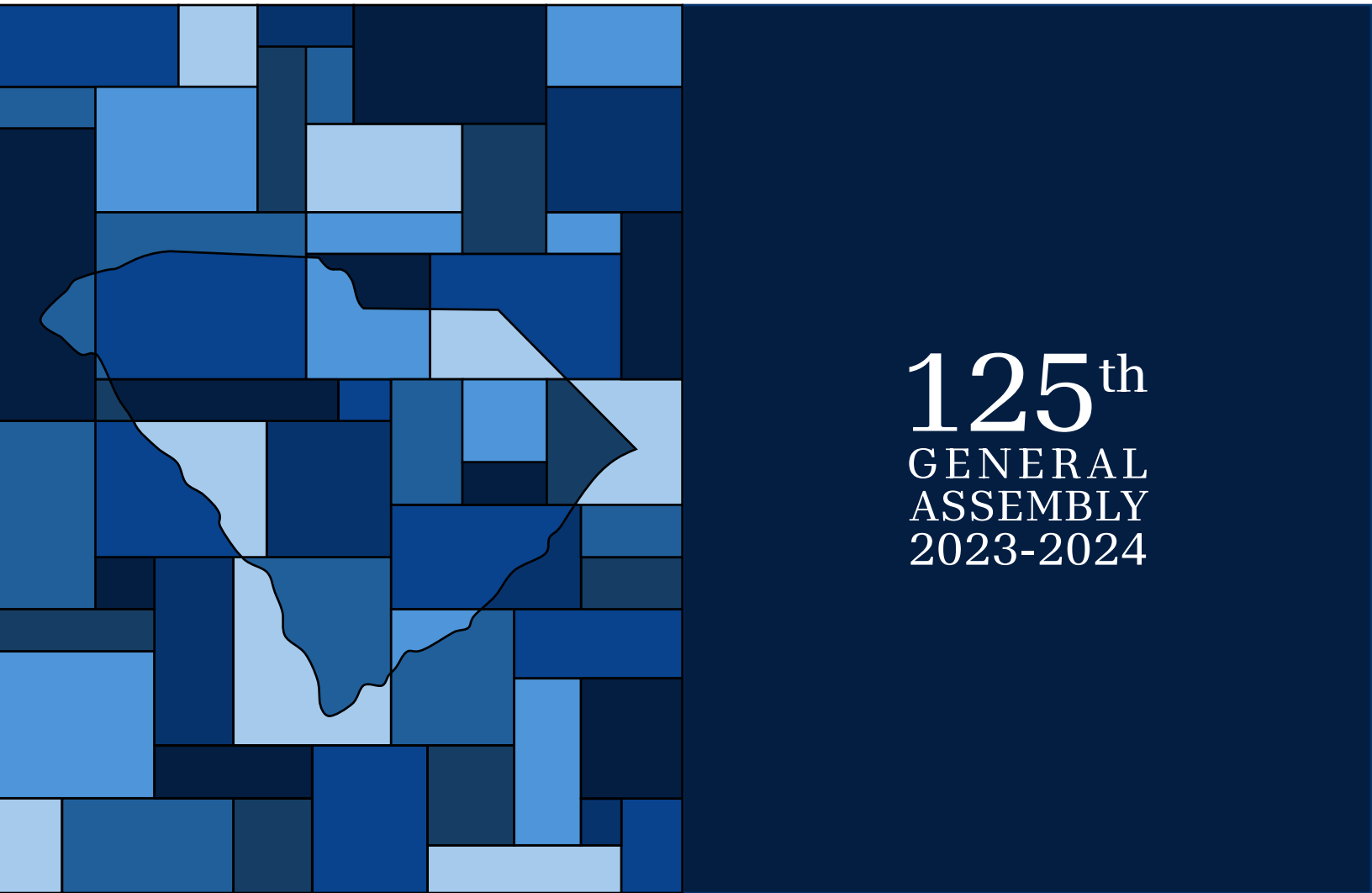


SOUTH CAROLINA
HOUSE OF REPRESENTATIVES
LEGISLATIVE OVERSIGHT COMMITTEE

TRANSPARENCY REPORT



125th
GENERAL
ASSEMBLY
2023-2024

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LEGISLATIVE OVERSIGHT COMMITTEE

MISSION

Determine if agency laws and programs are being implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed or eliminated. Inform the public about state agencies.

VISION

For South Carolina agencies to become, and continuously remain, the most effective state agencies in the country through processes which eliminate waste and efficiently deploy resources thereby creating greater confidence in state government.



