



**STATE  
OF  
SOUTH CAROLINA**

**DEPARTMENT OF COMMERCE**

**ACCOUNTABILITY REPORT**

**FISCAL YEAR 2007-2008**

Agency: South Carolina Department of Commerce

Submitted: September 15, 2008

Agency Director: Secretary of Commerce Joe E. Taylor, Jr.

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## **I. EXECUTIVE SUMMARY**

### **I.1 Mission & Values**

The South Carolina Department of Commerce (SCDOC) is the economic development and business recruiting arm of the state. The leadership and staff of SCDOC are totally committed to the mission of the agency and believe in striving to enhance the quality of life for all South Carolinians.

#### **Agency mission statement:**

Working together to create opportunities for South Carolinians by promoting:

- Job creation
- Economic growth
- Sustainable development
- Work force development
- Improved living standards for South Carolinians

It is our vision that South Carolina's economy will become more competitive in a global economy, providing South Carolinians of all ages and skill levels an opportunity to maximize their talents and abilities.

#### **Agency value statement:**

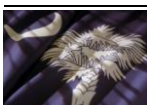
SCDOC is a professional, team-focused, and innovative organization committed to achieving its mission while being a good steward of the taxpayer's dollar.

### **I.2 Major Achievements**

**Statewide Capital Investment and Job Creation** – In 2007, Commerce assisted with the expansion or location of 179 firms creating 15,666 jobs and investing \$4.05 billion in South Carolina. (Note: Commerce does not include utility and power plant capital investments in its numbers.)

**International Investment** - During 2007, the South Carolina Department of Commerce assisted 48 international firms, which produced \$2.1 billion announced investment and 4,821 announced new jobs. German firms led the way in capital investment, accounting for 65.5% of the total international capital investment. German-owned companies also accounted for 58.8% of jobs created by international companies with 2,837 jobs.

**International Office Relocations** – In 2007, South Carolina relocated two of its Foreign Offices. The Europe Office in Munich, Germany relocated within Munich to the heart of the professional district. The new location is highly visible while providing a savings to the taxpayers of South Carolina through reduced lease rate.

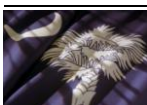


The Japan Office relocated to a suburb of Tokyo into Yokohama City. The new location provided a substantial savings to the taxpayers in lease rate while improving accessibility to corporate offices.

**Export Development and Foreign Relations** - The state sold \$16.6 billion worth of goods globally last year, compared with \$13.6 billion in 2006, a 21.7% increase. The state's largest export market last year was Germany, which surpassed Canada for the second time in recent history, receiving South Carolina exports of nearly \$3.8 billion. This was 23% of South Carolina's total 2007 exports. In 2007, South Carolina ranked 22nd among the 50 states in total export value. South Carolina's top export product sectors were as follows: Vehicles, Machinery, Plastic, Electrical Machinery, Rubber, Paper and Organic Chemicals. Top growth sectors included Vehicles, Plastic, Rubber, Aircraft, and Paper and Paperboard. Additionally, five overseas trade missions were completed during this fiscal year to Guatemala and El Salvador, China, Japan, Australia, and Brazil.

**Business Services/Small Business Ombudsman** – This is a single point of assistance at the Department of Commerce for South Carolinians interested in starting or growing their businesses (especially small businesses). The Ombudsman's Office matches small business owners with direct resource contacts. For Fiscal Year 2007-2008 the Ombudsman's Office responded to 519 small business inquiries with direct resource assistance to 40 counties, 155 minority businesses and 223 women-owned businesses. After-inquiry surveys yielded a high rating of 4.8 on a 5point scale for Commerce customer service. Business Services produced SC Industry Appreciation Week and the Ambassadors for Economic Development recognition event. The Department is the lead organization for Emergency Support Function 24, supporting business and industry in the event of a disaster. The state's Small Business Resource Guide is published by Business Services, with the Resource Guide being visited 5,615 times. The Department also provides the administrative support for the Small Business Regulatory Review Committee.

**Recycling Marketing Development** – The Recycling Market Development program provides business development assistance for existing and start-up recycling businesses, helps to develop markets for recyclable materials, and provides technical assistance and referrals to business and industry in South Carolina. In Fiscal Year 2007-2008, direct assistance was provided to 170 companies. RMDAC hosted its fifth annual Recycling Business Forum on October 5<sup>th</sup> which featured an awards ceremony that highlighted the exemplary work of the state's recycling industry as well as recognized companies and other organizations that have embraced a recycling ethic. The Forum also highlighted activation of the Recycling Cluster, a joint partnership between RMDAC and New Carolina, an industry lead initiative to grow recycling in South Carolina. There are over 300 recycling businesses in the state, and using the economic impact of recycling to South Carolina, Recycling Market Development has undertaken creation of a recycling sector in cooperation with its partner, the New Carolina Council on Competitiveness.



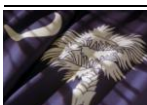
**Product Development** - Community and Rural Planning and Development Staff assisted with product development throughout the State resulting in the construction of 5 new speculative buildings and development or enhancement of 6 industrial parks. Staff evaluated over 600 buildings and sites resulting in better quality product on the SCDOC web site. South Carolina now has in its inventory 62 SC Certified Sites after adding another 4 sites to the inventory during the year. Staff reviewed, evaluated and scored some 326 SCDOT roadway improvement projects for economic development impact.

**Rural Development** - In 2007, the state's rural areas accounted for 5,436 new jobs created and \$677 million in capital investments. This represents 34.7% job creation and 16.7% of capital investments statewide.

**Workforce Development** - The Workforce Development Division works in partnership with other state and local agencies to increase the skills of the state's workforce and the competitiveness of state businesses. Notable accomplishments during the last year include:

- The Workforce Investment Act (WIA) served over 25,000 job seekers last year and increased the competitiveness of 246 businesses by funding the training of more than 4,600 existing employees at those businesses.
- Through Executive Order of the Governor, the Trade Adjustment Assistance (TAA) program was moved to the Department of Commerce February, 2008. Workforce Division's primary goal is to move trade-affected workers into new jobs quickly and effectively so that they can continue to be productive members of the workforce. The Division built the necessary technology and pushed program operations to the local level for service integration, resource sharing, and increased customer options.
- Assisted 125 companies with Rapid Response services which facilitated the reemployment process for 9,866 workers.
- Received federal incentive funds for innovative programs as one of eight states to achieve all required WIA, Adult Education and Carl Perkins performance measures.
- A statewide Career Readiness Certificate campaign was launched – WorkReadySC. The program, based on WorkKeys® awarded over 8400 career readiness certificates, bringing the total number of SC certificate holders to 70,000 plus. More than 250 employers statewide now utilize the certificate in their hiring and promotion processes.
- WIA invested over \$5,000,000 dollars in competitive grants for a wide range of projects from building a robotics laboratory to training veterans disabled in Iraq and Afghanistan in computer technology to facilitate their re-employment.

**Trade Adjustment Assistance (TAA) Database** – Developed an automated system for the newly transitioned TAA program that integrates with the existing data management system used for the Workforce Investment Act programs, facilitating service delivery to workforce customers.



**Aeronautics** – The Division installed and maintains ownership of 27 automated weather observation systems (AWOS) and thirteen ground communication outlets systems assisting air traffic controls and pilots for safer flight operations.

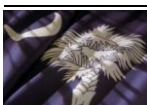
### **I.3 Strategic Goals**

The following strategic goals for our core functions – the attraction of capital investment and new jobs - were developed.

- 1) Increase capital investment and job creation throughout South Carolina;
- 2) Develop a strategy that recognizes the strengths of the state’s existing, small and emerging industries and builds on the opportunities those strengths present;
- 3) Implement a targeted marketing strategy for high-growth industries built around industry sectors identified in our strategic plan;
- 4) Increase the quality of the “economic product” in South Carolina through workforce development, community development and general aviation development;
- 5) Increase the value of exports from South Carolina businesses;
- 6) Increase the skill level of the workforce;
- 7) Manage all agency resources in a cost effective manner in support of the mission of the Agency.

### **I.4 Opportunities and Barriers**

**National Economy** – The national economy grew at a rate of 3.8% between the 2<sup>nd</sup> quarter of 2007 and the 2<sup>nd</sup> quarter of 2008, with GDP increasing from \$13.7 trillion to \$14.3 trillion. Meanwhile, the nation experienced overall higher unemployment with the loss of 196,000 jobs between June of 2007 and June of 2008. Significant increases in the nation’s labor force, coupled with the deficit in employment, led to unemployment rates climbing from 4.6% in June of 2007 to 5.5% in June of 2008. Job losses were most pronounced in the Construction industry followed by the Manufacturing, Retail Trade, and Financial Services industries. Gains were made in Education and Health Services, Government, and Leisure and Hospitality. Finally, the nation has experienced increased inflationary pressures with rising oil prices and the increase in the Consumer Price Index by just over 10 points between June of 2007 and June of 2008, 70% of which occurred since January of 2008.

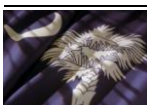


**State Economy** – From June 2007 to June 2008, the state’s employment remained relatively stagnant, actually shedding a seasonally adjusted 445 jobs. The simultaneous increase in the labor force of 9,217 has resulted in an additional 9,662 unemployed individuals within the state. According to the Bureau of Labor Statistics’ Current Employment Statistics, the construction industry shed 14,000 jobs statewide between June 2007 and June 2008. Manufacturing and Retail Trade each lost approximately 5,000 jobs each. Meanwhile, Government (10,400 jobs), Leisure and Hospitality (7,000 jobs), Education and Health Services (6,100 jobs) posted significant job gains to offset this loss. At the same time, the state’s economy continued to grow with state gross domestic product increasing from \$146.2 billion in 2006 to \$152.8 billion in 2007 (a rate of 4.5%). Exports from South Carolina in 2007 increased 21.6% over 2006 totals, representing \$16.5 billion in goods sold to 198 countries around the world.

The slowdown in the economy, particularly in the manufacturing sector, continues to provide challenges to the Department’s ability to provide new opportunities for South Carolinians. However, the Department of Commerce has had two record breaking years in 2006 and 2007 attracting new investment and jobs to South Carolina. We are on a pace to do so again this year. Plant closures have made skilled labor available and provide an inventory of useable industrial buildings and sites. South Carolina has been able to capitalize on this available workforce and sites and buildings in our business recruitment efforts for the state.

#### **I.5. How the Accountability Report is used to Improve Organizational Performance:**

The agency uses the Accountability Report to monitor, measure, and document the agency's progress in obtaining goals.





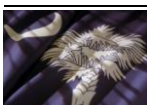
## SECTION II BUSINESS OVERVIEW

### II.1 Average Employment

FTE (Permanent) Employees	128
Temporary Employees	14 (Includes 7 interns)
European Office	2 (contract)
Japan Office	1 (contract)
China Office	1 (contract)
Canada Office	1
<u>Division of Public Railways</u>	<u>38</u>
Total	184

### II.2 Operations Locations

Main Office	1201 Main St., Suite 1600, Columbia, SC
Aeronautics Division	2553 Airport Blvd., West Columbia, SC
SC Public Railways Division	540 East Bay St., Charleston, SC
China Office	Shanghai, China
Far East Office	Yokohama, Japan
European Office	Munich, Germany
Canadian Office	Toronto, Canada





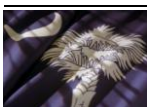
## II.3 Expenditures/Appropriations Chart

### Base Budget Expenditures and Appropriations

Major Budget Categories	06-07 Actual Expenditures		07-08 Actual Expenditures		08-09 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$8,102,675	\$5,584,509	\$8,649,127	\$5,603,180	\$9,621,366	\$6,115,005
Other Operating	\$8,015,737	\$3,912,894	\$10,889,419	\$4,301,709	\$6,659,915	\$3,700,143
Special Items	\$2,559,311	\$2,559,311	\$2,753,293	\$2,753,293	\$2,439,756	\$2,439,756
Permanent Improvements						
Case Services						
Distributions to Subdivisions	\$126,715,317	\$21,000	\$124,554,354	\$1,725,152	\$131,882,323	
Fringe Benefits	\$1,998,789	\$1,363,677	\$2,257,110	\$1,437,096	\$2,506,456	\$1,690,719
Non-recurring						
<b>Total</b>	<b>\$147,391,829</b>	<b>\$13,441,391</b>	<b>\$149,103,303</b>	<b>\$15,820,430</b>	<b>\$153,109,816</b>	<b>\$13,945,623</b>

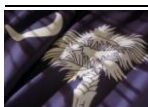
### Other Expenditures

Sources of Funds	06-07 Actual Expenditures	07-08 Actual Expenditures
Supplemental Bills	\$5,651,280	\$7,325,960
Capital Reserve Funds		
Bonds	\$6,639,625	\$36,946



