

Study of the  
**Department of Commerce**  
2022

**SC House Legislative Oversight Committee**  
Economic Development, Natural Resources, and  
Transportation Subcommittee



## S.C. House Legislative Oversight Committee



Post Office Box 11867  
Columbia, South Carolina 29211  
Telephone: (803) 212-6810 • Fax: (803) 212-6811  
**Room 228 Blatt Building**

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The purpose of the S.C. House Legislative Oversight Committee's (Committee) work is to determine if agency laws and programs are implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed, or eliminated. The Committee's member-driven process enhances the ability of Representatives to make informed decisions about state government and agency responsiveness to the needs of South Carolinians. The process is also a resource for public access to information about the performance of state agencies and their programs.

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FINDING #2. Business recruitment involves multiple steps by various entities:

- Each of the 46 individual counties should have a vision and strategy and their staff take steps to make the county attractive to those industries that may help achieve its vision;
- Each regional alliance develops a vision and mission for its region;
- Department of Commerce aligns the state’s advantages/disadvantages with the various region/county visions, then coordinates activities to stay “top of mind” with companies in applicable industry sectors;
- Each company decides if/when to expand or relocate;
- When economic development staff with a county or Department of Commerce learns a company is considering South Carolina, Commerce staff work to have the company locate here;
- Coordinating Council for Economic Development reviews and gives final approval on agreements in which state discretionary incentives are offered to a company in exchange for jobs and investment in South Carolina; and
- Department of Commerce staff offer services to companies to help maintain jobs and investment in South Carolina and encourage companies to select the state for any expansion.

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FINDING #3. During the study, eleven of the Tier III and IV counties (i.e., designations released annually by the Department of Revenue noting South Carolina counties with the highest three-year unemployment rate average and lowest per capita income) did not have a strategic plan for economic development. ....15

FINDING #4. Regional Economic Development Alliances have geographical boundaries different from Regional Workforce Advisors and Local Workforce Development Boards. Efficiencies and focus may be gained by aligning the different geographical boundaries. ....16

FINDING #5. The Coordinating Council for Economic Development (CCED) is comprised of the agency head or board chair for eleven state agencies (i.e., Department of Agriculture, Department of Commerce, Department of Employment and Workforce, Department of Parks, Recreation and Tourism, Department of

Revenue, Department of Transportation, Jobs Economic Development Authority, Ports Authority, Public Service Authority, Research Authority, and State Board for Technical and Comprehensive Education), the Chair of House Ways and Means Committee, and the Chair of the Senate Finance Committee. While CCED is chaired by the Secretary of Commerce and council staff provide recommendations based on research and analysis, all members of CCED have equal authority (i.e., chair’s vote weighs the same as other members) and responsibility relating to approval of discretionary incentives (i.e., CCED can structure those incentives as deemed most beneficial). .....17

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RECOMMENDATION #1. Department of Commerce and Department of Employment and Workforce personnel meet annually with Tier III and IV county economic development personnel, document the meeting, and work with the regional alliance and county personnel to ensure at least two individuals involved in the county’s strategic planning attend each economic development education opportunity. ....22

RECOMMENDATION #2. Department of Commerce include performance measures in the agency’s annual accountability report to quantify the actual results versus expected outcomes of the agency’s marketing strategy to show Commerce personnel regularly analyze tangible results obtained from marketing efforts and regularly revise methods/amounts of investment based on past results.....23

RECOMMENDATION #3. Department of Commerce provide the General Assembly and public recommendations on statewide strategic economic development infrastructure investments (e.g., water, road, rail, etc.), explain how the recommendations facilitate and support the plans and visions of each region and county, and update the plan/recommendations every three years. ....24

RECOMMENDATION #4. Coordinating Council for Economic Development (CCED) establish a policy where CCED members annually provide guidance to staff on the following: (1) cost/benefit and analysis (i.e., update the analysis regularly and include list of economists that verify its validity and/or recommend update); (2) violation of contract terms (e.g., job and investment requirement, etc.); and (3) potential amendments to current and future contracts with companies. ....25

RECOMMENDATION #5. Department of Commerce (1) implement a more structured internal process to transfer closed projects to the business services division to provide new companies an introduction to the ongoing resources available from the Department of Commerce, and .....26  
 (2) discuss with Human Affairs Commission potential training for companies available from them. ....26

RECOMMENDATION #6. Department of Commerce and CCED consolidate economic development information from disparate locations into a central source. ....26

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RECOMMENDATION #7. Coordinating Council for Workforce Development (CCWD) create a comprehensive statewide education and workforce development plan in collaboration with entities including, but not limited

to, the Department of Administration’s Division of State Human Resources and agencies involved in the state Early Childhood Advisory Council (ECAC) and the federal Workforce Innovation and Opportunity Act (WIOA). Consider existing frameworks, such as the one in the state Education and Economic Development Act, as starting points and ensure the plan can be utilized and submitted in compliance with any agency’s requirements in state or federal law to submit a plan and/or track metrics related to education and/or workforce (e.g., federal laws: WIOA, Perkins V, Every Student Succeeds Act, and state laws: Education Accountability Act, etc.). Regularly report status on implementation and metrics of plan to Education Oversight Committee, which will publish online dashboards. Request a meeting with the Committee to provide an update on the progress at the end of each of the first two years. ....31

RECOMMENDATION #8. Department of Social Services personnel research and collaborate on sustainable options for addressing obstacles lack of available and affordable child care throughout S.C., and in particular in underserved areas, plays in individuals working and/or obtaining additional education (e.g., business utilization of the childcare program credits in S.C. Code Section 12-6-3440), with the Department of Commerce, Department of Revenue, Department of Employment and Workforce, ECAC (e.g., First Steps, Department of Education), and other applicable entities (e.g., State Technical College System, Human Affairs Commission). Provide a joint report with information learned within one year after issuance of the House Legislative Oversight study. ....34

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RECOMMENDATION #9. Coordinating Council for Workforce Development ensure creation of a single online landing page for policy makers and the public, which contains the state unified education and workforce plan and access to reports and dashboards with information related to education and workforce, in collaboration with applicable agencies, including, but not limited to, agencies involved in the Early Childhood Advisory Council and the Department of Employment and Workforce, which administers the federal Workforce Innovation and Opportunity Act in South Carolina.....34

RECOMMENDATION #10. Coordinating Council for Workforce Development, Department of Administration, and Revenue and Fiscal Affairs staff have discussions to explore the feasibility of a regular applied analytics training program through partnerships with state institutions of higher education and others to create an annual class fostering the generation of ideas and samples of more effective ways to utilize state agency data. ....35

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RECOMMENDATION #11. Commission on Higher Education (CHE), State Technical College System (STCS), and Department of Employment and Workforce ensure annual publication of a return-on-investment catalogue that contains (1) return on investment for students, parents, businesses, and the state in higher education programs and post-secondary training; and (2) industry supply gap analysis at the state and region level that shows the most high-demand occupations and assesses the number of completers for relevant secondary, post-secondary education, and work-based learning through Registered Apprenticeships. CHE and STCS collaborate with applicable agencies, including, but not limited to, agencies involved in the Early Childhood Advisory Council, Department of Employment and Workforces, which administers the federal Workforce Opportunity Innovation and Opportunity Act in South Carolina, and Coordinating Council for Workforce Development.....35

RECOMMENDATION #12. CCWD publish (i.e., update and issue after communicating with applicable parties): (1) new editions of the Education and Workforce Dictionary; (2) Workforce Development Program mapping and federal funding inventory, and (3) mapping and analysis from the February 2022 Subcommittee meeting. ....37

RECOMMENDATION #13. CCWD ensure applicable memorandums of understanding with necessary entities are entered within six months after issuance of the full House Oversight study report for establishment of evidence building system to analyze and improve long term outcomes of education and workforce programs; then work with Revenue and Fiscal Affairs Office (RFA) and Education Oversight Committee (EOC) to construct said system.....39

RECOMMENDATION #14. Agencies participating in various education and workforce development collaborative groups discussed in the February 2022 Subcommittee meeting (i.e., CCWD, CCED, ECAC, EEDA, and WIOA) determine any other state entities with information on credentials and licenses for workforce and request those entities enter data sharing agreements with RFA. As part of the data sharing agreements, they should, at a minimum, provide RFA permission to continuously utilize data in answering CCWD questions applicable to aggregate information on credentialed/licensed individuals in the state for supply/gap analysis (e.g., number of credentialed nurses, number who may retire in the next five to ten years, and number the state will need educational entities to produce). .....40

RECOMMENDATION #15. Department of Education collaborate with the Education Oversight Committee and Revenue and Fiscal Affairs Office to determine how school districts obtain, collect, and transmit information within the education system from the initial person with access to the information (e.g., student, teacher, etc.) forward and determine who owns and may access data at the local, state, and federal level...41

RECOMMENDATION #16. CCWD convene applicable stakeholders and, within one year after issuance of the Committee’s study report, provide the Committee options for how to efficiently obtain occupational codes and wage and hour information (e.g., central portal, etc.) to improve the value of the evidence building system along with the short- and long-term benefits to the state, businesses, education entities, and individuals of having this information and the potential burdens of each option. ....42

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RECOMMENDATION #17. Amend S.C. Code of Laws Section 13-1-320, which establishes Commerce’s Division of State Development, to delete obsolete language and add objectives related to promotion of strategic planning and rural and workforce development .....45

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RECOMMENDATION #19. Amend S.C. Code of Laws Section 13-1-340, which outlines the director’s duties, powers, and responsibilities, to remove obsolete, unconstitutional, or duplicative duties performed by other state agencies.....46

RECOMMENDATION #20. Amend S.C. Code of Laws Section 13-1-350, which requires the director to assume duties of former boards, commissions, and councils to remove obsolete, unconstitutional, or duplicative duties performed by other state agencies .....46

RECOMMENDATION #21. Repeal S.C. Code of Laws Section 13-1-370, which allows the Secretary of Commerce to establish an advisory committee to the Division of State Development, as provisions are duplicate. Move identification of challenges facing rural communities and solutions to agency objectives under S.C. Code of Laws Section 13-1-320.....46

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RECOMMENDATION #22. Relocate the Aeronautics Commission’s enabling legislation (Title 13, Chapter 1 of the South Carolina Code of Laws) out of middle of statutes relating to Commerce to reduce confusion as the Commission is no longer a division of Commerce. ....46

RECOMMENDATION #23. Amend S.C. Code of Laws Section 15-9-390 to revert to the Aeronautics Commission from Secretary of Commerce serving as the agent for service of process of nonresident operators of aircraft. Commerce was substituted for the Commission when Aeronautics was a division of Commerce; however, now the Aeronautics Commission has been reconstituted.....46

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RECOMMENDATION #25. Remove references to the Department of Commerce in S.C. Code Section 24-1-290, pertaining to the Prison Industries Program at the Department of Corrections, as agency personnel assert Commerce does not have the data to provide the statutorily mandated certification. ....47

RECOMMENDATION #26. Remove references in various statutes to the Department of Commerce’s oversight role in housing related matters.....47

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RECOMMENDATION #29. Agencies involved in the February 2022 Subcommittee meeting (i.e., Commission for the Blind, Commission on Higher Education, Department of Commerce, Department of Education, Department of Employment and Workforce, Department of Social Services, Department of Veterans’ Affairs, First Steps, State Technical College System, and Vocational Rehabilitation Department) enter a data sharing agreement with Revenue and Fiscal Affairs Office to facilitate analysis that may assist the General Assembly with policy decisions. ....50

RECOMMENDATION #30. General Assembly consider options to further ensure the accountability of funds that pass-through agencies to other entities.....50

RECOMMENDATION #31. Department of Administration personnel discuss with the Department of Commerce personnel the potential benefits of using a digital onboarding tool to determine if it may be useful to the Division of State Human Resources in addressing high turnover in some agencies across state government.....51

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# Agency Overview: Department of Commerce

## Agency Mission

“

Working together to create opportunities by promoting job creation, economic growth and improved living standards for all South Carolinians.

”

## History

The Department of Research, Planning and Development, created in 1945, changed to the State Development Board in 1954, and, during reorganization of state government in 1993, was replaced by the Department of Commerce, which also assumed duties of other entities including the Coordinating Council for Economic Development.

## Resources

(FY 19-20)

### Organizational Units

- Administration
- Global Business Development
- International Strategy and trade
- Small Business and Existing Industry
- Community and Rural Development
- Marketing Communications
- Research
- Grants
- Workforce
- Innovation
- Palmetto Railways
- Military Base Task Force

### Employees



98

filled FTE positions at the end of the year

### Funding



\$256,919,111

cash and available funds

## Successes and Challenges

Identified by the agency

### Successes

- 151,8000+ new jobs recruited
- \$41.3 billion+ capital investment
- 1,429 projects (i.e., new or expanding company, recruited and managed by agency to facilitate the creation of new jobs and taxable investment in South Carolina)

### Challenges

#### Current:

- COVID-19
- Succession planning
- Economic development in rural South Carolina
- Infrastructure

#### Emerging:

- Diversification of economy
- Trade environment
- Adaptability to a changing economy

# Committee Overview

## Subcommittee Membership

### Economic Development, Natural Resources, and Transportation Subcommittee

The Honorable William M. "Bill" Hixon (chair)

The Honorable Russell L. Ott

The Honorable Adam M. Morgan

The Honorable Marvin R. Pendarvis

## Oversight Purpose and Methods

### Purpose

To determine if agency laws and programs:

- are being implemented and carried out in accordance with the intent of the General Assembly; and
- should be continued, curtailed, or eliminated.

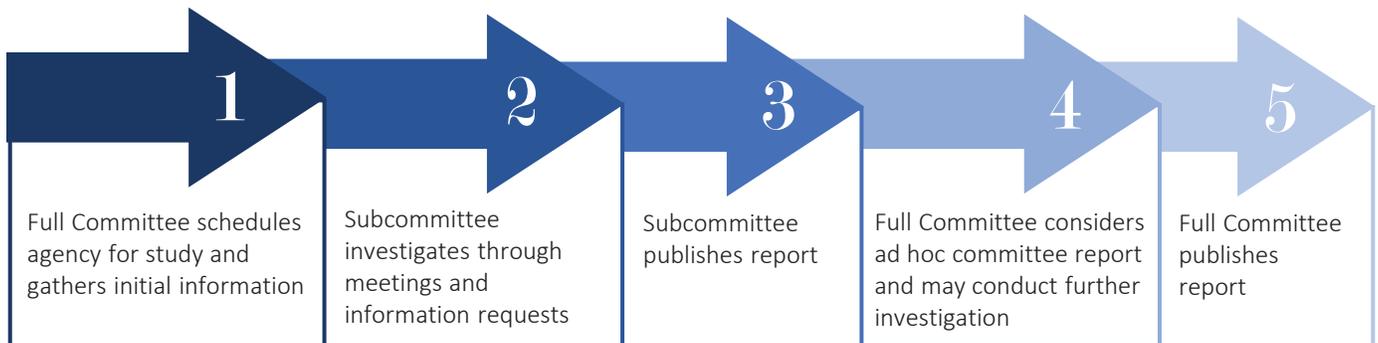
### Methods

The Committee and Subcommittee evaluate:

- the application, administration, execution, and effectiveness of the agency's laws and programs;
- the organization and operation of the agency; and
- any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation pertaining to the agency.

S.C. Code Ann. § 2-2-20(B) and (C)

## Study Process



## Public Input



**36**

Responses to an online public survey



**65**

Online comments received



**1**

Constituents testified

## Study Milestones

### Meetings

#### Subcommittee Meetings

3/4/21	3/11/21
5/12/21	5/27/21
6/4/21	6/29/21
8/5/21	2/28/22
4/27/22	

#### Full Meetings

12/9/19  
4/8/21

### Agency Reports

March 2015

Seven-Year Plan Report

March 2020

Program Evaluation Report

September 2021

FY 2020-2021  
Accountability Report

FINDINGS

The House Legislative Oversight Committee’s (Committee) Economic Development, Transportation, and Natural Resources **Subcommittee** (Subcommittee) reviewed the Department of Commerce (agency or Commerce) and **has seven findings**.<sup>2</sup> The Subcommittee has recommendations to address some, but not all, of these findings. However, the Subcommittee made the findings to note information that a member of the public, or General Assembly, may seek to know or on which they may desire to act.

*Business Recruitment*

The five findings relating to business recruitment are summarized in Table 1.

Table 1. Summary of findings relating to business recruitment

<p><b>BUSINESS RECRUITMENT</b></p>	<ol style="list-style-type: none"> <li>1. From an aggregated statewide perspective, between 2006 and 2019, the companies the Department of Commerce landed created 57,306 jobs and invested \$16.5 billion in South Carolina, which accounts for 98% of the jobs and 129% of the investment required in associated incentive agreements with these companies. Additionally, during 2020 and 2021, the Department of Commerce increased transparency in informing the public about its processes.</li> <li>2. Business recruitment involves multiple steps by various entities:             <ol style="list-style-type: none"> <li>a. Each of the 46 individual counties must have a vision and strategy and their staff take steps to make the county attractive to those industries that may help achieve its vision;</li> <li>b. Each regional alliance develops a vision and mission for its region;</li> <li>c. Department of Commerce aligns the state’s advantages/disadvantages with the various region/county visions, then coordinates activities to stay “top of mind” with companies in applicable industry sectors;</li> <li>d. Each company decides if/when to expand or relocate,</li> <li>e. When economic development staff with a county or the Department of Commerce learns a company is considering South Carolina, Commerce staff work to have the company locate here;</li> <li>f. Coordinating Council for Economic Development reviews and gives final approval on agreements in which state discretionary incentives are offered to a company in exchange for jobs and investment in South Carolina; and</li> <li>g. Department of Commerce staff offer services to companies to help maintain jobs and investment in South Carolina and encourage companies to select the state for any expansion.<sup>SEE RECOMMENDATIONS #1-2 AND #4-#6</sup></li> </ol> </li> </ol>
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3. During the study, more than 75% of the Tier III and Tier IV counties (i.e., designations released annually by the Department of Revenue noting South Carolina counties with the highest three-year unemployment rate average and lowest per capita income) did not have an active, county specific strategic plan.<sup>SEE RECOMMENDATIONS #1</sup>
4. Regional Economic Development Alliances have geographical boundaries different from Regional Workforce Advisors and Local Workforce Development Boards. Efficiencies and focus may be gained by aligning the different geographical boundaries.<sup>SEE RECOMMENDATIONS #11</sup>
5. The Coordinating Council for Economic Development (CCED) is comprised of the agency head or board chair for eleven state agencies (i.e., Department of Agriculture, Department of Commerce, Department of Employment and Workforce, Department of Parks, Recreation and Tourism, Department of Revenue, Department of Transportation, Jobs Economic Development Authority, Ports Authority, Public Service Authority, Research Authority, State Board for Technical and Comprehensive Education), the Chair of the House Ways and Means Committee, and the Chair of the Senate Finance Committee. While CCED is chaired by the Secretary of Commerce and council staff provide recommendations based on research and analysis, all members of CCED have equal authority (i.e., chair's vote weighs the same as other members) and responsibility relating to approval of discretionary incentives (i.e., CCED can structure those incentives as deemed most beneficial).

**FINDING #1.** From an aggregated statewide perspective, between 2006 and 2019, the companies the Department of Commerce landed created 57,306 jobs and invested \$16.5 billion in South Carolina, which accounts for 98% of the jobs and 129% of the investment required in associated incentive agreements with these companies. Additionally, during 2020 and 2021, the Department of Commerce increased transparency in informing the public about its processes.

The Department of Commerce administers the Coordinating Council for Economic Development (CCED).<sup>3</sup> CCED's annual report provides notice to the public about statewide economic development activities, including the statistics noted above.<sup>4</sup>

In addition to the Committee's oversight process, events in 2020 spurred additional transparency efforts at the agency, one of which included a legislative audit. The General Assembly's Legislative Audit Council reviewed incentive programs administered by the Department of Commerce and recommended improvements to advance agency transparency, oversight, and evaluation of proposed incentives<sup>5</sup>

After these events, agency staff began disclosing company names, award values, and new job counts for major programs, and additional explanations about its processes.<sup>6</sup> Also, agency staff began disclosing CCED recipient data for discretionary incentive programs (e.g., Job Development Credit and Business Development Grants). Notably, a report released in April 2022 indicated the agency increased its transparency (i.e., moved from a marginal rank in 2014

to 22<sup>nd</sup> in 2022) in making information and explanations of its processes available to the public.<sup>7</sup>

**FINDING #2.** Business recruitment involves multiple steps by various entities:

- Each of the 46 individual counties should have a vision and strategy and their staff take steps to make the county attractive to those industries that may help achieve its vision;
- Each regional alliance develops a vision and mission for its region;
- Department of Commerce aligns the state’s advantages/disadvantages with the various region/county visions, then coordinates activities to stay “top of mind” with companies in applicable industry sectors;
- Each company decides if/when to expand or relocate;
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- Coordinating Council for Economic Development reviews and gives final approval on agreements in which state discretionary incentives are offered to a company in exchange for jobs and investment in South Carolina; and
- Department of Commerce staff offer services to companies to help maintain jobs and investment in South Carolina and encourage companies to select the state for any expansion.

Business recruitment involves multiple steps by state and local (i.e., county and regional) entities. See Figure 2 for an overview of South Carolina’s business recruitment process.

At the state level, the Department of Commerce’s annual accountability report outlines the state’s strategy for economic development.<sup>8</sup> The agency’s main objectives, which are determined internally, are to build tax base and pay rolls.<sup>9</sup> Agency personnel assert the best gauge of Commerce’s performance in achieving the objectives are whether it meets or exceeds its goals for the following: (1) capital investment to create more taxable property for local communities and school districts, and (2) jobs recruited to create more job opportunities for the citizens of South Carolina to maximize their talents and abilities.<sup>10</sup>

As for the local level, Commerce personnel utilize the eight regional alliances to develop lead generation and understand the needs of each area of the state, which are different.<sup>11</sup> As economic development is a “fiercely competitive arena,” there is no single, comprehensive document outlining the different regions and county visions/strategies.<sup>12</sup>

See Appendix A for more information about the business recruitment process.

Recommendations #1-2 and #4-6 address this finding.

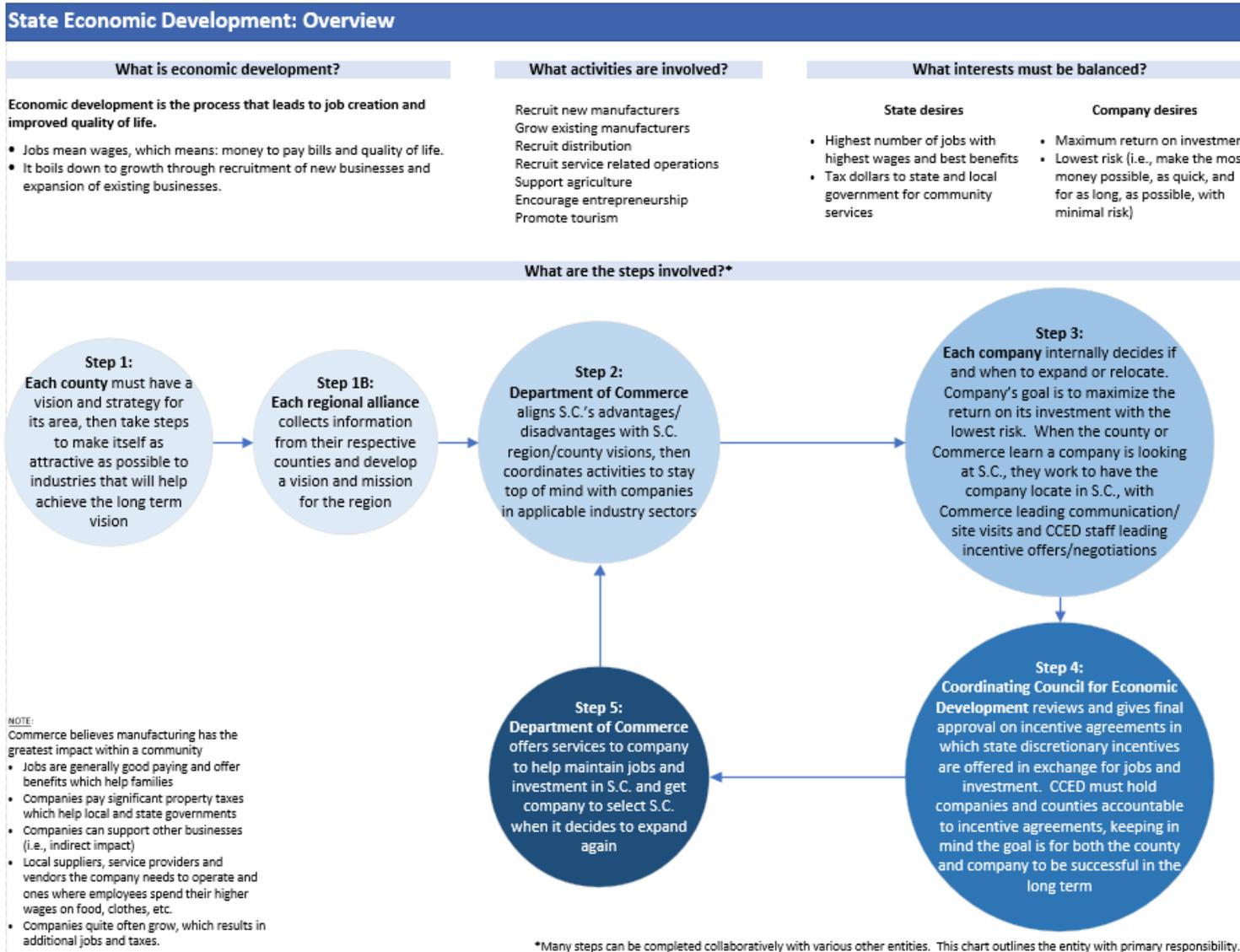
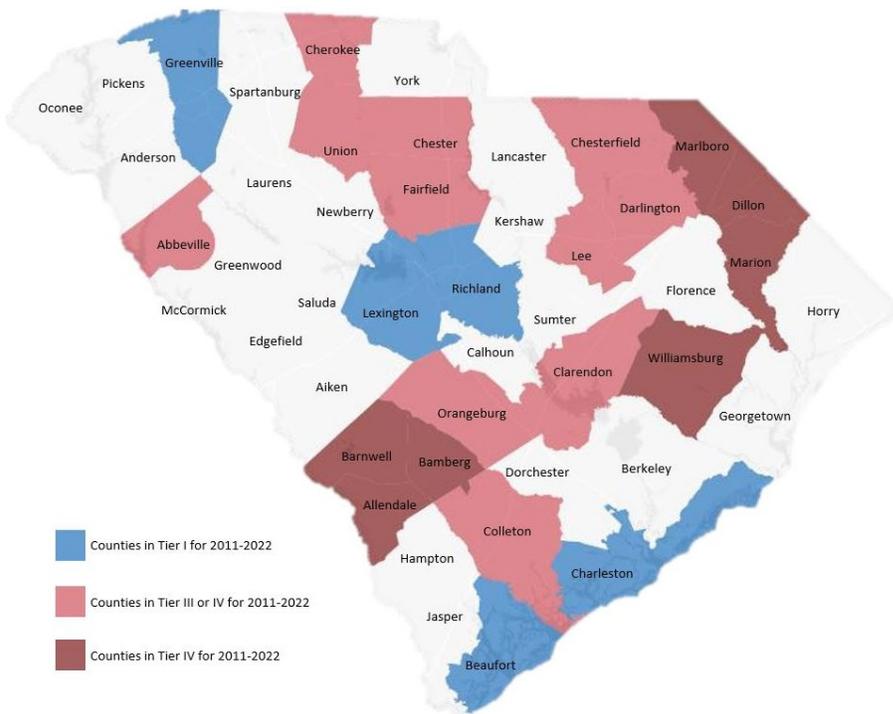


Figure 2. Overview of South Carolina's business recruitment process

**FINDING #3.** During the study, more than 75% of the Tier III and Tier IV counties (i.e., designations released annually by the Department of Revenue noting South Carolina counties with the highest three-year unemployment rate average and lowest per capita income) did not have an active, county specific strategic plan.

During the study, eleven of the Tier III and Tier IV counties did not have a strategic plan for economic development.<sup>13</sup> Having a strategic plan may increase the vitality of a county and allow it to move from the bottom tiers.<sup>14</sup> At a minimum, it will enable Department of Commerce personnel to know how they can assist the county. Notably, Department of Commerce personnel are willing to assist each Tier III and Tier IV counties in creating or updating a strategic plan.<sup>15</sup>



“South Carolina’s 46 counties are ranked and designated annually for job tax credit purposes with equal weight given to unemployment rate and per capital income. . . .”<sup>16</sup> There are four designations (i.e., tiers) made by the Department of Revenue; Tier III and Tier IV counties have the highest three-year unemployment rate average and lowest per capita income. Conversely, Tier I and Tier II

Figure 3. Selected county tier rankings from 2011-2022<sup>17</sup>

counties have lower three-year unemployment rate average and higher per capita income. Figure 3 illustrates counties that have not experienced much fluctuation in rankings over the past decade. See Appendix B for a list of county tier rankings from 2011-2022.

Recommendation #1 relates to this finding.

**FINDING #4.** Regional Economic Development Alliances have geographical boundaries different from Regional Workforce Advisors and Local Workforce Development Boards. Efficiencies and focus may be gained by aligning the different geographical boundaries.

Figure 4 shows the geographical boundaries of regional economic development alliances and regional workforce advisors and local development boards.

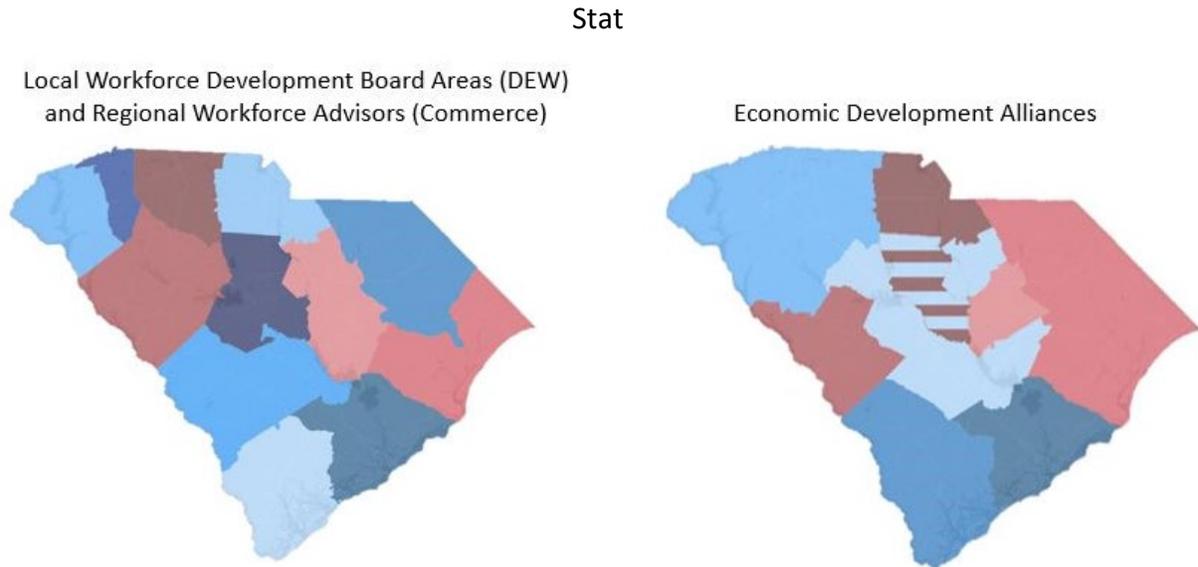


Figure 4. Geographical boundaries of regional economic development alliances and regional workforce advisors and local development boards<sup>18</sup>

In determining the statewide strategy and marketing efforts, Commerce personnel interact with personnel from the regional economic development alliances.<sup>19</sup> Each alliance operates differently based on the desires of the counties that are members of the alliance.<sup>20</sup> Each of the 46 counties belong to at least one of the eight alliances.<sup>21</sup> Some counties (e.g. Richland and Kershaw ) belong to more than one.<sup>22</sup> There is no state statute or regulation directing which communities are within which alliances.<sup>23</sup> As counties pay dues to join an alliance, the respective county personnel join an alliance based on the services offered.<sup>24</sup> If desired (e.g., receive different services from each), a county may join more than one alliance.<sup>25</sup> While membership in these alliances are subject to change, there has not been a change since 2016.<sup>26</sup>

Also, a primary goal in Commerce’s recruitment of businesses is to create jobs. However, other state agencies (e.g., Department of Employment and Workforce, technical colleges, Department of Education, technical colleges, etc.) focus on strategies to provide the workforce needs, and the way those agencies group the state for strategic planning purposes does not match the groupings utilized by the regional alliances.<sup>27</sup> Accordingly, constituents and needs of regional alliances may not match constituents and needs of the overall state workforce.

In the future, efficiencies and focus may be gained by having the regional workforce advisors, local workforce development boards, and regional economic development alliances utilize standard groupings of the state. Figure 4 illustrates the varying geographical boundaries. Additionally, increased collaboration among these entities may be beneficial.

**FINDING #5.** The Coordinating Council for Economic Development (CCED) is comprised of the agency head or board chair for eleven state agencies (i.e., Department of Agriculture, Department of Commerce, Department of Employment and Workforce, Department of Parks, Recreation and Tourism, Department of Revenue, Department of Transportation, Jobs Economic Development Authority, Ports Authority, Public Service Authority, Research Authority, and State Board for Technical and Comprehensive Education), the Chair of House Ways and Means Committee, and the Chair of the Senate Finance Committee. While CCED is chaired by the Secretary of Commerce and council staff provide recommendations based on research and analysis, all members of CCED have equal authority (i.e., chair's vote weighs the same as other members) and responsibility relating to approval of discretionary incentives (i.e., CCED can structure those incentives as deemed most beneficial).

Currently, the CCED has 13 members; seven members constitute a quorum. The CCED meets quarterly. The Enterprise Committee, a subset of CCED that meets more frequently, has five members; three members constitute a quorum.<sup>28</sup> The Enterprise Committee meets monthly.

Responsibilities of the CCED chair and Enterprise Committee chair are procedural in nature and include calling the meeting to order and leading participants through the agenda.<sup>29</sup> The CCED chair and Enterprise Committee chair do not have any authority that other respective members do not have (i.e., cannot independently exercise any of the substantive functions of the CCED or Enterprise Committee).<sup>30</sup> Substantive functions of the CCED include approving grants and agricultural purchase credits. Substantive functions of the Enterprise Committee include approving job development credits, port volume increase credits, and Jobs-Economic Development projects.<sup>31</sup> CCED and Enterprise Committee approvals and decisions are made by majority vote, and the CCED chair and the Enterprise Committee chair are not accorded a greater weighted vote.<sup>32</sup>

## Education and Workforce Development

The two findings relating to education and workforce development are summarized in Table 2.

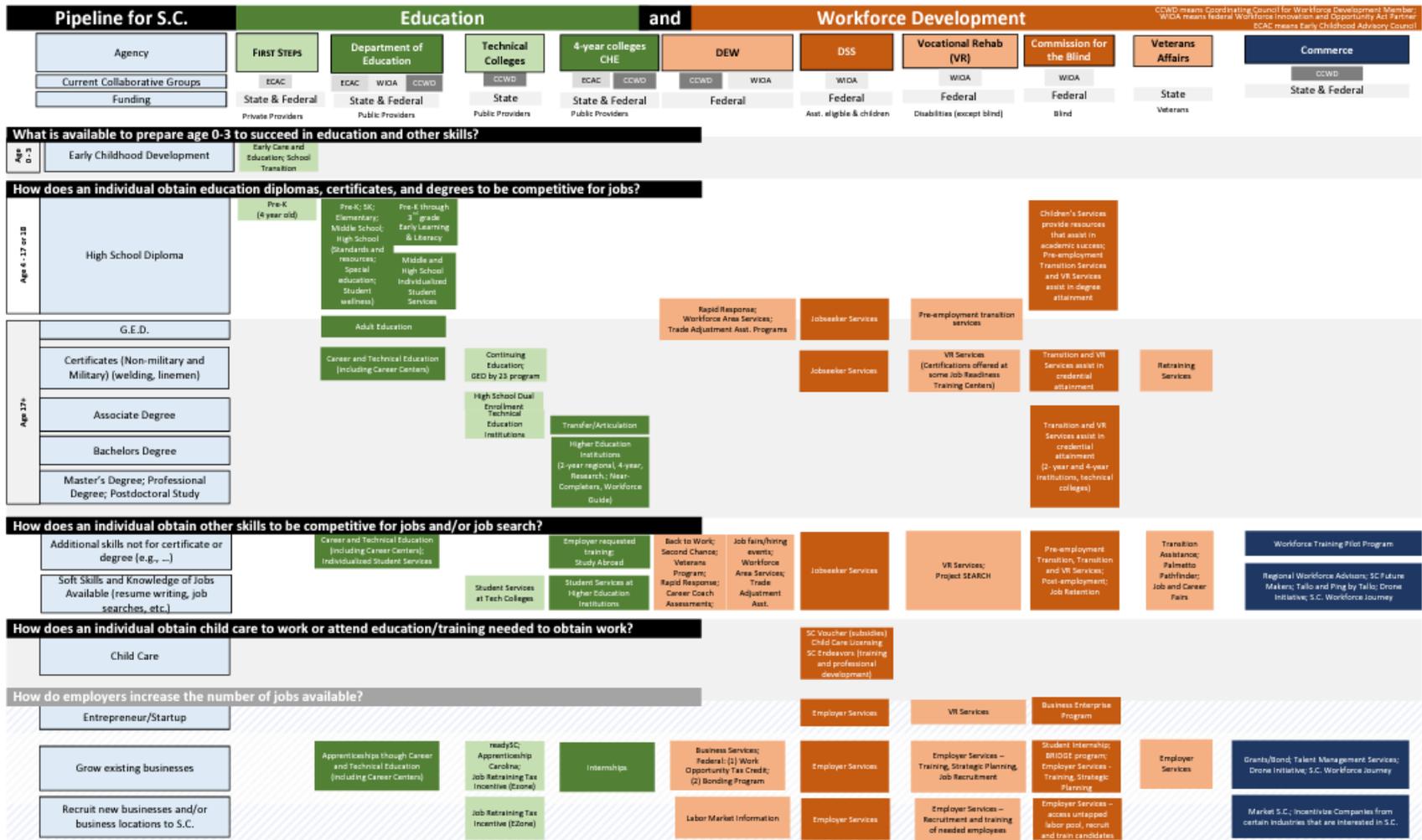
Table 2. Summary of findings relating to education and workforce development

<p><b>EDUCATION AND WORKFORCE DEVELOPMENT</b></p>	<p>6. There are numerous state agencies, councils, and committees involved in the process of education and workforce development with varying levels of coordination. During the study, representatives of ten state agencies (Commission for the Blind, Commission on Higher Education, Department of Commerce, Department of Education, Department of Employment and Workforce, Department of Social Services, Department of Veterans’ Affairs, First Steps, State Technical College System, and Vocational Rehabilitation Department) expressed a willingness to work together toward a unified plan.<sup>SEE RECOMMENDATIONS #7-#16</sup></p> <p>7. Currently, South Carolina does not have established systems to assess whether investments in education and training produce employment in specific industries or what combination of programs assist an individual in obtaining economic advancement.<sup>SEE RECOMMENDATIONS #7-#16</sup></p>
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**FINDING #6.** There are numerous state agencies, councils, and committees involved in the process of education and workforce development with varying levels of coordination. During the study, representatives of ten state agencies (Commission for the Blind, Commission on Higher Education, Department of Commerce, Department of Education, Department of Employment and Workforce, Department of Social Services, Department of Veterans’ Affairs, First Steps, State Technical College System, and Vocational Rehabilitation Department) expressed a willingness to work together toward a unified plan.