AUTHORITY

The South Carolina General Assembly, comprised of the Senate and the House of Representatives, has a constitutional duty to establish appropriate state agencies to function in the areas of health, welfare, and safety of the lives and property of the people of South Carolina, and to determine the activities, powers, and duties of those agencies. With the enactment of the South Carolina Restructuring Act of 2014, the South Carolina General Assembly declared this constitutional duty is “best addressed by periodic review of the programs of the agencies and departments and their responsiveness to the needs of the state’s citizens”

The House Legislative Oversight Committee, created in December 2014, is a vehicle for oversight used by the House of Representatives. The Committee’s specific task is to conduct legislative oversight studies and investigations of state agencies at least once every seven years. The Committee has the authority to conduct studies at any time of state agencies within the Committee’s jurisdiction, even outside of the seven-year cycle.

125th GENERAL ASSEMBLY

House Legislative Oversight Committee

Jeffrey E. “Jeff” Johnson
Chairman

Chris Wooten
Vice-Chair, Subcommittee Chair

MEMBERS

William H. Bailey

William M. “Bill” Hixon

John R. McCravy, III

Gary S. Brewer

Joseph “Joe” Jefferson, Jr.

Travis A. Moore

April Cromer

Wendell Keith Jones

Adam M. Morgan

Kambrell H. Garvin

Roger K. Kirby

Russel L. Ott

Leon Douglas “Doug” Gilliam

Josiah Magnuson

Marvin R. Pendarvis

Thomas Duval “Val” Guest, Jr.

Timothy “Tim” McGinnis

Marvin “Mark” Smith

STAFF

Lewis Carter
Research Director

Roland Franklin
Counsel

Cathy Greer
Administration Coordinator

Charlie LaRosa
Research Analyst

Riley McCullough
Research Analyst

SUBCOMMITTEES



**Economic Development,
Transportation, and
Natural Resources**

Rep. Moore, Chair
Rep. Brewer
Rep. Hixon
Rep. Ott
Rep. Pendarvis



**Education and
Cultural Affairs**

Rep. McGinnis, Chair
Rep. Jones
Rep. Magnuson
Rep. McCravy
Rep. Morgan



**Healthcare and
Regulatory**

Rep. Jefferson, Chair
Rep. Cromer
Rep. Guest
Rep. Kirby
Rep. Smith



**Law Enforcement,
Civil and Criminal
Justice**

Rep. Wooten, Chair
Rep. Bailey
Rep. Garvin
Rep. Gilliam
Rep. Johnson

COMMITTEE PROCESS

METHODOLOGY

The Committee evaluates:

- ◆ the application, administration, execution, and effectiveness of the agency's laws and programs;
- ◆ the organization and operation of the agency; and
- ◆ any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation pertaining to the agency.

STUDY PROCESS

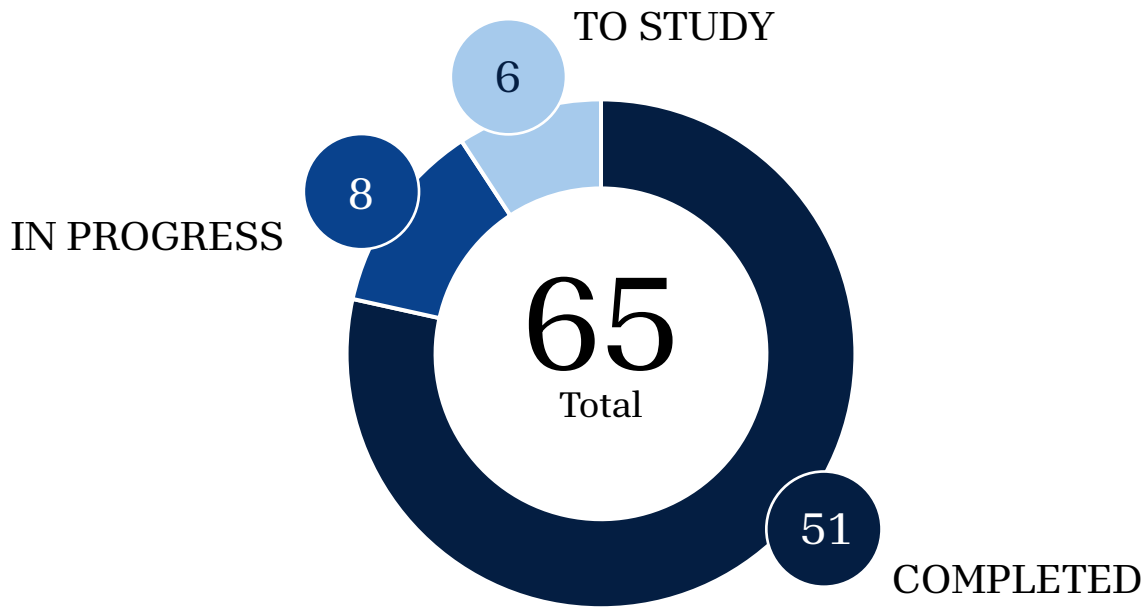
- 01** Full Committee schedules agency for study and gathers initial information from agency and the public.
- 02** Subcommittee investigates through meetings and information requests .
- 03** Subcommittee publishes report.
- 04** Full Committee considers subcommittee report and may conduct further investigation.
- 05** Full Committee publishes report.

