



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0259	Amended by House Ways and Means on September 11, 2020
Author:	Goldfinch	
Subject:	SC Resilience Revolving Fund Act	
Requestor:	House Ways and Means	
RFA Analyst(s):	Wren	
Impact Date:	September 22, 2020	

Fiscal Impact Summary

The overall expenditure and revenue impacts of the amended bill are undetermined. However, the following analysis offers a range of potential expenditure and revenue impacts listed by Article number below.

State Expenditure:

Article 1

The new Office of Resilience is expected to incur increased expenses of at least \$337,400 and require two new FTEs beginning in FY 2020-21. If the new Office of Resilience is required to seek new office space on the open market to accommodate the increased duties and staff, the gross rent is anticipated to range from \$40,950 to \$50,400. This analysis assumes that the newly formed Office of Resilience will continue to contract for or otherwise obtain human resources and other support services without increasing staffing levels.

Expenses associated with the Statewide Resilience Plan Advisory Committee will be managed within existing appropriations for the affected agencies and will have no expenditure impact in FY 2020-21.

Article 3

In order to manage increased duties associated with the administration of the Resilience Revolving fund, the expenses of the Office of Resilience will incur expenses of \$781,584 and require 3 new FTEs.

State Revenue:

There is no General Fund revenue impact as a result of the creation of the Office of Resilience. Although the Disaster Recovery Office is directed to seek out additional funding to expand the capabilities of the Resilience Revolving Fund, the Other Funds revenue impact for public and private donations to the fund is undetermined. We are unable to estimate the potential amount of donations the fund may receive.

Explanation of Fiscal Impact

Amended by House Ways and Means on September 11, 2020

State Expenditure

Many of the expenditure impacts will depend upon implementation decisions made by the Office of Resilience upon its creation; however, the following analysis offers a range of potential expenditure and revenue impacts listed by Article number below.

Article 1

Article 1 creates the South Carolina Office of Resilience. The Office of Resilience must develop, implement, and maintain the Statewide Resilience Plan and must coordinate statewide resilience and disaster recovery efforts, including coordination with federal, state, and local government agencies, stakeholders, and non-governmental entities. Also, the South Carolina Disaster Recovery Office within Admin must be transferred to and incorporated into a new Office of Resilience. The Office of Resilience must be governed by a Chief Resilience Officer, who will be appointed by the Governor. This amendment also creates the Statewide Resilience Plan Advisory Committee to aid in the development of the Statewide Resilience Plan. This advisory committee is composed of the following members:

- Director of the Department of Natural Resources, or his designee
- Director of the Department of Insurance, or his designee
- Representative of the Disaster Recovery Office
- Commissioner of Agriculture, or his designee
- Director of the South Carolina Emergency Management Division, or his designee
- Executive Director of the Sea Grant Consortium, or his designee
- Secretary of the Department of Commerce, or his designee

Article 1 also creates the South Carolina Disaster Relief and Resilience Reserve Fund, which is separate from the General Fund and all other reserve funds. Funds appropriated to this fund must be used to develop, implement, and maintain the Statewide Resilience Plan and for disaster relief assistance, hazard mitigation, and infrastructure improvements. The Disaster Relief and Resilience Reserve Fund may be used for immediate disaster relief assistance to aid resilient rebuilding in affected communities with significant unmet needs. It may also be used to restore natural function to the floodplain and mitigate hazards via infrastructure improvements through loans and a competitive grant process administered by the Office of Resilience.

While the overall expenses associated with the new Office of Resilience are undetermined, with assistance from Admin, we anticipate that the new Office of Resilience will incur expenses of at least \$337,400 and require 2 FTEs beginning in FY 2020-21. Of this total, \$262,000 is for salary and fringe benefits for the Chief Resilience Officer and an Administrative Assistant. Although the amendment only references a Chief Resilience Officer, we anticipate the need for at least one additional FTE to provide support to this position. Other operating expenses are expected to total \$75,400 for the FTEs. Final staffing decisions would be made upon implementation and may result in additional expenses. Also, the salary and fringe benefits costs are estimates and will depend upon the final qualifications of the candidates and adherence with State Human Resources standards. It is unclear if the new Office of Resilience will be physically housed in the current location of the Disaster Recovery Office or if it will need to seek new office space on

the open market to accommodate its increased staffing and duties. Based upon the 2015 Comprehensive Real Property Evaluation, Strategic Planning and Implementation Report performed under contract to Admin, recommended office space is calculated at 210 square feet per employee, which includes circulation and common space. We also anticipate that the new Office of Resilience will be located in Columbia, SC. As of 2018, the gross rent paid by state agencies ranged from about \$13 per square foot to just under \$16 per square foot. If the new Office of Resilience is required to seek new office to accommodate the increased duties and staff, the gross rent is anticipated to range from \$40,950 to \$50,400. Again, since space requirements for the Office of Resilience are unknown, the expenditure impact of this portion of Article 1 is undetermined. This analysis assumes that the newly formed Office of Resilience will continue to contract for or otherwise obtain human resources and other support services without increasing staffing under levels under its new organizational structure.

