

REPORT OF THE LEGISLATIVE SUBCOMMITTEE

Loftis, Hayes, Ballentine, and Sottile
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HOUSE BILL 3311

H. 3311 -- Reps. White, G.R. Smith, West, G.M. Smith, Cobb-Hunter, Clyburn and Pitts: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING ARTICLE 29 TO CHAPTER 53, TITLE 59 SO AS TO DEVELOP AND IMPLEMENT A CAREER PATHWAYS INITIATIVE, TO ESTABLISH A PATHWAYS TO FIRST CAREERS PROGRAM, TO ESTABLISH A PATHWAYS TO NEW OPPORTUNITIES PROGRAM, AND TO ADMINISTER THE WORKFORCE SCHOLARSHIP AND GRANT FUND; BY ADDING SECTION 12-6-3760 SO AS TO PROVIDE A TAX CREDIT FOR TAXPAYERS WHO HIRE AN APPRENTICE; BY ADDING SECTION 59-53-110 SO AS TO CREATE A "WORKFORCE SCHOLARSHIP AND GRANT FUND"; AND BY ADDING SECTION 12-6-3765 SO AS TO PROVIDE A TAX CREDIT FOR TAXPAYERS WHO CONTRIBUTE TO THE WORKFORCE SCHOLARSHIP AND GRANT FUND.

Summary of Bill:

- Directs the Coordinating Council for Workforce Development (CCWD) to advise appropriate entities to ensure the components of the Education and Economic Development Act of 2005 are implemented with fidelity
- Directs the agencies of the CCWD to implement a Pathways Initiative in alignment with the Education and Economic Development Act of 2005 to address workforce needs statewide
- Establishes a Workforce Scholarships and Grants fund at the State Board for Technical and Comprehensive Education
- Provides a career pathways tax credit to employers who create and maintain full-time and part-time apprenticeships

Estimated Fiscal Impact:

This bill will increase General Fund expenditures by \$4,048,866 in FY 2017-18 and thereafter and require 38 new positions. The impact to FY 2017-18 non-recurring General Fund expenditures is \$26 million. This bill will decrease General Fund revenue by \$9.5 million in FY 18-19 and thereafter.

Subcommittee Recommendation:

Favorable with amendment

H. 3311 Summary as Amended

SECTION 1 - Cleanup Language for Act 252 of 2016 (H. 4145)

- Adds two additional council members, appointed by the Superintendent of Education, who have specialized experience in the Education and Economic Development Act of 2005 (EEDA)
- Directs the Council to ensure the components of the EEDA are implemented with fidelity in order to provide enhanced coordination between K-12, higher education, and employers
 - This allows the council to examine workforce needs with a holistic and coordinated perspective, all the way from education to employment
 - Eliminates the need for an additional EEDA Coordinating Council

SECTION 2 - Pathways Initiative

- Directs the State Board for Technical and Comprehensive Education (SBTCE) and the State Department of Education (SDE) to develop, coordinate, and implement a statewide **Career Pathways** program to facilitate a seamless transition from education to employment for students preparing to enter careers in industry sectors with critical workforce needs
 - Establishes the Career Pathways Grant Fund at the SBTCE, which will be used to award competitive grants to technical colleges who wish to offer Pathways programs
 - Pathways programs at individual technical colleges must meet requirements set forth by statute and regulation to be eligible for Career Pathways grant funding from the SBTCE
- Directs the Department of Employment and Workforce (DEW), in consultation with the SBTCE and the Department of Commerce, to use existing services and new resources to develop and implement a **Pathways to New Opportunities** initiative to provide targeted training, education, and job placement assistance to adults

SECTION 3 - Workforce Scholarships and Grants

- Establishes a Workforce Scholarship and Grant fund at the State Board for Technical and Comprehensive Education
 - Have been doing this by proviso since FY 2015-16
- The Workforce Scholarship and Grant fund will provide grants of up to \$10,000, not to exceed the cost of attendance, to be used for tuition, fees, transportation, or textbook expenses to individuals pursuing career education and certification in industry sectors with critical workforce needs
 - Intended to reach adults and non-degree seeking students that do not qualify for other types of financial assistance
- Requires the SBTCE and SDE to develop eligibility requirements for programs and promulgate regulations for the disbursement of scholarships and grants to qualifying individuals

SECTION 4 - Career Pathways Tax Credit

- Provides a career pathways tax credit to employers who create and maintain full-time and part-time apprenticeships
- Tax credit amount is based on the tier designation of the county in which the apprenticeships are created and is available for up to five years
- Tax credit amounts will be prorated for part-time internships
- Directs the Department of Revenue to adopt rules and promulgate regulations necessary for implementation

SECTION 5 - Effective Date

- Specifies that the act takes effect upon approval of the Governor

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

ALLEN/PAIR
MARCH 8, 2017

CLERK OF THE HOUSE

THE LEGISLATIVE SUBCOMMITTEE PROPOSES THE FOLLOWING
AMENDMENT NO. 1 TO H. 3311:

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, BY STRIKING ALL
AFTER THE ENACTING CLAUSE AND INSERTING:**

**/ SECTION 1. SECTION 13-1-2030 OF THE 1976 CODE, AS ADDED
BY ACT 252 OF 2016, IS AMENDED TO READ:**

**“SECTION 13-1-2030. (A) THERE IS ESTABLISHED THE
‘COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT’ WHICH
IS CREATED TO ENGAGE IN DISCUSSIONS, COLLABORATION, AND
INFORMATION SHARING CONCERNING THE STATE’S ABILITY TO
PREPARE AND TRAIN WORKERS TO MEET CURRENT AND FUTURE
WORKFORCE NEEDS. THE COORDINATING COUNCIL ~~SHALL BE~~ IS
COMPRISED OF THE FOLLOWING MEMBERS:**

**(1) THE SECRETARY OF THE DEPARTMENT OF COMMERCE OR
HIS DESIGNEE;**

**(2) THE STATE SUPERINTENDENT OF EDUCATION OR HIS
DESIGNEE;**

(3) THE EXECUTIVE DIRECTOR OF THE STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION OR HIS DESIGNEE;