BENEFITS TO THE PROCESS

-  Identifying issues proactively.
-  Providing agency personnel the opportunity to speak to legislators.
-  Asking agency personnel what law changes may be of assistance to their work.
-  Observing issues that affect multiple agencies.
-  Facilitating cooperation among agencies.
-  Receiving information about agencies to help inform policy decision.

STATUS OF COMMITTEE PROGRESS

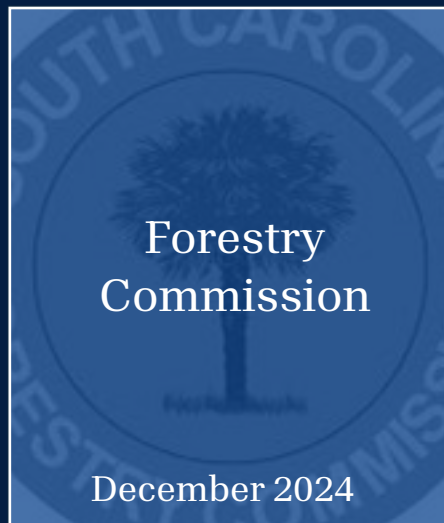
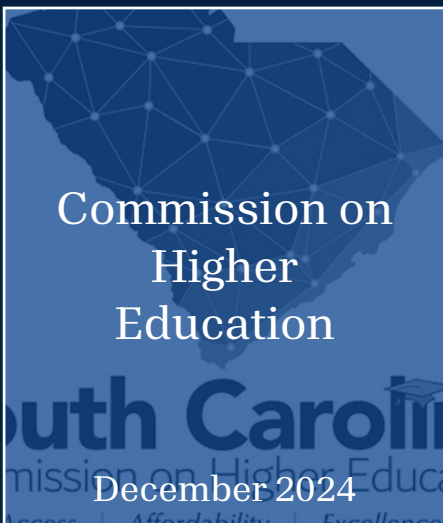
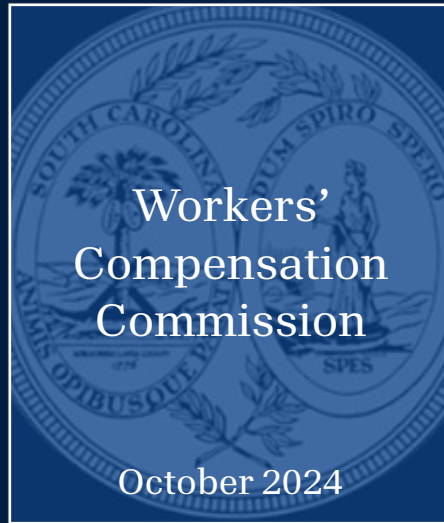
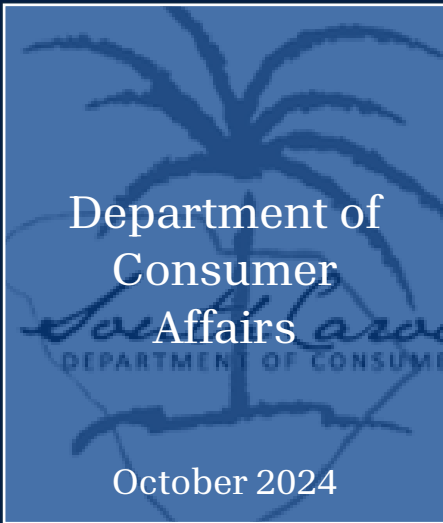
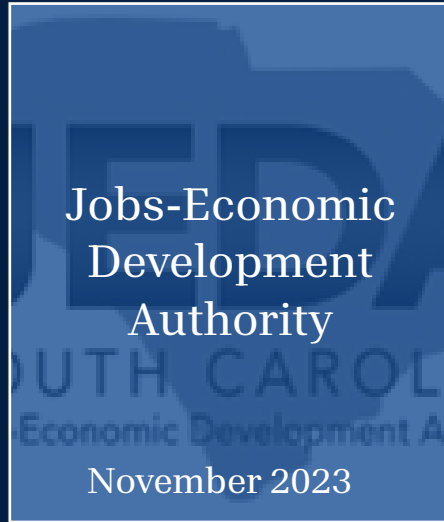
The Committee has a seven-year cycle to study 65* agencies.



