Subcommittee requested that the SIG conduct a review of the South Carolina Department of Mental Health (SCDMH) regarding the organizational restructuring and allegations of discriminatory human resource practices, and that the SIG take appropriate action regarding any other matters that the SIG deemed appropriate identified through the review.

The purpose of this report is to provide a road map for the SCDMH leadership to improve in its delivery of mental health services to the people of South Carolina. This investigation focused on the allegations of racial injustices in the leadership structure and discriminatory human resource practices. The SIG's report is not intended to address every individual complaint or issue conveyed to the SIG.

The SIG determined that there was no factual basis to substantiate the allegations of discrimination within the reorganization of senior leadership responsibilities. However, the [Climate and Employee Satisfaction Survey](#) conducted by the SIG showed that 34.30% the SCDMH employees felt the organizational structural changes were not fair or in the agency's best interest, and 37.96% felt the organization's future direction was not clearly communicated. Further, the survey revealed that only 33.19% of the employees viewed the SCDMH human resource practices as fair. It is crucial that the SCDMH leadership improve the morale within the work environment as it relates to unfair human resource practices.

The SIG extends its appreciation to the SCDMH acting state director, Dr. Robert Bank, and the SCDMH employees for their cooperation and intentionality of seeking solutions to the issues identified by the SIG. In addition, the SIG is appreciative of the collaboration with the South Carolina Human Affairs Commission, the South Carolina Executive Budget Office, and the South Carolina Department of Administration Division of State Human Resources throughout the review process.

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[Agency Response](#)

## **II. Background**

### **A. Predicate**

By [letter dated 7/15/24](#), members of the South Carolina House of Representatives Ways and Means Subcommittee requested that the SIG conduct a review of the South Carolina Department of Mental Health (SCDMH) regarding the organizational restructuring in executive leadership and allegations of discriminatory human resource practices. The letter also requested that the SIG take appropriate action regarding any other matters that the SIG deemed appropriate identified through the review.

### **B. Scope and Objectives**

The scope of the review concerned the organizational restructuring of the executive leadership team responsibilities and allegations of discriminatory human resource practices. The SIG period of review covered the timeframe of 7/1/19 through 6/30/24.

### **C. Methodology**

The SIG reviewed applicable state and federal laws, regulations, and policies, as well as relevant documentation comprised of human resource records, financial records, contracts, and other documentation provided by the SCDMH and the South Carolina Human Affairs Commission, the South Carolina Department of Administration – Division of State Human Resources (DSHR), and the South Carolina Executive Budget Office (EBO).

The SIG conducted interviews of current and former SCDMH employees, members of the public, subject matter experts, and persons who initiated confidential contact with the SIG. In addition, the SIG conducted a climate and employee satisfaction survey.

Reviews and investigations by the SIG are conducted in accordance with professional standards set forth by the Association of Inspectors General's *Principles and Standards for Offices of Inspector General*, often referred to as the "*Green Book*." This investigation used the preponderance of evidence standard.

### **D. South Carolina Department of Mental Health**

The SCDMH serves the state of South Carolina through 16 community-based outpatient mental health centers, clinics which serve all 46 counties in South Carolina, three licensed hospitals with one for substance abuse treatment, a network of state veteran nursing homes, a forensics program, and telepsychiatry (as indicated on its public [website](#)). As South Carolina's public mental health system, the SCDMH's mission is to support the recovery of people with mental illnesses.

Services and programs offered include Assertive Community Treatment, Child/Adolescent and Family Services, School Mental Health Services, Continuity of Care, Crisis Stabilization Services, Deaf Services, and Mobile Crisis. The SCDMH also offers many grant programs such as the Metropolitan Children's Advocacy Center, First Responder Support Team, Housing and Homeless Services, Jail and Correctional Services, Suicide Prevention, Telepsychiatry, Toward Local Care, and Trauma Services.

Dr. Robert Bank was appointed acting state director by the SCDMH Board of Commissioners in September 2022. For FY2024, the SCDMH was allocated \$318,934,865 in state appropriations.<sup>1</sup>

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<sup>1</sup> The SCDMH also received authorization for the use of earmarked/earned funds (\$266,356,451) and federal funding (\$34,145,662).

The SCDMH’s organizational structure as of [11/21/24](#) was comprised of six different divisions, as depicted in Table 1 below. Other SCDMH leadership included the office of general counsel, internal audit and governmental affairs.

**Table 1**

SCDMH Divisions	
1	Division of Administrative Services
2	Division of Alcohol & Drug Addiction
3	Division of Community Mental Health Services
4	Division of Long-Term Care
5	Division of Medical Affairs & Psychiatric Inpatient Services
6	Division of Quality Management & Compliance

The SCDMH employs psychiatrists, mental health counselors, nurses, case managers, and administrative and support employees. For purposes of this report, the SIG reviewed the demographics of the total population of employees at the SCDMH. As of 4/10/25, the SCDMH advised the total population of employees was 3,808, of which 2,068 (54%) were Black/African American, 1,581 (42%) were White, and 159 (4%) were Other Races.<sup>2</sup>

#### **E. Board of Commissioners**

The SCDMH was governed by a Board of Commissioners (Board) comprised of seven members, one from each congressional district, appointed by the governor with advice and consent of the Senate to five-year terms. At the time of this review, four positions were filled from the 1<sup>st</sup>, 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> congressional districts while the other three remained vacant. As set forth in the [S.C. Code of Laws, Title 44, Chapter 9](#), the Board “*shall determine policies and promulgate regulations governing the operation of the department and the employment of professional and staff personnel.*” The Board was constituted as follows:

**Table 2**

Board of Commissioners	Congressional District	Current Term
Dr. Elliot Levy (Chair)	1 <sup>st</sup>	2021-2026
Dr. Carl Edison Jones (Vice Chair)	6 <sup>th</sup>	2022-2027
Bobby H. Mann, Jr.	4 <sup>th</sup>	2021-2026
Dr. Crystal A. Maxwell	5 <sup>th</sup>	2021-2026
VACANT	2 <sup>nd</sup>	N/A
VACANT	3 <sup>rd</sup>	N/A
VACANT	7 <sup>th</sup>	N/A

On 4/24/25, the SCDMH was consolidated with the Department of Disabilities and Special Needs and the Department of Alcohol and Other Drug Abuse Services in an effort to streamline healthcare resources through Act 003 of 2025. On 4/28/25, Act 003 of 2025 was signed into law by Governor McMaster at which point in time the Board was dissolved.

<sup>2</sup> Other Races included: Hispanic/Latino, Native American, Hawaiian/Other Pacific Islander, two or more races.

## **F. External Reports**

During the SIG review period, the following reports were issued to the SCDMH with recommendations applicable to this review:

- A [study](#) conducted by the SC House of Representatives Legislative Oversight Committee (HLOC) regarding the SCDMH was released in March 2020. Among other things, this study reflected a need for each division within the SCDMH to be organized in a way which optimizes patient care and the use of agency resources. The HLOC members recommended a review of the Division of Inpatient Services' (DIS) organizational structures to confirm it was appropriate. The HLOC members also recommended the SCDMH seek funding to maintain mean salaries at or above the midpoint for each classification, as well as review mental health salaries of bordering states to maintain a competitive market for the recruitment and retention of mental health professionals.
- The SCDMH's former state director requested a [review](#) of the DIS in 2021 by an executive consultant. Due to the complexity and size of the DIS, recommendations included relocating several of the services within this division to other areas at the SCDMH and changing the organizational structure. The notated intention for organizational restructuring was to assist in enhancing the ability of the DIS to fulfill its mission to care for a vulnerable population.
- The South Carolina Department of Administration (DOA) issued a [report](#) in May 2023, regarding the SCDMH human resources and budgeting functions with relevant findings and recommendations. The EBO recommended that management review the SCDMH's internal agency structure and make the necessary organizational and operational changes to better align its resources to accomplish its mission. The EBO commented that the SCDMH has a very complex accounting structure that limits its ability to make both immediate and strategic financial decisions. The EBO further recommended that the SCDMH modify/simplify its accounting structure to enable the agency to properly manage and utilize its available resources and utilize excess cash balances to fund agency operations.

## **III. Organizational Restructuring**

### **A. SIG Analysis of Executive Leadership Reorganization**

The SCDMH executive leadership organizational structure was amended 37 times between [5/19/20 – 11/21/24](#). Eleven of the organizational charts were changed under the former state director's administration, and 26 were under the current administration.

The SIG categorized the changes in the organizational structure into three categories: span of control, major changes in the organizational structure, and minor changes. The change in span of control addressed realignment of responsibilities and duties in the organizational structure. Major changes in the organizational structure represented additional or new organizational levels, or reduction of existing organizational levels. Minor changes in the organizational chart primarily included the addition of names to existing vacant positions and section name changes.

A breakdown of the organizational chart changes is depicted in Table 3 below:

**Table 3**

Changes in Org. Charts 5/2020 - 11/2024	
Span of Control Changes	12
Major Changes	13
Minor Changes	12
<b>Total</b>	<b>37</b>

In March 2023, an [agency-wide newsletter notification](#) was sent from the acting state director informing employees of future organizational changes taking place in executive leadership. The newsletter presented two of the goals that executive leadership considered when looking at the current structure:

- *“ensuring clear and timely communication between Agency leadership and the Department’s multiple centers and facilities; and*
- *ensuring accountability on the part of center and facility leadership for the delivery of services to patients and residents.”*

Although, the agency-wide newsletter was circulated detailing the pending organizational changes and shift in executive leadership responsibilities, senior officials still advised the SIG of poor communication surrounding the changes. Senior officials also advised the SIG that employees affected did not initially receive any written notice of how the changes would affect them including uncertainties regarding the employee reporting structures following the reorganization.

Prior to the 3/26/24 change to the organizational chart, the deputy director for the DIS managed the hospitals, the Veteran’s Nursing Homes, other ancillary programs, and directly supervised employees whose positions were redirected within the new reporting structure. The deputy director of the DIS was changed to the deputy director for the Division of Long-Term Care.

