



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3726 Introduced on January 18, 2023
Author: G. M. Smith
Subject: Statewide Education and Workforce Development Act
Requestor: House Labor, Commerce, and Industry
RFA Analyst(s): Miller, Boggs, Bryant, and Tipton
Impact Date: February 27, 2023

Fiscal Impact Summary

This bill creates the Office of Statewide Workforce Development Coordination (SWDC) within the Department of Employment and Workforce (DEW). Additionally, the Coordinating Council for Workforce Development (CCWD) is transferred from the Department of Commerce to DEW and is restructured. The CCWD is tasked with engaging in discussions, collaborations, and information sharing concerning the ability of the state to prepare and train workers to meet the needs of the workforce as well as other duties as outlined in this bill. Additionally, the CCWD must develop the Unified State Plan (USP) to create a comprehensive statewide education and workforce development plan that provides a systemwide approach to streamline and unify efforts of entities involved in education and workforce development in the state.

DEW anticipates this bill will result in the need for 35.0 FTEs and will increase expenditures by \$7,442,178 in FY 2023-24 and \$4,436,378 each year thereafter. These FTEs and expenses are in addition to any transfers DEW will receive from Commerce due to the transfer of the CCWD. The recurring \$4,436,378 will cover 20.0 FTEs with a total salary and fringe of \$2,003,910 to support the CCWD and to develop the USP for education and workforce development. Additionally, software licensing, data services, and other operating costs to support these new FTEs are anticipated to total \$830,784. The agency also anticipates the need for an additional 15.0 FTEs with a total salary and fringe of \$1,080,322 to help manage the rural initiative and outreach programs. Other operating costs for these 15.0 FTEs total an estimated \$188,857. DEW anticipates an additional \$332,505 will be needed to increase existing staff salary to align these salaries with new hires. Further, DEW anticipates the need for a non-recurring \$3,005,800, which will be used to provide a career coach (an access mobile unit that provides onsite assistance and is equipped with ten workstations with Wi-Fi and printer capabilities), facility improvements, technology, and professional services in FY 2023-24.

This bill may result in a decrease in FTEs and expenses for the Department of Commerce due to the transfer of the CCWD. The amount of the impact will require further discussion between DEW and Commerce.

The Department of Veterans' Affairs (DVA) anticipates that this bill will have no expenditure impact as any additional duties required by this bill will be able to be managed with existing staff and appropriations.

The Vocational Rehabilitation Department (VR) anticipates that this bill will have no expenditure impact as any additional duties required by this bill will be able to be managed with existing staff and appropriations. However, Section 41-30-350 (B) of this bill requires member agencies to provide staff and administrative support for the CCWD. Until the duties and requirements of that section are fully formed, the VR cannot accurately state whether this bill will impact agency expenses.

This bill may increase expenses for the Commission on Higher Education (CHE) by up to \$600,000 beginning in FY 2023-24 for 4.0 additional FTEs related to access, program management, data management, and research, as well as other operating expenses for server space and maintenance in order to carry out the provisions of the USP as established by the bill. CHE indicates that this would require additional General Fund appropriations and is contingent upon the memorandum of agreement for each member agency of the CCWD that will address the scope of each agency's duties.

The Tech Board indicates that the requirements of this bill will be managed within existing resources and will have no fiscal impact. However, this is contingent upon the memorandum of agreement that is required by each member agency of the CCWD that will address the scope of each agency's duties.

Based on responses the Revenue and Fiscal Affairs Office (RFA) received from the University of South Carolina, Coastal Carolina University, South Carolina State University, Lander University, and Francis Marion University, any additional expenditures as a result of the bill will be managed within the institutions' existing budgets. Therefore, we anticipate this bill will have no expenditure impact on state institutions of higher learning (IHLs).

This bill will have no expenditure impact for the South Carolina Department of Education as many of the responsibilities outlined in the bill are current practice and the agency anticipates that the remaining responsibilities can be managed with existing staff and within existing appropriations.

This bill may increase expenses for RFA by an undetermined amount. Based on conversations with DEW, RFA has estimated that assisting with data management may require 3,900 working hours to accomplish. RFA anticipates the need for 2.0 FTEs to be able to cover these working hours. Additionally, at \$125 per hour, the total cost of this collaboration may be approximately \$487,500 annually. The hourly rate covers project management, statistical, IT, privacy, and security expenses. This does not include additional expenses for data storage and backup as these expenses depend on the amount of data RFA is asked to store. RFA anticipates being able to manage these expenses during implementation until it can request an appropriations increase in FY 2024-25.