As evidenced by presentations made during a February 28, 2022, Subcommittee meeting, multiple state agencies are involved with South Carolina’s education and workforce development pipeline, which is illustrated in Figure 5.<sup>33</sup> During this meeting, representatives from the ten state agencies stated a willingness to increase collaboration.

Recommendations #7-#16 address this finding.



Compiled as part of the House Legislative Oversight Process. Confirmed accurate by agencies listed herein as of February 2022.

Figure 5. South Carolina's education and workforce development pipeline

**FINDING #7.** Currently, South Carolina does not have established systems to assess whether investments in education and training produce employment in specific industries or what combination of programs assist an individual in obtaining economic advancement.

Currently, South Carolina does not analyze data to help stakeholders (e.g., parents, students, policymakers, etc.) make informed decisions about the return on investment in education and training programs.<sup>34</sup>

While South Carolina 8<sup>th</sup> through 12<sup>th</sup> grade students are required to have an individual graduation plan detailing the courses necessary to prepare for graduation and to successfully transition into the workforce or postsecondary education, there is not a system in place to determine whether students obtain employment in the field of their education, another field, or at all.<sup>35</sup>

Technical college personnel determine if students who graduate have a job, and if the job is in the field in which they studied, one year after graduation.<sup>36</sup> However, they do not track this information for continuing education programs or those who did not use federal emergency education relief funding to earn certificates.

Commission on Higher Education personnel do not have information related to employment rates, wages, or whether employment and field of study align for students who graduate from public institutions of higher education, other than technical colleges.<sup>37</sup>

Available data on workplace earnings and occupations is sparse due to survey and estimation techniques, resulting in the inability to accurately assess the needs of the workforce or the value of education and training programs.<sup>38</sup>

Communicating how education clusters, occupations within them and industry-recognized credentials correlate to occupations within various industries may benefit individuals and businesses alike.<sup>39</sup>

Also, no single entity is responsible for assisting businesses obtain employees; instead, there are numerous state agencies, using different terminology, involved in various aspects of the process of workforce development.<sup>40</sup>

For additional information, see Appendix C.

Recommendations #7-#16 address this finding.

**RECOMMENDATIONS**

The Subcommittee has 32 recommendations directed to multiple entities.

With any study, the Committee recognizes **these recommendations (e.g., continue, curtail, and/or eliminate agency programs, areas for potential improvement, etc.) will not satisfy everyone nor address every issue or potential area of improvement at the agency.** These recommendations are based on the agency’s self-analysis requested by the Committee, discussions with agency personnel during multiple meetings, and analysis of the information obtained by the Committee. This information, including, but not limited to, the Program Evaluation Report, Accountability Report, Restructuring Report, and videos of meetings with agency personnel, is available on the Committee’s website.

*Business Recruitment*

The Subcommittee makes six recommendations relating to business recruitment, and a summary is in Table 3.

Table 3. Summary of business recruitment recommendations

<p><b>BUSINESS RECRUITMENT</b></p>	<ol style="list-style-type: none"> <li>1. <b>Department of Commerce</b> and <b>Department of Employment and Workforce</b> personnel meet annually with Tier III and IV county economic development personnel, document the meeting, and work with the regional alliance and county personnel to ensure at least two individuals involved in the county’s strategic planning attend each economic development education opportunity.<sup>SEE FINDINGS #2 AND #3</sup></li> <li>2. <b>Department of Commerce</b> include performance measures in the agency’s annual accountability report to quantify the actual results versus expected outcomes of the agency’s marketing strategy to show Commerce personnel regularly analyze tangible results obtained from marketing efforts and regularly revise methods/amounts of investment based on past results.<sup>SEE FINDING #2</sup></li> <li>3. <b>Department of Commerce</b> provide the General Assembly and public recommendations on statewide strategic economic development infrastructure investments (e.g., water, road, rail, etc.), explain how the recommendations facilitate and support the plans and visions of each region and county, and update the plan/recommendations every three years.</li> <li>4. <b>Coordinating Council for Economic Development (CCED)</b> establish a policy where CCED members annually provide guidance to staff on the following: (1) cost/benefit and analysis (i.e., update the analysis regularly and include list of economists that verify its validity and/or recommend update); (2) violation of contract terms (e.g., job and investment requirement, etc.); and (3) potential amendments to current and future contracts with companies.<sup>SEE FINDING #2</sup></li> </ol>
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- 5. **Department of Commerce** implement a more structured internal process to transfer closed projects to the business services division to provide new companies an introduction to the ongoing resources available from the Department of Commerce and discuss with **Human Affairs Commission** potential training for companies available from them. SEE FINDING #2
- 6. **Department of Commerce** and **CCED** consolidate economic development information from disparate locations into a central source. SEE FINDING #2

**RECOMMENDATION #1.** Department of Commerce and Department of Employment and Workforce personnel meet annually with Tier III and IV county economic development personnel, document the meeting, and work with the regional alliance and county personnel to ensure at least two individuals involved in the county’s strategic planning attend each economic development education opportunity.

This recommendation addresses Findings #2 and #3. As discussed in Finding #2, county

	<p><b>Discuss</b></p> <p>(1) county vision, strategy, and implementation; (2) education and assistance available; (3) commerce personnel feedback on hits/criteria of companies visiting the state and how the county can improve marketability</p>
	<p><b>Provide</b></p> <p>information specifically associated with the county’s economic development status, marketability, employment numbers, etc. <i>(Commerce personnel)</i></p>
	<p><b>Document</b></p> <p>what was discussed and save that information, with the report and materials agency personnel provided the county economic development personnel during the meeting, in agency files for reference <i>(Commerce personnel)</i></p>
	<p><b>Add</b></p> <p>to the Coordinating Council for Economic Development’s annual report, the name of the counties with which Commerce personnel met, names of individuals with whom it met, list of information provided, date meeting occurred, and individuals involved in county’s strategic planning that attend each Commerce and S.C. Association of Economic Developer’s economic development education opportunity</p>

strategic economic development plans are crucial to local and state business recruitment efforts. However, as noted in Finding #3, during the study, eleven of the Tier III and IV counties (i.e., designations released annually by the Department of Revenue noting South Carolina counties with the highest three-year unemployment rate average and lowest per capita income) did not have a strategic plan for economic development.

Figure 6. Recommendation #1 -implementation considerations<sup>41</sup>

Recommendation #1 seeks to increase current collaboration between local and state economic personnel and foster local strategic planning through an annual meeting. Implementation of this recommendation should include consideration of the information in Figure 6.

Additional background information is available in Appendix D, “How Commerce Can Help a County.”

**RECOMMENDATION #2.** Department of Commerce include performance measures in the agency’s annual accountability report to quantify the actual results versus expected outcomes of the agency’s marketing strategy to show Commerce personnel regularly analyze tangible results obtained from marketing efforts and regularly revise methods/amounts of investment based on past results.

While Commerce personnel have experienced success in recruiting companies to South Carolina, more clarity about the process may be provided to the public through the inclusion of additional performance measures in the agency’s annual accountability report.<sup>42</sup> For example, there is additional clarity provided in Commerce’s

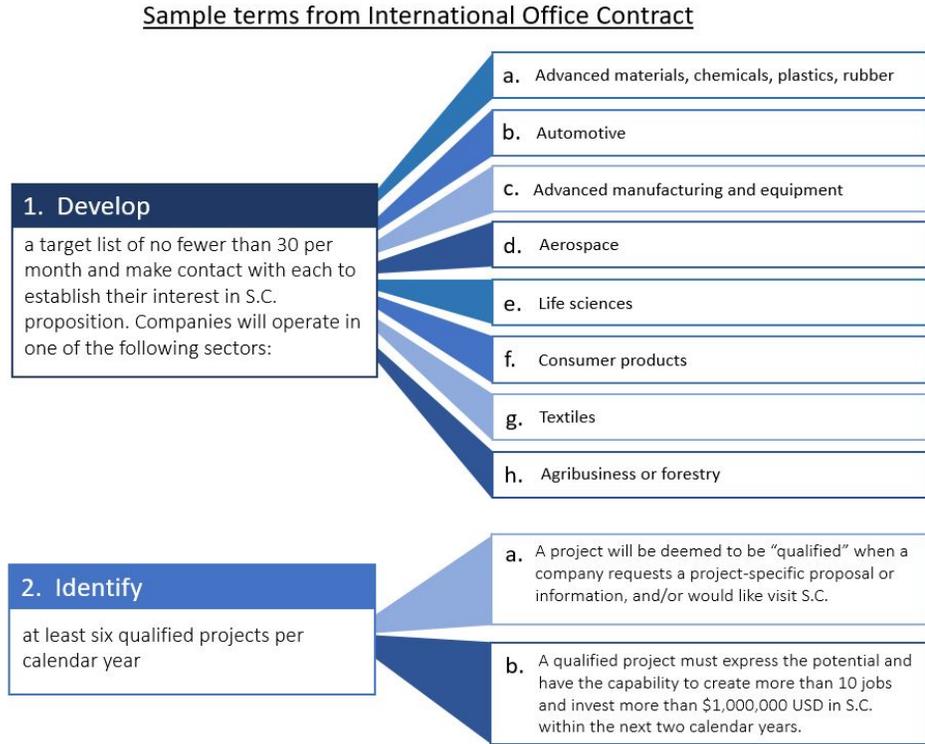


Figure 7. Examples of additional clarity provided in Commerce’s contracts with international offices<sup>43</sup>

contracts with international offices; see Figure 7. Recommendation #2 seeks to increase transparency pertaining to the methods Commerce personnel use to determine the agency’s marketing strategy, including analyzing and revising the amount to invest in different marketing methods based on past results.

Figure 8 includes examples of the marketing strategy used by Commerce personnel in 2019. Through marketing, Commerce personnel try to convey why South Carolina is a good place to do business and keep South Carolina top of mind for domestic and international companies.<sup>44</sup> Marketing builds geographic awareness by introducing South Carolina to parts of the world that may not even know where the state is located.<sup>45</sup> Also, through marketing, Commerce personnel convey South Carolina’s story to give company representatives a level of comfort about looking at the state as a potential place to locate and explain the advantages that are gained by locating here.<sup>46</sup> This includes showcasing the companies already in the state and explaining how the size of the state is a strength.<sup>47</sup>

## Commerce Marketing Strategy

Statistics presented are from 2019.

### Main Goals

There are three main goals for Commerce attending trade shows and conducting mission trips and other events:



Figure 8. Marketing strategy used by agency personnel in 2019<sup>48</sup>

**RECOMMENDATION #3.** Department of Commerce provide the General Assembly and public recommendations on statewide strategic economic development infrastructure investments (e.g., water, road, rail, etc.), explain how the recommendations facilitate and support the plans and visions of each region and county, and update the plan/recommendations every three years.

This recommendation seeks to advance transparency in planning for statewide economic development infrastructure investments and foster collaboration among state and local economic development officials. Currently, there is not a statewide plan outlining comprehensive infrastructure needs.<sup>49</sup> However, the fiscal year 2021-22 General Appropriations Act allocates \$100M in non-recurring funds to the Department of Commerce specifically for “Strategic Economic Development Infrastructure.”<sup>50</sup> Notably, North Carolina

and Tennessee have experienced business recruitment success from funding strategic infrastructure projects.<sup>51</sup>

The term “infrastructure” is broad as there are a variety of possible statewide economic development investments (e.g., transportation, power/energy, water, and communications) and needs vary depending upon the project.<sup>52</sup> During the study, Commerce personnel noted “[s]trategic economic development infrastructure is infrastructure that cannot always be funded in connection with a specific economic development project, but is essential to attract and maintain South Carolina’s economic development success and competitiveness.”<sup>53</sup>

**RECOMMENDATION #4.** Coordinating Council for Economic Development (CCED) establish a policy where CCED members annually provide guidance to staff on the following: (1) cost/benefit and analysis (i.e., update the analysis regularly and include list of economists that verify its validity and/or recommend update); (2) violation of contract terms (e.g., job and investment requirement, etc.); and (3) potential amendments to current and future contracts with companies.

This recommendation seeks to provide additional information to Coordinating Council for Economic Development staff on a regular basis to assist them in the performance of their duties to ensure CCED members are aware of, and have an opportunity, if desired, to receive supplemental information. Additionally, the recommendation seeks to advance transparency to the public about CCED analysis in discretionary matters (e.g., decisions to claw back or write off funds owed; agreement amendments, etc.). During the study, it was evident the members of the Coordinating Council for Economic Development respected and followed staff recommendations as to discretionary matters. In response to questioning, CCED analysis appeared robust but was not readily accessible to the public.<sup>54</sup> See Appendix E for additional information on CCED analysis.

**RECOMMENDATION #5.** Department of Commerce (1) implement a more structured internal process to transfer closed projects to the business services division to provide new companies an introduction to the ongoing resources available from the Department of Commerce, and (2) discuss with Human Affairs Commission potential training for companies available from them.

Commerce personnel monitor companies for several years to: (1) see what the agency can do to improve in each step of its process, and (2) facilitate long term success for the company and community in which the company is located. Under the current process, there is not a standard time frame in which closed projects (e.g., company has satisfied investment and job creation requirements; grant termination; etc.) are transferred to the business services division.<sup>55</sup>

**RECOMMENDATION #6.** Department of Commerce and CCED consolidate economic development information from disparate locations into a central source.

Commerce’s website is targeted to customers (e.g., entrepreneurs, business owners, site selectors, etc.) the agency wants to locate or expand in South Carolina. Accordingly, some information explaining economic development and processes utilized by the agency may not be readily accessible (e.g., information of interest in different reports which may or may not be online).

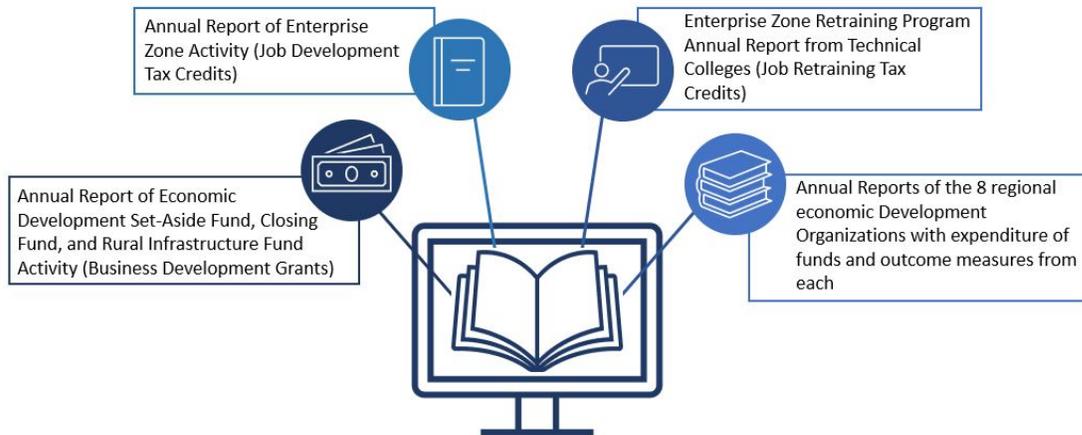


Figure 9. Examples of separate reports related to the state’s activities to recruit companies that could be consolidated

Recommendation #6 seeks to increase transparency about the Department of Commerce and Coordinating Council for Economic Development operations. While everyone is not interested in the details of how processes work at the agency, increased transparency about these processes may create greater confidence in state government. Additionally, increased online transparency may provide relevant context to understand why the answers to some questions about economic development may not be straightforward (e.g., “announced” versus “recruited” jobs and investments – recruiting and landing a company may be a multiyear process).<sup>56</sup>

+Implementation of this recommendation should include consideration of the information in Figures 10 and 11.

Recommendation #6 addresses Finding #2.

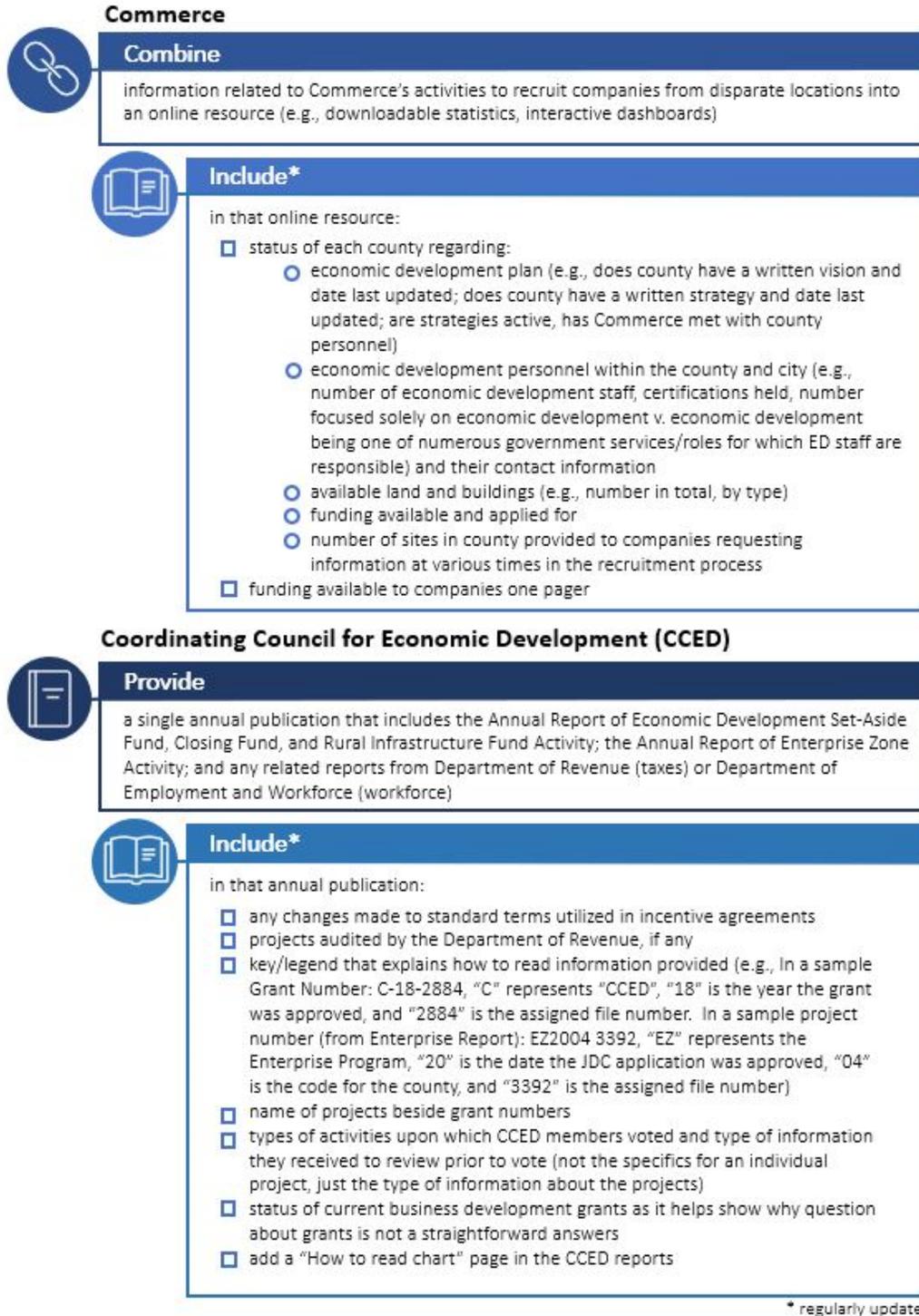


Figure 10. Recommendation #6 -implementation considerations<sup>57</sup>

F

Funding Available for a County or Company

Type of funding <small>(Note: Credit (work sheet) agreements for forgone tax revenue)</small>	General use or for a specific company	For a specific company only						Other Funding	
	Marketability Grants* <small>(can only be used on publicly owned property or to purchase property for public entity)</small>	Business Development Grants <small>(Set Aside, Rural Infrastructure Fund, Closing Fund)</small>	Job Development Credit	Economic Development bond (money can go to company OR local government)	Local Incentive	Statutory Incentive**	Job Retraining Credit		
Funding COMPANY receives before company meets job/investment requirement	No direct money; any co. that locates at site in the future receives benefit of improvement to site	No direct money to co. from CCED (but local government body could reimburse co. for eligible reimbursement costs co. incurs)	None	Reimbursement for funds co. invests in property; Commerce must pre-approve budget and scope of work	Co. receives savings as investment is made (typically a fee in lieu of Taxes Agreement)	None	Reimbursement for funds co. invests in property; Tech Board must pre-approve budget and scope of work	Other funding may be available to (A) improve general marketability of an area (non-company specific) (2) to improve an area to keep it from being cut by a company that is looking for a location, and/or (3) during incentive negotiations with a specific company. Sources of other funding include, but are not limited to, the following: (1) County; (2) Economic development organization; (3) Regional Alliance; (4) Utility companies (often through Utility Tax Credits); (5) SC Power Team; (6) Loans (Santee Cooper and other bank loans); (7) US Economic Development Administration (EDA); and (8) S.C. Rural Infrastructure Authority (RIA)	
Funding LOCAL GOV receives before company meets job/investment requirement	Reimbursement for funds county invests in property & county could have obtained initial funds from various sources	Reimbursement for funds county invests in property; CCED must pre-approve budget and scope of work	None	Reimbursement for funds local gov invests in property; Commerce must pre-approve budget and scope of work	None	None	None		
Discretionary or guaranteed is offering the funding discretionary or guaranteed if certain conditions are met?	Discretionary	Discretionary	Discretionary	Discretionary	Discretionary	Guaranteed if co. meets requirements in law	Discretionary		
When used	(1) Before a company ever expresses interest, to improve general marketability of the community; and/or (2) to attract a specific company looking to relocate/expand that has narrowed its consideration to only 2-3 remaining, one of which is in S.C., but prior to incentive negotiations	During incentive negotiations with a specific company	During incentive negotiations with a specific company	During incentive negotiations with a specific company	During incentive negotiations with a specific company	During incentive negotiations with a specific company (Note, they are always available)	Not during negotiations; utilized to keep companies in the state		
Authorizing Entity Who decides if funding is offered?	Commerce (LocateSC, ARC, CDBG) CCED** Full Committee (Rural Development) Rural Infrastructure Authority (Infrastructure Grants)	CCED Full Committee (meets quarterly)	CCED Enterprise Committee** (meets monthly)	JBRC/FAA (approves); Commerce must recommend	Local Govt.	Department of Revenue	S.C. Tech Board		
Can anyone apply?	Yes, any county, city, or town can apply	No, only local government body	No, only companies working with Commerce Project Managers (PM)	No, only companies working with Commerce PM	Any company	Available to anyone and no application required	Any manufacturer		
Direct Recipient Who receives the actual funds?	Local Government Body (e.g., county, city, or town)	Local Government Body	Company	Company	Company	Company	Company		
Annual Reports which contain details about how funds used	None	CCED Annual Report of Economic Set-Aside Fund, Closing Fund and Rural Infrastructure Fund Activity	CCED Annual Report of Enterprise Zone Activity	None	County Reports	Department of Revenue Annual Report (Corporate Tax Section)	Enterprise Zone Retraining Program Annual Report		
Other local government associated details									
Agreements Local Govt is a party to	Grant agreement, if the grant goes to a county (some grants go to local government or regional organization)	Grant Agreement between CCED and local gov't & Performance Agreement between CCED, local gov't and company	Local gov't is not involved in job development credits	Performance Agreement between Commerce and company	Agreement between local gov't and company	None	Local gov't & not involved in job retraining credits		
Local Govt status reports required before co. meets req.	There is no job/investment requirement	Quarterly, with first required before any reimbursement requests are processed	None	Annually	None	None	None		
Funding local gov't receives after co. meets job/inv. req.	There is no job/investment requirement	None	None	None	None	None	None		
Local Govt status reports required after co. meets req.	There is no job/investment requirement	None	None	Annually	None	None	None		
Other company associated details									
Agreements Company is a party to	There is no company involved in marketability grants	Performance Agreement between CCED, local gov't, and company	Revitalization Agreement (RVA) between CCED and co.	Performance Agreement between Commerce and company	Agreement between local gov't and company	None	Agreement between S.C. Tech Board and company		
Co. status reports required before co. meets req.	None	Annually (referred to as "Grant Period")	Annually (referred to as "pre-certification period")	Annually	Any required by local gov't	None	None		
Funding co. receives after co. meets job/inv. req.	None	None	Tax Credit	None	Property tax returns	Tax credits	None		
Co. status reports required after co. meets req.	None	Annually (only for grants of \$100k+ during "Maintenance Period" in contract)	Quarterly and Annually (referred to as "post-certification period")	Annually	Any required by local gov't	None	None		

\*Marketability grants include: (1) LocateSC, (2) Rural Development, (3) Appalachian Regional Commission (ARC), and (4) Community Development Block Grants (CDBG)  
 \*\*Statutory incentives include: (1) Sales tax exemptions (i.e., no sales tax on: (a) machinery and equipment; (b) power used in the manufacturing process; and (c) materials used in the finished product); (2) corporate income tax credits (i.e., (a) Jobs Tax Credit; (b) (Enhanced) Corporate Headquarters Tax Credit; (c) Investment Tax Credit; and (d) Research and Development Tax Credit; and (3) local level property tax abatement for manufacturers that invest at least \$50,000 in land, building, or equipment for five years.  
 \*\*\*Coordinating Council for Economic Development includes the following (those with \* are on Enterprise Committee): Secretary of Commerce (chair), DOR Director\*, DEW Director, PRT Director\*, DOT Director, Commissioner of Agriculture, and State Board of Economic Development.

Figure 11. Examples of funding available for a county or company

## Education and Workforce Development

The Subcommittee makes ten recommendations relating to business recruitment, and a summary is in Table 4.

Table 4. Summary of business recruitment recommendations

<p style="text-align: center;"><b>EDUCATION AND WORKFORCE DEVELOPMENT</b></p>	<p style="text-align: center;"><b>EFFICIENCY AND EFFECTIVENESS THROUGH CREATION OF UNIFIED STATE PLAN</b></p>
	<p>7. <b>Coordinating Council for Workforce Development (CCWD)</b> create a comprehensive statewide education and workforce development plan in collaboration with entities including, but not limited to, the <b>Department of Administration’s Division of State Human Resources</b> and agencies involved in the state <b>Early Childhood Advisory Council (ECAC)</b> and the federal <b>Workforce Innovation and Opportunity Act (WIOA)</b>. Consider existing frameworks, such as the one in the EEDA, as starting points and ensure the plan can be utilized and submitted in compliance with any agency’s requirements in state or federal law to submit a plan and/or track metrics related to education and/or workforce (e.g., federal laws: WIOA, Perkins V, Every Student Succeeds Act, and state laws: Education Accountability Act, etc.). Regularly report status on implementation and metrics of plan to <b>EOC</b>, which will publish online dashboards. Request a meeting with the Committee to provide an update on the progress at the end of each of the first two years. <small>SEE FINDINGS #6 AND #7</small></p>
	<p>8. <b>Department of Social Services</b> personnel research and collaborate on sustainable options for addressing obstacles lack of available and affordable child care throughout S.C., and in particular in underserved areas, plays in individuals working and/or obtaining additional education (e.g., business utilization of the childcare program credits in S.C. Code Section 12-6-3440), with the <b>Department of Commerce, Department of Revenue, Department of Employment and Workforce, ECAC (e.g., First Steps, Department of Education)</b>, and other applicable entities (e.g., <b>State Technical College System, Human Affairs Commission</b>). Provide a joint report with information learned within one year after issuance of the House Legislative Oversight study. <small>SEE FINDINGS #6 AND #7</small></p>
	<p style="text-align: center;"><b>TRANSPARENCY AND ACCOUNTABILITY THROUGH CENTRAL LOCATION OF PLAN, RESULTS, AND OTHER INFORMATION</b></p>
	<p>9. <b>CCWD</b> ensure creation of a single online landing page for policy makers and the public, which contains the state unified education and workforce plan and access to reports and dashboards with information related to education and workforce, in collaboration with applicable agencies, including, but not limited to, agencies involved in the <b>ECAC, WIOA, and EEDA</b>. <small>SEE FINDINGS #6 AND #7</small></p>
	<p>10. <b>CCWD, Department of Administration, and RFA</b> staff have discussions to explore the feasibility of a regular applied analytics training program through partnerships with state institutions of higher education and others to create an annual class fostering the generation of ideas and samples of more effective ways to utilize state agency data. <small>SEE FINDINGS #6 AND #7</small></p>

11. **Commission on Higher Education (CHE), State Technical College System (STCS), and Department of Employment and Workforce** ensure annual publication of a return-on-investment catalogue that contains (1) return on investment for students, parents, businesses, and the state in higher education programs and post-secondary training; and (2) industry supply gap analysis at the state and region level that shows the most high-demand occupations and assesses the number of completers for relevant secondary, post-secondary education, and work-based learning through Registered Apprenticeships. CHE and STCS collaborate with applicable agencies, including, but not limited to, agencies involved in the **ECAC, WOIA, and EEDA**.<sup>SEE FINDINGS #4, #6 AND #7</sup>

**EFFICIENCY AND EFFECTIVENESS THROUGH UTILIZATION OF COMMON TERMINOLOGY AND SHARING OF INFORMATION**

12. **CCWD** publish (i.e., update and issue after communicating with applicable parties): (1) new editions of the Education and Workforce Dictionary; (2) Workforce Development Program mapping and federal funding inventory, and (3) mapping and analysis from the February 2022 Subcommittee meeting.<sup>SEE FINDINGS #6 AND #7</sup>
13. **CCWD** ensure applicable memorandums of understanding with necessary entities are entered within six months after issuance of the full House Oversight study report for establishment of evidence building system to analyze and improve long term outcomes of education and workforce programs; then work with **Revenue and Fiscal Affairs Office (RFA)** and **Education Oversight Committee (EOC)** to construct said system.<sup>SEE FINDINGS #6 AND #7</sup>
14. **Agencies participating in various education and workforce development collaborative groups discussed in the February 2022 Subcommittee meeting (i.e., CCWD, CCED, ECAC, EEDA, and WIOA)** determine any other state entities with information on credentials and licenses for workforce and request those entities enter data sharing agreements with **RFA**. As part of the data sharing agreements, they should, at a minimum, provide **RFA** permission to continuously utilize data in answering **CCWD** questions applicable to aggregate information on credentialed/licensed individuals in the state for supply/gap analysis (e.g., number of credentialed nurses, number who may retire in the next five to ten years, and number the state will need educational entities to produce).<sup>SEE FINDINGS #6 AND #7</sup>
15. **Department of Education** collaborate with the **EOC** and **RFA** to determine how school districts obtain, collect, and transmit information within the education system from the initial person with access to the information (e.g., student, teacher, etc.) forward and determine who owns and may access data at the local, state, and federal level.<sup>SEE FINDINGS #6 AND #7</sup>
16. **CCWD** convene **applicable stakeholders** and, within one year after issuance of the Committee's study report, provide the Committee options for how to efficiently obtain occupational codes and wage and hour information (e.g., central portal, etc.) to improve the value of the

evidence building system along with the short- and long-term benefits to the state, businesses, education entities, and individuals of having this information and the potential burdens of each option.<sup>SEE FINDINGS #6 AND #7</sup>

## Efficiency and Effectiveness through Creation of Unified State Plan

**RECOMMENDATION #7.** Coordinating Council for Workforce Development (CCWD) create a comprehensive statewide education and workforce development plan in collaboration with entities including, but not limited to, the Department of Administration’s Division of State Human Resources and agencies involved in the state Early Childhood Advisory Council (ECAC) and the federal Workforce Innovation and Opportunity Act (WIOA). Consider existing frameworks, such as the one in the state Education and Economic Development Act, as starting points and ensure the plan can be utilized and submitted in compliance with any agency’s requirements in state or federal law to submit a plan and/or track metrics related to education and/or workforce (e.g., federal laws: WIOA, Perkins V, Every Student Succeeds Act, and state laws: Education Accountability Act, etc.). Regularly report status on implementation and metrics of plan to Education Oversight Committee, which will publish online dashboards. Request a meeting with the Committee to provide an update on the progress at the end of each of the first two years.

The Coordinating Council for Workforce Development (CCWD) was established by the General Assembly in 2016 to “engage in discussions, collaboration, and information sharing concerning the state’s ability to prepare and train workers to meet current and future workforce needs.”<sup>58</sup> In 2018, the CCWD’s Annual Report noted: “While several agencies and organizations have individual plans that focus on their core missions, these plans lack cohesion. There is a pressing need for a more overarching strategy to direct South Carolina’s workforce development future and align the different workforce plans to develop our workforce.”<sup>59</sup> However, priority shifts necessitated by the COVID-19 pandemic hampered the development of a comprehensive statewide workforce plan.<sup>60</sup>

A House Legislative Oversight Committee Subcommittee meeting highlighted how some entities involved in the education and workforce pipeline had never previously all met together.<sup>61</sup> Also, in the meeting various agency personnel noted their willingness to work together, as stated in Finding #6. Additionally, in 2022, the responsibilities of the Education and Economic Development Coordinating Council were placed under the CCWD, and the General Assembly tasked CCWD with facilitating and coordinating the “development of a unified statewide workforce plan that utilizes data and analysis to identify statewide workforce priorities and create measurable, time-sensitive metrics in which all workforce pipeline stakeholders including, but not limited to, education and workforce boards, councils, and partner representatives, participate.”<sup>62</sup>

During and after the Subcommittee meeting, information related to topics for the statewide plan, potential obstacles in the success of such a plan, and other entities to consider including, are in Appendix F.

Creation of an effective statewide plan must consider current requirements (i.e., state and federal) on agencies to track and report certain information. Other state and federal requirements include, but are not limited to, those in Figure 12. Since agencies are required to perform that work, regardless of what is included in a statewide plan, it benefits all involved to attempt to utilize that information in the statewide plan, to the extent feasible. If the information, as required to be reported by other laws, is not included in the statewide plan, elements of it may be helpful in reporting information desired by the statewide plan.