Economic Development, Transportation, and Natural Resources	Education and Cultural Affairs	Healthcare and Regulatory	Law Enforcement, Civil and Criminal Justice
<ul style="list-style-type: none"> Sea Grants Consortium 	<ul style="list-style-type: none"> Museum Commission and Confederate Relic Room Technical and Comprehensive Education Board 	<ul style="list-style-type: none"> Financial Institutions, Board of Patients' Compensation Fund Retirement System Investment Commission 	<ul style="list-style-type: none"> Administrative Law Court State Law Enforcement Division
<ul style="list-style-type: none"> Conservation Bank Employment and Workforce, Dept. of 	<ul style="list-style-type: none"> Education, Dept. of Tuition Grants Commission 	<ul style="list-style-type: none"> Insurance, Dept. of Vocational Rehabilitation, Dept. of 	<ul style="list-style-type: none"> Attorney General's Office Corrections, Dept. of (Ad hoc Committee) Indigent Defense Juvenile Justice, Dept. of Law Enforcement Training Council Natural Resources, Dept. of Probation, Parole and Pardon, Dept. of Prosecution Coordination Commission Public Safety, Dept. of Secretary of State's Office Treasurer's Office Workers' Compensation Commission
<ul style="list-style-type: none"> Agriculture, Dept. of Commerce, Dept. of Forestry Commission Housing Finance and Development Authority Human Affairs Commission Jobs Economic Development Authority Labor, Licensing and Regulation, Dept. of Minority Affairs, Commission for Motor Vehicles, Dept. of Revenue, Dept. of Rural Infrastructure Authority Transportation, Dept. of Transportation Infrastructure Bank 	<ul style="list-style-type: none"> Adjutant General Aeronautics Commission Archives and History, Dept. of Arts Commission Comptroller General's Office ETV Commission First Steps Higher Education Commission John de la Howe School Library, State Patriots Point Authority School for the Deaf and the Blind Wil Lou Gray Opportunity School 	<ul style="list-style-type: none"> Accident Fund, State Aging, Dept. of Alcohol and Drug Abuse, Dept. of Blind, Commission for the Consumer Affairs, Dept. of Disabilities and Special Needs, Dept. of Election Commission Ethics Commission Health and Environmental Control, Dept. of Health and Human Services, Dept. of Mental Health, Dept. of Social Services, Dept. of Parks, Recreation and Tourism, Dept. of 	

STUDIES COMPLETED

The Committee completed studies of the following agencies during the 125th General Assembly.



ADOPTED

The Committee adopted the following during the 125th General Assembly.

95

FINDINGS

Findings note information a member of the public, or General Assembly, may seek to know or on which they may desire to act.

15

INTERNAL CHANGES

Agency internal change implemented directly related to participation in the study process.

98

RECOMMENDATIONS

Recommendations are based on the agency's self-analysis requested by the Committee, discussions with agency personnel during multiple meetings, and analysis of the information obtained by the Committee.

Study of the

DEPARTMENT ON AGING

August 2023

MISSION

Meet the present and future needs of seniors and to enhance the quality of life for older South Carolinians through advocating, planning and developing resources in partnership with federal, state and local governments, non-profits, the private sector and individuals.

VISION

Provide leadership, advocacy and collaboration to assure a full spectrum of services, so that South Carolina seniors and/or adults with disabilities can enjoy an enhanced quality of life, contribute to their communities, have economic security and receive the support necessary to age with choice and dignity.

EMPLOYEES

43

Authorized FTEs

FUNDING

\$52,250,492

Total Funding

HEALTHCARE AND REGULATORY SUBCOMMITTEE

Chairman Joseph H. Jefferson, Jr.