(4) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF EMPLOYMENT AND WORKFORCE OR HIS DESIGNEE;

(5) THE EXECUTIVE DIRECTOR OF THE COMMISSION ON HIGHER EDUCATION OR HIS DESIGNEE;

(6) THE PRESIDENT OR PROVOST OF A RESEARCH UNIVERSITY WHO ~~SHALL BE~~ IS SELECTED BY THE PRESIDENTS OF THE RESEARCH UNIVERSITIES;

(7) THE PRESIDENT OR PROVOST OF A FOUR-YEAR COLLEGE OR UNIVERSITY WHO ~~SHALL BE~~ IS SELECTED BY THE PRESIDENTS OF THE FOUR-YEAR UNIVERSITIES;

(8) THE PRESIDENT OF A TECHNICAL COLLEGE WHO ~~SHALL BE~~ IS APPOINTED BY THE CHAIRMAN OF THE STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION;

(9) ~~A PERSON APPOINTED BY THE SUPERINTENDENT OF EDUCATION WHO HAS PARTICULARIZED~~ THE FOLLOWING MEMBERS APPOINTED BY THE STATE SUPERINTENDENT OF EDUCATION, WHO HAVE EXPERTISE REGARDING CHAPTER 59, TITLE 59, THE SOUTH CAROLINA EDUCATION AND ECONOMIC DEVELOPMENT ACT:

(A) A SCHOOL DISTRICT SUPERINTENDENT;

(B) A SCHOOL COUNSELOR;

(C) A CAREER AND TECHNOLOGY EDUCATION DIRECTOR;

AND

(10) A REPRESENTATIVE FROM THE BUSINESS COMMUNITY APPOINTED BY THE PRESIDENT OF THE SOUTH CAROLINA CHAMBER OF COMMERCE.

(B)(1) THE COORDINATING COUNCIL SHALL:

(A) DEVELOP AND IMPLEMENT PROCEDURES FOR SHARING INFORMATION AND COORDINATING EFFORTS AMONG STAKEHOLDERS TO PREPARE THE STATE'S CURRENT AND EMERGING

~~WORKFORCE TO MEET THE NEEDS OF THE STATE'S ECONOMY. THE PRIMARY WORKFORCE FOCUS OF THE COUNCIL SHALL BE ON PERSONS OVER AGE TWENTY ONE;~~

(B) MAKE RECOMMENDATIONS TO THE GENERAL ASSEMBLY CONCERNING MATTERS RELATED TO WORKFORCE DEVELOPMENT THAT EXCEED THE COUNCIL MEMBERS' AGENCIES' SCOPE OF AUTHORITY TO IMPLEMENT AND LEGISLATION IS REQUIRED;

(C) RECOMMEND, TO THE GENERAL ASSEMBLY, PROGRAMS INTENDED TO INCREASE STUDENT ACCESS TO AND INCENTIVIZE WORKFORCE TRAINING WITHIN STATE TRAINING PROGRAMS OR THROUGH PROGRAMS OFFERED BY BUSINESSES THROUGH SCHOLARSHIPS, GRANTS, LOANS, TAX CREDITS, OR OTHER PROGRAMS DOCUMENTED TO BE EFFECTIVE IN ADDRESSING CURRENT AND FUTURE WORKFORCE NEEDS;

(D) DEVELOP A METHOD FOR IDENTIFYING AND ADDRESSING LONG-TERM WORKFORCE NEEDS;

(E) CONDUCT AN ONGOING INVENTORY OF EXISTING WORKFORCE PROGRAMS TO IDENTIFY DUPLICATIONS AMONG AND WITHIN THE PROGRAMS AND IDENTIFY INEFFECTIVE PROGRAMS. THE COUNCIL MAY MAKE RECOMMENDATIONS CONCERNING THE APPROPRIATE ACTIONS NECESSARY TO ELIMINATE DUPLICATION, IMPROVEMENTS TO INEFFECTIVE PROGRAMS SO THAT THE PROGRAMS CAN ACHIEVE THE DESIRED RESULT, OR THE ELIMINATION OF PROGRAMS THAT NO LONGER MEET WORKFORCE NEEDS;

(F) ADVISE APPROPRIATE AGENCIES AND GOVERNING BOARDS TO ENSURE THE COMPONENTS OF CHAPTER 59, TITLE 59, ARE IMPLEMENTED WITH FIDELITY TO PROVIDE A BETTER PREPARED WORKFORCE, STUDENT SUCCESS IN POSTSECONDARY EDUCATION, AND ENHANCED COORDINATION BETWEEN K-12, HIGHER EDUCATION, AND EMPLOYERS. THE COUNCIL SHALL REVIEW ACCOUNTABILITY

AND PERFORMANCE MEASURES FOR IMPLEMENTATION OF THIS ARTICLE AND MAKE RECOMMENDATIONS FOR THE PROMULGATION OF REGULATIONS TO CARRY OUT ITS PROVISIONS INCLUDING, BUT NOT LIMITED TO, ENFORCEMENT PROCEDURES, WHICH MAY INCLUDE MONITORING AND AUDITING FUNCTIONS, AND ADDRESSING CONSEQUENCES FOR NONCOMPLIANCE; AND

(G) SUBMIT AN ANNUAL PROGRESS REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY, BY ~~JULY~~ SEPTEMBER FIRST OF EACH FISCAL YEAR, CONCERNING THE ACTIONS TAKEN BY THE COUNCIL DURING THE PREVIOUS FISCAL YEAR, AND ANY RECOMMENDATIONS FOR LEGISLATION OR AGENCY ACTION. THE COUNCIL MAY SUBMIT ADDITIONAL REPORTS ON AN ONGOING BASIS AS DEEMED NECESSARY BY THE COUNCIL CHAIRMAN.

(2) THE COORDINATING COUNCIL MAY CREATE SUBCOMMITTEES OR ADVISORY GROUPS COMPRISED OF COMMUNITY OR STATE OR LOCAL GOVERNMENT STAKEHOLDERS TO ASSIST THE COUNCIL IN CARRYING OUT THE COUNCIL'S DUTIES AS CONTAINED IN ITEM (1).