## II. 4. Major Program Areas Chart

Program Number and Title	Major Program Area Purpose (Brief)	FY 06-07 Budget Expenditures	FY 07-08 Budget Expenditures	Key Cross References for Financial Results*
II.E.3-5. Workforce Development	To increase the skills of the state's workforce and the competitiveness of state businesses.	<b>State:</b> <b>Federal:</b> 60,161,365 <b>Other:</b> <b>Total:</b> 60,161,365 <b>% of Total Budget:</b> 40%	<b>State:</b> <b>Federal:</b> 73,769,364 <b>Other:</b> 325,846 <b>Total:</b> 74,095,210 <b>% of Total Budget:</b> 50%	7.10
II.E.1-2. Grants & Incentives	To assist communities with grants for infrastructure, housing, economic development and planning.	<b>State:</b> 581,562 <b>Federal:</b> 27,274,273 <b>Other:</b> 42,269,593 <b>Total:</b> 70,125,428 <b>% of Total Budget:</b> 47%	<b>State:</b> 883,594 <b>Federal:</b> 26,789,117 <b>Other:</b> 27,847,516 <b>Total:</b> 55,520,227 <b>% of Total Budget:</b> 37%	7.7
II.F. Aeronautics	To assist state airports with development and grants and to support state aircraft with maintenance and flight operations.	<b>State:</b> 1,507,360 <b>Federal:</b> 1,436,789 <b>Other:</b> 1,383,331 <b>Total:</b> 4,327,480 <b>% of Total Budget:</b> 3%	<b>State:</b> 1,938,455 <b>Federal:</b> 1,164,509 <b>Other:</b> 2,015,366 <b>Total:</b> 5,118,330 <b>% of Total Budget:</b> 3%	7.9
II.A. Business Development-Project Management and Foreign Offices	To recruit new and existing expansions and locations; to increase the capital investment and number of jobs in South Carolina.	<b>State:</b> 3,327,771 <b>Federal:</b> <b>Other:</b> <b>Total:</b> 3,327,771 <b>% of Total Budget:</b> 2%	<b>State:</b> 3,174,186 <b>Federal:</b> <b>Other:</b> <b>Total:</b> 3,174,186 <b>% of Total Budget:</b> 2%	7.1
II.B. Business Solutions-Business Services, International Trade, and RMDAC	To help South Carolina companies achieve peak performance. By bringing together professionals who offer a wealth of experience in key areas to offer a dynamic approach that helps businesses and communities prosper.	<b>State:</b> 1,651,438 <b>Federal:</b> <b>Other:</b> 576,970 <b>Total:</b> 2,228,408 <b>% of Total Budget:</b> 2%	<b>State:</b> 1,461,200 <b>Federal:</b> <b>Other:</b> 452,714 <b>Total:</b> 1,913,914 <b>% of Total Budget:</b> 1%	7.3, 7.5, 7.6
II.D Marketing and Communications	To develop marketing strategies utilizing the State's brand in recruiting industry and attracting investments to the State.	<b>State:</b> 869,837 <b>Federal:</b> <b>Other:</b> <b>Total:</b> 869,837 <b>% of Total Budget:</b> 1%	<b>State:</b> 1,151,134 <b>Federal:</b> <b>Other:</b> <b>Total:</b> 1,151,134 <b>% of Total Budget:</b> 1%	7.12
II.C. Community and Rural Planning and Development	To assist local leaders in achieving success for their communities through product development, asset development and leadership and community investment.	<b>State:</b> 305,060 <b>Federal:</b> <b>Other:</b> 757,475 <b>Total:</b> 1,062,535 <b>% of Total Budget:</b> 1%	<b>State:</b> 417,098 <b>Federal:</b> <b>Other:</b> 716,604 <b>Total:</b> 1,133,702 <b>% of Total Budget:</b> 1%	7.2



II.D. Research	To provide real-time, accurate data, information, and research to support the mission of the agency in recruiting industry and attracting investments to the State.	<b>State:</b> 633,361 <b>Federal:</b> <b>Other:</b> <b>Total:</b> 633,361 <b>% of Total Budget:</b> 1%	<b>State:</b> 890,743 <b>Federal:</b> <b>Other:</b> <b>Total:</b> 890,743 <b>% of Total Budget:</b> 1%	7.11
I. Administration	To support the agency with finance, information technology and human resources services.	<b>State:</b> 3,599,674 <b>Federal:</b> <b>Other:</b> 90,642 <b>Total:</b> 3,690,316 <b>% of Total Budget:</b> 2%	<b>State:</b> 3,399,394 <b>Federal:</b> <b>Other:</b> 56,135 <b>Total:</b> 3,455,529 <b>% of Total Budget:</b> 2%	7.8

**Below: List any programs not included above and show the remainder of expenditures by source of funds.**  
 SC World Trade Park & Education, Hydrogen Fuel Cell, SC Technology Alliance, and Donaldson Center Industrial Air Park loan repayment.

Remainder of Expenditures	<b>State:</b> 965,328 <b>Federal:</b> <b>Other:</b> <b>Total:</b> 965,328 <b>% of Total Budget:</b> 1%	<b>State:</b> 2,504,626 <b>Federal:</b> <b>Other:</b> 145,702 <b>Total:</b> 2,650,328 <b>% of Total Budget:</b> 2%
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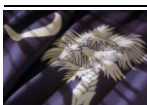
\* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.



## II.5 Key Customers

The Department of Commerce's mission is to work together to create opportunities for all South Carolinians. We do that through a wide range of activities that serve a wide range of customers, including:

- a) The people of South Carolina;
- b) Existing and emerging industries within the state;
- c) Small business community;
- d) National and international businesses making a location decision;
- e) Site selection consultants;
- f) Financial Community;
- g) Communities seeking jobs and investment;
- h) Government leaders of the state to include county and local leaders;
- i) South Carolina companies looking for international sales opportunities;
- j) Local and regional economic development leaders;
- k) Research universities, technical colleges and local school districts and technical colleges;
- l) Communities seeking funding for economic development and/or infrastructure needs;
- m) Commercial and General Aviation Airports;
- n) Aeronautics Community;
- o) Job Seekers;
- p) Businesses faced with downsizing;
- q) Youth Councils;
- r) At-risk youth;
- s) Workforce Community; Community Empowerment Centers;
- t) Local and State Workforce Investment Boards;



- u) Existing companies seeking to retain competitiveness through employee training;
- v) Community Development Corporations;

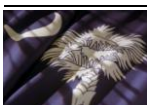
Other customers and their Department suppliers include:

Rail carriers	Division of Public Railways
State Ports Authority and its users	Division of Public Railways
General Aviation Airports and its users	Division of Aeronautics
Users of State and Federal grants	Division of Grants and Incentives; Division of Workforce Development
The citizens, leaders, and economic development allies of Abbeville County	Savannah Valley Development
Citizens of Savannah Lakes Region	Savannah Valley Development

## II.6 Key Suppliers

As is the case with customers, the Department of Commerce has a wide array of suppliers. The suppliers for our core business functions are:

- 1) Local economic development offices;
- 2) City, County, and State government bodies;
- 3) State agencies such as DHEC, the Department of Revenue, South Carolina State Board for Technical and Comprehensive Training, the State Ports Authority, USC, DOT, etc.;
- 4) Utilities, contractors, financial institutions, and other economic development allies;
- 5) Property owners;
- 6) National and international businesses and site location consultants;
- 7) Venture Capital firms;
- 8) State Workforce Investment Board;
- 9) Local Workforce Investment Boards;
- 10) Youth Councils;
- 11) South Carolina Department of Education;
- 12) South Carolina Commission of Higher Education;



- 13) South Carolina Employment Security Commission; and
- 14) Bureau of Labor and Statistics.
- 15) US Department of Labor.
- 16) Service and /or training providers.
- 17) Existing businesses.

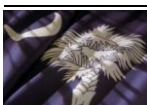
Other suppliers and their Department of Commerce customers include:

FAA, MUSC, DNR	State Aeronautics Division
Railroad vendors	Public Railways Division
General Assembly	Coordinating Council for Economic Development & CDBG, Recycling Market Development Advisory Council
Federal Government	Coordinating Council for Economic Development & CDBG, Workforce, Appalachian Regional Council

## II.7 Major Products and Services

### Products

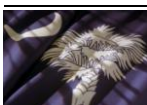
- Customized publications outlining South Carolina’s advantages for businesses and consultants making a site location decision;
- Business research publications, including the Resource Guide to Business, produced by Business Services Division;
- Business research publications including an annual resource directory the “SC Production Guide ”, the “SC Location Guide” and an on-line searchable directory of SC personnel and suppliers;
- Job Development Credits;
- Annual and Five-year plans for Community and Economic Development;
- State and federal grants for housing, infrastructure, community facilities, airport development and improvements and economic development;
- Funds for workforce training and incumbent worker training programs;
- Publication describing employer services for workforce training;



- On-line directory of One-Stop Centers;
- Rapid Response publication Pathways to Reemployment for workers affected by downsizing;
- The online WorkKeys® Career Readiness Certificate skillsbank - [www.skillsbank.com](http://www.skillsbank.com) - for businesses and economic developers to search Certificate holders by region;
- Trade Adjustment Assistance (TAA) Program Reference Guide;
- Rail service;
- South Carolina Aeronautics Directory and Pilots Guide; SC Aeronautical Charts; ground communication outlets to air traffic control; and weather systems;
- SC Site Certification Program Description and Instructions;
- Community Development Corporation Certification Guidelines.

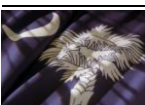
### **Services**

- Marketing and sales representation;
- Existing industry, emerging and small business information and issue resolution;
- Small Business Regulatory Review Committee reviewing state regulations for adverse impact on small business.
- Export development research and opportunity creation; international trade missions;
- Foreign relations facilitation between South Carolina and international officials at all levels;
- Assistance to employees separated from employment due to economic downturns;
- Industry research;
- Site location assistance;
- Local product development assistance for both traditional and film industries;
- Trade research and development of trade opportunities;

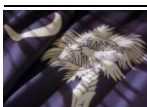




- Rapid Response Services for plant closures;
- Virtual OneStop System, a powerful on-line tool designed to assist job seekers searching for the right job, and help employers who are looking for the best job candidates. (Product or service or both);
- Financial consultation for businesses and entrepreneurs;
- Technical assistance to business and industry on recycling and recycling markets information;
- Recycling markets information;
- Emergency management information for existing businesses, supporting disaster preparation, response and recovery;
- Training and technical assistance to grant customers on project development, implementation and compliance;
- Technical assistance for applications for grants and incentives;
- Airport development funding and technical assistance;
- Aircraft in-house maintenance services
- Provide aircraft flight services;
- Rail service;
- Coordination of financial and contract issues for Lake Russell Project;
- Annual training conference for Workforce partners and stakeholders;
- Funds and oversight for a drop-out prevention program in 14 high schools titled Jobs for South Carolina's Graduates;
- Information on training resources and workforce representation to local economic developers;
- Formula allocation of WIA funding to twelve local workforce investments areas; and
- Competitively- awarded WIA grants to address a variety of workforce issues;
- Product development assistance resulting in industrial site, industrial parks, speculative buildings and certified site development;
- Technical assistance in the redevelopment of rural downtown business districts;