As previously noted by the CCWD:

A Unified State Workforce Plan will allow more flexible workforce programs to align their activities and fill in workforce system gaps rather than duplicate existing actions. This plan would synchronize, not replace, existing plans such as the SC Workforce Innovation and Opportunity Act (WIOA) Unified State Plan and the State Department of Education (SDE) Perkins V State Plan. This would empower the CCWD to make programmatic recommendations, influence the system in the direction desired and assist existing workforce programs by maximizing the effectiveness of state partners. Workforce Data, and the analysis of data, will drive decision making within a Unified State Workforce Plan.<sup>63</sup>

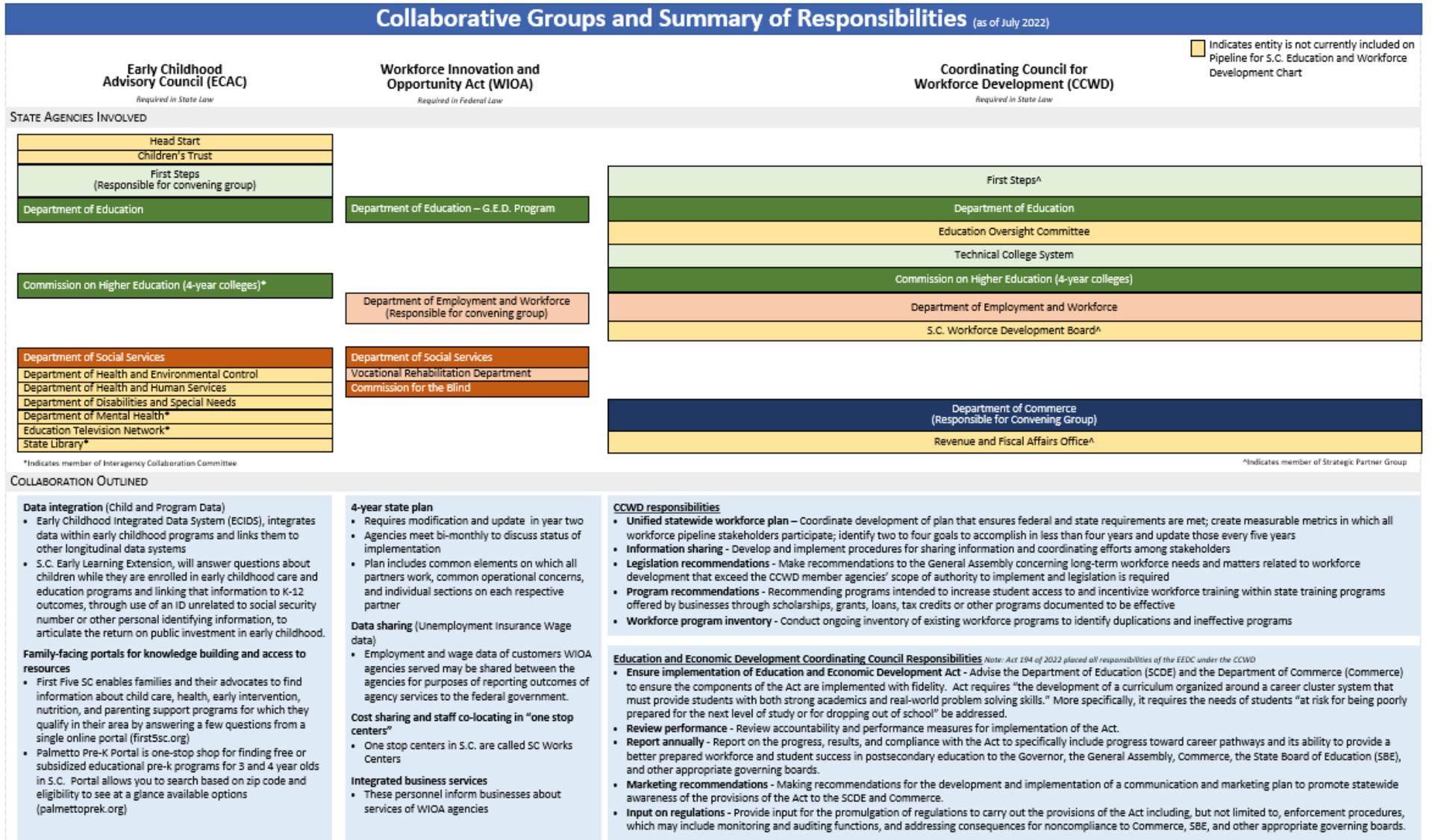


Figure 12. Collaborative groups and summary of responsibilities (as of July 2022)

**RECOMMENDATION #8.** Department of Social Services personnel research and collaborate on sustainable options for addressing obstacles lack of available and affordable child care throughout S.C., and in particular in underserved areas, plays in individuals working and/or obtaining additional education (e.g., business utilization of the childcare program credits in S.C. Code Section 12-6-3440), with the Department of Commerce, Department of Revenue, Department of Employment and Workforce, ECAC (e.g., First Steps, Department of Education), and other applicable entities (e.g., State Technical College System, Human Affairs Commission). Provide a joint report with information learned within one year after issuance of the House Legislative Oversight study.

Parental employment is an indicator of a child’s wellbeing.<sup>64</sup> Without at least one parent employed full time, children are more likely to fall into poverty.<sup>65</sup> One of the factors that may affect a parent’s ability to obtain employment, or training for employment, is access to childcare.

There is at least one state law that encourages employers to create childcare programs to assist in this area, but the impact of it is unclear.<sup>66</sup>

While a variety of state agencies seek to assist individuals, including parents and guardians with obtaining employment or training for employment, Recommendation #8 tasks Department of Social Services (DSS) personnel with taking lead in this collaboration effort. DSS personnel are asked to take lead as the mission of the DSS Division of Early Care and Education is “to make childcare more available and affordable to parents and to increase the quality of care for all children in the state.”<sup>67</sup> Further, DSS manages state and federal childcare programs and is the point of contact for federal childcare dollars in South Carolina.<sup>68</sup>

### Transparency and Accountability through Central Location of Plan, Results, and Other Information

**RECOMMENDATION #9.** Coordinating Council for Workforce Development ensure creation of a single online landing page for policy makers and the public, which contains the state unified education and workforce plan and access to reports and dashboards with information related to education and workforce, in collaboration with applicable agencies, including, but not limited to, agencies involved in the Early Childhood Advisory Council and the Department of Employment and Workforce, which administers the federal Workforce Innovation and Opportunity Act in South Carolina.

Recommendation #9 seeks to increase transparency as to the work of the Coordinating Council for Workforce Development, which is chaired by the Secretary of Commerce, by making materials more readily available to the public (i.e., suite of dashboards and analytic tools that can be accessed on a single platform). Implementation of this recommendation should include consideration of the information in Figure 13.

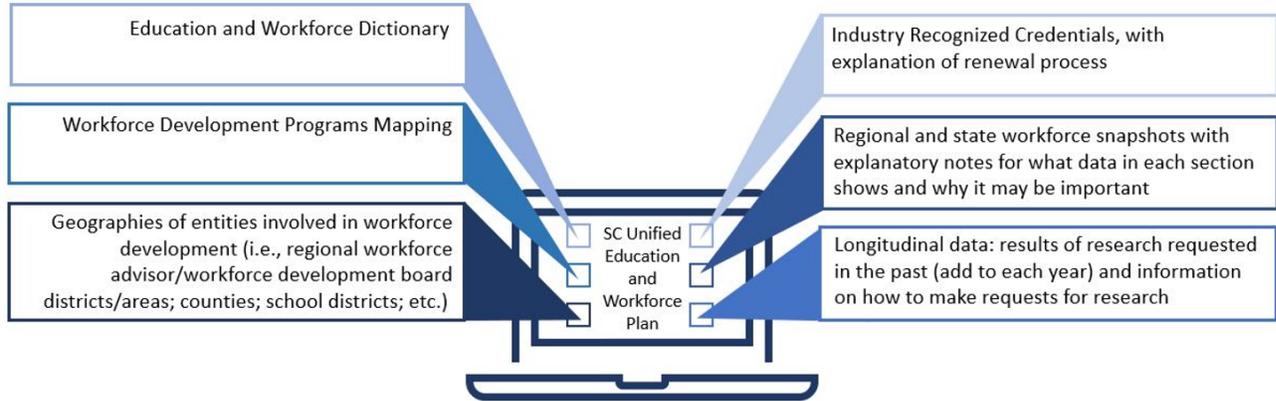


Figure 13. Recommendation #9 -implementation considerations<sup>69</sup>

**RECOMMENDATION #10.** Coordinating Council for Workforce Development, Department of Administration, and Revenue and Fiscal Affairs staff have discussions to explore the feasibility of a regular applied analytics training program through partnerships with state institutions of higher education and others to create an annual class fostering the generation of ideas and samples of more effective ways to utilize state agency data.

Recommendation #10 seeks to increase agency employee training on how to address challenges South Carolina state government entities face through the usage of data analysis tools.<sup>70</sup> Data analysis by state government agencies may help support transparency and accountability efforts and assist policymakers in making informed decisions.

Below is a brief explanation of an applied data analytics training program utilized by organizations in some states:

The Applied Data Analytics training program is a project-focused learning approach designed to train government employees and public policy analysts on how to tackle important policy problems by applying modern data analysis tools to their own confidential data. Agency staff are trained through direct use of their data to answer real, present policy questions they face and to develop practical tools after the training ends. A primary goal of the program is also to facilitate the establishment of a community of practice, by building relationships among and between agencies, universities, and non-profits.<sup>71</sup>

**Efficiency and Effectiveness through Utilization of Common Terminology and Sharing of Information**

**RECOMMENDATION #11.** Commission on Higher Education (CHE), State Technical College System (STCS), and Department of Employment and Workforce ensure annual publication of a return-on-investment catalogue that contains (1) return on investment for students, parents, businesses, and the state in higher education programs and post-secondary training; and (2) industry supply gap analysis at the state and region level that shows the most high-demand occupations and

assesses the number of completers for relevant secondary, post-secondary education, and work-based learning through Registered Apprenticeships. CHE and STCS collaborate with applicable agencies, including, but not limited to, agencies involved in the Early Childhood Advisory Council, Department of Employment and Workforces, which administers the federal Workforce Opportunity Innovation and Opportunity Act in South Carolina, and Coordinating Council for Workforce Development.

Recommendation #11 requests the publication of data of interest to help improve South Carolina's education and workforce development pipeline. As previously mentioned in Recommendation #10, data analysis by state government agencies may help support transparency and accountability efforts and assist policy makers and others (e.g., prospective students, businesses considering locating or expanding in South Carolina, educational institutions in determining curriculum offerings, etc.) in making informed decisions.

Data is available to implement this recommendation. For example, a 2017 study reported the following about South Carolina college graduates: (1) percentage found working in-state one- and five-years post-graduation, (2) annual earnings, (3) median earnings one- and five-years post-graduation, and (4) industry of employment one- and five-years post-graduation.<sup>72</sup> This information was obtained via a data sharing agreement between the Commission on Higher Education (CHE) and the Department of Employment and Workforce (DEW) to match all individuals who graduated from a public or independent institution of higher education in Fiscal Year 2009-10 and Fiscal Year 2014-15 with wage records.<sup>73</sup> Also, information on the students' degree level, state of origin, and classification of instructional program code (major) was provided by CHE while the wage record information was provided by DEW.<sup>74</sup>

As a second example, for almost 40 years, the Vocational Rehabilitation Department has reported on the cost benefit of its programs (e.g., most recent Accountability Report estimated that rehabilitated consumers will pay back \$4.49 for every dollar spent on their services by becoming taxpayers, repaying the cost of those services in approximately 3.9 years).<sup>75</sup> The purpose of this reporting was to prove whether overtime, programs from enactment of the federal Workforce Innovation Opportunity Act increased cost benefit ratio and rate of return, while decreasing the years required to repay costs.<sup>76</sup>

As a third example, since 2013, the Indiana Commission for Higher Education has produced an annual College Value Report that includes a publicly accessible, interactive dashboard detailing labor force outcomes of higher education pathways.<sup>77</sup>

Please see Appendix G for further information about industry supply gap analysis.

**RECOMMENDATION #12.** CCWD publish (i.e., update and issue after communicating with applicable parties): (1) new editions of the Education and Workforce Dictionary; (2) Workforce Development Program mapping and federal funding inventory, and (3) mapping and analysis from the February 2022 Subcommittee meeting.

In March 2021, the first edition of the Education and Workforce Dictionary was published; this dictionary contains “374 terms and 179 acronyms compiled by 11 separate agencies and entities.”<sup>78</sup> This resource, which identifies and defines various education workforce and economic development terminology, is posted on both Commerce’s website and on the state legislature’s website.<sup>79</sup> The dictionary facilitates conversation using common terminology to assist in evaluation and analysis of workforce development and education.<sup>80</sup> Recommendation #12 encourages annual updates to this resource.

Also, Recommendation #12 encourages completion of, and regular updates to, the Workforce Development Program mapping and federal funding inventory. An inventory was initially completed in 2005 through a grant provided by the South Carolina Chamber of Commerce.<sup>81</sup> It showed that combined there is at least \$321 million dollars of state and federal funds for employment and training services, with at least 87% being federal funds.<sup>82</sup> It further showed these state and federal workforce funds flow through numerous state agencies and programs.<sup>83</sup> Maintaining an updated inventory may assist in maximizing resources available to achieve the goals of the statewide workforce plan.<sup>84</sup>

Lastly, during a February 2022 House Legislative Oversight Subcommittee meeting, activities relating to education and workforce development were discussed from the perspective of those learning (i.e., activities for early age children through adult) as well as from those hiring (i.e., activities that help increase number of jobs available).<sup>85</sup> Figure 14 includes some of the information from that discussion. Maintaining an updated version of this flow chart may help avoid duplication and promote co-enrollment to maximize benefits.

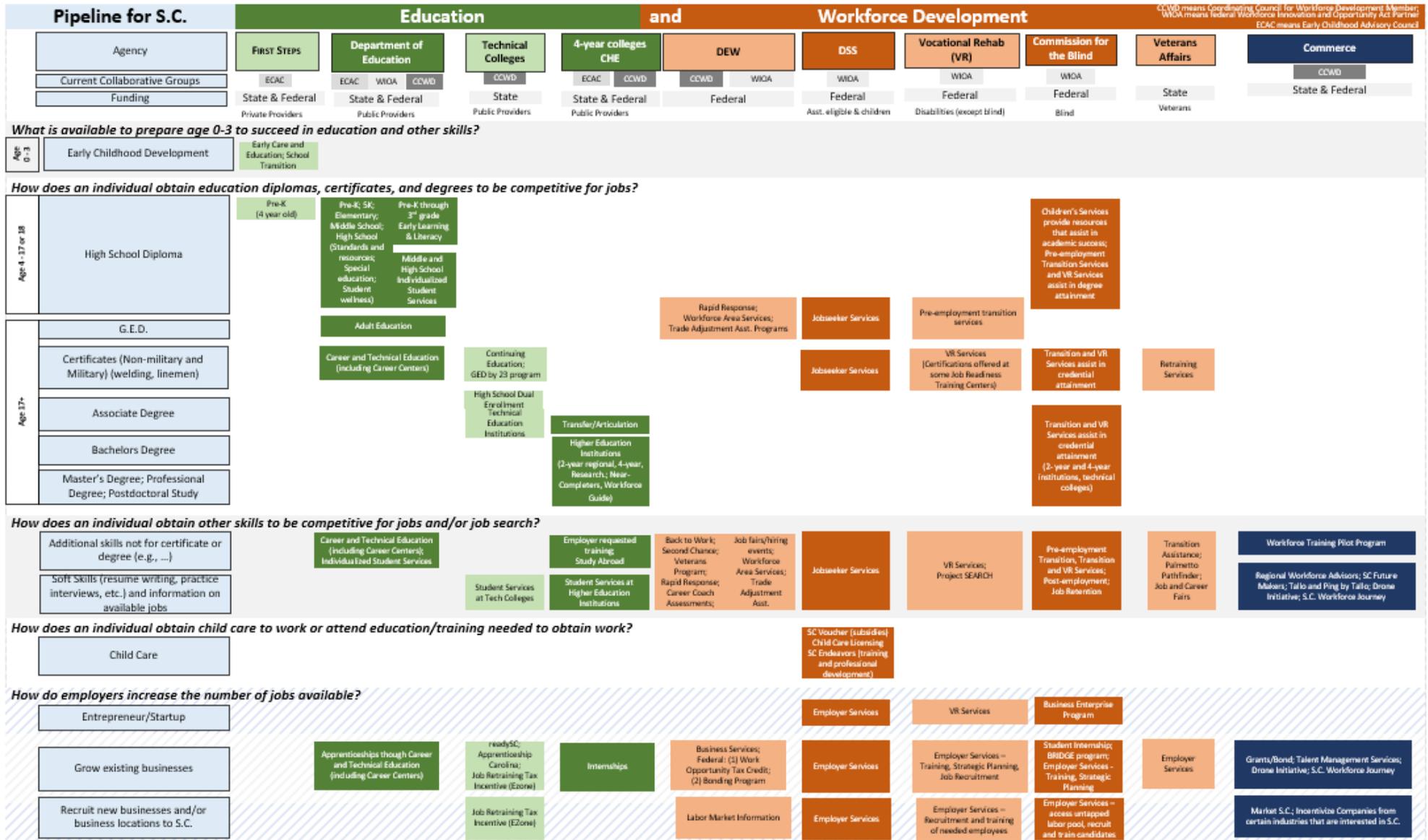


Figure 14. Education and workforce development pipeline

**RECOMMENDATION #13.** CCWD ensure applicable memorandums of understanding with necessary entities are entered within six months after issuance of the full House Oversight study report for establishment of evidence building system to analyze and improve long term outcomes of education and workforce programs; then work with Revenue and Fiscal Affairs Office (RFA) and Education Oversight Committee (EOC) to construct said system.

As previously mentioned in Recommendation #10, data analysis by state government agencies may help support transparency and accountability efforts and assist policy makers in making informed decisions. As stakeholders (i.e., affected state agencies) have determined no additional legislation is needed to move forward with creation of an evidence building system to analyze and improve long term outcomes of education and workforce programs (i.e., longitudinal data), Recommendation #13 requests these stakeholders complete requisite memorandums of understanding to establish the system.<sup>86</sup> Establishment of the system should eventually include creation of a suite of dashboards and analytics tools accessible on a single state platform by all stakeholders.<sup>87</sup>

Table 5. Selected comparison of best-in-class state longitudinal data systems (SLDS)<sup>88</sup>

Best-in-Class SLDS Data Capabilities	Best-in-Class SLDS States			
	Indiana	Kentucky	Minnesota	South Carolina
<b>Early Childhood and Elementary Education</b> Available for districts, counties, and state: • Early childhood enrollment data • Program quality and demographics • Impact on K-3 performance	✓		✓	✓
<b>Secondary Education: General</b> Available for high school graduates: • Employment and wage outcomes • Industry-level employment data • In-state versus out-of-state outcomes	✓	✓	✓	
<b>Secondary Education: CTE</b> Available for CTE participants: • Employment and wage outcomes • Industry-level employment data • In-state versus out-of-state outcomes	✓	✓	✓	
<b>Post-Secondary Education</b> Available for post-secondary graduates by institution: • Employment and wage outcomes • Industry-level employment data • In-state versus out-of-state outcomes	✓	✓	✓	
<b>Labor Market Forecasting, Analysis and In-Demand Credentials</b> Available for districts and WFD regions: • Supply-demand analyses • Programs for high-demand jobs • Employment and wage forecasts • Includes all/most non-degree credentials	✓	✓		

Capturing and analyzing longitudinal data (1) facilitates stakeholders’ understanding of programmatic outcomes, and (2) promotes more informed decisions. More specifically, decision-makers can assess whether investments in education and certain training programs produce employment in specific industries (e.g., do students enrolled in certain industry clusters in K-12 ultimately obtain employment in that industry), as well as what combination of programs assist an individual in obtaining raises at current jobs or higher paying jobs at other companies.

Table 5 includes information available from states with best-in-class longitudinal data systems and information available in South Carolina.<sup>89</sup>

Table Note: For more information on Indiana, Kentucky, and Minnesota, see Appendix H.

In building the system, stakeholders may wish to consult with the United States Board of Economic Analysis' Advisory Committee on Data for Evidence Building and should consider the information in Figure 15.<sup>90</sup>

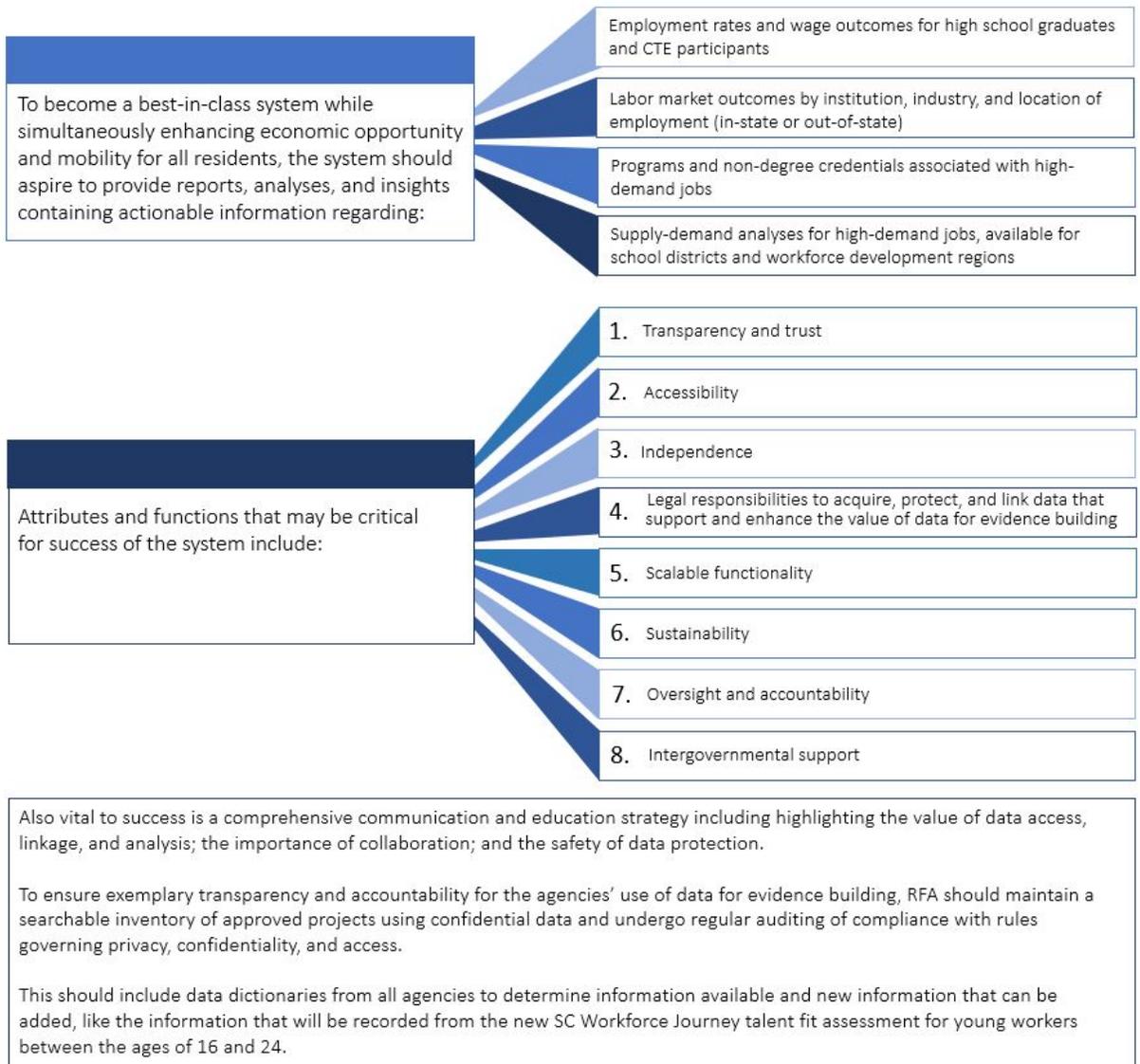


Figure 15. Recommendation #13 - implementation considerations<sup>91</sup>

**RECOMMENDATION #14.** Agencies participating in various education and workforce development collaborative groups discussed in the February 2022 Subcommittee meeting (i.e., CCWD, CCED, ECAC, EEDA, and WIOA) determine any other state entities with information on credentials and licenses for workforce and request those entities enter data sharing agreements with RFA. As part of the data sharing agreements, they should, at a minimum, provide RFA permission to continuously utilize data in answering CCWD questions applicable to aggregate information on credentialed/licensed individuals in the state for supply/gap analysis (e.g.,

number of credentialed nurses, number who may retire in the next five to ten years, and number the state will need educational entities to produce).

Recommendation #14 requests state entities with information on workforce credentials and licensing share information to help improve South Carolina's education and workforce development pipeline. As background, in 2018, a starting point for high school industry certifications was approved by the Education Oversight Committee and endorsed by the Coordinating Council for Workforce Development.<sup>92</sup> As previously mentioned in Recommendation #10, data analysis by state government agencies may help support transparency and accountability efforts and assist policy makers in making informed decisions.

**RECOMMENDATION #15.** Department of Education collaborate with the Education Oversight Committee and Revenue and Fiscal Affairs Office to determine how school districts obtain, collect, and transmit information within the education system from the initial person with access to the information (e.g., student, teacher, etc.) forward and determine who owns and may access data at the local, state, and federal level.

As previously mentioned in Recommendation #10, data analysis by state government agencies may help support transparency and accountability efforts and assist policy makers in making informed decisions. This process begins with understanding what data is available, how it is collected, and who has access to the data. For example, redundant, manual entry of data is inefficient and may lead to errors in the data.

Recommendation #15 requests the Department of Education collaborate with the Education Oversight Committee and Revenue and Fiscal Affairs Office to determine (1) data collected (e.g., students, teachers, testing) and purpose (e.g., transferring schools, applying to post-secondary, reporting at state level, etc.); and (2) how the data is currently collected and transmitted from the initial person with access to the information forward.

According to the Department of Education, a potential obstacle in successfully implementing a statewide unified workforce plan is that a majority of data is self-reported.<sup>93</sup> Specifically, in the K-12 system, most data is collected from individual school districts and is based on the information each has provided.<sup>94</sup> However, technical assistance and training on specific data needed and the process of how to report may help ensure accuracy.<sup>95</sup>

An objective of this collaboration is to generate options for how to collect the data in a more standard but flexible manner across the state that facilitates data analysis by various stakeholders (e.g., state, school districts, and schools). As the designated lead in the collaboration, Department of Education personnel are asked to provide at least three options, with costs involved of each, in a report to the Committee outlining the current issues with data collection as well as pros and cons of each option.

**RECOMMENDATION #16.** CCWD convene applicable stakeholders and, within one year after issuance of the Committee’s study report, provide the Committee options for how to efficiently obtain occupational codes and wage and hour information (e.g., central portal, etc.) to improve the value of the evidence building system along with the short- and long-term benefits to the state, businesses, education entities, and individuals of having this information and the potential burdens of each option.

As evidenced by the February 2022 Subcommittee meeting involving many of the state agencies involved in the state’s education and workforce development pipeline, there are many applicable stakeholders that may benefit from access to occupational codes and wage and hour information. For example, access to this information may assist education and workforce development partners in tracking outcome of various education and training programs. As another example, access to this information may help identify and address actual workforce needs. The potential benefits (i.e., two examples noted here) from access to this information were noted five years ago in a 2017 annual report published by the Coordinating Council on Workforce Development.<sup>96</sup>

Notably, Minnesota’s Statewide Longitudinal Education Data System obtains and reports data on graduates that enter the workforce directly out of high school. Specifically, the largest school district in Minnesota analyzes how many of their high school graduates are employed and earning a living wage to improve programs and align curricula to the needs of local employers.<sup>97</sup>

Pursuant to 2022 legislative revisions, the Education and Economic Development Act (EEDA) now fall under the CCWD. Additionally, the following statutory responsibilities were added to CCWD:

Section 59-18-1950.

(A) The General Assembly recognizes the importance of having a state longitudinal data system to inform policy and fiscal decisions related to early childhood education, public education, postsecondary preparedness and success, and workforce development.

(B)(1) The Revenue and Fiscal Affairs Office, working with the Office of First Steps to School Readiness, the South Carolina Department of Education, the South Carolina Commission on Higher Education, the Department of Social Services, the South Carolina Technical College System, the Department of Commerce, the Department of Employment and Workforce, and other state agencies or institutions of higher education, shall develop, implement, and maintain a universal identification system that includes, at a minimum, the following information for measuring the continuous improvement of the state public education system and the college and career readiness and success of its graduates:

- (a) students graduating from public high schools in the State who enter postsecondary education without the need for remediation;
  - (b) working-aged adults in South Carolina by county who possess a postsecondary degree or industry credential;
  - (c) high school graduates who are gainfully employed in the State within five and ten years of graduating from high school; and
  - (d) outcome data regarding student achievement and student growth that will assist colleges of education in achieving accreditation and in improving the quality of teachers in classrooms.
- (2) All information disseminated will conform to state and federal privacy laws.

## Statute Modernization

The Subcommittee makes various recommendations relating to statute modernization, and a summary is in Table 6.

Table 6. Summary of modernizing laws recommendations

<b>STATUTE MODERNIZATION</b>	<b>AGENCY ADMINISTRATION</b>
	<p>17. Amend S.C. Code of Laws Section 13-1-320, which establishes Commerce’s Division of State Development, to delete obsolete language and add objectives related to promotion of strategic planning and rural and workforce development.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATIONS #1, #5 AND #10</sup></p> <p>18. Amend S.C. Code of Laws Section 13-1-330, which outlines specific division of Commerce and specific requirements for agency leadership.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #6</sup></p> <p>19. Amend S.C. Code of Laws Section 13-1-340, which outlines the director’s duties, powers, and responsibilities, to remove obsolete, unconstitutional, or duplicative duties performed by other state agencies.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #7</sup></p> <p>20. Amend S.C. Code of Laws Section 13-1-350, which requires the director to assume duties of former boards, commissions, and councils to remove obsolete, unconstitutional, or duplicative duties performed by other state agencies.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #8</sup></p> <p>21. Repeal S.C. Code of Laws Section 13-1-370, which allows the Secretary of Commerce to establish an advisory committee to the Division of State Development, as provisions are duplicate. Move identification of challenges facing rural communities and solutions to agency objectives under S.C. Code of Laws Section 13-1-320.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #10</sup></p>
	<b>OUTDATED PROVISIONS RELATING TO COMMERCE’S INTERACTION WITH THE AERONAUTICS COMMISSION</b>
	<p>22. Relocate the Aeronautics Commission’s enabling legislation (Title 13, Chapter 1 of the South Carolina Code of Laws) out of middle of statutes relating to Commerce to reduce confusion as the Commission is no longer a division of Commerce.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #3</sup></p> <p>23. Amend S.C. Code of Laws Section 15-9-390 to revert to the Aeronautics Commission from Secretary of Commerce serving as the agent for service of process of nonresident operators of aircraft. Commerce was substituted for the Commission when Aeronautics was a division of Commerce; however, now the Aeronautics Commission has been reconstituted.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #21</sup></p>

**OUTDATED PROVISIONS RELATING TO COMMERCE’S INTERACTION WITH OTHER STATE ENTITIES**

24. Repeal S.C. Code Section 11-37-200, which establishes the Water Resources Coordinating Council and makes the Secretary of Commerce a member, as the Council is defunct.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #19</sup>
25. Remove references to the Department of Commerce in S.C. Code Section 24-1-290, pertaining to the Prison Industries Program at the Department of Corrections, as agency personnel assert Commerce does not have the data to provide the statutorily mandated certification.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #14</sup>
26. Remove references in various statutes to the Department of Commerce’s oversight role in housing related matters.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATIONS #15 AND #20</sup>

**COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT**

27. Update the enabling legislation for the Coordinating Council for Economic Development, which is chaired by the Secretary of Commerce.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATIONS #12 AND #17</sup>

As agency personnel testified during the study, the current statutory framework has not limited in any material way what Commerce can do in fulfilling its mission generally and in implementing specific programs.<sup>98</sup> That said, the Committee’s review process provided an opportunity for agency personnel to offer suggestions to streamline and update the agency’s statutory framework for the future.

See Appendix I for details (i.e., specific language and agency personnel’s reasoning for suggesting these changes). The Committee recommends the General Assembly consider these statutory modernization requests made by Commerce personnel.

**AGENCY ADMINISTRATION**

Recommendations #17-#21 seek to modernize laws relating to the operations of Department of Commerce. See Appendix I for details (i.e., specific language and agency personnel’s reasoning for suggesting these changes). The Committee recommends the General Assembly consider these statutory modernization requests made by Commerce personnel.

**RECOMMENDATION #17.** Amend S.C. Code of Laws Section 13-1-320, which establishes Commerce’s Division of State Development, to delete obsolete language and add objectives related to promotion of strategic planning and rural and workforce development.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATIONS #1, #5 AND #10</sup>

**RECOMMENDATION #18.** Amend S.C. Code of Laws Section 13-1-330, which outlines specific division of Commerce and specific requirements for agency leadership.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #6</sup>

**RECOMMENDATION #19.** Amend S.C. Code of Laws Section 13-1-340, which outlines the director’s duties, powers, and responsibilities, to remove obsolete, unconstitutional, or duplicative duties performed by other state agencies.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #7</sup>

**RECOMMENDATION #20.** Amend S.C. Code of Laws Section 13-1-350, which requires the director to assume duties of former boards, commissions, and councils to remove obsolete, unconstitutional, or duplicative duties performed by other state agencies.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #8</sup>

**RECOMMENDATION #21.** Repeal S.C. Code of Laws Section 13-1-370, which allows the Secretary of Commerce to establish an advisory committee to the Division of State Development, as provisions are duplicate. Move identification of challenges facing rural communities and solutions to agency objectives under S.C. Code of Laws Section 13-1-320.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #10</sup>

#### OUTDATED PROVISIONS RELATING TO COMMERCE’S INTERACTION WITH THE AERONAUTICS COMMISSION

Recommendations #22 and #23 seek to modernize outdated provisions relating to the Department of Commerce’s interaction with the Aeronautics Commission, which was a division of Commerce from 1993-2009. The Committee completed a review of the Aeronautics Commission in October 2019.

See Appendix I for details (i.e., specific language and agency personnel’s reasoning for suggesting these changes). The Committee recommends the General Assembly consider these statutory modernization requests made by Commerce personnel.

**RECOMMENDATION #22.** Relocate the Aeronautics Commission’s enabling legislation (Title 13, Chapter 1 of the South Carolina Code of Laws) out of middle of statutes relating to Commerce to reduce confusion as the Commission is no longer a division of Commerce.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #3</sup>

**RECOMMENDATION #23.** Amend S.C. Code of Laws Section 15-9-390 to revert to the Aeronautics Commission from Secretary of Commerce serving as the agent for service of process of nonresident operators of aircraft. Commerce was substituted for the Commission when Aeronautics was a division of Commerce; however, now the Aeronautics Commission has been reconstituted.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #21</sup>

## OUTDATED PROVISIONS RELATING TO COMMERCE'S INTERACTION WITH OTHER STATE ENTITIES

Recommendations #24 - #26 seek to modernize outdated provisions relating to the Department of Commerce's interaction with other state entities (e.g., Department of Corrections, Rural Infrastructure Authority, etc.).

See Appendix I for details (i.e., specific language and agency personnel's reasoning for suggesting these changes). The Committee recommends the General Assembly consider these statutory modernization requests made by Commerce personnel.

**RECOMMENDATION #24.** Repeal S.C. Code Section 11-37-200, which establishes the Water Resources Coordinating Council and makes the Secretary of Commerce a member, as the Council is defunct. SEE AGENCY LAW CHANGE PER RECOMMENDATION #19

Notably, this statute modernization recommendation was included in the Committee's December 2019 review of the Rural Infrastructure Authority.

See Appendix I for details (i.e., specific language and agency personnel's reasoning for suggesting these changes). The Committee recommends the General Assembly consider these statutory modernization requests made by Commerce personnel.

**RECOMMENDATION #25.** Remove references to the Department of Commerce in S.C. Code Section 24-1-290, pertaining to the Prison Industries Program at the Department of Corrections, as agency personnel assert Commerce does not have the data to provide the statutorily mandated certification. SEE AGENCY LAW CHANGE PER RECOMMENDATION #14

**RECOMMENDATION #26.** Remove references in various statutes to the Department of Commerce's oversight role in housing related matters. SEE AGENCY LAW CHANGE PER RECOMMENDATIONS #15 AND #20

These housing oversight duties were given to the State Development Board director in 1959. During the study, agency personnel noted for over 60 years, leaders of the former State Development Board and -now Commerce -have advised the General Assembly that housing oversight responsibilities refereeing the agency should be deleted from statute.

See Appendix I for details (i.e., specific language and agency personnel's reasoning for suggesting these changes). The Committee recommends the General Assembly consider these statutory modernization requests made by Commerce personnel.

## OUTDATED PROVISIONS RELATING TO Coordinating Council for Economic Development (CCDE)

**RECOMMENDATION #27.** Update the enabling legislation for the Coordinating Council for Economic Development, which is chaired by the Secretary of Commerce.<sup>SEE AGENCY LAW CHANGE PER</sup>

RECOMMENDATIONS #12 AND #17

Among other things, these updates include:

- Moving reference to a strategic planning mandate that Commerce is fulfilling;
- Adds program under Coordinating Council for Economic Development (CCED) to reflect what is already occurring;
- Updates report requirements relating to discretionary grant funding and the funding mechanism for CCED that have been established by proviso for more than two decades.

See Appendix I for details (i.e., specific language and agency personnel’s reasoning for suggesting these changes). The Committee recommends the General Assembly consider these statutory modernization requests made by Commerce personnel.

### State Personnel

The Subcommittee makes two recommendations relating to state personnel, and a summary is in Table 7.

Table 7. Summary of state personnel recommendations

<b>STATE PERSONNEL</b>	<b>28. Department of Administration</b> personnel work with <b>Department of Commerce</b> personnel to ensure the data entered in NeoGov is accurate so Commerce can fully maximize the benefits of current auto-reporting capabilities, including, but not limited to, those required by <b>Human Affairs Commission</b> .
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**RECOMMENDATION #28.** Department of Administration personnel work with Department of Commerce personnel to ensure the data entered in NeoGov is accurate so Commerce can fully maximize the benefits of current auto-reporting capabilities, including, but not limited to, those required by Human Affairs Commission.

Recommendation #28 is offered to help increase efficiency and accuracy in state reporting. Currently, Commerce personnel must manually type information from one database into a required report to the Human Affairs Commission on the status of equal employment opportunity at the agency.<sup>99</sup> During the study, Commerce personnel suggested maximizing the benefits of current auto-reporting capabilities with existing human resources software (i.e., Neogov).<sup>100</sup> As noted in the discussion of Recommendation #15, redundant, manual entry of data is inefficient and may lead to errors in the data.

## General

The Subcommittee makes four general recommendations, and a summary is in Table 8.

Table 8. Summary of general recommendations

GENERAL	<p>29. <b>Agencies involved in the February 2022 Subcommittee meeting</b> (i.e., Commission for the Blind, Commission on Higher Education, Department of Commerce, Department of Education, Department of Employment and Workforce, Department of Social Services, Department of Veterans' Affairs, First Steps, State Technical College System, and Vocational Rehabilitation Department) enter a data sharing agreement with Revenue and Fiscal Affairs Office to facilitate analysis that may assist the General Assembly with policy decisions.</p> <p>30. <b>General Assembly</b> consider options to further ensure the accountability of funds that pass-through agencies to other entities.</p> <p>31. <b>Department of Administration</b> personnel discuss with the <b>Department of Commerce</b> personnel the potential benefits of using a digital onboarding tool to determine if it may be useful to the Division of State Human Resources in addressing high turnover in some agencies across state government.</p> <p>32. <b>Department of Administration</b> track the number of agency personnel projects from the certified public manager training that are implemented by agencies.</p>
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**RECOMMENDATION #29.** Agencies involved in the February 2022 Subcommittee meeting (i.e., Commission for the Blind, Commission on Higher Education, Department of Commerce, Department of Education, Department of Employment and Workforce, Department of Social Services, Department of Veterans’ Affairs, First Steps, State Technical College System, and Vocational Rehabilitation Department) enter a data sharing agreement with Revenue and Fiscal Affairs Office to facilitate analysis that may assist the General Assembly with policy decisions.

