COMMITTEE REPORT

May 25, 2016

**H. 4145**

Introduced by Reps. White, Clemmons, Goldfinch, Yow, W.J. McLeod, Horne, Murphy, Erickson, Duckworth, Gagnon, Gambrell, Hardwick, Jordan, Long, Lowe, Pitts, Sandifer, Thayer, Willis, Loftis, Alexander, Johnson, Whipper, M.S. McLeod, Mitchell, Henegan, Anderson, Rivers and R.L. Brown

S. Printed 5/25/16--S. [SEC 5/26/16 11:47 AM]

Read the first time January 28, 2016.

**THE COMMITTEE ON EDUCATION**

To whom was referred a Bill (H. 4145) to amend the Code of Laws of South Carolina, 1976, by adding Article 15 to Chapter 1, Title 13 so as to create the Coordinating Council for Workforce Development, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

/ SECTION 1. Chapter 1, Title 13 of the 1976 Code is amended by adding:

“Section 13-1-2030. (A) There is established the ‘Coordinating Council of Workforce Development’ which is created to engage in discussions, collaboration, and information sharing concerning the state’s ability to prepare and train workers to meet current and future workforce needs. The coordinating council shall be comprised of the following members:

(1) the Secretary of the Department of Commerce or his designee;

(2) the State Superintendent of the Department of Education or his designee;

(3) the Executive Director of the State Board for Technical and Comprehensive Education or his designee;

(4) the Executive Director of the Department of Employment and Workforce or his designee;

(5) the Executive Director of the Commission on Higher Education or his designee;

(6) the president or provost of a research university who shall be appointed by the Chairman of the Commission on Higher Education;

(7) the president or provost of a four‑year college or university who shall be appointed by the Chairman of the Commission on Higher Education;

(8) the president of a technical college who shall be appointed by the Chairman of the State Board for Technical and Comprehensive Education; and

(9) a person appointed by the Superintendent of Education who has particularized expertise regarding Chapter 59, Title 59, the South Carolina Education and Economic Development Act.

(B)(1)The coordinating council shall:

(a) develop and implement procedures for sharing information and coordinating efforts among stakeholders to prepare the state’s current and emerging workforce to meet the needs of the state’s economy. The primary workforce focus of the council shall be on persons over age twenty-one;

(b) make recommendations to the General Assembly concerning matters related to workforce development that exceed the council members’ agencies’ scope of authority to implement and legislation is required;

(c) recommend, to the General Assembly, programs intended to increase student access to and incentivize workforce training within state training programs or through programs offered by businesses through scholarships, grants, loans, tax credits, or other programs documented to be effective in addressing current and future workforce needs;

(d) develop a method for identifying and addressing long-term workforce needs;

(e) conduct an ongoing inventory of existing workforce programs to identify duplications among and within the programs and identify ineffective programs. The council may make recommendations concerning the appropriate actions necessary to eliminate duplication, improvements to ineffective programs so that the programs can achieve the desired result, or the elimination of programs that no longer meet workforce needs;and

(f) submit an annual progress report to the Governor and the General Assembly, by July 1 of each fiscal year, concerning the actions taken by the council during the previous fiscal year, and any recommendations for legislation or agency action. The council may submit additional reports on an ongoing basis as deemed necessary by the council chairman.

(2) The coordinating council may create subcommittees or advisory groups comprised of community or state or local government stakeholders to assist the council in carrying out the council’s duties as contained in item (1).

(C) Members of the coordinating council shall elect a chairman who shall serve for a term of two years. The chairmanship shall rotate between a member representing the interests of the education community and a member representing the interests of the business community.

(D) Members of the coordinating council shall receive per diem, mileage, and subsistence as provided by law for members of boards, commissions, and committees while engaged in the work of the board. Each member’s appointing authority shall be responsible for the per diem, mileage, and subsistence authorized pursuant to this subsection.

(E) The Commission on Higher Education, the Department of Commerce, and the State Board for Technical and Comprehensive Education shall provide staff for the coordinating council.” /

Renumber sections to conform.

Amend title to conform.

JOHN E. COURSON for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

This bill would have an expenditure impact of $47,403,800 on the general fund in FY 2015-16 and $7,053,800 in each year thereafter. An expenditure impact on federal funds and other funds is not anticipated. As the responsibilities of each of the operating agencies have not yet been determined by the new council, the full impact of this bill on agency expenditures cannot yet be determined.

The tax credits offered by this bill would have a negative impact on general fund revenue of $8,000,000 in FY 2016-17, increasing to $17,500,000 per year from FY 2017-18 through FY 2021-22. Beyond FY 2021-22, tax credits would be limited to $8,000,000 per year and any carry-forward of career pathways tax credits from previous years for up to fifteen years from the close of the tax year in which it was earned.

The Municipal Association indicates this bill will have a minimal expenditure impact on municipal governments. Since our office received no responses from the counties surveyed, we are not able to determine the expenditure impact on county governments.

**Explanation of Fiscal Impact**

**Explanation of H. 4145 as amended by House Ways and Means on May 20, 2015 and updated for revised agency responses February 2, 2016**

**State Expenditure**

House Bill 4145, as amended, adds Article 15 to Chapter 1, Title 13 creating a five-member Coordinating Council for Workforce Development and a seventeen-member advisory group within the Department of Commerce. The council is charged with forging partnerships with state, local, and private stakeholders, assessing state-wide needs, coordinating the development of a comprehensive plan to improve workforce training and education, and creating an effective workforce development and job placement system. The bill specifies the council’s duties, responsibilities, evaluation, and reporting requirements regarding the development of the plan. The bill also requires the council to establish a multi-agency program called the Pathways Initiative. The proposed Pathways to First Careers program must be designed to facilitate the transition from education to employment in industries with critical workforce shortages. The proposed Pathways to New Opportunities program must be designed to provide subsidized career training, certification, and job placement assistance to adults pursuing careers in critical need industries in the state. The bill also requires the State Board for Technical and Comprehensive Education to establish a Workforce Scholarship and Grants Fund to be used for tuition and education-related expenses for qualified individuals enrolled in eligible programs. The bill provides limited income tax credits to individuals and entities who contribute to the Workforce Scholarship and Grants Fund.