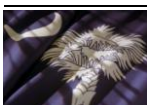
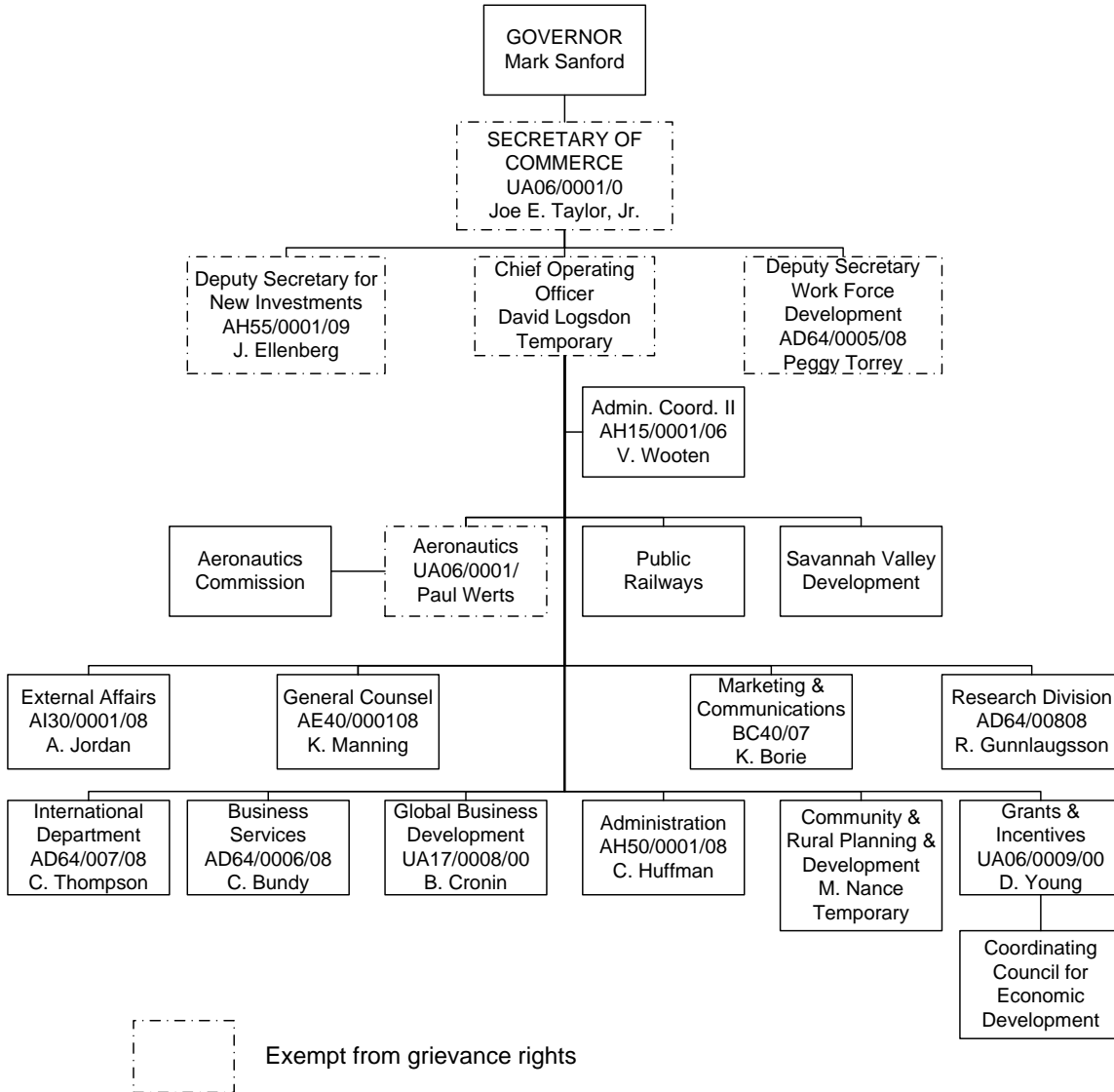


- Technical assistance in the development and sustainability of community empowerment centers;
- Technical assistance for certification/recertification of Community Development Corporations;
- Training seminars for local economic development professionals;
- Educational assistance through the South Carolina Rural Summit, South Carolina Economic Development School and the South Carolina Advanced Symposium;



## II.8 Organizational Chart

### SOUTH CAROLINA DEPARTMENT OF COMMERCE



### III. MALCOLM BALDRIGE PERFORMANCE EXCELLENCE STANDARDS

#### Category 1 – Leadership

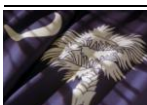
Under the direction of Governor Sanford and Secretary Taylor, the agency and its leaders have embarked on a new era of “servitude” that emphasizes professionalism and teamwork.

1.1 The Department of Commerce is a customer-focused organization and that focus starts with the Secretary of Commerce and the executive leadership team.

- a) The Secretary and executive leaders regularly adjust their calendars to meet with business and industry clients in order to understand their concerns.
- b) The Secretary and executive staff are personally involved in many projects. They are involved with weekly updates of each project and attend many of the business negotiations as well as public announcements.
- c) The executive leadership works with the state’s legislative leadership to discuss issues critical to building the state’s economy including legislation and key projects.
- d) The Chief Operating Officer and Division Directors meet at least quarterly with Regional Economic Development Alliances and COGs to discuss partnership and coordination for economic development in South Carolina.

1.2 Developing new measurements is a critical element of our strategic plan. Until these are developed and implemented, the agency will continue to measure success through:

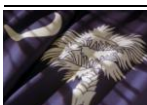
- Capital Investment;
- Job Creation;
- Investment by new businesses;
- Job creation by new businesses;
- Investment by existing businesses;
- Job creation by existing businesses;
- Percent of announced capital investment relative to southeastern competitors;
- Percent of announced new jobs relative to southeastern competitors;



- Investment in rural (non-MSA) counties;
- Job Creation in rural (non-MSA) counties;
- Total announced technology-based jobs;
- Product development; i.e., industrial park development, community technical assistance;
- Certification/recertification of Community Development Corporations;
- Percentage growth in value of exports;
- Value of exports per manufacturing employee in the state;
- Compliance with federal guidelines for grant application and administration for CDBG and WIA;
- Workforce Investment Act measures;
  - Adult and Dislocated Worker Entered Employment Rate
  - Adult and Dislocated Worker Employment Retention Rate
  - Adult and Dislocated Worker Average Earnings
- Youth Placement in Employment or Education;
- Youth Attainment of Degree or Certificate;
- Youth Literacy or Numeracy Gains;
- Injury rates on public railways.

1.3 The Business Services Department's sole purpose is to help South Carolina companies achieve peak performance. Bringing together professionals who offer a wealth of experience in key areas, the department offers a dynamic approach that helps businesses and communities prosper. The Department also houses the Small Business Ombudsman's Office, providing focused assistance to new and existing small businesses.

1.4 The Community and Rural Planning and Development Division staff members assist local leaders in achieving success for their communities through Product Development, Leadership Development and Community Investment. As a part of our Leadership Development programs, some 308 local leaders attended the 2008 edition of the South Carolina Rural Summit that received an overall rating of 4.6 on a 5.0 scale. The South Carolina Economic Development School continues to enjoy maximum attendance capacity hosting over 58 students per session with the assistance of 15 scholarships provided by the Department. This Division also assists with program development and facilitation of the South Carolina Economic Developers' Advanced Symposium which graduated an



additional 12 economic development professionals increasing to 74 the number of SC Certified Economic Developers.

- 1.5 The SC Film Commission recruits and facilitates the film and television industries to S.C. as it grows our indigenous industry to better compete in these markets. The SC Film Commission provides one-stop film resources for production contacts and companies. They provide permit and regulatory experience and work with a host of communities to foster successful film outcomes. The Commission's SC Production Fund creates collaborative work opportunities between our institutes of higher education and media professionals with the goal of providing a highly skilled, readily employable SC film industry workforce.

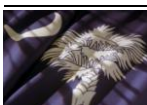
**The Film Commission was transferred to the Department of Parks, Recreation and Tourism on July 1, 2008, by legislation.**

- 1.6 The Governor-appointed State Workforce Investment Board (SWIB) establishes strategic direction for the state's workforce development efforts. In FY07, SWIB priorities included implementation of performance standards regional Workforce Investment Boards, increasing services to businesses, and building partnerships with agencies and non-profits responsible for education and economic development.

- 1.7 The Aeronautics Commission was formed through legislation in the 2004 session. The Commission consists of six commissioners from each legislative district and a chair appointed by the Governor. The Commission assists the Secretary of Commerce to set the strategic vision for the Aeronautics Division and regulate aviation in South Carolina.

- 1.8 The Department has several methods of successfully collecting feedback on products, programs and services. Certainly the most effective means is the number of companies that we work with to expand or locate in South Carolina. However, there are other channels where feedback is gathered.

- The Community and Rural Planning and Development Division maintains contact with local development organizations across the state.
- Agency personnel are active in the South Carolina Economic Developers' Association and all committees.
- The Coordinating Council staff and the grant staff conduct regular training seminars around the state to ensure compliance with programs. The face-to-face contact also allows staff members to better understand and resolve issues and problems.
- The Community Development Block Grant program (CDBG) holds public hearings annually in conjunction with its Annual Action Plan and



Performance Report prepared for the U.S. Dept of Housing and Urban Development. In addition, public hearings are held for each grant awarded.

- The Workforce Development Division values alignment among all public and private entities involved in workforce development. The Partnership and Planning Department fosters relationships, seeks to align partners' missions and strategic plans, and identifies commonalities to achieve greater overall impact for South Carolina.

1.9 The Department of Commerce is a high profile state agency, and, as such, is actively involved in the community. Each year Department personnel, including executive staff, man the Salvation Army collection post at the corner of Lady and Main Streets in downtown Columbia for two hours a day for two weeks between Thanksgiving and Christmas. During the Christmas season each division "adopts" a family in need, collecting and distributing gifts and food. The Department also participates in American Red Cross Blood Drives, Juvenile Diabetes Walk A Thon, and Palmetto Health's Walk out Breast Cancer.

## **Category 2 – Strategic Planning**

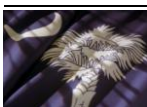
2.1 The South Carolina Competitiveness Initiative has been implemented as a comprehensive strategic plan for economic development. The initiative's main component consists of eight action campaigns around which committees have been formed to address weaknesses and capitalize on strengths within the South Carolina economy, with the ultimate goal of boosting the state's standard of living. Strategies include adopting a sector-based focus to business recruitment, fostering a better environment for start-ups and small businesses, and enhancing education and workforce training programs.

2.2 The agency has recognized the value of building the state's economy around the interdependent industries and businesses that constitute economic sectors as its primary objective.

2.3 Each division has developed measurable goals and long range strategic initiatives that enhance accountability and good stewardship of taxpayer's dollars.

2.4 The Department is developing a unique marketing strategy involving a comprehensive approach to marketing through public/private partnerships with local economic developers, regional economic development alliances, counties and businesses (existing, small, banks, colleges and universities and utilities). This new marketing plan will help us tell South Carolina's story and create opportunity for new and existing industry, small business and community development.

2.5 The State Workforce Investment Board's strategic plan emphasizes alignment of workforce goals among all partners. The Division has a five-year plan for use of WIA funding, along with two-year updates to the plan.





## Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 07-08 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
II.A Business Development	Increase investment and job creation throughout South Carolina.	To win at least 189 projects to South Carolina. To create 17,200 new jobs in South Carolina. To create \$3.45 billion new investment in South Carolina.	7.1
II.C Community & Rural Planning & Development	Increase the quality of the “economic product” in South Carolina through workforce development, <b>community development</b> and general aviation development.	Assist in the development of new and upgraded infrastructure in 10 communities. Complete procedures to certify 16 sites through level 4. Initiate the process of downtown revitalization of 10 communities.	7.2
II.B International Trade	Increase the value of exports from South Carolina businesses.	Help SC companies make direct sales abroad. Build governmental and business relationships between SC and other countries. Raise SC companies awareness of benefits to expanding in the global market place. Conduct at least 5 Trade missions.	7.3
II.B Business Services Small Business	Develop a strategy that recognizes the strengths of the state's existing, small and emerging industries and builds on the opportunities those strengths present.	Match startup or existing businesses to resources that will take them to the next step in their business growth. Support minority and women owned businesses. Produce a Small Business resource Guide.	7.5
II.D1 II.D2 Grants and Incentives	Increase investment and job creation throughout South Carolina.	Create new Jobs and investment with the disbursement of funds to economic development projects.	7.7
II.F Aeronautics	Increase the quality of the “economic product” in South Carolina through workforce development, community development and <b>general aviation development</b> .	Improve airport safety. Maximize funding partnerships using federal, state and local grants. Provide plans and specifications for capital improvement projects, airfield pavement maintenance projects and assist in airport development project reviews.	7.9
II.D3 Workforce Development	Increase the quality of the “economic product” in South Carolina through <b>workforce development</b> , community development and general aviation development. Increase the skill level of the workforce.	Increase use of WorkKeys system. Lead local WIB's in accessing and integrating ED intelligence in their strategic planning and in the adoption of local board standards. Promote workforce services to employer associations and local developers.	7.10
I.A Marketing and Communications	Implement a targeted marketing strategy for high-growth industries built around industry sectors identified in our strategic plan.	To develop a marketing and communications plan with divisional specific activities that are in line with Agency goals. To work with media on press events, announcements and opeds as necessary.	7.12



### Category 3 – Customer and Market Focus

3.1 One of the key components of agency culture is the concept that our ultimate customers are the people of South Carolina. In previous administrations, industrial prospects were the ultimate customers. Industrial prospects and bringing new jobs to the people of the state remain the core function of the agency, but under the leadership of the Governor and the Secretary, there is a fundamental change in recognizing that the people of the state are our ultimate customers to whom we are accountable.

While the people of the state are the agency’s ultimate customers, the agency has a number of other customers. The diversity of the agency is reflected in the diversity of customers and stakeholders it serves.

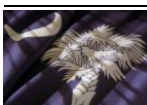
- Businesses making location decisions;
- Existing, emerging and small businesses and industries;
- Companies needing export, recycling and finance resource assistance;
- State and local governments;
- Communities;
- State government employees seeking to use state aircraft;
- Enhancing all publicly owned airports and promoting general aviation activities in South Carolina;
- State Ports Authority and its customers wishing to ship cargo by rail; and
- CSX and Norfolk Southern Railways.

3.2 The Department of Commerce is much more accessible and the leadership much more available for comment from customers and stakeholders.

Information Services constantly monitors our Internet site to identify which areas of the site are “hit” most often and by whom.

3.3 Creation of the Small Business Ombudsman as a designated single point for entrepreneurs who are looking for assistance or support from business experts shows Commerce’s commitment to customer service. Business Services provides local and regional best practice support for Existing Business programs.

