



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 3225	Introduced on January 14, 2025
Subject:	South Carolina Service Year Act	
Requestor:	House Education and Public Works	
RFA Analyst(s):	Bryant	
Impact Date:	April 17, 2025	

Fiscal Impact Summary

This bill establishes the South Carolina Service Year Program (SCSYP) to provide individuals with job training and work experience while engaging them in local service projects that fill critical needs in South Carolina. The SCSYP must be administered and managed by the S.C. Department of Education (SCDE). The bill also requires the Office of the Governor to establish the Office of Service and Civic Innovation, which must be headed by a director who is appointed by the Governor with the advice and consent of the Senate and the House of Representatives, to coordinate and oversee the activities of the SCSYP program and provides for the purposes and functions of the new office. Additionally, the bill requires the State Treasurer, in coordination with SCDE, to establish the Service Program Year Fund. The purpose of the fund is to provide compensation and stipends to SCSYP participants, pay the costs to administer and promote the program, and assist in the creation of additional SCSYP programs. The State Treasurer must credit to each SCSYP participant's individual account sufficient funds annually to ensure that the account contains \$10,000 at the tenth year from the date of program completion, \$25,000 at the twentieth year from the date of program completion, and \$40,000 at the thirtieth year from the date of program completion. SCSYP participants are entitled to the funds in the account at any time after ten years from program completion if they have been residents of the State for a majority of the intervening years. Additionally, the bill provides certain privacy and related measures.

SCDE indicates that this bill will increase expenses by an amount up to \$768,500 per year beginning in FY 2025-26. Of this amount, \$372,500 is for 3.0 FTEs, including annual salary and fringe benefits, to manage the program. Of the remaining amount, \$350,000 is for recurring data systems contractual services and \$46,000 is for other operating expenses. SCDE will request a General Fund appropriation increase to fund the expenses.

The Office of the Governor indicates that this bill will increase expenses by an amount up to \$760,939 beginning in FY 2025-26. Of this amount, \$406,000 is for 3.0 FTEs (one director and two staff), including annual salary and fringe benefits. Of the remaining amount, \$48,561 is for recurring operating expenses, including equipment, supplies, travel, and training. The Office of the Governor also anticipates the need for an additional \$306,378 for one-time equipment costs. Expenses will decrease to \$454,561 each year thereafter for the new FTEs and recurring operating costs. The Office of the Governor reports that it cannot absorb the costs of

implementing the provisions of the bill with existing appropriations and will request a General Fund appropriation increase to fund the expenses.

The State Treasurer's Office (STO) indicates that this bill will increase expenses by an amount up to \$613,200 beginning in FY 2025-26. Of this amount, \$113,200 is for 1.0 FTE with annual salary and fringe benefits. The new FTE will administer the Service Year Program Fund, monitor the individual accounts, and serve as a liaison with SCDE. Of the remaining amount, \$500,000 is for recurring operating expenses, including office space, computers, equipment, and a recordkeeping solution to track participant accounts and balances. STO will request a General Fund appropriation increase to fund the expenses.

The bill allows SCDE to seek gifts, grants, and other financial resources and to apply for, receive, and spend federal grants for use in administering the SCSYP. Additionally, the bill authorizes the Office of the Governor to apply for, receive, and spend federal grants for the use in carrying out the duties of the new Office of Service and Civic Innovation. The impact on Other Funds and Federal Funds revenue is undetermined as we are unable to estimate the potential amount of donations and grants that may be received for the SCSYP and the new office. Likewise, the amount of funds appropriated by the General Assembly for this purpose is also undetermined. The amount of funds to be paid to participants while in the SCSYP program and for individuals who may receive the program completion monetary awards depends upon the number of individuals who participate in the program, complete the program, and reside in South Carolina. Additionally, the potential liability if there are insufficient funds to cover program expenses and the program completion monetary awards is unclear.

Explanation of Fiscal Impact

Introduced on January 14, 2025

State Expenditure

This bill establishes the SCSYP to be administered and managed by SCDE. The purpose of the SCSYP is to provide individuals with job training and work experience while engaging them in local service projects that fill critical needs in South Carolina. In administering the program, SCDE shall:

- seek community service opportunities and opportunities for program expansion;
- develop processes to facilitate awarding SCSYP participants with academic credit for their participation in the program or credit for their participation and prior learning experience toward professional credentials, trade or vocational certifications, and apprenticeship programs;
- seek gifts or grants and other financial resources for the benefit of the program;
- apply for, receive, and spend grants-in-aid by the federal government or any of its agencies or any other federal funds and funds from nongovernmental entities and private partners made available to the department for use in administering the program;
- maintain relationships with current and former SCSYP participants;
- provide oversight of the design, development, implementation, operation, and expansion of the program; and
- participate in program-sponsored events.

SCDE must adopt regulations to accomplish the goals of the program as specified in the bill. The bill also includes requirements for SCSYP participants.

The bill also requires the Office of the Governor to establish the Office of Service and Civic Innovation, which must be headed by a director who is appointed by the Governor with the advice and consent of the Senate and the House of Representatives. The Office of Service and Civic Innovation shall:

- promote the use of SCSYP participants and volunteers in state and local government, employers, and nonprofit organizations;
- coordinate and oversee the activities of the SCSYP program and other service and volunteerism programs and initiatives;
- develop and implement model programs for a statewide clearinghouse, skill bank, or information centers for volunteers and projects;
- develop and implement volunteer recognition events for volunteers in state programs and provide technical assistance and support for recognition events in nonpublic programs;
- administer the SCSYP program;
- liaise with national, state, and local volunteerism groups to obtain information on federal, state, local, and private resources that may enhance volunteer projects within the state; and
- conduct studies and make recommendations to improve volunteer recruitment and training, volunteer retention, and accountability of volunteer programs.

Further, the bill requires the State Treasurer, in coordination with SCDE, to establish the Service Program Year Fund. The purpose of the fund is to provide compensation and stipends to SCSYP participants, pay the costs to administer and promote the program, and assist in the creation of additional SCSYP programs. The State Treasurer must credit to each SCSYP participant's individual account sufficient funds annually to ensure that the account contains \$10,000 at the tenth year from the date of program completion, \$25,000 at the twentieth year from the date of program completion, and \$40,000 at the thirtieth year from the date of program completion. SCSYP participants are entitled to the funds in the account at any time after ten years from program completion if they have been residents of the State for a majority of the intervening years. Beginning in FY 2026-27, the STO must prepare an annual report of the Fund that includes certain specified information. Additionally, the bill provides certain privacy and related measures.

S.C. Department of Education. SCDE indicates that this bill will increase expenses by an amount up to \$768,500 per year beginning in FY 2025-26. Of this amount, \$372,500 is for 3.0 FTEs, including annual salary and fringe benefits, to manage the program. Of the remaining amount, \$350,000 is for recurring data systems contractual services and \$46,000 is for other operating expenses. SCDE will request a General Fund appropriation increase to fund the expenses.

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State Revenue

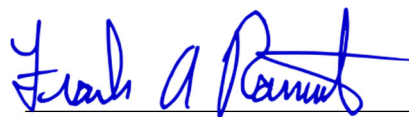
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Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director