Both the House of Representatives (House) and the Senate anticipate, absent a significant number of committee meetings, being able manage the additional expense of any per diem,

subsistence, and mileage for the CCWD members appointed by the respective bodies within existing appropriations.

Explanation of Fiscal Impact

Introduced on January 18, 2023

State Expenditure

This bill creates the SWDC within the DEW. Additionally, the CCWD is transferred from the Department of Commerce to DEW and is restructured. This council is tasked with engaging in discussions, collaborations, and information sharing concerning the ability of the state to prepare and train workers to meet the needs of the workforce as well as other duties as outlined in this bill.

The CCWD will consist of the following members:

1. the Executive Director of the Department of Employment and Workforce or his designee, who shall serve as chairman;
2. the Director of the Office of Statewide Workforce Development Coordination or his designee;
3. the Director of the South Carolina Department of Veterans Affairs or his designee;
4. the Commissioner of South Carolina Vocational Rehabilitation or his designee;
5. the Chairman of the South Carolina Research Authority or his designee;
6. the Commissioner of Agriculture or his designee;
7. the Director of the Department of Labor, Licensing and Regulation or his designee;
8. the Director of the Office of Revenue and Fiscal Affairs or his designee;
9. the Director of the Education Oversight Committee or his designee;
10. the President of the South Carolina Manufacturing Extension Partnership or his designee;
11. representatives of any other agencies or entities selected by vote of the executive or his designee;
12. the Secretary of the Department of Commerce or his designee;
13. the State Superintendent of Education or his designee;
14. the Executive Director of the State Board for Technical and Comprehensive Education or his designee;
15. the Executive Director of the Commission on Higher Education or his designee;
16. the president or provost of a research university in this State who is selected by the presidents of the research universities in this State;
17. the president or provost of a four-year college or university in this State who is selected by the presidents of the four-year universities in this State;
18. the president of a technical college in this State who is appointed by the Executive Director of the State Board for Technical and Comprehensive Education or his designee;
19. the following members appointed by the State Superintendent of Education who have expertise regarding the South Carolina Education and Economic Development Act:
 - a. a school district superintendent;
 - b. a school counselor; and
 - c. a career and technology education director;

20. two representatives from the business community, appointed by the Governor, who have professional expertise in economic development and workforce issues;
21. one person appointed by the Chairman of the House Education and Public Works Committee and one person appointed by the House minority party leader; and
22. one person appointed by the Chairman of the Senate Education Committee and one person appointed by the Senate minority party leader.

Additionally, the CCWD will create the USP, a unified comprehensive statewide education and workforce development plan that provides a systemwide approach to streamline and unify efforts of entities involved in education and workforce development in the state.

Department of Employment and Workforce. This bill creates the SWDC within DEW. Additionally, the CCWD is restructured under DEW and tasked with engaging with discussions, collaborations, and information sharing concerning the ability of the state to prepare and train workers to meet the needs of the workforce as well as other duties as outlined in this bill.

The CCWD is currently operating under the Department of Commerce. This bill transfers this council from Commerce to DEW, including all associated FTEs, appropriations, rules, regulations, and other relevant aspects of the council. This bill may result in an increase in FTEs and expenses for DEW due to the transfer of the CCWD. The amount of the impact will require further discussion between DEW and Commerce.

In addition to the increase in FTEs and appropriations due to the transfer from Commerce, DEW anticipates this bill will increase expenditures by \$7,442,178 in FY 2023-24 and \$4,436,378 each year thereafter. DEW anticipates the need for 35.0 FTEs. 20.0 FTEs with a total salary and fringe of \$2,003,910 are requested to support the CCWD and to develop a unified plan for education and workforce development. Additionally, software licensing, data services, and other operating costs are anticipated to total \$830,784 to support these new FTEs. The agency also anticipates the need for an additional 15.0 FTEs with a total salary and fringe of \$1,080,322 to help manage the rural initiative and outreach programs. Other operating costs for these 15.0 FTEs are an estimated \$188,857. Further, DEW anticipates an additional \$332,505 will be needed to increase existing staff salary to align these salaries with new hires. The agency hopes to improve employee retention of these more experienced employees with this salary adjustment.

DEW also anticipates the need for non-recurring expenses of \$3,005,800, which will be used to provide a career coach (an access mobile unit that provides onsite assistance and is equipped with ten workstations with Wi-Fi and printer capabilities), facility improvements, technology, and professional services in FY 2023-24.

Department of Commerce. This bill transfers the CCWD from Commerce to DEW including all officers, members, records, property, personnel, and unexpected appropriations associated with the CCWD. This bill may result in a decrease in FTEs and expenses for the Department of Commerce due to the transfer of the CCWD. The amount of the impact will require further discussion between DEW and Commerce.