The SCDMH senior officials advised the SIG that when the organizational changes occurred, the DIS deputy director lost leadership responsibilities as it pertained to the hospitals. The hospital directors who previously reported to the DIS deputy director now reported directly to the acting state director. Senior officials advised the SIG that these changes within the organization’s structure and executive leadership responsibilities were made to aid in communications regarding the hospitals’ budgets and needs.

The SIG assessed that the DIS, over a five-year period, lost approximately \$8 million annually prior to the executive leadership restructuring. Senior leadership expressed that the actual operating cost of the individual hospitals could not be accessed for review due to the maladministration of the DIS leadership prior to the reorganization. A breakdown of the DIS deficit is depicted in Table 4 below:

**Table 4**

			**Enhanced Medicaid Era		
DIS Deficit Areas	FY2020	FY2021	FY2022	FY2023	FY2024
Hospitals*	\$ (8,397,489)	\$ (382,002)	\$ 1,382,875	\$ (7,513,723)	\$ (20,885,025)
CM Tucker-Roddey	\$ (1,318,615)	\$ (1,835,281)	\$ (27,908)	\$ (2,342,198)	\$ 2,231,128
Nutritional Services	\$ (60,300)	\$ 470,942	\$ (1,236,007)	\$ 789,950	\$ 326,690
<b>Total</b>	<b>\$ (9,776,404)</b>	<b>\$ (1,746,341)</b>	<b>\$ 118,960</b>	<b>\$ (9,065,971)</b>	<b>\$ (18,327,207)</b>
*G. Werber Bryan Psychiatric Hospital & Patrick B. Harris Psychiatric Hospital			**Census FTE <sup>3</sup> drop	**Census & Contract Staff Increased	

<sup>3</sup> Full Time Equivalent (FTE) positions.



As depicted in Table 4, the DIS operated at a deficit for several years. For FY2022 and FY2023, the DIS received additional funding, referred to as “*Enhanced Medicaid Era*,” during the COVID-19 pandemic when federal funding for Medicaid programs saw a substantial boost. A SCDMH senior official indicated that the key elements to the deficits were revenue decreases in Medicaid, payroll, contract personnel, case services expenses, and decrease in patient census at the hospitals. Case services expenses were primarily driven by the increased census at the contracted Veterans’ Nursing Homes and was offset by the increased Veterans Administration revenue and state allocations.

From FY2020 - FY2024, the DIS deficits were supplemented by \$3,430,692 in surplus revenue generated by the contracted Veteran’s Nursing Homes (\$2,430,212), and other ancillary areas (\$1,000,480) to offset some of the deficit.

The DOA 2023 report stated that the DIS “*appeared to operate at a level above its resource allocation... with shortfalls having to be cleared by revenue from other areas of the agency.*”

Various senior officials at the SCDMH also relayed to the SIG that this was an accurate observation, along with multiple employees alleging poor communication and lack of information on financial data from the DIS regarding the day-to-day operations, and fiscal deficiencies.

Subsequently, based on the findings and recommendations referenced in the external reports, the consistent deficits, and apparent communication breakdowns were factors that attributed to the DIS restructuring and reorganization in executive leadership responsibilities according to the SCDMH senior officials.

Even though the reorganization was deemed necessary due to the complexity of the division and budget oversight deficiencies, some employees may have perceived this reorganization in executive leadership responsibilities as racially motivated due to the deputy director of the DIS being the only Black/African American in senior leadership at that time. When the restructuring of the DIS occurred, the deputy director of the DIS lost leadership responsibilities in this division. However, the deputy director did not lose executive leadership status, and compensation was unaffected. Of the six division director positions within the SCDMH, currently two are Black/African Americans.

## **B. Statewide Healthcare Agency Merger and Future Plans**

In an effort to streamline healthcare resources, the South Carolina Legislature ratified [Act 003 of 2025](#) on 4/24/25, and the Governor signed it into law on 4/28/25. The Act established the South Carolina Department of Behavioral Health and Developmental Disabilities, consolidating the former the SCDMH, the South Carolina Department of Disabilities and Special Needs, and the South Carolina Department of Alcohol and Other Drug Abuse Services into a single entity. The Act amended various sections of the S.C. Code of Laws to reflect this restructuring, including repealing outdated sections related to the SCDMH, renaming and reassigning duties, eliminating the commissions of the former departments, and integrating their functions under the new department.

In addition, on [7/1/25](#), the Veteran's Nursing Homes will be transferred to the South Carolina Department of Veterans Affairs.

## **C. Findings and Recommendations – Organizational Restructuring**

**Finding Sec. III – 1:** The SIG determined that numerous employees felt the SCDMH leadership did not thoroughly communicate the details surrounding the reorganization in executive leadership responsibilities and reporting structure changes.



**Recommendation Sec. III – 1:** The SIG recommends the SCDMH leadership ensure proper and thorough communication occurs regarding the anticipated impacts of reorganizations.

**Finding Sec. III – 2:** The SIG determined the DIS hospitals operated at a \$7.5 million deficit in FY2023 before the reorganization in senior leadership and operated at a \$20.8 million deficit for FY2024.

**Recommendation Sec. III – 2:** The SIG recommends the SCDMH continue to work with stakeholders and funding sources to more accurately determine its budget and avoid fiscal deficits.

**Finding Sec. III – 3:** The SIG determined employees had reservations regarding the upcoming new office location changes and have confidentiality concerns working within cubicles.

**Recommendation Sec. III – 3:** The SIG recommends that the SCDMH plan accordingly to ensure employees have a secure place for confidential conversations and communicate openly with employees regarding the Statewide Health Care Agency merger enacted 4/28/25, and how it may affect their jobs.

## **IV. SCDMH Climate and Employee Satisfaction Survey**

The SIG developed and administered a climate and employee satisfaction survey to gauge leadership, morale, communication, and policy issues. The survey included 33 questions, while not all-encompassing, covered various topics such as leadership, supervision, work environment, job satisfaction, and areas for improvement. The survey was constructed by the SIG to provide anonymity to the SCDMH employees.

The survey included 28 questions known as “agree/disagree” questions where a statement is made with five possible responses: strongly disagree; disagree; neither agree nor disagree; agree; strongly agree; and three employment status questions, one on training opportunities, and one open-ended question, which was included to provide survey participants the opportunity to offer suggestions for improving the work environment.

The survey was distributed to all SCDMH employees via a SurveyMonkey link on 3/28/25. Of the 3,935 employee email addresses provided by the SCDMH, 70 (1.78%) were undeliverable. Reminder emails were sent to all SCDMH employees on April 14<sup>th</sup>, 17<sup>th</sup>, 21<sup>st</sup>, and the 25<sup>th</sup>. The survey deadline was extended given the number of email addresses that were undeliverable upon distribution of the initial email, and concerns shared about confidentiality or inadvertent deletion of the email assuming it was spam.

### **A. SCDMH Climate and Employee Satisfaction Survey Analysis**

The [SCDMH Climate and Employee Satisfaction Survey](#) statement questions yielded 1,592 responses, 41.19% of 3,865 SCDMH employees evaluated employee tenure, leadership perceptions, supervisor effectiveness, workplace morale, and job satisfaction across 28 statement questions. Response rates ranged from 1,446 to 1,587 per question. Below is a summary of the key issues and strengths derived from the survey responses.

#### **Workforce Tenure and Professional License Status**

- **Tenure at the SCDMH:** 51.61% of the respondents had 3–15 years of service, 26.91% had 2 years or less, and 21.68% had 15+ years.
- **Current Position Tenure:** 52.72% of the respondents held their current role for 3–15 years, 37.04% for 2 years or less, and 10.37% for 15+ years.
- **Professional Licensing:** 37.72% of the respondents were professionally licensed by South Carolina, 62.28% were not.

## Agency Leadership

The survey included the following five statements that assessed the perception of agency leadership, communication and organizational direction:

- I am satisfied with the SCDMH leadership and the status of the agency.
- I have trust and confidence in my agency leadership.
- Senior level management has clearly communicated the future direction of this organization.
- Changes by the SCDMH in organizational structure are made fairly and with the agency's best interest in mind.
- Employee morale is important to the SCDMH's senior executives (i.e., director, division directors, etc.).

## Leadership and Organizational Direction

- **Leadership Satisfaction:** 40.48% of the respondents agreed or strongly agreed that they were satisfied with the SCDMH leadership, and only 41.40% of the respondents had trust in agency leadership.
- **Communication:** 36.27% of the respondents agreed senior management communicated the organization's future direction clearly.
- **Organizational Changes:** 29.84% of the respondent felt structural changes were fair, and in the agency's best interest.
- **Morale Priority:** 35.66% of the respondents agreed or strongly agreed that senior executives valued employee morale and 43.14% disagreed or strongly disagreed.
- **Overall Assessment:** 35–43% of the respondents expressed distrust or dissatisfaction with leadership, signaling a need for improved transparency, communication, and engagement.

## Supervisory Leadership

The survey included the following seven statements that assessed supervisory leadership effectiveness:

- Division leadership empowers and supports supervisors to perform their jobs.
- My supervisor treats people fairly.
- My supervisor awards promotions based on merit.
- My supervisor takes actions to hold employees accountable, and deal with poor performance/behavior.
- I feel supported and valued by my supervisor.
- I have trust and confidence in my supervisor as a leader.
- My supervisor engages employees and solicits ideas for making work more efficient and/or to meet the public's needs more effectively.

## Supervisory Effectiveness

- **Fairness:** 71.90% of the respondents agreed or strongly agreed that supervisors treated people fairly.
- **Support:** 68.82% of the respondents felt supported and valued by supervisors, and 66.09% of the respondents had trust in their supervisor's leadership.

- **Accountability:** 60.43% of the respondents agreed or strongly agreed supervisors addressed poor performance.
- **Engagement:** 64.65% of the respondents agreed or strongly agreed that supervisors solicited ideas for efficiency and public needs.
- **Communication:** 54.80% of the respondents expressed supervisors communicated the reasons for important decisions affecting the department.
- **Overall Effectiveness:** Supervisors received strong approval (60–72% of the respondents), which is a key asset for employee morale and performance.