3.4 The Recycling Market Development Team works with businesses, industry, government and other organizations to provide technical and economic development assistance to foster a thriving recycling economy and sustainable business development in South Carolina.



- 3.5 When customers indicate a shortcoming in product and/or infrastructure, staff is responsible for relaying that information to communities so they may improve their ability to capitalize on future opportunities.
- 3.6 The Department of Commerce is a sales, marketing, and product development organization and, as such, the building of strong relationships with customers and stakeholders is essential to our success. Project managers deal one on one with their clients in order to ensure continuity throughout the sales process. This enables them to develop in-depth knowledge of the client's needs, which translates into pertinent information in a timely manner from the Marketing and Research Section.
- The agency works with individual communities in much the same manner. A single point of contact is appointed for each community to continually assess their needs and to inform them of important changes. They are also well positioned to act as a catalyst for changes that need to take place. Finally, a new mandate for the project managers is to visit communities in order to improve relationships and build consensus essential to moving the state's economy forward.
- 3.7 The Department of Commerce prepared and disseminated an agency annual report to local economic developers, regional development alliances, the General Assembly, Councils of Governments and other economic development allies. The report contained updates, agency activities, year-end numbers and agency accomplishments. The goal of the annual report is to keep Commerce's allies better informed of agency accomplishments.
- 3.8 The Department of Commerce works hard to collaborate with other state entities. The CDBG program works with the State Housing Authority to assist non-profit customers to understand the unique needs of their separate customers.
- 3.9 The Workforce Development Division employs a Partnership Development Coordinator whose primary responsibility is that of collaborating with workforce development partners (including the Employment Security Commission, Department of Social services, Vocational Rehabilitation, Department of Juvenile Justice, Department of Education, State Technical College System, and Commission on Higher Education, etc.) to establish common goals and maximize resources. During the past 12 months, more than 30 partnership meetings were held.

The Workforce Division developed a centralized location to access all of its products and resources: [www.WorkforceSouthCarolina.org](http://www.WorkforceSouthCarolina.org).

The Workforce Division publishes a quarterly electronic newsletter with a broad distribution list including all the Workforce System stakeholders. The newsletter



highlights best practices, individuals and businesses that have been helped by the program, and joint WIA/economic development efforts around the state.

- 3.10 The Division of Aeronautics fosters air commerce by overseeing the safety and development of the state's public use airports and provides safe, reliable air transportation for state government and business prospects. The Airport Development Section provides technical assistance and financial resources to six (6) commercial service and fifty-four (54) publicly-owned general aviation airports. Airport sponsors rely on federal and state assistance to provide technical and financial aid in developing airports in accordance with federal, state, and local regulations, codes, ordinances, and guidelines.

The Division of Aeronautics continues to partner with the FAA, South Carolina Aviation Association, the South Carolina Aviation Safety Council, and other entities to provide aviation educational programs for pilots and airport operators.

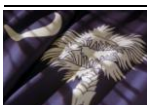
- 3.11 The Research Division works diligently to support all departments and divisions throughout the Department of Commerce to achieve their goals. This is accomplished through fielding information requests from other departments and divisions in a timely manner as well as implementing long-term investigative projects. Research also supports the efforts of individuals and businesses seeking economic information, particularly labor market and employment information. Research maintains databases and websites which provide data and information to support Commerce's economic allies, as well as assist in the recruitment and expansion of businesses in the state. Finally, Research and its Labor Market Information group personally assist local Workforce Investment Boards and other local workforce and economic development entities in developing detailed labor market and economic analyses of their regions for use in their planning and development.

- 3.12 Each week, Marketing/Communication distributes an e-clip of the week's articles that have appeared in newsprint, magazine and/or broadcast. The weekly e-blast, "Commerce Clips" is distributed to businesses, developers, regional alliances and local economic developers. "Clips" has been well received and the distribution list continues to grow each week.

- 3.13 The Workforce Development Division publishes an annual report on the number and results of job seekers and employers served by WIA.

#### **Category 4 – Measurement, Analysis, and Knowledge Management**

- 4.1 The Division of Research supports the Department through research, analysis, and providing information. Data to support this service comes from a wide variety of sources including U.S. Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, and the Office of Trade and Industry Information.

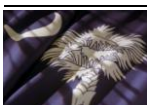


In addition, Research utilizes several 3<sup>rd</sup> party proprietary databases such as Dun & Bradstreet Selectory, EMSI Strategic Advantage, and Workforce and Innovation Technical Solutions. Research support is utilized in the following manners:

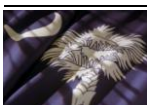
- **Requests for Information/Proposals:** Assistance to Project Managers in their mission to recruit industry to South Carolina constitutes the most consistent need for data and information. These proposal projects are complex, requiring analysis of data from national, state, and local levels as well as proprietary business data. Furthermore, Research synthesizes numerous information to develop prospective industry and company leads for Project Managers.
- **Economic Analysis Report:** This report is produced annually by the Labor Market Information group as a requirement of the ETA State Workforce Information Grant. It provides a recap of the state's economic and labor situation for the previous year as well as a look at trends and growth.
- **Support for Commerce Programs:** The Division of Research provides research and analysis support for Project Managers, Marketing & Communications, and other Commerce staff including, but not limited to, the following tasks:
  - County or state economic, demographic, or employment profiles;
  - Comparisons between other states, counties, and metropolitan regions;
  - Analysis of costs associated with doing business (electricity rates, building lease rates, tax rates, etc.);
  - Research on a specific company;
  - Capital investment information and analysis;
  - Financial analyses of companies;
  - Long-term custom research projects;
  - Requests for industry and economic data;
- **Industry and Occupational Analysis Reports:** Research currently develops industry profile reports that are used in Proposals and by Project Managers as marketing tools. They provide the most current employment, occupations, earnings, wages, output, national rankings, and detailed information which highlight South Carolina's strengths to position the state advantageously for continued capital investment.

4.2 Research manages and maintains a suite of informational tools to provide the Department with timely data in a usable format. Elements of this suite include the following:

- **Workforce Information Database:** A part of Labor Market Information, this database contains the most complete, current collection of local and state economic and labor market information in South Carolina. It is accessible to users statewide via the website [www.scworkforceinfo.com](http://www.scworkforceinfo.com). It is accessible internally for development of custom reports and data extracts for analysis.



- **Document Directory:** Available via the Department of Commerce website, [www.sccommerce.com/resources/documentdirectory.aspx](http://www.sccommerce.com/resources/documentdirectory.aspx), this site houses data and reports—created by or in conjunction with the Department—relevant to South Carolina economic development.
  - **Knowledge Center:** This internal, Sharepoint-based internet tool allows Research to share and disseminate all its relevant data and information with various divisions throughout Commerce, reducing requests for redundant data and facilitating efficiency in ensuring all Commerce personnel have access to data whenever needed.
- 4.3 Marketing/Communications works closely with the Research Division to track monthly BEA statistics and incorporate these into talking points and presentations given by associates of the Commerce Department. Marketing/Communications also works closely with Research to monitor national rankings as they relate to South Carolina.
- 4.4 Business Plan Summaries for each Division were developed. These summaries include budget numbers, strategic goals and initiatives. The Goals and Initiatives are tied to the budget. Each Fiscal Year the Goals and Strategic Initiatives are reviewed and updated. This provides accountability not only for the department but also for the businesses and communities that we work with on a day-to-day basis. These summaries are used as a “dashboard” for the Secretary and Chief Operating Officer to determine the efficiencies and effectiveness of each division.
- 4.5 Monthly Financial Reports are completed for each of our grant funds. Quarterly reports are issued on these grant funds at the Coordinating Council for Economic Development. Senior Leadership and staff use these financial reports to determine commitment of funds, balance and pending commitments.
- 4.6 The Coordinating Council staff is constantly working on cost estimates for the Enterprise Zone incentive. These numbers are used to check those done by the Budget & Control Board to advise legislators on budget estimates.
- 4.7 The agency Web Site is updated constantly and affords our customers an opportunity to get information quickly about all facets of Economic Development.
- 4.8 The South Carolina Aeronautics Division provides an interactive web site at [www.scaeronautics.com](http://www.scaeronautics.com). The site is a Comprehensive Aviation Information Reporting System (SC-CAIRS) that has airport layout plans, master plans, digital orthophotography and obstruction mapping, airport and airspace technical bulletins, and a host of electronic GIS and data on the airports in the state. These tools allow airport sponsors and owners to manage their airports in accordance with Federal and state laws and regulations. This information provides the basis for the annual production of the Aeronautical Chart and the South Carolina Airport Directory and Pilot’s Guide.





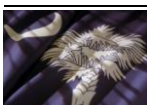
SC-CAIRS is the mainstream for state aviation information and will be updated in 2008 with the latest technology enhancements. Resource material can be found at [www.scaeronautics.com](http://www.scaeronautics.com).

- 4.9 The Workforce Development Division offers WIN Strategic Compass, incorporating labor, education, and market data from over 15 sources, to assist workforce policy and decision makers. The tool highlights economic indicators useful for strategic planning at the local, regional, and state aggregate levels of detail.

The Workforce Development Division completes WIA Quarterly Performance Reports for each Workforce Investment Area. Senior Leadership and staff use these reports to determine whether the workforce system is achieving performance goals. A series of WIA and TAA Ad Hoc Reports have also been created for state and local program management purposes.

### **Category 5 – Work Focus**

- 5.1 The Department continues to promote training and development opportunities for employees. Funds have once again been allocated and utilized for employee training. Annual Training Objectives are identified in each employee's performance planning stage document. As new processes and business evolves, additional training is coordinated.
- 5.2 The Department continued the two incentive pay programs for agency employees. The Sales Incentive Plan (SIP) for project managers in the Global Business Development Division and the Agency Performance Incentive Plan (APIP) for all other covered employees in full time equivalent positions who are not eligible for the SIP. Both programs are managed in conjunction with the agency Employee Performance Management System (EPMS) process.
- 5.3 A number of measures have been implemented by Human Resources to ensure a safe, positive workplace.
- Employees receive annual updates to the policy manual. The manual contains all of our updated agency policies including affirmative action, harassment, discipline and performance. Policies are also posted on the Department's intranet. These policies are reviewed and updated as needed each year.
  - The Division of Public Railways and the Aeronautics Division have written safety procedures and guidelines and regularly perform inspections on equipment.
- 5.4 Staff in the Human Resources Department coordinate activities in a wide range of community oriented fund-raising activities such as the Salvation Army,



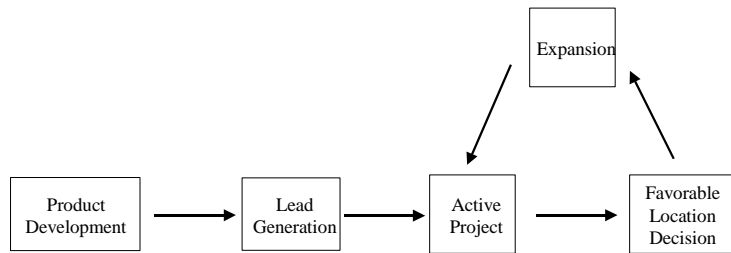


United Way, Community Health Charities, Central SC Habitat for Humanities, and Juvenile Diabetes.

5.5 The Department continues to promote future state leaders through internship opportunities.

## Category 6 – Process Management

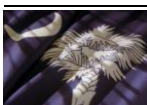
6.1 As with any organization based on sales and marketing, the building of relationships is an integral part of our success. Our process makes the Department’s front-line sales team the single point of contact with the client company or the company’s representatives as soon as an inquiry is identified as a viable project. This allows the project manager to begin amassing information on the company, the project, and the project’s requirements and facilitates the building of personal relationships with decision makers. During the reorganization process a key decision was made to consolidate the international, national and existing industry sales teams in one division.



The chart above outlines the “life cycle” of a project:

- 1) A lead is received from a company, consulting firm, or one of our economic development allies.\*
- 2) The project is screened by the Global Business Development Division Director to determine its viability. Once it is determined to be a viable project, a project manager is assigned who will act as the constant point of contact for the client company. It is the project manager’s responsibility to establish personal contact with the client.
- 3) The project manager determines the parameters of the project and the information needs. These are then relayed to the SCDOC Research

\* Please note that as the chart shows, even before the inquiry is received, the process of product development is underway through the work of the **Community and Rural Planning & Development Division**, Business Services, Division of Public Railways and the Aeronautics Division.

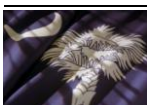


Department and/or local development allies. Once the data is gathered, it is then funneled to the customer. As the project matures, communities and states are eliminated, and additional information is required from both the state and community until a favorable location decision is made.

