



United States Department of Agriculture Food and Nutrition Service

Type of Request: Initial SNAP Healthy Food Choice State Demonstration Project Waiver

Date of Request: 9/23/2025

State: SC

Region: SERO

Statutory Citations:

Section 17(b) of the Food and Nutrition Act of 2008, as amended (the Act), allows the Secretary of the United States Department of Agriculture to waive statutory requirements (7 U.S.C. § 2026(b)) for purposes of conducting pilot projects designed to test program changes to increase the efficiency of SNAP and improve the delivery of SNAP benefits to eligible households within specific parameters.

Regulatory Citations:

Utilize 7 CFR 282.1 to amend 7 CFR 271.2 which outlines eligible food items for purchase through SNAP benefits, to include any food or food product intended for human consumption except alcoholic beverages, tobacco, and hot foods and hot food products prepared for immediate consumption.

Summary of Healthy Food Choice Demonstration Project Request:

As outlined in 7 CFR 271.1(a), the purpose of SNAP is to promote general welfare and to safeguard the health and well-being of the Nation's population by raising the levels of nutrition among low-income households. To promote this purpose, South Carolina is requesting a waiver to exclude "candy", "energy drinks", "soft drinks", and "sweetened beverages" from the definition of "food" and "eligible food" under the Supplemental Nutrition Assistance Program (SNAP).

South Carolina is seeking approval of this waiver in hopes that reducing the purchase of unhealthy and non-nutritious food and drink items will enhance public health, well-being, and quality of life for many low-income South Carolinians and align the program with its original purpose of improving food security through nutritious food access.

The intended outcome is for SNAP households to transition to healthy food and drink options and promote healthier outcomes for South Carolina families.

Proposed Alternative Procedures to Operate Project:

The South Carolina Department of Social Services (SCDSS) is requesting to exercise Section 17 of the Food and Nutrition Act of 2008 to modify the definition of eligible foods under the Supplemental Nutrition Assistance Program (SNAP). South Carolina will exclude the following non-staple foods from the definition of eligible foods:

Candy: a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients in the form of bars, drops, or pieces.

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"Candy" shall not include the following:

- Protein bars, granola bars.
- Baking ingredients such as sprinkles, chocolate melting wafers, toffee bits, or chocolate chips.
- Items primarily identified and sold as bakery or bread products, such as baked goods, cakes, crackers, cookies, muffins, brownies, pastries, bread, or similar products.

Energy Drinks: beverages containing at least sixty-five (65) milligrams of caffeine per eight (8) fluid ounces that are advertised as being specifically designed to provide metabolic stimulation or an increase to the consumer's mental or physical energy. "Energy drinks" shall not include coffee or tea or any substantially coffee- or tea-based beverage.

Soft Drinks: any nonalcoholic beverage made with carbonated water and flavored or sweetened, or both, with more than five (5) grams of sugar of sugar or other natural or artificial sweeteners.

Sweetened Beverages: any sweetened beverage, flavored or sweetened or both, with added sugar or other natural or artificial sweeteners, ready for consumption without further processing.

"Soft Drinks" and "Sweetened Beverages" shall not include:

- A beverage that contains milk, milk products, soy, rice, or other milk substitutes.
- Any beverage consisting of 50% or more natural fruit or vegetable juice with no added caloric sweetener.
- Any product commonly referred to as "infant" or "baby" formula.
- Sports or rehydration beverages.
- Carbonated water beverages.
- Any beverage for medical use meaning any beverage suitable for human consumption and manufactured for use as a source of necessary nutrition due to a medical condition or for use as an oral rehydration electrolyte solution for infants and children formulated to prevent or treat dehydration due to illness.

SNAP-Eligible Household Considerations:

As of August 2025, South Carolina has a statewide SNAP caseload of approximately 268,158 households and 566,790 individuals. Should this waiver be approved all SNAP recipients will be impacted by the change to allowable purchases. The state will not modify SNAP benefit allotments or eligibility parameters. SCDSS will communicate changes to impacted households via social media posts, press releases, and updates to the agency website.

