



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3599 Introduced on January 12, 2021
Author: B. Newton
Subject: Occupational Therapy Licensure Compact
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): Coomer and Gardner
Impact Date: August 4, 2021 Updated to Include Additional Agency Impact

Fiscal Impact Summary

This bill allows the South Carolina Board of Occupational Therapy to enter into a multistate occupational licensure compact, pending its adoption by at least ten states.

The overall expenditure impact on the Department of Labor, Licensing, and Regulation (LLR) is undetermined. However, this bill will increase Other Funds expenditures of the agency by \$51,228 in the first fiscal year in which the Occupational Therapy Licensure Compact (compact) becomes active and by \$50,228 each year thereafter for the addition of 1.0 FTE. Further, the bill will increase Other Funds expenditures of LLR by an undetermined amount due to unknown costs related to entering into the compact, such as additional meetings of the South Carolina Board of Occupational Therapy, an annual compact assessment on member states, potential investigative costs stemming from adverse action taken on licensees, and participation in the compact's data system. However, compact privilege fees paid by applicants for licensure could generate the necessary revenue to offset these expenditure increases.

This bill is not expected to have an expenditure impact on the State Law Enforcement Division (SLED), as we anticipate that the requirements of the bill can be managed within the normal course of agency business.

The revenue impact of this bill on Other Funds of LLR and the General Fund is undetermined. It is not known how many new applicants will seek compact licensure, how many fines may be issued against licensees, and what compact privilege fee the board will establish for compact licensure. LLR does not anticipate its remittance to the General Fund under Proviso 81.3 of the FY 2021-22 Appropriations Act will exceed a few hundred dollars.

This bill may increase General Fund revenue by approximately \$6,750 in the first fiscal year in which the compact becomes active and each year thereafter due to fees collected by SLED for state criminal records checks.

This fiscal impact statement has been updated to include an agency impact for SLED.

Explanation of Fiscal Impact

Updated to Include Additional Agency Impact on August 4, 2021

Introduced on January 12, 2021

State Expenditure

This bill allows the South Carolina Board of Occupational Therapy (board) to enter into a multistate occupational licensure compact. The compact allows qualified occupational therapists or occupational therapy assistants to practice in all member states by applying for a compact privilege. Under current law, an occupational therapist must apply for licensure with the licensure board of each state in which the individual wishes to practice. Additionally, this bill requires applicants to undergo a state criminal history records check in their home state, including fingerprinting, and a national criminal records check. The costs of conducting these checks shall be paid by the applicant. This compact takes effect on the date of enactment by the tenth state. Currently, compact legislation has been introduced in eleven states. Therefore, we cannot determine when and if this compact will go into full effect.

Department of Labor, Licensing and Regulation. The Occupational Therapy Compact Commission (commission) is responsible for the administration of the interstate compact. This commission consists of one delegate from each member state selected by that member state's licensing board. The commission will meet at least once each calendar year, and expenditures related to the travel costs of the delegate will be provided by the member state. Additionally, the commission may collect an annual assessment from each member state to cover its operational costs. Furthermore, the bill requires compact states to have a mechanism in place for receiving and investigating complaints about licensees, as well as, for remote states to cover the costs associated with hearings and investigations required by the service statutes of the state where witnesses and evidence are located. However, these costs for investigations and disposition of cases can be recovered from the affected party. Lastly, the bill requires member states to submit a uniform data set to the commission's data system on all individuals to whom the compact is applicable. While LLR anticipates that these provisions will cause increased expenditures for the board and that additional board meetings may be necessary to hold application hearings and disciplinary hearings resulting from background checks, LLR is unable to determine the total increased cost of these provisions to the board.

LLR indicates that additional board meetings may be necessary to hold application hearings and disciplinary hearings resulting from background checks. The cost breakdown of board meetings includes a \$35 per diem for each board member, a 56 cent per mile mileage reimbursement, and a \$2,156 court reporter fee. The board consists of seven members. LLR cannot estimate the number of additional meetings that may be necessary as a result of this bill.

This bill creates additional administrative duties that cannot be managed by existing staff. Therefore, LLR anticipates that it will require 1.0 additional FTE to handle criminal background check processing during the licensure process, process applications, and assist with board meetings and other duties as needed. Salary and fringe benefits for an Administrative Assistant will total \$47,728, and other recurring operating expenses will total \$2,500. Non-recurring infrastructure costs associated with this position will total \$1,000. Therefore, this bill will

increase Other Funds expenditures by \$51,228 in the first fiscal year in which the compact becomes active and by \$50,228 each year thereafter. It is not known when and if this compact will go into effect.

The total expenditure impact of this bill on LLR is undetermined. However, compact privilege fees paid by applicants will be established by the board and could generate the necessary revenue to offset anticipated expenditure increases.