### Work Environment

The survey included the following twelve statements that assessed the work environment:

- I am offered the proper training to successfully perform my job.
- Select the type(s) of training you received when you began working at the SCDMH: question and answer sessions.
- Morale at work is good at the SCDMH.
- The workload is fairly distributed.
- The work hours are satisfactory.
- My supervisor communicates the reasons for important decisions to my work group before they are made.
- The agency promotes equality and fairness in the workplace.
- The agency fosters an environment that is inclusive and values its diverse workforce.
- The agency minimizes the perception of pay disparity based on race and/or gender.
- Human resources' policies (e.g., performance appraisal, promotion, rewards) are applied fairly and consistently.
- The agency's human resource practices are not discriminatory.
- Vacancies are filled in a timely manner.

### Work Environment and Morale

- **Training Access:** 61.95% of the respondents agreed or strongly agreed they received adequate training. Common training included manuals (76.39%), hands-on (69.20%), supervisor meetings (58.25%) and questions and answer sessions (44.42%). However, 5.07% (193) of the respondents indicated they received no training, indicating gaps in training consistency.
- **Morale:** 30.77% of the respondents agreed or strongly agreed that morale was good, and 47.71% of the respondents disagreed.
- **Workload:** 8.49% of the respondents agreed or strongly agreed workload was fairly distributed, and 38.62% of the respondents disagreed.
- **Work Hours:** 76.75% of the respondents were satisfied with work hours.
- **Fairness and Inclusion:** 42.74% of the respondents agreed or strongly agreed the agency promoted equality, and 52.67% of the respondents agreed or strongly agreed the agency fostered inclusivity.
- **Pay Equity:** 37.35% of the respondents believe pay disparity based on race/gender was minimized.

- **Human Resource (HR) Practices:** 33.19% of the respondents viewed HR policies as fair, and 54.05% of the respondents perceived HR practices as non-discriminatory.
- **Vacancies:** 18.62% of the respondents agreed or strongly agreed that vacancies were filled timely, with 55.03% of the respondents disagreeing. Slow hiring exacerbates workload and morale issues.
- **Overall Operational Efficiency and Work Environment:** Low morale and uneven workload distribution were critical issues identified by the SIG.

### **Job Satisfaction and Retention**

The survey included the following five statements that assessed employee job satisfaction:

- I am satisfied with my total compensation (e.g., salary, bonus, benefits, etc.).
- I feel my job performance is recognized and appreciated by leadership.
- Overall, I am satisfied with my job.
- I am proud to work for the SCDMH.
- I would like to continue my career with the SCDMH.

### **Employees' Perception of Job Satisfaction**

- **Compensation:** 25.62% of the respondents were satisfied with their compensation, with 57.09% of the respondents dissatisfied. Compensation dissatisfaction drives low morale and retention risks.
- **Recognition:** 46.42% of the respondents felt their performance was recognized and appreciated by leadership, and 36.57% of the respondents disagreed.
- **Job Satisfaction:** 56.32% of the respondents were satisfied with their job.
- **Pride and Retention:** 63.28% of the respondents were proud to work for the SCDMH, and 69.84% of the respondents wanted to continue their career with the SCDMH.
- **Overall Assessment of Employees Job Satisfaction:** Respondents expressed high ranking of job satisfaction, strong pride in the agency, and that its mission reflects commitment to the agency.

### **B. SCDMH Climate and Employee Satisfaction Survey - SIG Analysis of Comments**

The SCDMH employees provided 1,065 responses to the question, "What would you change about the agency to improve the work environment?"

Below is a high-level summary of key themes derived from the survey comments on areas for improvement and actionable insights for consideration by executive leadership.

### **Leadership and Management Issues**

- Employees reported a disconnect between senior leadership and frontline employees, with decisions perceived as out-of-touch or prioritizing metrics and billings over quality care.
- Employees expressed concerns about favoritism, nepotism, and unfair promotions, particularly among senior management which undermines trust.
- Employees cited allegations of toxic behavior, retaliation, bullying, and unethical practices.

### **Compensation and Retention**

- Employees requested merit-based raises, cost-of-living adjustments, and bonuses to reflect performance and economic realities.
- Employees noted inequities in pay distribution (e.g., administrative vs. clinical employees, long-term vs. new hires) which fueled morale issues.
- Competitive salaries for new and existing employees. Low salaries compared to industry standards and private sector roles contribute to high turnover and difficulty recruiting/retaining qualified employees.

### **Work Environment and Morale**

- Employees desired a more positive and inclusive culture with recognition, team building, and morale-boosting initiatives.
- Employees voiced their concerns about poor facility conditions (e.g., outdated infrastructure, lack of privacy) and inadequate resources (e.g., office supplies, information technology (IT) support) all of which lower employee morale and hinder performance.
- Employees requested more flexible work arrangements (e.g., telecommuting, 4-day workweeks) to improve work-life balance.
- Employees expressed there was an excessive focus on billable and patient care hours which created not only unrealistic expectations but also the potential for unethical practices.

### **Training and Professional Development**

- Employees expressed there was a lack of standardized training, especially for new hires and school-based employees, which leads to inefficiencies and stress.
- Employees requested support for licensure, continuing education, and career advancement opportunities to enhance skills and retention.

### **Operational and Policy Inefficiencies**

- Employees conveyed that there was a heavy administrative workload to maintain documentation due to redundant processes, which reduced the time for patient care and contribute to burnout.
- Employees suggested there should be caseload caps, process and necessary documentation streamlining, and more time dedicated for patient charting.
- Employees conveyed the agency operated with inconsistent policies (e.g., medical records release, remote work approvals, bonuses, annual performance reviews, and dual employment) which created confusion and potential legal risks.
- Employees commented that due to the slow hiring processes and unfilled vacancies, workloads for existing employees increased.
- Employees expressed issues concerning communications with HR and IT being unresponsive and delaying problem resolutions.

### **C. SIG Analysis of SCDMH Climate and Employee Satisfaction Survey**

The survey results revealed significant challenges in leadership trust, compensation, workload, and morale that threaten the SCDMH's ability to deliver high-quality care and retain talent. Employees expressed a need for improved accountability, transparency, and communication from leadership. Immediate action on leadership accountability, salary adjustments, and an assessment of workload distribution is critical to improving the work environment and ensuring the agency's mission to serve South Carolina's mental health needs is met effectively.

The SCDMH benefits from a dedicated workforce and strong supervisor support, but faces challenges with low morale, leadership distrust, and compensation dissatisfaction. Strategic interventions in communication, hiring, and fairness can enhance employee engagement and organizational success.

The SIG was made aware that the SCDMH initiated an Employee Engagement and Satisfaction Survey to all employees which concluded in 2021. The results of that survey to 4,441 employees (1,863 responses) conveyed prominent areas needing improvements including effective communication between senior leadership and the rest of the agency, and opportunities for professional growth and development. Employees also voiced concerns in the following areas:

- Facilities and technologies
- Labor concerns (pay and benefits, staffing and hiring, safety, and professional development)
- Organizational leadership and culture (clear communication, management/supervisory concerns, and cultural/social environment).

The SIG determined most of the concerns voiced in both the SCDMH's 2021 survey as well as the DOA's 2023 report still existed. The failure to implement effective strategies to improve employee satisfaction led to a decrease in employee morale and an unsatisfactory work environment – which could also be a contributing factor of employee turnover. As noted previously throughout this SIG report, employee retention is critically necessary to ensure the SCDMH fulfills its mission. The SCDMH missed an opportunity to improve the agency and yield better outcomes by failing to act on the results of the 2021 survey.

### **D. Findings and Recommendations – SCDMH Climate and Employee Satisfaction Survey**

**Finding Sec. IV – 1:** The SIG determined there were employee concerns with leadership as it related to accountability and trust.

**Recommendation Sec. IV – 1:** The SIG recommends the SCDMH conduct an independent review of leadership practices to address allegations of favoritism, retaliation, and unethical behavior. In addition, the SIG recommends management enhance leadership training on communication, empathy, and accountability to rebuild trust and increase senior leadership visibility through regular in-person engagement with the SCDMH employees.

**Finding Sec. IV – 2:** The SIG determined numerous employees advised they did not receive their annual Employee Performance Management System (EPMS) despite being employed for multiple years.

**Recommendation Sec. IV – 2:** The SIG recommends the SCDMH conduct EPMS reviews in accordance with [State Human Resource Regulations](#).

**Finding Sec. IV – 3:** The SIG determined employees were unsatisfied with their compensation, and that this unfavorable compensation correlated with high turnover and staffing difficulties of recruiting and retention.



**Recommendation Sec. IV – 3:** The SIG recommends the SCDMH review and adjust salary structures to align with industry standards, implement merit-based raises and performance bonuses tied to EPMS evaluations, develop strategies to support competitive wages and staffing needs. The DOA issued a report on [Mental Health Professional Compensation Review](#) February 2023 on positions in the mental health professional classification series and other positions.

**Finding Sec. IV – 4:** The SIG determined employees felt workloads were not consistent or fair, with many clinical employees mentioning aversion to patient care hours compensation.

**Recommendation Sec. IV – 4:** The SIG recommends the SCDMH streamline required documentation and processes and eliminate redundancy to reduce administrative burdens, establish caseload caps, and provide dedicated patient charting time to prevent burnout.

**Finding Sec. IV – 5:** The SIG determined there were areas that needed significant improvement regarding employee morale and culture.

**Recommendation Sec. IV – 5:** The SIG recommends the SCDMH launch agency-wide recognition programs, team-building events, and employee wellness day to boost morale. The SCDMH could also standardize policies for remote work and flexible schedules to enhance work-life balance. Further, the SIG recommends the SCDMH invest in facility upgrades to improve employee working conditions and patient care environments.