There will be no "pilot" or "phased in approach" for SNAP recipients regarding implementation of this demonstration project. All South Carolina SNAP households will participate in this demonstration project.

SNAP-Authorized Retailer Considerations:

All retailers authorized by the U.S. Department of Agriculture's Food and Nutrition Service (FNS) to accept SNAP benefits in South Carolina will participate in this demonstration project.

Regardless of size, all South Carolina retailers will be required to comply by the designated implementation date.

This demonstration project does not require retailer-level system changes. Retailers will only be required to restrict the purchase of prohibited items as is currently done for other ineligible items (e.g., alcohol and

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tobacco products). As there are no requirements for retailers to update or enhance their systems technology, all SNAP-authorized retailers in South Carolina will participate in the Healthy Food Choice Demonstration project by the pre-defined implementation date.

Retailers will be required to implement point-of-sale (POS) system changes to support real-time transaction determinations. All SNAP retailers must implement any changes necessary to become compliant with this demonstration project.

South Carolina does not anticipate granting permanent exemptions to SNAP-authorized retailers that are unable to implement the required POS upgrades. All retailers operating in South Carolina and participating in SNAP will be expected to comply with the purchase restrictions immediately upon implementation. SCDSS will provide guidance to retailers and work with the South Carolina Retailers Association and other stakeholders to support compliance.

Retailers that fail to make the necessary changes within the required time frame may be referred to FNS for compliance action or reconsideration of their SNAP authorization status in South Carolina. Temporary allowances may be considered on a case-by-case basis for retailers actively working toward compliance, but no permanent exemptions will be allowed.

Impacts to the State Agency:

SCDSS foresees increases in call volume, constituent services inquiries, and media inquiries. The agency will utilize existing partnerships to offer educational information regarding healthier food/drink options for SNAP households.

If applicable, SNAP retailers will be responsible for the costs associated with the system changes and upgrades required to comply.

As of August 2025, South Carolina had 5,310 active SNAP retailers. Prior to implementation, agency staff will communicate with the South Carolina Retailers Association to outline the impending changes.

State-Level System Changes

No modifications will be necessary for the State's SNAP eligibility system. The customer agreement with South Carolina's EBT processor, Conduent, will also remain unchanged.

Healthy Food Purchases Compliance Plans

SCDSS will work with FNS to formulate an appropriate and operable plan to ensure SNAP retailers do not allow the purchase of candy, energy drinks, soft drinks, and sweetened beverages using SNAP benefits. Until an operable compliance plan is developed, SCDSS will utilize existing procedures to monitor compliance.

SCDSS will require a self-attestation declaration form from all authorized South Carolina SNAP Retailers. This form will serve as confirmation that the required modifications have been implemented at the retailer level.

SCDSS will refer complaints regarding prohibited purchases to FNS to provide necessary penalties and/or disqualifications to retailers.

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FNS is the entity responsible for authorizing SNAP retailers and will need to assist the State in providing initial information to prospective retailers. Once authorized, SCDSS will provide support to any retailer requesting assistance to comply with this statewide demonstration project.

Staff Capacity and Training

It is anticipated that a team of at least four staff will be assigned responsibility for all management, oversight, and evaluation and reporting activities. This team will develop training material for retailers and notifications/educational materials for SNAP recipients; communicate across agency divisions/departments to ensure necessary communications and trainings occur; and use implementation feedback to make continual improvements and ensure restrictions have been clearly communicated to retailers and SNAP households.

Communication Plan:

Authorized SNAP retailers will receive notification regarding the demonstration project, ensuring they understand the definitions of ineligible food items, compliance requirements, and timelines. This advance notice will give retailers the opportunity to adjust their systems ahead of the implementation date.

In addition, SNAP households will be notified of these changes through press releases, text messaging (if enrolled), the SCDSS website and social media posts, as well as collaboration with community partners.

SCDSS will provide any applicable resource materials to community partners and SNAP Outreach implementing agencies to promote healthy eating and nutritious food choices.