- 4) Research gathers all data to support the project managers in converting a lead into a win (a business choosing South Carolina as its location target or facilitating an expansion). Research supports the project managers in amassing information on the company, the project, and the project's requirements. Research completes Requests for Information and Requests for Proposal from project managers and gathers all information from the respective counties and local development allies. This includes gathering data on building and sites, permitting, infrastructure, workforce and quality of life issues, amongst other factors. Research manages the proposal process, conversing with local economic allies as well as consultants, allowing the project managers to continue to focus on building the personal relationship with the target business.
- 5) After the decision is made and a facility becomes operational, the Business Services Department establishes contact to monitor the progress of the facility and offer advice and help should problems arise.
- 6) Assuming the plant operates successfully and profitably it will expand within the first five years of operation at which time a project manager from Global Business Development Division will be assigned to facilitate the process.
- 7) A quality workforce plays a vital role in businesses locating, expanding, and remaining competitive. Utilization of workforce services and resources provides for on-going identification, assessment, and training of individuals to meet business needs.

The process has remained virtually unchanged for the last ten years with one major exception – the time it takes for the process to run its course has become compressed. What used to take years in the early 1990's now frequently only takes months and sometimes even weeks. In order to meet the increased time demands of clients, the Department utilizes technology whenever possible to reduce turn-around time. For example:

- SiteScope (an application of GIS – geographic information systems) allows consultants to scan our entire database of industrial sites and buildings from their offices via the Internet.
- Proposals for companies are frequently sent to clients by electronic mail and CD. This allows company representatives to distribute information to their team members quickly and efficiently. Large files can be accessed electronically via a web-based file sharing portal.



- Customers can meet face-to-face with state and local decision leaders through the Department's WebEx and video conferencing.

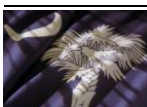
6.2 Project managers maintain contact with customers regularly in order to stay abreast of new developments and to ensure information needs are met. As the project "matures" and moves toward a final decision, contacts intensify and the Department's senior leadership may be briefed daily.

6.3 Each of the other divisions is tasked with supporting the front-line sales team. Each uses the latest technology available to maximize their outcomes. (See 6.1 above for examples of technological innovations used to support the sales function.)

6.4 The Department of Commerce builds alliances with key economic developers in each county. These alliances consist of those members of the state's economic development community that are crucial to the success of the state's economic development efforts. They also consist of the local development offices, state and local government entities, and private companies that have a stake in the economic success of the state. These relationships with our partners are nurtured in a number of ways.

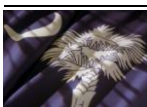
- The leadership of the agency is active in the South Carolina Economic Developers' Association, maintaining a seat on the association's Board of Directors.
- The Community and Rural Planning and Development Division is tasked with maintaining constant contact with more than half of the state's 46 counties. These counties are provided with technical support and strategic planning expertise in order to improve product development. The Division further supports product development with grants from the Rural Infrastructure Fund.
- The South Carolina Coordinating Council for Economic Development further supports product development with grants for infrastructure.
- Interaction with state agencies such as DHEC, the Department of Revenue, and the Center for Advanced Technology Training, currently known as Ready SC, and the State Ports Authority is encouraged early in the process so they can gain a better understanding of the customer's operation and minimize impact of potential problems on the final location decision. In 2008, SCDOC co-located a Global Business Development project manager within the South Carolina State Ports Authority to boost port-related business recruitment.
- Consultants who represent companies making location decisions are contacted to make sure the Department is meeting their needs.

6.5 Marketing and Communications works closely with Global Business Development to facilitate the project announcement process from the generation of the memorandum to communicating the information to the Governor's office.



A flowchart of this information was generated to document the process and provide checkpoints along the way for accuracy and quality control of information. The Communications coordinator works closely with the company, as well as county and alliance developers to generate and distribute press releases as appropriate.

- 6.6 A yearly Marketing/Communications plan is generated with input from each Division director to successfully employ tactics which will achieve the established goals of the Division, as well as the Agency while working to ensure cost effectiveness and maximum returns.
- 6.7 Since CDBG grants are awarded to units of local government, the CDBG Program maintains close contact with community developers and officials in customer communities. The CDBG Program is represented on the Board of the South Carolina Community Development Association, which coordinates community development professionals and promotes cooperative exchange of techniques and ideas. The CDBG Program also works closely with the ten regional councils of governments to ensure effective project implementation on the state's local and regional levels.
- 6.8 The Department's effort to provide grant funds to the most effective community development projects is enhanced by the objective project selection process used by the CDBG Program. The CDBG Program administered two competitive grant programs, Community Investment and Local Planning. Projects submitted in these programs were evaluated against objective scoring criteria that were established by staff with customer input and approved by HUD. The CDBG staff applies an extensive scoring methodology to determine those grants that are most likely to achieve the desired results.
- 6.9 Requests for grants associated with economic development projects are handled in much the same way as banks handle loans. Project managers bring requests to a Screening Committee that looks at the worthiness of the project and then appropriate amount of funds as well as the most appropriate source of funds.
- 6.10 The Enterprise Zone staff works closely with the staff of the Department of Revenue and participating companies to monitor the Enterprise Zone program to insure that only those companies meeting their job creation commitments receive incentives. Quarterly and annual reports are submitted and checked for compliance.
- 6.11 The Division of Aeronautics, Airport Development Section provides state grants for airport maintenance and development. Grants are matched with federal and/or local airport sponsors. Airport owners, or their respective representatives, submit a request to the Aeronautics Commission, which approves and awards funds on case-by-case bases. Once approved, the staff has a grant management process, which entails a plan review, on-site construction inspection, and final distribution of funds in accordance with state grant assurances.



- 6.12 This year, the Workforce Division has developed a fully integrated process for assisting dislocated workers, combining the services and benefits of the Trade and WIA programs to maximize resources, avoid duplication, and enhance customer outcomes.

## Category 7 – Results

Direct Investment (both Foreign and Domestic) into South Carolina continues to be strong. Commerce staff's hard work set new records again in 2007 with firms investing \$4.05 billion in South Carolina. So far, this year looks even better: Investment totals in June 2008 were already at \$2.06 Billion (a 45% increase over June 2007 figures).

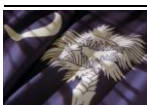
The following are some of the results in 2007.

*Please note: Beginning with calendar year 2003, the Department of Commerce implemented a new standard regarding the reporting of capital investment activity. In this annual report, the investment dollar and job creation numbers given represent the sum of only those projects in which the Department played a major role. Unlike figures from previous years, these figures DO NOT represent all capital investment activity in the state.*

### 7.1 GLOBAL BUSINESS DEVELOPMENT

In 2007, Commerce assisted with the expansion or location of 179 firms creating 15,666 jobs and investing \$4.05 billion in South Carolina. (Note: Commerce does not include utility and power plant capital investments in its numbers.)

- The state's rural areas accounted for 5,436 new jobs created and \$677 million in capital investments. This represents 34.7% of job creation and 16.7% of capital investments statewide.
- One hundred-three new firms announced the creation of 8,100 new jobs and capital investment totaling \$1.45 billion. New firms represented roughly 51.7% of announced new jobs and 35.9% of announced investment.
- Manufacturing continues to be the leading sector for investment (84.3%) and job creation (60.6%).
- The automotive sector was the leading industry sector in capital investment (\$1.7 billion). Automotive was the leading sector for job creation (3,290).
- The leading source nations for international investment were Germany (65.5%) and France (17%). The leading international job creators were firms from Germany (58.8%) and Canada (10.2%).



### New and Existing Firms

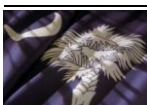
In 2007, Commerce assisted with 76 existing industry expansions, which created 7,566 new jobs (48.3% of total job creation) and \$2.6 billion (64.1% of total investment). New industries accounted for 57.5% of total projects, 51.7% of total new jobs and 35.9% of total investment.

2007 Capital Investment Activity By New and Existing Firms						
	Firms	%	Jobs	%	Capital Investment	%
New	103	57	8,100	52	\$1,450,836,340	36
Existing	76	43	7,566	48	\$2,594,211,104	64
<b>Totals</b>	<b>179</b>	<b>100</b>	<b>15,666</b>	<b>100</b>	<b>\$4,045,047,444</b>	<b>100</b>

### Sector Analysis

The South Carolina Department of Commerce continues to focus on creating and sustaining major industry sectors. The sectors making the largest capital investment in 2007 were Automotive with \$1.7 billion and Advanced Materials with \$692.5 million. The Automotive sector led the way in job creation with 3,290 jobs, followed by Distribution. South Carolina continues to play a major role in the automotive industry with the addition of companies like BAE Systems, Freightliner LLC, Koerber GmbH, and expansions like BMW, Michelin, and Timken.

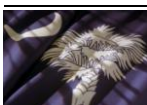
Besides growth in the above mentioned target industry sectors, the Department of Commerce also attracted industries such as Distribution/Logistics, chemical manufacturing, aviation/aerospace, and bio-pharma. Some of the top companies in these industries included Adidas, Starbucks Coffee Company, DuPont, Cytec Industries, Inc, Venture-Aerobearings, LLC, AmbioPharm, Inc, and Bericap.



<b>2007 Capital Investment Activity</b>						
<b>by Sector</b>						
<i>(In Alphabetical Order)</i>						
<b>Sector</b>	<b>Firms</b>	<b>%</b>	<b>Jobs</b>	<b>%</b>	<b>Capital Investment</b>	<b>%</b>
Advanced Materials	6	3.4	438	2.8	\$692,575,000	17.1
Aerospace & Aviation	4	2.2	250	1.6	\$58,240,000	1.4
Agribusiness	2	1.1	280	1.8	\$13,300,000	0.3
Alternative Energy	3	1.7	105	0.7	\$16,400,000	0.4
Automotive	38	21.2	3,290	21	\$1,715,811,210	42.4
Biotechnology	6	3.4	437	2.8	\$136,700,000	3.4
Chemicals	5	2.8	124	0.8	\$252,700,000	6.2
Customer Service Center	2	1.1	320	2	\$4,000,000	0.1
Finance and Insurance	3	1.7	221	1.4	\$4,276,000	0.1
Food Processing	9	5	1,499	9.6	\$132,000,000	3.3
High Tech Manufacturing	5	2.8	495	3.2	\$49,450,000	1.2
Information Services	18	10.1	1,831	11.7	\$88,054,340	2.2
Medical	1	0.6	113	0.7	\$600,000	0
Metal Fabrication	25	14	1,789	11.4	\$171,200,000	4.2
Non Metallic Mineral Mfg.	6	3.4	164	1	\$56,030,000	1.4
Paper Products	6	3.4	233	1.5	\$118,250,000	2.9
Plastics	9	5	620	4	\$136,515,000	3.4
Recycling	4	2.2	305	1.9	\$62,500,000	1.5
Textile	5	2.8	218	1.4	\$29,300,000	0.7
Warehousing & Distribution	12	6.7	1,951	12.5	\$254,145,894	6.3
Wood / Paper Products	10	5.6	983	6.3	\$53,000,000	1.3
<b>Total</b>	<b>179</b>	<b>100</b>	<b>15,666</b>	<b>100</b>	<b>\$4,045,047,444</b>	<b>100</b>

### **International Investment**

Direct foreign investment in South Carolina continued to be strong in 2007. The South Carolina Department of Commerce assisted 48 international firms, which produced \$2.06 billion announced investment and 4,821 announced new jobs. German firms led the way in capital investment, accounting for 65.5% of the total international capital investment. German-owned companies accounted for 58.5% of jobs created by international companies with 2,837 jobs.



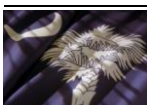


<b>2007 Capital Investment Activity By Country</b> (In Alphabetical Order)						
<b>Country</b>	<b>Firms</b>	<b>%</b>	<b>Capital Investment</b>	<b>%</b>	<b>Jobs</b>	<b>%</b>
Austria	1	2.1	\$10,000,000	0.5	15	.3
Canada	9	18.8	\$87,960,000	4.3	493	10.2
Finland	2	4.2	\$23,300,000	1.1	95	2.0
France	3	6.3	\$350,000,000	17.0	100	2.1
Germany	11	22.9	\$1,350,350,000	65.5	2,837	58.8
India	1	2.1	\$8,370,000	0.4	90	1.9
Italy	3	6.3	\$39,250,000	1.9	57	1.2
Japan	3	6.3	\$22,100,000	1.1	102	2.1
Korea	2	4.2	\$18,275,000	0.9	68	1.4
Luxembourg	1	2.1	\$600,000	0.0	22	.5
Netherlands	1	2.1	\$1,000,000	0.0	30	.6
South Africa	1	2.1	\$10,500,000	0.5	85	1.8
Sweden	4	8.3	\$43,040,000	2.1	311	6.5
Switzerland	2	4.2	\$67,000,000	3.3	230	4.8
Taiwan	1	2.1	\$ --	0.0	10	.2
United Kingdom	3	6.3	\$28,560,210	1.4	276	5.7
<b>Total</b>	<b>48</b>	<b>100</b>	<b>\$2,060,305,210</b>	<b>100</b>	<b>4,821</b>	<b>100</b>

### **County Capital Investment Data**

During 2007, Commerce facilitated \$677 million in capital investment and 5,436 jobs from 65 firms in South Carolina's non-MSA counties. Non-MSA areas accounted for roughly 16.7% of capital investment and 34.7% of job creation.