(C) THE SECRETARY OF THE DEPARTMENT OF COMMERCE OR HIS DESIGNEE TO THE COORDINATING COUNCIL ~~SHALL BE~~ IS THE COORDINATING COUNCIL'S CHAIRMAN.

(D) THE DEPARTMENT OF EDUCATION, THE COMMISSION ON HIGHER EDUCATION, THE DEPARTMENT OF COMMERCE, AND THE STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION SHALL PROVIDE STAFF FOR THE COORDINATING COUNCIL."

SECTION 2. CHAPTER 53, TITLE 59 OF THE 1976 CODE IS AMENDED BY ADDING:

"ARTICLE 29

PATHWAYS INITIATIVE

SECTION 59-53-2620. (A) THE MEMBER AGENCIES OF THE COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT, AS DESIGNATED IN THIS ARTICLE, SHALL DEFINE, DEVELOP, AND IMPLEMENT A STATEWIDE PATHWAYS INITIATIVE IN ALIGNMENT WITH CHAPTER 59, TITLE 59, THE SOUTH CAROLINA EDUCATION AND ECONOMIC DEVELOPMENT ACT, TO IMPROVE EMPLOYMENT OUTCOMES AND ADDRESS CRITICAL WORKFORCE NEEDS. THE PATHWAYS INITIATIVE CONSISTS OF A CAREER PATHWAYS PROGRAM TO FACILITATE A STUDENT'S TRANSITION FROM EDUCATION TO EMPLOYMENT AND A PATHWAYS TO NEW OPPORTUNITIES INITIATIVE TO PROVIDE CAREER SERVICES, INCLUDING EDUCATION, TRAINING, AND JOB SEARCH ASSISTANCE TO ADULTS.

(B) THE COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT SHALL INCLUDE AN UPDATE ON THE PATHWAYS INITIATIVE IN THE PROGRESS REPORT SUBMITTED ANNUALLY BY SEPTEMBER FIFTEENTH TO THE GOVERNOR, THE CHAIRMAN OF THE SENATE FINANCE COMMITTEE, AND THE CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE.

SECTION 59-53-2630. THE STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION (SBTCE), IN CONSULTATION WITH THE DEPARTMENT OF EDUCATION, SHALL DEVELOP, COORDINATE, AND IMPLEMENT A STATEWIDE CAREER PATHWAYS PROGRAM TO FACILITATE A SEAMLESS TRANSITION FROM SECONDARY EDUCATION AND POSTSECONDARY TECHNICAL EDUCATION TO EMPLOYMENT IN INDUSTRY SECTORS WITH CRITICAL WORKFORCE NEEDS.

SECTION 59-53-2640. (A) THERE IS CREATED A 'CAREER PATHWAYS GRANT FUND' ADMINISTERED BY THE SBTCE. THE

PURPOSE OF THE FUND IS TO AWARD GRANTS TO ELIGIBLE TECHNICAL COLLEGES IN ORDER TO PROVIDE AND SUPPORT THE INFRASTRUCTURE NECESSARY TO OFFER PATHWAYS PROGRAMS. GRANTS AWARDED TO TECHNICAL COLLEGES MUST BE USED ONLY FOR PATHWAYS-SPECIFIC EXPENSES, TO INCLUDE PROGRAM ADMINISTRATION, CAREER AND TECHNICAL EQUIPMENT, FACILITIES, INSTRUCTIONAL MATERIALS, TRANSPORTATION, AND TUITION GRANTS. THE SBTCE OR BOARD-APPOINTED COMMITTEE, IN CONSULTATION WITH THE DEPARTMENT OF EDUCATION, SHALL DEVELOP AND MAINTAIN ELIGIBILITY CRITERIA FOR THESE COMPETITIVE GRANTS.

(B) FUNDS AVAILABLE THROUGH THESE COMPETITIVE GRANTS ARE AWARDED TO TECHNICAL COLLEGES THAT DEMONSTRATE THE STRONGEST ABILITY TO MEET GRANT CRITERIA. FUNDS MAY NOT BE AWARDED TO ALL COLLEGES IN A GIVEN YEAR.

(C) FUNDS MUST BE USED TO ESTABLISH NEW PATHWAYS OR ENHANCE EXISTING PATHWAYS THAT CONFER THE NECESSARY SKILLS AND TRAINING TO PREPARE STUDENTS FOR CAREERS IN HIGH-DEMAND FIELDS. FUNDS ONLY SUPPORT CAREER AND TECHNICAL EDUCATION PROGRAMS AND COURSES IN INDUSTRY SECTORS WITH CRITICAL WORKFORCE NEEDS.

(D) TO QUALIFY FOR CAREER PATHWAYS GRANT FUNDING AS ESTABLISHED PURSUANT TO THIS SECTION, THE TECHNICAL COLLEGE AND SCHOOL OR SCHOOL DISTRICT MUST ENTER INTO MEMORANDUMS OF UNDERSTANDING THAT MEET THE GRANT REQUIREMENTS.

(E) THE SBTCE OR BOARD-APPOINTED COMMITTEE, IN CONSULTATION WITH THE STATE DEPARTMENT OF EDUCATION, IS RESPONSIBLE FOR DETERMINING IF A PATHWAY MEETS THE ESTABLISHED CRITERIA AND MAY PROMULGATE REGULATIONS

FURTHER ENUMERATING THE SPECIFICS OF THESE CRITERIA AND THE EVALUATION PROCESS.

(F) THE SBTCE SHALL PREPARE AN ANNUAL REPORT ON THE CAREER PATHWAYS PROGRAM AND GRANT AWARDS BY SEPTEMBER FIRST OF EACH YEAR. THE REPORT MUST BE SUBMITTED TO THE COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT FOR INCLUSION IN ITS ANNUAL REPORT TO THE GOVERNOR, THE CHAIRMAN OF THE SENATE FINANCE COMMITTEE, AND THE CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE. THE REPORT MUST INCLUDE, AT MINIMUM, AN UPDATE OF PROGRESS TOWARD FULL STATEWIDE IMPLEMENTATION OF THE CAREER PATHWAYS PROGRAM, AND UPON IMPLEMENTATION, AN ANALYSIS OF PROGRAM ACCOUNTABILITY MEASURES AND KEY PERFORMANCE INDICATORS.