**Finding Sec. IV – 6:** The SIG determined operations within the SCDMH needed improvements regarding policies and procedures, hiring processes, and IT services.

**Recommendation Sec. IV – 6:** The SIG recommends the SCDMH standardize policies and procedures to ensure consistency and compliance, expedite hiring processes, and fill vacancies to alleviate staffing shortages, as well as improve responsiveness of centralized IT and HR services through dedicated support channels.

**Finding Sec. IV – 7:** The SIG determined training and development initiatives could be improved upon to show appreciation for employees, build confidence and competence, as well as supporting employees' professional licensure, continuing education, and increasing career advancement opportunities.

**Recommendation Sec. IV – 7:** The SIG recommends the SCDMH develop a comprehensive training curriculum for long-term employees and new hires that includes billing and documentation guidance. Further, management could subsidize licensure fees and provide paid professional development opportunities and foster career advancement pathways to retain talent. Professional licensure support ties clinicians to the SCDMH, as they gain credentials while maintaining employment at the SCDMH, which also benefits the agency.

**Finding Sec. IV – 8:** The SIG determined the SCDMH failed to act on its own Employee Engagement and Satisfaction Survey report from 2021, and the DOA 2023 report.

**Recommendation Sec. IV – 8:** The SIG recommends the SCDMH review and implement the applicable recommendations outlined in both reports which still existed.

**Finding Sec. IV – 9:** The SIG determined the SCDMH employees participated in improper medical documentation that increased billable hours that resulted in annual reimbursements for "erroneous claims" in the amounts of \$868,745 and \$858,197 for FY2023-2024 respectively.



**Recommendation Sec. IV – 9:** The SIG recommends the SCDMH develop procedures to comply with all state and federal regulations to continue to reduce the amount of reimbursement for “erroneous claims” in order to mitigate any potential fraud and legal risk.

## **V. Human Resource Practices**

### **A. SIG Analysis of South Carolina Human Affairs Commission Complaints Referred**

The SIG analyzed the complaints received by the South Carolina Human Affairs Commission (SCHAC) regarding discrimination and nepotism at the SCDMH. During the five-year period, the SCHAC received 72 complaints of discrimination. The SCHAC investigations determined there was insufficient evidence for 21 of the charges, 28 complaints were converted to formal charges of discrimination, eight complaints were charges of discrimination dual-filed with the Equal Employment Opportunity Commission (EEOC) and deferred to SCHAC, settlement negotiation/mediation for six cases, five inquiries were submitted/cases ongoing, three of the charges were withdrawn with benefits, and one was waived/transferred to the EEOC for investigation.<sup>4</sup>

The SCHAC’s investigation results of complaints received from 7/1/19 to 6/30/24, are detailed below:

- FY2020 – The SCHAC received a total of 16 complaints/inquiries against the SCDMH. Of the 16 complaints: four complaints were closed at the inquiry stage, and no formal charge of discrimination was filed; eight complaints were converted to formal charges of discrimination to be processed; and four complaints were charges of discrimination dual-filed with the EEOC and deferred to the SCHAC for processing.
- FY2021 – The SCHAC received a total of 12 complaints/inquiries against the SCDMH. Of the 12 complaints: ten complaints converted to formal charges of discrimination to be processed; and two complaints were charges of discrimination dual-filed with the EEOC and deferred to the SCHAC for processing.
- FY2022 – The SCHAC received a total of 12 complaints/inquiries against the SCDMH. Of the 12 complaints: six complaints were closed at the inquiry stage, and no formal charge of discrimination was filed; four complaints converted to formal charges of discrimination to be processed; and two complaints were charges of discrimination dual-filed with the EEOC and deferred to the SCHAC for processing.
- FY2023 – The SCHAC received a total of 13 complaints/inquiries against the SCDMH. Of the 13 complaints: three complaints were closed at the inquiry stage, and no formal charge of discrimination was filed; one charge was formerly filed and SCHAC was reviewing the claim; three complaints were withdrawn with benefits; and six were closed through mediation, settlement, or SCHAC determined no reasonable cause for a charge.
- FY2024 – The SCHAC received a total of 19 complaints/inquiries against the SCDMH. Of the 19 complaints: eight complaints were closed at the inquiry stage, and no formal charge of discrimination was filed; four charges were formerly filed and SCHAC was reviewing the claim; and

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<sup>4</sup>“The SCHAC closed some case files without making a recommendation. These closures were due to settlement by the parties (reflected as “negotiated settlement” or “withdrawal with benefits”), withdrawal of the charge without benefits, waiver to the EEOC or transferred to the EEOC. Waiver to the EEOC, where a charge is filed more than 180 days, but fewer than 300 days after the alleged discriminatory action occurred.”

six complaints were converted to formal charges (prepared/filed) of discrimination to be processed and one was waived/transferred to the EEOC for investigation.

## B. SIG Analysis of Hiring and Separations

### SCDMH New Hires

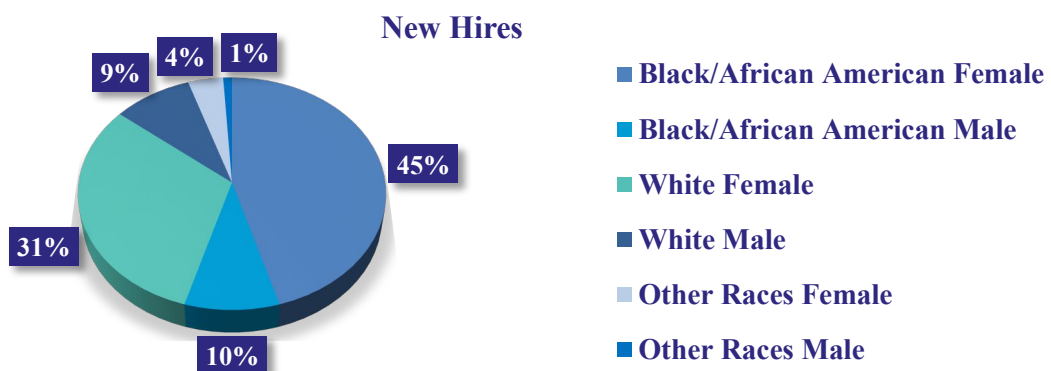
The SIG assessed that the SCDMH had a total of 5,305 new hires in FY2020 - 2024. The SIG analyzed new hire trends by gender and race of new hires over the past five fiscal years. A breakdown of the 5,305 new hire positions by gender and race is depicted in Table 5 below:

**Table 5**

New Hires						
Race & Gender	FY2020	FY2021	FY2022	FY2023	FY2024	Total
Black/African American Female	584	341	429	543	501	2,398
White Female	337	285	338	362	325	1,647
Other Races Female	43	34	47	52	49	225
Black/African American Male	119	75	91	96	108	489
White Male	106	86	102	103	96	493
Other Races Male	15	5	11	10	12	53
<b>Total</b>	<b>1,204</b>	<b>826</b>	<b>1,018</b>	<b>1,166</b>	<b>1,091</b>	<b>5,305</b>

The total (female and male) hiring of the Black/African Americans represented 2,887 employees, while 2,140 were White, and 278 employees were Other races. The SIG assessed that 55% of new hires from FY2020 - FY2024 were Black/African American, while 40% of new hires were White, and 5% of new hires were of Other races. A breakdown of the percentage of new hires by gender and race is depicted in Chart 1 below:

**Chart 1**



The SIG determined that the number of new hires by race remained relatively stable and in line with the SCDMH's demographic population across the previous five fiscal years.

### SCDMH Separations

The SIG assessed that the SCDMH had a total of 5,859 personnel who separated from the SCDMH in FY2020 - FY2024. The SIG analyzed separation trends by gender and race over the past five fiscal years.

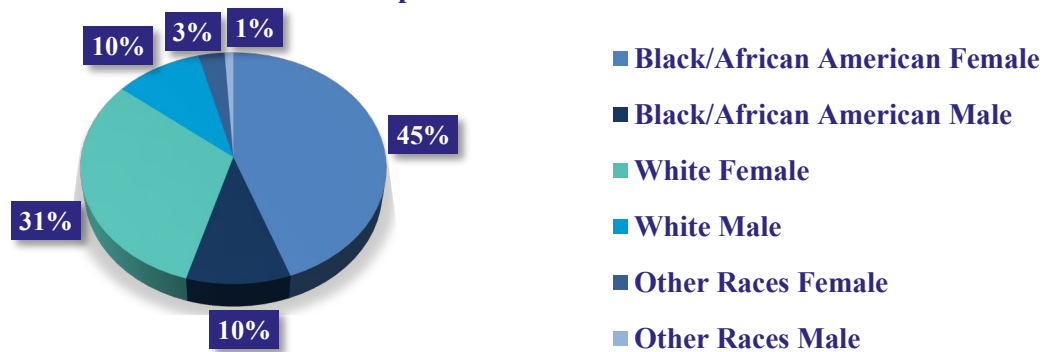
The total number of separations are depicted in Table 6 below:

**Table 6**

Separations						
Race & Gender	FY2020	FY2021	FY2022	FY2023	FY2024	Total
Black/African American Female	545	558	534	519	451	2,607
White Female	334	399	488	316	305	1,842
Other Races Female	28	40	38	49	48	203
Black/African American Male	138	129	111	123	81	582
White Male	118	120	131	122	83	574
Other Races Male	11	13	9	10	8	51
<b>Total</b>	<b>1,174</b>	<b>1,259</b>	<b>1,311</b>	<b>1,139</b>	<b>976</b>	<b>5,859</b>

The total (female and male) separations of the Black/African Americans represented 3,189 employees, while 2,416 were White, and 254 employees were Other races. A breakdown of the 5,859 separations by gender and race is depicted in the Chart 2 below:

**Chart 2**  
**Separations**



The SIG determined that the number of separations by gender and race remained relatively stable and in line with the SCDMH's demographic population across the previous five fiscal years.

The contributing cause for most of the separations over the five years were classified as "*personal*." Out of 5,859 separations, 3,117 (53%) were classified as separations for "*personal reasons*."

