

***SOUTH CAROLINA DEPARTMENT OF
CONSUMER AFFAIRS***



Subcommittee Budget Presentation

FISCAL YEAR 2019-2020

SC DEPARTMENT OF CONSUMER AFFAIRS: KEY OFFICIALS

Administrator/ Consumer Advocate

Carri Grube Lybarker

803-734-4297/ 803-734-4233
Clybarker@scconsumer.gov

Deputy Administrator/Director of
Identity Theft Unit

Martha S. Phillips

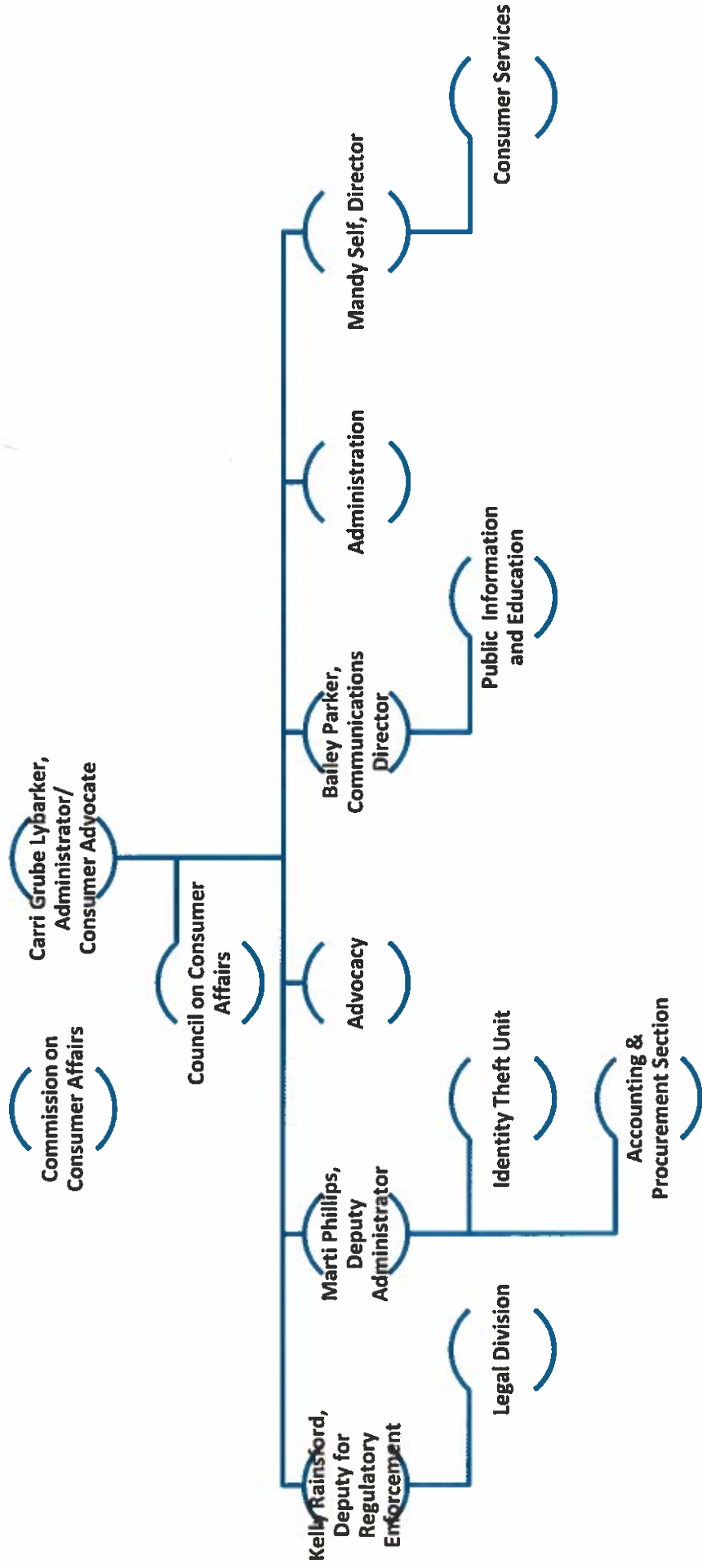
803-734-4241
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Director of Regulatory Enforcement

Kelly Rainsford

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SC Department of Consumer Affairs: Organizational Chart



SUMMARY: SCDCA FY18 ACCOUNTABILITY REPORT

The Department met or exceeded the majority of its target values for FY18. **Overall, the agency's outcome of credits, refunds and adjustments for FY18 through efforts in complaint mediation, enforcement and intervention in insurance rate filings exceeded \$7 million.** This number is double DCA's total budget. Although the agency received about the same number of complaints as the year prior, results from complaint mediation skyrocketed, going from \$1.3 million in FY17 to \$2.4 million in FY18. The increase is attributed to the internal restructuring efforts that brought two complaint analysts to the Legal Division to process complaints against businesses and/or citing issues falling under DCA's jurisdiction.