Based upon the FY 2019-20 Appropriations Act, the Disaster Recovery Office within Admin had Federal Funds appropriations of \$98,865,000 and 10 FTEs. This amendment transfers the Office of Disaster Recovery from Admin to the Office of Resilience.

We anticipate that any expenses associated with the Statewide Resilience Plan Advisory Committee for the Department of Natural Resources, Department of Insurance, the Office of Resilience (Disaster Recovery Office), the Department of Agriculture, the Adjutant General's Office (Office of Emergency Management Division), the Sea Grant Consortium, and the Department of Commerce will be managed within existing appropriations and will have no expenditure impact in FY 2020-21.

Article 3

Article 3 creates the South Carolina Resilience Revolving Fund, which will be governed by the Disaster Recovery Office within the Office of Resilience. The Resilience Revolving Fund is established to make and service below-market interest rate loans and grants to eligible recipients for the purchase of flooded properties and land to complete floodplain restorations. In addition to appropriations made by the General Assembly, the Disaster Recovery Office must seek out additional sources of funding to sustain the Resilience Revolving Fund. Also, additional appropriations to the Resilience Revolving Fund may be requested from the General Assembly. Further, funds may be used for administrative and project management activities associated with the Resilience Revolving Fund.

The Department of Administration previously indicated that the bill would increase Other Funds expenditures by \$781,584 and 3 FTEs. Of this total, \$283,500 would be for the salary and fringe benefits for a Program Manager I, an Accountant/Fiscal Manager I, and an Attorney IV to provide administrative, accounting, and legal oversight of the fund. Other operating expenses of \$498,084 included expenditures for contract engineering and environmental services, computer equipment, and travel expenses for staff. Expenditures for contractual engineering and environmental services represented \$485,000 of the other operating expenses estimate. Although this amendment transfers the Disaster Recovery Office from Admin to the Office of Resilience, we anticipate that the Disaster Recovery Office will still need these additional funds in FY 2020-21 in order to manage the Resilience Revolving Fund.

Although Article 3 references appropriations from the General Assembly, a specific amount is not required in the amendment. Further, the Disaster Recovery Office is directed to seek out additional funding to expand the capabilities of the Resilience Revolving Fund.

State Revenue

The State Revenue section of this amendment is organized by article number:

Article 1

Article 1 creates the South Carolina Disaster Relief and Resilience Reserve Fund, which is separate from the General Fund and all other reserve funds. While this amendment references appropriated funds of the Disaster Relief and Resilience Reserve Fund, a specific amount is not required in the amendment. Therefore, the revenue impact on the General Fund is undetermined.

Article 3

Article 3 references appropriations from the General Assembly for the Resilience Revolving Fund; however, a specific amount is not required in the amendment. Therefore, the revenue impact on the General Fund is undetermined.

Further, the Disaster Recovery Office is directed to seek out additional funding to expand the capabilities of the Resilience Revolving Fund. While states in recent years have received donations from the federal government and private sector, we are unable to estimate the potential amount of donations the Resilience Revolving Fund may receive. Therefore, the Other Funds revenue impact for public and private donations to the South Carolina Resilience Revolving Fund is undetermined.

Local Expenditure

N/A

Local Revenue

N/A

Amended by Senate Agriculture and Natural Resources on February 28, 2019

State Expenditure

This bill creates the South Carolina Resilience Revolving Fund governed by Admin. The Fund is established to make and service below-market interest rate loans and grants to eligible recipients for the purchase of flooded properties and land to complete floodplain restorations. Administration and project management activities of Admin may be reimbursed from the Fund.

The bill requires that in the annual general appropriations act for FY 2019-20, the General Assembly will appropriate \$2,000,000 to establish the Fund. Admin is directed to seek out additional funding to expand the capabilities of the Fund.

Admin indicates that this bill will increase Other Funds expenditures by \$781,584 and 3.00 FTEs in FY 2019-20. Of this total, \$283,500 will be for the salary and employer fringe benefit costs for a Program Manager I, an Accountant/Fiscal Manager I, and an Attorney IV to provide administrative, accounting, and legal oversight of the Fund. Other operating expenses of \$498,084 include expenditures for contract engineering and environmental services, computer

equipment, and travel expenses for staff. Expenditures for contractual engineering and environmental services represent \$485,000 of the other operating expenses estimate.

State Revenue

While states in recent years have received donations from the federal government and private sector, we are unable to estimate the potential amount of donations the Fund may receive. Therefore, the Other Funds revenue impact for public and private donations to the Fund is undetermined.