<b>2007 Capital Investment Activity By Rural and Urban Areas</b>						
	<b>Capital Investment</b>	<b>%</b>	<b>Jobs</b>	<b>%</b>	<b>Firms</b>	<b>%</b>
Rural	\$676,735,234	16.7	5436	34.7	65	36.3
Urban	\$3,368,312,210	83.3	10,230	65.3	114	63.7
<b>Total</b>	<b>\$4,045,047,444</b>	<b>100</b>	<b>15,666</b>	<b>100</b>	<b>179</b>	<b>100</b>



## 7.2 COMMUNITY AND RURAL PLANNING AND DEVELOPMENT

The Division of Community and Rural Planning and Development (C&RP&D) continues its mission to improve the quality and competitiveness of South Carolina communities. Through programming focused on community product and leadership development. The Division works closely with local leaders to create opportunities for greater investment, job creation, and leadership potential. Division staff members work with local leaders to develop product, such as speculative buildings, to ensure that communities have available properties for investors and job creators considering a business location. Product development progress for the fiscal year is listed below.

### Product Development

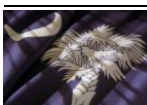
Product Type	Number completed	Number in Progress
Speculative Buildings	4	3
Industrial Parks	5	4
Certified Sites	62	2

Redeveloping rural South Carolina's downtown business districts also enhances the competitiveness of any community. The Opportunity Grant program, which began in 2004, helps rural communities revitalize their downtowns. The communities of Cheraw, Clinton and Greenwood completed projects that included streetscapes, building façade improvements, small business and tourism development. The Opportunity Grants awarded to date are listed below.

### Community Revitalization

Community	Rural Infrastructure Fund Investment	Total Project Cost
Bennettsville	\$1,700,000	\$3,305,000
Bishopville	\$2,249,597	\$3,755,625
Union	\$1,924,355	\$2,984,555
Cheraw	\$844,000	\$1,230,891
Clinton	\$900,000	\$3,035,000
Greenwood	\$934,763	\$1,968,763

Another key component of the C&RP&D program focuses on continued economic development education for local leadership. Through partnerships with South Carolina economic development allies, C&RP&D develops programming that conveys timely and necessary information to local leaders that strengthens their decision making for the future of South Carolina communities. Participants in C&RP&D programs are varied in leadership capacities and dispersed among rural and urban areas of the state. The Division also has the responsibility for designing, planning and implementing a Local Economic Developer's Workshops that addresses points of interest for the states county economic development practitioners.



## Leadership Development

Program Type	Number of Attendees	Number of Graduates	Program Rating
South Carolina Rural Summit	300	N/A	4.6 (5 pt. scale)
South Carolina Economic Developers' School	65	53	2.76 (3 pt. scale)
South Carolina Economic Developers' Advanced Symposium	912	12	3.77 (4 pt. scale)
Economic Developer's Workshop	18	N/A	4.22 (5 pt. scale)

### 7.3 EXPORT DEVELOPMENT AND FOREIGN RELATIONS

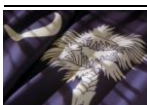
Globalization plays a critical role in the future of successful businesses. It's a fact that companies engaged in international business are more stable, achieve higher growth rates, and pay higher wages. Exports are vital to the state's economic health as well. The benefits of exporting extend beyond the obvious advantage of profit earnings. In fact, South Carolina was the 22<sup>nd</sup> largest exporter among the 50 states in 2007.

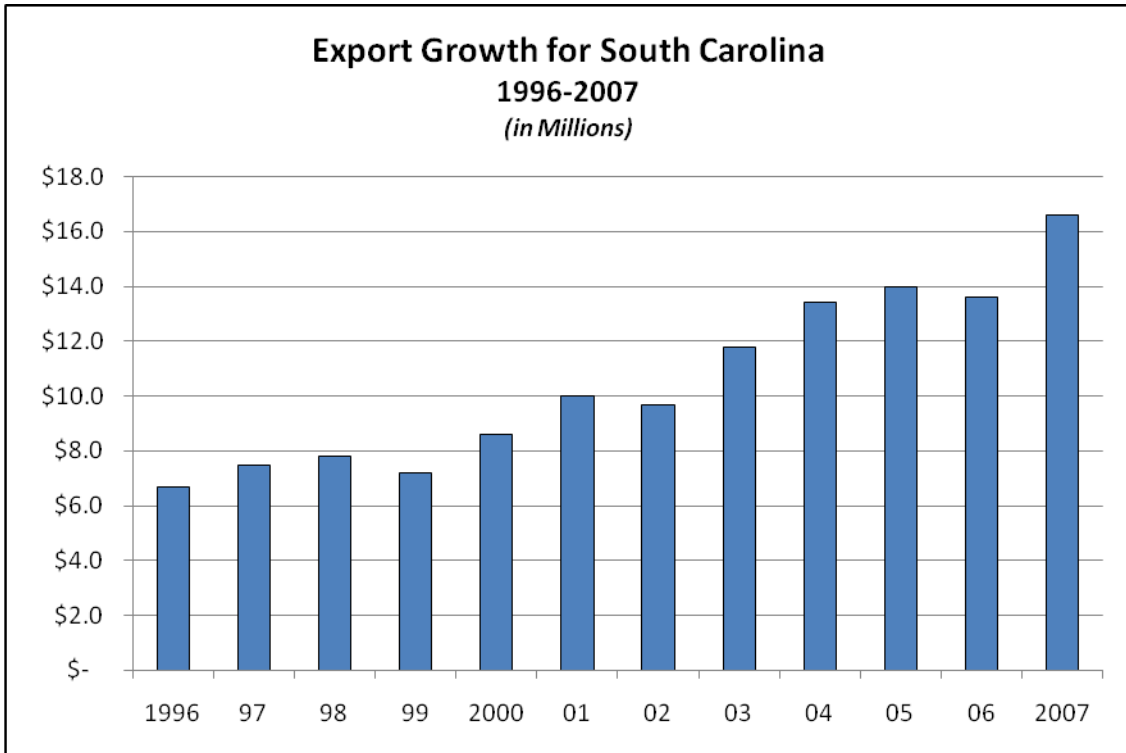
The importance of export development to the state is irrefutable:

- Exporting supports thousands of jobs in South Carolina: It is estimated that for every \$1 billion of goods sold for export, 16,000 jobs are sustained. Using this formula some 266,600 jobs in South Carolina were supported by exports last year.
- A study published by the Institute for International Economics and the Manufacturing Institute found that companies that export, experience higher productivity rates (+44%), pay higher wages (+13%), offer better benefits (+37%), have higher growth rates, are more competitive and stable, and they are less likely to go out of business.
- Export-supported jobs account for an estimated 10.5% of South Carolina's total private-sector employment, or more than one of every 10 jobs.

In 2007, South Carolina companies exported \$16.6 billion worth of products to 198 countries – a 21.7% increase over the previous year.

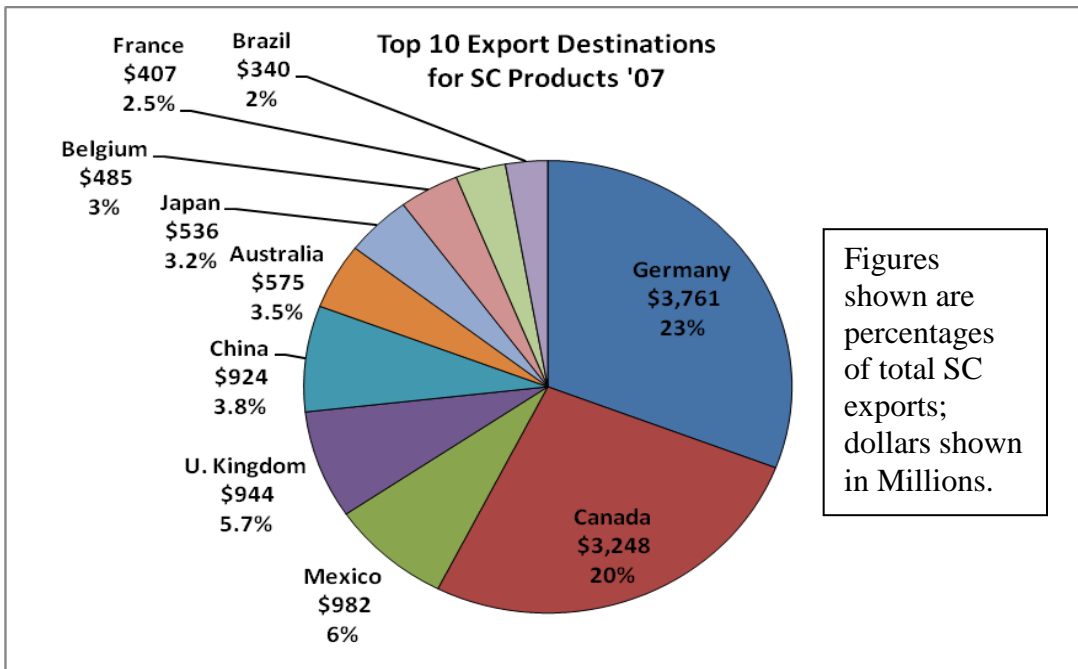
South Carolina's exports to the world increased \$8.9 billion from 1996 to 2007. South Carolina has seen 147% export growth from 1996 to 2007, 23<sup>rd</sup> best among the states.



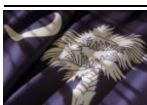


*Source: Global Trade Information Services, 2008.*

The state's largest export market last year was Germany, which received exports of \$3.8 billion. This was nearly one-third (23%) of South Carolina's total 2007 exports.



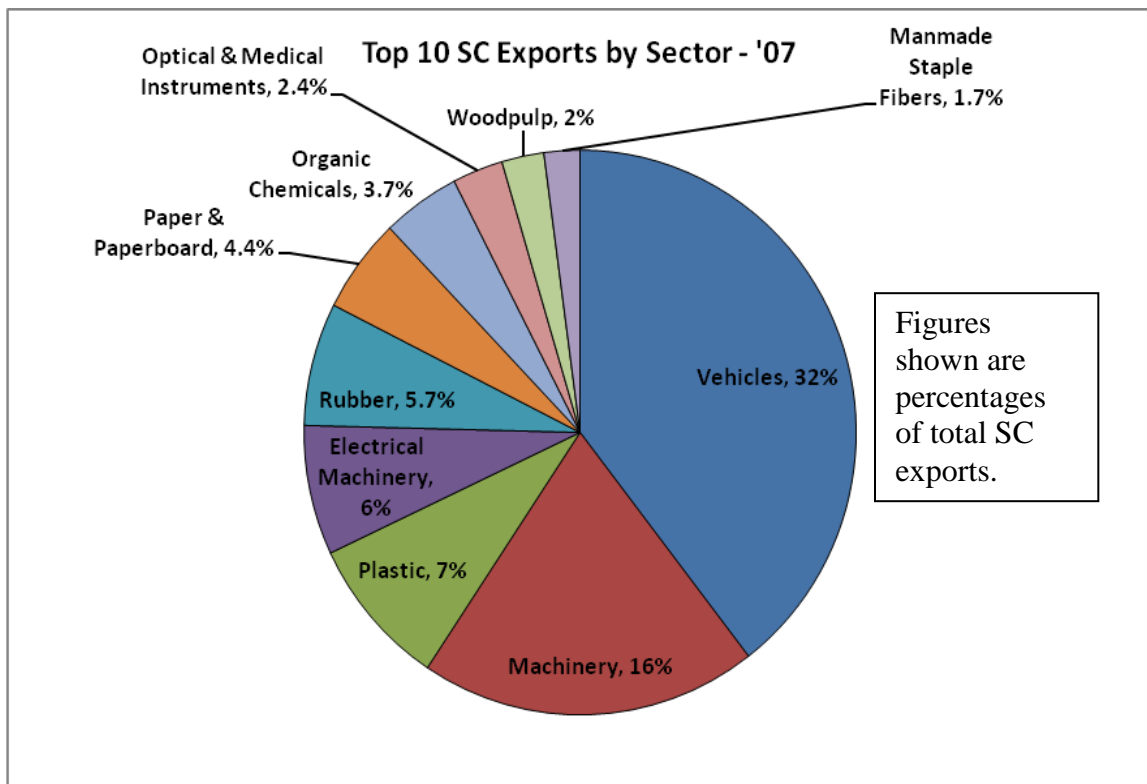
*Source: Global Trade Information Services, 2008.*



South Carolina's leading manufactured exports are Vehicles, which alone accounted for \$5.3 billion, or 32%, of South Carolina's total export shipments in 2007. Other top manufactured exports last year were Machinery (\$2.7 billion), Plastic (\$1.5 billion), Electrical Machinery (\$1.0 billion), and Rubber (\$946 million).