**Department of Commerce.** The bill establishes a new division within the Department of Commerce called the Coordinating Council for Workforce Development charged with developing a coordinated plan, infrastructure, and a scholarship fund designed to create an effective system fostering workforce education, training, and job placement. The department’s revised estimate indicates that this new multi-agency initiative will require three additional FTEs to plan, develop, coordinate, and sustain the council’s new state-wide programs. general fund expenditures are estimated at $280,000 annually.

**State Department of Education.** The department indicates there would be no expenditure impact for the 2015-2016 school year. With the implementation in the 2016-2017 school year, the department indicates there may be additional expenditures; however, the amount of those expenditures is unknown at this time.

**Department of Employment and Workforce.** The Department of Employment and Workforce reports that the expenditure impact of this bill is undeterminable until the agency’s specific responsibilities are formulated by the new Coordinating Council for Workforce Development.

**State Board for Technical and Comprehensive Education.** The board indicated that the bill would impact general fund expenditures by $47,123,800 in by FY 2015-16 and $6,773,800 in FY 2016-17 and each year thereafter. The bill would require a total of forty-eight additional FTEs for the sixteen technical colleges and six new FTEs for the agency. The non-recurring costs for implementing the bill for all sixteen colleges include $28,500,000 in equipment needed for the program; $10,000,000 for renovating labs and classrooms; $990,000 for IT modifications; and $860,000 for the purchase, up-fit, and equipment needed for two simulation trucks. Included in recurring costs is the assistance for 2,500 students with training materials ($500,000), certification fees ($250,000), and transportation ($812,500). Other recurring costs include marketing to prospective students ($715,000), marketing to businesses ($100,000), miscellaneous administrative expenses ($127,500), and salary and fringe expense for 54 new FTEs ($4,268,800).

**Commission on Higher Education.** The agency reports that the expenditure impact of this bill on the agency and on the public institutions of higher education is undeterminable until the specific responsibilities are formulated by the new Coordinating Council for Workforce Development.

**Department of Social Services.** This bill adds a representative from the Department of Social Services to the advisory group. There is no expenditure impact on the general fund, federal funds, or other funds.

**Department of Vocational Rehabilitation.**  The department’s updated response indicates that this bill will result in a minimal impact on agency expenditures due to the agency’s participation on the advisory group and expenses associated with expanded data collection and reporting requirements for WIOA programs. These expenditures will be absorbed within existing resources. This bill would have no expenditure impact on the general fund, federal funds, or other funds.

**Department of Corrections.** The agency anticipates no expenditure impact on the general fund, federal funds, or other funds.

**Department of Juvenile Justice.** The department reports that any expenditures associated with participation on the advisory group would be minimal and would be absorbed within existing resources. This bill would have no expenditure impact on the general fund, federal funds, or other funds.

**Executive Budget Office.** The Executive Budget Office indicates this bill would have minimal impact which can be absorbed within existing resources.

**Revenue and Fiscal Affairs Office.** The agency anticipates no expenditure impact on the general fund, federal funds, or other funds.

**State Revenue**

**Section 3.** Section 3 establishes the Workforce Scholarship and Grant Fund administered by the State Board for Technical and Comprehensive Education to provide scholarship funding for eligible individuals. Grants not to exceed $10,000 or the total cost of attendance, whichever is less, may be awarded from the fund to South Carolina residents enrolled in a technical college or professional certification program. Eligible institution or program is defined as those located in this state that do not discriminate and meet all eligibility guidelines set by the State Board for Technical and Comprehensive Education.

**Section 4.** Section 4 provides a non-refundable tax credit for an individual’s contribution to the fund. The tax credit is limited to 60% of the taxpayer’s tax liability. The credit applies against the taxpayer’s tax liability for the year in which the taxpayer makes the contribution and applies to contributions made after December 31, 2015. Based on the experience of scholarship tax credits in other states, we expect that South Carolina taxpayers will claim the total $8,000,000 in tax credits allowed in FY 2016-17. This would reduce general fund revenue receipts from individual and corporate income taxes annually by $8,000,000 beginning in FY 2016-17.

**Section 5.** This section would add Section 12-6-3760 to allow a taxpayer to claim a career pathways tax credit if the taxpayer creates an apprenticeship. The nonrefundable tax credit may be claimed for five years beginning in year two as long as the minimum level of five apprenticeships is maintained. The amount of the career pathways tax credit is exactly one-half of the job tax credit amounts pursuant to Section 12-6-3360(B) and is as follows:

 $4,000 for each new full-time apprenticeship created in “Tier IV” counties

 $2,125 for each new full-time apprenticeship created in “Tier III” counties

 $1,375 for each new full-time apprenticeship created in “Tier II” counties

 $750 for each new full-time apprenticeship created in “Tier I” counties

An apprenticeship created pursuant to this section is not considered a new job pursuant to Section 12-6-3360. The eligible taxpayer may have no more than 500 employees and any unused career pathways tax credits may be carried forward for a period of fifteen years from the taxable year in which the credit is earned by the taxpayer. This section takes effect in tax years beginning after 2015 and applies to apprenticeships created after this date.

