



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 530	Introduced on February 9, 2021
Author:	Shealy	
Subject:	Veterans' Affairs Officers	
Requestor:	Senate Family and Veterans Services	
RFA Analyst(s):	Gallagher	
Impact Date:	March 23, 2021	

Fiscal Impact Summary

This bill designates county veterans' affairs officers (CVAO) and office support staff as at-will employees of the state, funded by appropriations from the General Assembly to the Department of Veterans Affairs (department). This change would take effect for CVAOs on July 1, 2021 and for office support staff on July 1, 2022. This bill funds operations and facilities for county veterans' affairs offices with monies appropriated by the General Assembly to the department, which would take effect on July 1, 2023. Further, this bill requires all CVAOs to complete initial training and annual recertification courses and be issued accreditation through the department.

As a result of these obligations, the department anticipates recurring General Fund expenditures to increase by \$4,342,768 for the salary and operating costs associated with CVAOs and to conduct CVAO training beginning in FY 2021-22. Additionally, nonrecurring General Fund expenditures will increase by \$10,500 for the establishment of the training program, resulting in a total increase to the department's General Fund expenditures of \$4,353,268 in FY 2021-22. Further, recurring General Fund expenditures will increase by \$2,793,490 in FY 2022-23 for salary and operating costs associated with CVAO support staff and between \$2,100,000 and \$5,500,000 in FY 2023-24 for obligations related to the operations and facilities of county veterans' affairs offices. The range in FY 2023-24 is due to the department utilizing county budget information to determine their expenditure estimate. As counties account for expenditures relating to CVAO facilities differently in their budgets, the department provided an estimated range to account for potential discrepancies.

This bill deletes Section 25-11-45, which currently appropriates funds directly to counties to offset county veterans' affairs office expenditures. In the FY 2019-20 Appropriations Act, the General Assembly appropriated \$271,167 in aid to counties for this purpose. Therefore, this bill will result in an expenditure savings to the General Fund of \$271,167 beginning in FY 2021-22 and a decrease in local revenue by the same amount.

Further, this bill will result in local expenditure savings to counties as CVAOs, office support staff, and operations and facilities will be incrementally funded by the state rather than the county. Revenue and Fiscal Affairs (RFA) and the department reached out to all 46 counties and received responses from 39. These expenditure savings vary widely by county and are enumerated in the Local Expenditure section. This impact will take full effect in FY 2023-24 when the transfer of CVAOs, office staff, and operating expenses is completely implemented.

Explanation of Fiscal Impact

Introduced on February 9, 2021

State Expenditure

This bill designates CVAOs and office support staff as at-will employees of the state, funded by appropriations from the General Assembly to the department. This would take effect for CVAO's on July 1, 2021 and for office support staff on July 1, 2022. This bill further funds operations and facilities for county veterans' affairs offices with monies appropriated by the General Assembly to the department, which would take effect on July 1, 2023.

Section 25-11-40 currently states that a county veterans' affairs officer is an at-will employee of the department. However, to date the majority of county veterans' affairs officers' salaries and expenses are paid by their respective counties. Therefore, this bill will increase recurring General Fund expenditures beginning in FY 2021-22. The department anticipates the following increases in recurring General Fund expenditures:

FY	Personal Service/Employer Contributions	FTEs	Facilities Operating Costs
FY 2021-22	\$4,052,151	46	\$0
FY 2022-23	\$4,793,490	85	\$0
FY 2023-24	\$0	0	\$2,100,000 - \$5,500,000 ¹

¹Please see explanation below and in the Local Expenditures section for range in facilities operating costs.

In FY 2021-22, CVAOs will become at-will employees of the state. The department anticipates that 12 CVAOs will serve as both CVAO for their respective county and an area coordinator for CVAO activities for one or more surrounding counties. As such, these 12 CVAOs will be designated as a Project Manager I, for a total personal service expenditure of \$1,217,346. The remaining 34 CVAOs will be solely responsible for their respective counties and designated as Project Coordinator, for a total estimated personal service expenditure of \$2,834,806. In total, this will result in a recurring General Fund expenditure increase of \$4,052,151 in FY 2021-22.

In FY 2022-23, 85 office support staff would become at-will employees of the state. The department anticipates these staff members would be designated as Program Assistants, for a total personal service expenditure of \$4,793,490.

In FY 2023-24, the department would become responsible for the operations and facilities costs of the county offices. The department utilized information from counties to estimate the total operating costs in FY 2023-24. As current operating costs vary widely by county and are accounted for differently in each county's budget, the department anticipates this bill will increase recurring General Fund expenditures by an estimated range of \$2,100,000 to \$5,500,000 in FY 2023-24. The range is due to counties accounting for expenditures relating to CVAOs differently. For example, some counties do not formally charge for facilities, but provide office space and maintenance for their CVAO and office support staff. The department anticipates that in the event all costs related to CVAOs were charged to the state on a uniform basis beginning in FY 2023-24, the operating costs could be as much as \$5,500,000.

