

**Agency Activity Inventory**  
**by Agency**  
**Appropriation Period: FY 2010-11**

**Agency:** R28 - Department of Consumer Affairs

**Functional Group:** Transportation & Regulatory

**1349 Consumer Services**

Legislative Mandate: Code Section 37-6-117 requires the Administrator to: (a) Receive complaints of individuals pertaining to any consumer transaction arising out of the production, promotion or sale of consumer goods and services; endeavor to determine the probable basis and merit of such complaint and advise the complainant of such determination; (b) Subject to the provisions of 37-6-118, refer to the appropriate state or federal agency any complaint which is under the jurisdiction of such agency, for appropriate action; (c) Endeavor to bring about a voluntary adjustment of any such complaint not within the jurisdiction of any regulatory or enforcement agency.

**Statewide Result Area:** Improve the conditions for economic growth

**Strategy:** Provide for a reasonable and safe business regulatory environment.

**FY 2010-11**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$416,500	\$0	\$0	\$0	\$0	\$416,500	17.00

**Other Fund - Subfund No. & Title:**

3035, Operating revenue

**Budgetary Program No.:** III.

**Expected Results:**

Complaint Analysts process and mediate written consumer complaints seeking to find equitable solutions for the consumer and the business, including refunds, adjustments and credits to consumer accounts. The Division typically recovers more money on behalf of consumers than its cost of operations. Refunds, adjustments and credits exceeded \$1.7 million for FY 08. The Division also fields customer calls, provides advice to other state agencies, refers complaints to other agencies, and provides consumer education and outreach activities. Due to budget cuts, as a result of a veto that completely eliminated funding for the Division, the following programs have been eliminated: maintenance of the Buyer Beware list on our website; outreach at satellite locations, and; the after-hours service and educational program that served consumers that were unable to reach us during normal business hours. The average turn around time for a complaint from filing to resolution has increased from roughly 25 days to around 60 days as a result of the reduced budget and staff.

**Outcome Measures:**

Comparison of the # of telephone inquires, the # of written complaints filed, and the # of complaints closed as satisfied, unsatisfied, abandoned, or referred to other agencies. The prime outcome measure is the savings that are secured for consumers through refunds, repairs and adjustments as compared to the cost of the Division. The Division consistently returns far more money to consumers than the costs of operating it. Included in this, but difficult to quantify, are the savings to the state's court system. Given the thousands of complaints DCA fields each year (including hundreds which are referred by the Governor's office, the General Assembly and the AG's office, as well as other agencies) it is clear that the availability of DCA's mediation process takes a large load off the court system. SC courts encourage or require mediation to resolve disputes. This service also saves consumers and businesses the often prohibitive cost of hiring a private attorney. The Division provides SC taxpayers with a readily available, experienced, and cost-effective mediation service.

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Program general funding of \$265,924 vetoed by Governor, sustained by House.

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**Functional Group:** Transportation & Regulatory

**1350 Legal Division**

The Legal Division is mandated (1) to administer, interpret, and enforce the South Carolina Consumer Protection Code (37-1-101 et seq.) South Carolina Motor Club Services Act (39-61-10 et seq.), the Physical Fitness Services Act (44-79-10 et seq.), the Athlete Agents Act (59-102-10 et seq.), the Mortgage Broker Act (40-58-10 et seq.), the Pawnbroker Act (40-39-10 et seq.), the Automobile Lemon law (56-28-10 et seq.), the Consumer Credit Counseling Act (37-7-101 et seq.), and Preneed Funeral Contract law (32-7-10 et seq.); (2) to promulgate regulations to implement the above acts; (3) to protect consumers from unfair or deceptive market practices. The Legal Division is also charged with initiating and encouraging educational programs that inform consumers of market practices and schemes which are fraudulent, deceptive or illegal and encouraging honest and fair business practices.