Recommendation #29 seeks to foster data analysis. Data analysis by state government agencies may help support transparency and accountability efforts and assist policymakers in making informed decisions, especially when different agencies have interrelated data. See Figure 16 for examples of entities that track interrelated economic data.

The agreement among the education and workforce development pipeline state agencies should share information at least annually and include, but is not limited to, the following from Commerce: various maps; number of

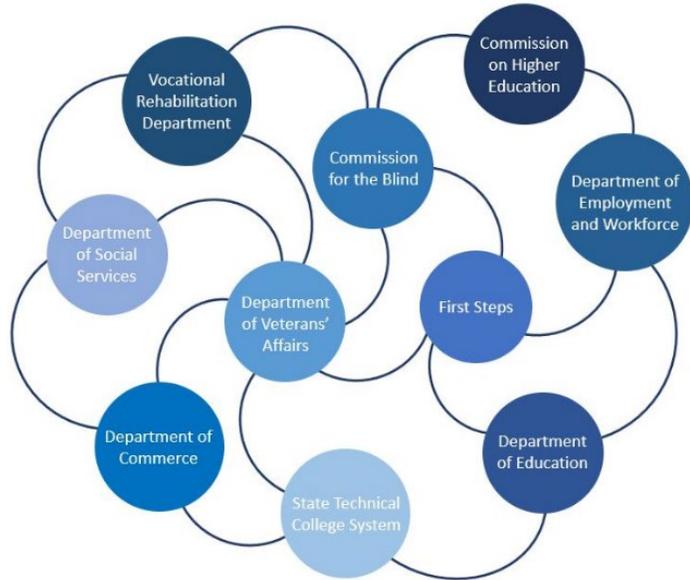


Figure 16. Examples of entities that track interrelated economic data<sup>101</sup>

recruited jobs and investment by county, sector, etc.; county development tiers with the supporting data and explanation; regional workforce advisor areas; workforce industry clusters offered by school district; locations of companies, regional alliances, and other economic development data; location of major water and sewer lines.<sup>102</sup>

**RECOMMENDATION #30.** General Assembly consider options to further ensure the accountability of funds that pass-through agencies to other entities.

The General Assembly may wish to consider options to further ensure the accountability of funds that pass-through agencies to other entities.

Observations of agency personnel directly interacting with the entities receiving the pass-through funding indicate continual review of the process may be warranted. For example, Commerce personnel testified in fiscal year 2018-2019 an entity received \$250,000 in pass-

through funding from the agency when public records reflect a little over \$32,000 worth of activity by the entity in the prior year.<sup>103</sup>

Also, Commerce personnel noted an accountability measure included in agency contracts that may

*Figure 17. Potential options that may increase accountability in pass-through funding<sup>104</sup>*

be of interest. In contracts where work is implemented over a period of months or years, Commerce personnel testified an implementation fee paid out pro rata when certain deliverables are completed worked well and helped ensure funds were not extended until services were provided.<sup>105</sup> See Figure 17 for potential options that may increase accountability.

### Considerations that may further ensure accountability



#### Amount

Consider whether the amount provided is greater than historical revenue generated by the entity (e.g., past one or two years)



#### Timing

Consider providing installment payments based on certain milestones (e.g., amount of additional outside money raised/generated) or providing reimbursement after completion of a specific project rather than a single upfront, lump sum payment



#### Testimony

Consider receiving direct testimony from representatives of the entities receiving the funding (e.g., customer satisfaction, sustainability plans, availability of matching funds)

**RECOMMENDATION #31.** Department of Administration personnel discuss with the Department of Commerce personnel the potential benefits of using a digital onboarding tool to determine if it may be useful to the Division of State Human Resources in addressing high turnover in some agencies across state government.

During the study, Department of Commerce personnel discussed a digital onboarding tool that provides a “gaming type environment.”<sup>106</sup> Recommendation #20 encourages collaboration between personnel with Commerce and the Department of Administration to see if state agency employees/candidates for employment may benefit from digital onboarding tools simulating the actual work environment. Benefits may include improved on-boarding process, application screening, and/or retention of current employees.<sup>107</sup>

**RECOMMENDATION #32.** Department of Administration track the number of agency personnel projects from the certified public manager training that are implemented by agencies.

Established in 1996, South Carolina's Certified Public Manager Program (CPM) is accredited by the National CPM Consortium.<sup>108</sup> The 18-month program is offered by the Department of Administration for a fee of \$2,150, and the curriculum, among other things, includes a project requirement.<sup>109</sup> As of June 2022, approximately 600 final CPM project reports are in the South Carolina State Documents Depository.<sup>110</sup> Recommendation #32 seeks to obtain implementation information about these projects and in the process recognize the innovative ideas suggested by state employees. Additionally, this information may help inform individual agency decisions pertaining to participation in the CPM program, including incentivizing innovation (e.g., employee may be awarded a bonus if the CPM project is implemented).

## STUDY RELATED INTERNAL CHANGES

During the study process, there are seven internal changes implemented by the Department of Commerce and three internal changes made by other agencies, all relating to participation in the study process.

### *Internal Changes Made by Department of Commerce*

#### Human Resources

**Agency Internal Change #1.** Department of Commerce personnel completed the State Human Resources remote working toolkit, and a telecommuting plan for the agency was approved by the Department of Administration in November 2021.<sup>111</sup>

#### Business Recruitment Accountability and Transparency

**Agency Internal Change #2.** Department of Commerce personnel began utilizing the Governmental Enterprise Accounts Receivable (GEAR) program, which is administered by the Department of Revenue, to collect funds from companies that breached agreements.<sup>112</sup>

**Agency Internal Change #3.** Coordinating Council for Economic Development updated terms in in grant and incentive related agreements, including: (a) setting a period of time in which a company has to respond or is turned over to GEAR; (b) language to address if a company receiving a grant or incentives is purchased by another company; and (c) company agrees GEAR will be utilized after a set number of days.<sup>113</sup>

**Agency Internal Change #4.** Department of Commerce personnel, which staff the Coordinating Council for Economic Development (CCED) and Coordinating Council on Workforce Development (CCWD) have increased transparency in the publications of these councils. Specifically, they (1) began outlining any changes in the standard terms of incentive agreements (e.g., revitalization, grant) in the CCED annual report; (2) will add the reason for amendments to performance requirements of any existing agreements prospectively starting with the 2023 CCED annual report; (3) will include additional explanations regarding repayments CCED votes to write off or waive in part or full prospectively starting with the 2023 CCED annual report; and (4) will include statewide regional education and economic snapshots, in addition to snapshots with the same information by regional workforce advisor area, to the CCWD annual report.<sup>114</sup>

#### Coordinating Council for Economic Development

**Agency Internal Change #5.** The Coordinating Council for Economic Development (CCED) updates its policy in March 2022 to require CCED staff share with them information on all companies that owe money for failing to meet obligations on a quarterly basis. When sharing the information with CCED, CCED staff group the companies (e.g., companies that underperformed in one area but overperformed in another, companies that are bankrupt, etc.).

## *Internal Changes Made by Other Agencies*

### Performance Evaluation

**Internal Change #6.** State Technical College System personnel began requesting information to track employment success of individuals receiving continuing education.<sup>115</sup>

### Increased Collaboration

**Internal Change #7.** Multiple state agencies (i.e., Department of Administration, Department of Natural Resources, Department of Parks, Recreation and Tourism, Forestry Commission, and Conservation Bank) now provide various information to the Revenue and Fiscal Affairs Office (RFA) for use in RFA's Locateme and Public Dashboard applications.<sup>116</sup> Examples of information that will be available include location of state agency property and operations; state and federal parks, forests, conservation areas, etc.

**Internal Change #8.** Education and workforce development entities (i.e., Commission for the Blind, Commission on Higher Education, Department of Education, Department of Employment and Workforce, Department of Veterans' Affairs; and First Steps to School Readiness) have increased collaboration efforts.<sup>117</sup>

SELECTED AGENCY INFORMATION

**Department of Commerce. “Program Evaluation Report (PER) – Complete Report (March 13, 2020)”**

<https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Commerce%20-%20PER%20-%20Full%20Report.pdf>

**Department of Commerce. “Restructuring and Seven-Year Plan Report, 2015.”**

<https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Commerce%20-%202015%20Restructuring%20and%20Seven-Year%20Plan%20Report.pdf>

**Department of Commerce. “Agency Accountability Report, 2020-2021.”**

<https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/aar2021/H470.pdf>

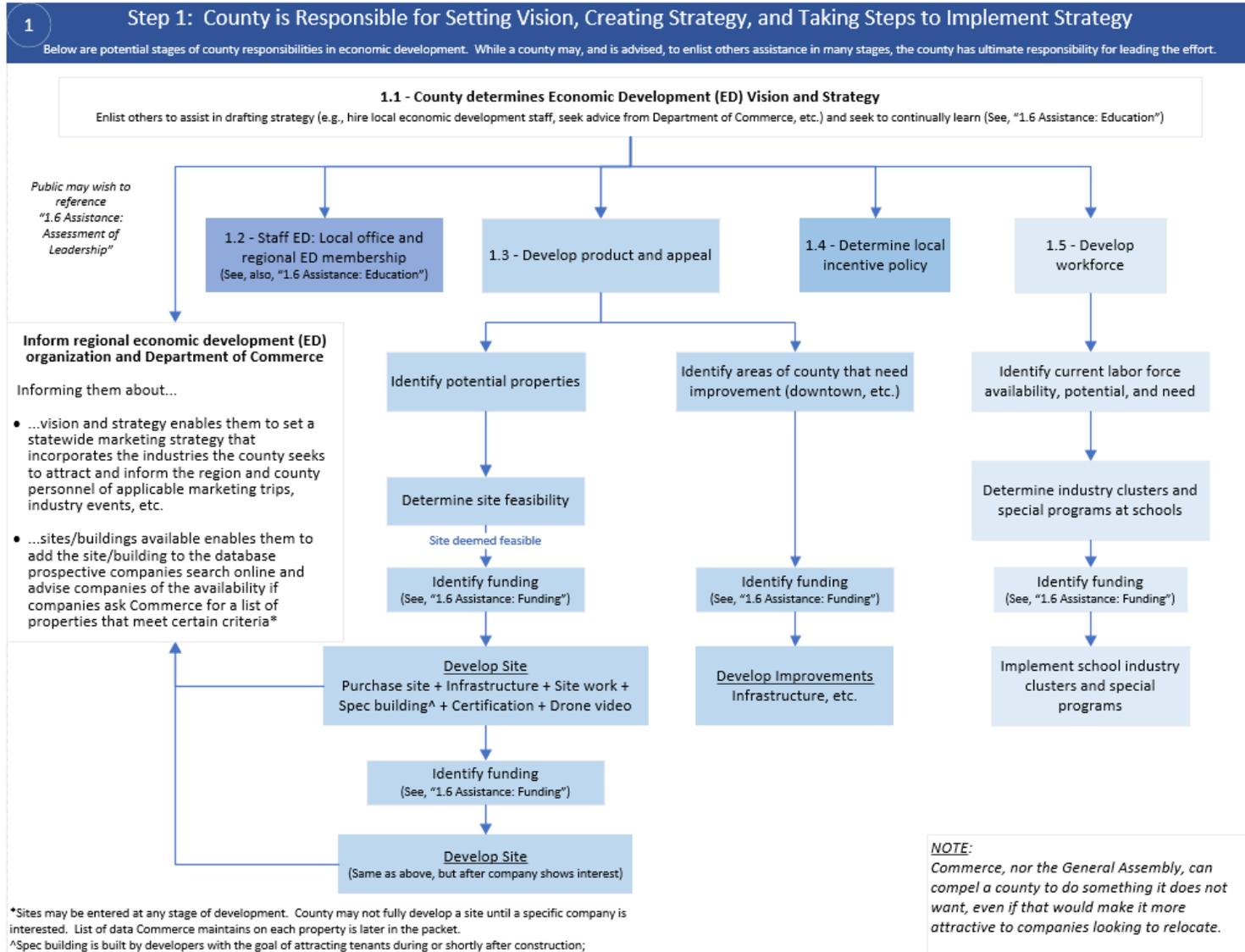
**S.C. House of Representatives, Legislative Oversight Committee. “Survey Results.”**

[https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/ArtsCommission/Public\\_Survey\\_Responses\\_2020.PDF](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/ArtsCommission/Public_Survey_Responses_2020.PDF)

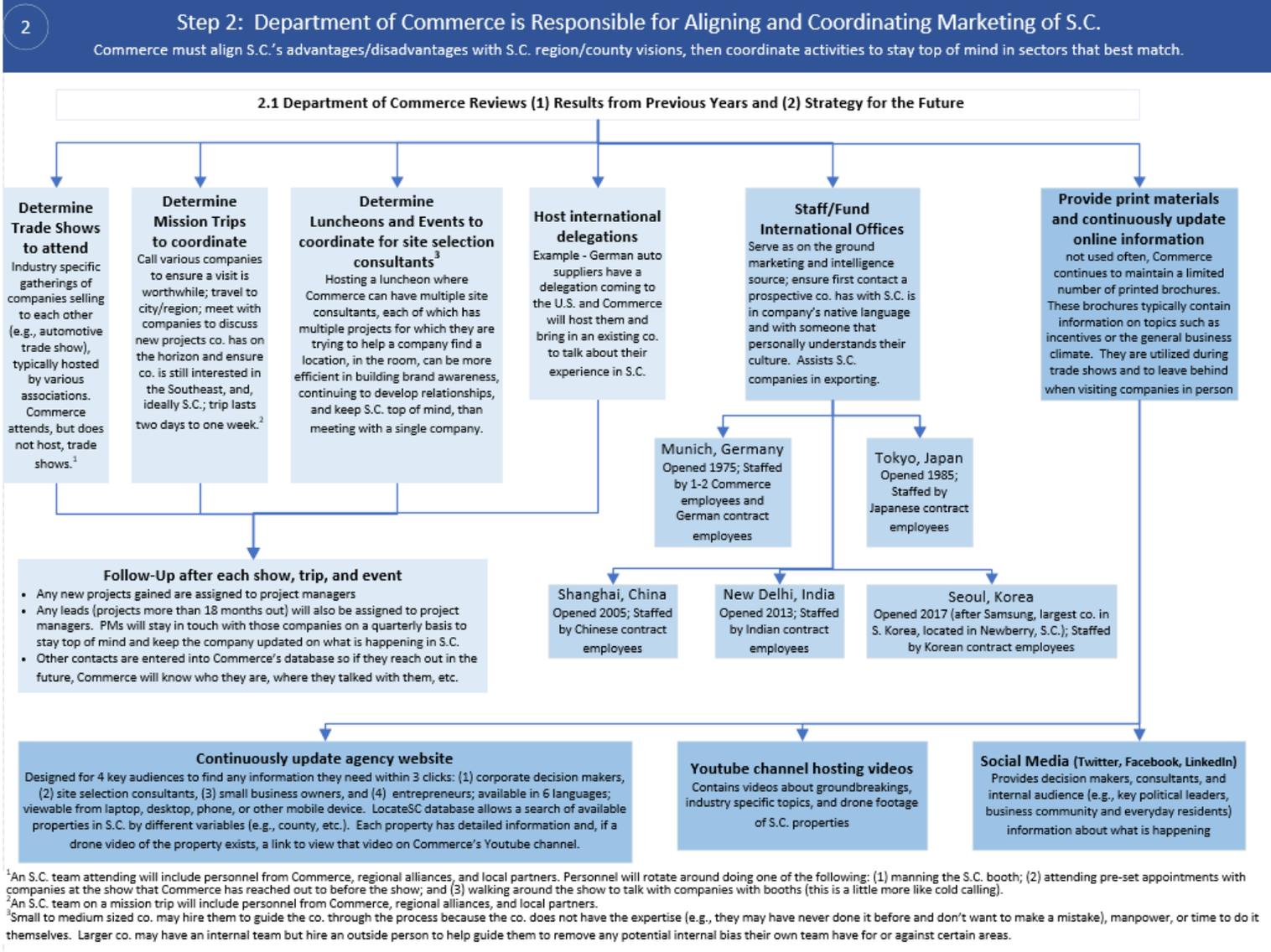
REPORT ACTIONS

FULL COMMITTEE OPTIONS STANDARD PRACTICE 12.4	FULL COMMITTEE ACTION(S)	DATE(S) OF FULL COMMITTEE ACTION(S)
(1) Refer the study and investigation back to the Subcommittee or an ad hoc committee for further evaluation; (2) Approve the Subcommittee’s study; or (3) Further evaluate the agency as a full Committee, utilizing any of the available tools of legislative oversight.	Subcommittee study report available for consideration  Subcommittee study presentation and discussion  Approval of the Subcommittee’s study	

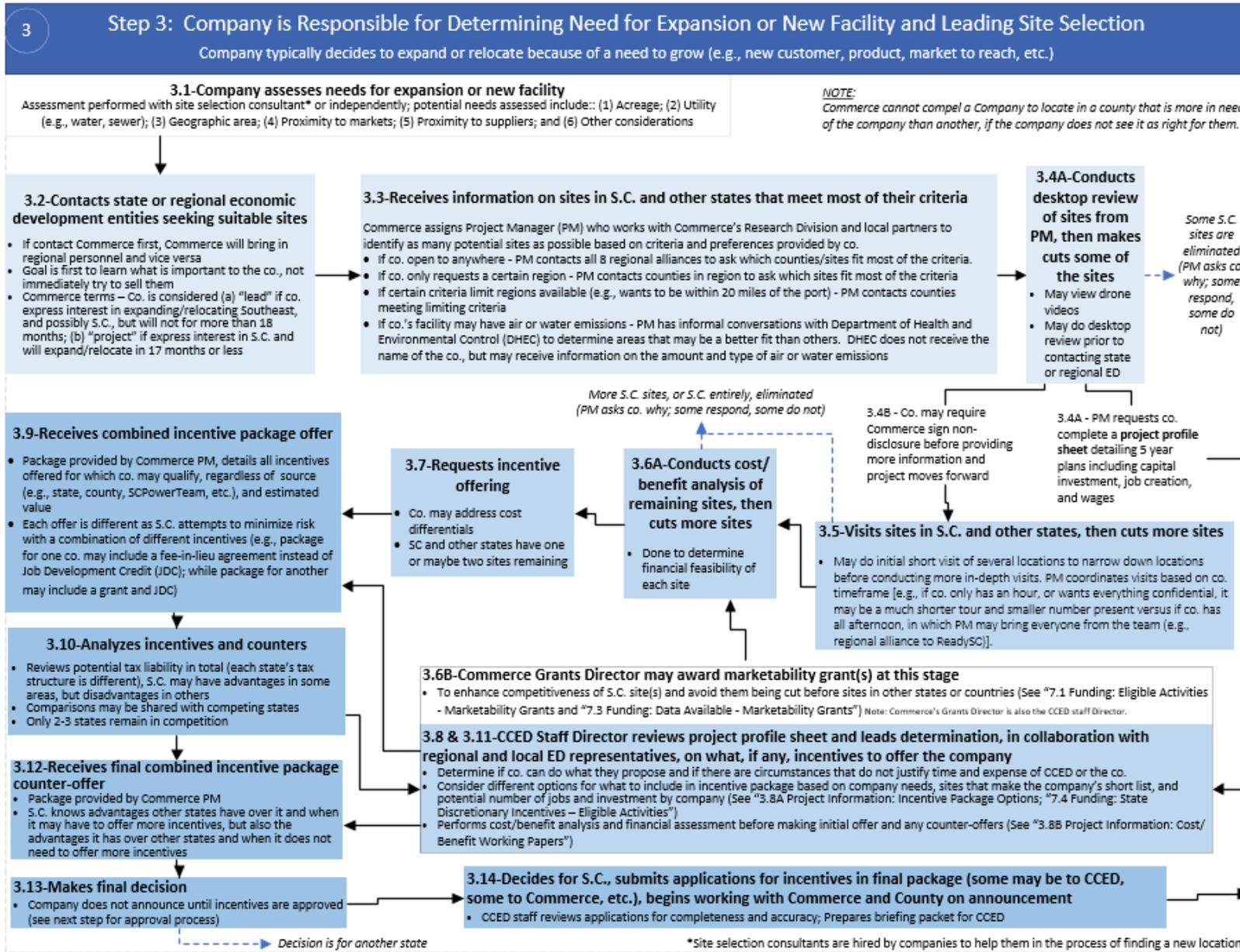
APPENDIX A – BUSINESS RECRUITMENT PROCESS



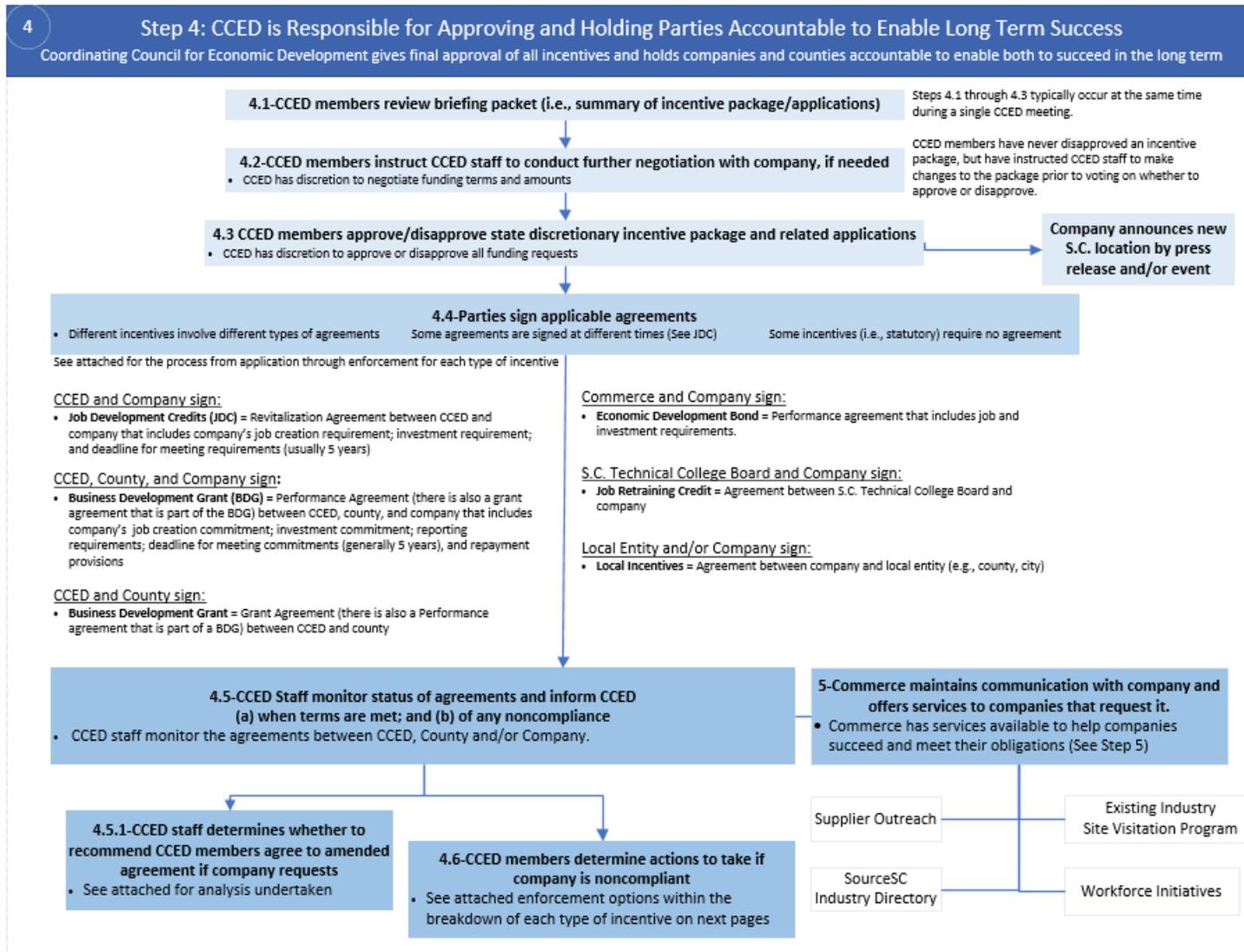
Appendix A Figure 1. Business recruitment process – Step 1: County is responsible for setting vision, creating strategy, and taking steps to implement strategy



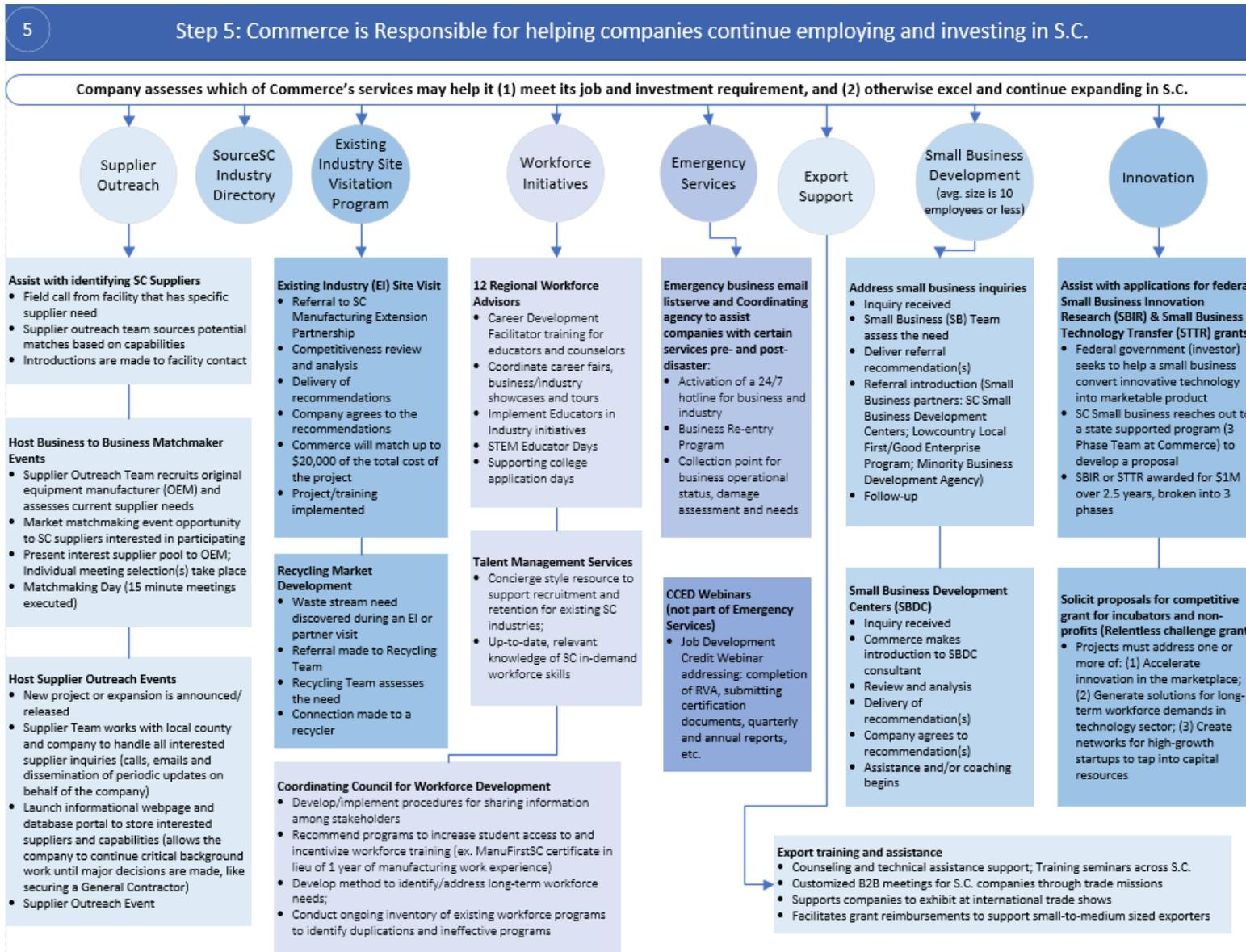
Appendix A Figure 2. Business recruitment process – Step 2: Department of Commerce is responsible for aligning and coordinating marketing of South Carolina



Appendix A Figure 1. Business recruitment process – Step 3: Company is responsible for determining need for expansion or new facility and leading site selection



Appendix A Figure 1. Business recruitment process – Step 4: CCED is responsible for approving and holding parties accountable to enable long term success



Appendix A Figure 1. Business recruitment process – Step 5: Commerce is responsible for helping companies continue employing and investing in South Carolina

## APPENDIX B – COUNTY TIERS 2011-2022

“South Carolina’s 46 counties are ranked and designated annually for job tax credit purposes with equal weight given to unemployment rate and per capita income. . . .”<sup>118</sup> There are four designations (i.e., tiers) made by the Department of Revenue; Tier III and Tier IV counties have the highest three-year unemployment rate average and lowest per capita income. Conversely, Tier I and Tier II counties have lower three-year unemployment rate average and higher per capita income. Appendix B Table 1 includes the county tier rankings from 2011-2022.

Appendix B Table 1. County tier rankings from 2011-2022<sup>119</sup>

<b>*Note: 1 = Indicates high per capita income and low three-year unemployment rate</b>													
County	Avg.	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Abbeville County	3.00	3	3	3	3	3	3	3	3	3	3	3	3
Aiken County	1.25	1	1	1	1	1	1	1	2	2	2	1	1
Allendale County	4.00	4	4	4	4	4	4	4	4	4	4	4	4
Anderson County	1.75	2	2	2	2	2	2	2	1	1	1	2	2
Bamberg County	4.00	4	4	4	4	4	4	4	4	4	4	4	4
Barnwell County	4.00	4	4	4	4	4	4	4	4	4	4	4	4
Beaufort County	1.00	1	1	1	1	1	1	1	1	1	1	1	1
Berkeley County	1.17	1	2	1	1	1	1	1	2	1	1	1	1
Calhoun County	2.42	2	2	2	2	2	2	3	3	3	3	3	2
Charleston County	1.00	1	1	1	1	1	1	1	1	1	1	1	1
Cherokee County	3.08	3	3	3	3	3	3	3	3	3	3	3	4
Chester County	3.50	3	3	3	3	3	3	4	4	4	4	4	4
Chesterfield County	3.42	4	4	4	4	4	3	3	3	3	3	3	3
Clarendon County	3.83	4	4	4	4	4	4	4	4	4	4	3	3
Colleton County	3.00	3	3	3	3	3	3	3	3	3	3	3	3
Darlington County	3.00	3	3	3	3	3	3	3	3	3	3	3	3
Dillon County	4.00	4	4	4	4	4	4	4	4	4	4	4	4
Dorchester County	1.17	1	1	1	1	1	1	2	1	1	1	1	2
Edgefield County	2.25	2	2	2	2	2	2	3	3	3	2	2	2
Fairfield County	3.08	3	3	3	3	3	3	3	3	3	3	4	3
Florence County	1.83	1	1	2	2	2	2	2	2	2	2	2	2
Georgetown County	1.75	2	1	1	2	1	2	2	2	2	2	2	2
Greenville County	1.00	1	1	1	1	1	1	1	1	1	1	1	1
Greenwood County	2.25	3	3	2	2	2	2	2	2	2	2	2	3
Hampton County	3.25	3	3	3	3	4	4	4	4	3	3	3	2
Horry County	2.83	2	2	3	3	3	3	3	3	3	3	3	3
Jasper County	2.83	2	3	3	3	3	3	3	2	3	3	3	3
Kershaw County	1.67	1	2	1	2	1	2	2	2	2	2	2	1
Lancaster County	2.83	4	4	4	4	3	3	2	2	2	2	2	2

<b>*Note: 1 = Indicates high per capita income and low three-year unemployment rate</b>													
<b>County</b>	<b>Avg.</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Laurens County	2.75	3	3	2	3	2	3	3	3	2	3	3	3
Lee County	3.83	4	4	3	4	3	4	4	4	4	4	4	4
Lexington County	1.00	1	1	1	1	1	1	1	1	1	1	1	1
Marion County	4.00	4	4	4	4	4	4	4	4	4	4	4	4
Marlboro County	4.00	4	4	4	4	4	4	4	4	4	4	4	4
McCormick County	3.33	4	4	4	4	4	3	3	3	3	3	2	3
Newberry County	1.67	2	2	2	2	2	2	1	1	2	2	1	1
Oconee County	1.83	2	2	2	2	2	2	2	2	2	2	1	1
Orangeburg County	3.58	3	3	3	3	3	4	4	4	4	4	4	4
Pickens County	2.00	2	2	2	2	2	2	2	2	2	2	2	2
Richland County	1.00	1	1	1	1	1	1	1	1	1	1	1	1
Saluda County	1.50	1	1	1	1	1	1	2	2	2	2	2	2
Spartanburg County	1.67	2	2	2	2	2	2	1	1	1	1	2	2
Sumter County	2.67	3	3	3	3	3	3	2	2	2	2	3	3
Union County	3.75	3	3	4	4	4	4	4	3	4	4	4	4
Williamsburg County	4.00	4	4	4	4	4	4	4	4	4	4	4	4
York County	1.42	2	2	2	2	2	1	1	1	1	1	1	1

## APPENDIX C – INDUSTRY CODES AND CAREER CLUSTERS

*Industries and Wages*

The Department of Commerce targets eight “industry” sectors (i.e., Advanced Manufacturing, Advanced Materials, Aerospace, Agribusiness, Automotive, Distribution and Logistics, Life Sciences and Office/Shared Services), for recruitment to the state.<sup>120</sup> Each of Commerce’s target “industries” encompasses a variety of occupations and careers.<sup>121</sup>

Businesses’ reporting to the S.C. Department of Employment (DEW) and Workforce provide their North American Industry Classification System (NAICS) “industry code.”<sup>122</sup> NAICS industry codes are used across the country and provide data to answer questions such as the following:

- (a) Which U.S. industries are expanding fastest?
- (b) Which industries contributed most to your state’s economic growth?
- (c) How much of an industry’s growth is due to price inflation?<sup>123</sup>

Each NAICS “industry” has a variety of occupations and careers within it.

While the “industry groups” (Commerce) and “industry codes” (NAICS) do not align exactly, there is some correlation as seen in Appendix C ,Table 1.

*Appendix C Table 1. Industry sectors targeted by Commerce and corresponding NAICS code<sup>124</sup>*

Commerce Industry Targets	NAICS code
<b>Advanced Manufacturing</b>	Broad umbrella term that does not fit specifically into any single NAICS or small group of NAICS. The NAICS supersectors that begin with 31 through 33 include manufacturing companies of many types, including those involved with electronic products (334), motor vehicles (336), textiles (313) and plastics (326).
<b>Advanced Materials</b>	Similarly broad. The same supersectors likely apply, particularly 33, which includes companies engaged in the mechanical, physical or chemical transformation of materials, substances and components into new goods.
<b>Aerospace</b>	Aerospace Product and Parts Manufacturing (3364)
<b>Agribusiness</b>	Crosses sectors, including much of supersector 11, which pertains to agriculture and forestry, while also falling under some manufacturing categories, including food processing (311) and paper making (322)
<b>Automotive</b>	Motor Vehicle Manufacturing (3361) and Motor Vehicle Parts Manufacturing (3363)
<b>Distribution and Logistics</b>	Warehousing and Storage (493)
<b>Life Sciences</b>	Research and Development in the Physical, Engineering, and Life Sciences (541715) and Pharmaceutical Preparation Manufacturing (325412)
<b>Office/Shared Services</b>	Administrative and Support Service (561)

*Table Note: NAICS is a 2- through 6-digit hierarchical classification system, offering **five levels of detail**.<sup>125</sup> Each digit in the code is part of a series of progressively narrower categories, and the more digits in the code signify greater classification detail.<sup>126</sup> The first two digits designate the **economic sector**, the third digit designates the **subsector**, the fourth digit designates the **industry group**, the fifth digit designates the **NAICS industry**, and the sixth digit designates the **national industry**.<sup>127</sup> The 5-digit NAICS code is the level at which there is comparability in code and definitions for most of the NAICS sectors across the three countries participating in NAICS (the United States, Canada, and Mexico).<sup>128</sup> The 6-digit level allows for the United States, Canada, and Mexico each to have country-specific detail. A complete and valid NAICS code contains six digits.<sup>129</sup>*

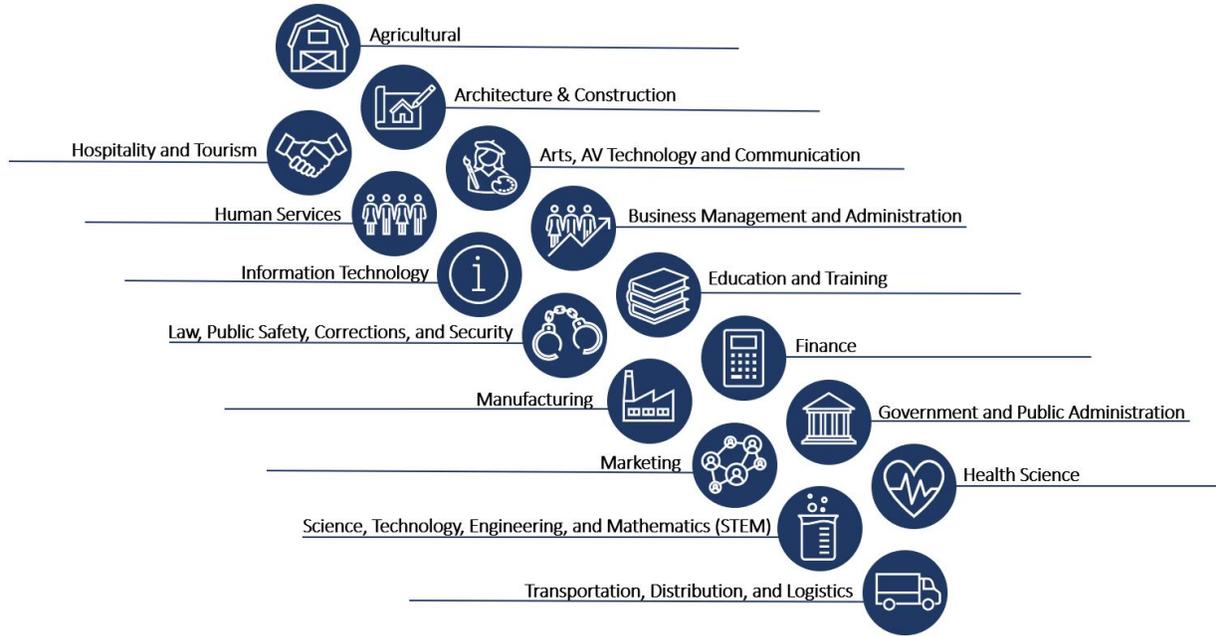
The United States Bureau of Economic Analysis (USBEA) utilizes industry groupings that generally follow the NAICS codes.<sup>130</sup> The USBEA can provide statistics on national employment and compensation by industry as well as state employment and compensation by industry.<sup>131</sup> Thus, USBEA and NAICS data can be utilized to gauge employment and compensation across an entire “industry.”