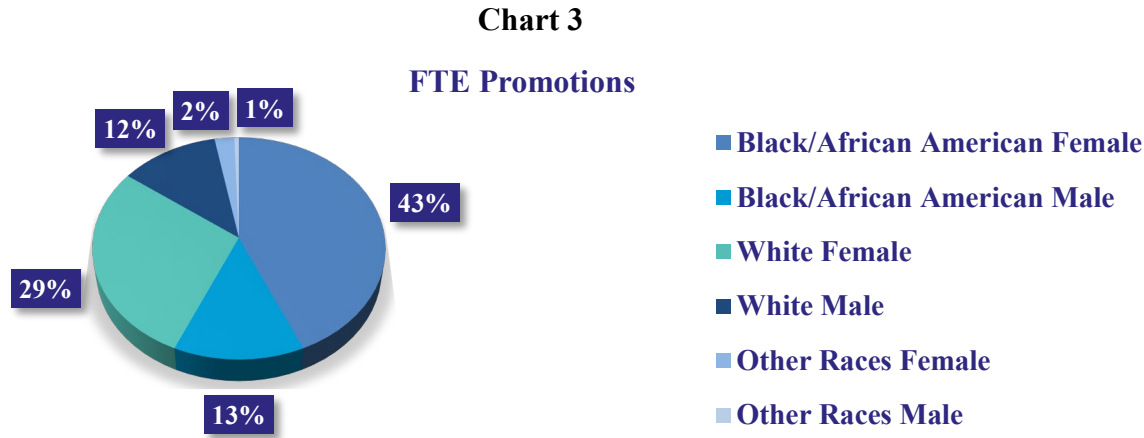
Employee retention at the SCDMH is important because fewer personnel mean fewer patients were served with quality mental health services. Senior officials advised the SIG that recruiting and retaining employees is difficult at the SCDMH due to salaries being too low to support employees. More than one senior official advised the SIG that other employers in their areas can offer more competitive salaries which affects recruitment and retention.

### **C. SIG Analysis of FTE Promotions**

The SIG analyzed promotion trends by gender and race over the past five fiscal years to determine if there was any disparity negatively impacting protected classes. The SIG determined a promotion to be when an employee received a salary increase for an FTE promotion or an upward reclassification of the employee's position.

The SIG determined that the distribution of promotions by gender and race remained relatively stable across the SIG's scope of five fiscal years.

A breakdown of the promotions awarded by gender and race is depicted in Chart 3 below:

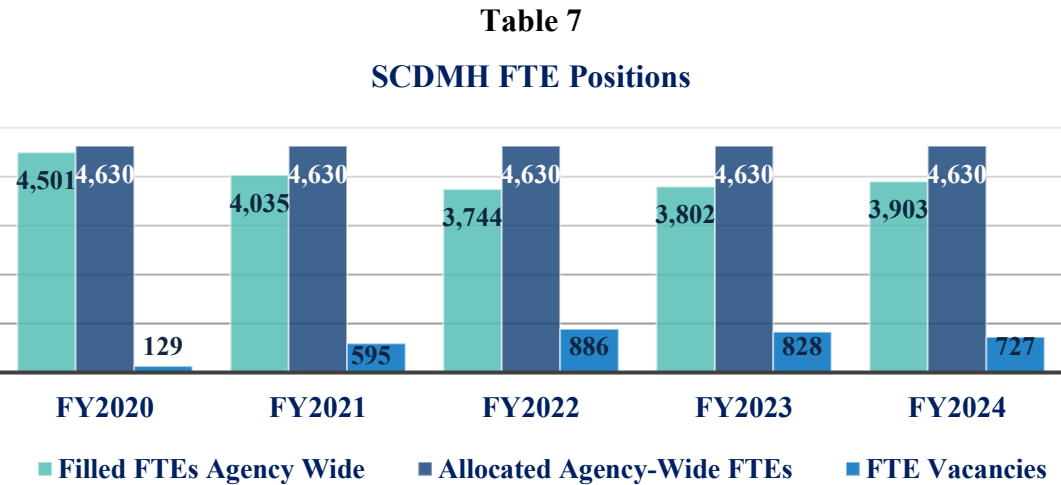


The SIG further determined that the SCDMH awarded promotions as expected when comparing them with the overall demographics of the SCDMH employees. However, per the SIG initiated survey, many employees perceived that individuals selected for promotions did not meet qualifications. Additionally, employees commented that even though they desired to acquire additional qualifications, they were informed by leadership that additional qualifications would not contribute to career progression within the SCDMH.

**D. SIG Analysis of FTE Vacancies and Turnover**

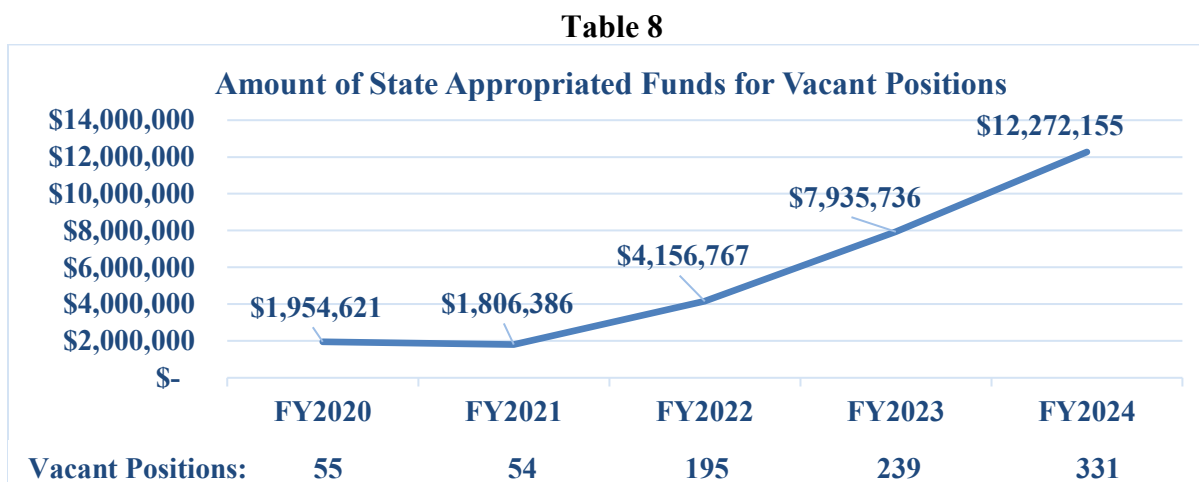
**SCDMH FTE Vacancies**

For FY2024, the SCDMH was allocated 4,630 agency-wide FTE positions. Of those 4,630 positions, 3,903 were filled, and the remaining 727 positions were vacant. A breakdown of the SCDMH’s filled, vacant, and allocated positions for FY2020 – FY2024 are depicted in Table 7 below:



The SIG further conducted an analysis on FTE vacancies provided by DSHR during the years of FY2020 – FY2024. The data was filtered by one “whole” classified position, funded with state appropriation funds, open for 12 months or more.

The state appropriated amounts that the SCDMH received for these open positions are depicted in Table 8 as follows:



The amount of state funding received for vacant FTEs at the SCDMH has grown 67% since FY2020, while the number of vacancies has grown by 80%. The SCDMH maintained and utilized these state appropriated funds for other functions and expenses of the agency rather than filling these positions. These vacancies put vulnerable patients at risk of not receiving adequate treatment.

A senior SCDMH official advised the SIG that a large contributing factor to the vacancies was budget constraints. The SCDMH utilized contract staffing to support clinical needs and the cost of these contracts is significantly higher than the actual cost to employ internally. While these contracts were necessary to fill essential positions and aid in a temporary solution for staffing needs, they create a long-term undesirable effect on the agency's financial ability to fill vacant FTEs.

### SCDMH FTE Turnover

During the period of the SIG review, based on the data provided by the SCDMH for FY2020 - FY2024, the agency lost on average 914.8 FTEs annually. The SIG analyzed turnover rates compared to the statewide turnover rate of employees in FTE positions over the past five years as depicted in Table 9 below:

**Table 9**

Turnover Data	FY2020	FY2021	FY2022	FY2023	FY2024
FTE Average	4,227	4,027	3,637	3,552.80	3,701.80
FTE Terminations	837	1,020	1,074	878	765
FTE Turnover Rate	19.80%	25.33%	29.53%	24.71%	20.67%
Statewide Rate <sup>5</sup>	16.43%	20.67%	22.57%	18.48%	16.25%

The SCDMH turnover rates were significantly higher than the statewide rate for each of the five fiscal years.

The SIG assessed that per the SCDMH's publicly available website, it is a healthcare organization committed to providing quality mental health services to residents of South Carolina, and excessive turnover negatively affects patient care and operational stability.

<sup>5</sup> This is the statewide turnover of employees in FTE positions, excluding institutions of higher education. The SIG source of this information was DOA/DHSR (data obtained from SCEIS and based on data entered in SCEIS by the state agencies).

## E. SIG Analysis of Bonus Payments

The Critical Employee Recruitment and Retention [Proviso 117.62](#) stipulates that the DOA/DSHR must approve the designation of critical needs positions applicable to this provision.

The SIG analyzed a sample of 40 bonus payments classified as Critical Employee Recruitment and Retention. A senior DSHR official advised the SIG that the SCDMH reported bonus payments were approved under the Critical Employee Recruitment and Retention Proviso as required. However, the SIG determined that 25 of the 40 (63%) bonus payments were incorrectly reported to DSHR (e.g. incorrect job class code, reported bonus amount, employees not included on the report).

The SIG further analyzed an additional 20,575 regular bonus payments made by the SCDMH during the period reviewed to determine whether the bonus payments were compliant with state policies, and if any involved pay disparity negatively impacting protected classes.

Per the SCDMH records, the total amount of bonus payments disbursed for FY2020 through FY2024 was \$17,951,137. The SIG further determined that the bonus payments significantly increased from FY2022 to FY2023. The increase was driven by a [one-time employee bonus allocation](#) paid through [Proviso 118.19](#)<sup>6</sup> of the 2022-2023 Appropriations Act from the General Assembly.