According to the U.S. Department of Labor, Employment and Training Administration, apprentices make up about 0.3 percent of the total labor force. Based on the latest labor force data from the Bureau of Labor Statistics, there are an estimated 2,229,795 individuals in the civilian labor force in South Carolina. Multiplying 2,229,795 by 0.3 percent yields an estimated 6,689 potential apprentices. Recognizing that some of these individuals are currently employed as apprentices through other various federal and state training programs, there may be an additional 5,000 individuals that may become eligible for workforce training. Because it is difficult to estimate with certainty in which county new apprentices may be found, an estimated average career pathways tax credit of $1,900 per eligible apprentice is used in the analysis. Multiplying 5,000 potential apprentices by an average career pathways tax credit of $1,900 yields a reduction of general fund income tax revenue of an estimated $9,500,000 in FY 2017-18 and each fiscal year through FY 2021-22.

**Local Expenditure**

The Revenue and Fiscal Affairs Office contacted the Municipal Association of South Carolina and twenty-three county governments regarding the expenditure impact of this bill. The Municipal Association indicates this bill will have a minimal expenditure impact on municipal governments. Since our office received no responses from the counties surveyed, we are not able to determine the expenditure impact on county governments.

**Explanation of H. 4145 as amended by House Ways and Means on May 20, 2015**

**Fiscal Impact Summary**

**State Expenditure**

House Bill 4145, as amended, adds Article 15 to Chapter 1, Title 13 creating a five-member Coordinating Council for Workforce Development and a seventeen-member advisory group within the Department of Commerce. The council is charged with forging partnerships with state, local, and private stakeholders, assessing state-wide needs, coordinating the development of a comprehensive plan to improve workforce training and education, and creating an effective workforce development and job placement system. The bill specifies the council’s duties, responsibilities, evaluation, and reporting requirements regarding the development of the plan. The bill also requires the council to establish a multi-agency program called the Pathways Initiative. The proposed Pathways to First Careers program must be designed to facilitate the transition from education to employment in industries with critical workforce shortages. The proposed Pathways to New Opportunities program must be designed to provide subsidized career training, certification, and job placement assistance to adults pursuing careers in critical need industries in the state. The bill also requires the State Board for Technical and Comprehensive Education to establish a Workforce Scholarship and Grants Fund to be used for tuition and education-related expenses for qualified individuals enrolled in eligible programs. The bill provides limited income tax credits to individuals and entities who contribute to the Workforce Scholarship and Grants Fund.

**Explanation of Fiscal Impact**

**State Expenditure**

House Bill 4145, as amended, adds Article 15 to Chapter 1, Title 13 creating a five-member Coordinating Council for Workforce Development and a seventeen-member advisory group within the Department of Commerce. The council is charged with forging partnerships with state, local, and private stakeholders, assessing state-wide needs, coordinating the development of a comprehensive plan to improve workforce training and education, and creating an effective workforce development and job placement system. The bill specifies the council’s duties, responsibilities, evaluation, and reporting requirements regarding the development of the plan. The bill also requires the council to establish a multi-agency program called the Pathways Initiative. The proposed Pathways to First Careers program must be designed to facilitate the transition from education to employment in industries with critical workforce shortages. The proposed Pathways to New Opportunities program must be designed to provide subsidized career training, certification, and job placement assistance to adults pursuing careers in critical need industries in the state. The bill also requires the State Board for Technical and Comprehensive Education to establish a Workforce Scholarship and Grants Fund to be used for tuition and education-related expenses for qualified individuals enrolled in eligible programs. The bill provides limited income tax credits to individuals and entities who contribute to the Workforce Scholarship and Grants Fund.

**Department of Commerce.** The bill establishes a new division within the Department of Commerce called the Coordinating Council for Workforce Development charged with developing a coordinated plan, infrastructure, and a scholarship fund designed to create an effective system fostering workforce education, training, and job placement. The department estimates that this new multi-agency initiative will require five additional FTEs to plan, develop, coordinate, and sustain the council’s new state-wide programs. general fund expenditures are estimated at $500,000 in the first year and $425,000 each year thereafter.

**State Department of Education.** The department indicates there would be no expenditure impact for the 2015-2016 school year. With the implementation in the 2016-2017 school year, the department indicates there may be additional expenditures; however, the amount of those expenditures is unknown at this time.

**Department of Employment and Workforce.** The Department of Employment and Workforce reports that the expenditure impact of this bill is undeterminable until the agency’s specific responsibilities are formulated by the new Coordinating Council for Workforce Development.

**State Board for Technical and Comprehensive Education.** The board indicated that the bill would impact general fund expenditures by $47,123,800 in FY 2015-16 and $6,773,800 in FY 2016-17 and thereafter. The bill would require a total of forty-eight additional FTEs for the sixteen technical colleges and six new FTEs for the agency. The non-recurring costs for implementing the bill for all sixteen colleges include $28,500,000 in equipment needed for the program; $10,000,000 for renovating labs and classrooms; $990,000 for IT modifications; and $860,000 for the purchase, up-fit, and equipment needed for two simulation trucks. Included in recurring costs is the assistance for 2,500 students with training materials ($500,000), certification fees ($250,000), and transportation ($812,500). Other recurring costs include marketing to prospective students ($715,000), marketing to businesses ($100,000), miscellaneous administrative expenses ($127,500), and salary and fringe expense for 54 new FTEs ($4,268,800).

**Commission on Higher Education.** The agency reports that the expenditure impact of this bill on the agency and on the public institutions of higher education is undeterminable until the specific responsibilities are formulated by the new Coordinating Council for Workforce Development.

**Department of Social Services.** This bill adds a representative from the Department of Social Services to the advisory group. There is no expenditure impact to the general fund, federal funds, or other funds.