However, as previously noted, each “industry” has a variety of “occupations” and careers within it.<sup>132</sup> Occupation (e.g., sales manager, facilities manager, file clerks, data entry keyers) is a different way of grouping information about individuals.<sup>133</sup> This is significant because education and training are grouped by occupation, not industry.

### *Education and Occupations*

The Education and Economic Development Act (EEDA) requires all South Carolina students in the eighth grade to create an individual graduation plan (IGP), based on a career cluster system, to put the students on a career path once they get into ninth grade.<sup>134</sup> The clusters are broad groups of careers and industries created by the U.S. Department of Education to provide a structure for organizing and delivering quality career and technical education programs.<sup>135</sup> While S.C. currently utilizes the national career clusters, state statute does not specifically require they be used.<sup>136</sup> Each career cluster contains “occupations” in the same field of work that require similar skills.<sup>137</sup>

There are 16 clusters that students can choose from, including those in Appendix C, Figure 1.<sup>138</sup>



Appendix C Figure 1. 16 career clusters from which eighth grade students may choose for a career path.<sup>139</sup>

Note: Health Science is the number one cluster students choose, and STEM is second.<sup>140</sup> Not every school district offers all 16 clusters.<sup>141</sup> Personnel at Commerce involved in workforce development are unsure whether school districts choose clusters based on the types of industries the area is attempting to recruit or that Commerce is attempting to recruit.<sup>142</sup>

The Standard Occupational Classification (SOC) System is used by federal agencies to classify employees into categories of “occupations” for the purpose of collecting, calculating, or disseminating data.<sup>143</sup> All workers are classified into one of 867 detailed occupations according to their occupational definition.<sup>144</sup> To facilitate classification, detailed occupations are combined to form 459 broad occupations, 98 minor groups, and 23 major groups.<sup>145</sup> Detailed occupations in the SOC with similar job duties, and in some cases skills, education, and/or training, are grouped together.<sup>146</sup> The SOC was updated in 2018, 2010, and 2000.<sup>147</sup>

Each business provides DEW the “wages” paid to everyone. However, they do not provide the employee’s “occupation” codes.

The desired outcome of individual graduation plans (IGP) is detailing the courses necessary for the student to prepare for graduation and to **successfully transition into the workforce or postsecondary education**.<sup>148</sup> However, because businesses do not provide DEW information on “occupations” the state is unable to determine whether an individual obtained a job (or occupation) in the field in which their education was provided. Available data on workplace earnings and occupations is sparse due to survey and estimation techniques, resulting in the inability to accurately assess the needs of the workforce or the value of education and training programs.<sup>149</sup>

Communicating how education clusters, occupations within them, and how industry-recognized credentials correlate to occupations within various industries would benefit citizens and businesses alike.<sup>150</sup>

## APPENDIX D – HOW COMMERCE CAN HELP A COUNTY

Commerce understands the trends companies are looking for in different sectors and what is important to those companies.<sup>151</sup> Policy makers are interested in this information so they can focus their efforts on trying to provide what is most attractive to potential companies looking to locate in South Carolina.<sup>152</sup>

According to Commerce personnel, the key to successful site selection is the elimination or the reduction of risk.<sup>153</sup> “Setting the table” is the process of trying to identify and eliminate those risks.<sup>154</sup> Some of the grants available through Commerce provide funding and assistance for communities to reduce the risk companies see when considering locating in the area.<sup>155</sup> One of the key areas of risk for a company is the physical location and surrounding resources (e.g., How do we get in and out of the site? What are the water and wastewater? What is the workforce? What does the community look like?)<sup>156</sup>

Commerce is analogous to a mall with the counties being the stores in the mall and the available properties, within the county, the products in each store.<sup>157</sup> Companies looking to relocate are shoppers that can go to the South Carolina mall or another state’s mall.<sup>158</sup> When a person walks into the mall, they may know exactly what store they want to visit, or they may just look around. If a store is not inviting or they do not like the culture of a store, they may decide to shop somewhere else, even if the store has the product they want. At the same time, even if they like the way the store looks and its culture, if it does not have the product they need, they must go to a different store.

Commerce utilizes various grant programs to help communities improve the appearance of their store and develop the products they have available.<sup>159</sup>

In 2018, Commerce selected two senior personnel from their staff to interview leaders (every elected official, appointed official, Chamber of Commerce member, etc.) in rural counties that Commerce saw were not doing well.<sup>160</sup> The purpose of the interviews was to determine what the local leaders thought Commerce could do to help their county prosper.<sup>161</sup> Commerce understands each county/community has its own sense of itself and Commerce cannot come in and tell them what to fix.<sup>162</sup> **Commerce can only help them once the county has a vision for where and how it wants to develop economically.**<sup>163</sup> However, when the same six to twelve counties consistently lag behind others, something different needs to be done.<sup>164</sup>

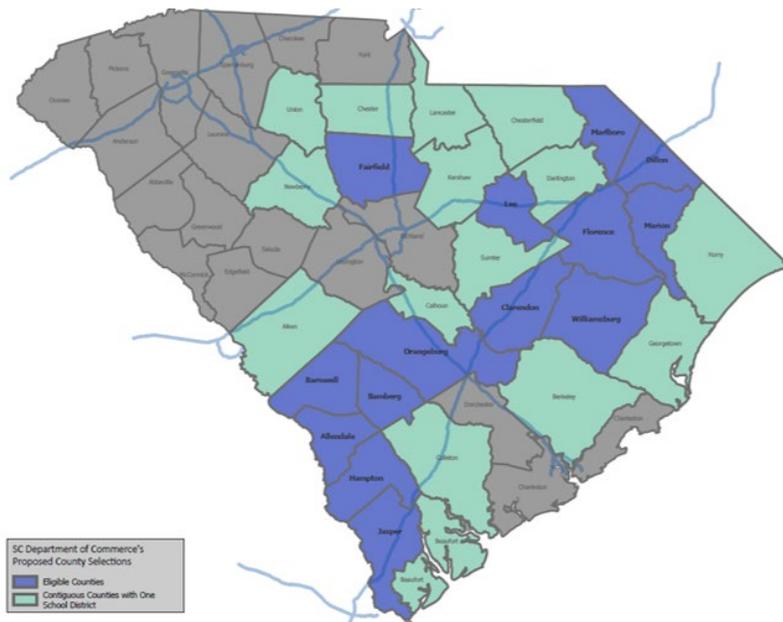
When Commerce moved these two staff members to more focused rural development roles, they created the Division of Rural Development.<sup>165</sup> Commerce personnel were in the process of talking with the communities to try to be more proactive in helping them when in July of 2019, the General Assembly allocated Commerce \$65M to facilitate economic development and infrastructure in fourteen eligible communities.<sup>166</sup>

While issues in rural counties were commonly known, Commerce had not yet made a request for funding.<sup>167</sup> However, pursuant to the proviso, Commerce was not permitted to commit or

spend the funds until they presented a plan on how it would be spent for the Joint Bond Review Committee (JBRC) to approve.<sup>168</sup> The \$65M has been in Commerce’s cash budget since 2019.<sup>169</sup> Commerce presented a plan to JBRC, which JBRC approved, in January 2021.<sup>170</sup>

In Appendix D Figure 1, the purple color represents the 14 counties primarily eligible for the funding.<sup>171</sup> The counties were identified with information beyond what is analyzed to determine the tiers for incentives (e.g., population decline, poverty rate, unemployment rate).<sup>172</sup>

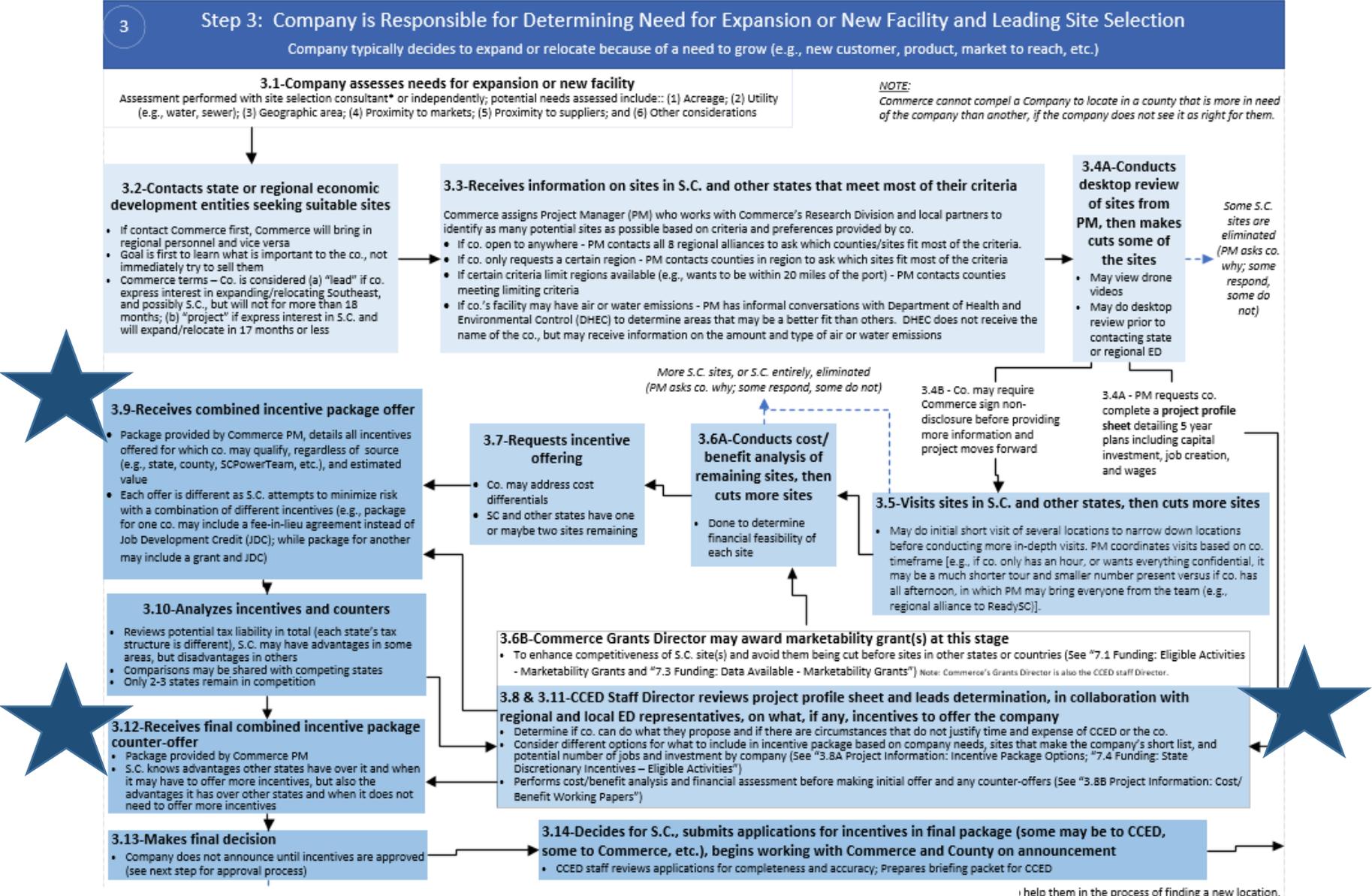
Thirty million of the \$65M is transferred to the Office of Regulatory Staff (ORS) for broadband grants and \$35M is staying at Commerce for site development/infrastructure/workforce development grants for the areas. \$15M of the \$65M can be used in adjacent counties, which are in green in Appendix D Figure 1, if work is needed in those counties to tie in the work done in the primary 14 counties (e.g., to extend water and broadband you may have to start or end in one of the adjacent counties).<sup>173</sup> In the agreement between Commerce and ORS, ORS is permitted to utilize up to \$7M of their \$30M in counties that are adjacent to the 14 primary.<sup>174</sup> Commerce can then use up to \$8M of their \$35M in the adjacent counties.<sup>175</sup> However, there is an understanding at Commerce and ORS that the priority are the primary 14 counties.<sup>176</sup>



Appendix D Figure 1. Counties eligible for business development grants from the rural infrastructure fund <sup>177</sup>

APPENDIX E – COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT (CCED) ANALYSIS

Appendix E Figure 1 illustrates the process for when a company is provided an incentive package and when CCED staff review information.



Appendix E Figure 1 Process for when a company is provided an incentive package and when CCED staff review information

## Incentive Package Options

Appendix E Figure 2 includes potential incentives that may be included in an initial incentive package offer or negotiated as part of the final package.

Coordinating Council for Economic Development (CCED) and the county and present a single combined incentive summary.

CCED staff reviews information about the company to determine if the company may be a good fit for discretionary incentives. CCED staff are responsible for vetting the company to determine if the company can do what they are proposing they will do here in S.C.<sup>178</sup> Staff work with the company to obtain necessary information, and, if CCED staff determine the company is a good fit, the company is invited to complete an application.<sup>179</sup> CCED personnel expressed concern if every company eligible to apply for discretionary incentives was allowed to do so, without staff vetting the companies in advance, it would “create the opportunity for failure we have not had up to this point.”<sup>180</sup>

CCED staff vetting may include staff determining there are circumstances that do not justify the time and expense of CCED or company’s time. Examples may include:<sup>181</sup>

- Number of jobs is not significant and wages from them are not high paying enough
- Number of jobs and wages are good, but company has an environmental record that is not satisfactory based on events that occurred with the company in another state
- Number of jobs and wages are good, but it is a startup that does not have the finances to follow through with what the company is proposing
  - Note: Financial status is more of a concern with grants than with job development credits (JDCs) because JDCs are less of a risk for the public since the company must meet all the requirements of the revitalization agreement before receiving the job development credits and must maintain that level to continue receiving the credits.<sup>182</sup>

CCED staff select which incentives are included in the package after determining the ability of the company to deliver based on the project profile sheet the company provided, and company needs in comparison to the selection criteria in which South Carolina may not be as competitive. The county performs its own separate analysis, then CCED and the county present a single combined incentive summary. The summary details all incentives offered for which the company may qualify, including estimated value, regardless of the source (e.g., state, county, SCPowerTeam, etc.).<sup>183</sup>

Each offer is different as South Carolina attempts to minimize risk with a combination of different incentives (e.g., package for one company may include a business development grant instead of JDC; while the package for another company may include both JDC and one or more business development grants).<sup>184</sup>

Types of Incentives	Marketability Grants*	Job Development Credit	Business Development Grants (Set Aside, Rural Infrastructure Fund, Closing Fund)	Economic Development Bond	Job Retraining Credit	Local Incentive	Statutory Incentive^	Private (Regional Alliance; SC PowerTeam, etc.)
Discretionary or Guaranteed	Discretionary	Discretionary	Discretionary	Discretionary	Discretionary	Discretionary	Guaranteed if company meets requirements in law	Discretionary
Entity from whom final approval is needed if company accepts incentive package	Commerce for LocateSC, ARC, CDBG grants CCED Full Committee for Rural Development grants	CCED Enterprise Committee (meets monthly)	CCED Full Committee (meets quarterly)	JBRC/SFAA	S.C. Tech Board	Local Govt.	DOR	Private Entity
<b>Potential packages</b>								
Package 1	These are not included in incentive packages. However, they may be offered to a county late in the process when a company is narrowing down sites after visits, to keep it from being eliminated. (See, "Company Responsible for Leading Site Selection" sheet for more information)	X	X	X	X	X	X	X
Package 2		X		X	X	X	X	X
Package 3		X			X	X	X	
Package 4			X			X	X	
Package 5						X	X	
Package 6							X	
Package 7			X	X	X	X	X	
Package 8		X	X		X	X	X	X
Package 9		X	X	X	X	X	X	
Package 10		X	X	X	X	X	X	X
Package 11			X		X	X	X	
Package 12		X	X			X	X	
Package 13		X	X	X	X		X	X
Package 14 and any other packages		Any other combination of the above incentive packages						

See 7.1 Funding: Eligible Activities," 7.2 Funding: Data Available" and "7.3 Funding: Processes" for more information on the different types of incentives.

\*Marketability Grants include: LocateSC, Rural Development, Appalachian Regional Commission (ARC), Community Development Block Grants (CDBG)

^Statutory incentives include: (1) Sales tax exemptions (i.e., no sales tax on: (a) machinery and equipment; (b) power used in the manufacturing process; and (c) materials used in the finished product); (2) corporate income tax credits (i.e., (a) Jobs Tax Credit; (b) (Enhanced) Corporate Headquarters Tax Credit; (c) Investment Tax Credit; and (d) Research and Development Tax Credit; and (3) local level property tax abatement for manufacturers that invest at least \$50,000 in land, building, or equipment for five years.

Appendix E Figure 2. Potential incentives that may be included in an initial incentive package offer or negotiated as part of the final package

Cost/benefit and analysis (i.e., update the analysis regularly and include list of economists that verify its validity and/or recommend update)

Appendix E, Figures 3-6 includes sample financial information analyzed and utilized to create information CCED receives on an average project CCED staff present them. Notably, it includes everything in the incentive package, not just grants or job development credits.

**3.8 Project Information: CCED Staff Analysis - Cost/Benefit Model** (Part 1 of 2)  
 Sample financial information analyzed and utilized to create information CCED receives on an average project presented by CCED staff for approval.  
 Note it includes everything in the incentive package, not just grants or job development credits.

**Cost/Benefit Analysis (Part 1 of 2)**

Commerce enters information on location of project, potential investments and job creation numbers, potential discretionary incentives, etc. and utilizes information it is able to purchase through the U.S. Bureau of Economic Analysis (U.S.BEA) based on some of these different parameters, to obtain initial cost/benefit information.

**Header**

Company: **Project X** State of South Carolina  
 County: **Florence** Cost Benefit Model 2021 CBA Version 1.0

Example Of Enterprise Program Impact Analysis

Announced Capital Investment		Project Multipliers	
New or Expansion	NEW	Industry Code	336211
Land	\$0	Job Multiplier	2.84
Existing Building (value of purchased or leased)	\$0	County Multi%	60%
New Bldg cost or improvements to Existing Bldg	\$10,000,000	County Multi% Override	60%
Machinery & Equipment	\$40,000,000	County Multi% Used in calculation	60%
Total Investment	\$50,000,000	Revised Multiplier	1.84
Employment	100	Investment – Construction	2.22
Annual Payroll	\$5,000,000	Investment – Machinery	1.40
Average Salary	\$50,000	Employment (Total Jobs / Direct Jobs)	2.84
Average Hourly Wage	\$25.00	County Average Annual Pay	\$40,963

Tax Variables		Employment Impacts	
Total JDC eligible expenditures	\$10,000,000	Employment -- Direct	100
Jobs Tax Credit (County Designation)	\$2,750	Employment -- Indirect	184
Job Development Fee (Percentage)	4.0%	Total Employment Impact	284
	JDC Distribution Company 70% RIF 30%		
	JDC Years 10		
MultiCounty Industrial Park?	no	\$250,000 Closing Fund	\$0 Infrastructure Improvements
Manufacturing?	YES \$ 600,000.00 (calc'd amt)	(include land value, site improvement cost/value, relocation assistance, SSRB, etc. -- anything the county is providing/donating/doing that has value)	

Other Input Items		2019/2020 Education Breakdown	
\$	14,608 Education Cost	45.54%	Local
\$	3,000 Average Cost to train an employee (SCTECH)	45.93%	State
	10% % of New Migration increase ( life style change) employment	8.53%	Federal
	3.55% Avg annual increase in education Costs		
	20% Percentage of M & E in SC		
	5.90% Percentage of Income Benefits to General Fund		

**Information in red \*** = Commerce enters unique information about the company  
**Information in black** = Automatically appears, based on the information Commerce entered in the other areas. It is calculated from various sources, including the U.S. Bureau of Economic Analysis (U.S.BEA).

Appendix E Figure 3: Cost/benefit analysis (part 1 of 2)

**Cost/Benefit Analysis (Part 2 of 2)**

Commerce is able to purchase information through the U.S. Bureau of Economic Analysis (U.S.BEA) which automatically generates based on different parameters entered by Commerce, like a company's industry code (see top right of document) and the information on our region of the country and state.

**Information in red \*** = Commerce enters unique information about the company

**Information in black** = Automatically appears, based on the information Commerce entered in the other areas. It is calculated from various sources, including the U.S. Bureau of Economic Analysis (U.S.BEA).

**Project Multipliers**

- For example, in the document above, based on the industry code, the USBEA shows the job multiplier is 2.84. Therefore, if the company directly creates 100 jobs (left hand side of page, 7 rows down below "Announced Capital Investment"), there will actually be a total of 284 jobs, 184 of which are spinning off from it (right hand side of page, under "Employment Impacts"). At the bottom of the document you see "5.90% Percentage of Income Benefits to General Fund." This percentage is provided by the state's Revenue and Fiscal Affairs Office and means for every dollar that comes into the state, whether it is from wages or from investment, that is the amount the state general fund will see. Therefore, if the investment is \$100M, the general fund will see \$5.9M.

Company: Project X County: Florence		State of South Carolina Cost Benefit Model		2021	CBA	Version 1.0
Example Of Enterprise Program Impact Analysis						
<b>Announced Capital Investment</b>				<b>Project Multipliers</b>		
New or Expansion		<b>NEW</b>		Industry Code		336211
Land		\$0		Job Multiplier		2.84
Existing Building (value of purchased or leased)		\$0		County Multi%		60%
New Bldg cost or improvements to Existing Bldg		\$10,000,000		County Multi% Override		
Machinery & Equipment		\$40,000,000		County Multi% Used in calculation		60%
Total Investment		\$50,000,000		Revised Multiplier		1.84
Employment		100		Investment -- Construction		2.22
Annual Payroll		\$5,000,000		Investment -- Machinery		1.40
Average Salary		\$50,000		Employment (Total Jobs / Direct Jobs)		2.84
Average Hourly Wage		\$25.00		County Average Annual Pay		\$40,963
Tax Variables		<b>YES</b>	JDC Yes/No	Employment Impacts		
Total JDC eligible expenditures		\$10,000,000	JDC Distribution	Employment -- Direct		100
Jobs Tax Credit (County Designation)		\$2,750	Company 70%	Employment -- Indirect		184
Job Development Fee (Percentage)		4.0%	RIF 30%	Total Employment Impact		284
			JDC Years			
Multicounty Industrial Park?		no		\$250,000 Closing Fund		
Manufacturing?	<b>YES</b>	\$ 600,000.00 (calc'd amt)		\$0 Infrastructure Improvements		
				(include land value, site improvement cost/value, relocation assistance, SSRB, etc. -- anything the county is providing/donating/doing that has value)		
<b>Other Input Items</b>				<b>2019/2020 Education Breakdown</b>		
\$	14,608	Education Cost		45.54%	Local	
\$	3,000	Average Cost to train an employee (SCTECH)		45.93%	State	
		10% % of New Migration increase ( life style change) employment		8.53%	Federal	
		3.55% Avg annual increase in education Costs				
		20% Percentage of M & E in SC		<b>Other Economic Variables</b>		
		5.90% Percentage of Income Benefits to General Fund		4.00%	Discount Rate	
				2.00%	Inflation Rate	

Appendix E Figure 4. Cost/benefit analysis (part 2 of 2)

### 3.8 Project Information: CCED Staff Analysis – Income Benefits

Sample financial information analyzed and utilized to create information CCED receives on an average project presented by CCED staff for approval.  
 Note it includes everything in the incentive package, not just grants or job development credits.

#### Income Benefits Analysis

When a company locates or expands it brings new funds into the community. More jobs, or same number of jobs at higher wages, means individuals have more money to spend and government has more taxes to collect.

State of South Carolina Board of Economic Advisors  
 South Carolina Budget and Control Board  
 Enterprise Zone Impact Analysis

Company: Project X County: Florence County		Construction & Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 15	Present Value
<b>Income Benefits</b>											
Private Benefits (before taxes)	10 New Building -- Direct	\$6,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000,000
	11 New Building -- Indirect	\$7,327,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,327,800
	12 Machinery & Equipment -- Direct	\$8,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000,000
	13 Machinery & Equipment -- Indirect	\$3,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,200,000
	14 Payroll -- Direct	\$5,000,000	\$5,100,000	\$5,202,000	\$5,306,040	\$5,412,161	\$5,520,404	\$5,630,812	\$5,743,428	\$6,597,393	\$65,698,640
	15 Payroll -- Indirect	\$7,553,168	\$7,704,231	\$7,858,316	\$8,015,482	\$8,175,792	\$8,339,308	\$8,506,094	\$8,676,216	\$9,966,245	\$99,246,577
State Benefits	16 State Revenues	\$2,187,777	\$755,450	\$770,559	\$785,970	\$801,689	\$817,723	\$834,077	\$850,759	\$977,255	\$11,178,909
	17 Additional Corporate Tax for New Project	\$0	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$0	\$0	\$0	\$1,224,251
	18 Rural Infrastructure Fund	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$0	\$508,120
Totals	<b>After Tax Private Benefits</b>	<b>\$34,893,191</b>	<b>\$11,773,781</b>	<b>\$12,014,757</b>	<b>\$12,260,552</b>	<b>\$12,511,264</b>	<b>\$12,766,989</b>	<b>\$13,302,829</b>	<b>\$13,568,885</b>	<b>\$15,586,383</b>	<b>\$177,069,857</b>
	<b>Total State Benefits</b>	<b>\$2,247,777</b>	<b>\$1,090,450</b>	<b>\$1,105,559</b>	<b>\$1,120,970</b>	<b>\$1,136,689</b>	<b>\$1,152,723</b>	<b>\$894,077</b>	<b>\$910,759</b>	<b>\$977,255</b>	<b>\$12,909,280</b>

Note: Years 9 through 14 are available, but were not included in this document due to size restrictions

Private Benefits (before taxes): Funds coming into the community	State Benefits: Funds coming to the State	Totals
<ul style="list-style-type: none"> <li><b>New Building - Direct</b> = Amount company spends on a new building</li> <li><b>New Building - Indirect</b> = Amount others, that expand to serve the additional needs created by the new company, spend on new building</li> <li><b>Machinery &amp; Equipment - Direct</b> = Same as building, but related to machinery and equipment</li> <li><b>Machinery &amp; Equipment - Indirect</b> = Same as building, but related to machinery and equipment</li> <li><b>Payroll - Direct</b> = Same as building, but related to payroll</li> <li><b>Payroll - Indirect</b> = Same as building, but related to payroll</li> </ul>	<ul style="list-style-type: none"> <li><b>State Revenues</b> = (Total Private Benefits Before Taxes) x Percentage of Income Benefits to General Fund (See "Cost/Benefit Model" sheet, bottom center; in this example it is 5.90%)</li> <li><b>Additional Corporate Tax for New Project</b> = Company only receives 50% of the benefit (have to pay \$2 to get \$1 rebate). As a result, the state actually gets 50% of every dollar the company invests. Therefore, if the company is new to the state, this is a new benefit for the state.</li> <li><b>Rural Infrastructure Fund (RIF)</b> = Since the project is receiving Job Development Credits as an incentive, it is entitled to a refund for a portion of the employee state payroll taxes. However, since it is locating in a Tier II county, it only gets to keep 70% of the refund. The other 30% goes into the RIF and is available for CCED to issue as grants to encourage other companies to locate in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li><b>After Tax Private Benefits</b> = (Total Private Benefits Before Taxes) – (Total State Benefits)</li> <li><b>Total State Benefits</b> = State Revenue + Add'l Corporate Tax + Rural Infrastructure Fund</li> </ul> <p style="text-align: center;">This information appears in the "Costs/Benefit Analysis" document under "Present Values"</p>

Appendix E Figure 5. Income benefit analysis

### 3.8 Project Information: CCED Staff Analysis – Public Costs

Sample financial information analyzed and utilized to create information CCED receives on an average project presented by CCED staff for approval.

Note it includes everything in the incentive package, not just grants or job development credits.

#### Public Costs Analysis

This page provides a summary of the information from the Cost/Benefit Model (See Page 3) during construction at the site and first year of operation as well as the present value of the impact of the project over the next 15 years

State of South Carolina Board of Economic Advisors  
South Carolina Budget and Control Board  
Enterprise Zone Impact Analysis

Company: Project X County: Florence County		Construction & Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 15	Present Value
State Costs	Public Costs										
	1 Corporate Jobs Tax Credit	-	275,000	275,000	275,000	275,000	275,000	-	-	-	1,224,251
	2 Multi-County Industrial Park (\$1,000)	-	-	-	-	-	-	-	-	-	-
	3 Job Development Credit, JDC (Withholding)	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	-	1,687,066
	4 Investment Tax Credit	600,000	-	-	-	-	-	-	-	-	600,000
	5 Special Schools	300,000	-	-	-	-	-	-	-	-	300,000
	6 Closing Fund	250,000	-	-	-	-	-	-	-	-	250,000
	7 Increased State Education Costs	67,095	69,476	71,943	74,497	77,141	79,880	82,716	85,652	109,342	976,500
	8 Unused	-	-	-	-	-	-	-	-	-	-
9 Infrastructure Improvements	-	-	-	-	-	-	-	-	-	-	-
Totals	<b>Total State Costs</b>	<b>\$1,417,095</b>	<b>\$544,476</b>	<b>\$546,943</b>	<b>\$549,497</b>	<b>\$552,141</b>	<b>\$554,880</b>	<b>\$282,716</b>	<b>\$285,652</b>	<b>\$109,342</b>	<b>\$5,037,818</b>

Construction & First Year = Impact during time of applicable construction at the site to prepare it for company operations and the first year of company operations

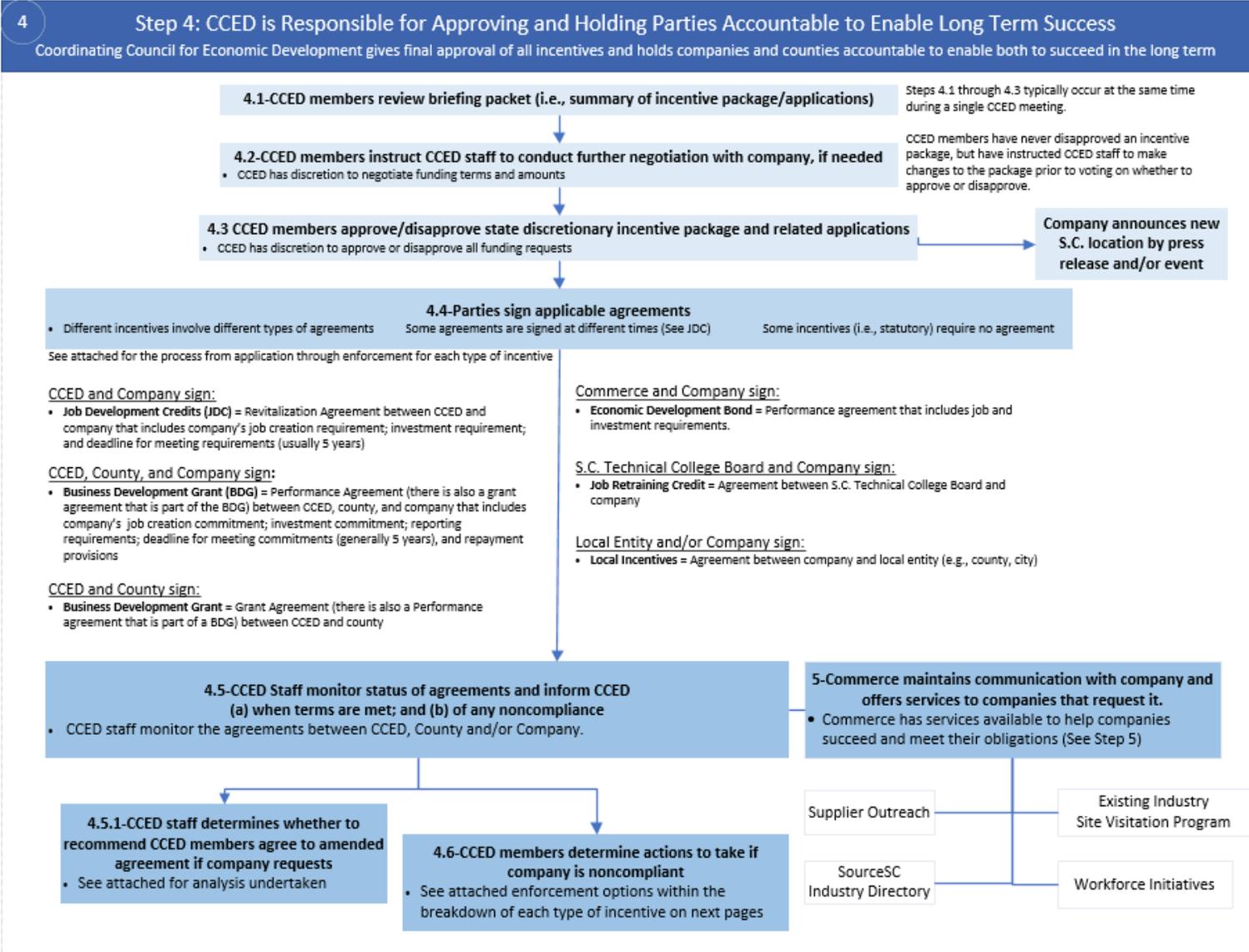
Present Value 15-Year Total = Total impact over fifteen years, reported in today's dollars (i.e., present value)

State Costs	Totals
<ul style="list-style-type: none"> <li><b>Corporate Jobs Tax Credit</b> = Amount of credit available for jobs created. Assumes all jobs are created in year one and all credits are used by the company. (statutory incentive)</li> <li><b>Multi-County Industrial Park</b> = Adds \$1,000 per job and assumes all jobs are created in year one and all credits are used. (discretionary incentive)</li> <li><b>Job Development Credit, JDC (Withholding)</b> = The JDCs are only a cost to the state for the 10 year cycle during which the company is entitled to claim that. Afterward all employee taxes come to the state.</li> <li><b>Investment Tax Credit</b> = Based off the investment the company asserts it will make in machinery</li> <li><b>Special Schools</b> = Cost to have ReadySC train individuals in the community to work at the company. The average cost is \$3,000 per person.</li> </ul>	<ul style="list-style-type: none"> <li><b>Closing Fund</b> = Any business development grant</li> <li><b>Increased State Education Costs</b> = These costs are based on an estimate of the number of employees moving to the area (migrating) and increased cost to the public school system of having those employees children in public schools.</li> <li><b>Unused</b> = Blank spaces where additional costs could be included if the project was unique (e.g., corporate headquarters, which is something that has a certain tax credit in statute)</li> <li><b>Infrastructure Improvements</b> = Value of any infrastructure improvements funded by the state, not included above.</li> </ul> <p><b>Total State Costs</b> = All state/ public costs</p> <p>This information appears in the "Costs/Benefit Analysis" document under "Present Values"</p>

Appendix E Figure 6. Public costs analysis

### CCED Members Role and Types of Agreements Entered

CCED gives final approval of all incentives and holds companies and counties accountable to facilitate long term success. Appendix E, Figure 7 illustrates CCED member’s role in approving and holding parties responsible.



Appendix E Figure 7. Approval and agreement flow chart

## Information CCED Receives Prior to Approval

Below is a list of typical information provided to CCED for review and discussion, prior to CCED members determining whether to further negotiate terms of the state discretionary incentives in the package with the company or approve them as negotiated by CCED staff and agreed upon by the company. Notably, when reviewing a project, CCED reviews the impact of the entire project.

### **Summary of Project Information** (See sample on next pages)

#### **Project Data**

- Announced Capital Investment: Land, Existing Building, New Building, Machinery & Equipment, Total Investment
- New Employment/Total Payroll: *Employment, Annual Payroll, Average Salary, Average Hourly Wage*

#### **Project Multipliers**

- *Industry Code, Job Multiplier, Investment – Construction, Investment – Machinery, Employment, % of multiplier in S.C., Average annual salary*

#### **Employment Impacts**

*Employment – Direct, Employment – Indirect, Total Employment Impact*

### **Cost/Benefit Analysis**

*Following information for construction first year and present value in year 15*

#### **State Costs** (costs to the state of the proposed project.

*See “3.2 Project Information: CCED Staff Analysis – Public Costs” document for more information*

- *Public Costs: Corporate Jobs Tax Credit; Multi-County Industrial Park; Job Development Credit, JDC (Withholding); Investment Tax Credit; Special Schools; Closing Fund; Increased State Education Costs; Infrastructure Improvements; Corporate headquarters; etc.*
- *Totals: Total State Costs*

#### **Income Benefits**

*See “3.2 Project Information: CCED Staff Analysis – Income Benefits” document for more information*

- *Private Benefits (funds coming into the community): New Building – Direct; New Building – Indirect; Machinery & Equipment – Direct; Machinery & Equipment – Indirect; Payroll – Direct; Payroll – Indirect*
- *State Benefits (funds coming to the State): State Revenues; Additional Corporate Tax for New Project; Rural Infrastructure Fund (RIF); etc.*
- *Totals: After Tax Private Benefits; Total State Benefits”*

#### **Present Values**

*Total Value of Private Benefits; Present Value (PV) of State Benefits; PV of State Costs; Total State Value*

## Summary of Project Information

Appendix E, Figures 8-9 includes sample project information CCED members receive.