Timeline:

At least nine months prior to implementation, SCDSS will send initial notifications to SNAP retailers, outlining the definitional changes in eligible foods, general compliance requirements, and project timelines. As compliance procedures are finalized (e.g., attestation forms and submission methods, etc.), additional notifications will be sent, and training(s) will be offered as appropriate. SCDSS will provide technical assistance to retailers throughout the pre-implementation period.

Newly certified SNAP retailers will be notified of the project requirements electronically via e-mail and/or direct mail as soon as possible following their authorization to accept EBT.

Beginning three months prior to implementation, SCDSS will:

- Make a resource toolkit available to SNAP retailers and SNAP Outreach partners.
- Develop flyers, posters, and other materials for use in stores.
- Launch staff training(s) and messaging and make FAQ and talking points available via the agency's intranet site.
- Inform the public and SNAP recipients about the changes using social media postings, the SCDSS Benefits Portal, and the SCDSS website.

Beginning two months prior to implementation, SCDSS will:

- Issue a news release(s) about the changes.
- Communicate all applicable changes to SNAP recipients that have elected to receive automated messaging through text messages, and/or e-mails.
- Update program materials, existing webpages, applications, forms, and notices.

Justification for Request:

SNAP benefits are being utilized to purchase items that offer little nutritional value, such as candy, energy drinks, soft drinks, and sweetened beverages. These consumption habits can contribute to obesity, diabetes, and other chronic health issues, particularly in low-income areas.

According to the Center for Disease Control and Prevention, South Carolina has one of the highest adult obesity rates in the United States, with approximately 36% of adults in the state classified as obese. In addition, a recent report by the Annie E. Casey Foundation found that 38% of children in South Carolina between the ages of 10 and 17 were considered obese, placing them at significant risk for the development of serious chronic conditions that affect their long-term health and productivity.

The modifications proposed in this waiver aim to prevent SNAP funds from being used on items that provide little to no nutritional value, allowing participants to use their benefits for foods that offer substantial nutritional advantages. This not only broadens the health and nutritional benefits associated with SNAP spending but also improves the purchasing power of households receiving benefits. Moving from spending on candy, energy drinks, soft drinks, and sweetened beverages to purchasing fresh fruits and vegetables will significantly benefit the health of SNAP recipients in South Carolina.

Proposed Evaluation Procedures:

SCDSS will implement a comprehensive evaluation strategy to assess the impact of this demonstration project, including soliciting participant and retailer feedback through targeted surveys, and monitoring relevant health and nutrition outcomes using available state and federal data sources. Additional evaluation methods and specific measures will be further investigated and/or developed in collaboration with FNS and other stakeholders as implementation progresses.

SCDSS will conduct surveys of SNAP recipients and retailers at the following intervals:

- One month prior to implementation;
- Mid-way point of the demonstration project authorization period (1 year); and
- One month after waiver expires.

The purpose of the recipient surveys is to collect input to assess changes in the quantity of unhealthy foods purchased by families, and measure variations in the amount of non-SNAP dollars spent on ineligible food items and general purchasing behaviors. SCDSS will attempt to obtain feedback from SNAP households regarding the overall effects of the program to identify any unforeseen impacts.

Retailer surveys will be conducted simultaneously with surveys for SNAP households to gauge the level of retailer knowledge about allowable purchases, collect practices used to inform clients of unallowable purchases, measure retailer satisfaction, and analyze any changes to operations retailers believe resulted from this project.

Non-compliance will be documented, and SCDSS will work to provide additional technical assistance and support as requested to non-compliant retailers.

Redemption and Transaction Data

Upon implementation, SCDSS will analyze SNAP transaction activity and redemption data for South Carolina, Georgia, and North Carolina on a quarterly basis. Item-level purchase information cannot be assessed, as South Carolina's EBT vendor has advised that they do not possess the capability to capture or provide data at this level of detail.

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Anticipated Implementation Date:

South Carolina's anticipated implementation date is August 31, 2026.