Rep. Cromer
Rep. Guest
Rep. Kirby
Rep. Smith

MEETINGS

8

April 8, 2021
February 28, 2023
April 4, 2023
April 18, 2023
June 6, 2023
June 19, 2023
July 20, 2023
December 20, 2023

FINDINGS

5

RECOMMENDATIONS

24

INTERNAL CHANGES

0

NOTABLE FINDINGS

- Since 2005, the Department on Aging has had 10 directors, of which seven had tenures of one year or less.
- The state has over 770,000 family caregivers who provide 737 million hours of “free” services to their chronically ill, disabled, or frail elderly family members.
- The South Carolina Department on Aging’s Alzheimer’s Resource Coordination Center Advisory Council has designated Alzheimer’s disease as a crisis at the state level.

NOTABLE RECOMMENDATIONS

- Collaborate with appropriate state and local government agencies to promote participation in the U.S. Census Bureau’s decennial United States census and the American Community Survey, to improve the accuracy of the population counts and enhance the state’s ability to receive accurate funding from the Administration for Community Living, which uses census data to calculate funding allotments for senior services under the purview of the Department on Aging.
- Partner with the South Carolina Institute of Medicine & Public Health and other associated stakeholders to develop a communication strategy designed to educate and inform policymakers regarding the challenges associated with the state’s direct care workforce and its impact on the senior population.
- In coordination with the South Carolina Advisory Council on Aging, and other senior services stakeholders, complete a study to determine the efficacy of developing a 501(c)(3) nonprofit organization whose purpose is to create an endowment to support and sustain the Eldercare Trust. The report should be submitted to the Committee within one year of the Committee’s issuance of the study.

JOBS ECONOMIC DEVELOPMENT AUTHORITY

November 2023

ABOUT

For more than 40 years, JEDA has promoted the business and economic welfare of South Carolina by assisting in the financing of public and private projects throughout the Palmetto State. JEDA serves as a statewide conduit issuer of tax-exempt private activity bonds and acts on behalf of the borrower to access financial markets and capital.

MISSION

To advance the economic welfare of the State with focus on job creation and retention.

EMPLOYEES

3

Authorized FTEs

FUNDING

\$0

Total Funding

ECONOMIC DEVELOPMENT, TRANSPORTATION, AND NATURAL RESOURCES SUBCOMMITTEE

Chairman Travis A. Moore

Rep. Brewer

Rep. Ott

Rep. Hixon

Rep. Pendarvis

MEETINGS

8

April 8, 2021
September 20, 2022
December 7, 2022
March 28, 2023
May 23, 2023
August 29, 2023
October 26, 2023
December 20, 2023

FINDINGS

14

RECOMMENDATIONS

10

INTERNAL CHANGES

2

NOTABLE FINDINGS

- Since its inception in 1983 through FY 2022, JEDA has issued 620 bonds totaling over \$14.5 billion, including 204 bonds for manufacturing projects, 96 bonds to nonprofits, 101 bonds for educational projects, 28 bonds for solid waste facilities, and 159 bonds for hospital and healthcare projects. According to JEDA, this has resulted in the creation and retention of more than 310,331 jobs in South Carolina. Most bonds have been issued in the state's highest population centers.
- JEDA's streamlined bond issuing process is cheaper and faster than other bond issuers.
- Because JEDA is a self-funded, quasi-public agency that operates at no cost to taxpayers, JEDA is not included in the state budget.
- The Venture Capital Investment Act authorizes designated investor groups to borrow funds from lenders and invest those funds using state tax credits as collateral.

NOTABLE RECOMMENDATIONS

- The Committee recommends the General Assembly consider amending S.C. Code Ann. §§ 11-45-10 et seq. (2011 & Supp. 2022), the Venture Capital Investment Act of South Carolina, striking provisions that allow designated investor groups to borrow funds from lenders and invest those funds using state tax credits as collateral.
- The Committee recommends that the General Assembly consider adopting a statute prohibiting the executive director of JEDA from serving in any administrative or paid role on a non-profit created by JEDA.

Study of the

DEPARTMENT OF CONSUMER AFFAIRS

August 2024

ABOUT

The South Carolina Department of Consumer Affairs (“DCA”/ “Department”) is the state’s consumer protection agency. Established in 1974, DCA has nearly fifty years of experience in protecting South Carolina consumers while recognizing those businesses that act honestly and fairly. The General Assembly has charged the DCA with administering, interpreting, and enforcing over one hundred twenty statutes, including the S.C. Consumer Protection Code. DCA’s mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education.