Local Expenditure

N/A

Local Revenue

N/A

Amended by Senate Agriculture and Natural Resources on February 28, 2019

State Expenditure

This bill creates the South Carolina Resilience Revolving Fund governed by Admin. The Fund is established to make and service below-market interest rate loans and grants to eligible recipients for the purchase of flooded properties and land to complete floodplain restorations. Administration and project management activities of Admin may be reimbursed from the Fund.

The bill requires that in the annual general appropriations act for FY 2019-20, the General Assembly will appropriate \$2,000,000 to establish the Fund. Admin is directed to seek out additional funding to expand the capabilities of the Fund.

Admin indicates that this bill will increase Other Funds expenditures by \$781,584 and 3.00 FTEs in FY 2019-20. Of this total, \$283,500 will be for the salary and employer fringe benefit costs for a Program Manager I, an Accountant/Fiscal Manager I, and an Attorney IV to provide administrative, accounting, and legal oversight of the Fund. Other operating expenses of \$498,084 include expenditures for contract engineering and environmental services, computer equipment, and travel expenses for staff. Expenditures for contractual engineering and environmental services represent \$485,000 of the other operating expenses estimate.

State Revenue

While states in recent years have received donations from the federal government and private sector, we are unable to estimate the potential amount of donations the Fund may receive. Therefore, the Other Funds revenue impact for public and private donations to the Fund is undetermined.

Local Expenditure

N/A

Local Revenue

N/A

Updated for Additional Agency Response on February 8, 2019

Introduced on January 8, 2019

State Expenditure

This bill creates the South Carolina Resilience Revolving Fund governed by the Department of Natural Resources (DNR) Flood Mitigation Office. The Fund is established to make and service below-market interest rate loans and grants to eligible recipients for the purchase of flooded properties and land to complete floodplain restorations. Administration and project management activities of DNR may be reimbursed from the Fund.

The bill requires that in the annual general appropriations act for FY 2019-20, the General Assembly will appropriate \$2,000,000 to establish the Fund. DNR is directed to seek out additional funding to expand the capabilities of the Fund.

DNR indicates that this bill will increase recurring Other Funds expenditures by \$1,796,987 and 9.00 FTEs in FY 2019-20. Of this total, \$560,016 will be for the salary and employer fringe benefit costs of the positions in the table below. Other operating expenses of \$1,236,971 include expenditures for contract engineering and environment services, office rent and supplies, computer equipment, and travel expenses for staff. Expenditures for contractual engineering and environmental services represent \$1,000,000 of the total other operating expenses estimate and is based on the cost of similar undertakings by the Federal Emergency Management Agency Flood Mitigation Program.

This bill will increase non-recurring Other Funds expenditures by \$202,000 in FY 2019-20 for vehicles, office furniture, and computer equipment. In summary, this bill will increase total Other Funds expenditures by \$1,998,987 in FY 2019-20. These administration and project management expenditures by DNR may be reimbursed from the Fund. This fiscal impact statement has been updated based on a response by DNR.

Personnel Services and Employer Fringe Costs

Position Class Title	General Duties	Total Personnel Services
Program Manager II	Oversight of program	\$81,051
Attorney III	Oversight of legal aspects	\$66,612
Admin. Assistant	Support to Program Manager and Attorney	\$43,107
Public Information Coordinator	Outreach and promotion of the program	\$44,988
Administrative Manager I	Manages Financial/Accounting staff	\$70,297
Administrative Coordinator I	Executes accounting and procurement processes	\$56,922
Accounting/Fiscal Manager II	CPA/Auditor	\$81,051
Accounting/Fiscal Analyst II	Loan originator	\$49,376
Grants Admin II	Assures compliance with grant requirements; research of additional funding sources	\$66,612
Total		\$560,016

State Revenue

While states in recent years have received donations from the federal government and private sector, we are unable to estimate the potential amount of donations the Fund may receive. Therefore, the Other Funds revenue impact for public and private donations to the Fund is undetermined.

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 8, 2019**State Expenditure**

This bill creates the South Carolina Resilience Revolving Fund (Fund) governed by the Department of Natural Resources (DNR) Flood Mitigation Office. The Fund is established to make and service below-market interest rate loans and grants to eligible recipients for the purchase of flooded properties and land to complete floodplain restorations. Administration and project management activities of DNR may be reimbursed from the Fund.

The bill requires that in the annual general appropriations act for FY 2019-20, the General Assembly will appropriate \$2,000,000 to establish the Fund. DNR is directed to seek out additional funding to expand the capabilities of the Fund.

The expenditure impact of this bill on the General Fund, Other Funds, and Federal Funds of DNR is pending, contingent upon a response from the agency.

State Revenue

While states in recent years have received donations from the federal government and private sector, we are unable to estimate the potential amount of donations the Fund may receive. Therefore, the Other Funds revenue impact for public and private donations to the Fund is undetermined.

Local Expenditure and Revenue

N/A



Frank A. Rainwater, Executive Director