DCA saw an increase in the number of filings and applications submitted by non-depository financial institutions and other regulated industries in FY18 as well. We received approximately 27,000, 11% more than in FY17. Staff was able to process 87% within thirty days of receipt of a complete application without the need for additional personnel. DCA's FY18 processing target value is 95%, however a delay in implementation of the agency's licensing database CALAS resulted in 50% of the regulatory programs going live by the end of FY18 as opposed to 86%.

Technology also assisted DCA in reaching or exceeding goals and performance measures related to voluntary complaint mediation activities. Consumers submitted 66% of the 4,000 complaints filed with the agency via our Online Complaint System. This high adoption, coupled with implementation of new policies and procedures, resulted in a complaint processing time of 32 days- four days less than FY17.

On the agency outreach front, DCA saw a nine percent increase in both the number of media requests received as well as the percentage of press releases picked up by the media. Our *Consumer Alert: Holiday Edition* publication highlighting holiday shopping and car buying tips and scams to lookout for won a Notable State Document Award. We also continued to leverage resources in our outreach functions, partnering with AARP for a teletown hall on identity theft that reached over 14,000 South Carolinians. The agency's *Ditch the Pitch* campaign also sought partners in the banking and credit union industries resulting in over 3,500 scam guides being distributed through SC branches.

The Department leveraged national, state and local resources in the enforcement of consumer protection laws as well. In FY18, DCA participated in two nationwide mortgage multi-state examinations and settlements. These initiatives benefit both the company and regulator, condensing an exam process and resolving issues of significance nationwide via one avenue. We also worked with the Internal Revenue Service on a matter involving the illegal sale of preneed contracts and the Federal Bureau of Investigation on a matter involving a foreclosure/homebuying scam which resulted in the indictment of an upstate couple.

The Department has also engaged in efforts to increase customer service. DCA completed a reorganization of the agency website, which coupled with the deletion of over 3,000 documents from the site, will ensure an easier transition to a new, modern website set to deploy Q2 of FY19. DCA's five-year regulation review wrapped up in FY18 as well. Resulting in the deletion of eight regulations, amendments to eighteen and one new.

As stated last year, several projects initiated are organized in phases, with completion not anticipated in a single fiscal year. During this process, DCA will continue to evaluate goals, objectives and measurements to ensure an accurate picture of agency performance of its statutory duties.

SC Department of Consumer Affairs: Budget Priorities

Fiscal Year 2019-20 Budget Request Executive Summary

R280
 Department of Consumer Affairs
 Section 80

Priority	Request Type	Request Title	BUDGET REQUESTS				FUNDING				FILES					
			State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted
1	B1- Recurring	Assistant Consumer Advocate	118,000				118,000				118,000	1,00				1,00
2							0				0					0,00
3							0				0					0,00

1. Assistant Consumer Advocate Position:

- \$118,000 (\$90,000 salary/ \$28,000 fringe)
- **Justification-** H4375 (2018) gives DCA the ability to intervene in utility matters. None of DCA's current Advocacy Division employees were employed when DCA previously held similar authority (prior to 2005), thus do not possess the requisite knowledge or experience to adequately represent consumers in utility matters. Further, this addition represents a marked increase in responsibilities of the Division.
- **Methodology-** DCA reviewed prior, similar authority and associated budget and contrasted with new law and current FTE/ resources and salaries paid to state employees performing similar functions.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80



**Fiscal Year 2019-20
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

**OPERATING
REQUESTS
(FORM B1)**

For FY 2019-20, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
<input type="checkbox"/>	Requesting Federal/Other Authorization.
<input type="checkbox"/>	Not requesting any changes.

**NON-RECURRING
REQUESTS
(FORM B2)**

For FY 2019-20, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
<input checked="" type="checkbox"/>	Not requesting any changes.

**CAPITAL
REQUESTS
(FORM C)**

For FY 2019-20, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting funding for Capital Projects.
<input checked="" type="checkbox"/>	Not requesting any changes.

**PROVISOS
(FORM D)**

For FY 2019-20, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
PRIMARY CONTACT:	Carri Grube Lybarker	803-734-4297	CLybarker@scconsumer.gov
SECONDARY CONTACT:	Celeste Brown	803-734-4264	CBrown@scconsumer.gov

I have reviewed and approved the enclosed FY 2019-20 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<i>Agency Director</i>	<i>Board or Commission Chair</i>
SIGN/DATE:		
TYPE/PRINT NAME:	Carri Grube Lybarker 9/21/18	David Campbell

This form must be signed by the agency head – not a delegate.

