

FISCAL IMPACT STATEMENT ON BILL NO. **S.22, Senate Amendment**
(Doc. No. Unknown)

TO: The Honorable Larry A. Martin, Chairperson, Senate Judiciary Committee
FROM: State Budget Division, Budget and Control Board
ANALYSTS: K. Earle Powell, R.J. Stein, Stephen Gardner, Brenda Hart
DATE: January 22, 2013 SBD: 2013028

AUTHOR: Senator Sheheen PRIMARY CODE CITE: 1-30-10
SUBJECT: SC Restructuring Act of 2013

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

Senate Bill 22, Senate Amendment, enacts the South Carolina Restructuring Act of 2013 by adding the Department of Administration. In addition, the Bill allows for legislative oversight for executive departments and agencies.

EXPLANATION OF IMPACT:

State Budget and Control Board

The Board reports that this Bill abolishes the Budget and Control Board and provides for the creation of a Department of Administration, a State Fiscal Accountability Authority, the Confederate Relic Room and Military Museum Commission. These new agencies are formed from designated programs within the current Budget and Control Board and Office of the Governor. In addition, the Bill provides for the creation of two new offices: the Executive Planning and Budget Office within the Department of Administration and the Legislative Fiscal Office within the Legislative Services Agency. These new offices are formed from existing resources within the State Budget Division and vacant positions at the Budget and Control Board that may be needed. In addition, the Bill transfers the State Energy Office to the Office of Regulatory Staff and the Confederate Relic Room and Military Museum to the newly created Commission. The “administrative support units” of the Budget and Control Board are transferred to the Department of Administration. The Bill further directs the Department of Administration to provide administrative support to the State Fiscal Accountability Authority. However, there is not provision for administrative support for the Legislative Services Agency or Confederate Relic Room and Military Museum Commission included in the Bill.

Costs would be incurred to configure the statewide accounting system to establish the new agencies and transfer employees and accounts according to new organizational structures. The Division of State Information Technology anticipates that all organizational units will not remain intact. New master data and organizational structures would be established; new accounting approvals defined; split and/or movement of grants, fixed assets, and cash; establishment of purchasing groups and plants; new procurement module organizational structures; role mapping and development; and, training. This equates to an estimated fiscal impact of \$288,000. The Board also indicates that additional indeterminate costs will be incurred as a result of transferring programs between agencies.

The Senate and the House of Representatives

The Senate and the House each report that it would require 6.00 FTEs for research analysts at an annual cost to the General Fund of \$470,000 for salary, fringe, travel, and other operating expenses. The total cost to the General Fund for the Legislature would be \$940,000 and 12.00 FTEs.

Governor's Office - OEPP

The Governor's Office reports that the bill would have no significant impact on the budget for the Office of Executive Policy and Programs with the exception of the potential expansion of Small and Minority Business Assistance to the Division of Small and Minority Contacting and Certification two FTEs, a Director and one additional staff member, would need to be added over the current staffing for the Office of Small and Minority Business Assistance at an annual cost in salaries of \$109,798.

Department of Health and Environmental Control (DHEC)

The Agency has been forwarded a copy of the Bill, but to date, has not submitted impact of the proposed Bill.

Office of Regulatory Staff (ORS)

The Office reports that additional other budget authority would be needed for the agency to absorb the State Energy Office. Most of the State Energy Office's funding is through grants; therefore, ORS would need the budget authority to spend the grant funds.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Brenda Hart
Assistant Director, State Budget Division