



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0778 Introduced on May 4, 2023
Author: Shealy
Subject: Social Work Licensure Compact Re-Draft
Requestor: Senate Family and Veterans Services
RFA Analyst(s): Wren
Impact Date: January 24, 2024

Fiscal Impact Summary

This bill allows for the entry of the South Carolina Board of Social Work Examiners into the Social Work Member State Compact. The bill also specifies the purpose, functions, and operations of the Social Work Member State Compact.

The overall expenditure impact of this bill on the Department of Labor, Licensing and Regulation (LLR) is undetermined. Neither the agency nor the Board of Social Work Examiners can determine the total expenditure impact since neither the Social Work Licensure Compact Commission nor the Social Work Member State Compact rules have been established. However, LLR may need to hire 1.0 FTE to handle the criminal background checks and additional administrative requirements related to compact participation. Salary and fringe for the new FTE would total approximately \$61,800. Additional recurring expenses of \$250 for miscellaneous supplies and \$2,200 in nonrecurring expenses for computer equipment for the FTE are also expected. Therefore, Other Funds expenses of the agency would increase by at least \$64,250 in the first year of the compact's existence. Expenses would decrease to at least \$62,050 each year thereafter. However, if the FTE is needed, LLR will need to request an increase in Other Funds authorization.

This bill will have no expenditure impact on the Department of Social Services (DSS) since it does not alter the duties or responsibilities of the agency.

Based on a previous response from the State Law Enforcement Division (SLED) on similar legislation, this bill will have no expenditure impact on the agency since any increase in criminal background searches can be managed within existing appropriations and with existing staff. We will update this impact statement if SLED revises this response.

The Board of Social Work Examiners falls under the Division of Professional and Occupation Licensing. Proviso 81.3 of the FY 2023-24 Appropriations Act requires LLR to remit annually to the General Fund an amount equal to 10 percent of expenditures unless the board has an overall negative ending cash balance. Although the overall expenditure impact of the bill on LLR is undetermined, this portion of the bill will increase General Fund revenue by at least \$6,425 for the new FTE and miscellaneous expenses in the first year of the compact's existence.

Revenue allocated to the General Fund for this purpose would decrease to at least \$6,205 each year thereafter.

The overall Other Funds revenue impact on LLR is undetermined since the board is unable to determine how many applicants will seek compact licensure, the compact privilege fee the board will set for compact licensure, or how many instances of adverse action will occur upon entry into the compact.

Based on a previous response from SLED and using a three-year historical average, SLED was able to retain an average of \$10,375,000 from background checks for its \$25 portion of the fee. Assuming a similar pattern in future years and since this amount is over the \$4,461,000 amount that is allocated to the General Fund pursuant to proviso, we anticipate that Other Funds of SLED will increase by an undetermined amount in the first year of the compact's existence as a result of the potential increase in background checks. There would be no increase in General Fund revenue for this portion of the bill. We will update this impact statement if SLED revises this response.

Explanation of Fiscal Impact

Introduced on May 4, 2023

State Expenditure

This bill allows for the entry of the South Carolina Board of Social Work Examiners (board) into the Social Work Member State Compact (compact). The compact requires member states to recognize licenses for social workers issued by any other member state. The bill specifies the structure, function, powers, and duties of the Social Work Licensure Compact Commission (commission), the collective government agency of the compact states. The commission must pay the reasonable expenses of its establishment, organization, and ongoing activities and may levy and collect an annual assessment from each member state or impose fees on other parties. The bill also establishes the qualifications for social workers under the compact, including background checks with fingerprints by the Federal Bureau of Investigation (FBI) and the agency responsible for retaining that state's criminal records. The bill further provides for the compact states' rights and obligations, including those involving adverse action.

Department of Labor Licensing and Regulation. This bill authorizes the board, under the administration of LLR, to afford legal recognition to social workers in a manner that is consistent with the terms of the compact. The board may investigate and take adverse action on a social worker licensed under the compact and must report an adverse action taken in accordance with the rules of the commission. Any witness fees, travel expenses, mileage, and other fees related to investigation must be paid by the board, but these expenses may be recovered from the affected party as a result of litigation. Compact states are required to fully implement FBI fingerprint criminal background check procedures in the application process. Additionally, the board must participate in the commission's coordinated licensure database by maintaining and submitting a uniform data set on all licensees in the state. Further, the board must appoint one delegate to act on behalf of the state during annual meetings of the commission and any additional meetings.