R280
 Department Of Consumer Affairs
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Agency Name:
 Section:

Priority	Request Type	Request Title	BUDGET REQUESTS			FUNDING			FTEs		
			State	Federal	Total	State	Federal	Total	State	Federal	Total
1	B1 - Recurring	Assistant Consumer Advocate	118,000		118,000	1.00		1.00			1.00
2					0						0.00
3					0						0.00
4					0						0.00
5					0						0.00
6					0						0.00
7					0						0.00
8					0						0.00
9					0						0.00
10					0						0.00
11					0						0.00
12					0						0.00
13					0						0.00
14					0						0.00
15					0						0.00
16					0						0.00
17					0						0.00
18					0						0.00
19					0						0.00
20					0						0.00
21					0						0.00
22					0						0.00
23					0						0.00
24					0						0.00
25					0						0.00
26					0						0.00
27					0						0.00
28					0						0.00
29					0						0.00
30					0						0.00
TOTAL BUDGET REQUESTS			118,000	0	118,000	1.00	0.00	1.00	0.00	0.00	1.00

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Assistant Consumer Advocate Position
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$118,800 Federal: \$0 Other: \$0 Total: \$118,00
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What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	1
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:
	<input type="checkbox"/> Change in cost of providing current services to existing program audience
	<input checked="" type="checkbox"/> Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/> Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/> Non-mandated program change in service levels or areas
	<input type="checkbox"/> Proposed establishment of a new program or initiative
	<input type="checkbox"/> Loss of federal or other external financial support for existing program
	<input type="checkbox"/> Exhaustion of fund balances previously used to support program
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
<input type="checkbox"/> Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:
	<input type="checkbox"/> Education, Training, and Human Development
	<input type="checkbox"/> Healthy and Safe Families
	<input type="checkbox"/> Maintaining Safety, Integrity, and Security
	<input type="checkbox"/> Public Infrastructure and Economic Development
<input checked="" type="checkbox"/> Government and Citizens	

AGENCY NAME:	Department of Consumer Affairs		
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ACCOUNTABILITY OF FUNDS	<p>1.3- Promote the interests of consumers before the Legislature, Governor and regulatory agencies.</p> <p>1.3.3- Percentage of comments provided to regulatory agencies by the deadline.</p> <p>Providing funds for an employee to spearhead DCA’s utility rate intervention responsibilities will enable us to perform the new duties set forth in H4375 (2017-2018 Legislative Session).</p> <p>Effectiveness would be evident at year-end through evaluation of Advocacy Division activities and outcomes, including number of rate reviews, interventions and success rates.</p>
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What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