South Carolina's 2007 Exports also revealed that:

- South Carolina's exports grew 147% from 1996 to 2007.
- South Carolina ranks first in the export of tires among U.S. states and territories and first in synthetic staple fiber and fabric exports.
- The state's leading product sector export is transportation equipment, with more than \$5.3 billion in exports in 2007.
- South Carolina ranks 14th in the number of total jobs linked to manufactured exports.
- About nine percent of South Carolina's total private sector manufacturing employment is supported by exports.
- South Carolina is the second largest exporting state or U.S. territory to Germany.



Source: Global Trade Information Services, 2008.

Commerce's export development team provided support to medium-sized and smaller companies wanting to expand and participate in overseas markets. Client company size based on employment averages less than 50 employees. The team provided assistance to more than 300 requests for export assistance from South Carolina



businesses, large and small, helping them better compete in the global economy by identifying new markets and sales opportunities through international trade events and one-on-one counseling. The export development staff organized five international trade missions involving South Carolina companies, government and academic leaders and local economic development professionals.

## 7.4 FILM

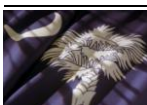
**Film Commission** –The film industry, nationwide, was hampered by labor issues in the Fall of 2007. Despite those issues the Film Commission had eight films/television shows approved by the Coordinating Council for incentives. Four of the films approved were not sufficiently financed and never began filming. The four film and television projects that were eventually filmed in the state had total budgets of approximately \$98.8 million. The two films for which the accounting has been completed on as of August 1, 2008, “Gospel Hill” and “The new Daughter” spent approximately \$4.9 million in the state. Notable projects include the second year of Lifetime’s “Army Wives”, which filmed in the Charleston area. “Army Wives” has proven to be one of the most watched cable shows in America. Marketing initiatives included advertising, marketing trips to key Los Angeles and New York, a new proposal development/delivery system and familiarization trips that brought Hollywood decision makers to South Carolina. The Commission also implemented a new project tracking system.

The SC Production Fund, created to develop personnel infrastructure through collaboration with our institutes of higher learning, has produced two films and will initiate a series of training seminars designed to elevate the skills of SC film professionals and students alike.

**On July 1, 2008, the Film Commission was transferred to the Department of Parks, Recreation and Tourism by legislation.**

## 7.5 BUSINESS SERVICES / SMALL BUSINESS OMBUDSMAN

- Number of small business inquiries addressed: 519
- Number of counties served (re: small business inquiries): 40
- Number of minority businesses served: 155
- Number of women-owned businesses served: 223
- Customer survey: 484 follow-up surveys were completed in fiscal 2007-2008 utilizing a two week, three month and six month system.
- Number of counties participating in SC Industry Appreciation Week and Ambassadors awards: 46
- Number of people directly involved in SCIAW/Ambassadors events: over 2,500
- News stories (print) generated: over 70 across the state
- Fifth Annual Salute to Small Business held (Commerce supporting): 220 attendees, 20 exhibitors



- The Small Business Regulatory Review Committee review 75 proposed regulations.
- Partnered with InnoVenture 2008 that showcased 250 different companies, researchers, investors, universities with 600 targeted attendees
- Capital Access Program implemented that will enable up to \$20 million for Small Businesses. Results for 2007:
  - Currently 49 loans outstanding totaling \$2.4MM. Average loan size is \$48,000.
  - Jobs Created 47; Jobs Retained 243; Total Jobs 290
  - 13 banks registered for SC CAP – 5 provided lending over the past year (2007).

## **7.6 RECYCLING MARKET DEVELOPMENT**

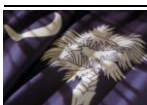
There are over 300 recycling companies with 15,600 current jobs in recycling in South Carolina (multiplier equivalent of over 37,440 jobs) which has the result of \$1.5 billion in personal income impact and \$6.5 billion total economic impact. In 2007 South Carolina’s Recycling industry generated \$929 million in capital investment and 620 new jobs.

- Number of business inquiries addressed: 170
- Provided technical assistance to 25 entities on the start-up or expansion of recycling businesses;
- Provided financial resource referrals to 20 companies;
- Fourth Annual Recycling Business Forum hosted as the Recycling Cluster Forum. Activated the statewide Recycling Cluster in coordination with New Carolina: 75 attendees, 10 exhibitors;
- Business and Industry Recycling Seminar: 50 attendees;
- Generated 22 prospect leads to identify new recycling industries;
- Conducted 6 RMDAC and 3 Recycling Sector meetings;

## **7.7 GRANTS ADMINISTRATION**

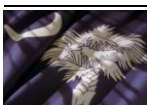
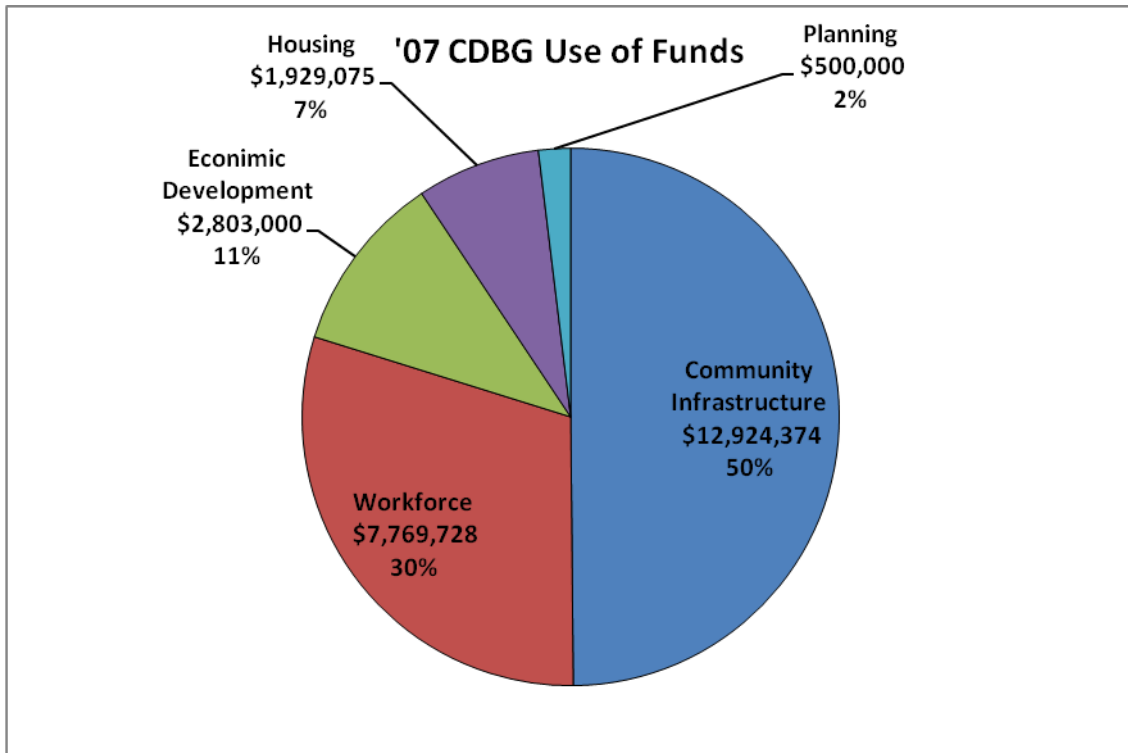
### **Community Development Block Grant Program**

The Community Development Block Grant (CDBG) Program provides grants to units of local government for a wide variety of projects to strengthen communities, including revitalizing neighborhoods and housing, improving community infrastructure and



workforce development facilities, providing other public facilities, and creating or retaining jobs.

In 2007, the CDBG Program awarded \$25.9 million to 43 projects in rural communities, further improving South Carolina's business climate and quality of life. More than 54,000 citizens will benefit from economic development assistance creating 499 jobs and resulting in capital investment of \$54.8 million, infrastructure for or construction of new affordable housing in 6 communities, provision of clean and safe public infrastructure in 13 communities, and new QuickJobs Development Centers providing access to workforce development and training in 6 communities. Residents of 44 counties will also benefit from increased statewide and local planning and coordination. Additionally, funds were reserved for two more QuickJobs Development Centers and for new public infrastructure in two additional communities.





## Appalachian Regional Commission Program

As a federal-state partnership, the Appalachian Regional Commission (ARC) provides social and economic support for a 13-state region stretching along the Appalachian Mountains from southern New York to northern Mississippi. In South Carolina, ARC supports economic development activities in Anderson, Cherokee, Greenville, Oconee, Pickens and Spartanburg counties.

In 2007, the State's priorities for funding were education, a competitive economy and infrastructure. More than \$2.1 million was awarded for nine projects that support these priorities.

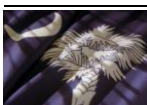
ARC Category	Amount
Community Infrastructure	\$1,775,000
Education	\$21,806
Business and Regional Initiatives	\$165,401
Technical Assistance	\$216,237
<b>TOTAL</b>	<b>\$2,178,444</b>

## Job Development Credit Program

The Job Development Credit (JDC) Program is a discretionary incentive implemented in 1996 to reward companies for creating new jobs and investing in South Carolina, especially in less-developed areas. The JDC acts like a rebate, refunding some or all of a company's qualifying and eligible capital expenditures. The JDC is performance-based: A company must perform in a manner consistent with the level of job creation and new capital investment on which the approval was based before it can benefit from the program.

In 2007, a total of 61 projects representing nearly 7,500 new jobs and over \$1.5 billion in new capital investment were approved for Enterprise Zone benefits.

2007 Job Development Credit Approvals (By County Development Tier)				
County Designation	Total Projects Approved	Total Jobs	Total Investment	Average Company Hourly Wage
Developed	19	4,359	\$733,094,500	\$26.14
Moderately Developed	8	437	\$103,265,000	\$16.80
Under Developed	9	625	\$290,863,063	\$17.08
Least Developed	19	1,801	\$265,892,925	\$20.28
Distressed	6	275	\$194,100,000	\$15.49
<b>TOTAL</b>	<b>61</b>	<b>7,497</b>	<b>\$1,587,215,488</b>	



## **Enterprise Zone Retraining Credit Program**

The Enterprise Zone Retraining Credit Program helps existing industries maintain their competitive edge and retain their existing workforce by allowing them to claim a Retraining Credit for existing production employees. If approved for the Enterprise Zone Retraining Credit, companies can reimburse themselves up to 50% of approved training costs for eligible production workers (not to exceed \$500 per person per year). In 2007, 16 retraining applications were approved, enabling 15 companies to retrain an estimated 6,478 employees over a five-year period.

## **Motion Picture Incentives Act**

The South Carolina Motion Picture Incentives Act provides a number of incentives to production companies that choose to film all or in part in South Carolina. The incentives require that both the production company and the production itself meet specific statutory requirements. Partial rebates of wages paid to employees who work on the production in the state and expenditures within the state are available, as well as sales and use tax exemptions for goods purchased in the state.

For qualifying companies that will spend at least \$1 million dollars in South Carolina on eligible productions within one year, the Film Commission and the Coordinating Council for Economic Development may approve wage and supplier rebates in amounts equal to, respectively, up to 20% of certain South Carolina wages and 30% of in-state non-wage expenditures. Funds are applied for and reserved before a company begins filming. In 2007, the Council approved wage and supplier rebates for four productions that will spend \$36.3 million in the state.

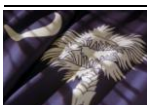
**On July 1, 2008, the Film Commission was transferred to the Department of Parks, Recreation and Tourism by legislation.**

## **Coordinating Council for Economic Development**

The Economic Development Set-Aside Fund is the Coordinating Council's primary business development tool for assisting local governments with road, water/sewer infrastructure or site improvements related to business location or expansion.

The Rural Infrastructure Fund is used mainly to assist local governments in the state's rural areas with economic development preparation through a variety of activities, but funds may also be used for building, site or infrastructure improvements related to business location or expansion.

The Water Wastewater Infrastructure Fund represented one-time tobacco-related funding used to fund infrastructure projects throughout the state. Though all funds were awarded in previous years, some additional recaptured funds became available in 2007 and were used to fund additional water/sewer infrastructure grants.



The Governor’s Closing Fund, which was created in 2006, is used to assist when additional funding is necessary to recruit or retain within the state high impact economic development projects.

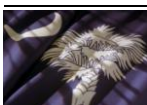
In 2007, \$11.9 million in Business Development Assistance was awarded to local governments in 24 counties for water, sewer, roads, rail, site preparation, building improvements (RIF and Closing Fund only), or other assistance necessary to facilitate business expansions or locations (Closing Fund only). The related businesses will create 4,128 new jobs and \$620 million in new capital investment. During the year, an additional \$13.4 million was committed to undecided projects which, if won, will create an additional 1,900 jobs and \$600 million in investment.