**4.1 CCED Briefing: Sample Project Information Summary**

### Summary of Project Information

This page provides CCED a summary of the project information

**Header**

- Project X = Project name
- Florence County = Name of county in which project is locating
- 4/28/2021 = Date as of which information in the analysis is accurate

**Project Data**

**Announced Capital Investment**  
Investment company agrees to make for incentives offered\*

**New Employment/Total Payroll**  
Jobs company agrees to create for incentives offered\*

- Employment = Number of jobs company intends to create
- Annual Payroll = Combined salaries of all new jobs
- Average Salary = Combined salaries of all new jobs divided by number of new jobs
- Average Hourly Wage = Combined salaries of all new jobs divided by number of hours employees in jobs will work

**Project Multipliers**

- Industry Code = North American Industry Classification System (NAICS) code CCED staff selected as applicable to the project. All remaining information under this section is based upon the industry code selected.
- Job Multiplier = From the U.S. Board of Economic Advisors based on industry code
- Investment -- Construction = From the U.S. Board of Economic Advisors based on industry code
- Investment -- Machinery = Same multiplier used for every company, regardless of industry code, and is based on estimate from economists consulted by the Department of Commerce
- Employment = From the U.S. Board of Economic Advisors based on industry code
- % of multiplier in S.C. = Based on distance of county from the North Carolina or Georgia state border since some of the multiplier will be realized by the neighboring state
- Average annual salary = From the U.S. Board of Labor Statistics based on county in which company is locating

**Employment Impacts**

- Employment -- Direct = Number of new jobs company agrees to create
- Employment -- Indirect = Number of new jobs projected to be created in the community if the company creates the number of jobs it agreed to create (calculated by multiplying the "job multiplier" in the section above by "Employment - Direct" number)
- Total Employment Impact = "Employment-Direct" + "Employment-Indirect"

Note: Below is only a sample page from the project briefing CCED receives. Additional information CCED receives includes individual business finances, etc. The briefing packet includes everything in the incentive package, not just grants or job development credits.

**SOUTH CAROLINA  
COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT  
ENTERPRISE PROGRAM ECONOMIC IMPACT ANALYSIS**

**Project X  
Florence County  
4/28/2021**

---

**PROJECT DATA**

**ANNOUNCED CAPITAL INVESTMENT**

Land	\$	-
Existing Building	\$	-
New Building	\$	10,000,000
Machinery & Equipment	\$	40,000,000
<b>Total Investment</b>	<b>\$</b>	<b>50,000,000</b>

**NEW EMPLOYMENT/TOTAL PAYROLL**

Employment	100
Annual Payroll	\$5,000,000
Average Salary	\$50,000
Average Hourly Wage	\$25.00

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**PROJECT MULTIPLIERS**

Industry Code	336211-Motor vehicle body manufacturing
Job Multiplier	1.84
Investment -- Construction	2.22
Investment -- Machinery	1.40
Employment	2.84
% of Multiplier in South Carolina	60%
Average Annual Salary	\$40,963

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**EMPLOYMENT IMPACTS**

Employment -- Direct	100
Employment -- Indirect	184
<b>Total Employment Impact</b>	<b>284</b>

\*Note: Until approved by CCED, an incentive offer is not final nor binding. Also, some incentives are not provided until investment and job requirement is met and, in some cases, maintained, for a set period of time.  
 ^Based on the company's industry code (see top right of document above) and the information on our region of the country and state, the United States Bureau of Economic Advisors (USBEA) will provide various information like job multiplier, that can be utilized to determine the total potential impact from a project.

Appendix E Figure 8. Summary of project information

## Cost/Benefit Analysis

### 4.1 CCED Briefing: Sample Cost/Benefit Analysis

#### Cost/Benefit Analysis

This page provides CCED a summary of the information from the public costs analysis and the income benefits analysis (see applicable sheets) during construction at the site and first year of operation as well as the present value of the impact of the project over the next 15 years. Present value means the total impact over fifteen years, reported in today's dollars.

Note: Below is only a sample page from the project briefing CCED receives. Additional information CCED receives includes individual business finances, etc. The briefing packet includes everything in the incentive package, not just grants or job development credits.

#### State Costs

**NOTE: When reviewing a project, CCED reviews all state incentives at the same time, not individually**

Included are costs to the state of the proposed project. See "3.2 Project Information: CCED Staff Analysis – Public Costs" document for more information

#### Income Benefits

Included are benefits to the community and benefits to the state from the proposed project. See "3.2 Project Information: CCED Staff Analysis – Income Benefits" document for more information

#### Present Values

- **Total Value of Private Benefits** = Value of economic activity created by having the project
- **Present Value (PV) of State Benefits** = Money generated in the state as a result of the estimates of the project.
- **PV of State Costs** = Costs to the state of moving forward with project, if company collects all tax credits and grants available under the agreement.
- **Total State Value** = PV of State Benefits – PV of State Costs

For this project, under "15-year total," there is approximately \$13M in state benefits and \$5M in costs (if all the tax credits and grants are paid out), resulting in a net of approximately \$8M. Note, companies often do not collect all tax credits available.

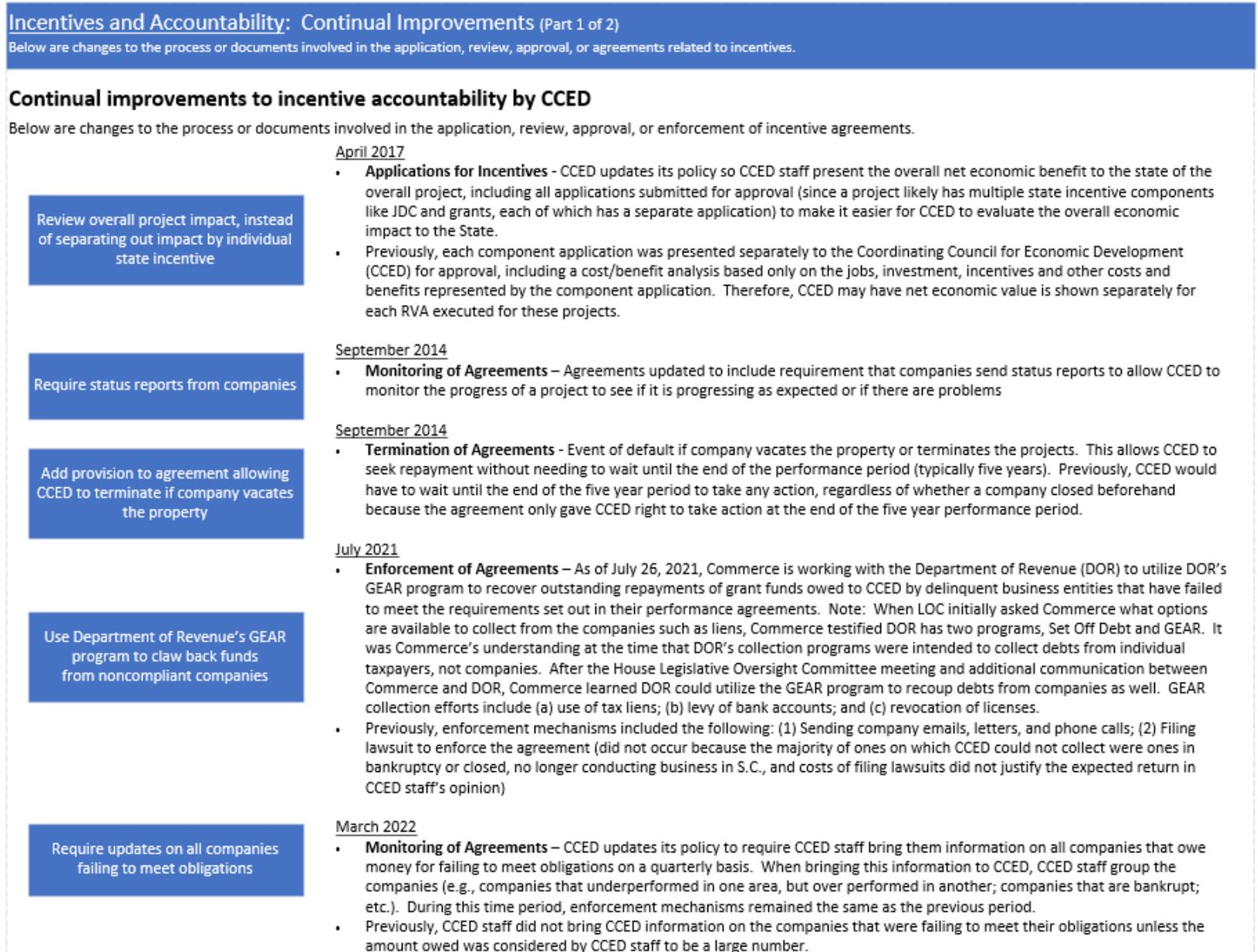
#### COST/BENEFIT ANALYSIS

	PRESENT VALUE	
	CONSTRUCTION & FIRST YEAR	15-YEAR TOTAL
<b>STATE COSTS</b>		
Corporate Jobs Tax Credit	-	1,224,251
Multi-County Industrial Park	-	-
Job Development Credit (JDC)	200,000	1,687,066
Investment Tax Credit	600,000	600,000
Special Schools	300,000	300,000
CCED Grants	250,000	250,000
Increased State Education Costs	67,095	976,500
Property Tax Relief	-	-
Infrastructure Improvements	-	-
<b>Total Public Costs</b>	<b>1,417,095</b>	<b>5,057,817</b>
<b>INCOME BENEFITS</b>		
Total New Building (Direct & Indirect)	13,327,800	13,327,800
Total Machinery & Equipment (Direct & Indirect)	11,200,000	11,200,000
Total Payroll (Direct)	5,000,000	65,698,640
Total Payroll (Indirect)	7,553,168	99,246,577
State Revenues	2,187,777	12,403,160
Rural Infrastructure Fund	60,000	506,120
<b>Total Income Benefits</b>	<b>39,328,745</b>	<b>202,382,297</b>
<b>PRESENT VALUES</b>		
<i>Private</i>		
<b>Total Value of Private Benefits</b>	<b>34,893,191</b>	<b>177,069,856</b>
<i>State</i>		
Present Value of State Benefits	2,247,777	12,909,279
Present Value of State Costs	1,417,095	5,037,819
<b>Total State Value</b>	<b>830,682</b>	<b>7,871,461</b>
<b>OVERALL NET BENEFIT</b>	<b>35,723,873</b>	<b>184,941,316</b>
<b>COST/BENEFIT RATIO</b>		<b>38:1</b>

Appendix E Figure 9. Summary of cost/benefit analysis

## Continual Improvements to Incentive Accountability by CCED

Appendix E, Figure 10 provides a timeline and summary of changes to the process or documents involved in the application, review, approval, or enforcement of incentive agreements.



Appendix E Figure 10. Timeline of improvements to incentive accountability

### Violation of contract terms (e.g., job and investment requirement, etc.)

Economic Development Set-Aside, Rural Infrastructure Fund, and Governor's Closing Fund grants are made under and in accordance with state laws.<sup>185</sup> The federal and state courts within South Carolina have exclusive jurisdiction to adjudicate any disputes arising out of or in connection with these grants.<sup>186</sup>

Failure to comply with any of the terms and conditions of the grant can cause CCED to take, in addition to any relief that it is entitled to by law, any or all the following actions:

- require repayment of all or a portion of any grant funds provided;
- cancel, terminate, or suspend the grant, in whole or in part; or,
- refrain from extending any further assistance or grant funds until such time as the local government is in full compliance with the terms and conditions of the grant agreement.<sup>187</sup>

### ***Business Development Grant Performance Agreements***

If the company has not created the minimum number of jobs and the minimum amount of investment indicated in the Performance Agreement, the company will be required to repay a pro rata portion of the grant funds disbursed in accordance with the terms of the Performance Agreement.<sup>188</sup> The CCED staff, with authorization by the CCED, may negotiate the terms of such repayment, subject to approval of the CCED.<sup>189</sup>

If CCED staff does not hear from a company, CCED staff sends an email to the company and attempts to call the company contact on the phone. A company may not respond at all, or may provide initial information, then not provide any further information. This is a rare occasion, but there were two companies recently (2021) that had not responded to CCED in over a year. CCED staff has a running spreadsheet that tracks when it calls and emails companies from which it has not received any information. During the second quarter of 2022, CCED hired a dedicated staff person who performs these monitoring and compliance duties.<sup>190</sup>

### ***Calculation of Repayment***

Performance agreements require repayment of all grant funds if a company: (a) does not locate in South Carolina; or (b) fails to create any new jobs and make any investment in South Carolina.<sup>191</sup>

A company is required to repay a portion of the grant funds expended if it: (a) creates jobs and/or makes investment but fails to meet the job requirement and/or the investment requirement; or (b) meets, but then fails to maintain, either requirement (companies receiving \$100,000+ grants have a contractual maintenance requirement).<sup>192</sup>

The portion of grant funds required to be repaid is based upon the actual number of jobs created and/or investment made.<sup>193</sup> In addition, a pro rata repayment for failure to meet either the job requirement or the investment requirement will be calculated, independently, with each calculation based on 50% of the grant funds expended.<sup>194</sup>

For example, if a company receives a \$100,000 grant and, at the end of its performance period, only creates 80% of the required jobs and makes 90% of the required investment, its repayment would be calculated as shown in table below.<sup>195</sup>

Appendix E Table 1. Example grant funds repayment calculation:

GRANT FUNDS REPAYMENT CALCULATION	
<b>Jobs Repayment</b>	
Grant Funds Disbursed	\$100,000
50% Funds Allocated to Jobs Requirement	x 50%
	\$50,000
Only 80% of Jobs Requirement	x 20%
Jobs Repayment	<u>\$10,000</u>
<b>Investment Repayment</b>	
Grant Funds Disbursed	\$100,000
50% Funds Allocated to Invest. Requirement	x 50%
	\$50,000
Only 90% of Investment Requirement	x 10%
Investment Repayment	<u>\$5,000</u>
<b>TOTAL Repayment</b>	<u><b>\$15,000</b></u>

When the money is clawed back it goes back into whichever fund from which it came (e.g., set aside, closing fund, etc.)<sup>196</sup> There are no additional penalties and fees associated with claw backs, just the formula shown in the example at the end of the chart for calculating the amount the company owes back.<sup>197</sup>

Commerce works with the Department of Revenue and others to ensure companies meet the requirements of their performance agreements.

**Seeking Repayment**

CCED is responsible for collecting the money when dealing with claw backs.<sup>198</sup> While a performance agreement, which is a contract, may appear to provide a bright line rule for when repayments are owed and the amount owed, but CCED has discretion to amend agreements. Under certain circumstances, CCED’s executive director makes the decision on whether to recommend CCED claw back the money or not, or whether to reduce the clawback amount.<sup>199</sup> However, even if the money is not clawed back, it has been invested in something that makes the property more marketable and the company cannot take with them if they ever leave.

- Various options of what may occur include:
  - Option 1 - Demand full payment
  - Option 2 - Negotiate and reach a settlement regarding amount owed
  - Option 3 - Waive the repayment owed
  - Option 4 - Seek to collect the repayment owed through lawsuit
  - Option 5 - Seek to collect the repayment owed through the Department of Revenue's GEAR program

If a company responds to CCED staff, CCED staff will attempt to pursue option 1 or 2 above in the hopes of furthering a good relationship with the company so if the company decides to expand in five or ten years, they will choose to remain in South Carolina.<sup>200</sup>

- The CCED staff, with authorization by the CCED, may negotiate the terms of such repayment, subject to approval of the CCED.<sup>201</sup>
- CCED staff will not recommend a waiver or settlement unless there is some reason (e.g., company overperformed in one performance area or something outside of the company's control caused issues).
- Issues CCED has considered outside a company's control in the past include workforce issues for companies in rural areas where the company informs CCED they have tried job fairs and other techniques to recruit, and drug test failures that have resulted in high attrition rates.

CCED staff testify CCED must be able to enforce performance agreements, which are contracts, with the companies.<sup>202</sup>

#### Potential amendments to current and future contracts with companies

Typically, companies are conservative with the job creation and investment numbers they estimate and initially agree to in the Revitalization Agreement (RVA) because they know they have to meet those numbers to start receiving the credits, and have to maintain those numbers to continue receiving the credits.<sup>203</sup> However, a company can submit a request to CCED staff to amend the RVA.<sup>204</sup> If CCED staff receives an amendment request, they perform a new cost benefit analysis to determine if the agreement, as amended, would still be beneficial.<sup>205</sup> (See "Cost/Benefit Analysis" section below). If CCED staff determines the agreement, as amended, would still be beneficial, they present and recommend it to the CCED.<sup>206</sup>

CCED has approved amendments to the RVA after entering a final agreement.<sup>207</sup> If an amendment occurs in which a company's requirements are lowered, CCED will typically also reduce the number of years that a company can claim credits (e.g., initial agreement was 100 employees and \$3M investment to receive credits for 10 years; amended agreement is 80 employees and \$2.5M investment to receive credits for 7 years).<sup>208</sup> Since the company is reducing the benefit it is providing the state by wanting its requirements lower, CCED is reducing the benefit to the company by reducing the number of years it receives credits from the state.<sup>209</sup>

Appendix E Table 2. Job development tax credit calendar years 2016-2020<sup>210</sup>

## Enterprise Program: JDC Approvals Each Year

Calendar Year	Number of Approvals	Projected Jobs	Projected Capital Investment
2020	57	7,733	\$ 3,058,169,004
2019	48	5,649	\$ 1,462,523,260
2018	69	10,216	\$ 2,504,201,095
2017	74	13,652	\$ 3,872,722,998
2016	69	10,129	\$ 2,552,751,138

\*Source: CCED Annual Reports of Enterprise Zone Activity

## APPENDIX F – STATEWIDE UNIFIED WORKFORCE PLAN

During and after the February 28, 2022, House Legislative Oversight Subcommittee meeting, inquiry was made related to topics for the statewide unified workforce plan, potential obstacles in the success of such a plan, and other entities to consider including as part of the plan were discussed.<sup>211</sup> Below is a summary of information gathered from the meeting and correspondence after the meeting.

### *Topics to include in the statewide plan*

#### Common Messaging

- Develop a marketing plan
- Statewide centralized marketing platform for all entities providing education and workforce development opportunities

#### Central Agency/Provider Portal and Integrated Agency Data Sharing

- Integrating multiple case management and reporting systems
- Centralization of an integrated case management system across all organizations in the workforce ecosystem. This would alleviate the need for unnecessary duplication, both by the customer (job seeker) and agency/organization staff.
- Central portal that has the capability to interface with entity case management programs (e.g., South Carolina Veteran Coalition)
- Central portal through which information could be shared
- Creating a unified portal to access unemployment, Supplemental Nutrition and Assistance Program and other assistance

#### Central Customer Portal and Co-Enrollment Options

- Promote a centralized portal for customers
- Central portal for customers to request assistance from multiple organizations with their information shared across all collaborating agencies.
- Strategies to implement universally accepted requirements for organizations in the workforce ecosystem (such as terminology, consent to release/share information, etc.) so that a customer does not have to navigate through these requirements repetitively or without direction.
- Central portal for customers to enter information through which their information could be shared with all applicable entities
  - If not possible, at least ensure systems between agencies are able to communicate with one another

#### Resources

- Funding for adequate systems and appropriate staff to manage the data and unified workforce plan

- Revisiting the Education Economic Development Act in developing a unified workforce plan. The framework is in place and codified making it easy to redirect funding and emphasis to address workforce issues.

#### Shared Accountability and Analytics

- Shared reporting and outcomes
- Interactive scorecard to measure and record up-to-date progress toward defined goals and metrics embedded in the proposed unified workforce plan
  - Include the Commission on Higher Education Ascend 60x30 postsecondary educational attainment goal for 60% of South Carolinians to have a high-quality postsecondary credentials by 2030
- Universal performance goals (i.e., 60% certification rate)
- Data Analytics to align education and training with demand occupations
- Confirmation from the business community (beyond manufacturing) on applicability of the unified workforce plan's priorities and goals
- Labor Market Information
  - Projected job growth and hiring needs by industry and profession
  - Projected graduates from feeder education programs
  - Gap analyses

#### Ongoing Communication

- Establish on-going meeting
- Maintain open channels of communication between agency designees
- State-wide, comprehensive calendar of employment events coordinated a year in advance with all agencies involved in employment to prevent:
  - regional or chronological gaps in employment services, and
  - oversaturation of employment services in a specific area or time frame

#### Shared Priorities

- Data and focus areas geared toward examining disparities among demographic and geographic groups, along with corresponding strategic efforts designed to improve outcomes for these demographic and geographic groups.
- Prioritization of rural areas
- Utilization of Career Pathways across education and workforce partners
- Comprehensive review of the roles and functions of Operation Palmetto Employment
- Plans for supporting and investing in child and elderly care infrastructure in our state.
  - Parents of young children and adults caring for elderly family members are unable to participate fully in the labor force without these supports, as they are forced to stay at home full-time or only work part-time to juggle part-time caregiving responsibilities. To be successful, a workforce plan should address these caregiving needs that prohibit a fair proportion of those able to work from participating in the labor force. A workforce plan should also acknowledge the recent and dramatic departure of women from the workforce, should layer this information together

with women who are parents or caregivers, and should examine the connection between policies that support parents in the workforce (such as paid leave or flexible work policies) as a strategy for addressing workforce shortages.

- Addressing childcare access/barriers by working with industry and the community.
- Encouraging students, more effectively, to earn career credentials at the high school level.
- Ensuring dual credit/dual enrollment exists within all school districts.

### *Potential obstacles to success of statewide plan<sup>212</sup>*

Absence of full buy in from all agencies with responsibilities of each clearly defined will result in internal fighting for available resources, making the requisite openness and active cooperation difficult to sustain in the long term.

- Failure to
  - include voices from a diverse group of stakeholders may limit buy-in
  - continuously convene and share information with all key stakeholders beyond plan development and into plan operationalization and measurement
  - fully share all information with respective agencies
  - coordinate alignment with federally mandated strategic plans (WIOA 4-Year Combined Plan and Perkins V 4-Year Plan)
  - create adequate plan cycle
    - Currently takes months to develop strategic plans formatted to meet requirements for the Agency Accountability Reports and federal plan requirements (WIOA). Plans that require modification every one to two years 1) do not allow enough time for reportable data to be gathered and analyzed to assess service delivery, and 2) inhibit complete training and implementation of the plan itself. Because of the plan cycle, you basically must start working on developing the next plan before data are available to evaluate the current plan. A longer plan cycle for the statewide unified workforce plan, consistent with labor market projections, would allow enough time for a full implementation cycle, with adjustments, to be completed.
  - utilize common terminology (for example, “case management” means something different to each organization).
- Duplication of efforts
  - Efforts already in place with the WIOA State Plan
  - Services already provided by other agencies
- Lack of
  - support (staff and other resources) from agency leaders
  - required agency representation
  - clearly defined reporting structure
  - clear deliverables for respective agencies
  - specific timelines
  - well defined outcomes to measure success or failure

- dedicated human resource and staff training
- adequate financial resources - including upfront funding for a statewide longitudinal data system and an integrated data dashboard accessible by agency staff and stakeholders
- cross-training
- communication, cooperation, and collaboration
- reliable and consistent data (numerous data points are self-reported, specifically, in the k-12 system, most data is collected from individual school districts and is based on the information each has provided)
- Coordinating
  - common intake between agencies
  - data systems utilized by different agencies (Data concerning employment and workforce development is collected by a range of agencies, using different management systems, different categories, and different definitions of terms)
- Staff turnover and potential loss of institutional knowledge re: workforce issues
- Intentional implementation (versus checking the box)
- Program silos whether created by legislation and lack of flexibility or otherwise
- Technology infrastructure-based obstacles

### *Other entities to involve*

Entities participating in Oversight Committee joint meeting include the following: First Steps to School Readiness; Department of Education; Technical College System; Commission on Higher Education; Department of Employment and Workforce; Department of Social Services; Vocational Rehabilitation Department; Commission for the Blind; Department of Veterans' Affairs; Department of Commerce

The following were listed as other entities agencies in the joint meeting believed may be involved in the education and workforce ecosystem and role of each.<sup>213</sup> Interestingly, three of the agencies involved in the meeting did not think of any other agencies that may be involved in the ecosystem, which evidences how potential partners are missed and duplicative work could be occurring.

#### Education

1. **Head Start** - Direct federal to local funding for programs that promote school readiness for low-income young children; the Head Start Collaboration Office is housed at the Department of Social Services
2. **Private and charter schools** - Non-public school settings educating young children through high school graduation
3. **S.C. Student Loan Corporation** - SC Student Loan Corporation works exclusively with South Carolina students and parents; therefore, it is uniquely positioned to educate and connect with current and potential borrowers about the loan process as well as the risks and rewards to incurring student loans while funding a postsecondary education.

### Military

4. **U.S. Armed Forces** - A large component of the workforce and family life in SC; there are also federally qualified childcare centers on military bases that are part of the early childhood landscape in the state

### Mental Illness

5. **SC Department of Mental Health** - Individual Placement and Support (IPS) is a collaboration between the South Carolina Department of Mental Health (SCDMH) and the South Carolina Vocational Rehabilitation Department (SCVRD). The goal of this partnership is to place people with severe mental illness in competitive employment. SCVRD and SCDMH provide an integrated and seamless employment service delivery that results in improved patient employment outcomes.

### Rehabilitated Offenders

6. **SC Department of Juvenile Justice** - The South Carolina Department of Juvenile Justice offers a wide range of education, prevention, job-readiness, work and other programs. These programs are designed to introduce young people to new interests and opportunities to enhance long-term outcomes, as well as support and invest in communities impacted by youth crime.
7. **SC Department of Corrections** - The Division of Programs, Reentry and Rehabilitative Services provides numerous opportunities to assist inmates in all facets of rehabilitation. Inmates can learn new job skills, obtain their GED, earn vocational certificates, receive substance abuse treatment, learn about how crimes affect victims and even assist in teaching youth about life in prison.

### Aging

8. **S.C. Department of Aging** - The Department of Aging administers the Senior Community Service Employment Program (SCSEP) which is the only federal job-training program focused exclusively on helping low-income seniors. The program promotes personal dignity and self-sufficiency through work. People 55 and older who qualify for the program work in their local communities. The South Carolina Department on Aging is designated to administer all Older Americans Act programs, including Title V, SCSEP. The goal of South Carolina SCSEP is to provide participants with the training experiences, supportive services and information needed to improve their lives by becoming economically self-sufficient through gainful employment.

### Disabilities

9. **Department of Disabilities and Special Needs** - Provides long-term follow along services for individuals who have had a successful VR case to maintain employment and advance in their careers. Also, collaborating on the Customized Employment service model for individuals with significant disabilities who require more intensive services, including a discovery profile and job creation/negotiation
10. **Centers for Independent Living (CIL)** - CILs are designed and operated within a local community by individuals with disabilities and provide an array of independent living

services, such as one-on-one and group training on topics such as employment soft skills, transportation utilization, accommodation requests, and transition from high school to postsecondary life. CILs have been strong resources to SC Works Centers, such as providing disability sensitivity awareness training, assessing centers for accessibility, and serving on local boards. South Carolina has three CILs: Able SC, Walton Options for Independent Living, and AccessAbility.

### Housing

Developing more purposeful linkages with housing policy can only help support a broader education and workforce strategy.

11. **S.C. Housing Finance and Development Authority** - Incentivizes private-sector development of new affordable rental homes in Opportunity Zones and near employment centers in its [Qualified Allocation Plan](#).
12. **Local Housing Authorities** - Often offer resident and family services to help residents create pathways promoting stability and resiliency to reach their full potential. They are voluntary, employment-based programs that promote family self-sufficiency. Short-term and long-term goals to overcome barriers to employment and self-sufficiency are identified.

### General

13. **Bamberg Job Corps Center** - The Bamberg Job Corps Center is federally funded by the U.S. Department of Labor and has been in operation since 1979. It is a residential training center for youth, providing a variety of workforce development and educational activities, including GED preparation and testing, academic coursework and support, career readiness training and assessment, and job placement services, among other activities.
14. **S.C. Councils of Governments** - Councils of Governments (COGs) are partnerships of – and provide resources to – the local counties, cities, and towns in their regions. In addition to local and regional partnerships, COGs partner with numerous federal and state agencies, obtaining and administering grants for a variety of community-based programs and economic development initiatives.
15. **S.C. Chamber of Commerce** - SC Chamber of Commerce is the pre-eminent statewide voice representing the interests of the private sector to promote promotes pro-job and pro-business policies at the state and federal level. The organization is committed to developing a well-educated and skilled workforce with available, capable, productive, and sustainable workers to attract and retain employers across the state of South Carolina.
16. **S.C. African American Chamber of Commerce** - Works with minority small business owners across the state.
17. **S.C. Urban Leagues** - There are multiple Urban League affiliates in SC including Urban League of the Upstate, Columbia Urban League and Charleston Trident Urban League. The Urban League chapters are multi-service, non-profit agencies that promote financial stability and racial inclusion in the communities. For example, the Columbia Urban League offers programs designed to provide economic empowerment and educational

opportunities for those in need. Among the many focus areas, education, economic and youth empowerment are closely related to the education and workforce ecosystem. Education and youth empowerment is supported through college scholarships, early childhood literacy, Head Start and after care programs. The Columbia Urban League also empowers individuals in attaining economic self-sufficiency through job training, good jobs, home ownership, entrepreneurship, and wealth accumulation.

18. **Goodwill Industries of Upstate/Midlands and Palmetto Goodwill** - Goodwill provides job training, employment placement services, and other community-based programs for people who have barriers to their employment. Goodwill also hires veterans and individuals who lack either education, job experience or face employment challenges.
19. **United Way** – Provides leadership on issues that impact the quality of life of S.C. residents
20. **Fathership Coalition** – Provides resources to strengthen fathers for family engagement
21. **SC Thrive** – Nonprofit that aids community benefit organizations by offering innovative programs and initiatives
22. **Together SC** – Focused on bringing together S.C.’s leaders and partners to strengthen the state’s entire nonprofit community
23. **SC Council on Competitiveness** - SC Competes supports multiple statewide education initiatives that work collaboratively to optimize existing resources, expertise, and ideas to develop world-class talent in South Carolina including but not limited to TransformSC, Talent-Opportunity Program, student lunch and learns, and the Lemonade Supply Chain Game.
24. **SC Aerospace** – Collaborative effort to advance and market S.C.’s aerospace industry cluster.
25. **CyberSecureSC** – CyberSecureSC helps ensure stakeholders know how to protect themselves against cyber threats, grows cybersecurity professionals, and spurs cybersecurity innovation.
26. **SC Logistics** – Works to strengthen S.C.’s economy, create jobs, attract investment, and become a global leader in transportation, distribution, and logistics
27. **SCBIO** - Actively promotes, builds, supports, expands, and convenes S.C.’s life sciences industry
28. **SC PowerTeam** – Economic development organization representing the state’s 20 electric cooperatives
29. **SC MEP** – A private, non-profit group that helps industry with innovation, solutions, and strategies.
30. **SC Manufacturers Alliance** – Provides educational forums through committee and division conferences and advances S.C. manufacturing
31. **SC Future Makers** – Public-private partnership committed exclusively to the interests of S.C.’s manufacturing community
32. **Tallo** – Online connection platform for engaging current and future job seekers

## APPENDIX G – INDUSTRY SUPPLY GAP ANALYSIS

S.C. House of Representatives, House Legislative Oversight Committee, “Department of Employment and Workforce Letter to the Subcommittee (3.25.22),” under “Committee Postings and Reports,” under “House Legislative Oversight Committee,” under “Commerce, Department of” and under “Correspondence,”

[https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DEW%20to%20Subcommittee%20\(3.25.22\).pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DEW%20to%20Subcommittee%20(3.25.22).pdf) (accessed July 14, 2022). Below is an excerpt of the response to question 11.

A data-based industry supply gap analysis seeks to compare projected occupational demand information within an industry with the current and projected supply of workers qualified to assume the anticipated positions. This analysis is the basis for making appropriate training and related investment decisions at both the state and regional levels. Completing a gap analysis involves drilling down into the occupations that compose the current workforce in each industry identified as high-demand and gathering the number of postsecondary completers for those same occupations from education agencies. The difference between the two represents the forecasted “gap” between employer demand and labor supply.

### *Analysis Performed in the Past*

In 2016, the Department of Education, the State Technical College System, the Department of Commerce, the Commission on Higher Education, and DEW conducted a data analysis and determined that the highest-demand industries with family-sustaining wages:

- Construction
- Diversified Manufacturing
- Healthcare
- Information Technology
- Transportation and Logistics

South Carolina occupational demand data from BLS was then matched with related educational completion data (IPEDES) to determine what occupations had critical shortages. This analysis was reproduced in 2018, once again identifying occupations where there was a significant gap between the number of educational completers and the demand for skilled workers.

Regionally, the Charleston Metro Chamber of Commerce with support from Charleston Regional Development Alliance, produced Charleston’s first “Talent Demand Study” in 2014 to compare the fastest-growing and in-demand occupations as well as assess talent supply gaps. This information was updated 2016 and 2018.

### *Need, Benefits, and Appropriate Parties*

South Carolina should assess the latest occupational demand to determine the most high-demand occupations and assess the number of completers for relevant post-secondary education as well as work-based learning through Registered Apprenticeships. This analysis should be completed annually, especially during periods of significant economic transition.

A key benefit of a supply gap analysis is that it serves as a blueprint in identifying where public training resources should be invested and common goals across workforce and education partners in prioritizing certificates, degrees, and curriculum development.

As to the appropriate parties, a supply gap analysis could be accomplished by RFA or a vendor.

## APPENDIX H – BEST-IN-CLASS STATE LONGITUDINAL DATA SYSTEMS

Below are excerpts from a Talent 2025 publication entitled, “Longitudinal Data Systems in Michigan: SLDS Analysis, Stakeholder Input and Recommendations, APPENDIX: Best-in-Class State Longitudinal Data Systems (SLDS)” prepared by David Palmer, MPA and Tricia Cazchowski in January 2020. See pages 3-5. [http://www.talent2025.org/uploads/files/T2025\\_SLDS\\_Appendix.pdf](http://www.talent2025.org/uploads/files/T2025_SLDS_Appendix.pdf) (accessed July 14, 2022).

### Indiana

Since 2013, the Indiana Commission for Higher Education has produced an annual College Value Report to help residents navigate the complex decisions about post-secondary education. This includes a publicly accessible, interactive Tableau dashboard that details labor force outcomes of higher education pathways. The College Value Report strives to evaluate: (1) graduate earnings and employment rates, (2) the social and community impact of college, and (3) alumni satisfaction, as measured by the Gallup-Indiana Graduate Satisfaction Survey. The report evaluates these criteria through three lenses: Statewide, Industry, and Institution. Statewide refers to the impact on individuals and the economy, how the investment in state financial aid pays off for learners and the state alike. Industry refers to the correlation between economic demands and decisions of what to study, reflecting the perceived value an additional worker (i.e., graduate) is expected to have in a given labor market. Institution refers to tuition costs and student debt, as well as the results of satisfaction surveys distributed to alumni of Indiana public colleges.

### Kentucky

The primary advantage of Kentucky’s statewide longitudinal data system (KYSTATS) lies in the granularity of labor market outcomes reported for K-12 as well as post-secondary graduates. Unlike Michigan, Kentucky distinguishes between instate and out-of-state employment. Its data can be further segmented to illustrate employment and wage comparisons across institutions, regions, industries of employment, and average weekly hours worked. It even provides information to compare the effect of high school career technical education on employment and wage outcomes across degree levels, employment status (full-time or part-time), industries, counties, and K-12 institutions for three, five, and 10 years after credential attainment – robust connections that Michigan lacks.

In 2014, the Kentucky Council on Postsecondary Education asked KYSTATS to create a report to examine employment outcomes for graduates by institution. The current iteration of the Postsecondary Feedback Report is a dynamic, public-facing Tableau dashboard that covers outcomes three, five, and 10 years after graduation, award completion over time, and outcomes for transfer students. Future expansions will allow institutions to break down employment outcomes by major, for two to 10 years post-graduation. The report also will provide information on the share and earnings of graduates at each institution who are employed in-state or out-of-state, further segmented by industry.

KYSTATS also worked with the Kentucky Innovation Workforce Board (KWIB), the Kentucky Department of Education (KDE), and regional employers to create the CTE Feedback Report. This report defines the highest-demand jobs within five key job sectors, such as healthcare and construction. Users can examine high school performance for CTE students, including their pathway completions and college and career readiness. The report also presents post-secondary and workforce outcomes,

such as the percentage of students earning 30 or more credit hours during the first year of college, employment rate, and wages for pathway completers who are not enrolled in a post-secondary institution. KWIB and KDE now use the CTE Feedback Report to align high-demand jobs data and employment needs of local employers with certificates accepted for these careers.