A breakdown of the bonus payments by race is presented in Table 10 below:

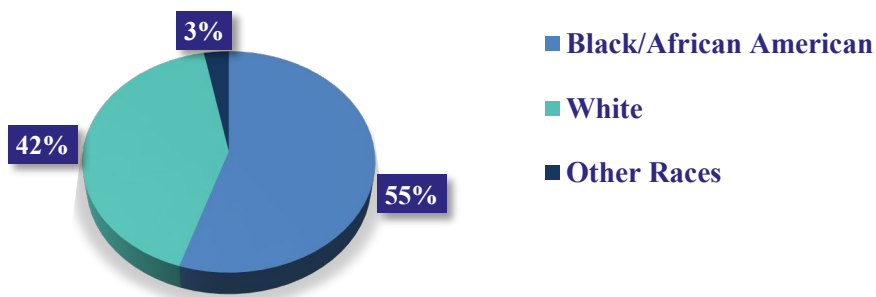
**Table 10**

SCDMH Bonus Payments		
Black/African Americans	\$9,914,361	55%
White	\$7,443,379	42%
Other Races	\$593,397	3%
<b>Total</b>	<b>\$17,951,137</b>	<b>100%</b>

A breakdown of the bonus payments percentages by race is presented in Chart 4 below:

**Chart 4**

**Bonus Payments by Race**



The SIG determined there was no significant pay disparity in the SCDMH's distribution of bonus payments and the payments were in line with the SCDMH's demographic population. However, the SIG determined the SCDMH should ensure it is appropriately reporting bonuses to DSHR to prevent future mishaps regarding

<sup>6</sup> Each permanent state employee, in an FTE position, with continuous state service for at least six months prior to July 1, 2022, received an \$1,500 one-time lump sum payment. The earnings limitation on bonuses in Proviso 117.52 did not apply to this bonus.

potentially incorrect job class codes, discrepancies in reported bonus amount, and/or all employees not conveyed on the report.

## **F. Other Observations – Human Resource Practices**

### **Intra-Agency Dual Employment**

The [South Carolina State Human Resource Regulations](#) allows state employees in FTE positions to accept additional temporary, part-time employment with the same or another agency. As stated in Regulation 19-713.01, *“In accordance with this Regulation, agencies may develop internal dual employment policies. Dual Employment within the same agency must be approved by the Division of State Human Resources prior to implementation. Dual employment within the same agency should only exist when extraordinary circumstances exist based on the agency’s business needs and must be approved by the Division of State Human Resources. Dual employment shall be limited in duration to the specific time frame approved which cannot exceed 12 months.”*

State HR Regulation 19-713.01 was revised 9/1/24 regarding dual employment requirements and required state agencies to submit dual employment agreements to DOA for approval. DOA advised the SIG that existing agreements were allowed a one-year grace period.

The SCDMH’s dual employment total payments for FY2020 – FY2024<sup>7</sup> are depicted in Table 11 below:

**Table 11**

<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
<b>\$2,483,004</b>	<b>\$2,868,903</b>	<b>\$2,560,751</b>	<b>\$2,401,434</b>	<b>\$2,205,948</b>

The SIG analyzed the SCDMH’s dual employment payments for FY2020 – FY2024. The SIG determined that the awarded dual employment pay was in line with the SCDMH’s demographic population. However, the SIG determined that the SCDMH relied heavily on the use of dual employment to fulfill *“on call”* positions. The DOA report issued in May 2023 recommended the SCDMH to limit the use of *“on call”* positions. The DOA report stated: *“the appropriate use of dual employment will ensure compliance with not just the letter but the spirit of regulations regarding employee pay, improve the consistency in the payment of employees, improve predictability in payroll costs and improve accuracy of payroll data.”*

The SCDMH advised that they utilized dual employment pay to make it easier for them to pay employees from different pools of funding. The SCDMH justified the ongoing use of internal dual employment at the SCDMH due to certain programs being operated 24/7 such as its hotlines and Mobile Crisis Unit. A senior official at the SCDMH advised the SIG that these programs would be shut down if they did not offer dual employment because some facilities have difficulty staffing the positions. Further, this senior official advised that DSHR knows the SCDMH offers dual employment and *“doesn’t love it but knows they need it.”*

As stipulated in the State HR Regulation 19-713.01 (D.3.), *“the maximum compensation that an employee will be authorized to receive for dual employment in a fiscal year shall not exceed 30% of the employee's annualized salary with the employing agency for that fiscal year.”* However, the SCDMH received approval from DSHR in 2013 to increase the percentage of earnings for physician staff from thirty (30) percent to seventy-five (75)

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<sup>7</sup> [SC Dual Employment Reports](#) prepared by the Office of the Comptroller General.



percent due to staffing shortages in physicians. The affected classifications, in the 2013 waiver, were expressly limited to: Physician I, Physician II, Unclassified Psychiatrist, and Unclassified Clinical Instructor.

During the SIG review of publicly available dual employment information, the SIG identified multiple instances of employees earning the equivalent of an additional FTE's full salary under the dual employment program. An example of four employees<sup>8</sup> from [FY2023](#) is shown in Table 12 below, which illustrates the dual employment (DE) paid to SCDMH's employees exceeded the 30% maximum allowed:

**Table 12**

<b>FY2023</b>	<b>Total Compensation</b>	<b>Employee Salary</b>	<b>Dual Employment</b>	<b>Maximum Allowed DE</b>	<b>% of DE to Salary</b>
<b>Employee A</b>	\$249,272	\$120,591	\$128,681	\$36,177	106.71%
<b>Employee B</b>	\$186,703	\$123,928	\$62,775	\$37,178	50.65%
<b>Employee C</b>	\$218,377	\$133,758	\$84,619	\$40,127	63.26%
<b>Employee D</b>	\$86,562	\$55,539	\$ 31,023	\$16,662	55.86%
<b>Average</b>					<b>70.79%</b>

The SIG reviewed the dual employment payment for the same four employees from [FY2024](#) to evaluate changes SCDMH made to its policies after the DOA 2023 report recommendation. As shown in Table 13 below, the dual employment paid to SCDMH's employees decreased, but the payments exceeded the 30% maximum allowed for two of the four employees.

**Table 13**

<b>FY2024</b>	<b>Total Compensation</b>	<b>Employee Salary</b>	<b>Dual Employment</b>	<b>Maximum Allowed DE</b>	<b>% of DE to Salary</b>
<b>Employee A</b>	\$194,132	\$132,951	\$61,181	\$39,885	46.02%
<b>Employee B</b>	\$164,661	\$147,467	\$17,194	\$44,240	11.66%
<b>Employee C</b>	\$177,411	\$136,630	\$40,781	\$40,989	29.85%
<b>Employee D</b>	\$92,046	\$64,801	\$27,245	\$19,440	42.04%
<b>Average</b>					<b>30.38%</b>

### **Human Resource Management**

Various senior officials from the SCDMH advised the SIG of discriminatory practices regarding the use of the [Family and Medical Leave Act](#) (FMLA). One senior official alleged that “*there are different standards for different people based off of race...*” Another senior official further elaborated that the use of the FMLA within the SCDMH is excessive which leads to a shortage of employees. The SIG was further advised that the use of discipline is also applied differently, suggesting favoritism and discrimination.

Multiple senior officials from the SCDMH also advised the SIG of poor working conditions. The SIG confirmed that one community mental health center had been without heating and air conditioning since November 2024, which included the winter months and the summer months.

While patients were provided the option to have telehealth visits to avoid coming into the cold/hot environment, employees were still expected to report to work daily in difficult working conditions. The SIG was advised by

<sup>8</sup> This sample excluded employees under the umbrella of the 2013 waiver.

employees they were instructed to find immediate solutions on their own until the deficiencies were corrected appropriately. In the meantime, employees were offered limited space available only for meetings, on a reservation basis, at a site across the street.

The SCDMH advised the SIG that employees of this center were updated regarding the status of the situation on 11/20/24, 11/27/24, 12/02/24, 1/16/25, 3/28/25, 5/19/25, and 6/05/25. Further, the SCDMH provided [dated actions](#) detailing the extended period without heating and air conditioning.

A senior official advised the SIG that the SCDMH's Medicaid Cash match account could be used for maintenance and repairs for the centers. As of FY2024, the SCDMH's Medicaid Cash match account was \$17,582,922.

### **G. Findings and Recommendations – Human Resource Practices**

**Finding Sec. V – 1:** The SIG determined that of the sample of 40 bonus payments to employees under the Critical Employees Recruitment and Retention Proviso, for 25 of the 40 (63%), the annual reports were not submitted correctly to DSHR (i.e., incorrect job class code, reported bonus amount, employees not reported on the report).

**Recommendation Sec. V – 1:** The SIG recommends the SCDMH ensure accurate submission of its Critical Needs Recruitment and Retention annual report to DSHR.

**Finding Sec. V – 2:** The SIG determined the SCDMH relied on the use of dual employment pay.

**Recommendation Sec. V – 2:** The SIG recommends the SCDMH work towards decreasing the use of dual employment pay as referenced in the DOA 2023 report. Additionally, the SCDMH should update any policy or procedure to comply with the new State HR Regulations revised 9/1/24.

**Finding Sec. V – 3:** The SIG determined that 3,117 (53%) out of 5,859 separations were classified as separations for personal reasons. Further, the number of separations negatively affects the SCDMH's ability to fulfill its mission of serving patients.

**Recommendation Sec. V – 3:** The SIG recommends the SCDMH develop strategies to maximize employee retention.

**Finding Sec. V – 4:** The SIG determined through direct interviews and analysis of comments from the SCDMH Climate and Employee Satisfaction Survey, a potential risk of discrimination can occur within human resource practices as it relates to the use of disciplinary action and FMLA authorization.

**Recommendation Sec. V – 4:** The SIG recommends the SCDMH apply best practices regarding human resource practices in accordance with applicable state and federal laws and regulations.