**Department of Vocational Rehabilitation.** The agency was contacted and asked to submit an impact statement, but the agency has not yet responded.

**Department of Corrections.** The agency anticipates no expenditure impact on the general fund, federal funds, or other funds.

**Department of Juvenile Justice.** The agency was contacted and asked to submit an impact statement, but the agency has not yet responded.

**Executive Budget Office.** The Executive Budget Office indicates this bill would have minimal impact which can be absorbed within existing resources.

**Revenue and Fiscal Affairs Office.** The agency anticipates no expenditure impact on the general fund, federal funds, or other funds.

**State Revenue**

**Section 3.** Section 3 establishes the Workforce Scholarship and Grant Fund administered by the State Board for Technical and Comprehensive Education to provide scholarship funding for eligible individuals. Grants not to exceed $10,000 or the total cost of attendance, whichever is less, may be awarded from the fund to South Carolina residents enrolled in a technical college or professional certification program. Eligible institution or program is defined as those located in this state that do not discriminate and meet all eligibility guidelines set by the State Board for Technical and Comprehensive Education.

**Section 4.** Section 4 provides a non-refundable tax credit for an individual’s contribution to the fund. The tax credit is limited to 60% of the taxpayer’s tax liability. The credit applies against the taxpayer’s tax liability for the year in which the taxpayer makes the contribution and applies to contributions made after December 31, 2015. Based on the experience of scholarship tax credits in other states, we expect that South Carolina taxpayers will claim the total $8,000,000 in tax credits allowed in FY 2016-17. This would reduce general fund revenue receipts from individual and corporate income taxes annually by $8,000,000 beginning in FY 2016-17.

**Section 5.** This section would add Section 12-6-3760 to allow a taxpayer to claim a career pathways tax credit if the taxpayer creates an apprenticeship. The nonrefundable tax credit may be claimed for five years beginning in year two as long as the minimum level of five apprenticeships is maintained. The amount of the career pathways tax credit is exactly one-half of the job tax credit amounts pursuant to Section 12-6-3360(B) and is as follows:

 $4,000 for each new full-time apprenticeship created in “Tier IV” counties

 $2,125 for each new full-time apprenticeship created in “Tier III” counties

 $1,375 for each new full-time apprenticeship created in “Tier II” counties

 $750 for each new full-time apprenticeship created in “Tier I” counties

An apprenticeship created pursuant to this section is not considered a new job pursuant to Section 12-6-3360. The eligible taxpayer may have no more than 500 employees and any unused career pathways tax credits may be carried forward for a period of fifteen years from the taxable year in which the credit is earned by the taxpayer. This section takes effect in tax years beginning after 2015 and applies to apprenticeships created after this date.

According to the U.S. Department of Labor, Employment and Training Administration, apprentices make up about 0.3 percent of the total labor force. Based on the latest labor force data from the Bureau of Labor Statistics, there are an estimated 2,229,795 individuals in the civilian labor force in South Carolina. Multiplying 2,229,795 by 0.3 percent yields an estimated 6,689 potential apprentices. Recognizing that some of these individuals are currently employed as apprentices through other various federal and state training programs, there may be an additional 5,000 individuals that may become eligible for workforce training. Because it is difficult to estimate with certainty in which county new apprentices may be found, an estimated average career pathways tax credit of $1,900 per eligible apprentice is used in the analysis. Multiplying 5,000 potential apprentices by an average career pathways tax credit of $1,900 yields a reduction of general fund income tax revenue of an estimated $9,500,000 in FY 2017-18 and each fiscal year through FY 2021-22.

**Local Expenditure**

The Revenue and Fiscal Affairs Office contacted the Municipal Association of South Carolina and twenty-three county governments regarding the expenditure impact of this bill. The Municipal Association indicates this bill will have a minimal expenditure impact on municipal governments. Since our office received no responses from the counties surveyed, we are not able to determine the expenditure impact on county governments.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING ARTICLE 15 TO CHAPTER 1, TITLE 13 SO AS TO CREATE THE COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT, TO DEVELOP A COMPREHENSIVE PLAN FOR WORKFORCE TRAINING AND EDUCATION UNDER THE COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT, TO PROVIDE LEGISLATIVE FINDINGS, TO PROVIDE DEFINITIONS, TO ESTABLISH THE DUTIES OF THE COUNCIL, TO ESTABLISH TO WHOM THE COMPREHENSIVE PLAN MUST BE SUBMITTED AND THE CONTENTS REQUIRED, TO PROVIDE FOR PROGRAM EVALUATIONS, TO PROVIDE FOR A BIENNIAL ASSESSMENT BY THE COUNCIL, TO PROVIDE THAT THE COUNCIL SHALL IMPROVE COORDINATION OF WORKFORCE DEVELOPMENT IN THE STATE, TO PROVIDE FOR THE CREATION OF A STATE STRATEGIC PLAN FOR SUPPLY OF HEALTH CARE PERSONNEL, TO PROVIDE THAT THE WORKFORCE DEVELOPMENT COUNCILS SHALL DEVELOP AND MAINTAIN A LOCAL UNIFIED PLAN FOR THE WORKFORCE DEVELOPMENT SYSTEM; BY ADDING ARTICLE 29 TO CHAPTER 53, TITLE 59 SO AS TO DEVELOP AND IMPLEMENT A CAREER PATHWAYS FOR SUCCESS INITIATIVE, TO ESTABLISH A PATHWAYS TO FIRST CAREERS PROGRAM, AND TO ESTABLISH A PATHWAYS TO NEW OPPORTUNITIES PROGRAM; BY ADDING SECTION 12‑6‑3760 SO AS TO PROVIDE A TAX CREDIT FOR TAXPAYERS WHO HIRE AN APPRENTICE; BY ADDING SECTION 59‑53‑110 SO AS TO CREATE A WORKFORCE SCHOLARSHIP AND GRANT FUND; AND BY ADDING SECTION 12‑6‑3765 SO AS TO PROVIDE A TAX CREDIT FOR TAXPAYERS WHO CONTRIBUTE TO THE WORKFORCE SCHOLARSHIP AND GRANT FUND.