Anticipated Program Costs:

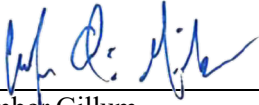
Additional staffing resources will be needed to assist with implementing, monitoring, and evaluating the effectiveness of this demonstration project. Costs associated with mailing and printing are also anticipated. SCDSS intends to submit a state budget request for 2026-27 to cover the state match portion of the project costs.

Anticipated Expiration Date:

August 31, 2028 (two years from project implementation) with the option to request three 12-month extensions for a total of no more than five years.

Signature of Requesting Official:

South Carolina Department of Social Services



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Appendix

Impermissible Projects

Section 17(b)(1)(B)(iv) of the Act explicitly prohibits waivers of certain provisions of the Act. FNS is unable to approve projects that involve a waiver of these provisions.

Impermissible eligibility criteria waivers

Healthy Food Choice demonstration projects may not:

- Change the definition of household for those living in Federally subsidized housing for older adults, group living arrangements, domestic violence shelters, homeless shelters, and drug and alcohol treatment centers), institutions, or boarding houses (Sec. 3(m)(4) and (5));
- Change the gross income standards of eligibility for households that do not have an elderly or disabled member to a level other than 130 percent of the Federal Poverty Level (Sec. 5(c)(2));
- Change the work requirements exemption for parents or household members caring for with dependent children under the age of 6 or caring for an incapacitated person (Sec. 6(d)(2)(B));
- Increase the shelter deduction for households with low or no out-of-pocket housing costs; or
- Deny benefits to an otherwise eligible individual or household (last sentence of Sec. 5(a)).

Impermissible State operations waivers

Healthy Food Choice demonstration projects may not:

- Waive the requirements (Sec. 11(e)(2)(B)) for States to:
 - Provide timely, accurate and fair service to SNAP applicants and participants;
 - Develop a SNAP application; and if the State has a website, make the application available on their website in every language a printed application is available;
 - Allow a household to apply on the same day they first contact a SNAP office during office hours;
 - Consider an application with only name, address, and signature to be filed on the date of application;
 - Require an adult representative to certify that the information on the application is true and that all members are citizens or eligible aliens;
 - Provide a method of certifying and issuing benefits to homeless households; or
 - Determine applicant eligibility within 30 days of the date of the filing of an application (time standard in Sec. 11(e)(3)).
- Change the provisions outlining which parts of the Act are not allowed to be waived;
- Absolve a State from acting with reasonable promptness on substantial reported changes in income or household size;
- Prohibit States from operating a Workfare Program or change the 50/50 matching provisions for workfare activities, including reimbursements for participants in workfare activities;
- Waive provisions of the Simplified SNAP (an optional program for TANF households);
- Waive the State Option to issue benefits to individuals who are not compliant with the work requirements established by welfare reform. If the State issues benefits to these individuals, they must pay the Federal Government back and will not receive Federal match for those recipients.
- Change the 50/50 Federal reimbursement provisions;
- Change QC system requirements, payment error rate, and associated liability process for payment error rates; or
- Change 50/50 Federal reimbursement provisions for eligibility systems.

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FNS is available to answer questions and provide technical assistance to States requesting demonstration projects. If you are unsure whether your State's request would require an impermissible waiver, please contact FNS.

Additional Restrictions on Demonstration Projects

- Demonstration projects may be approved for up to five years with extensions possible thereafter.
- If a demonstration project reduces benefits by more than 20 percent for more than 5 percent of households in the project area (excluding households whose benefits are reduced for failure to comply with work requirements), the demonstration project:
 - cannot affect more than 15% of households in the State AND
 - may not continue for more than 5 years unless the Secretary approves an extension request.
- Demonstration projects **may not**:
 - Provide benefits in the form of cash or a manner otherwise non-restricted to food (except for a project approved before August 22, 1996);
 - Allow SNAP funds to be used to fund other public assistance programs, or use the funds for any purpose other than the purchase of food, program administration, or employment and training activities; or
 - Count SNAP benefits as income or resources for tax purposes, welfare, public assistance programs or any other Federal, State, or local assistance program (Sec. 8(b)).