### **Minnesota**

Minnesota's longitudinal data system excels in two fundamental areas: tracking labor market outcomes for high school graduates, and tracking labor market outcomes for post-secondary graduates across industries, programs and institutions of study, locations (in-state or out-of-state), and demographics one, five and 10 years after credential attainment. As noted previously, Michigan's ability to track labor market outcomes for graduates is limited to statewide median wages and employment counts one and five years after graduation, based on an extremely small sample of graduates who respond to a survey. Michigan also does not distinguish between in-state and out-of-state employment for any key performance indicators — which reveals nothing about the share of total graduates employed, their industries of employment, average weekly hours worked, whether high school graduates have attained the knowledge and skills demanded of local employers, and whether labor market disparities persist across Michigan's 10 Prosperity Regions. In 2018, Minnesota's Statewide Longitudinal Education Data System (SLEDS) began reporting labor market outcomes for the 23 percent of Minnesota high school graduates who entered the workforce after graduation rather than enrolling post-secondary education or training. Minnesota's reported outcomes include the number and share of graduates at the district, regional, and state levels who entered the workforce, average weekly hours worked, industries of employment, average hourly wages and employment rates across industry sectors.

Saint Paul Public Schools (SPPS), Minnesota's largest school district, has incorporated performance measures into its strategic plan using information from SLEDS to gauge how well its graduates are prepared for college, career, and life. In comparison, Michigan's SLDS can gauge only preparedness for college, with limited information about K-12s ability to prepare students for a direct transition into the workforce. The strategic plan developed by SPPS uses longitudinal data to assess many traditional benchmarks, including graduation and enrollment in college, as well the number and share of the district's graduates who are employed and earning a living wage while not being enrolled in post-secondary education in-state or out-of-state. The district used new baseline data from SLEDS to develop five-year targets for outcomes in a variety of areas, including racial and cultural achievement gaps, special education and English learner achievement, kindergarten readiness, college and career readiness, and academic growth for all students. The district continues to leverage SLEDS data to improve programs and align curricula to the needs of local employers based on the outcomes of recent graduates across a plethora of social, demographic, and labor market characteristics. This ensures economic opportunity and mobility for all students, regardless of subsequent participation in post-secondary education and training.

APPENDIX I - STATUTE MODERNIZATION DETAILS (I.E., SPECIFIC LANGUAGE AND AGENCY PERSONNEL'S REASONING FOR SUGGESTING THESE CHANGES)

AGENCY ADMINISTRATION

Recommendations #17-#21 seek to modernize laws relating to the operations of Department of Commerce.

Recommendation #17. Amend S.C. Code of Laws Section 13-1-320, which establishes Commerce's Division of State Development, to delete obsolete language and add objectives related to promotion of strategic planning and rural and workforce development.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATIONS #1, #5 AND #10</sup>

Report Recommendation #17 - (Agency Law Change Recommendation #1)

# Law Change # 1

## Law Summary

### **SECTION 1-30-25.**

Transfers former agencies, boards, and commissions into new Commerce Department during restructuring.

### **SECTION 13-1-10**

Establishes Department of Commerce.

## Recommendation

### **Eliminate References to:**

- Aeronautics Division
- Savannah Valley Authority/Savannah Valley Development Division

### **Make technical changes:**

- Eliminate "Advisory" from Coordinating Council.



Appendix I Figure 1. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 1. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #1			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
<p><b>SECTION 1-30-25.</b> Department of Commerce.</p> <p><b>SECTION 13-1-30.</b> Secretary of Commerce; executive director; division directors; duties and responsibilities.</p>	<p><u>Current Law:</u> Transfers former agencies, boards, and commissions into the newly formed Department of Commerce as part of state government restructuring.</p> <p><u>Recommendation:</u> Modify to delete references to the following:</p> <ul style="list-style-type: none"> <li>• SC Aeronautics Commission</li> <li>• Savannah Valley Authority</li> <li>• Savannah Valley Development</li> <li>• "Advisory" from Coordinating Council name.</li> </ul>	<p>Aeronautics was transferred to the former B&amp;CB in 2009 and thereafter to DOA.</p> <p>The Savannah Valley Authority became the Savannah Valley Development Division (SVDD) during 1993 Restructuring, but no longer exists at Commerce. The remaining assets of SVDD were transferred to other interested parties in 2012.</p> <p>The Coordinating Council is not merely "Advisory." This term has been removed from some, but not all, statutory references to the Coordinating Council. Need a global change to delete "advisory" from the Coordinating Council's name.</p>	<p><u>Presented and approved by agency's governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u></p> <ul style="list-style-type: none"> <li>• SC Aeronautics Commission</li> </ul> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
<b>Current Law Wording</b>		<b>Proposed Revisions to Law Wording</b>	
<p><b>SECTION 1-30-25.</b> Department of Commerce.</p> <p>The following agencies, boards, and commissions, including all of the allied, advisory, affiliated, or related entities as well as the employees, funds, property, and all contractual rights and obligations associated with any such agency, except for those subdivisions specifically included under another department, are transferred to and incorporated in and must be administered as part of the Department of Commerce to be initially divided into divisions for Aeronautics, Advisory Coordinating Council for Economic Development, State Development, Public Railways, and Savannah Valley Development:</p>		<p><b>SECTION 1-30-25.</b> Department of Commerce.</p> <p>The following agencies, boards, and commissions, including all of the allied, advisory, affiliated, or related entities as well as the employees, funds, property, and all contractual rights and obligations associated with any such agency, except for those subdivisions specifically included under another department, are transferred to and incorporated in and must be administered as part of the Department of Commerce to be <del>initially</del> divided into divisions for <del>Aeronautics, Advisory</del> Coordinating Council for Economic Development, State Development, <u>and</u> Public Railways, <del>and Savannah Valley Development:</del></p> <p><del>(A) South Carolina Aeronautics Commission, formerly provided for at Section 55-5-</del></p>	

(A) South Carolina Aeronautics Commission, formerly provided for at Section 55-5-10, et seq.;

(B) Coordinating Council for Economic Development, formerly provided for at Section 41-45-30, et seq.;

(C) Savannah Valley Authority, formerly provided for at Section 13-9-10, et seq.;

(D) existing divisions or components of the Department of Commerce formerly a part of the State Development Board excluding the South Carolina Film Commission; and

(E) South Carolina Public Railways Commission, formerly provided for at Section 58-19-10, et seq.

HISTORY: 1993 Act No. 181, Section 1; 1999 Act No. 100, Part II, Section 71; 2000 Act No. 387, Part II, Section 73; 2004 Act No. 299, Section 5, eff July 1, 2004; 2005 Act No. 56, Section 3, eff May 9, 2005, applicable to taxable years beginning July 1, 2004; 2008 Act No. 313, Section 6.A, eff upon approval (became law without the Governor's signature on June 12, 2008); 2008 Act No. 359, Section 1, eff July 1, 2008.

**SECTION 13-1-10.** Department of Commerce established.

(A) The Department of Commerce is established as an administrative agency of state government which is comprised of a Division of State Development, a Division of Savannah Valley Development, a Division of Aeronautics, a Division of Public Railways, and an Advisory Coordinating Council for Economic Development. Each division of the Department of Commerce shall have such functions and powers as provided for by law.

(B) All functions, powers, and duties provided by law to the State Development Board, the Savannah Valley Authority, the South Carolina Aeronautics Commission, the South Carolina Public Railways Commission, and the Coordinating Council for Economic Development, its officers or agencies,

~~10, et seq.;~~

(~~B~~A) Coordinating Council for Economic Development, formerly provided for at Section 41-45-30, et seq.;

(~~C~~) Savannah Valley Authority, formerly provided for at Section ~~13-9-10~~, et seq.;

(~~D~~B) existing divisions or components of the Department of Commerce formerly a part of the State Development Board excluding the South Carolina Film Commission; and

(~~E~~C) South Carolina Public Railways Commission, formerly provided for at Section 58-19-10, et seq.

**SECTION 13-1-10.** Department of Commerce established.

(A) The Department of Commerce is established as an administrative agency of state government which is comprised of a Division of State Development, ~~a Division of Savannah Valley Development, a Division of Aeronautics,~~ a Division of Public Railways, and ~~an Advisory~~ the Coordinating Council for Economic Development. Each division of the Department of Commerce shall have such functions and powers as provided for by law.

(B) All functions, powers, and duties provided by law to the State Development Board, ~~the Savannah Valley Authority, the South Carolina Aeronautics Commission,~~ the South Carolina Public Railways Commission, and the Coordinating Council for Economic Development, its officers or agencies, are hereby transferred to the

are hereby transferred to the Department of Commerce together with all records, property, personnel, and unexpended appropriations. All rules, regulations, standards, orders, or other actions of these entities shall remain in effect unless specifically changed or voided by the department in accordance with the Administrative Procedures Act.

HISTORY: 1993 Act No. 181, Section 243, eff July 1, 1993.

Department of Commerce together with all records, property, personnel, and unexpended appropriations. All rules, regulations, standards, orders, or other actions of these entities shall remain in effect unless specifically changed or voided by the department in accordance with the Administrative Procedures Act.

Report Recommendation #17 – (Agency Law Change Recommendation #5)

# Law Change # 5

## Law Summary

**SECTION 13-1-320.**

Establishes the objectives of the Division of State Development.

## Recommendation

**Modify to update Commerce objectives:**

- Delete obsolete language.
- Add objectives related to promotion of strategic planning (moved from CCED statutes) and rural and workforce development.



Appendix I Figure 2. Excerpt from agency personnel’s Law Changes (August 5, 2021) presentation to Subcommittee

# Law Change # 5

## RECOMMENDATION: Modify and update objectives

- Commerce is not the “official state liaison office”, but promotes coordination of functions and activities of various agencies at the state, federal and local level regarding planning, research and development.
- Commerce promotes, but does not implement, a system of transportation in the state.
- Since 2016, Commerce has provided staff support for the SC Coordinating Council for Workforce Development (§13-1-2030). Commerce also has responsibility for regional education centers (§13-1-1810 and -1820).

## S. C. Code Ann. §13-1-320 (2), (3), (4) (PER p. 51)

The objectives of the division are to:

- ...
- (2) promote coordination of the functions and activities of state agencies and act as the official state liaison office between the state, federal, and local planning, research, and development agencies;
  - (3) promote a system of transportation for the State through development and expansion, by state, federal, and local government agencies, of the highway, railroad, port, waterway, and airport systems;
  - (4) promote strategic planning for economic development, through coordination and collaboration with state, federal, and local government agencies and other stakeholders, and correlate state and local activity in planning public works projects, all for the purpose of diversifying and expanding the economic base of the State;
- ...



Appendix I Figure 3. Excerpt from agency personnel’s Law Changes (August 5, 2021) presentation to Subcommittee

# Law Change # 5

## RECOMMENDATION: Modify and update objectives.

- Finding ways to overcome challenges faced by rural communities to attract jobs, investment and new residents is an important objective.
- Connecting education, communities and businesses regarding workforce has been an objective since 2003 Restructuring.
- Since 2014, Commerce has provided staff support for the SC Education and Economic Development Coordinating Council (§59-59-175). Commerce also has responsibility for regional education centers (§13-1-1810 and 1820).

## S. C. Code Ann. §13-1-320 (9), (10), (11) (PER p. 52)

The objectives of the division are to:

...

(9) identify challenges facing rural communities in the State and solutions to overcome those challenges for the purpose of diversifying and expanding the economic base of the State;

(10) facilitate interaction by and among education, communities, and private businesses to ensure that all South Carolina citizens are knowledgeable and prepared to meet the current and future workforce needs of new and existing businesses in the State;

(911) advance the general welfare of the people.



Appendix I Figure 4. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 2. Excerpt from agency’s Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #5			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
SECTION 13-1-320. Objectives of division.	<p><u>Current Law</u> Establishes the objectives of the Division of State Development.</p> <p><u>Recommendation</u> Modify to update objectives.</p> <ul style="list-style-type: none"> <li>• Delete reference to division as the “official state liaison office.”</li> <li>• Clarify that promotion of system of transportation does not infer that division actually implements the development and expansion statewide of highway, railroad, port, waterway, and airport systems.</li> <li>• Add promotion of strategic planning for economic development (moved from Coordinating Council enabling legislation in Law Change 12).</li> <li>• Add objective to identify and overcome challenges in rural communities.</li> <li>• Add objective to facilitate coordination by and among education, communities, and businesses to ensure workforce needs are being met in the State.</li> </ul>	<p>While not the “official state liaison office”, Commerce promotes coordination of functions and activities of various agencies at the state, federal and local level regarding planning research and development.</p> <p>Commerce promotes, but does not actually implement, a system of transportation in the state (other than through its Division of Public Railways, which is separate from the Division of State Development).</p> <p>Since 1993 Restructuring Commerce, not the Coordinating Council, has undertaken and funded strategic planning in collaboration with other public and private stakeholders in the State. Recommend repeal of strategic planning and related mandates of the Coordinating Council in Sections 13-1-1720(A)(1)-(5). (See also Law Change 12.)</p> <p>Finding ways to overcome the unique challenges faced by rural communities to attract jobs, investment and new residents is and has been an important objective of Commerce.</p> <p>Connecting education, communities and businesses regarding workforce needs is</p>	<p><u>Presented and approved by agency’s governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u> None.</p> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>

		<p>an objective the General Assembly has given Commerce since Commerce was created during 2003 Restructuring. Since 2014, Commerce has been responsible, along with the Department of Education, to provide staff support for the SC Education and Economic Development Coordinating Council (Section 59-59-175). Commerce also now has responsibility for and oversight of regional education centers (Sections 13-1-1810 and 1820).</p>	
<p>Current Law Wording</p>		<p>Proposed Revisions to Law Wording</p>	
<p>The objectives of the division are to:</p> <p>(1) conserve, restore, and develop the natural and physical, the human and social, and the economic and productive resources of the State;</p> <p>(2) promote coordination of the functions and activities of state agencies and act as the official state liaison office between the state, federal, and local planning, research, and development agencies;</p> <p>(3) promote a system of transportation for the State through development and expansion of the highway, railroad, port, waterway, and airport systems;</p> <p>(4) promote and correlate state and local activity in planning public works projects;</p> <p>(5) promote public interest in the development of the State through cooperation with public agencies, private enterprises, and charitable and social institutions;</p> <p>(6) promote and encourage industrial development, private business and commercial enterprise, agricultural production, transportation, and the utilization and investment of capital within the State;</p>		<p>The objectives of the division are to:</p> <p>(1) conserve, restore, and develop the natural and physical, the human and social, and the economic and productive resources of the State;</p> <p>(2) promote coordination of the functions and activities of <del>state agencies and act as the official state liaison office between the state, federal, and local</del> <u>state agencies and act as the official state liaison office between the state, federal, and local planning, research, and development agencies;</u></p> <p>(3) promote a system of transportation for the State through development and expansion, <u>by state, federal, and local government agencies,</u> of the highway, railroad, port, waterway, and airport systems;</p> <p>(4) promote <u>strategic planning for economic development, through coordination and collaboration with state, federal, and local government agencies and other stakeholders,</u> and correlate state and local activity in planning public works projects, <u>all for the purpose of diversifying and expanding the economic base of the State;</u></p> <p>(5) promote public interest in the development of the State through cooperation with public agencies, private enterprises, and charitable and social institutions;</p> <p>(6) promote and encourage industrial development, private business and</p>	

(7) assist the development of existing state and interstate trade, commerce, and markets for South Carolina goods and in the removal of barriers to the industrial, commercial, and agricultural development of the State;

(8) assist in ensuring stability in employment, increase the opportunities for employment of the citizens of the State, and devise ways and means to raise the living standards of the people of the State;

(9) advance the general welfare of the people.

HISTORY: 1993 Act No. 181, Section 244, eff July 1, 1993.

commercial enterprise, agricultural production, transportation, and the utilization and investment of capital within the State;

(7) assist the development of existing state and interstate trade, commerce, and markets for South Carolina goods and in the removal of barriers to the industrial, commercial, and agricultural development of the State;

(8) assist in ensuring stability in employment, increase the opportunities for employment of the citizens of the State, and devise ways and means to raise the living standards of the people of the State;

(9) identify challenges facing rural communities in the State and solutions to overcome those challenges for the purpose of diversifying and expanding the economic base of the State;

(10) facilitate interaction by and among education, communities, and private businesses to ensure that all South Carolina citizens are knowledgeable and prepared to meet the current and future workforce needs of new and existing businesses in the State;

(911) advance the general welfare of the people.

Report Recommendation #17 – (Agency Law Change Recommendation #10)

# Law Change # 10

## Law Summary

**SECTION 13-1-370.**

Allows Secretary to establish advisory committee to the Division of State Development.

## Recommendation

Repeal as duplicative, but move identification of challenges facing rural communities and solutions to agency objectives under Section 13-1-320. (See Law Change #5.)



Appendix I Figure 5. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 3. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #10			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
SECTION 13-1-370. Advisory committee of the Division of State Development.	<p><u>Current Law:</u> Allows director to establish advisory committee of the Division of State Development.</p> <p><u>Recommendation:</u> Repeal.</p>	While the State Library is researching whether the advisory committee has ever existed, a 46-year Commerce employee who previously worked for the State Development Board confirms that it has not. Additionally, the Secretary of Commerce has authority pursuant to Section 13-1-40 to form advisory councils so this statutory provision is not needed.	<p><u>Presented and approved by agency's governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u> None.</p> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
<b>Current Law Wording</b>			<b>Proposed Revisions to Law Wording</b>
<p>The director may, in his discretion, establish an advisory committee of the Division of State Development (hereafter, in this section, the "advisory committee") which if established, would be comprised of twenty-four citizens of the State to be appointed by the Governor upon the advice and consent of the Senate. One member must be appointed from each of the following two-county areas:</p> <ol style="list-style-type: none"> <li>1. Richland and Kershaw counties;</li> <li>2. Spartanburg and Cherokee counties;</li> <li>3. Laurens and Newberry counties;</li> <li>4. Abbeville and Greenwood counties;</li> <li>5. Berkeley and Charleston counties;</li> <li>6. Oconee and Anderson counties;</li> <li>7. Florence and Marion counties;</li> <li>8. Greenville and Pickens counties;</li> <li>9. Horry and Georgetown counties;</li> <li>10. Union and York counties;</li> <li>11. Lee and Darlington counties;</li> <li>12. Marlboro and Dillon counties;</li> <li>13. Chester and Fairfield counties;</li> </ol>			Repeal entire statute and add the identification of challenges facing rural communities and solutions to those challenges as a Division of State Development objective under Section 13-1-320. See Law Change 5.

14. Lancaster and Chesterfield counties;
15. Sumter and Calhoun counties;
16. Clarendon and Williamsburg counties;
17. Beaufort and Jasper counties;
18. Dorchester and Colleton counties;
19. Orangeburg and Bamberg counties;
20. Allendale and Hampton counties;
21. Aiken and Barnwell counties;
22. Lexington and Saluda counties;
23. Edgefield and McCormick counties.

The Governor shall appoint one member from the State at large who shall serve as chairman. The terms of the members are for a period of four years and until their successors are appointed and qualify. Terms for all members commence on July first of the year of appointment. Of the members initially appointed from the two-county areas, the Governor shall appoint one member from each of the following counties for a term of two years: Kershaw, Cherokee, Newberry, Greenwood, Charleston, Anderson, Marion, Pickens, Georgetown, York, Darlington, and Dillon, and the Governor shall appoint one member from each of the following counties for a term of four years: Fairfield, Chesterfield, Calhoun, Williamsburg, Jasper, Colleton, Bamberg, Hampton, Barnwell, Lexington, and McCormick. Upon the expiration of the initial terms of the members appointed from the two-county areas, the Governor shall rotate the appointment of these members between the counties in each of the two-county areas. The advisory committee may select other officers from its membership to serve for terms designated by it. Vacancies must be filled in the manner of the original appointments for the unexpired portions of the terms. The members of the advisory committee must be paid the usual mileage and subsistence as is provided by law for members of state boards, commissions, and committees. The advisory committee must meet four times a year, and may meet more often if the chairman considers it necessary or if ten members request the chairman to call a meeting, and the director approves such additional meetings. The advisory committee may not meet at any location outside the boundaries of South Carolina. The advisory committee shall advise and consult with the director on the following matters:

- (a) the condition of and prospects for economic development in the State - particularly in the rural areas;
- (b) the fostering of a close working relationship between the primarily rural, or primarily agricultural, counties of the State and the counties which are primarily nonrural or nonagricultural;
- (c) the identification of problems facing smaller rural counties and of solutions to those problems;
- (d) having input to the director regarding industrial prospects throughout the State; and

(e) any other matter which the director considers necessary to assist the director, in the way of consultation or advice, in carrying out any of the director's duties or functions under this article.

HISTORY: 1993 Act No. 181, Section 244, eff July 1, 1993.

**Recommendation #18.** Amend S.C. Code of Laws Section 13-1-330, which outlines specific division of Commerce and specific requirements for agency leadership. SEE AGENCY LAW CHANGE PER RECOMMENDATION #6

Report Recommendation #18 – (Agency Law Change Recommendation #6)

# Law Change # 6

## Law Summary

### **SECTION 13-1-330.**

Requires that the Division of State Development be made up of certain bureaus and be headed by individuals with certain qualifications.

## Recommendation

### **Modify limiting language:**

- Give Secretary of Commerce discretion on how to organize division and staff with qualified personnel.
- Delete obsolete language.



Appendix I Figure 6. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

## Law Change # 6

**RECOMMENDATION:** Update obsolete language re: agency and staff organization

- Bureau language is outdated and does not reflect organization of Commerce since 1993 Restructuring.
- Removing limiting language clarifies that current and future Secretaries have the ability to organize the Division of State Development, or Commerce, in the way that best meets the needs of the state.

### S. C. Code Ann. §13-1-330 (PER p. 53)

~~The division shall be organized at the discretion of the director, with approval of the Secretary, and staffed by personnel with the necessary qualifications and experience to perform the duties required consist of a bureau of research, a bureau of planning, a bureau of development, and such other bureaus as the director may establish. Each bureau may be headed by a bureau chief selected on the basis of his technical and administrative qualifications and experience to perform the duties required by his position. The chief for the bureau of research shall be a person thoroughly familiar with the principles of, and experienced in, the methods and techniques of research and economics. The chief for the bureau of planning shall be an industrial engineer experienced in that type of work. The chief for the bureau of development shall be a person thoroughly familiar with the principles of, and experienced in, the methods and techniques of developing a program of advertising and salesmanship.~~



Appendix I Table 4. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #6			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
SECTION 13-1-330. Division made up of bureaus.	<p><u>Current Law:</u> Requires that the Division of State Development be made up of certain bureaus and headed by individuals with certain qualifications.</p> <p><u>Recommendation:</u> Modify to update obsolete language and provide discretion to director, with approval of Secretary of Commerce, to organize and staff division with qualified personnel.</p>	Bureau language is outdated and does not reflect organization of Commerce since 1993 Restructuring. Removing limiting language clarifies that current and future Secretaries have the ability to organize the Division of State Development, or Commerce, in the way that best meets the needs of the state.	<p><u>Presented and approved by agency's governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u> None.</p> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
Current Law Wording		Proposed Revisions to Law Wording	
<p>The division shall consist of a bureau of research, a bureau of planning, a bureau of development, and such other bureaus as the director may establish. Each bureau may be headed by a bureau chief selected on the basis of his technical and administrative qualifications and experience to perform the duties required by his position. The chief for the bureau of research shall be a person thoroughly familiar with the principles of, and experienced in, the methods and techniques of research and economics. The chief for the bureau of planning shall be an industrial engineer experienced in that type of work. The chief for the bureau of development shall be a person thoroughly familiar with the principles of, and experienced in, the methods and techniques of developing a program of advertising and salesmanship.</p> <p>HISTORY: 1993 Act No. 181, Section 244, eff July 1, 1993.</p>		<p>The division shall <u>be organized at the discretion of the director, with approval of the Secretary, and staffed by personnel with the necessary qualifications and experience to perform the duties required</u> <del>consist of a bureau of research, a bureau of planning, a bureau of development, and such other bureaus as the director may establish. Each bureau may be headed by a bureau chief selected on the basis of his technical and administrative qualifications and experience to perform the duties required by his position. The chief for the bureau of research shall be a person thoroughly familiar with the principles of, and experienced in, the methods and techniques of research and economics. The chief for the bureau of planning shall be an industrial engineer experienced in that type of work. The chief for the bureau of development shall be a person thoroughly familiar with the principles of, and experienced in, the methods and techniques of developing a program of advertising and salesmanship.</del></p>	

Recommendation #19. Amend S.C. Code of Laws Section 13-1-340, which outlines the director’s duties, powers, and responsibilities, to remove obsolete, unconstitutional, or duplicative duties performed by other state agencies.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #7</sup>

Report Recommendation #19 – (Agency Law Change Recommendation #7)

# Law Change # 7

## Law Summary

**SECTION 13-1-340.**

Establishes duties, powers, and responsibilities of Director of Division of State Development.

## Recommendation

Modify and update to consolidate into this section the broad powers of former boards, commissions, and councils to the extent those duties, powers, and responsibilities are still relevant and useful. (See Law Change #8.)



Appendix I Figure 8. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

# Law Change # 7

**RECOMMENDATION:** Consolidate and update §13-1-340 and §13-1-350

- This is the primary section outlining S.C. Commerce's duties, powers, and responsibilities, which have not been updated since 1993.

## S. C. Code Ann. §13-1-340(7) & (11) (PER p. 55)

The director is vested with duties, powers, and responsibilities involved in accomplishing the division's objectives outlined in this article ...The director may:

...

(7) publish and distribute the division's findings through ~~written reports, brochures, magazine and newspaper articles, and other appropriate forms and use the radio, periodicals, and other recognized forms of advertising and marketing,~~ personal interviews, exhibits, and displays in order that governmental agencies, corporations, and individual citizens may become acquainted with the development program of the State;

...

(11) accept gifts, grants, loans, funds, and property to accomplish the division's objectives, administer and disburse gifts, grants, loans, and funds, and dispose of property to counties, municipalities, and local agencies performing a public service or function which may disburse the gifts, grants, and funds or make the property available to eligible participants in a program established to perform and implement the public service or function subject to the approval of the State Fiscal Accountability Authority.



Appendix I Figure 9. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

# Law Change # 7

**RECOMMENDATION:** Consolidate and update §13-1-340 and §13-1-350

- While most of the duties, powers, and responsibilities under Section 13-1-340 are still relevant, many of the additional duties, powers, and responsibilities set forth in Section 13-1-350 are obsolete, unconstitutional, duplicative of duties being performed by other state agencies, or can be updated and consolidated into one section. (See Law Change #8.)

## S. C. Code Ann. §13-1-340 (12), (13), (14) (PER p. 56)

The director is vested with duties, powers, and responsibilities involved in accomplishing the division's objectives outlined in this article ...The director may:

...

(12) compile surveys showing the nature and extent of the natural resources and of the manufactured products and raw materials found or produced in the State which may move in domestic or foreign commerce;

(13) determine the areas throughout the world where commodities and products of this State may find advantageous markets and secure perfection of arrangements between citizens of this State and producers and consumers in other areas whereby there may be carried on greater interchange of commerce.

(14) purchase, hold, use, lease, sell, transfer, convey, assign, or otherwise to acquire or dispose of any property, real, personal or mixed, or any estate or interest therein, all subject to requisite approvals;

...



Appendix I Figure 10. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 5. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #7			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
<p><b>SECTION 13-1-340.</b> Director of division; duties, powers and responsibilities.</p>	<p><u>Current Law:</u> Establishes duties, powers, and responsibilities of the Director of the Division of State Development, or Commerce.</p> <p><u>Recommendation:</u> Modify and consolidate duties, powers, and responsibilities set forth in Section 13-1-350 with Section 13-1-340 to update, eliminate duplication, and remove obsolete and/or unconstitutional statutory language. (See Law Change 8.)</p>	<p>This is the primary section outlining Commerce's duties, powers, and responsibilities, which have not been updated since 1993. While most of the duties, powers, and responsibilities under Section 13-1-340 are still relevant, many of the additional duties, powers, and responsibilities set forth in Section 13-1-350 (related to former boards, commissions, and councils restructured into Commerce) are obsolete, unconstitutional, duplicative of duties being performed by other state agencies, or can be updated and consolidated into this one section of the duties, powers, and responsibilities. (See Law Change 8.)</p>	<p><u>Presented and approved by agency's governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u> None.</p> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
Current Law Wording		Proposed Revisions to Law Wording	
<p><b>SECTION 13-1-340.</b> Director of division; duties, powers and responsibilities.</p> <p>The director is vested with duties, powers, and responsibilities involved in accomplishing the division's objectives outlined in this article within the appropriations provided by the General Assembly. The director may:</p> <p>(1) advise and make recommendations to the Governor and the General Assembly on matters concerning the division's objectives;</p> <p>(2) cooperate with the operating agencies of the State in the development of plans;</p> <p>(3) have access to the records and studies of each state agency pertaining to the division's objectives;</p>		<p><b>SECTION 13-1-340.</b> Director of division; duties, powers and responsibilities.</p> <p>The director is vested with duties, powers, and responsibilities involved in accomplishing the division's objectives outlined in this article within the appropriations provided by the General Assembly. The director may:</p> <p>(1) advise and make recommendations to the Governor and the General Assembly on matters concerning the division's objectives;</p> <p>(2) cooperate with the operating agencies of the State in the development of plans;</p> <p>(3) have access to the records and studies of each state agency pertaining to the division's objectives;</p>	

(4) conduct studies on his own initiative pertaining to the division's objectives and others at the request of the Governor, the General Assembly, or state or local agencies;

(5) make special studies on area problems or specific subjects, establish local agencies, and furnish staff or financial aid;

(6) stimulate and encourage local, state, and federal governmental agencies with similar and related objectives and purposes and cooperate with local, regional, and federal planning and development programs;

(7) publish and distribute the division's findings through written reports, brochures, magazine and newspaper articles, and other appropriate forms and use the radio, periodicals, and other recognized forms of advertising, personal interviews, exhibits, and displays in order that governmental agencies, corporations, and individual citizens may become acquainted with the development program of the State;

(8) advertise the advantages of the State for industrial, agricultural, and commercial development by paid publicity;

(9) provide information to and make contact with private business enterprises and local, state, and federal governmental agencies to acquaint them with industrial, agricultural, and commercial opportunities in the State and encourage the establishment of new or the expansion of existing industries and enterprises;

(10) provide advice upon request by local, state, and federal agencies, private citizens, and business and commercial enterprises upon matters of economic development, industrial and business expansion, and agricultural activity upon which his knowledge, sources of information, and findings and decisions qualify him to speak;

(11) accept gifts, grants, funds, and property to accomplish the division's objectives, administer and disburse gifts, grants, and funds, and dispose of

(4) conduct studies on his own initiative pertaining to the division's objectives and others at the request of the Governor, the General Assembly, or state or local agencies;

(5) make special studies on area problems or specific subjects, establish local agencies, and furnish staff or financial aid;

(6) stimulate and encourage local, state, and federal governmental agencies with similar and related objectives and purposes and cooperate with local, regional, and federal planning and development programs;

(7) publish and distribute the division's findings through ~~written reports, brochures, magazine and newspaper articles, and other appropriate forms and use the radio, periodicals, and other~~ recognized forms of advertising and marketing, personal interviews, exhibits, and displays in order that governmental agencies, corporations, and individual citizens may become acquainted with the development program of the State;

(8) advertise the advantages of the State for industrial, agricultural, and commercial development by paid publicity;

(9) provide information to and make contact with private business enterprises and local, state, and federal governmental agencies to acquaint them with industrial, agricultural, and commercial opportunities in the State and encourage the establishment of new or the expansion of existing industries and enterprises;

(10) provide advice upon request by local, state, and federal agencies, private citizens, and business and commercial enterprises upon matters of economic development, industrial and business expansion, and agricultural activity upon which his knowledge, sources of information, and findings and decisions qualify him to speak;

(11) accept gifts, grants, loans, funds, and property to accomplish the division's objectives, administer and disburse gifts, grants, loans, and funds, and dispose of property to counties, municipalities, and local agencies performing a public service or function which may disburse the gifts, grants, and funds or make the property

property to counties, municipalities, and local agencies performing a public service or function which may disburse the gifts, grants, and funds or make the property available to eligible participants in a program established to perform and implement the public service or function subject to the approval of the State Fiscal Accountability Authority.

HISTORY: 1993 Act No. 181, Section 244, eff July 1, 1993.

available to eligible participants in a program established to perform and implement the public service or function subject to the approval of the State Fiscal Accountability Authority.

(12) compile surveys showing the nature and extent of the natural resources and of the manufactured products and raw materials found or produced in the State which may move in domestic or foreign commerce;

(13) determine the areas throughout the world where commodities and products of this State may find advantageous markets and secure perfection of arrangements between citizens of this State and producers and consumers in other areas whereby there may be carried on greater interchange of commerce.

(14) purchase, hold, use, lease, sell, transfer, convey, assign, or otherwise to acquire or dispose of any property, real, personal or mixed, or any estate or interest therein, all subject to requisite approvals;

(15) employ attorneys and other consultants and contractors upon such reasonable basis of compensation commensurate with the services rendered or to be rendered to the end that no excessive or unreasonable fees or compensation shall be allowed;

(16) promulgate regulations in accordance with Chapter 23 of Title 1.

(17) have the power of eminent domain;

(18) borrow money from the United States or any corporation or agency created, designed or established by the United States;

(19) have all additional powers, not inconsistent with this article, that are vested by law in corporations generally.

Recommendation #20. Amend S.C. Code of Laws Section 13-1-350, which requires the director to assume duties of former boards, commissions, and councils to remove obsolete, unconstitutional, or duplicative duties performed by other state agencies. SEE AGENCY LAW CHANGE PER RECOMMENDATION #8

Report Recommendation #20 – (Agency Law Change Recommendation #8)

# Law Change # 8

## Law Summary

### **SECTION 13-1-350.**

Outlines additional duties and powers vested in Commerce from former entities that were restructured into the Division of State Development.

## Recommendation

Repeal and consolidate duties that are still relevant and useful (and not duplicative of duties being performed by other agencies, obsolete and/or unconstitutional) into Section 13-1-340. (See Law Change #7.)



## Law Change # 8

**RECOMMENDATION:** Consolidate §13-1-350 as appropriate into §13-1-340

- Repeal and consolidate duties that are still relevant and useful (and not duplicative of duties being performed by other agencies, obsolete and/or unconstitutional) into Section 13-1-340. (See Law Change #7.)