Be it enacted by the General Assembly of the State of South Carolina:

Chapter 1, Title 13 of the 1976 Code is amended by adding:

“Article 15

Workforce Development

Section 13‑1‑2010. This article may be cited as the ‘South Carolina Workforce Development Act’.

Section 13‑1‑2020. As used in this article:

(1) ‘Adult basic education’ means instruction designed to assist adults to acquire a basic education, to prepare for a high school equivalency test, to develop literacy skills, to obtain the knowledge and skills necessary for employment and self‑sufficiency, or to complete the requirements for a state high school diploma.

(2) ‘Council’ means the Coordinating Council for Workforce Development.

(3) ‘Operating agencies’ means the Department of Education, the Department of Employment and Workforce, the Department of Commerce, the State Board for Technical and Comprehensive Education, the Commission on Higher Education, and other stakeholders.

(4) ‘Training system’ means programs and courses of secondary career and technical education, technical college programs and courses, community college career and technical education programs and courses, college programs and courses, employer‑sponsored training, adult basic education programs and courses, programs and courses funded by the federal Workforce Investment and Opportunity Act, programs and courses funded by the federal Vocational Act, programs and courses funded under the federal Adult Education Act, publicly funded programs and courses for adult literacy education, and apprenticeships, and programs and courses offered by nonprofit organizations that are representative of communities or significant segments of communities and provide job training or adult literacy services.

(5) ‘Career and technical education’ means organized educational programs offering a sequence of courses which are directly related to the preparation or retraining of individuals in paid or unpaid employment in current or emerging occupations requiring other than a baccalaureate or advanced degree. The programs may include competency‑based applied learning which contributes to an individual’s academic knowledge, higher‑order reasoning, and problem‑solving skills, work attitudes, general employability skills, and the occupational‑specific skills necessary for economic independence as a productive and contributing member of society. The term also includes applied technology education.

(6) ‘Workforce development council’ means a local workforce investment board as established in The Workforce Investment and Opportunity Act, as amended.

(7) ‘Workforce skills’ means skills developed through applied learning that strengthen and reinforce an individual’s academic knowledge, critical thinking, problem solving, and work ethic so as to develop the employability, occupational skills, and management of home and work responsibilities necessary for economic independence.

Section 13‑1‑2030. (A) There is created the Coordinating Council for Workforce Development within the Department of Commerce. The council shall consist of the following ex officio members or their designees:

(1) the Secretary of the Department of Commerce;

(2) the State Superintendent of the Department of Education;

(3) the Executive Director of the State Board for Technical and Comprehensive Education;

(4) the Executive Director of the Department of Employment and Workforce; and

(5) the Executive Director of the Commission on Higher Education or its successor.

(B) The council shall rely on partnerships with and guidance from an advisory group of workforce development stakeholders in the State. Advisory group members shall attend council meetings, provide information and testimony, and participate in the development of the work product of the council. The advisory group must be comprised of representatives from the following and must be representative of the ethnic, gender, rural, and urban diversity of the State:

(1) the Coordinating Council for Economic Development;

(2) the Department of Social Services;

(3) the Department of Vocational Rehabilitation;

(4) the Department of Corrections;

(5) the Department of Juvenile Justice;

(6) two representatives from local and regional workforce investment boards;

(7) two representatives from nonprofit and community organizations selected by the South Carolina Association of Nonprofit Organizations;

(8) two representatives from businesses with more than fifty employees from different industries, one selected by the South Carolina Chamber of Commerce and one selected by South Carolina Manufacturers Alliance;

(9) two representatives from businesses with less than fifty employees from different industries, one selected by the South Carolina Chamber of Commerce and one selected by South Carolina Manufacturers Alliance;

(10) one representative from a four‑year college or university selected by the Chairman of the Commission on Higher Education;

(11) one representative from a technical college selected by the Chairman of the Board for Technical Comprehension and Education; and

(12) one representative from the Office of Career and Technology Education from a school district selected by the State Superintendent of Education.

(C) The Secretary of Commerce shall serve as the chairman of the council.

Section 13‑1‑2040. (A) The Coordinating Council for Workforce Development shall develop a comprehensive plan for workforce development.

(B) The council, in cooperation with the Department of Education, the Department of Employment and Workforce, the Department of Commerce, the State Board for Technical and Comprehensive Education, the Commission on Higher Education, and other stakeholders shall:

(1) concentrate its major efforts on planning, coordination evaluation, policy analysis, and recommending improvements to the state’s training system;

(2) advocate for the state training system and for meeting the needs of employers and the workforce for workforce education and training;

(3) establish and maintain an inventory of the programs of the state training system, and related state programs, and perform a biennial assessment of the career and technical education, training, and adult basic education and literacy needs of the State, identify ongoing and strategic education needs, and assess the extent to which employment, training, career and technical and basic education, rehabilitation services, and public assistance services represent a consistent, integrated approach to meet the needs;

(4) develop and maintain a state comprehensive plan for workforce development including, but not limited to, goals, objectives, and priorities for the state training system and review the state training system for consistency with the state comprehensive plan. In developing the state comprehensive plan for workforce development, the council shall use, but is not limited to:

(a) economic, labor market, and populations trends reports;

(b) information provided by the Office of Revenue and Fiscal Affairs;

(c) industry employment and occupational forecasts;

(d) the results of scientifically based outcome, net‑impact and cost‑benefit evaluations;

(e) the needs of employers as evidenced in formal employer surveys and other employer input;

(f) the needs of program participants and workers as evidenced in formal surveys and other input from program participants; and

(g) information and updates regarding current education programs provided by the State Board for Technical and Comprehensive Education, the State Department of Education, and the Commission on Higher Education.