EMPLOYEES

45

Authorized FTEs

FUNDING

\$4,500,399

Total Funding

EDUCATION AND CULTURAL AFFAIRS SUBCOMMITTEE

Chairman Timothy A. “Tim” McGinnis

Rep. Jones
Rep. Magnuson
Rep. McCravy
Rep. Morgan

MEETINGS

8

February 23, 2023
August 9, 2023
September 26, 2023
October 19, 2023
November 9, 2023
March 5, 2024
March 28, 2024
August 20, 2024

FINDINGS

15

RECOMMENDATIONS

14

INTERNAL CHANGES

0

NOTABLE FINDINGS

- The General Assembly passed Act No. 45 (2023), a bill related to motor vehicle sales contract closing fees to specify the way DCA is to provide enforcement measures. Complaints of government overreach, onerous DCA inspection practices, and hostility towards the motor vehicle industry, prompted legislative action. The bill was signed by the Governor May 16, 2023.
- DCA regulates 12 specific industries and has regulatory authority for Consumer Credit Sellers, Consumer Lenders, Consumer Lessors, and Rent-to-own. Six of these industries are required to provide DCA’s name and contact information in contracts or other forms of notification to a consumer.
- DCA is statutorily required to collect HOA consumer complaint data and report this information to the public, Governor, and General Assembly on an annual basis. DCA does not regulate HOAs, administer the South Carolina Homeowners Association Act (HOA Act), nor enforce the HOA Act, but does provide voluntary mediation to assist with dispute resolution

NOTABLE RECOMMENDATIONS

- DCA should develop a comprehensive marketing strategy designed to increase agency visibility and consumer awareness; promote agency programs and services within the state (e.g., licensing, identity theft reporting, etc.); enhance awareness of consumer protection issues (e.g., scams, fraud, etc.); and promote services provided to regulated industries, businesses, and consumers. The department should use any and all mediums, including social media, to promote awareness of the complaint process.
- DCA should study the efficacy of state law requiring mortgage brokers to annually submit a mortgage log to the agency. The agency’s study should include an analysis of the mortgage environment during the time the law was enacted; the purpose, intent, and effect of S.C. Code Section 40-58-65 since enactment; and evaluation of the industry’s perceived value of submitting mortgage log data.
- DCA should host annual meetings with trade associations, businesses, and regulated industries licensed or registered by the agency. Agency staff may use these meetings to provide updates regarding consumer protection issues specific to each industry, to seek feedback regarding agency communication and services, and to give updates regarding statutory or regulatory changes.

WORKERS’ COMPENSATION COMMISSION

August 2024

ABOUT

The South Carolina Workers’ Compensation Commission is responsible for administering the workers’ compensation law in South Carolina. The Commission works closely with the Governor, the General Assembly, and the Commission’s many constituents to ensure that the workers’ compensation system is fair, equitable, and responsive to the needs of the citizens of South Carolina.

MISSION

The mission of the South Carolina Workers’ Compensation Commission is to provide an equitable and timely system of benefits to injured workers and employers in the most responsive, accurate, and reliable manner possible.

EMPLOYEES

53

Authorized FTEs

FUNDING

\$8,400,000

Total Funding

LAW ENFORCEMENT, CIVIL AND CRIMINAL SUBCOMMITTEE

Chairman Chris Wooten

Rep. Bailey
Rep. Garvin

Rep. Gilliam
Rep. Johnson

MEETINGS

6

February 23, 2023
June 6, 2023
July 19, 2023
November 21, 2023
February 29, 2024
August 20, 2024

FINDINGS

18

RECOMMENDATIONS

10

INTERNAL CHANGES

6

NOTABLE FINDINGS

- Since its inception, 65 individuals have served on the Commission, 29 of whom have been attorneys and 36 of whom have been non-attorneys.
- Compared to surrounding states, the Commission operates with a modest staff and budget.
- Less than 25% of the Commission’s funding comes from general appropriations.
- In FY 2022, the Commission’s Compliance Division assessed \$4.9 million in fines and penalties but collected only \$686,000 from noncompliant employers.
- The Commission lacks designated venues in which to hold single commissioner hearings.
- The Commission lacks recurring funding for security (e.g., officers, technology).
- Forty-six percent of the Commission’s employees are eligible for retirement in five years.

NOTABLE RECOMMENDATIONS

- The Committee recommends that the Commission conduct a study to determine the funding needed for Commission security.
- The Committee recommends that the Commission identify key positions within the Commission that may be vacant within the next five years and develop a plan for individuals to assume those positions.
- The Committee recommends that the Commission request the Office of the State Inspector General (SIG) to conduct an employee satisfaction survey.

