

FISCAL IMPACT STATEMENT ON BILL NO. **S.22, as Amended**

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TO: The Honorable F. Gregory “Greg” Dellaney, Jr., Chairperson, House Judiciary Committee
FROM: State Budget Division, Budget and Control Board
ANALYSTS: K. Earle Powell, R.J. Stein, Stephen Gardner, Brenda Hart
DATE: May 14, 2013 SBD: 2013331

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, as Amended, 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 the Bill provides for the creation of a Department of Administration (Department), formed from designated programs of the Budget and Control Board (Board) and Office of the Governor, an Executive Budget Office within the Department, the State Contracts and Accountability Authority, and the Revenue and Fiscal Affairs Office.

The newly created Department is required to use existing resources of transferred programs to support its operations, including but not limited to funding, personnel, equipment and supplies, and those of the newly created Executive Budget Office. The Bill provides for use of vacant FTEs at the Board, but most of these are not presently funded. It cannot be determined at this point whether existing resources are sufficient, when divided and reconstituted, to provide for adequate functioning of these units.

In addition, the Bill merges the existing administrative support units of the Board and the Governor’s Office into the Department. The Bill requires this newly merged unit of the Department to provide administrative support (financial management, human resource management, information technology, procurement, and logistical support) to the State Contracts and Accountability Authority and the Revenue and Fiscal Affairs Office. The impact of the merger and these additional responsibilities cannot be determined at this time.

Costs would be incurred to configure the statewide accounting system to establish the new agencies and transfer the programs, 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. Additional indeterminate costs will be incurred as a result of transferring programs between agencies.

The Senate and the House of Representatives

The Senate and House of Representatives both estimate that six (6) additional analysts/researchers will be required for each body to perform the additional legislative oversight responsibilities under this Bill. The cost for these 12 additional employees (salaries, fringe, equipment, etc.) is estimated between \$900,000-\$1,000,000 in the first year with a similar annual fiscal impact in subsequent years to maintain employees performing these duties.

State Auditor

The State Auditor Office indicates that the Bill requires the State Auditor to conduct independent, comprehensive performance audits of the executive branch of state government and each of its agencies, accounts, and programs; and also state education governmental entities and each of their agencies, accounts, and programs, however, does not state how many audits are anticipated each year or how often each agency will be audited. The State Auditor estimates the cost of conducting an audit to range from \$20,000 for a small agency to at least \$150,000 for a large agency. Without more information indicating the number and frequency of the audits, the State Auditor cannot provide any meaningful estimate of the annual cost.

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.

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.

Department of Health and Environmental Control (DHEC)

The Agency reports there will no additional costs on the General Fund of the State or on Federal and/or Other funds.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Brenda Hart
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