(G) AS USED IN THIS SECTION:

(1) 'INDUSTRY SECTORS WITH CRITICAL WORKFORCE NEEDS' MEANS THE INDUSTRY SECTORS AS OUTLINED BY THE MEMBER AGENCIES OF THE COORDINATING COUNCIL FOR WORKFORCE DEVELOPMENT AND THEIR BUSINESS AND INDUSTRY PARTNERS.

(2) 'PATHWAYS' MEANS A PARTNERSHIP BETWEEN A SECONDARY EDUCATION PROVIDER, A TECHNICAL COLLEGE, AND A BUSINESS OR INDUSTRY THAT INCORPORATES THE FOLLOWING ELEMENTS:

(A) SECONDARY AND POSTSECONDARY EDUCATION ELEMENTS;

(B) COHERENT AND RIGOROUS CONTENT ALIGNED WITH CHALLENGING ACADEMIC STANDARDS AND RELEVANT CAREER AND TECHNICAL CONTENT IN A COORDINATED, NONDUPLICATIVE PROGRESSION OF COURSES THAT ALIGN SECONDARY EDUCATION WITH POSTSECONDARY EDUCATION TO ADEQUATELY PREPARE STUDENTS TO SUCCEED IN POSTSECONDARY EDUCATION;

(C) OPPORTUNITY FOR SECONDARY EDUCATION STUDENTS TO PARTICIPATE IN DUAL OR CONCURRENT ENROLLMENT PROGRAMS OR OTHER WAYS TO ACQUIRE POSTSECONDARY EDUCATION CREDITS AT NO COST TO THE STUDENT; AND

(D) STUDENT ATTAINMENT OF AN INDUSTRY-RECOGNIZED CREDENTIAL, OR A POSTSECONDARY CERTIFICATE, DIPLOMA, OR ASSOCIATE DEGREE, WITH MULTIPLE ENTRANCE AND EXIT POINTS.

SECTION 59-53-2650. (A) THE DEPARTMENT OF EMPLOYMENT AND WORKFORCE, IN COORDINATION WITH THE SBTCE AND THE DEPARTMENT OF COMMERCE, SHALL DEVELOP, COORDINATE, AND IMPLEMENT A PATHWAYS TO NEW OPPORTUNITIES INITIATIVE, WHICH MUST LEVERAGE EXISTING SERVICES AND NEW RESOURCES TO PROVIDE SUBSIDIZED CAREER TRAINING AND CERTIFICATION AND JOB PLACEMENT ASSISTANCE TO ADULTS THROUGHOUT THE STATE PURSUING CAREERS IN HIGH-DEMAND OCCUPATIONS IN INDUSTRY SECTORS WITH CRITICAL WORKFORCE NEEDS.

(B) THE SBTCE SHALL ADMINISTER THE WORKFORCE OPPORTUNITY SCHOLARSHIP AND GRANT FUND, ESTABLISHED PURSUANT TO SECTION 59-53-110, TO BE USED FOR TUITION AND EDUCATION-RELATED EXPENSES FOR ELIGIBLE CAREER TRAINING AND CERTIFICATION PROGRAMS FOR QUALIFYING INDIVIDUALS. THE SBTCE, IN CONSULTATION WITH THE DEPARTMENT OF EDUCATION AND THE COMMISSION ON HIGHER EDUCATION, SHALL DEVELOP AND MAINTAIN ELIGIBILITY CRITERIA FOR SCHOLARSHIPS AND GRANTS. FUNDS MAY BE USED TO PROVIDE OPPORTUNITIES THROUGH EXISTING PROGRAMS.

(C) THE DEPARTMENT OF EMPLOYMENT AND WORKFORCE SHALL COORDINATE WITH THE SBTCE TO IDENTIFY AND REFER QUALIFYING INDIVIDUALS TO THE TRAINING PROGRAMS AND SCHOLARSHIP OPPORTUNITIES ESTABLISHED IN THIS SECTION. THE

DEPARTMENT OF EMPLOYMENT AND WORKFORCE, IN CONSULTATION WITH THE DEPARTMENT OF COMMERCE, ALSO SHALL DEVELOP AND IMPLEMENT A PLAN TO FACILITATE THE JOB PLACEMENT OF QUALIFYING INDIVIDUALS WHO HAVE COMPLETED THE NECESSARY TRAINING AND CERTIFICATION, TO ENSURE THAT THEY ARE MATCHED WITH AVAILABLE EMPLOYMENT OPPORTUNITIES IN INDUSTRY SECTORS WITH CRITICAL WORKFORCE NEEDS THROUGHOUT THE STATE.”

SECTION 3. ARTICLE 1, CHAPTER 53, TITLE 59 OF THE 1976 CODE IS AMENDED BY ADDING:

“SECTION 59-53-110. (A) THERE IS CREATED A ‘WORKFORCE SCHOLARSHIP AND GRANT FUND’ ADMINISTERED BY THE STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION (SBTCE). THE PURPOSE OF THE FUND IS TO PROVIDE FINANCIAL ASSISTANCE TO QUALIFYING INDIVIDUALS PURSUING CAREER EDUCATION OR PROFESSIONAL CERTIFICATION THROUGH ELIGIBLE PROGRAMS.

(B) AS USED IN THIS SECTION:

(1) ‘QUALIFYING INDIVIDUAL’ MEANS A PERSON WHO IS A SOUTH CAROLINA RESIDENT AND WHO IS ELIGIBLE TO BE ENROLLED IN A SOUTH CAROLINA TECHNICAL COLLEGE OR PROFESSIONAL CERTIFICATION PROGRAM.