COMMISSION ON HIGHER EDUCATION

October 2024

ABOUT

Established in 1967, the South Carolina Commission on Higher Education (CHE) serves as the coordinating board for South Carolina's 33 public institutions of higher learning. The Commission is committed to promoting access, affordability, and excellence within the state system of higher education. CHE acts both as an oversight entity on behalf of the General Assembly and an advocate for the citizens of South Carolina as they seek opportunities to improve their lives and those of their families, through higher education.

EMPLOYEES

51

Total FTEs

FUNDING

\$48,407,065

Total Funding

INSPECTOR GENERAL REPORT

Inspector General conducted a performance review at the request of the Committee chairman and subcommittee chair.

EDUCATION AND CULTURAL AFFAIRS SUBCOMMITTEE

Chairman Timothy A. "Tim" McGinnis

Rep. Jones Rep. McCravy
Rep. Magnuson Rep. Morgan

MEETINGS

10

February 23, 2023
May 9, 2023
June 5, 2023
June 27, 2023
July 21, 2023
August 8, 2023
December 11, 2023
April 23, 2024
May 9, 2024
August 20, 2024

FINDINGS

24

RECOMMENDATIONS

26

INTERNAL CHANGES

7

NOTABLE FINDINGS

- The Commission on Higher Education (CHE) functions as a coordinating body with authority and responsibility for mediating the development of a coordinated, efficient, and responsive higher education system. However, unlike a Board of Regents model of governance, the CHE does not have authority to the establish university policy, make decisions that determine student cost of attendance, admissions, employee compensation, and land management, or implement an integrated long-range strategic plan for the state's institutions of higher education.
- Over its nearly 60 years as the coordinating board for the state's 33 public institutions of higher education, the CHE has experienced significant turnover at the president and executive director position. Since inception of the CHE, the median tenure of the agency's past president and executive directors is 1.71 years.
- The CHE's inaccurate scholarship award funding methodology led to the accumulation of **\$152 million** in excess Education Lottery Account funds over a five-year period.

NOTABLE RECOMMENDATIONS

- The Committee recommends the General Assembly form a study committee to determine if the CHE should be dissolved and replaced with a Board of Regents, an independent governing body tasked with administration of the state's public colleges and universities.
- The Committee recommends the General Assembly consider a systemic review of the state's public higher education system to evaluate the sustainability, accessibility, and affordability of public higher education.
- The Committee recommends the General Assembly consider increasing scholarship award amounts to account for historical increases in tuition and include an indexing metric to adjust for future inflation.

FORESTRY COMMISSION

October 2023

ABOUT

The South Carolina Forestry Commission was established in 1927. At its inception, the agency had three charges: to protect the forest, to promote the benefits of forest management and to monitor the forests' condition. At that time, the state's forestland was heavily cut-over and was eroding badly from poor farming practices. Today, South Carolina's forests provide the raw material for the state's forest products industry, the second-largest manufacturing industry sector in South Carolina.

MISSION

Protect, promote, and enhance South Carolina's forests for the benefit of all.

EMPLOYEES

376.8

Authorized FTEs

FUNDING

\$49.1 million

Total Funding

ECONOMIC DEVELOPMENT, TRANSPORTATION, AND NATURAL RESOURCES SUBCOMMITTEE

Chairman Travis A. Moore

Rep. Brewer

Rep. Ott

Rep. Hixon

Rep. Pendarvis

MEETINGS

8

February 1, 2024
February 15, 2024
February 29, 2024
March 5, 2024
March 28, 2024
June 17, 2024
June 25, 2024
July 2, 2024
August 20, 2024

FINDINGS

19

RECOMMENDATIONS

14

INTERNAL CHANGES

0

NOTABLE FINDINGS

- South Carolina's Forestry industry is a \$23.2 billion dollar industry that leads the state in job creation.
- Eighty-seven percent of South Carolina's forestland is privately owned and 63% of the state's privately owned forestland is family owned.
- Since 1990, the Forestry Commission has provided over \$19.3 million in revenue to support public schools in South Carolina.
- The Commission offers a variety of prescribed fire assistance to landowners.
- The Commission lacks a formal succession plan to address impending retirements and significant vacancies in key positions within the agency.

NOTABLE RECOMMENDATIONS

- The Committee recommends that the Commission reevaluate job classifications and eliminate requirements that are not necessary for successful job performance.
- The Committee recommends that the Commission collaborate with the Department of Education and South Carolina State University as part of its recruitment efforts.
- The Committee recommends that the Commission conduct a study to assess the cost of using U.S. mail to notify rural residents of the different types of legal burns, prescribed fire liability, prescribed fire liability insurance, and prescribed fire assistance available to landowners.
- The Committee recommends that the Commission conduct a formal evaluation on expanding E-bike access on state forest trails.