**Statewide Result Area:** Improve the conditions for economic growth

**Strategy:** Provide for a reasonable and safe business regulatory environment.

**FY 2010-11**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$1,173,563	\$146,108	\$67,500	\$0	\$0	\$959,955	22.00

**Other Fund - Subfund No. & Title:**

3035, Operating revenue

**Budgetary Program No.:** II.

**Expected Results:**

Review and inspect business locations for proper filing, posting, and compliance. Participate in joint state and federal investigation of odometer fraud committed in this State. Enforce the Consumer Protection Code, Motor Club Act, the Physical Fitness Services Act, the Athlete Agents Act, the Mortgage Broker Act, the Pawnbrokers Act, the Consumer Credit Counseling Act, the Automobile Lemon Law and the Preneed Funeral Contract law. The Legal Division enforces state and federal laws prohibiting unfair and deceptive business practices in trade or commerce in accordance with the SC Consumer Protection Code. Current areas of enforcement focus on mortgage loan brokering, odometer rollbacks, predatory lending, and mortgage fraud. These activities help eliminate potential problems and provide consumers with tools to educate themselves and make better decisions.

**Outcome Measures:**

The Legal Division conducts a comparison of year end program results on a number key indicators such as: the number of regulatory compliance reviews; the number of licensing application reviews; the number of advertising compliance letters issued; the number of public information presentations; the amount of consumer refunds obtained; the number of delinquent maximum rate files investigated; the number of continuing education hours offered to mortgage brokers and credit counselors; and the number of enforcement matters handled.

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Federal funding will end in August 2010. Currently, only funding in the amount of \$2,000 is available.

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**1351 Advocacy Division**

Legislative mandate: (Code Section 37-6-601 et. seq.) The principal purpose of the Division of Consumer Advocacy is to provide a legal representative for the consumer interest in matters concerning rates for property and casualty insurance, and workers compensation insurance. The Consumer Advocate has statutory standing to intervene as a party of record in these proceedings on behalf of the public at large, but not for individual consumers. The attorneys on staff are assisted by outside experts, who are retained using funds provided in the Department's budget. The Consumer Advocate also has the statutory right to appeal decisions in the cases in which he participates. The Advocacy Division also administers the Continuing Care Retirement Community Act (Title 37 Chapter 11), Professional Employer Organizations (Title 40 Chapter 68), and Discount Medical Plan Organizations (Title 37 Chapter 17). The Division also investigates the sale of cosmetic contact lens that are dispensed without a prescription (Title 37 Chapter 25).

**Statewide Result Area:** Improve the conditions for economic growth

**Strategy:** Provide for a reasonable and safe business regulatory environment.

**FY 2010-11**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$617,024	\$419,524	\$0	\$0	\$0	\$197,500	6.00

**Other Fund - Subfund No. & Title:**

3035. Operating revenue

**Budgetary Program No.:** IV.

**Expected Results:**

Review insurance rate requests filed with the Department of Insurance. When needed, request hearings on these requests in the Administrative Law Court. Currently, these filings predominantly involve homeowner's insurance and worker's compensation insurance rate filings. Submit evidence in hearings that demonstrate that the rate request is not justified and seek adjudications or settlements that generate savings for consumers and businesses. For the licensing programs it administers, the Division strives to provide timely review of license applications. These programs involve business that handle large dollar amounts for South Carolina consumers and businesses, necessitating review of a company's financial integrity.

**Outcome Measures:**

The Division compares workloads for review of filings and cases to prior years. Ultimately, however, the prime outcome measure is the savings that occur as a result of the Division's participation in insurance rate filings. Although the number of rate filings by insurance companies can vary greatly from year to year, the return on investment generated by the Division's work is tremendous, especially given the significant reduction in appropriations and FTEs devoted to the activity. For the last three fiscal years, those savings are in excess of \$160 million. For all licensing programs, process new and renewal applications in a timely manner. In addition, for PEOs, insure that licensees are in compliance with requirements aimed at protecting the small businesses that use

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these organizations. For DMPOs, insure that licensees use marketing materials that are not misleading. For CCRCs, insure that licensees maintain the financial resources to operate their facilities, to protect consumers from losing the large upfront payments that are required.

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**1352 Public Information**

Legislative Mandate: Code Section 37-6-117(e). Inform South Carolina consumers of market practices that are illegal, deceptive or unfair, and inform them of their rights and responsibilities as consumers. Educate South Carolina consumers regarding credit practices and problems through the use of various educational programs including fact sheets and pamphlets on consumer topics, educational material on the Department's web page and class room presentations to school children.