**Finding Sec. V – 5:** The SIG determined filling vacancies at the SCDMH is critical to addressing shortages, reducing workloads, and improving employee retention and patient care, as highlighted in the SCDMH Climate and Employee Satisfaction Survey. The survey identified slow hiring processes, uncompetitive salaries, and recruitment challenges as key barriers.

**Recommendation Sec. V – 5:** The SIG recommends the SCDMH streamline and accelerate the hiring process.

**Finding Sec. V – 6:** The SIG determined that at least one mental health facility did not have a suitable environment to see patients, and for employees to work, since November 2024 due to poor maintenance despite dedicated funds available for facility maintenance. The SIG determined that as of FY2024, the SCDMH’s Medicaid Cash match account that could be used for maintenance and repairs for the centers was \$17,582,922.

**Recommendation Sec. V – 6:** The SIG recommends the SCDMH work with appropriate entities to facilitate and expedite resolution of the confirmed mechanical and structural deficiencies to ensure acceptable conditions for the health and safety of the employees and patients. In addition, the SIG also recommends the SCDMH analyze the needs for regular maintenance and repairs and use the state taxpayer’s resources effectively and efficiently in providing a suitable environment for patients’ care and employees to work comfortably.

## VI. Other Observations

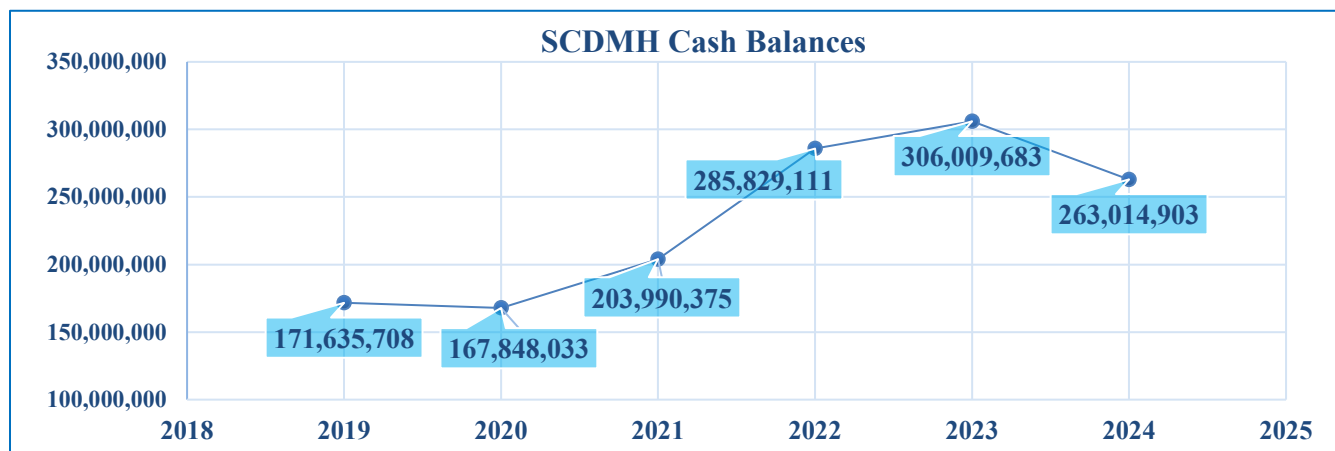
### A. Growing Carryforward Balance

In accordance with carry forward Proviso [117.23](#) of each annual state appropriation act during the review period: *“Each agency is authorized to carry forward unspent general fund appropriations from the prior fiscal year into the current fiscal year, up to a maximum of ten percent of its original general fund appropriations less any appropriation reductions for the current fiscal year.”*

In addition to the stated proviso, funds which are restricted or earmarked for specific functions can be carried forward as a separate line item from the “ten percent.” Further, each agency can also request, through the General Assembly, an exception to carryforward more than the stipulated “ten percent.”

The SCDMH cash balances for FY2019 – FY2024 are depicted in Table 14 below:

**Table 14**



The SIG analyzed the Year-End Cash Report (Appendix III) from the DOA 2023 report (covering FY2022) and did not identify any component of the \$285,829,111 that consisted of general funds improperly carried forward by SCDMH in excess of the 10% carryforward limit(s). Further analysis of the carryforward cash balance for FY2023 and FY2024 provided by SCDMH <sup>9</sup> did not identify any component of the \$306,009,683 or \$263,014,903, respectively, that did not exceed the 10% carryforward limit.

<sup>9</sup> SCDMH FY2019 – FY2022 cash balances were obtained from the DOA 2023 report.

The SIG was provided SCEIS financial data by the EBO, regarding SCDMH general fund balances.<sup>10</sup> A comparison of the financial information provided by EBO and internal financial tracking provided by SCDMH identified timing issues in updating SCDMH financial data into SCEIS. This was previously identified by the EBO in the DOA 2023 report. The SIG recommends that SCDMH continue to regularly update SCEIS. (See the [SCDMH Response to the DOA 2023 Report](#))

## **B. Inpatient Census Rates**

The SIG determined that the SCDMH has several licensed beds within their facilities which are not being utilized or deemed as functional due to budget and staffing constraints. Table 15 depicts how many licensed beds and current functional beds maintained by each of these hospitals.

**Table 15**

<b>Hospital</b>	<b>Licensed Beds Capacity</b>	<b>Current Functional Beds</b>
G. Werber Bryan Psychiatric Hospital – Civil	200	124
G. Werber Bryan Psychiatric Hospital – Forensics	279	200
G. Werber Bryan Psychiatric Hospital – Child & Adolescent	51	30
Patrick B. Harris Psychiatric Hospital	200	110
Morris Village – Alcohol & Drug Addiction Treatment Center	150	42

In addition to the above hospitals, the SCDMH also has a Sexually Violent Predator Program which is not an inpatient facility but has functional capacity for 268 residents. This Sexually Violent Predator Program also has a small infirmary with 14 licensed beds.

Various senior officials at the SCDMH advised the SIG that they had active waiting/referral lists comprised of patients needing services who were waiting for a bed to become available. Per the [SCDMH 1/3/2025 Commission Meeting minutes](#): “[a]s of 12/13/24, there were 134 patients on the forensic ready for admission waitlist.” The waiting/referral lists could be minimized if the SCDMH utilized all of its licensed beds. The five inpatient hospitals are currently operating on average at 57.5% of their licensed bed capacity. As referenced in the DOA 2023 report, the SCDMH should develop “a plan to increase each facility’s patient census to a level more aligned with their licensed capacities.”

A SCDMH senior official advised the SIG there were sections of hospitals being shut down and used for storage even though there were patients actively on waiting lists for care. Given the state appropriations determination is based on census data for functioning beds, the SIG determined the SCDMH having licensed beds that were not utilized for patient care constitutes waste.

According to senior officials, the solution to this shortcoming would be additional funding and staffing to care for the patients. As part of the SCDMH budget process, state appropriations are requested based on census rates, as well as other factors such as the cost of personnel and the Consumer Price Index.

Therefore, the SIG determined it is vital for the SCDMH to ensure its state appropriation requests are fully encompassing of the agency’s needs as this limitation with budgeting and staffing restricts the SCDMH from

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<sup>10</sup> South Carolina Enterprise Information System (SCEIS) was implemented to “standardize and streamline business processes within the government of South Carolina, using best business practices to achieve cost-effective and efficient delivery of services.”

fulfilling its mission. Per the DOA 2023 report, *“In developing its FY 2023 – 2024 budget request, EBO recommended DMH seek additional funding from the General Assembly to ‘right-size’ the inpatient facilities.”*

### **C. Concerns With Validity of Data**

During the review period, the SIG identified multiple inconsistencies regarding the accuracy of the SCDMH’s record keeping. As noted in the DOA 2023 report, the SCDMH’s *“reliance of data stored outside of SCEIS, and the lack of DMH Central Human Resources control over human resources related data, has resulted in incorrect information reported by DMH to outside entities.”* The SIG determined that there was a lack of accurate tracking of available staffing needs and financial data across various reporting agencies for the SCDMH.

After the previously discussed human resources deficiencies, the SIG conducted further reviews of employee turnover, historical financial data, and internal and external funding factors. The SIG was provided data from multiple state agencies and reviewed publicly available information from state websites. The SIG determined that providing an accurately detailed review would not be feasible. This was because the information provided by the SCDMH, other state agencies, and publicly available information could not be corroborated. Despite information from multiple sources, with each source independently confirming accuracy, not even two of the multiple agencies could agree upon the number of current employees nor current number of open vacancies during any given period. The only data point every information source did agree on was the total number of FTEs allocated for the SCDMH.

### **D. Findings and Recommendations – Other Observations**

**Finding Sec. VI – 1:** The SIG determined the SCDMH was not utilizing all licensed beds due to budget and staffing constraints and has no identifiable plan as referenced in the DOA 2023 report, SCDMH should develop *“a plan to increase each facility’s patient census to a level more aligned with their licensed capacities.”*

**Recommendation Sec. VI – 1:** The SIG recommends the SCDMH work with stakeholders and funding sources to utilize all available licensed beds in its inpatient hospitals and develop a comprehensive plan as identified in the DOA 2023 report.

**Finding Sec. VI – 2:** The SIG determined the SCDMH’s fiscal responsibility and accountability of state taxpayer funds continues to improve since restructuring of the senior leadership took place.

**Recommendation Sec. VI – 2:** The SIG recommends the SCDMH continue its current fiscal course correction towards financial sustainability while continuing to adhere to applicable state and federal laws and regulations.

## **VII. Conclusion**

The scope of this SIG review was to evaluate the senior leadership reorganization, to identify any discriminatory practices within human resource matters, and any other matters that the SIG deemed appropriate during the review.

The SIG initiated Climate and Employee Satisfaction survey results and comments along with witness testimony revealed that a lot of employees felt disconcertment with the SCDMH human resource practices. The [Climate and Employee Satisfaction Survey](#) conducted by the SIG revealed that only 33.19% of the employees viewed the SCDMH human resource practices were fair. It is crucial for the SCDMH leadership to improve the morale within the work environment as it relates to unfair human resource practices.