(5) review and make recommendations to the Executive Budget Office on operating and capital facilities budget requests for operating agencies of the state training system for purposes of consistency with the state comprehensive plan for workforce development;

(6) provide for coordination among the different operating agencies and components of the state training system at the state level and at the regional level;

(7) develop a consistent and reliable database on career and technical education enrollments, costs, program activities, and job placements from publicly funded career and technical education programs in this State;

(8) establish standards for data collection and maintenance for the operating agencies of the state training system in a format that is accessible for use by the council;

(9) require a minimum of core data to be collected by each operating agency of the state training system and develop requirements for minimum core data;

(10) provide for the improvement and maintenance of quality and utility in occupational information and forecasts for use in training system planning and evaluation. Improvements must include, but are not limited to, development of state‑based occupational change factors involving input by employers and employees, and delineation of skill and training requirements by education level associated with current and forecasted occupations;

(11) establish minimum standards for program evaluation for the operating agencies of the state training system including, but not limited to, the use of common survey instruments and procedures for measuring perceptions of program participants and employers of program participants, and monitor such program evaluation;

(12) administer scientifically based outcome evaluations of the state training system every two years including, but not limited to, surveys of program participants, surveys of employers of program participants, and matches with employment and workforce department payroll and wage files. Every five years, administer scientifically based net‑impact and cost‑benefit evaluations of the state training system; and

(13) provide for effectiveness and efficiency reviews of the state training system.

(C) The council shall also:

(1) facilitate ongoing collaboration among stakeholders in order to address the health care personnel shortage;

(2) collaborate with stakeholders and within the comprehensive plan, establish and maintain a state strategic plan for ensuring an adequate supply of health care personnel that safeguards the ability of the health care delivery system in this State to provide quality, accessible health care to residents of South Carolina; and

(3) report to the General Assembly and the Governor by December 31, 2017, and annually after, on progress on the state plan and make additional recommendations as necessary.

(D) The Department of Commerce, in consultation with the State Board for Technical and Comprehensive education, shall:

(1) ensure coordination among workforce training priorities and economic development and entrepreneurial development efforts;

(2) establish and administer programs for marketing and outreach to businesses and potential program participants; and

(3) facilitate private sector assistance for the state training system by investigating and implementing effective coinvestment models.

(E) The State Board for Technical and Comprehensive Education, in consultation with the State Department of Education and the Commission on Higher Education or its successor, shall:

(1) make recommendations to the State Board of Education concerning basic skill competencies and essential core competencies for K‑12 education as they relate to workforce training and education. Basic skills for this purpose may include reading, writing, computation, speaking, and critical thinking. Essential core competencies for this purpose may include English, math, science/technology, history, geography, and critical thinking. The council shall monitor the development of and provide advice concerning secondary curriculum which integrates career and technical and academic education;

(2) facilitate the development of programs for school‑to‑work transition that combine classroom education and on‑the‑job training, including entrepreneurial education and training, in industries and occupations without a significant number of apprenticeship programs;

(3) provide for the development of common course description formats, common reporting requirements, and common definitions for operating agencies of the training system;

(4) facilitate transfer of credit policies and agreements between institutions of the state training system, establish articulation agreements for programs encompassing two years of secondary workforce education and two years of postsecondary workforce education; and

(5) conduct research into workforce development programs designed to reduce the high unemployment rate among young people between approximately seventeen and twenty‑one years of age, and advise the council on implement policies and programs to alleviate the unemployment rate among young people. The research may include disaggregated demographic information and, to the extent possible, income data for young adults. The research also must include a comparison of the effectiveness of programs examined as a part of the research conducted in this subsection in relation to the public investment made in these programs in reducing unemployment of young adults. The council shall report to the Senate Finance Committee, the Senate Education Committee, the House Ways and Means Committee, and the House Education and Public Works Committee by November 15, 2017, and every two years after.

(F) The Department of Employment and Workforce, in consultation with all operating agencies, shall:

(1) develop policy objectives for the Workforce Investment and Opportunity Act, P.L. 113‑128, or its successor; develop coordination criteria for activities under the act with related programs and services provided by state and local education and training agencies; and ensure that entrepreneurial training opportunities are available through programs of each local workforce development council in the State;

(2) include in the planning requirements for local workforce investment boards a requirement that the local workforce investment boards specify how entrepreneurial training is to be offered through the one‑stop system required under the Workforce Investment and Opportunity Act, P.L. 113‑128, or its successor; and

(3) participate in the planning and policy development of Governor set‑aside grants under The Job Training Partnership Act, as amended.

(G) Operating agencies assigned a responsibility under this section shall carry out their duties upon the approval of the council.

(H) The council and all operating agencies shall adopt rules and promulgate regulations necessary to implement this article.

Section 13‑1‑2050. (A) The council shall develop a state comprehensive plan for workforce development for a five‑year time period. The council shall submit the five‑year state comprehensive plan to the Senate Finance Committee, the Senate Education Committee, the House Ways and Means Committee, the House Education and Public Works Committee, and the Governor. The plan becomes the state’s workforce training policy unless legislation is enacted to alter the policies set forth in the plan.

(B) The comprehensive plan must include a description of the purpose and workforce training role for workforce development programs of the operating agencies and sufficient specificity regarding expected actions by the operating agencies to allow them to carry out actions consistent with the comprehensive plan.