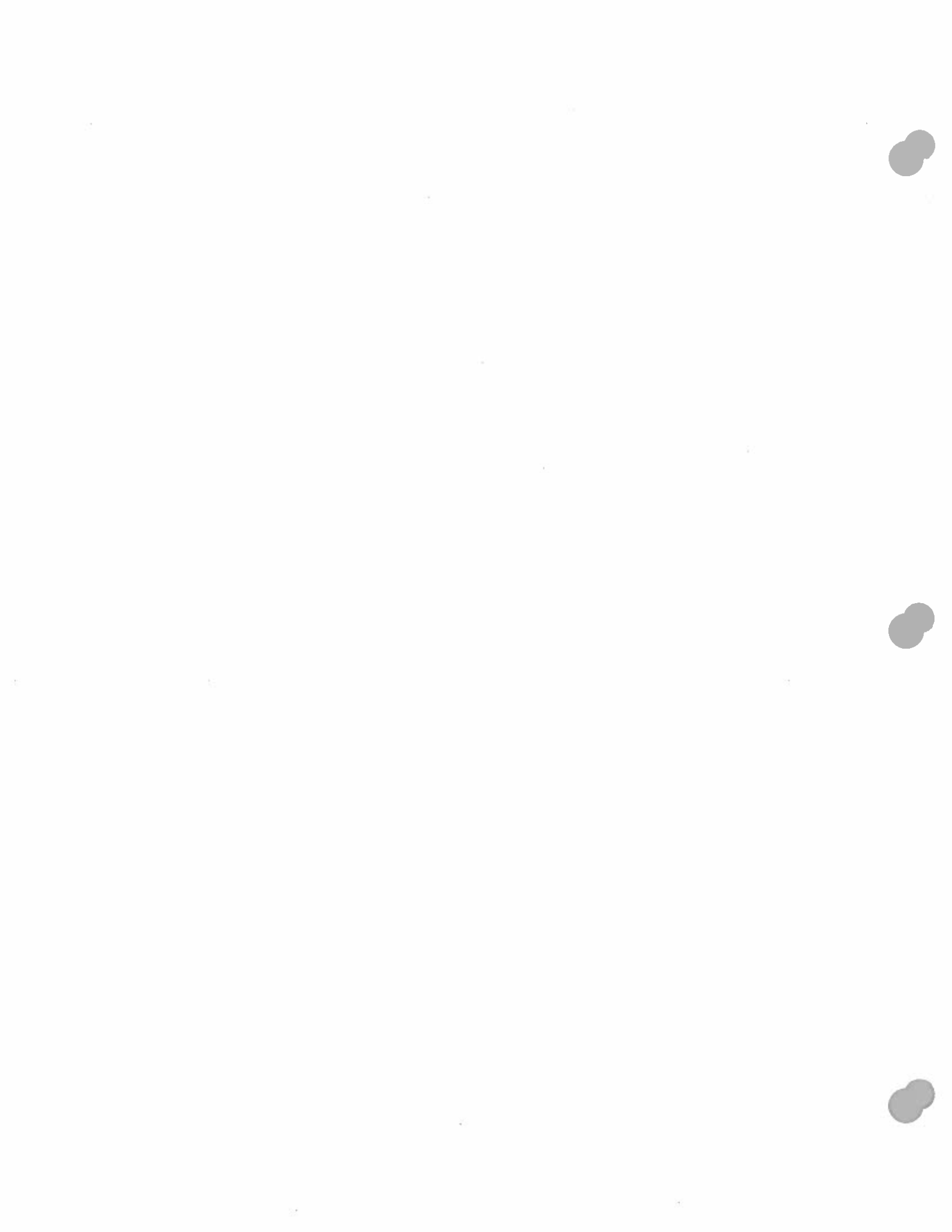
RECIPIENTS OF FUNDS	SCDCA’s Advocacy Division
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>Prior to January 1, 2005, the Department had authority to intervene in matters filed with the Public Service Commission. At one point, the Advocacy Division housed 8 FTEs and had other operating funds upwards of \$240,000. When the ability to intervene in utility rate filings was transferred, the Advocacy Division continued to fulfill the remaining job function set forth in the Consumer Protection Code, including intervening in insurance rate filing matters and representing consumer interests in state and federal rulemaking processes. Currently, the Division houses 3 FTE positions and has other operating funds of \$80,000.</p> <p>H4375 gives DCA the ability to intervene in utility matters. None of DCA’s current Advocacy Division employees were employed with DCA prior to 2005, thus do not possess the requisite knowledge or experience to adequately represent consumers in utility matters. Further, this addition represents a marked increase in responsibilities of the Division. Based on the above, an additional attorney is needed.</p> <p>DCA proposes hiring an Attorney IV with a salary of \$90,000, fringe of \$28,000. To arrive at our estimates, the Department reviewed publicly available data containing salaries for attorneys employed by South Carolina state agencies having authority over utility matters along with the rate contribution schedule.</p>
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AGENCY NAME:	Department of Consumer Affairs		
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.



AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FORM D – PROVISO REVISION REQUEST

NUMBER 80.1

Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

TITLE Consumer Protection Code Violations Revenue

Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM II. Legal, IV. Advocacy

Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST N/A

Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

REQUESTED ACTION Codify

Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED N/A

Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION

Authorizes DCA to retain all funds paid in the resolution of cases involving statutes enforced by the department and to use the retained funds to offset costs.

This Proviso has been in effect for over 20 years. It received a minor clarification amendment in the FY18 Appropriations Act and has remained largely unchanged. Retention and carry forward of these funds is critical to DCA being able to carry out its duties under its respective statutes. Currently other funds constitute 58% of the agency's budget.

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FISCAL IMPACT	<p>Provide "other funds" to the Department in an approximate amount of \$300,000. This is the average amount received during the past three fiscal years. The number varies from year to year dependent on the amount and gravity of enforcement actions resulting in fines and penalties.</p>
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISIO TEXT	<p>No changes.</p> <p>Funds, paid to the department in resolution of cases involving violations of the South Carolina Consumer Protection Code and other statutes enforced by the department be retained and expended within the agency's budget to help offset the costs of investigating, prosecuting, and the administrative costs associated with these violations, may be carried forward and expended for the same purposes in the current fiscal year.</p>
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Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FORM D – PROVISO REVISION REQUEST

NUMBER	80.2
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Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

TITLE	Student Athlete/ Agents Registration
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Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	II. Legal
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

REQUESTED ACTION	Delete
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	N/A
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>Authorizes DCA to retain funds paid under Chapter 102, Title 59 (Uniform Athlete Agents Act) for enforcement of the chapter.</p> <p>This Proviso has been in effect for over 20 years and has not been amended since that time. Retention of these funds is critical to DCA being able to carry out its duties under the Athlete Agent Act. Currently other funds constitute 58% of the agency's budget.</p> <p>The Athlete Agent Act was amended in 2018 codifying the ability for the Department to retain funds received pursuant to the Act (H3068). As such, the proviso is no longer needed.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

AGENCY NAME:	Department of Consumer Affairs		
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FISCAL IMPACT

Provide "other funds" to the Department in an approximate amount of \$30,000. This amount is based on the number of applications received over the past two fiscal years (biannual renewal).