State Law Enforcement Division. We have not received a response from SLED regarding the expenditure impact of this bill. However, we anticipate that this bill will require SLED to perform activities that can be conducted in the normal course of agency business. Therefore, we do not expect that this bill will have an expenditure impact on the agency due to the provision requiring a state criminal history records check and fingerprinting for applicants to the board. *This section of the fiscal impact statement has been updated to include an agency impact for SLED.*

State Revenue

This bill allows the South Carolina Board of Occupational Therapy (board) to enter into a multistate occupational licensure compact. The compact allows qualified occupational therapists or occupational therapy assistants to practice in all member states by applying for a compact privilege. Under current law, an occupational therapist must apply for licensure with the licensure board of each state in which the individual wishes to practice. Additionally, this bill requires applicants to undergo a state criminal history records check in their home state, including fingerprinting, and a national criminal records check. The costs of conducting these checks shall be paid by the applicant.

Department of Labor, Licensing and Regulation. This bill allows LLR to collect a fee from out-of-state occupational therapists or occupational therapy assistants for licenses issued or renewed through this interstate compact. Additionally, the board may issue and collect fines as a result of adverse action taken against a licensee, as well as recover the costs for investigation and disposition of cases resulting from adverse action taken against a licensee. The revenue impact of this bill on the Other Funds of LLR is undetermined because LLR cannot estimate how many new applicants will seek compact licensure, how many fines may be issued against licensees, and what fee the board will establish for compact licensure.

The board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2021-22 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures. Because the total amount of increased costs to the board is unknown, LLR is unable to determine the exact revenue impact to the General Fund. However, LLR anticipates the revenue impact of this bill on the General Fund will not exceed a few hundred dollars.

State Law Enforcement Division. We have not received a response from SLED regarding the revenue impact of this bill. However, we anticipate that this bill may increase the number of state criminal records checks that SLED is required to perform. The total cost for a criminal records

check is \$51.75, of which \$25 is retained by SLED. The vendor, Identogo, receives \$13.50, and the remainder of the fee, \$13.25, is remitted to the Federal Bureau of Investigation. Pursuant to Section 23-3-115(A), revenue generated by state criminal records checks performed by SLED up to an amount of \$4,461,000 must be deposited in the General Fund. Any revenue over that amount is retained by SLED.

LLR indicates there have been an average of about 270 initial licenses granted for occupational therapists and occupational therapy assistants between FY 2016-17 and FY 2019-20. If state background checks are performed on an average of 270 individuals a year, revenue would increase by approximately \$6,750 each fiscal year. In FY 2018-19, SLED generated approximately \$1,300,000 in total from state criminal records checks. As a note, RFA is not using FY 2019-20 data due to the impact of the COVID-19 pandemic on state background checks processing. We do not anticipate that the total increase in revenue due to state background checks will be more than the \$4,461,000 cap on revenue deposited to the General Fund. Based upon this, the increase in revenue of \$6,750 will be deposited to the General Fund in the first fiscal year in which the compact becomes active and each year thereafter, and there is no increase in Other Funds revenue of SLED. *This section of the fiscal impact statement has been updated to include an agency impact for SLED.*

Local Expenditure

N/A

Local Revenue

N/A

Updated for Additional Agency Response on February 24, 2021

Introduced on January 12, 2021

State Expenditure

This bill provides for the South Carolina Board of Occupational Therapy (board) to enter into a multistate occupational licensure compact. The compact allows qualified occupational therapists or occupational therapy assistants to practice in all member states by applying for a compact privilege. Under current law, an occupational therapist must apply for licensure with the licensure board of each state in which the individual wishes to practice.

Additionally, this bill requires applicants to undergo a state criminal history records check in their home state, including fingerprinting, and a national criminal records check. The costs of conducting these checks shall be paid by the applicant.

This compact takes effect on the date of enactment by the tenth state. Currently, compact legislation has been introduced in eleven states. RFA cannot determine when and if this compact will go into full effect.

Department of Labor, Licensing and Regulation. The Occupational Therapy Compact Commission (commission) is responsible for the administration of the interstate compact. This commission consists of one delegate from each member state selected by that member state's

licensing board. The commission will meet at least once each calendar year, and expenditures related to the travel costs of the delegate will be provided by the member state. Additionally, the commission may collect an annual assessment from each member state to cover its operational costs. Furthermore, the bill requires compact states to have a mechanism in place for receiving and investigating complaints about licensees, as well as for remote states to cover the costs associated with hearings and investigations required by the service statutes of the state where witnesses and evidence are located. However, these costs for investigations and disposition of cases can be recovered from the affected party. Lastly, the bill requires member states to submit a uniform data set to the commission's data system on all individuals to whom the compact is applicable. While LLR anticipates that these provisions will cause increased expenditures for the board and that additional board meetings may be necessary to hold application hearings and disciplinary hearings resulting from background checks, LLR is unable to determine the total increased cost of these provisions to the board.

LLR indicates that additional board meetings may be necessary to hold application hearings and disciplinary hearings resulting from background checks. The cost breakdown of board meetings includes a \$35 per diem for each board member, a 56 cent per mile mileage reimbursement, and a \$2,156 court reporter fee. The board consists of seven members. LLR cannot estimate the number of additional meetings that may be necessary as a result of this bill.