The bill allows the commission to levy and collect an annual assessment from each compact state or impose fees on other parties, but this assessment has not been determined. The bill also specifies that the commission must pay for the reasonable expenses of its establishment, organization, and ongoing activities. It is not clear at this time if the travel expenses for the state's delegate to attend commission meetings will be covered by the commission.

LLR indicates that the agency and board are unable to determine the total expenditure impact of this bill since neither the commission nor the compact rules have been established. However, the agency indicates that it may need to hire 1.0 FTE, an administrative assistant, to handle the criminal background check requirements and additional administrative requirements related to compact participation. Salary and fringe for the new FTE would total approximately \$61,800. The agency anticipates additional recurring expenses of \$250 for miscellaneous supplies and \$2,200 in nonrecurring expenses for computer equipment for the FTE. This would increase Other Funds expenses of the agency by at least \$64,250 in the first year of the compact's existence. Expenses would decrease to at least \$62,050 each year thereafter. However, if the FTE is needed, the agency will need to request an increase in Other Funds authorization.

Department of Social Services. DSS indicates that this bill will have no expenditure impact on the agency since it does not alter the duties or responsibilities of the agency.

State Law Enforcement Division. SLED previously indicated on similar legislation that any expenses associated with conducting additional criminal background searches could be managed within existing appropriations and with existing staff. We anticipate that any revenue received from the criminal background search fee that is retained by SLED will be used to offset expenses. Therefore, the bill is not expected to have an expenditure impact on the agency. We will update this impact statement if SLED revises this response.

State Revenue

This bill allows for the entry of the board into the compact. The compact requires member states to recognize licenses for social workers issued by any other member state. The bill specifies the structure, function, powers, and duties of the commission, the collective government agency of the compact states. The commission must pay the reasonable expenses of its establishment, organization, and ongoing activities and may levy and collect an annual assessment from each member state or impose fees on other parties. The bill also establishes the qualifications for social workers under the compact, including background checks with fingerprints by the FBI and the agency responsible for retaining that state's criminal records. The bill further provides for the compact states' rights and obligations, including those involving adverse action.

This bill allows the board to charge a fee for granting a multistate compact license. Since the board is unable to determine how many applicants will seek compact licensure, the compact fee the board will set for compact licensure, or how many instances of adverse action will occur upon entry into the compact, LLR is unable to estimate the expected revenue from these sources. Therefore, the Other Funds revenue impact on LLR is undetermined.

Additionally, the board falls under the Division of Professional and Occupation Licensing. Proviso 81.3 of the FY 2023-24 Appropriations Act requires LLR to remit annually to the General Fund an amount equal to 10 percent of expenditures unless the board has an overall negative ending cash balance. Although the overall expenditure impact of the bill on LLR is undetermined, this portion of the bill will increase General Fund revenue by at least \$6,425 in the first year of the compact's existence. Revenue allocated to the General Fund for this purpose would decrease to at least \$6,205 each year thereafter.

This bill may increase the number of criminal records searches that SLED is required to perform since the board does not currently require state or federal fingerprint criminal background checks. SLED previously indicated on similar legislation that the total cost for a criminal records search 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 FBI. Pursuant to Section 23-3-115(A), revenue generated by 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.

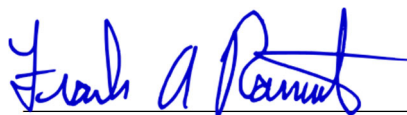
LLR is unable to estimate the number of social workers that may apply for a compact license and would need to submit a criminal background check. However, based upon a previous response and a three-year historical average, SLED was able to retain an average of \$10,375,000 from background checks for its \$25 portion of the fee. Assuming a similar pattern in future years and since this amount is over the \$4,461,000 amount that is allocated to the General Fund, we anticipate that Other Funds of SLED will increase by an undetermined amount in the first year of the compact's existence as a result of the potential increase in background checks. There would be no increase in General Fund revenue for this portion of the bill. We will update this impact statement if SLED revises these figures.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director