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISOR TEXT

~~Funds received by the department of Consumer Affairs pursuant to registrations under Chapter 102, Title 59 of the 1976 Code may be retained by the department for its enforcement duties relating to athlete agents and student athletes under that chapter.~~

Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FORM D – PROVISO REVISION REQUEST

NUMBER 80.3

Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

TITLE Expert Witness/ Assistance Carry Forward

Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM IV. Advocacy

Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST N/A

Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

REQUESTED ACTION Codify

Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED N/A

Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION

Authorizes DCA to carry forward unexpended funds appropriated for the expert witness/assistance program.

This Proviso has been in effect for over 20 years and has not been amended since that time. Carry forward is needed as the matters for which expert witnesses are hired frequently span two or more fiscal years.

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FISCAL IMPACT	<p>No impact.</p>
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISOR TEXT	<p>No changes.</p> <p>Unexpended encumbered appropriated funds for the Consumer Advocacy expert witness/assistance program (under Section 37-6-603) may be carried forward into the next fiscal year to meet contractual obligations existing at June thirtieth and not paid by July thirty-first.</p>
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Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FORM D – PROVISO REVISION REQUEST

NUMBER	80.4
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Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

TITLE	Registered Credit Grantor Notification and Maximum Rate Filing Fees Retention
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Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	I. Administration, II. Legal, III. Services
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

REQUESTED ACTION	Codify
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	N/A
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>Authorizes DCA to retain funds collected under Chapters 2, 3 and 6 of Title 37 to cover operational costs and to carry forward such funds.</p> <p>This Proviso was first adopted in 2009-2010 Appropriations Act as a revision to a similar Proviso that had been in effect since 2004-2005.</p> <p>The Proviso was updated in 2018-2019 Appropriations Act as portions were previously codified and the Department proposed referencing Chapters instead of sections to permit retention of all filing fees collected therein and avoid the need to amend the proviso as amendments or codification occurs.</p> <p>Retention and carry forward of these funds is critical to DCA being able to carry out its duties under its respective statutes. Currently other funds constitute 58% of the agency's budget.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FISCAL IMPACT

Provide "other funds" to the Department in an approximate amount of \$615,000. This amount is based on the average fees collected over the past three fiscal years for the credit grantor notification program and expected revenue for motor vehicle filing fee program.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISIO TEXT

No changes.

The Department of Consumer Affairs may retain all filing fees collected under Chapters 2, 3 and 6, Title 37 of the 1976 Code. These fees shall be used to offset the cost of administering and enforcing Title 37 and may be applied to the cost of operations. Unexpended balances may be carried forward for the prior fiscal year into the current fiscal year and be utilized for the same purposes.

Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FORM D – PROVISO REVISION REQUEST

NUMBER	80.5
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Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

TITLE	Retention of Fees
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Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	II. Legal
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

REQUESTED ACTION	Codify
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	N/A
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>Authorizes DCA to retain funds collected under Chapter 61, Title 39 (Motor Club Services); Chapter 39, Title 40 (Pawnbrokers) and Chapter 79, Title 44 (Physical Fitness Services) for program implementation.</p> <p>This Proviso was first adopted in 2010-2011 Appropriations Act and was amended annually solely to update the fiscal year, until the date was removed in FY15. Retention of these funds is critical to DCA being able to carry out its duties under the delineated statutes. Currently other funds constitute 58% of the agency's budget.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

FISCAL IMPACT

Provide "other funds" to the Department in the approximate amount of \$140,000. This amount is based on the average monies received from the Pawnbroker, Physical Fitness and Motor Club programs during the last three fiscal years.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISOR TEXT

No changes.

For the current fiscal year, the department may retain all fees collected pursuant to Sections 39-61-80, 39-61-120, 40-39-120, and 44-79-80 of the 1976 Code. The funds retained shall be utilized to implement the requirements of the programs mandated by those sections of the code.

Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

SUMMARY

DCA receives the majority of its funding through other funds (58%). Seventy-nine percent of the agency's total budget is used for salaries and fringe. Of the general fund appropriations received, 73% are allocated for personnel expenses and the remaining 27% for operating costs. We currently have 43 FTE positions as compared to our pre-RIF (FY10) allocation of 68 FTEs. DCA is not in a position to delete any FTE positions, thus if a 3% reduction of general fund appropriations is implemented DCA would reduce operating expenses agency-wide.

The decrease would result in DCA limiting training opportunities and travel for attorneys, investigators and other agency staff. The impact would be a potential lack of knowledge/keeping abreast of changes in Federal laws applicable to the regulatory statutes the agency administers and enforces, including Truth in Lending and mortgage related laws. Further, the majority of DCA's attorneys in the Legal Division have been with the agency for three years or less, thus training is of ever greater importance.

