



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3839	Introduced on February 9, 2021
Author:	Cox	
Subject:	Veterans' Affairs Officers	
Requestor:	House Medical, Military, Public, and Municipal Affairs	
RFA Analyst(s):	Gallagher	
Impact Date:	February 26, 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. This would take effect for CVAOs 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, which would take effect on July 1, 2023. As a result, the Department of Veterans Affairs (department) anticipates recurring General Fund expenditures will increase by \$4,052,151 in FY 2021-22, \$2,793,490 in FY 2022-23 and between \$2,100,000 and \$5,500,000 in FY 2023-24. The variance 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 estimate range to account for discrepancies.

In the 2019-20 Appropriations Act, the General Assembly appropriated \$271,167 in aid to counties for the county veterans affairs offices. As this bill would fund county veterans affairs officers and their staff solely with General Fund appropriations, RFA anticipates this bill will result in an expenditure savings to the General Fund of \$271,167 and a decrease in local revenue by the same amount. This impact will take full effect in FY 2022-23 when the transfer of CVAOs, office staff, and operating expenses is completely implemented.

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 of Veterans Affairs (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 2022-23 when the transfer of CVAOs, office staff, and operating expenses is completely implemented.

Lastly, this bill requires all county veterans affairs officers to complete initial training and annual recertification courses and be issued accreditation through the department. In order to establish this training, the department anticipates the need for 5 FTEs, which will increase recurring General Fund expenditures by \$290,617 for personnel costs and other operating expenses associated with training materials, software licenses, and consulting from subject matter experts. The department anticipates an increase in nonrecurring General Fund expenditures of \$10,500 in

FY 2020-21 for the establishment of the initial and recurring training requirements for CVAOs. This will result in a total General Fund expenditure increase of \$301,117 in FY 2020-21.

Explanation of Fiscal Impact

Introduced on February 9, 2021

State Expenditure

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. This would take effect for VAO'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, 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 the state's recurring General Fund expenditures beginning in FY 2021-22. As a result of this bill, the Department of Veterans Affairs anticipates the following increases in recurring General Fund expenditures:

In FY 2021-22, CVAOs would 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 Project Manager I, for a total personal service expenditure of \$1,217,346. The remaining 34 CVAOs will be solely responsible for their respective county 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 state 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 \$2,100,000 to \$5,500,000 in FY 2023-24. The variance 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 facilities operating costs could be as much as \$5,500,000.

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 above and in the Local Expenditures section for variation in facilities operating costs.

In the 2019-20 Appropriations Act, the General Assembly appropriated \$271,167 in aid to county veterans affairs offices. As this bill would fund county veterans affairs officers and their staff solely with General Fund appropriations, RFA anticipates this bill will result in an expenditure savings to the General Fund of \$271,167, which would offset a portion of the increased expenditures resulting from this bill. This impact will take full effect in FY 2022-23 when the transfer of CVAOs, office staff, and operating expenses is completely implemented.

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 will establish all comprehensive training courses and annual recertification requirements, which will be administered by the department. Currently, county veterans affairs officers must be issued accreditation within one year and may undertake training or gain accreditation through the department or through an accredited national veterans' service organization. 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 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. This will result in a total General Fund expenditure increase of \$301,117 in FY 2020-21.

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. Four Counties responded: Cherokee, Kershaw, Saluda, and Spartanburg. Additionally, the Department of Veterans Affairs reached out to all 46 counties in July 2020 and received responses from 39 counties. 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

Approved Budget as of FY 2020-21 by County (continued)				
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
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.

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 CVAO and their offices vary widely by county and are accounted for differently

in county budgets, the department anticipates operating expenses will likely be greater than reported by the counties.

Local Revenue

In the 2019-20 Appropriations Act, the General Assembly appropriated \$271,167 in aid to county veterans affairs offices. As this bill would fund county veterans affairs officers and their staff solely with General Fund appropriations, RFA anticipates this bill will result in a reduction to local revenue of \$271,167. This impact will take full effect in FY 2022-23 when the transfer of CVAOs, office staff, and operating expenses is completely implemented. This impact will be offset by a reduction in local expenditures, as counties will no longer be responsible for funding their CVAOs, CVAO staff, and operating expenditures.



Frank A. Rainwater, Executive Director