(2) ‘COST OF ATTENDANCE’ MEANS THE TOTAL AMOUNT OF MONEY CHARGED FOR THE COST OF A QUALIFYING INDIVIDUAL TO ATTEND AN ELIGIBLE PROGRAM INCLUDING, BUT NOT LIMITED TO, TUITION, FEES FOR ATTENDING THE SCHOOL, TEXTBOOKS, AND SCHOOL RELATED TRANSPORTATION, LESS ALL FEDERAL GRANTS, NEED BASED GRANTS, AND LOTTERY TUITION ASSISTANCE.

(3) ‘ELIGIBLE PROGRAM’ MEANS A PROGRAM THAT:

(A) DOES NOT DISCRIMINATE ON THE BASIS OF RACE, COLOR, OR NATIONAL ORIGIN;

(B) IS LOCATED IN THIS STATE;

(C) HAS SCHOOL FACILITIES THAT ARE SUBJECT TO APPLICABLE FEDERAL, STATE, AND LOCAL LAWS; AND

(D) MEETS ALL ELIGIBILITY GUIDELINES PROMULGATED BY THE SBTCE;

(C) GRANTS MAY BE AWARDED FROM THE FUND IN AN AMOUNT NOT EXCEEDING THE TOTAL COST OF ATTENDANCE FOR A QUALIFYING INDIVIDUAL TO ATTEND THE ELIGIBLE PROGRAM OF HIS CHOICE. THE CUMULATIVE GRANT AWARD FOR EACH QUALIFYING INDIVIDUAL MAY NOT EXCEED TEN THOUSAND DOLLARS.

(D)(1) THE SBTCE, IN CONSULTATION WITH THE DEPARTMENT OF EDUCATION AND THE COMMISSION ON HIGHER EDUCATION, IS RESPONSIBLE FOR DETERMINING IF A PROGRAM MEETS THE CRITERIA ESTABLISHED BY SUBSECTION (B)(3), AND SHALL PUBLISH AN APPROVED LIST OF QUALIFYING PROGRAMS. FOR THE PURPOSE OF THIS SUBSECTION, THE BOARD MAY PROMULGATE REGULATIONS FURTHER ENUMERATING THE SPECIFICS OF THESE CRITERIA.

(2) BY THE FIRST DAY OF AUGUST FOR THE CURRENT FISCAL YEAR, THE SBTCE, ON ITS WEBSITE AVAILABLE TO THE GENERAL PUBLIC, SHALL PROVIDE A LIST OF APPROVED PROGRAMS THAT ACCEPT GRANTS FOR ELIGIBLE STUDENTS AND THAT IN THE BOARD'S DETERMINATION ARE IN COMPLIANCE WITH THE REQUIREMENTS OF SUBSECTION (B)(3).

SECTION 4. A. ARTICLE 25, CHAPTER 6, TITLE 12 OF THE 1976 CODE IS AMENDED BY ADDING:

“SECTION 12-6-3780. (A) A TAXPAYER IS ALLOWED A CAREER PATHWAYS TAX CREDIT IF THE TAXPAYER CREATES A REGISTERED

APPRENTICESHIP AS DEFINED IN THE NATIONAL APPRENTICESHIP ACT. A TAXPAYER CLAIMING CREDITS PURSUANT TO THIS SECTION IS INELIGIBLE FOR INCOME TAX CREDITS AUTHORIZED FOR APPRENTICESHIPS PURSUANT TO SECTION 12-6-3477.

(B)(1) A CAREER PATHWAYS TAX CREDIT IS ALLOWED FOR UP TO FIVE YEARS FOR A REGISTERED APPRENTICE EMPLOYED BY THE TAXPAYER. THE APPRENTICE MUST BE EMPLOYED FOR AT LEAST SEVEN MONTHS TO BE ELIGIBLE FOR THE CREDIT IN YEAR ONE. SUBSEQUENT CREDITS CAN BE APPLIED AS LONG AS THE EMPLOYEE REMAINS IN THE APPRENTICESHIP PROGRAM UNDER AN APPRENTICESHIP AGREEMENT. THE AMOUNT OF THE INITIAL TAX CREDIT IS AS FOLLOWS:

(A) FOUR THOUSAND DOLLARS FOR EACH NEW FULL-TIME APPRENTICESHIP CREATED IN 'TIER IV' COUNTIES, AS PROVIDED IN SECTION 12-6-3360(B)(1);

(B) TWO THOUSAND ONE HUNDRED TWENTY FIVE DOLLARS FOR EACH NEW FULL-TIME APPRENTICESHIP CREATED IN 'TIER III' COUNTIES, AS PROVIDED IN SECTION 12-6-3360(B)(2);

(C) ONE THOUSAND THREE HUNDRED SEVENTY-FIVE DOLLARS FOR EACH NEW FULL-TIME APPRENTICESHIP CREATED IN 'TIER II' COUNTIES, AS PROVIDED IN SECTION 12-6-3360(B)(3);

(D) SEVEN HUNDRED FIFTY DOLLARS FOR EACH NEW FULL-TIME APPRENTICESHIP CREATED IN 'TIER I' COUNTIES, AS PROVIDED IN SECTION 12-6-3360(B)(4).

(2) AN APPRENTICESHIP CREATED PURSUANT TO THIS SECTION IS NOT A NEW JOB FOR PURPOSES OF SECTION 12-6-3360.

(C) A CREDIT CLAIMED PURSUANT TO THIS SECTION BUT NOT USED IN A TAXABLE YEAR MAY BE CARRIED FORWARD IN THE SAME MANNER AS PROVIDED IN SECTION 12-6-3360(H).

(D) FOR PURPOSES OF THIS SECTION, AN 'APPRENTICESHIP PROGRAM' MEANS A PROGRAM DESIGNED TO ALLOW AN INDIVIDUAL

THE OPPORTUNITY TO WORK UNDER SUPERVISION TO LEARN A TRADE OR SKILL AND APPROVED BY THE SOUTH CAROLINA STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION'S APPRENTICESHIP CAROLINA AS THE APPRENTICESHIP REGISTERING ENTITY FOR THE STATE OF SOUTH CAROLINA.