The decrease would also affect agency outreach efforts. DCA has the responsibility of counseling consumers and businesses on their rights and responsibilities under consumer protection laws. Agency consumer and business information campaigns often include printed materials and media buys. Reducing items printed and media buys would result in a reduction of compliance and knowledge of consumer protection laws, negatively impacting the consumer credit marketplace.

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

N/A

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

AGENCY NAME:

Department of Consumer Affairs

AGENCY CODE:

R28

SECTION:

80

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE

Agency Efficiencies

Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS

DCA will be able to process applications faster to enable businesses to quickly enter the marketplace, DCA can process complaints faster and have complaint and licensing systems open for customers 24/7. Businesses will spend less time submitting regulatory applications and responses to complaints, easier ability for all customers to ascertain applicable laws. DCA processes and business responsibilities are clear. Users can more easily navigate DCA's website.

What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

- | | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Repeal or revision of regulations. |
| <input type="checkbox"/> | Reduction of agency fees or fines to businesses or citizens. |
| <input checked="" type="checkbox"/> | Greater efficiency in agency services or reduction in compliance burden. |
| <input type="checkbox"/> | Other |

METHOD OF CALCULATION

Use of agency accountability reports, comparison with prior technologies implemented and associated results. Data analytics from underlying programs.

Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES

N/A. DCA does not have the ability to adjust licensing fees on its own authority, a power given other agencies in the regulation of non-depository financial institutions.

Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION

Review in process.

Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

AGENCY NAME:	Department of Consumer Affairs		
AGENCY CODE:	R28	SECTION:	80

SUMMARY

DCA began a five-year regulation review in FY13 to ensure appropriate guidance to regulated entities, that regulations do not conflict with corresponding statutes and are not obsolete. The review ended in FY18 and resulted in the deletion of eight regulations, amendments to eighteen and one new regulation created. A new review will begin in FY19.

The Department has also employed new technologies to increase efficiencies for all customers and lessen business burden over the past few years:

- DCA completed a revision to the agency website in FY18 to make main links more intuitive, reorganize materials, fix broken crumbs and overall improve usability of the search function. Coupled with the deletion of over 3,000 documents from the site, this project will ensure an easier transition to a new, modern website set to deploy Q2 of FY19.
- In February 2017, the agency received approval for next phase of changes for the online complaint system powered by SC.Gov. Some revisions have already been made with several updates that will decrease DCA staff burden and increase ease of use for front-end users anticipated for FY19 deployment.
- 50% of the regulatory programs administered by DCA are now live on the agency's online licensing database. The remainder are set to launch throughout 2019.

The use of technology has enabled staff to provide more expedient and efficient services. In FY18, the Consumer Services Division decreased complaint processing times by four days and obtained credits, refunds and adjustments for consumers exceeding the Division's budget by \$150,000. The Legal Division engages in complaint mediation for those issues or businesses that fall under DCA's purview. In FY18, the return on investment for their activities reached 64%. Further, DCA received 3,000 more applications and filings last year than the year prior. For the programs available online, 78% of businesses chose to use the online system. Staff was able to process 87% within thirty days of receipt of a complete application without the need for additional personnel. We anticipate this number to increase as additional programs go live.

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?

Transportation and Regulatory Subcommittee Proviso Request Summary

Proviso # in FY 19-20 Act	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
80.1	Consumer Protection Code Violations Revenue	Authorizes DCA to retain all funds paid in the settlement of cases involving statutes enforced by the department and to use the retained funds to offset costs.	KEEP/CODIFY
80.2	Student Athlete/ Agents Registration	Authorizes DCA to retain funds paid under Chapter 102, Title 59 (Uniform Athlete Agents Act) for enforcement of the chapter.	DELETE
80.3	Expert Witness/ Assistance Carry Forward	Authorizes DCA to carry forward unexpended funds appropriated for the expert witness/assistance program.	KEEP/CODIFY
80.4	Registered Credit Grantor Notification and Maximum Rate Filing Fees Retention	Authorizes DCA to retain funds collected under Chapters 2, 3 and 6 of Title 37 to cover operational costs and to carry forward such funds.	KEEP/CODIFY
80.5	Retention of Fees	Authorizes DCA to retain funds collected under Chapter 61, Title 39 (Motor Club Services); Chapter 39, Title 40 (Pawnbrokers) and Chapter 79, Title 44 (Physical Fitness Services) for program implementation.	KEEP/CODIFY