The Department of Veterans Affairs. The agency anticipates that this bill will have no expenditure impact as any additional duties required by this bill will be able to be managed with existing staff and appropriations.

The Vocational Rehabilitation Department. The agency anticipates that this bill will have no expenditure impact as any additional duties required by this bill will be able to be managed with existing staff and appropriations. However, Section 41-30-350 (B) of this bill requires member agencies to provide staff and administrative support for CCWD. Until the duties and requirements of that section are fully formed, the agency cannot accurately state whether this bill will impact agency expenses.

Commission on Higher Education. This bill requires CHE, along with the other members of the CCWD, to develop and implement the USP for statewide workforce development initiatives. CHE, along with Commerce, DEW, and the Tech Board, are further required to plan and promote career information and employment options and preparation programs by identifying potential employers, serving as a contact point for prospective employees, providing labor market information, and promoting increased career awareness and counseling through the South Carolina Occupational Information System.

According to CHE, this bill may require 4.0 additional FTEs related to access, program management, data management, and research. CHE estimates annual salary and fringe for each additional FTE to be approximately \$125,000. Additional operating expenses of approximately \$100,000 annually may be needed for additional server space and server maintenance related to the bill's data management requirements. In total, this bill may increase expenses for CHE by up to \$600,000 beginning in FY 2023-24, and the agency indicates that this would require additional General Fund appropriations. However, this is contingent upon the memorandum of agreement for each member agency of the CCWD that will address the scope of each agency's duties.

State Board for Technical and Comprehensive Education. This bill requires the Tech Board, along with the other members of the CCWD, to develop and implement the USP for statewide workforce development initiatives. The Tech Board, in conjunction with Commerce, DEW, and CHE, is further required to plan and promote career information and employment options and preparation programs by identifying potential employers, serving as a contact point for prospective employees, providing labor market information, and promoting increased career awareness and counseling through the South Carolina Occupational Information System. The Tech Board indicates that the requirements of this bill will be managed within existing resources and will have no fiscal impact. However, this is contingent upon the memorandum of agreement that is required by each member agency of the CCWD that will address the scope of each agency's duties.

State Institutions of Higher Learning. This bill requires state IHLs to operate in accordance with the USP and any other guidance as directed by the SWDC or CCWD. This bill further requires the presidents of state IHLs in designated geographical areas to serve on the advisory boards of regional education centers. RFA received responses from the University of South Carolina, Coastal Carolina University, South Carolina State University, Lander University, and

Francis Marion University indicating that any additional expenditures as a result of the bill will be managed within the institutions' existing budget. Therefore, we anticipate this bill will have no expenditure impact on state IHLs.

Department of Education. The Department of Education is currently performing most responsibilities outlined in this bill and anticipates that any additional responsibilities can be managed with existing staff and within existing appropriations. Therefore, this bill will have no expenditure impact for the Department of Education.

Revenue and Fiscal Affairs. DEW has reached out to RFA to request assistance with the establishment, collection, and maintenance of the data needed by SWDC to perform its duties. The exact cost for these services is currently unknown, as it depends on the volume of data to be stored and the number of other responsibilities RFA assumes, among other things. However, as an example of the potential expense, RFA has estimated that these responsibilities may require 3,900 working hours to accomplish. RFA anticipates the need for 2.0 FTEs to be able to cover these working hours. Additionally, at \$125 per hour, the total cost of this collaboration may be approximately \$487,500 annually. The hourly rate covers project management, statistical, IT, privacy, and security expenses. This does not include additional expenses for data storage and backup as these expenses depend on the amount of data RFA is asked to store. As roles and responsibilities between RFA and DEW are more clearly defined, RFA will be able to better estimate the amount of working hours needed as well as data storage and backup expenses. Therefore, this bill will have an undetermined expenditure impact for RFA.

DEW does not currently include expenses for service charges with RFA in their budget, and therefore, RFA anticipates the need to ask for a General Fund appropriation increase to cover these expenses.

House of Representatives and Senate. The CCWD will consist of one person appointed by the Chairman of the House Education and Public Works Committee, one person appointed by the House minority party leader, one person appointed by the Chairman of the Senate Education Committee, and one person appointed by the Senate minority party leader, for a total of four members appointed by the bodies. These non-legislative member appointees will receive per diem and subsistence for each meeting, pursuant to proviso, and mileage of \$0.655 per mile for each meeting. Both the House and the Senate anticipate, absent a significant number of committee meetings, that these additional expenses can be managed within existing appropriations.

State Revenue

N/A

Local Expenditure and Revenue

N/A



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