(E) TAX CREDITS MAY BE PRORATED FOR APPRENTICES THAT ARE EMPLOYED PART TIME.

(F) THE DEPARTMENT OF REVENUE MAY ADOPT RULES AND PROMULGATE REGULATIONS NECESSARY TO IMPLEMENT THIS SECTION.”

B. THIS SECTION TAKES EFFECT IN TAX YEARS BEGINNING AFTER 2017 AND APPLIES TO APPRENTICESHIPS CREATED AFTER THAT DATE.

SECTION 5. THIS ACT TAKES EFFECT UPON APPROVAL BY THE GOVERNOR. /

RENUMBER SECTIONS TO CONFORM.

AMEND TITLE TO CONFORM.



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3311 Introduced on January 10, 2017
Author: White
Subject: Pathways Initiative
Requestor: House Ways and Means
RFA Analyst(s): Walling, Martin, Shuford, Wren
Impact Date: February 6, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$30,048,866	\$0
Other and Federal	Undetermined	\$0
Full-Time Equivalent Position(s)	38.00	0.00
State Revenue		
General Fund	\$0	(\$9,500,000)
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill will increase recurring General Fund expenditures by \$4,048,866 in FY 2017-18 and thereafter and require 38 new positions. The impact to FY 2017-18 non-recurring General Fund expenditures is \$26,000,000. The expenditure impact of this bill to Federal Funds and Other Funds is undetermined.

This bill will decrease General Fund revenue by \$9,500,000 in FY 2018-19 and thereafter.

Explanation of Fiscal Impact

Introduced on January 10, 2017

State Expenditure

This bill establishes the Pathways Initiative (initiative), to improve employment outcomes and address critical workforce development needs statewide. The initiative will be implemented by the State Board for Technical and Comprehensive Education (SBTCE), the Department of Education (SDE), the Department of Employment and Workforce (DEW), and the Department of Commerce (DOC). Expected outcomes of the initiative include a statewide Pathways to First Careers program, a Pathways to New Opportunities program, a Workforce Scholarship and Grant Fund, and by February 1st of each year an annual report prepared by the Coordinating Council for Workforce Development provided to the Chairman of the Senate Finance Committee and the Chairman of House Ways and Means Committee of the initiative's accountability measures and key performance indicators. The bill outlines the purpose, responsibilities, and eligibility requirements for each program and places the responsibility of administering the programs with the SBTCE in coordination with the SDE, DEW, and DOC.

The State Board for Technical and Comprehensive Education. The board is directed to coordinate the development and implementation of the statewide Pathways to First Careers program and the Pathways to New Opportunities Program. The board is also directed to administer the Workforce Scholarship and Grant Fund, including development and maintenance of eligibility criteria for scholarships and grants.

The Pathways to First Careers program facilitates a seamless transition from education to employment in industries with critical workforce shortages and provides funding for infrastructure, equipment, facilities, instructional materials, transportation, and tuition grants. School districts that lack adequate career development and workforce readiness programs will receive 30 percent or more of funding provided to the program with the remaining funding used to establish programs in all regions of the state. The Pathways to New Opportunities program will provide subsidized career training and certification and job placement assistance to adults.

The Workforce Scholarship and Grant Fund, established pursuant to Section 59-53-110 will provide eligible individuals with tuition and education-related expenses for eligible career training and certification programs. Grants awarded from this fund will not exceed the lesser of ten thousand dollars or the total cost of attendance.

SBTCE indicates this bill will increase recurring General Fund expenditures by \$3,518,000 in FY 2017-18 and each year thereafter. Of the recurring amount, \$2,600,000 will pay the salary and employer contributions for two new positions at each of the 16 colleges, \$240,500 for the salary and employer contributions for three new positions at the central office, and \$677,500 for marketing, certification fees, and other administrative expenses. The two new positions at each of the 16 technical colleges will ensure the desired performance measures and outcomes of the initiative are met. The three positions in the central system office will ensure the coordination of the colleges and system as a whole. Non-recurring General Fund expenditures will increase by \$26,000,000. This amount consists of an average of \$1,000,000 for equipment and \$625,000 for up-fit and repurposing of labs and classrooms at each of the 16 colleges.

Department of Education. The department is required to develop and implement, in conjunction with the State Board for Technical and Comprehensive Education, the statewide Pathways to First Careers program. This program is to facilitate a seamless transition from education to employment in industries with critical workforce shortages.

The department is also required to coordinate with the State Board for Technical and Comprehensive Education, the Department of Commerce, and the Department of Employment and Workforce to develop and implement the Pathways to New Opportunities program to provide subsidized career training, certification, and job placement assistance to adults pursuing careers in high demand jobs in critical need industries.

The department indicates that additional General Fund expenditures for these two programs would total \$380,866 in FY 2017-18. The expenditures include the following:

- \$205,416 for two FTE positions to administer the development and implementation of the two programs. This expenditure includes salary of \$69,289 plus \$28,599 employer contributions for each position. Travel, supplies and technology costs for both positions would amount to \$9,640.
- \$175,450 for travel, printing, and web expenditures for the new Career Cluster Guides to provide web and printed materials to increase the students' ability to successfully complete a certification or degree regardless of where a student may eventually graduate.

The department also expects to allocate \$13,210,000 to the school districts for the following items from a portion of the \$13,798,983 recurring Education Improvement Act appropriation to modernize vocational equipment. The expected expenditures include the following:

- \$1,640,000 allocated to the school districts for the cost of industry certifications and exams for the Pathways to New Opportunities program.
- \$500,000 allocated to the school districts for adult education for the cost of industry certifications and exams.
- \$10,250,000 allocated to the school districts to purchase equipment for career development and workforce readiness programs. At least thirty percent of these funds are directed to school districts or multidistrict career centers.
- \$820,000 allocated to the school districts for instructional materials.

