



South Carolina  
Department of Labor, Licensing and Regulation



110 Centerview Drive  
Post Office Box 11329  
Columbia, SC 29211-1329  
(803) 896-4300

Henry D. McMaster  
Governor

Emily H. Farr  
Director

January 2, 2020

The Honorable Wm. Weston J. Newton  
South Carolina House of Representatives  
Legislative Oversight Committee  
Post Office Box 11867  
Columbia, South Carolina 29211

Dear Chairman Newton:

In the Legislative Oversight Committee's Full Committee Study of this Agency dated July 12, 2019, the Committee made the following recommendation:

**Recommendation 39. The Committee recommends LLR follow up with the Committee in January 2020 regarding the results of its licensing fee analysis and the steps it is taking to address any problems identified.** During the study, LLR informs the Committee it is currently undertaking a comprehensive analysis of licensing board fees and finances that will culminate in regulatory changes to be proposed during the 2020 legislative session.

This letter is intended to provide that follow up to the Committee.

The Agency's Finance team ("Finance") completed its thorough review of the licensing board fees and finances in August 2019. In this analysis, Finance examined historic revenue, expenditures and licensing data of each Board. Based on the analysis of this data, it calculated an individual growth rate for each Board to project the expected future revenue for that particular Board and also applied 2.5% (which is in line with national core inflation rate) as a constant growth rate to project future expenditures. From this analysis, looking at the future annual cash flows of each Board, Finance proposed alternate fee structures to increase or decrease fees for those Boards that projected deficit or surplus cash balances.

Finance then prepared presentations for each Board of whom the Agency was recommending a fee change. I presented these to each Board at a scheduled board meeting, providing an opportunity for discussion and questions about the recommendations. Each Board voted in favor of supporting the Agency's fee change recommendations, which have been incorporated into proposed regulations that amend Chapter 10 of the South Carolina Code of Regulations. The Agency has submitted these regulations to the General Assembly for consideration.

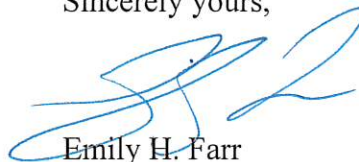
As detailed in the proposed regulations, the Agency has recommended and the Boards have supported fee decreases for: Real Estate Commission; Board of Registration for Professional

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Engineers and Surveyors; Real Estate Appraisers Board; Board of Examiners for Licensure of Professional Counselors and Marital and Family Therapists; and Board of Dentistry. The Agency has recommended and the Boards have supported fee increases for: Board of Registration for Foresters; Soil Classifiers Advisory Council; Board of Accountancy; Board of Medical Examiners; and Board of Nursing.

With the comprehensive analysis of past expenditures and revenue and projections for future years, the Agency now has a dynamic financial product that it will be able to use on an ongoing basis, reviewing the accuracy of those projections at the close of each fiscal year. This will allow the Agency to more timely and accurately monitor the Boards' finances and have ongoing discussions of fee structure changes that may be recommended in the future.

Sincerely yours,



Emily H. Farr  
Director