SOUTH CAROLINA INSURANCE FRAUD

WHAT IS INSURANCE FRAUD?

- Insurance fraud occurs when an insurance company, agent, adjuster, or consumer commits a deliberate deception to obtain an illegitimate gain. It can occur during the process of buying, using, selling, or underwriting insurance.
- Insurance fraud drains SC’s systems, wastes resources, and raises premiums for all SC citizens.

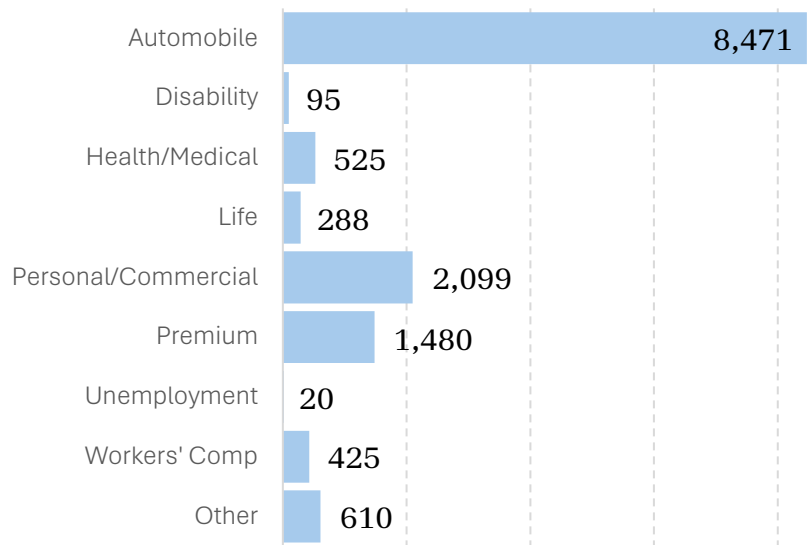
SC AGENCIES INVOLVED IN INVESTIGATING INSURANCE FRAUD:

- Department of Insurance
- State Law Enforcement Division (SLED)
- Attorney General’s Office
- Workers’ Compensation Commission
- State Accident Fund
- Department of Consumer Affairs
- Department of Disabilities and Special Needs
- Department of Health and Human Services
- Department of Employment and Workforce

CONVICTIONS FROM 2018-2022: 129

AMOUNT OF RESTITUTION ORDERED FROM 2018-2022: \$817,197.68

TOTAL COMPLAINTS PER TYPE OF INSURANCE FRAUD RECEIVED FROM 2018-2022:



NOTABLE INFORMATION FROM STUDY

- The General Assembly should rewrite the omnibus insurance fraud statute.
- In some insurance fraud cases, courts do not order the defendant to pay restitution, resulting in a lack of deterrence.
- The number of SLED agents working on insurance fraud is not sufficient to investigate all cases in which DOI suspects insurance fraud.
- The backlog in general sessions court creates major delays in prosecuting insurance fraud cases. In many instances, the insurance fraud offender is released on bond then continues to commit crimes.
- Tracking data regarding complaints, investigations, cases, outcomes, etc. across multiple agencies causes confusion and likely affects the accuracy of the data. DOI and its partners must determine more consistent and clearer methods in which to track relevant metrics and statistics.
- The number of SLED agents working on insurance fraud is not sufficient to investigate all cases in which DOI suspects insurance fraud.
- Public awareness regarding the United States’, and particularly South Carolina’s, significant insurance fraud problem is lacking.
- The backlog in general sessions court creates major delays in prosecuting insurance fraud cases. In many instances, the insurance fraud offender is released on bond then continues to commit crimes.

STUDIES TO BE COMPLETED

The Committee will study the following agencies during the 126th General Assembly.

Economic Development,
Transportation, and
Natural Resources



Conservation
Bank

Education and
Cultural Affairs



Tuition Grants
Commission

Healthcare and
Regulatory



Department of
Insurance

Law Enforcement,
Civil and Criminal
Justice



State Law
Enforcement
Division



Department of
Employment and
Workforce



Department of
Education



Department of
Vocational
Rehabilitation



Administrative
Law Court



SOUTH CAROLINA
HOUSE OF REPRESENTATIVES

LEGISLATIVE
OVERSIGHT
COMMITTEE

CONTACT

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Columbia, South Carolina 29211
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