Department of Commerce. The department is responsible for assisting in the coordination of the Pathways to New Opportunities program that will provide subsidized career training and certification and job placement assistance to adults. The department indicates that this bill will increase General Fund expenses by \$150,000. This amount includes \$60,000 for the salary and fringe of one new position for staffing the Coordinating Council for Workforce Development. The remaining amount will be used for other operating expenses.

Department of Employment and Workforce. The bill directs the department to coordinate with appropriate entities to identify and refer eligible individuals to the training programs and scholarship opportunities. In addition, the department is directed to develop and implement a plan to facilitate the job placement of eligible individuals. The department reports the potential impact of this bill cannot be reasonably estimated until the full scope of the agency's specific responsibilities have been formulated and detailed by the Coordinating Council for Workforce Development.

State Revenue

This section would add Section 12-6-3760 to allow a taxpayer to claim a career pathways tax credit if the taxpayer creates an apprenticeship as defined in the National Apprenticeship Act. This act defines apprenticeship as a combination of on-the-job training and related instruction in which workers learn the practical and theoretical aspects of a highly skilled occupation. The nonrefundable tax credit may be claimed for five years. The apprentice must be employed for at least seven months to be eligible for the credit in year one. The amount of the career pathways tax credit is exactly one-half of the job tax credits amounts pursuant to Section 12-6-3360(B) and is as follows:

- \$4,000 for each new full-time apprenticeship created in “Tier IV” counties,
- \$2,125 for each new full-time apprenticeship created in “Tier III” counties,
- \$1,375 for each new full-time apprenticeship created in “Tier II” counties, and
- \$750 for each new full-time apprenticeship created in “Tier I” counties.

An apprenticeship created pursuant to this section is not considered a new job pursuant to Section 12-6-3360. There is no limitation on the number of employees that an eligible taxpayer may employ. Any unused career pathways tax credits may be carried forward for a period of fifteen years from the taxable year in which the credit is earned by the taxpayer. This section takes effect in tax years beginning after 2017, and applies to apprenticeships created after this date.

According to the U.S. Department of Labor, Employment and Training Administration, apprentices make up about 0.3 percent of the total labor force. Based on the latest labor force data from the Bureau of Labor Statistics, there are an estimated 2,282,714 individuals in the civilian labor force in South Carolina. Multiplying 2,282,714 by 0.3 percent yields an estimated 6,848 potential apprentices. Recognizing that some of these individuals are currently employed as apprentices through other various federal and state training programs, there may be an additional 5,000 individuals that may become eligible for workforce training. Because it is difficult to estimate with certainty in which county new apprentices may be found, an estimated average career pathways tax credit of \$1,900 per eligible apprentice is used in the analysis. Multiplying 5,000 potential apprentices by an average career pathways tax credit of \$1,900 yields a reduction of General Fund income tax revenue of an estimated \$9,500,000 in FY2018-19, and each fiscal year thereafter.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director

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A BILL

11 TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA,
12 1976, BY ADDING ARTICLE 29 TO CHAPTER 53, TITLE 59 SO
13 AS TO DEVELOP AND IMPLEMENT A CAREER PATHWAYS
14 INITIATIVE, TO ESTABLISH A PATHWAYS TO FIRST
15 CAREERS PROGRAM, TO ESTABLISH A PATHWAYS TO
16 NEW OPPORTUNITIES PROGRAM, AND TO ADMINISTER
17 THE WORKFORCE SCHOLARSHIP AND GRANT FUND; BY
18 ADDING SECTION 12-6-3760 SO AS TO PROVIDE A TAX
19 CREDIT FOR TAXPAYERS WHO HIRE AN APPRENTICE; BY
20 ADDING SECTION 59-53-110 SO AS TO CREATE A
21 "WORKFORCE SCHOLARSHIP AND GRANT FUND"; AND
22 BY ADDING SECTION 12-6-3765 SO AS TO PROVIDE A TAX
23 CREDIT FOR TAXPAYERS WHO CONTRIBUTE TO THE
24 WORKFORCE SCHOLARSHIP AND GRANT FUND.

25
26 Be it enacted by the General Assembly of the State of South
27 Carolina:

28
29 SECTION 1. Chapter 53, Title 59 of the 1976 Code is amended by
30 adding:

31
32 "Article 29

33
34 Pathways Initiative

35
36 Section 59-53-2620. (A) The State Board for Technical and
37 Comprehensive Education, the Department of Education, the
38 Department of Employment and Workforce, and the Department of
39 Commerce shall implement a Pathways Initiative in alignment with
40 the Education and Economic Development Act to improve
41 employment outcomes and address critical workforce development
42 needs statewide.

1 (B) The Coordinating Council for Workforce Development shall
2 prepare an annual report on the Pathways Initiative by February first
3 of each year. The report must be published on each operating
4 agency's website and submitted to the Chairman of the Senate
5 Finance Committee and the Chairman of the House Ways and
6 Means Committee. The report must include, at minimum, an
7 analysis of program accountability measures and key performance
8 indicators.

9
10 Section 59-53-2630. The State Board for Technical and
11 Comprehensive Education and the Department of Education shall
12 develop and implement a statewide Pathways to First Careers
13 program to facilitate a seamless transition from education to
14 employment in industries with critical workforce shortages. Funds
15 allocated to the program must be used to provide the necessary
16 infrastructure, including career and technical equipment, facilities,
17 instructional materials, transportation, and tuition grants. Of the
18 funds allocated to the program:

19 (1) at least thirty percent of the funds must be directed to school
20 districts or multidistrict career centers lacking adequate career
21 development and workforce readiness programs with priority given
22 to school districts or multidistrict career centers with a poverty index
23 of seventy-five percent or greater; and

24 (2) remaining funds must be used to establish programs in all
25 regions of the State that confer the necessary skills and training to
26 prepare students for careers in high demand fields and critical need
27 positions in businesses and industries experiencing difficulty
28 recruiting and retaining qualified applicants.

29
30 Section 59-53-2640. (A) The State Board for Technical and
31 Comprehensive Education shall coordinate with the Department of
32 Commerce, Department of Employment and Workforce, and the
33 Department of Education to develop and implement a Pathways to
34 New Opportunities program to provide subsidized career training
35 and certification and job placement assistance to adults pursuing
36 careers in high demand jobs in critical need industries throughout
37 the State.