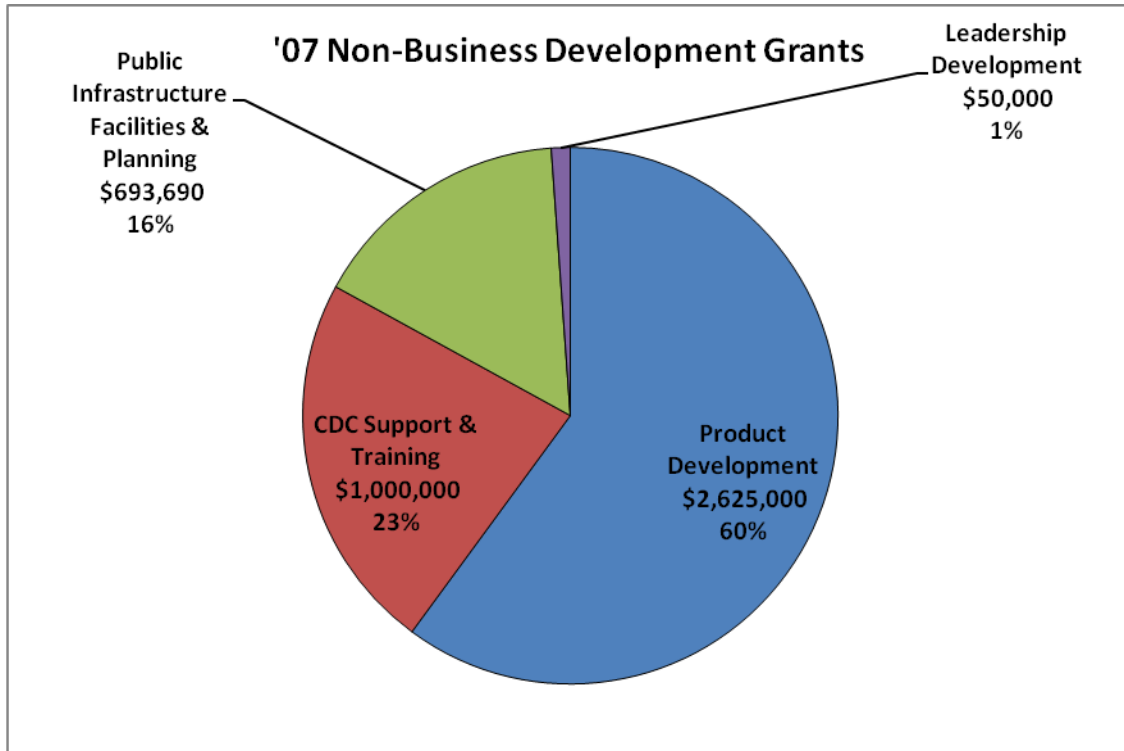
A total of \$2.6 million was awarded to four “Least Developed” counties for projects aimed at developing parks and sites, which in turn can be used to attract jobs and capital investment.

Seven communities located primarily in “Distressed”, “Least Developed” and “Under Developed” counties were awarded approximately \$700,000 for public water/sewer infrastructure or planning related to infrastructure regionalization. Approximately \$1 million was also awarded from the Rural Infrastructure Fund to continue assisting with leadership development and to fund technical assistance, training and financial support for community development corporations (CDCs).

The amounts below only include new grant awards during 2007 and do not include committed funds or amendments or adjustments to any previously approved grant funds.

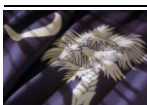
<b>2007 Coordinating Council Business Development Grants and Related Jobs and Investment</b>			
<b>County Tier</b>	<b>Total Awards</b>	<b>New Jobs</b>	<b>New Capital Investment</b>
Distressed	\$2,640,000	731	\$228,600,000
Least Developed	\$1,730,000	837	\$80,500,000
Under Developed	\$2,875,000	417	\$100,600,000
Moderately Developed	\$3,125,000	1,363	\$187,300,000
Developed	\$1,518,000	780	\$22,747,000
<b>TOTAL</b>	<b>\$11,888,000</b>	<b>4,128</b>	<b>\$619,747,000</b>





Category	Amount
Product Development	\$2,625,000
CDC Support and Training	\$1,000,000
Public Infrastructure Facilities and Planning	\$693,690
Leadership Development	\$50,000
<b>TOTAL</b>	<b>\$4,368,690</b>

2007 Business Development Grants						
County	County Tier	Scope of Work	Funding Source	Grant Amount	Projected New Jobs	Projected Investment
Abbeville	Least Developed	Road, water/sewer and site prep	Setaside	350,000	24	7,900,000
Aiken	Least Developed	Water/Sewer	Setaside	100,000	100	5,500,000
Aiken	Least Developed	Water/Sewer	Setaside	100,000	14	1,100,000
Barnwell	Distressed	Building Upfit	Closing Fund	500,000	300	15,000,000
Barnwell	Distressed	Site Prep	RIF	1,000,000	200	150,000,000
Berkeley	Developed	Relocation	Closing Fund	250,000	31	4,300,000
Calhoun	Under Developed	Road, water/sewer and site prep and other assistance	Setaside & Closing Fund	2,250,000	160	71,000,000
Cherokee	Least Developed	Water/Sewer	RIF	150,000	144	14,000,000



2007 Business Development Grants (Continued)						
County	County Tier	Scope of Work	Funding Source	Grant Amount	Projected New Jobs	Projected Investment
Clarendon	Distressed	Roads	RIF	300,000	50	4,000,000
Edgefield	Least Developed	Road, water/sewer and site prep	Setaside	250,000	225	16,200,000
Fairfield	Least Developed	Water/Sewer	RIF	230,000	90	8,000,000
Florence	Moderately Developed	Water/Sewer	WWIF	75,000	13	2,300,000
Greenwood	Least Developed	Roads	RIF	200,000	40	13,800,000
Greenwood	Least Developed	Building	RIF	200,000	50	9,500,000
Hampton	Distressed	Roads	Setaside	100,000	50	3,000,000
Lancaster	Least Developed	Site Prep	Setaside	150,000	150	4,500,000
Laurens	Under Developed	Roads	RIF	225,000	73	8,000,000
Lexington	Developed	Site Prep	Setaside	135,000	78	12,000,000
Marion	Distressed	Water/Sewer	RIF	260,000	36	13,600,000
Marlboro	Distressed	Site Prep	RIF	300,000	65	40,500,000
Newberry	Moderately Developed	Road, water/sewer and site prep	Closing Fund	750,000	100	15,000,000
Oconee	Under Developed	Roads	Setaside	250,000	170	18,000,000
Orangeburg	Under Developed	Rail	Setaside	150,000	14	3,600,000
Richland	Developed	Other Assistance	Closing Fund	250,000	300	1,300,000
Richland	Developed	Relocation	Closing Fund	800,000	325	4,147,000
Spartanburg	Moderately Developed	Road, water/sewer and site prep	Setaside	2,000,000	1,200	150,000,000
Spartanburg	Moderately Developed	Roads	Setaside	300,000	50	20,000,000
Williamsburg	Distressed	Rail	Setaside	180,000	30	2,500,000
York	Developed	Water/Sewer	WWIF	83,000	46	1,000,000
<b>TOTAL</b>				<b>\$11,888,000</b>	<b>4,128</b>	<b>\$619,747,000</b>

## 7.8 ADMINISTRATION

One of the Division of Administration's primary focuses is on the support that it provides to the entire agency on a day to day basis. The Division of Administration completed a customer satisfaction survey to get feedback for improvements. The Division scored a 97.1% - Above Average to Excellent. This means that overall 97.1% of the staff of Commerce believes that they receive above average to excellent customer service when



they need help with anything from payroll, to benefits, to travel reimbursement, to CALL IT requests.

The Division continues to ensure that all state laws, rules and regulations are followed. Annual audits have been good and show Commerce to be in good standing.

## **7.9 AERONAUTICS**

The Division of Aeronautics (DOA) awarded twenty-three (23) grants in 2007 totaling \$2,698,727. These grants were combined with the Federal Aviation Administration (FAA) matched share of \$14,987,247 and the airport owner share of \$2,857,338. Airports also received \$800,000 in state assistance for airfield maintenance in 2007. Total investment by the FAA in South Carolina airports was \$40,047,942. The DOA is completing the Airports System Plan formulating a strategic plan for development at South Carolina's 60 publicly-owned airports. Eight counties lowered the aircraft property taxes in 2007, bringing the total to twenty-six (26) counties that have an aircraft property tax rate between four and six percent. The flight departments flew 183 hours in the state's King Air 350 in 2007, logging 766 passengers over 233,199 passenger miles.

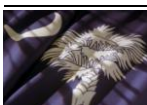
## **7.10 WORKFORCE DEVELOPMENT**

### **Work with Businesses**

#### **Incumbent Worker Training**

Through *Incumbent Worker Training* grants, resources are used to train current employees in an effort to keep businesses and workers competitive. Incumbent Worker Training provides funding for training due to expansion, new technology, retooling, new services/product lines and new organizational structuring, or as part of a layoff aversion strategy. The results of this initiative are below:

- Last year, WIA funded the training of 4,697 workers at an average cost of \$488 per participant, spending a total of \$2,290,481;
- Employers reported that 1,385 jobs were saved and 608 jobs were created, at a range of salaries;
- Therefore, this year's investment of \$2.3 million in Incumbent Worker Training immediately adds a minimum of \$24 million into the state's economy in recurring annual wages. The annual ROI is at least 1059%;
- The overall employer rating of the program on a scale of 1-5 (with 5 being excellent) was 4.3;
- Participating businesses varied greatly: manufacturing/production represented the largest sector with 46% of the total, over 26% employed fewer than 50 workers, over 50 business types were represented from insurance agencies to kayak manufacturers.



### **Additional Training**

This past year, on-the-job training using WIA funds increased 98% over the prior year and customized training using WIA funds increased 275% over the prior year.

### **Work with Communities**

WIA funded 19 local grant requests in order to tackle a range of workforce development priorities. Funded proposals ranged from initiatives to provide early childhood education classes for pre-Kindergarten teachers in the Pee Dee region to a robotics training lab at Spartanburg Community College.

For the second year, the SWIB funded a successful high school drop-out prevention program, Jobs for South Carolina's Graduates. The program is piloted in 14 schools and engaged 630 at-risk youth this past year. For the second year in a row, the program had a 95% retention rate of students and placed in the top 5 states in the nation for this achievement.

### **Rapid Response**

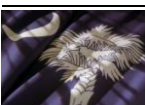
The goal of the Rapid Response program is to reduce the period between unemployment and suitable reemployment for South Carolina workers. An experienced team made up of state and local staff from Workforce Development and Employment Security first meets with company management to discuss the anticipated layoff schedule, employee demographic data, and the services available to aid with reemployment including testing to match skills with job requirements, resume writing and preparation for interviews, career counseling, available job information, etc. Team members then meet with employees to outline available services and answer questions well before the first layoff.

- This past year, staff assisted 72 employers and over 13,118 employees.
- Rapid Response staff assisted 125 employers and the workforce affected by the loss of 9,866 positions.

### **Work with Job Seekers**

- For Fiscal Year 2007-2008, WIA served 38% more Adults than the previous year (20,807)
- The Retention Rate for Dislocated Workers improved to 92.9%
- The Retention Rate for Adults improved slightly to 87.7%
- Average Earnings for Adults and Dislocated Workers improved over the year, with participants earning an average annual salary of \$21,305

The WIA program met or exceeded all of its performance measures that were negotiated with the US Department of Labor.





- The number of Youth participants increased 5%
- Placement of Youth in Employment or Education improved to 72.9%
- Youth Attainment of Degree or Certificate improved to 59.7%

## 7.11 RESEARCH

The Division of Research provides real-time, accurate data, information, and research to support the mission of the Department of Commerce in attracting industry and investment to South Carolina; in maintaining and disseminating industry, economic, and labor market information; in integrating workforce and economic development functions; and in recommending policies to promote overall state economic growth. The division is structured according to three primary, overlapping functions:

1. **Business Intelligence**  
Define internal and external data needs; utilize IT to effectively maintain, disseminate, and utilize data for effective economic development.
2. **Industry Research and Recruitment**  
Research, implement, and proactively recommend strategies for successful industry recruitment that furthers economic growth and standard of living in South Carolina.
3. **Workforce and Economic Development Strategic Planning and Analysis**  
Perform economic research to guide policies that foster statewide economic growth.

### Activity Report for July 2007 - July 2008

- Prepared 116 proposals and requests for information.
- Redesigned formal proposal design and optimized efficiency of process.
- Implemented internal project tracking and collaboration software.
- Developed 6 industry analysis reports.
- Completed 15 large-scale research and analysis projects.
- Responded to an average of 86 requests per month for information and analyses from internal and external sources.

## 7.12 MARKETING AND COMMUNICATIONS

- 35 tradeshows/conferences planned and attended.
- 20 press conferences/events planned and executed.
- 5 trade missions and related marketing assistance provided.
- 50 advertisements placed in in-state and national publications.