(C) The operating agencies shall have operating plans for their workforce development efforts that are consistent with the comprehensive plan and that provide detail on implementation steps needed to carry out their responsibilities under the plan. Each operating agency shall provide an annual progress report to the council.

(D) The comprehensive plan must include recommendations to the General Assembly and the Governor on the modification, consolidation, initiation, or elimination of workforce development programs in this State.

(E) The comprehensive plan must identify the strategic industry sectors targeted by the workforce development system.

(F) The council shall report to the Senate Finance Committee, the Senate Education Committee, the House Ways and Means Committee, and the House Education and Public Works Committee by December first of each year on its progress in implementing the comprehensive plan and on the progress of the operating agencies in meeting their obligations under the plan.

Section 13‑1‑2060. (A) The council shall specify, by December 31, 2016, the core data to be collected by the operating agencies of the state training system and the standards for data collection and maintenance required in Section 13‑1‑2040(B)(8) and (9). Operating agencies shall execute such security and privacy agreements necessary to enable the exchange of participant and employer information identified in this section by March 1, 2017 and renew annually thereafter.

(B) The minimum standards for program evaluation by operating agencies required in Section 13‑1‑2040(B)(10) must include at least biennial program evaluations. The first of the evaluations must be completed by the operating agencies by July 1, 2018.

(C) The council shall complete, by January 1, 2018, its first outcome‑based evaluation and, by September 1, 2018, its nonexperimental net‑impact and cost‑benefit evaluations of the training system. The outcome, net‑impact, and cost‑benefit evaluations for the first evaluations, must include evaluations of each of the following programs:

(1) secondary career and technical education;

(2) work‑related adult basic skills education;

(3) postsecondary workforce training; and

(4) the system as a whole.

(D) The council shall use the results of its outcome, net‑impact, and cost‑benefit evaluations to develop and make recommendations to the General Assembly and the Governor for the modification, consolidation, initiation, or elimination of workforce development programs in the State.

(E) The council shall perform the requirements of this section in cooperation with the operating agencies.

Section 13‑1‑2070. By January 1, 2018, and biennially after, the council shall:

(1) assess the total demand for training from the perspective of workers and from the perspective of employers;

(2) assess the available supply of publicly and privately provided training which workers and employers are demanding;

(3) assess the costs to the State of meeting the demand; and

(4) present the General Assembly and the Governor with a strategy for bridging the gap between the supply and the demand for training services.

Section 13‑1‑2080. The council, in cooperation with the operating agencies, by January 1, 2018, shall:

(1) identify policies to reduce administrative and other barriers to efficient operation of the state’s workforce development system and barriers to improved coordination of workforce development in the State. These policies must include waivers of statutory requirements and administrative rules, as well as implementation of one‑stop access to workforce development services and school‑to‑work transition;

(2) identify ways for operating agencies to share resources, instructors, and curricula through collaboration with other public entities to increase training opportunities and reduce costs; and

(3) report to the Senate Finance Committee, the Senate Education Committee, the House Ways and Means Committee, the House Education and Public Works Committee, and the Governor its recommendations for any statutory changes necessary to enhance operational efficiencies or improve coordination. The council shall work with the operating agencies of the state’s workforce development system to reduce administrative barriers that do not require statutory changes.

Section 13‑1‑2090. (A) Workforce development councils, in partnership with local elected officials, shall develop and maintain a local unified plan for the workforce development system including, but not limited to, the local plan required by the Workforce Investment and Opportunity Act. The unified plan must include a strategic plan that assesses local employment opportunities and skill needs, the present and future workforce, the current workforce development system, information on financial resources, diversity, goals, objectives, and strategies for the local workforce development system, and a system‑wide financial strategy for implementing the plan. Local workforce development councils shall submit their strategic plans to the council for review and to the Governor for approval.

(B) The strategic plan clearly must articulate the connection between workforce and economic development efforts in the local area including the area industry sectors and the strategic sectors the community is targeting for growth. The plan must include, but is not limited to:

(1) data on current and projected employment opportunities in the local area;

(2) identification of workforce investment needs of existing businesses and businesses considering location in the region, with special attention to industry sectors;

(3) identification of educational, training, employment, and support service needs of job seekers and workers in the local area, including individuals with disabilities and other underrepresented talent sources;

(4) analysis of the industry demand, potential labor force supply, and educational, employment, and workforce support available to businesses and job seekers in the region; and

(5) collaboration with associate development organizations in regional planning efforts involving combined strategies around workforce development and economic development policies and programs.

(C) The council shall work with workforce development councils to develop implementation and funding strategies for purposes of this section.”

SECTION 2. Chapter 53, Title 59 of the 1976 Code is amended by adding:

“Article 29

Pathways Initiative

Section 59‑53‑2620. (A) The State Board for Technical and Comprehensive Education, the Department of Education, the Department of Employment and Workforce, and the Department of Commerce shall implement a Pathways Initiative in alignment with the Education and Economic Development Act to improve employment outcomes and address critical workforce development needs statewide.

(B) The Coordinating Council for Workforce Development shall prepare an annual report on the Pathways Initiative by February first of each year. The report must be published on each operating agency’s website and submitted to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee. The report must include, at minimum, an analysis of program accountability measures and key performance indicators.

Section 59‑53‑2630. The State Board for Technical and Comprehensive Education and the Department of Education shall develop and implement a statewide Pathways to First Careers program to facilitate a seamless transition from education to employment in industries with critical workforce shortages. Funds allocated to the program must be used to provide the necessary infrastructure, including career and technical equipment, facilities, instructional materials, transportation, and tuition grants. Of the funds allocated to the program:

(1) at least thirty percent of the funds must be directed to school districts or multi‑district career centers lacking adequate career development and workforce readiness programs with priority given to school districts or multi‑district career centers with a poverty index of seventy‑five percent or greater; and

(2) remaining funds must be used to establish programs in all regions of the State that confer the necessary skills and training to prepare students for careers in high demand fields and critical need positions in businesses and industries experiencing difficulty recruiting and retaining qualified applicants.