38 (B) The State Board for Technical and Comprehensive
39 Education shall administer the Workforce Scholarship and Grant
40 Fund, established pursuant to Section 59-53-110, for eligible
41 individuals to be used for tuition and education-related expenses for
42 eligible career training and certification programs. The board, in
43 consultation with the Department of Education and the Commission

1 on Higher Education or its successor, shall develop and maintain
2 eligibility criteria for scholarships and grants. Funds may be used
3 to provide opportunities through existing programs.

4 (C) The Department of Employment and Workforce shall
5 coordinate with the State Board for Technical and Comprehensive
6 Education to identify and refer eligible individuals to the training
7 programs and scholarship opportunities established in this section.
8 Also, the Department of Employment and Workforce shall
9 coordinate with the Department of Commerce and the State Board
10 for Technical and Comprehensive Education to develop and
11 implement a plan to facilitate the job placement of eligible
12 individuals who have completed the necessary training and
13 certification to ensure that qualified individuals are matched with
14 available employment opportunities in high demand jobs
15 throughout the State.”

16

17 SECTION 2. Article 1, Chapter 53, Title 59 of the 1976 Code is
18 amended by adding:

19

20 “Section 59-53-110. (A) There is created a ‘Workforce
21 Scholarship and Grant Fund’ administered by the State Board for
22 Technical and Comprehensive Education. The purpose of the fund
23 is to provide scholarship funding for eligible individuals to pursue
24 career education through eligible programs.

25 (B) As used in this section:

26 (1) ‘Qualifying individual’ means a person who is a South
27 Carolina resident and who is eligible to be enrolled in a South
28 Carolina technical college or professional certification program.

29 (2) ‘Cost of attendance’ means the total amount of money
30 charged for the cost of a qualifying individual to attend an eligible
31 program including, but not limited to, tuition, fees for attending the
32 school, textbooks, and school-related transportation, less all federal
33 grants and need-based grants.

34 (3) ‘Eligible program’ means a program that:

35 (a) does not discriminate on the basis of race, color, or
36 national origin;

37 (b) is located in this State;

38 (c) has school facilities that are subject to applicable
39 federal, state, and local laws; and

40 (d) meets all eligibility guidelines promulgated by the State
41 Board for Technical and Comprehensive Education in consultation
42 with the Department of Education.

1 (4) 'Person' means an individual, partnership, corporation, or
2 other similar entity.

3 (C) Grants may be awarded from the fund in an amount not
4 exceeding ten thousand dollars or the total cost of attendance,
5 whichever is less, for students to attend the program of their choice.

6 (D)(1) The State Board for Technical and Comprehensive
7 Education, in consultation with the Department of Education, is
8 responsible for determining if a program meets the criteria
9 established by subsection (A)(3), and shall publish an approved list
10 of qualifying programs. For the purpose of this subsection, the
11 board shall promulgate regulations further enumerating the specifics
12 of these criteria.

13 (2) By the first day of August for the current fiscal year, the
14 State Board for Technical and Comprehensive Education, on its
15 website available to the general public, shall provide a list of
16 approved programs that accept grants for eligible students and that
17 in the board's determination are in compliance with the
18 requirements of subsection (A)(3).

19 (E) Contributions made to the fund must be used to provide
20 grants for tuition, fees, transportation, or textbook expenses to
21 individuals enrolled in eligible programs who qualify for these
22 grants under the provisions of this section. A person contributing to
23 the fund may not designate a specific individual or institution as the
24 beneficiary of the contribution."
25

26 SECTION 3. A. Article 25, Chapter 6, Title 12 of the 1976 Code
27 is amended by adding:
28

29 "Section 12-6-3760. (A) A taxpayer is allowed a career
30 pathways tax credit if the taxpayer creates a registered
31 apprenticeship as defined in the National Apprenticeship Act. A
32 taxpayer claiming credits pursuant to this section is ineligible for
33 income tax credits authorized for apprenticeships pursuant to
34 Section 12-6-3477.

35 (B)(1) A career pathways tax credit is allowed for up to five years
36 for a registered apprentice employed by the taxpayer. The
37 apprentice must be employed for at least seven months to be eligible
38 for the credit in year one. Subsequent credits can be applied as long
39 as the employee remains in the apprenticeship program under an
40 apprenticeship agreement. The amount of the initial tax credit is as
41 follows:

1 (a) four thousand dollars for each new full-time
2 apprenticeship created in 'Tier IV' counties, as provided in Section
3 12-6-3360(B)(1);

4 (b) two thousand one hundred twenty-five dollars for each
5 new full-time apprenticeship created in 'Tier III' counties, as
6 provided in Section 12-6-3360(B)(2);

7 (c) one thousand three hundred seventy-five dollars for
8 each new full-time apprenticeship created in 'Tier II' counties, as
9 provided in Section 12-6-3360(B)(3);

10 (d) seven hundred fifty dollars for each new full-time
11 apprenticeship created in 'Tier I' counties, as provided in Section
12 12-6-3360(B)(4).

13 (2) An apprenticeship created pursuant to this section is not a
14 new job for purposes of Section 12-6-3360.

15 (C) A credit claimed pursuant to this section but not used in a
16 taxable year may be carried forward in the same manner as provided
17 in Section 12-6-3360(H).

18 (D) For purposes of this section, an 'apprenticeship program'
19 means a program designed to allow an individual the opportunity to
20 work under supervision to learn a trade or skill and approved by the
21 South Carolina State Board for Technical and Comprehensive
22 Education's Apprenticeship Carolina as the apprenticeship
23 registering entity for the State of South Carolina.

24 (E) Tax credits may be prorated for apprentices that are
25 employed part time.

26 (F) The Department of Revenue may adopt rules and promulgate
27 regulations necessary to implement this section."

28
29 B. This section takes effect in tax years beginning after 2017 and
30 applies to apprenticeships created after that date.

31
32 SECTION 4. This act takes effect upon approval by the Governor.

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