After a thorough review of external reports, analysis of financial statements, and following testimony from several senior officials within the SCDMH, the SIG determined the reorganization of senior leadership responsibilities was necessary to improve division efficiency and to streamline budgeting efforts. The survey also revealed that 34.30% the SCDMH employees felt the organizational structural changes were not fair or in the agency's best interest, and 37.96% felt the organization's future direction was not clearly communicated.

This review was conducted on the former SCDMH which merged on 4/28/25 with the South Carolina Department of Alcohol and Other Drug Abuse Services and the South Carolina Department of Disabilities and Special Needs to become one agency, the South Carolina Department of Behavioral Health and Developmental Disabilities (DBHDD). These findings still apply insofar as the mission of the former SCDMH will now be carried out by the DBHDD.

The SIG acknowledges the efforts of the SCDMH and their talented team of psychiatrists, mental health counselors, nurses, case managers, and administrative and support employees who work to provide quality mental health services to the residents of South Carolina. As outlined within the employee survey, the dedicated employees of the SCDMH truly believe in their work and service to the people of South Carolina.

The SIG extends its appreciation to the SCDMH acting state director, Dr. Robert Bank, and the SCDMH employees for their cooperation and intentionality of seeking solutions to the issues identified by the SIG. In addition, the SIG is appreciative of the collaboration with the South Carolina Human Affairs Commission, the South Carolina Executive Budget Office, and the South Carolina Department of Administration throughout the review process.



## **Compilation of Findings and Recommendations**

### **Section III – Findings and Recommendations – Organizational Restructuring**

**Finding Sec. III – 1:** The SIG determined that numerous employees felt the SCDMH leadership did not thoroughly communicate the details surrounding the reorganization in executive leadership responsibilities and reporting structure changes.

**Recommendation Sec. III – 1:** The SIG recommends the SCDMH leadership ensure proper and thorough communication occurs regarding the anticipated impacts of reorganizations.

**Finding Sec. III – 2:** The SIG determined the DIS hospitals operated at a \$7.5 million deficit in FY2023 before the reorganization in senior leadership and operated at a \$20.8 million deficit for FY2024.

**Recommendation Sec. III – 2:** The SIG recommends the SCDMH continue to work with stakeholders and funding sources to more accurately determine its budget and avoid fiscal deficits.

**Finding Sec. III – 3:** The SIG determined employees have reservations regarding the upcoming new office location changes and have confidentiality concerns working within cubicles.

**Recommendation Sec. III – 3:** The SIG recommends that the SCDMH plan accordingly to ensure employees have a secure place for confidential conversations and communicate openly with employees regarding the Statewide Health Care Agency merger enacted 4/28/25, and how it may affect their jobs.

### **Section IV – Findings and Recommendations – SCDMH Climate and Employee Satisfaction Survey**

**Finding Sec. IV – 1:** The SIG determined there were employee concerns with leadership as it related to accountability and trust.

**Recommendation Sec. IV – 1:** The SIG recommends the SCDMH conduct an independent review of leadership practices to address allegations of favoritism, retaliation, and unethical behavior. In addition, the SIG recommends management enhance leadership training on communication, empathy, and accountability to rebuild trust and increase senior leadership visibility through regular in-person engagement with the SCDMH employees.

**Finding Sec. IV – 2:** The SIG determined numerous employees advised they did not receive their annual Employee Performance Management System (EPMS) despite being employed for multiple years.

**Recommendation Sec. IV – 2:** The SIG recommends the SCDMH conduct EPMS reviews in accordance with [State Human Resource Regulations](#).

**Finding Sec. IV – 3:** The SIG determined employees were unsatisfied with their compensation, and that this unfavorable compensation correlated with high turnover and staffing difficulties of recruiting and retention.

**Recommendation Sec. IV – 3:** The SIG recommends the SCDMH review and adjust salary structures to align with industry standards, implement merit-based raises and performance bonuses tied to EPMS evaluations, develop strategies to support competitive wages and staffing needs. The DOA issued a report on [Mental Health Professional Compensation Review](#) February 2023 on positions in the mental health professional classification series and other positions.



**Finding Sec. IV – 4:** The SIG determined employees felt workloads were not consistent or fair, with many clinical employees mentioning aversion to patient care hours compensation.

**Recommendation Sec. IV – 4:** The SIG recommends the SCDMH streamline required documentation and processes and eliminate redundancy to reduce administrative burdens, establish caseload caps, and provide dedicated patient charting time to prevent burnout.

**Finding Sec. IV – 5:** The SIG determined there were areas that needed significant improvement regarding employee morale and culture.

**Recommendation Sec. IV – 5:** The SIG recommends the SCDMH launch agency-wide recognition programs, team-building events, and employee wellness day to boost morale. The SCDMH could also standardize policies for remote work and flexible schedules to enhance work-life balance. Further, the SIG recommends the SCDMH invest in facility upgrades to improve employee working conditions and patient care environments.

**Finding Sec. IV – 6:** The SIG determined operations within the SCDMH needed improvements regarding policies and procedures, hiring processes, and IT services.

**Recommendation Sec. IV – 6:** The SIG recommends the SCDMH standardize policies and procedures to ensure consistency and compliance, expedite hiring processes, and fill vacancies to alleviate staffing shortages, as well as improve responsiveness of centralized IT and HR services through dedicated support channels.

**Finding Sec. IV – 7:** The SIG determined training and development initiatives could be improved upon to show appreciation for employees, build confidence and competence, as well as supporting employees' professional licensure, continuing education, and increasing career advancement opportunities.

**Recommendation Sec. IV – 7:** The SIG recommends the SCDMH develop a comprehensive training curriculum for long-term employees and new hires that includes billing and documentation guidance. Further, management could subsidize licensure fees and provide paid professional development opportunities and foster career advancement pathways to retain talent. Professional licensure support ties clinicians to the SCDMH, as they gain credentials while maintaining employment at the SCDMH, which also benefits the agency.

**Finding Sec. IV – 8:** The SIG determined the SCDMH failed to act on its own Employee Engagement and Satisfaction Survey report from 2021, and the DOA 2023 report.

**Recommendation Sec. IV – 8:** The SIG recommends the SCDMH review and implement the applicable recommendations outlined in both reports which still existed.

**Finding Sec. IV – 9:** The SIG determined the SCDMH employees participated in improper medical documentation that increased billable hours that resulted in annual reimbursements for "erroneous claims" in the amounts of \$868,745 and \$858,197 for FY2023-2024 respectively.

**Recommendation Sec. IV – 9:** The SIG recommends the SCDMH develop procedures to comply with all state and federal regulations to continue to reduce the amount of reimbursement for "erroneous claims" in order to mitigate any potential fraud and legal risk.

## **Section V – Findings and Recommendations – Human Resource Practices**

**Finding Sec. V – 1:** The SIG determined that of the sample of 40 bonus payments to employees under the Critical Employees Recruitment and Retention Proviso, for 25 of the 40 (63%), the annual reports were not submitted correctly to DSHR (i.e., incorrect job class code, reported bonus amount, employees not reported on the report).

**Recommendation Sec. V – 1:** The SIG recommends the SCDMH ensure accurate submission of its Critical Needs Recruitment and Retention annual report to DSHR.

**Finding Sec. V – 2:** The SIG determined the SCDMH relied on the use of dual employment pay.

**Recommendation Sec. V – 2:** The SIG recommends the SCDMH work towards decreasing the use of dual employment pay as referenced in the DOA 2023 report. Additionally, the SCDMH should update any policy or procedure to comply with the new State HR Regulations revised 9/1/24.

**Finding Sec. V – 3:** The SIG determined that 3,117 (53%) out of 5,859 separations were classified as separations for personal reasons. Further, the number of separations negatively affects the SCDMH's ability to fulfill its mission of serving patients.

**Recommendation Sec. V – 3:** The SIG recommends the SCDMH develop strategies to maximize employee retention.

**Finding Sec. V – 4:** The SIG determined through direct interviews and analysis of comments from the SCDMH Climate and Employee Satisfaction Survey, a potential risk of discrimination can occur within human resource practices as it relates to the use of disciplinary action and FMLA authorization.

**Recommendation Sec. V – 4:** The SIG recommends the SCDMH apply best practices regarding human resource practices in accordance with applicable state and federal laws and regulations.

**Finding Sec. V – 5:** The SIG determined filling vacancies at the SCDMH is critical to addressing shortages, reducing workloads, and improving employee retention and patient care, as highlighted in the SCDMH Climate and Employee Satisfaction Survey. The survey identified slow hiring processes, uncompetitive salaries, and recruitment challenges as key barriers.

**Recommendation Sec. V – 5:** The SIG recommends the SCDMH streamline and accelerate the hiring process.

**Finding Sec. V – 6:** The SIG determined that at least one mental health facility did not have a suitable environment to see patients, and for employees to work, since November 2024 due to poor maintenance despite dedicated funds available for facility maintenance. The SIG determined that as of FY2024, the SCDMH's Medicaid Cash match account that could be used for maintenance and repairs for the centers was \$17,582,922.

**Recommendation Sec. V – 6:** The SIG recommends the SCDMH work with appropriate entities to facilitate and expedite resolution of the confirmed mechanical and structural deficiencies to ensure acceptable conditions for the health and safety of the employees and patients. In addition, the SIG also recommends the SCDMH analyze the needs for regular maintenance and repairs and use the state taxpayer's resources effectively and efficiently in providing a suitable environment for patients' care and employees to work comfortably.

## **Section VI – Findings and Recommendations – Other Observations**

**Finding Sec. VI – 1:** The SIG determined the SCDMH was not utilizing all licensed beds due to budget and staffing constraints and has no identifiable plan as referenced in the DOA 2023 report, SCDMH should develop “a plan to increase each facility’s patient census to a level more aligned with their licensed capacities.”

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