SC Department of Consumer Affairs: Provisos

Proviso Number	Proviso Language & Proposed Changes	DCA Request
80.1	Funds, paid to the department in resolution of cases involving violations of the South Carolina Consumer Protection Code and other statutes enforced by the department be retained and expended within the agency's budget to help offset the costs of investigating, prosecuting, and the administrative costs associated with these violations, may be carried forward and expended for the same purposes in the current fiscal year.	Keep/Codify
80.2	Funds received by the department of Consumer Affairs pursuant to registrations under Chapter 102, Title 59 of the 1976 Code may be retained by the department for its enforcement duties relating to athlete agents and student athletes under that chapter.	Delete
80.3	Unexpended encumbered appropriated funds for the Consumer Advocacy expert witness/assistance program (under Section 37-6-603) may be carried forward into the next fiscal year to meet contractual obligations existing at June thirtieth and not paid by July thirty-first.	Keep/Codify
80.4	The Department of Consumer Affairs may retain all filing fees collected under Chapters 2, 3 and 6, Title 37 of the 1976 Code. These fees shall be used to offset the cost of administering and enforcing Title 37 and may be applied to the cost of operations. Unexpended balances may be carried forward for the prior fiscal year into the current fiscal year and be utilized for the same purposes.	Keep/Codify
80.5	For the current fiscal year, the department may retain all fees collected pursuant to Sections 39-61-80, 39-61-120, 40-39-120, and 44-79-80 of the 1976 Code. The funds retained shall be utilized to implement the requirements of the programs mandated by those sections of the code.	Keep/Codify
117.105	(D) For purposes of this section: (3) Consumer reporting agency means any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of	Keep/Codify

assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports. A list of consumer reporting agencies shall be compiled by the Department of Consumer Affairs and furnished upon request to the agency required to make a notification under this section.

(G) An agency that knowingly and willfully violates this section is subject to an administrative fine up to one thousand dollars for each resident whose information was accessible by reason of the breach, the amount to be decided by the Department of Consumer Affairs.

(H) If the agency provides notice to more than one thousand persons at one time pursuant to this section, the agency shall notify, without unreasonable delay, the Consumer Protection Division of the Department of Consumer Affairs and all consumer reporting agencies that compile and maintain files on a nationwide basis, as defined in 15 USC Section 1681a(p), of the timing, distribution, and content of the notice.

**SC DEPARTMENT OF CONSUMER AFFAIRS:
AUTHORIZED VS. ACTUAL**

Total Appropriations/Authorized		Total Actual Expenditures		Year End Cash Total		
2016	Recurring General Funds	3,498,406	Recurring General Funds	3,184,971	General Funds	618,162
	Non-recurring General Funds	1,313,877	Non-recurring General Funds	1,295,155	Consumer Awareness	-
	Recurring Estimated Funds	124,863	Recurring Estimated Funds	124,863	Operating Revenue	14,659
		2,059,666		1,764,953	Violations of SCCPC	201,747
						401,756
Total Appropriations/Authorized		3,420,638	Total Actual Expenditures		Year End Cash Total	511,691
2017	Recurring General Funds	1,342,250	Recurring General Funds	3,137,109	General Funds	-
	Non-recurring General Funds	18,722	Non-recurring General Funds	1,237,402	Consumer Awareness	19,622
	Recurring Estimated Funds	2,059,666	Recurring Estimated Funds	1,880,985	Operating Revenue	135,256
					Violations of SCCPC	356,813
Total Appropriations/Authorized		3,704,350	Total Actual Expenditures		Year End Cash Total	914,173
2018	Recurring General Funds	1,516,061	Recurring General Funds	3,337,546	General Funds	-
	Non-recurring General Funds	128,623	Non-recurring General Funds	1,399,015	Consumer Awareness	25,372
	Recurring Estimated Funds	2,059,666	Recurring Estimated Funds	1,809,908	Operating Revenue	266,842
					Violations of SCCPC	621,959

Non-recurring funds includes one time funds and prior fiscal year carryforward

SC Department of Consumer Affairs: FTE Breakdown

FTE Information:

43 FTEs (42 filled, 1 vacant)

17- STATE FUNDED, 26- OTHER FUNDED

SC DEPARTMENT OF CONSUMER AFFAIRS: AGENCY HIGHLIGHTS, CHALLENGES & OVERVIEW

DCA HIGHLIGHTS: FY 19

This fiscal year (July-December 2018), DCA has already:

Implemented **six statutes** passing in 2018 Session, including changes to pawnbroker laws, requirement to collect certain data on homeowner association complaints, new utility rate intervention role, and telemarketing law updates.

Recovered approximately **\$1.4 million** in consumer credits, refunds, and adjustments as a result of complaint mediation and enforcement.

Celebrated Identity Theft Unit's 5th Anniversary: Processed over **10,000 scam reports**, assisted nearly **1,500 identity theft victims**, mediated over **400 complaints**, and recovered approximately **\$300,000** from October 2013-October 2018.

Received over **10,000 regulatory filings** for industries such as pawnbrokers, mortgage brokers, preneed funeral contracts and credit counseling.

Launched fresh, **new agency website**. The clean, streamlined and modernized site offers easy navigation to the many tools available for our customers.