**Statewide Result Area:** Improve the conditions for economic growth

**Strategy:** Provide for a reasonable and safe business regulatory environment.

**FY 2010-11**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$95,485	\$57,485	\$0	\$0	\$0	\$38,000	5.00

**Other Fund - Subfund No. & Title:**

3035, Operating Revenue

**Budgetary Program No.:** V.

**Expected Results:**

To develop in South Carolina a high degree of awareness of consumer rights and responsibilities through the media, direct access to churches and civic groups, cooperative efforts with business, and other government agencies.

**Outcome Measures:**

The Public Information Division conducts a comparison of year-end program results on a number of key indicators such as: The number of news releases issued; the number of presentations made in South Carolina schools and colleges; the number of presentations made to civic groups, community groups and professional organizations; the number of request for public information, the number of participants involved in Department sponsored Webinars and pamphlets on consumer protection topics and issues; the number of responses to Freedom of Information requests, and; the number of recalled product visits made to South Carolina stores on behalf of the Consumer Product Safety Commission. Budget cuts have severely curtailed outreach programs and activities dedicated to assisting consumers affected by the housing and financial crisis, along with South Carolina's most vulnerable population, consumers of modest means and the elderly. A popular chat line, Ask Consumer Affairs, has also been suspended.

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**1353 Administration**

Pursuant to the SC Consumer Protection Code, the Administrator's Office (37-6-101 et. seq.) is a part of the Administration Division. The administrative powers granted to the Administrator are extensive and include not only the licensing and investigative powers, but also broad administrative powers, including injunctions and the authority to adopt substantive rules and to issue Declaratory Opinions and Administrative Interpretations for all types of transactions covered by the Code. The Division is also responsible for providing budget, supply, personnel, training, data processing, news releases and consumer protection education and other administrative support to the Department. All support services are housed in Administration. In addition, the Division is responsible for: maintaining files and accounting for revenue generated from the agency's licensing programs; administering the Consumer Credit Grantor Notification filing program, the Maximum Rate Schedule filing program and the Motor Vehicle Dealer Closing Cost Disclosure program.

**Statewide Result Area:** Improve the conditions for economic growth

**Strategy:** Administration

**FY 2010-11**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$757,295	\$0	\$0	\$0	\$0	\$757,295	15.00

**Other Fund - Subfund No. & Title:**

3035. Operating revenue

**Budgetary Program No.:** I.

**Expected Results:**

Timely processing of yearly filings for licensing and registration programs. Enforcement proceedings sought for violators of consumer protection code as well as licensing and registration statutes and regulations. Seek restitution to injured consumers from violators of the laws through the use of settlements, fines and other penalties. All funds expended in accord with state laws and regulations issued by the Comptroller General. Licensing fees collected and deposited to the State Treasurer's account on a timely basis. Employees paid in accordance with pay bands established by the B&C Board and OHRS. GAAP closing packages submitted to the CG's office before scheduled deadlines. Adherence to SC Procurement Code for all procurements. Clean financial audits from the State Auditor's Office. Programs administered in the most cost effective method.

**Outcome Measures:**

Organizational performance on the annual financial audit. Compliance with GAAP closing package deadlines. Obtain or plan for technology needed to maximize accuracy and efficiency of agency's programs. Compliance with requirements for employee performance evaluations. Accuracy of budget projections for revenue and expenses. Timeliness and accuracy of processing of applications for credit grantor notification and maximum rate filers.

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Program general funding of \$410,880 vetoed by Governor, sustained by House.

**AGENCY TOTALS**

*Department of Consumer Affairs*

<b>TOTAL AGENCY FUNDS</b>	<b>TOTAL GENERAL FUNDS</b>	<b>TOTAL FEDERAL FUNDS</b>	<b>TOTAL OTHER FUNDS</b>
\$3,059,867	\$623,117	\$67,500	\$2,369,250
	<b>TOTAL NON-RECURRING FUNDS</b>	<b>TOTAL PART III FUNDS</b>	<b>TOTAL FTEs</b>
	\$0	\$0	65.00