This bill creates additional administrative duties that cannot be managed by existing staff. Therefore, LLR anticipates that it will require 1 additional FTE to handle criminal background check processing during the licensure process, process applications, and assist with board meetings and other duties as needed. Salary and fringe benefits for an Administrative Assistant will total \$47,728, and other recurring operating expenses will total \$2,500. Non-recurring infrastructure costs associated with this position will total \$1,000. Therefore, this bill will increase Other Funds expenditures by \$51,228 in the first fiscal year in which the compact becomes active and by \$50,228 each year thereafter. It is not known when and if this compact will go into effect.

The total expenditure impact of this bill is undetermined. However, compact privilege fees paid by applicants will be established by the board and could generate the necessary revenue to offset anticipated expenditure increases.

This fiscal impact has been updated for an additional response from LLR.

State Law Enforcement Division. The expenditure impact of this bill on SLED is pending, contingent upon a response from the agency.

State Revenue

Department of Labor, Licensing and Regulation. This bill allows LLR to collect a fee from out-of-state occupational therapists or occupational therapy assistants for licenses issued or renewed through this interstate compact. Additionally, the board may issue and collect fines as a result of adverse action taken against a licensee, as well as recover the costs for investigation and disposition of cases resulting from adverse action taken against a licensee. The revenue impact of

this bill on the Other Funds of LLR is undetermined because LLR cannot estimate how many new applicants will seek compact licensure, how many fines may be issued against licensees, and what fee the board will establish for compact licensure.

The board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2019-20 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures. Because the total amount of increased costs to the board is unknown, LLR is unable to determine the exact revenue impact to the General Fund. However, LLR anticipates the revenue impact of this bill on the General Fund will not exceed a few hundred dollars.

This fiscal impact has been updated for an additional response from LLR.

State Law Enforcement Division. This bill may increase the number of state criminal records checks that SLED is required to perform. Pursuant to Section 23-3-115(A), revenue generated by state criminal records checks performed by SLED up to an amount of \$4,461,000 must be deposited in the General Fund. Any revenue over that amount is retained by SLED. The revenue impact of this bill on the General Fund and the Other Funds of SLED is pending, contingent upon a response from the agency.

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 12, 2021

State Expenditure

This bill allows South Carolina to enter into a multistate occupational licensure compact. The compact allows qualified occupational therapists or occupational therapy assistants to practice in all member states by applying for a compact privilege. Under current law, an occupational therapist must apply for licensure with the licensure board of each state in which the individual wishes to practice. The licensure board for South Carolina is the Board of Occupational Therapy (board), which is regulated by LLR.

Additionally, this bill requires applicants to undergo a state criminal history records check in their home state, including fingerprinting, and a national criminal records check. The costs of conducting these checks shall be paid by the applicant.

Department of Labor, Licensing and Regulation. The Occupational Therapy Compact Commission (commission) is responsible for the administration of the interstate compact. This commission consists of one delegate from each member state selected by that member state's licensing board. The commission will meet at least once each calendar year, and expenditures related to the travel costs of the delegate will be provided by the member state. Additionally, the

commission may collect an annual assessment from each member state to cover its operational costs.

This bill requires the board to review applications for new home state licenses and compact privileges, to determine qualification of the applicant, and to activate new home state licenses in accordance with rules adopted by the commission. If the compact qualifications are not met, a single-state license may be considered by the board. The board must also report to the commission any adverse action imposed against a licensee and comply with adverse action imposed by member states against a home state licensee. Additionally, the board must submit a data set to the commission's data system containing information on individuals to whom the compact is applicable.

The expenditure impact of this bill on LLR is pending, contingent upon a response from the agency.

State Law Enforcement Division. The expenditure impact of this bill on SLED is pending, contingent upon a response from the agency.

State Revenue

Department of Labor, Licensing and Regulation. This bill allows LLR to collect a fee from out-of-state occupational therapists or occupational therapy assistants for licenses issued or renewed through this interstate compact. LLR is required, pursuant to Section 40-1-50(D), to adjust fees biennially to ensure that fee revenue is sufficient, but not excessive, to cover expenses of each respective board. Additionally, the board may issue and collect fines as a result of adverse action taken against a licensee, as well as recover the costs for investigation and disposition of cases resulting from adverse action taken against a licensee. The revenue impact of this bill on the Other Funds of LLR is pending, contingent upon a response from the agency.

The board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 20190-20 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures. The revenue impact of this bill on the General Fund is pending, contingent upon a response from the agency.

State Law Enforcement Division. This bill may increase the number of state criminal records checks that SLED is required to perform. Pursuant to Section 23-3-115(A), revenue generated by state criminal records checks performed by SLED up to an amount of \$4,461,000 must be deposited in the General Fund. Any revenue over that amount is retained by SLED. The revenue impact of this bill on the General Fund and the Other Funds of SLED is pending, contingent upon a response from the agency.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director