TOP CHALLENGE: EMPLOYEE RETENTION

While we have seen improvement on budgetary fronts, personnel challenges continue. DCA is an agency with historically above par staff retention rates. However, due to hiring fluctuations over the years, several staffers became eligible for retirement in FY15 resulting in fifteen percent (15%) of agency staff retiring. In FY16, the challenge turned to retention of newly hired staff. During this fiscal year, seven staff members, constituting seventeen percent (17%) of agency staff, who were with the agency for three years or less left DCA for higher paying jobs with other agencies or in the private sector. The majority of exits arose from our Legal Division, where immense time and funds are expended on training as DCA administers and enforces complex statutes, including those related to the mortgage industry. In FY17, approximately 10% of staff left the agency for other opportunities, in FY18 the number rose to 15%.

AGENCY OVERVIEW

The South Carolina Department of Consumer Affairs (“DCA”/ “Department”) is the state’s consumer protection agency. Established in 1974, DCA has over *forty years* of experience in protecting South Carolina consumers while recognizing those businesses that act honestly and fairly. DCA is charged with administering, interpreting and enforcing over 120 laws, including the S.C. Consumer Protection Code. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education.

The Department accomplishes its mission by: 1.) acting as an effective regulator, 2.) providing complaint mediation services that are unmatched at both state and federal levels, 3.) saving millions for both consumers and small businesses through insurance rate filing intervention, 4.) serving as an educational portal for consumers and businesses alike, and 5.) informing the public on effective ways of preventing and mitigating identity theft situations.

DCA is governed by the **Commission on Consumer Affairs**. The Commission is comprised of nine members, with four being appointed by the General Assembly, four by the Governor and the Secretary of State. This policymaking body has the responsibility of appointing the agency’s **Administrator**, who is responsible for ensuring successful and efficient performance of the agency’s functions and purposes described in the Consumer Protection Code, including advising the Legislature and Governor on consumer issues and state of credit in this State, administering and interpreting the Code and generally overseeing the day to day operations of the agency.

SCDCA is organized into six divisions: Administration, Consumer Services, Public Information and Education, Identity Theft Unit, Advocacy and the Legal Division.

All of DCA’s functions are supported by the agency’s **Administration Division**. All support and planning services critical to the operation of the agency are housed in Administration, including procurement, human resources, accounting and information technology. The Administrator position, appointed by the Commission on Consumer Affairs, is located in this Division. She is charged with advising the Legislature and Governor on consumer issues; administering, interpreting and enforcing Title 37, among other statutes; and managing the day to day operations of the agency.

The **Consumer Services Division** processes and mediates written consumer complaints, seeking to find equitable solutions for the consumer and the business, including refunds, adjustments, and credits to consumer accounts. Staff takes consumer complaints against businesses regulated by DCA, refers complaints that fall within another agency’s jurisdiction, and mediates those complaints against businesses, or involving issues, that are unregulated. The Division provides South Carolina taxpayers with a readily available, experienced, and cost-effective mediation service.

The **Public Information and Education Division** serves as the main education portal for consumers, business and the media. The Division informs consumers and businesses on their rights and responsibilities in the marketplace through traditional and alternative media distribution, including social media, presentations, media coverage and publications. Education is a central part of DCA's mission. Cultivating a marketplace comprised of well-informed consumers and businesses prevents deceptive and unfair business practices and allows legitimate business activity to flourish, resulting in the promotion of competition and a healthier economy.

The Department's newest division, the **Identity Theft Unit (the "Unit")** provides education and outreach to South Carolina consumers across the state to increase public awareness and knowledge about what identity theft is, the steps consumers can take to protect themselves, and what consumers should do in the event of identity theft. For consumers who are identity theft victims, the Unit provides ongoing guidance throughout the process of mitigating and resolving their particular identity theft situation(s). The Unit also handles administration and enforcement of state identity theft-related consumer protection laws, including receipt of security breach notices to ensure reporting and notification requirements are met.

The **Advocacy Division** provides legal representation for the consumer interest in matters involving property and casualty insurance and worker's compensation insurance. As the state agency designated to represent the insurance interests of consumers, the Division aims to ensure that increases in homeowner's insurance and worker's compensation insurance rates are justified, working to avoid excessive, inadequate or unwarranted rate increases. We look forward to providing the same service in the utility space. The Division also oversees agency data collection and reporting functions and reviews rules and regulations proposed by state and federal agencies pertaining to ratemaking, providing comments as deemed appropriate.

The **Legal Division** performs the agency's licensing, administration and enforcement duties related to statutes under the agency's jurisdiction. The Division addresses complaints, conducts investigations, and brings enforcement actions in various courts for violations of the laws subject to action by the Administrator. The Legal Division also processes regulatory applications and filings for fifteen industries, including mortgage brokers, pawnbrokers, physical fitness centers, motor clubs, credit counseling organizations, prepaid legal services, athlete agents, the sale of preneed funeral contracts, registered consumer credit grantor, maximum rate filing and motor vehicle disclosure programs.