Section 59‑53‑2640. (A) The State Board for Technical and Comprehensive Education shall coordinate with the Department of Commerce, Department of Employment and Workforce, and the Department of Education to develop and implement a Pathways to New Opportunities program to provide subsidized career training and certification and job placement assistance to adults pursuing careers in high demand jobs in critical need industries throughout the State.

(B) The State Board for Technical and Comprehensive Education shall establish a Workforce Scholarships and Grants fund for eligible individuals to be used for tuition and education related expenses for eligible career training and certification programs. The board, in consultation with the Department of Education and the Commission on Higher Education or its successor, shall develop and maintain eligibility criteria for scholarships and grants. Funds may be used to provide opportunities through existing programs.

(C) The Department of Employment and Workforce shall coordinate with the State Board for Technical and Comprehensive Education to identify and refer eligible individuals to the training programs and scholarship opportunities established in this section. Also, the Department of Employment and Workforce shall coordinate with the Department of Commerce and the State Board for Technical and Comprehensive Education to develop and implement a plan to facilitate the job placement of eligible individuals who have completed the necessary training and certification to ensure that qualified individuals are matched with available employment opportunities in high demand jobs throughout the State.”

SECTION 3. Article 1, Chapter 53, Title 59 of the 1976 Code is amended by adding:

“Section 59‑53‑110. (A) There is created a Workforce Scholarships and Grants fund administered by the State Board for Technical and Comprehensive Education. The purpose of the fund is to provide scholarship funding for eligible individuals to pursue career education through eligible programs.

(B) As used in this section:

(1) ‘Qualifying individual’ means a person who is a South Carolina resident and who is eligible to be enrolled in a South Carolina technical college or professional certification program.

(2) ‘Cost of attendance’ means the total amount of money charged for the cost of a qualifying individual to attend an eligible program including, but not limited to, tuition, fees for attending the school, textbooks, and school‑related transportation, less all federal grants and need‑based grants.

(3) ‘Eligible program’ means a program that:

(a) does not discriminate on the basis of race, color, or national origin;

(b) is located in this State;

(c) has school facilities that are subject to applicable federal, state, and local laws; and

(d) meets all eligibility guidelines promulgated by the State Board for Technical and Comprehensive Education in consultation with the Department of Education.

(4) ‘Person’ means an individual, partnership, corporation, or other similar entity.

(C) Grants may be awarded from the fund in an amount not exceeding ten thousand dollars or the total cost of attendance, whichever is less, for students to attend the program of their choice.

(D)(1) The State Board for Technical and Comprehensive Education, in consultation with the Department of Education, is responsible for determining if a program meets the criteria established by subsection (A)(3), and shall publish an approved list of qualifying programs. For the purpose of this subsection, the board shall promulgate regulations further enumerating the specifics of these criteria.

(2) By the first day of August for the current fiscal year, the State Board for Technical and Comprehensive Education, on its website available to the general public, shall provide a list of approved programs that accept grants for eligible students and that in the board’s determination are in compliance with the requirements of subsection (A)(3).

(E) Contributions made to the fund must be used to provide grants for tuition, fees, transportation, or textbook expenses to individuals enrolled in eligible programs who qualify for these grants under the provisions of this section. A person contributing to the fund may not designate a specific individual or institution as the beneficiary of the contribution.”

SECTION 4 A. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3760. (A) A taxpayer is allowed a career pathways tax credit if the taxpayer creates a registered apprenticeship as defined in the National Apprenticeship Act. A taxpayer claiming credits pursuant to this section is ineligible for income tax credits authorized for apprenticeships pursuant to Section 12‑6‑3477.

(B)(1) A career pathways tax credit is allowed for up to five years for a registered apprentice employed by the taxpayer. The apprentice must be employed for at least seven months to be eligible for the credit in year one. Subsequent credits can be applied as long as the employee remains in the apprenticeship program under an apprenticeship agreement. The amount of the initial tax credit is as follows:

(a) four thousand dollars for each new full time apprenticeship created in ‘Tier IV’ counties, as provided in Section 12‑6‑3360(B)(1);

(b) two thousand one hundred twenty‑five dollars for each new full time apprenticeship created in ‘Tier III’ counties, as provided in Section 12‑6‑3360(B)(2);

(c) one thousand three hundred seventy five dollars for each new full time apprenticeship created in ‘Tier II’ counties, as provided in Section 12‑6‑3360(B)(3);

(d) seven hundred fifty dollars for each new full time apprenticeship created in ‘Tier I’ counties, as provided in Section 12‑6‑3360(B)(4).

(2) An apprenticeship created pursuant to this section is not a new job for purposes of Section 12‑6‑3360.

(C) A credit claimed pursuant to this section but not used in a taxable year may be carried forward in the same manner as provided in Section 12‑6‑3360(H).

(D) For purposes of this section, an ‘apprenticeship program’ means a program designed to allow an individual the opportunity to work under supervision to learn a trade or skill and approved by the South Carolina State Board for Technical and Comprehensive Education’s Apprenticeship Carolina as the apprenticeship registering entity for the state of South Carolina.

(E) Tax credits may be prorated for apprentices that are employed part time.

(F) The Department of Revenue may adopt rules and promulgate regulations necessary to implement this section.”

B. This section takes effect in tax years beginning after 2016 and applies to apprenticeships created thereafter.

SECTION 5. This act takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