Further, this bill requires all county veterans' affairs officers to complete an initial training course and be issued accreditation through the department within 90 days of their appointment. The secretary of the department will establish all comprehensive training courses and annual recertification requirements, which will be administered by the department. To accomplish this, the department anticipates the need for 5 additional FTEs for total personnel costs of \$215,617 and other operating expenses associated with these FTEs of \$75,000 for training materials, software licenses, and consulting from subject matter experts. This requirement would increase recurring General Fund expenditures by \$290,617 a year beginning in FY 2020-21 and nonrecurring General Fund expenditures by \$10,500 in FY 2020-21, for a total expenditure increase of \$301,117 in FY 2020-21 to provide the required training.

Lastly, this bill deletes Section 25-11-45, which currently appropriates funds directly to the counties to offset expenditures related to county veterans' affairs offices. In the FY 2019-20 Appropriations Act, the General Assembly appropriated \$271,167 in aid to county veterans' affairs offices. This bill will result in an expenditure savings to the General Fund of \$271,167 beginning in FY 2021-22, which would offset a portion of the increased expenditures resulting from this bill.

In total, this bill will increase General Fund expenditures by \$4,353,268 in FY 2021-22, \$2,793,490 in FY 2022-23, and by an estimated range of \$2,100,000 and \$5,500,000 in FY 2023-24 and reduce recurring General Fund expenditures by \$271,167 beginning in FY 2021-22.

State Revenue

N/A

Local Expenditure

RFA reached out to all 46 counties to determine if this bill would result in a local expenditure Impact, and 4 counties responded: Cherokee, Kershaw, Saluda, and Spartanburg. Additionally, the department reached out to all counties in July 2020 and received responses from 39. These counties reported the following:

Approved Budget as of FY 2020-21 by County				
	Personnel	Facilities	Operations	Total
Abbeville	\$54,201	\$15,756	\$646	\$70,603
Aiken	\$218,748	\$0	\$26,100	\$244,848
Allendale	\$33,248	-	\$3,850	\$37,098
Barnwell	\$25,820	-	\$9,000	\$34,820
Beaufort	\$200,764	\$12,000	\$20,830	\$233,594
Berkeley	\$285,479	\$24,889	\$9,290	\$319,658
Charleston	\$395,993	\$25,000	\$18,396	\$439,389
Cherokee ¹	\$98,617		\$195,192	\$293,809
Chesterfield	\$99,608	\$1,830	\$8,700	\$110,138
Clarendon	\$68,060		\$7,950	\$76,010
Colleton	\$102,267	\$16,827	\$10,160	\$129,254

Approved Budget as of FY 2020-21 by County (continued)				
Darlington	\$3,480	\$14,253	\$6,569	\$24,302
Dillon	\$50,422	-	-	\$50,422
Dorchester	\$147,129	\$16,660	\$14,565	\$178,354
Edgefield	\$76,802	\$4,558	\$9,100	\$90,460
Fairfield	\$109,434	-	\$14,332	\$123,766
Florence	\$194,575	-	-	\$194,575
Georgetown	\$106,870	\$2,900	\$12,230	\$122,000
Greenville	\$327,611	\$22,707	\$11,960	\$362,278
Greenwood	\$160,426	\$35,500	\$16,444	\$212,370
Hampton	\$120,776	-	\$20,800	\$141,576
Horry	\$459,639	-	\$27,225	\$486,864
Kershaw ¹	\$104,848	-	\$7,100	\$111,948
Lancaster	\$206,975	-	\$33,600	\$240,575
Laurens	\$164,150	\$12,000	\$32,000	\$208,150
Lee	\$45,685	\$1,500	\$6,542	\$53,727
Lexington	\$288,253	\$20,104	\$18,313	\$326,670
Marion	\$78,713	\$16,512	\$18,950	\$114,175
Marlboro	\$89,942	\$980	\$8,049	\$98,971
McCormick	\$35,385	\$1,963	\$9,223	\$46,571
Newberry	\$165,515	\$4,210	\$7,130	\$176,855
Oconee	\$189,188	\$961	\$8,260	\$198,409
Orangeburg	\$130,843	\$750	\$11,500	\$143,093
Pickens	\$151,661	\$8,803	\$13,534	\$173,998
Richland	\$320,848	-	\$11,800	\$332,648
Saluda ¹	\$42,422	-	\$7,425	\$49,847
Spartanburg ¹	\$293,488	\$42,800	\$76,004	\$412,292
Sumter	\$127,900	\$0	\$17,000	\$144,900
Union	\$74,005	\$2,100	\$9,840	\$85,945
Total	\$5,849,790	\$305,562	\$739,609	\$6,894,962

¹ Information includes country responses to RFA.

As this bill would fund county veterans' affairs offices through General Fund appropriations to the department, this bill will result in a total expenditure saving to counties of an estimated \$6,894,962. In their responses to the department, multiple counties noted that certain expenses were not included in their approved budget, primarily relating to facility expenditures. Given expenditures associated with CVAOs and their offices vary widely by county and are accounted for differently in county budgets, the department anticipates their operating expenses will likely be greater than reported by the counties.

Local Revenue

This bill deletes Section 25-11-45, which currently appropriates funds directly to counties to offset expenditures related to county veterans' affairs offices. In the 2019-20 Appropriations Act, the General Assembly appropriated \$271,167 in aid to county veterans' affairs offices. Therefore, this bill will reduce local revenue by \$271,167 beginning in FY 2021-22.



Frank A. Rainwater, Executive Director