**S. C. Code Ann. §13-1-350**

For proposed statutory revisions and whether proposed language is recommended to be **MOVED** or repealed as **DUPLICATIVE, OBSOLETE** or **UNCONSTITUTIONAL . . . .**

**Please see *PER pp. 56 – 63***



Appendix I Table 6. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #8			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
<p><b>SECTION 13-1-350.</b> Director to assume duties of certain former boards, commissions, and councils.</p>	<p><u>Current Law:</u> Outlines additional duties and powers vested in Commerce from former boards, commissions, and councils restructured into the Division of State Development.</p> <p><u>Recommendation:</u> Repeal and consolidate certain duties into Section 13-1-340. (See Law Change 7.)</p>	<p>Many of the duties, powers, and responsibilities of these former boards, commissions, and councils are obsolete (most if not all had not been amended long before 1993 Restructuring), unconstitutional, duplicative of duties being performed by other state agencies, or can be updated and consolidated into the duties, powers, and responsibilities under Section 13-1-340. (See Law Change 7.)</p> <p>Under "Proposed Revisions to Law Wording," each section of the statute is in a separate row for ease in referencing which statutes are proposed to be eliminated, and why, and which to be moved to Section 13-1-340. Duties, powers, and responsibilities that remain and are proposed to be moved to Section 13-1-340 are in <b>BOLD</b>.</p>	<p><u>Presented and approved by agency's governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u></p> <ul style="list-style-type: none"> <li>• SC State Housing &amp; Finance Development Authority</li> <li>• Parks, Recreation &amp; Tourism</li> <li>• DHEC</li> <li>• Department of Agriculture</li> </ul> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
<b>Current Law Wording</b>		<b>Proposed Revisions to Law Wording</b>	
<p>The former State Planning Board, State Board of Housing, Building Council of South Carolina, South Carolina Commerce Development Board, South Carolina Intra-Coastal Waterway Commission, South Carolina Board for Promotion of External Trade, and Natural Resources Commission and their successor the State Development Board having been abolished, the director shall have the following additional duties formerly imposed on such boards, commissions and councils:</p>		<p>Repeal entire statute and add the duties, powers, and responsibilities that remain relevant and useful to the list of duties powers and responsibilities of the Division of State Development in Section 13-1-340. (See Law Change 7.)</p> <p>Certain duties of the State Board of Housing may be duplicative of current duties of the SC State Housing Finance &amp; Development Authority, but Commerce makes no recommendation regarding housing-related duties other than to repeal/remove responsibilities the Secretary of Commerce has for housing-related matters. (See Law Change 15.)</p>	

	<p>Each section of the statute is in a separate row below for ease in referencing which statutes are proposed to be eliminated, and why, and which to be moved to Section 13-1-340. Duties, powers, and responsibilities that remain and are proposed to be moved to Section 13-1-340 are in <b>BOLD</b>.</p>
<p>(1) State Planning Board:</p> <p>(a) to confer and cooperate with the executive, legislative and planning authorities of the United States and of neighboring states and of subdivisions thereof;</p> <p>(b) to promote interest in the understanding of the problems of state planning; and</p> <p>(c) to cooperate with the United States and any of its agencies in the planning, conservation, utilization and development of state resources and in the planning of its public works programs and to act, when so designated, as an agency of the United States, or of any agency thereof.</p>	<ul style="list-style-type: none"> <li>• (1)(a)-(c) is <b>DUPLICATIVE</b>: Duties already contained in Sections 30-4-340(2), (4), (5), (6).</li> </ul>
<p>(2) State Board of Housing: to perform the duties imposed upon him under Title 31 of this Code;</p> <p>(3) Building Council of South Carolina: to promulgate and recommend to the General Assembly of the State a building code for adoption;</p>	<ul style="list-style-type: none"> <li>• (2) and (3) are <b>OBSOLETE</b> as to Commerce: These provisions predated the creation of SC State Housing Finance &amp; Development Authority (“SC Housing”) and have not been amended for decades.</li> <li>• Certain provisions may be <b>DUPLICATIVE</b> of current duties of SC Housing. (See Law Change 15.)</li> </ul>
<p>(4) Commerce Development Board:</p>	
<p><b>(a) to purchase, hold, use, lease, mortgage, sell, transfer, convey, assign, pledge or otherwise to acquire, encumber or dispose of any property, real, personal or mixed, or any estate or interest therein, including, but without limiting the foregoing, stock in any corporation;</b></p>	<ul style="list-style-type: none"> <li>• (4)(a) is <b>MOVED</b> as appropriate and not unconstitutional into Section 13-1-340(14). Proposed language for Section 13-1-340(14) is as follows:</li> </ul> <p>(14) purchase, hold, use, lease, sell, transfer, convey, assign, or otherwise to acquire or dispose of any property, real, personal or</p>

	<p>mixed, or any estate or interest therein, all subject to requisite approvals;</p> <ul style="list-style-type: none"> <li>• Wording not in bold is unconstitutional and not moved into Section 13-1-340. Mortgaging, pledging, encumbering state property and state ownership of stock in any corporation is unconstitutional.</li> </ul>
<p><b>(b) to employ attorneys upon such reasonable basis of compensation as may be agreed upon, or as he may determine, commensurate with the services rendered or to be rendered to the end that no excessive or unreasonable fees or compensation shall be allowed;</b></p>	<ul style="list-style-type: none"> <li>• (4)(b) is <b>MOVED</b> into Section 13-1-340(15) and added to the duties of Division of Development. Proposed language for Section 13-1-340(15) is as follows:  (15) employ attorneys and other consultants and contractors upon such reasonable basis of compensation commensurate with the services rendered or to be rendered to the end that no excessive or unreasonable fees or compensation shall be allowed;</li> </ul>
<p>(c) to build, acquire, construct and maintain power houses and any and all structures, ways and means necessary, useful or customarily used and employed in the construction of highways, in the construction and operation of railroads and in the manufacture, generation and distribution of electricity and any and all other kinds of power, including power transmission lines, poles, telephone and telegraph lines, substations, transformers and generally all things used or useful in the manufacture, distribution and purchase of power and electricity; provided, that electric current produced shall be used by the director and that none of it shall be sold;</p>	<ul style="list-style-type: none"> <li>• (4)(c) is OBSOLETE.</li> </ul>
<p>(d) to acquire or to build, construct, equip, maintain and operate one or more railroads with any motive power, one or more highways or other methods, means or ways of commerce or transportation or of communication, telegraph or telephone lines, electric lines, pipe lines, commissaries, houses, camps, lakes, fills, dams, reservoirs, ditches, drains, roads, tunnels, culverts, bridges, conduits, shops and depots and equipment; provided, that telegraph or telephone lines shall be used by the director and that no telegraph or telephone service shall be sold to the general public;</p>	<ul style="list-style-type: none"> <li>• 4(d) is DUPLICATIVE: Commerce’s Division of Public Railways, to be studied at a later date, has the authority to build, construct, equip, maintain and operate railroads. DHEC is responsible for flood prevention and dam regulation under the Dams and Reservoirs Safety Act, Section 49-110 thru 260 and associated regulations R.72.1- thru .71.9. SCDOT is responsible for construction and maintenance of state highways and bridges and electric power and</li> </ul>

	<p>telephone service infrastructure and services are almost exclusively in the private sector.</p>
<p>(e) to engage in the business of a common carrier of freight <i>or passengers</i> for hire;</p>	<ul style="list-style-type: none"> <li>• (4)(e) is partly DUPLICATIVE and partly OBSOLETE: Commerce’s Division of Public Railways is a common carrier of freight.</li> <li>• Words in italics are obsolete.</li> </ul>
<p>(f) to build, construct, equip, maintain and operate, or cause the same to be done, a railroad or a highway connecting the existing lines of railroad at Walhalla, South Carolina, and at or near Maryville, Tennessee, or as near to such points as practicable and to do every act and thing necessary or proper to accomplish that result and to secure improvement of such existing lines connecting the same with the Atlantic seaboard;</p>	<ul style="list-style-type: none"> <li>• (4)(f) is OBSOLETE.</li> </ul>
<p>(g) to transport goods, freight, <i>mail, passengers and intelligence for hire</i> and to fix and collect proper charges therefor;</p>	<ul style="list-style-type: none"> <li>• (4)(g) is partly DUPLICATIVE and partly OBSOLETE: Commerce’s Division of Public Railways is a common carrier of freight.</li> <li>• Words in italics are obsolete.</li> </ul>
<p>(h) to construct or establish parks or playgrounds for the use, benefit, recreation and amusement of the people of this State under such rules and regulations and subject to such charges as it may establish, determine or fix, with all necessary or proper appurtenances, roadways, lakes, reservoirs, pipe lines, wires, buildings or other structures and equipment which it may from time to time deem desirable;</p>	<ul style="list-style-type: none"> <li>• (4)(h) is DUPLICATIVE: PRT has confirmed it has this responsibility under Section 51-1-60(h).</li> </ul>
<p>(i) to take such steps as may be proper to prevent and control soil erosion and floods in the areas served by it;</p>	<ul style="list-style-type: none"> <li>• (4)(i) is DUPLICATIVE: DHEC has confirmed it has authority to undertake these duties and maintain regulatory programs to control stormwater runoff and sediment erosion. Sections 48-14-10 thru 170 and associated regulations.</li> </ul>
<p>(j) to cooperate with the United States to promote the national defense;</p>	<ul style="list-style-type: none"> <li>• (4)(j) is OBSOLETE</li> </ul>

<p>(k) to develop and increase commerce, intrastate, interstate and foreign, by shortening and improving existing routes, by constructing new routes and facilities and by equipping, maintaining and operating or leasing the same, or causing it to be done, by procuring or endeavoring to procure a reduction in freight, passenger, power, light, water, telegraph and telephone rates and tolls and by any other means or method which shall tend so to do and securing to the people of this State the annual saving of large sums and an improvement in their living conditions and general welfare;</p>	<ul style="list-style-type: none"> <li>• (4)(k) is DUPLICATIVE: Division of Public Railways (rail routes and freight). SCDOT (road and highway routes)</li> </ul>
<p>(l) to cooperate with the health authorities in the areas served by it to the end that the public health may be improved and disease and suffering reduced;</p>	<ul style="list-style-type: none"> <li>• (4)(l) is DUPLICATIVE: DHEC has confirmed that it has broad authority to fulfill this mandate. Sections 44-1-80 thru 44-1-170.</li> </ul>
<p>(m) to fix, alter, charge and collect tolls, freight and other charges for the use of the division's facilities or for the services rendered by or for any commodities furnished by it, at rates to be determined by the director, such rates to be at least sufficient to provide for payment of all expenses of the director under this subparagraph (4) of this section, the conservation, maintenance and operation of its facilities and properties, the payment of principal and interest on its notes, bonds and other evidences of indebtedness or obligation and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any of the division's notes, bonds or other evidences of indebtedness or obligation;</p>	<ul style="list-style-type: none"> <li>• (4)(m) language is OBSOLETE</li> <li>• BUT any authority here to charge for use of facilities would be captured in catchall provision related to corporate powers in Section 13-1-140(19).</li> </ul>
<p><b>(n) to have the power of eminent domain;</b></p>	<ul style="list-style-type: none"> <li>• (4)(n) is <b>MOVED</b> to Section 13-1-340(17) and added to the duties of Division of Development. Proposed language for 13-1-340(17) is as follows:  (17) have the power of eminent domain;</li> </ul>
<p><b>(o) to acquire by purchase, gift, condemnation or in any other manner any lands, waters, water rights, riparian rights, flowage rights, rights of way, easements, licenses, franchises, engineering data, maps, construction plans or estimates or any other property of any kind, real, personal or mixed, necessary or useful in carrying out any of his powers;</b></p>	<ul style="list-style-type: none"> <li>• (4)(o) is <b>MOVED</b> to Section 13-1-340(14) and added to the duties of Division of Development. Words that are OBSOLETE and/or not needed are omitted. Proposed language for Section 13-1-340(14) is as follows:</li> </ul>

	<p>(14) purchase, hold, use, lease, sell, transfer, convey, assign, or otherwise to acquire or dispose of any property, real, personal or mixed, or any estate or interest therein, all subject to requisite approvals;</p>
<p><b>(p) to borrow money, to make and issue negotiable notes, bonds and other evidences of indebtedness and to secure the payment of such obligations or any part thereof by mortgage, lien, pledge or deed of trust on any or all of the division's property, contracts, franchises or revenues and to make such agreements with the purchasers or holders of such notes, bonds or other evidences of indebtedness or with others in connection with any such notes, bonds or other evidences of indebtedness, whether issued or to be issued, as the director shall deem advisable and in general to provide for the security for such notes, bonds or other evidences of indebtedness and the rights of the holders thereof;</b></p>	<ul style="list-style-type: none"> <li>• (4)(p) is <b>MOVED</b> as appropriate and not unconstitutional into Section 13-1-340(18) and added to the duties of Division of Development. Words that are OBSOLETE and/or not needed are omitted Proposed language for Section 13-1-340(18) is as follows:  (18) borrow money from the United States or any corporation or agency created, designed or established by the United States;</li> <li>• Wording not in bold is UNCONSTITUTIONAL.</li> <li>• Accepting and disbursing “loans” is also proposed to be added to Section 13-1-340(11). See Law Change 7.</li> </ul>
<p>(q) to endorse or otherwise to guarantee the obligations of any corporation all of the voting stock of which the division may own or acquire;</p> <p>(r) to mortgage, pledge, hypothecate or otherwise to encumber any or all of the division's property, real, personal or mixed, facilities or revenues as security for notes, bonds, evidences of indebtedness or other obligations;</p>	<ul style="list-style-type: none"> <li>• (4)(q)-(r) is UNCONSTITUTIONAL.</li> </ul>
<p><b>(s) to borrow money from the United States or any corporation or agency created, designed or established by the United States;</b></p>	<ul style="list-style-type: none"> <li>• (4)(s) is <b>MOVED</b> into Section 13-1-340(18) and added to the duties of Division of Development. Proposed language for Section 13-1-340(18) is as follows:  (18) borrow money from the United States or any corporation or agency created, designed or established by the United States;</li> </ul>

	<ul style="list-style-type: none"> <li>Accepting and disbursing “loans” is also proposed to be added to Section 13-1-340(11). See Law Change 7.</li> </ul>
<p>(t) to exercise the powers and to do the things authorized by subparagraph (4) of this section either by and with his own efforts and resources or to procure or to cause the same to be done by the United States or any agency or instrumentality thereof, by any one or more of the states affected or their political subdivisions, agencies or instrumentalities, by any private corporation, association or individual, contractor or otherwise or by the joint efforts of any or all of them or by cooperation with any or all of them, having in mind that the primary objective to be achieved is the construction, maintenance and operation of the railroad, highways, lines of communication and other facilities authorized by this subparagraph, regardless of the particular method, manner or agency by or through which the same may be done, and to do any and all acts and things and to make any and all agreements or contracts necessary thereunto, including also the power to lease the whole or any part of the division's facilities or to contract or agree upon a particular method, manner or agency of or for the maintenance or operation of such facilities;</p> <p>(u) to make, alter and repeal reasonable rules and regulations governing the use of the division's facilities and to fix and collect the charges, tolls, prices or rate of compensation it shall receive for the same, but nothing herein contained shall prevent the director, when in his opinion the public interest will best be served thereby and when the division's financial condition will permit, from allowing the use of its parks, places of amusement and recreation, roads, highways and the like, to be designated by the director from time to time, free of charge or at a merely nominal charge for the benefit of the people of this State;</p>	<ul style="list-style-type: none"> <li>(4)(t)-(u) are largely OBSOLETE. The authorization to make regulations in subsection (u) is <b>MOVED</b> to Section 13-1-340(16) and added to the duties of the Division of Development. Proposed language for Section 13-1-340(16) is as follows:  (16) promulgate regulations in accordance with Chapter 23 of Title 1.</li> </ul>
<p><b>(v) to sell or otherwise to dispose of any surplus property which the division may acquire and which the director may decide is not needed; and</b></p>	<ul style="list-style-type: none"> <li>(4)(v) is <b>MOVED</b> into Section 13-1-340(14) and added to the duties of Division of Development. Proposed language for Section 13-1-340(14) is as follows:</li> </ul>

	<p>(14) purchase, hold, use, lease, sell, transfer, convey, assign, or otherwise to acquire or dispose of any property, real, personal or mixed, or any estate or interest therein, all subject to requisite approvals;</p>
<p><b>(w) to have all additional powers, not inconsistent with this article, that are vested by law in common carriers of freight, passengers, electricity and intelligence for hire and in corporations generally.</b></p>	<ul style="list-style-type: none"> <li>• (4)(w) is <b>MOVED</b> as appropriate into Section 13-1-340(19) and added to the duties of Division of Development. Proposed language for Section 13-1-340(19) is as follows:  (19) have all additional powers, not inconsistent with this article, that are vested by law in corporations generally.</li> </ul>
<p>(5) South Carolina Intra-Coastal Waterway Commission: to perform the duties imposed upon it by Chapter 5 of Title 3 of this Code;</p>	<ul style="list-style-type: none"> <li>• (5) is <b>DUPLICATIVE</b>: This reference has not been updated since 1993 Restructuring. In Chapter 3 of Title 5, DHEC was substituted for the SC Coastal Council during 1993 Restructuring when the former SC Intra Coastal Waterway Commission was made part of Commerce. DHEC has confirmed that it's Office of Coastal Resource Management (OCRM) has statutory authority, previously exercised by the State Development Board, and continues to perform the functions set forth in the Grants of Perpetual Rights and Easements to the United States for Development of Waterways Act. See Act No. 0508 of 1978.</li> </ul>
<p><b>(6) Board for Promotion of External Trade:</b>  <b>(a) to compile surveys showing the nature and extent of the natural resources and of the manufactured products and raw materials found or produced in the State which may move in domestic or foreign commerce; and</b></p>	<ul style="list-style-type: none"> <li>• (6)(a) is <b>MOVED</b> into Section 13-1-340(12) and added to the duties of Division of Development. Proposed language for Section 13-1-340(12) is as follows:  (12) compile surveys showing the nature and extent of the natural resources and of the manufactured products and raw materials found or produced in the State which may move in domestic or foreign commerce;</li> </ul>

<p>(b) to determine the areas throughout the world where commodities and products of this State may find advantageous markets and secure perfection of arrangements between citizens of this State and producers and consumers in other areas whereby there may be carried on greater interchange of commerce.</p>	<ul style="list-style-type: none"> <li>• (6)(b) is <b>MOVED</b> into Section 13-1-340(13) and added to the duties of Division of Development. Proposed language for Section 13-1-340(13) is as follows:  (13) determine the areas throughout the world where commodities and products of this State may find advantageous markets and secure perfection of arrangements between citizens of this State and producers and consumers in other areas whereby there may be carried on greater interchange of commerce.</li> </ul>
<p>(7) Natural Resources Commission:</p> <p>(a) to select a label, have it copyrighted and registered in the United States copyright office, which label shall in the judgment of the director be used to advertise the chemical and other contents of food products grown in South Carolina or to advertise other articles;</p> <p>(b) to promulgate and register the conditions upon which such label may be used and fix the charges for such use; and</p> <p>(c) to promulgate information furnished by the South Carolina Research Laboratories and other educational institutions and such other information as has bearing upon value of South Carolina products.</p> <p>HISTORY: 1993 Act No. 181, Section 244, eff July 1, 1993</p>	<ul style="list-style-type: none"> <li>• (7)(a)-(c) is <b>DUPLICATIVE</b>: The Department of Agriculture confirms it has broad authorization to promote and market SC agricultural products and does so through its Certified South Carolina trademarked program. The Department of Agriculture also works with Clemson University and its Clemson Extension offices to receive and disseminate information that affects agricultural marketing efforts in SC.</li> </ul>

Recommendation #21. Repeal S.C. Code of Laws Section 13-1-370, which allows the Secretary of Commerce to establish an advisory committee to the Division of State Development, as provisions are duplicate. Move identification of challenges facing rural communities and solutions to agency objectives under S.C. Code of Laws Section 13-1-320.<sup>SEE AGENCY LAW CHANGE PER RECOMMENDATION #10</sup>

Report Recommendation #21 – (Agency Law Change Recommendation #10)

# Law Change # 10

## Law Summary

**SECTION 13-1-370.**

Allows Secretary to establish advisory committee to the Division of State Development.

## Recommendation

Repeal as duplicative, but move identification of challenges facing rural communities and solutions to agency objectives under Section 13-1-320. (See Law Change #5.)



Appendix I Figure 13. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 7. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #10			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
SECTION 13-1-370. Advisory committee of the Division of State Development.	<p><u>Current Law:</u> Allows director to establish advisory committee of the Division of State Development.</p> <p><u>Recommendation:</u> Repeal.</p>	While the State Library is researching whether the advisory committee has ever existed, a 46-year Commerce employee who previously worked for the State Development Board confirms that it has not. Additionally, the Secretary of Commerce has authority pursuant to Section 13-1-40 to form advisory councils so this statutory provision is not needed.	<p><u>Presented and approved by agency's governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u> None.</p> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
<b>Current Law Wording</b>			<b>Proposed Revisions to Law Wording</b>
<p>The director may, in his discretion, establish an advisory committee of the Division of State Development (hereafter, in this section, the "advisory committee") which if established, would be comprised of twenty-four citizens of the State to be appointed by the Governor upon the advice and consent of the Senate. One member must be appointed from each of the following two-county areas:</p> <ol style="list-style-type: none"> <li>1. Richland and Kershaw counties;</li> <li>2. Spartanburg and Cherokee counties;</li> <li>3. Laurens and Newberry counties;</li> <li>4. Abbeville and Greenwood counties;</li> <li>5. Berkeley and Charleston counties;</li> <li>6. Oconee and Anderson counties;</li> <li>7. Florence and Marion counties;</li> <li>8. Greenville and Pickens counties;</li> <li>9. Horry and Georgetown counties;</li> <li>10. Union and York counties;</li> <li>11. Lee and Darlington counties;</li> <li>12. Marlboro and Dillon counties;</li> <li>13. Chester and Fairfield counties;</li> </ol>			Repeal entire statute and add the identification of challenges facing rural communities and solutions to those challenges as a Division of State Development objective under Section 13-1-320. See Law Change 5.

14. Lancaster and Chesterfield counties;
15. Sumter and Calhoun counties;
16. Clarendon and Williamsburg counties;
17. Beaufort and Jasper counties;
18. Dorchester and Colleton counties;
19. Orangeburg and Bamberg counties;
20. Allendale and Hampton counties;
21. Aiken and Barnwell counties;
22. Lexington and Saluda counties;
23. Edgefield and McCormick counties.

The Governor shall appoint one member from the State at large who shall serve as chairman. The terms of the members are for a period of four years and until their successors are appointed and qualify. Terms for all members commence on July first of the year of appointment. Of the members initially appointed from the two-county areas, the Governor shall appoint one member from each of the following counties for a term of two years: Kershaw, Cherokee, Newberry, Greenwood, Charleston, Anderson, Marion, Pickens, Georgetown, York, Darlington, and Dillon, and the Governor shall appoint one member from each of the following counties for a term of four years: Fairfield, Chesterfield, Calhoun, Williamsburg, Jasper, Colleton, Bamberg, Hampton, Barnwell, Lexington, and McCormick. Upon the expiration of the initial terms of the members appointed from the two-county areas, the Governor shall rotate the appointment of these members between the counties in each of the two-county areas. The advisory committee may select other officers from its membership to serve for terms designated by it. Vacancies must be filled in the manner of the original appointments for the unexpired portions of the terms. The members of the advisory committee must be paid the usual mileage and subsistence as is provided by law for members of state boards, commissions, and committees. The advisory committee must meet four times a year, and may meet more often if the chairman considers it necessary or if ten members request the chairman to call a meeting, and the director approves such additional meetings. The advisory committee may not meet at any location outside the boundaries of South Carolina. The advisory committee shall advise and consult with the director on the following matters:

- (a) the condition of and prospects for economic development in the State - particularly in the rural areas;
- (b) the fostering of a close working relationship between the primarily rural, or primarily agricultural, counties of the State and the counties which are primarily nonrural or nonagricultural;
- (c) the identification of problems facing smaller rural counties and of solutions to those problems;
- (d) having input to the director regarding industrial prospects throughout the State; and

(e) any other matter which the director considers necessary to assist the director, in the way of consultation or advice, in carrying out any of the director's duties or functions under this article.

HISTORY: 1993 Act No. 181, Section 244, eff July 1, 1993.

## OUTDATED PROVISIONS RELATING TO COMMERCE'S INTERACTION WITH THE AERONAUTICS COMMISSION

Recommendations #22 and #23 seek to modernize outdated provisions relating to the Department of Commerce's interaction with the Aeronautics Commission, which was a division of Commerce from 1993-2009. The Committee completed a review of the Aeronautics Commission in October 2019.

Recommendation #22. Relocate the Aeronautics Commission's enabling legislation (Title 13, Chapter 1 of the South Carolina Code of Laws) out of middle of statutes relating to Commerce do reduce confusion as the commission is no longer a division of Commerce. SEE AGENCY LAW CHANGE PER RECOMMENDATION #3

Report Recommendation #21 –(Agency Law Change Recommendation #3)

# Law Change # 3

## Law Summary

**SECTIONS 13-1-1000 thru 1-1090.**

Enabling legislation for the Aeronautics Commission.

## Recommendation

Relocate these provisions out of Commerce’s enabling legislation to an appropriate location in SC Code.



Appendix I Figure 14. Excerpt from agency personnel’s Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 8. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #3			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
SECTIONS 13-1-1000 thru 13-1-1090. Aeronautics Division	<p><u>Current Law:</u> Enabling legislation for Aeronautics Commission.</p> <p><u>Recommendation:</u> Relocate the Aeronautics Commission's enabling legislation out of Title 13, Chapter 1 of the Code to an appropriate location in the enabling legislation of SFAA.</p>	The Aeronautics Commission is no longer a part of Commerce, but its enabling legislation continues to reside in middle of the enabling statutes applicable to Commerce, which creates confusion.	<p><u>Presented and approved by agency's governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u></p> <ul style="list-style-type: none"> <li>• Aeronautics Division</li> <li>• State Fiscal Accountability Authority</li> </ul> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
Current Law Wording			Proposed Revisions to Law Wording
<p style="text-align: center;">ARTICLE 6 Aeronautics Commission</p> <p><b>SECTION 13-1-1000.</b> Definitions. Notwithstanding any other provision of law, the following terms, when used in this article, have the following meanings unless the context clearly requires otherwise:</p> <p>(1) "Authority" means the State Fiscal Accountability Authority.</p> <p>(2) "Executive director" means the Executive Director for the Division of Aeronautics.</p> <p>(3) "Division" means the Division of Aeronautics.</p> <p>(4) "Commission" means the Aeronautics Commission.</p> <p>HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005); 2012 Act No. 270, Section 12, eff June 18, 2012.</p>			Transfer provisions to enabling legislation of SFAA.

**SECTION 13-1-1010.** Commission created; purpose; purchase and sale of aeronautics assets.

Notwithstanding any other provision of law, the Aeronautics Commission is hereby created within the State Fiscal Accountability Authority. The State Fiscal Accountability Authority shall provide administrative support functions to the division. The commission shall oversee the operation of the division as the division's governing body. The Joint Bond Review Committee must review, prior to approval by the Aeronautics Commission, purchases or sales of any aeronautics assets, the value of which exceeds fifty thousand dollars. There may be no purchase or sale of any aeronautics assets without the approval of the commission.

HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005); 2012 Act No. 270, Section 13, eff June 18, 2012.

**SECTION 13-1-1020.** Commission districts; election and appointment of members.

Notwithstanding any other provision of law, the congressional districts of this State are constituted and created commission districts of the State, designated by numbers corresponding to the number of the respective congressional districts. The commission shall be composed of one member from each district elected by the delegations of the congressional district and one member appointed by the Governor, upon the advice and consent of the Senate, from the State at large. The elections or appointments shall take into account race and gender so as to represent, to the greatest extent possible, all segments of the population of the State and shall comply with the provisions of Chapter 13, Title 8. However, consideration of these factors in making an appointment or in an election does not create a cause of action or basis for an employee grievance for a person appointed or elected or for a person who fails to be appointed or elected.

HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005).

**SECTION 13-1-1030.** County-commission district overlap; consecutive terms; two commissioners from same county.

(A) Notwithstanding any other provision of law, a county that is divided among two or more commission districts, for purposes of electing a commission member, is considered to be in the district which contains the largest number of residents from that county.

(B) Notwithstanding any other provision of law, no county within a commission district shall have a resident commission member for more than one consecutive term and in no event shall any two persons from the same county serve as a commission member simultaneously.

HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005).

**SECTION 13-1-1040.** Delegations to elect commissioner from district; organization of delegation; certification and issuance of commission.

Notwithstanding any other provision of law, legislators residing in the congressional district shall meet upon written call of a majority of the members of the delegation of each district at a time and place to be designated in the call for the purpose of electing a commissioner to represent the district. A majority present, either in person or by written proxy, of the delegation from a given congressional district constitutes a quorum for the purpose of electing a district commissioner. No person may be elected commissioner who fails to receive a majority vote of the members of the delegation.

The delegation must be organized by the election of a chairman and a secretary, and the delegations of each congressional district shall adopt rules they consider proper to govern the election. Any absentee may vote by written proxy. When the election is completed, the chairman and the secretary of the delegation shall immediately transmit the name of the person elected to the Secretary of State who shall issue to the person after he has taken the usual oath of office, a certificate of election as commissioner. The Governor then shall issue a commission to the person, and pending the issuance of the commission, the certificate of election is sufficient warrant to the person to perform all of the duties and functions of his office as commissioner. Each commissioner shall serve until his successor is elected and qualified. HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005).

**SECTION 13-1-1050.** Terms of commission members; vacancies; forfeiture of office; at-large commission member as chairman.

(A) Notwithstanding any other provision of law, beginning February 15, 2005, commissioners must be elected by the legislative delegation of each congressional district. For the purposes of electing a commission member, a legislator shall vote only in the congressional district in which he resides. All commission members must serve for a term of office of four years that expires on February fifteenth of the appropriate year. Commissioners shall continue to serve until their successors are elected and qualify, provided that a commissioner may only serve until their successors are elected and qualify, and provided that a commissioner may only serve in a hold-over capacity for a period not to exceed six months. Any vacancy occurring in the office of commissioner must be filled by election in the manner provided in this article for the unexpired term only. No person is eligible to serve as a commission member who is not a resident of that district at the time of his appointment, except that the at-large commission member may be appointed from any county in the State regardless of whether another commissioner is serving from that county. Failure by a commission member to maintain residency in the district for which he is elected shall result in the forfeiture of his office. The at-large commission member, upon confirmation by the Senate, shall serve as chairman of the commission.

(B) The terms of the initial members of the commission appointed from congressional district are as follows:

(1) commission members appointed to represent congressional district one and two, two years;

(2) commission members appointed to represent congressional district three, four, and seven, three years;

(3) commission members appointed to represent congressional district five and six, four years.

(C) The at-large commissioner shall serve at the pleasure of the Governor.

HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005); 2012 Act No. 270, Section 11, eff June 18, 2012; 2012 Act No. 279, Section 6, eff June 26, 2012.

**SECTION 13-1-1060.** Oath of office.

Notwithstanding any other provision of law, each voting commission member, within thirty days after his election or appointment, and before entering upon the discharge of the duties of his office, shall take, subscribe, and file with the Secretary of State the oath of office prescribed by the Constitution of the State.

HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005).

**SECTION 13-1-1070.** Official seal; adoption of rules and procedures; reimbursement for official expenses.

(A) The commission may adopt an official seal for use on official documents of the division.

(B) The commission shall adopt its own rules and procedures and may select additional officers to serve terms designated by the commission.

(C) Commissioners must be reimbursed for official expenses as provided by law for members of state boards and commissions as established in the annual general appropriations act.

HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005).

**SECTION 13-1-1080.** Appointment of executive director.

Notwithstanding any other provision of law, the executive director shall be appointed in accordance with the following procedures:

(A)(1) The commission shall nominate no more than one qualified candidate for the Governor to consider for appointment as executive director. In order to be nominated, a candidate must meet the minimum requirements as provided in Section 13-1-1090.

(2) If the Governor rejects a person nominated by the commission for the position of executive director, the commission must nominate another candidate for the Governor to consider until such time as the Governor makes an appointment.

(3) In the case of a vacancy in the position of executive director for any reason, the name of a nominee for the executive director's successor must be submitted by the commission to the Governor.

(4) The appointment must comply with the provisions contained in Chapter 13, Title 8.

(B) The executive director shall serve at the pleasure of the commission and be appointed as provided in this section.

HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005).

**SECTION 13-1-1090.** Qualifications for commission chairman and members.

Notwithstanding any other provision of law, individuals serving on the commission must meet the following minimum qualifications to be qualified:

(1) the commission chairman must have experience in the fields of business, general aviation, and airport management;

(2) all other members of the commission must have a proven record of public and community service, and experience in the fields of business and aviation. Additionally, each member must meet at least two of the following criteria:

(a) general aviation experience;

(b) airport or fixed based operator (FBO) management experience;

(c) aviation service provider experience;

(d) previous service as a state or regional airport commissioner;

(e) legal experience; or

(f) active involvement in a recognized aviation association.

HISTORY: 2005 Act No. 11, Section 1.B, eff upon approval (became law without the Governor's signature on January 13, 2005).

ARTICLE 7  
Division of Aeronautics

<p><b>SECTION 13-1-1110.</b> Organization and objectives of division. The organization and objectives of the division are stated in Chapters 1 through 9 of Title 55. HISTORY: 1993 Act No. 181, Section 246, eff July 1, 1993.</p>	
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Recommendation #23. Amend S.C. Code of Laws Section 15-9-390 to revert to the Aeronautics Commission from Secretary of Commerce serving as the agent for service of process of nonresident operators of aircraft. Commerce was substituted for the commission when Aeronautics was a division of Commerce; however, now the Aeronautics Commission has been reconstituted. SEE AGENCY LAW CHANGE PER RECOMMENDATION #21

Report Recommendation #23 – (Agency Law Change Recommendation #21)

# Law Change # 21

## Law Summary

### **SECTION 15-9-390.**

Provides for service of process on nonresident operators of aircraft and requires service on Secretary of Commerce as agent of nonresident operator.

## Recommendation

### **Modify:**

- Remove Secretary of Commerce and replace with Aeronautics Commission.
- Commerce was substituted for Commission during 1993 Restructuring when Aeronautics was made a division of Commerce.
- Aeronautics Commission has been reconstituted.



Appendix I Figure 15. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

## OUTDATED PROVISIONS RELATING TO COMMERCE'S INTERACTION WITH OTHER STATE ENTITIES

Recommendations #24 - #26 seek to modernize outdated provisions relating to the Department of Commerce's interaction with other state entities (e.g., Department of Corrections, Rural Infrastructure Authority, etc.).

**Recommendation #24. Repeal S.C. Code Section 11-37-200, which establishes the Water Resources Coordinating Council and makes the Secretary of Commerce a member, as the council is defunct.** SEE AGENCY LAW CHANGE PER RECOMMENDATION #19

Report Recommendation #24 – (Agency Law Change Recommendation #19)

# Law Change # 19

## Law Summary

**SECTION 11-37-200.**  
Establishes Water Resources Coordinating Council and makes Secretary of Commerce a member.

## Recommendation

Repeal because Water Resources Coordinating Council is defunct. (See Rural Infrastructure Authority Law Change #4.)



Appendix I Figure 16. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 9. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #19			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
SECTION 11-37-200. Water Resources Coordinating Council established.	<p><u>Current Law:</u> Establishes Water Resources Coordinating Council and makes Secretary of Commerce a member.</p> <p><u>Recommendation:</u> Repeal.</p>	Water Resources Coordinating Council is defunct. See Rural Infrastructure Authority Law Change #4.	<p><u>Presented and approved by agency's governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u> None.</p> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
Current Law Wording		Proposed Revisions to Law Wording	
<p>SECTION 11-37-200. Water Resources Coordinating Council established.</p> <p>(A) There is established by this section the Water Resources Coordinating Council which shall establish the priorities for all sewer, wastewater treatment, and water supply facility projects addressed in this chapter, except as otherwise established by Section 48-6-40. The council shall consist of a representative of the Governor, the Director of the Department of Health and Environmental Control, the Director of the South Carolina Department of Natural Resources, the Director of the Rural Infrastructure Authority, the Secretary of Commerce, the Chairman of the Jobs Economic Development Authority, and the Chairman of the Joint Bond Review Committee. These representatives may designate a person to serve in their place on the council, and the Governor shall appoint the chairman from among the membership of the council for a one-year term. The council shall establish criteria for the review of applications for projects. Not less often than annually, the council shall determine its priorities for projects. The council after evaluating applications shall notify the authority of the priority projects. The South Carolina Jobs Economic Development Authority shall provide the staff to</p>		Repeal entire statute.	

receive, research, investigate, and process applications for projects made to the coordinating council and assist in the formulating of priorities. Upon notification by the council, the authority shall proceed under the provisions of this chapter. The authority may consider applications for projects based upon the existence of a documented emergency consistent with regulations that may be promulgated by the authority. In determining which local governments are to receive grants, the local governments shall provide not less than a fifty percent match for any project. The authority may provide financing for the local matching funds on terms and conditions determined by the authority.

Notably, this statute modernization recommendation was included in the Committee’s December 2019 review of the Rural Infrastructure Authority.

Recommendation #25. Remove references to the Department of Commerce in S.C. Code Section 24-1-290, pertaining to the Prison Industries Program at the Department of Corrections, as agency personnel assert Commerce does not have the data to provide the statutorily mandated certification.<sup>SEE AGENCY LAW</sup>

CHANGE PER RECOMMENDATION #14

Report Recommendation #25 – (Agency Law Change Recommendation #14)

# Law Change # 14

## RECOMMENDATION: Eliminate Commerce involvement with prison industries program

- S.C. Commerce:
  - has no role in recruiting or marketing the types of companies that perform the services that the prison industries program provides; and
  - cannot make the certification required by statute because Commerce does not have the data required.
  
- The Prison Industries Program has value, but Corrections can provide public notice and take note of any objections without S.C. Commerce.



### S.C. Code Ann. § 24-1-290 (PER pp. 84-85)

(A) The Department of Corrections, ~~in conjunction with the Department of Commerce,~~ shall develop and maintain a marketing plan to attract private sector service businesses for the employment of inmates through the prison industries program.

(B) Prior to entering into new contracts and renewals of existing contracts with private sector service entities that want to hire inmates through the prison industries program, the Department of Corrections must provide public notice of its intention to establish or continue a prison-based industry at a particular facility ~~and receive certification by the Department of Commerce that an unfair competitive wage disadvantage to the local economy is not created by each new contract for prison labor.~~

...  
 (B)(1)(a) The Department of ~~Commerce~~ Corrections must maintain a copy of any objections filed for a period of three years from the date that the objections were received.

...  
 (B)(1)(C) No contract may be negotiated or executed prior to forty days after the last date that the notice required by subsection (A) appears. New contracts and renewals of existing contracts between private sector entities and the Department of Corrections must be negotiated in accordance with procedures established ~~jointly by the Department of Commerce and the Department of Corrections.~~ The procedures must be drafted to ensure fairness and consistency in establishing contracts with private sector entities seeking to establish or continue prison-based operations whenever the wage to be paid is less than the federally established minimum wage.

Appendix I Figure 17. Excerpt from agency personnel’s Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 10. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #14			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
<p><b>SECTION 24-1-290.</b> Employment of inmates through prison industries program; development of marketing plan; certification by Department of Commerce as to unfair competitive wage disadvantage; publication of notice.</p>	<p><u>Current Law:</u> Requires Corrections and Commerce to develop and maintain a marketing plan for prison industries program. Requires Commerce to certify that prison industries contracts do not create an unfair competitive wage disadvantage to the local economy.</p> <p><u>Recommendation:</u> Modify to eliminate Commerce involvement with prison industries program.</p>	<p>Commerce has no role in recruiting or marketing the types of companies that perform the services that the prison industries program provides. Commerce also cannot make the certification required by statute because Commerce does not have the data needed to do so. Having Commerce involved potentially and unnecessarily creates liability exposure for Commerce. The prison industries program has value, but Corrections can provide public notice and take note of objections, if any, without Commerce's involvement.</p>	<p><u>Presented and approved by agency's governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u> SC Department of Corrections.</p> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
Current Law Wording		Proposed Revisions to Law Wording	
<p>(A) The Department of Corrections, in conjunction with the Department of Commerce, shall develop and maintain a marketing plan to attract private sector service businesses for the employment of inmates through the prison industries program.</p> <p>(B) Prior to entering into new contracts and renewals of existing contracts with private sector service entities that want to hire inmates through the prison industries program, the Department of Corrections must provide public notice of its intention to establish or continue a prison-based industry at a particular facility and receive certification by the Department of Commerce that an unfair competitive wage disadvantage to the local economy is not created by each new contract for prison labor.</p> <p>(1) The public notice required in this subsection must be forwarded to a newspaper of general circulation in the county where the prison-based industry is or will be located, with a request that it be published at least once</p>		<p>(A) The Department of Corrections, <del>in conjunction with the Department of Commerce,</del> shall develop and maintain a marketing plan to attract private sector service businesses for the employment of inmates through the prison industries program.</p> <p>(B) Prior to entering into new contracts and renewals of existing contracts with private sector service entities that want to hire inmates through the prison industries program, the Department of Corrections must provide public notice of its intention to establish or continue a prison-based industry at a particular facility <del>and receive certification by the Department of Commerce that an unfair competitive wage disadvantage to the local economy is not created by each new contract for prison labor.</del></p> <p>(1) The public notice required in this subsection must be forwarded to a newspaper of general circulation in the county where the prison-based industry is or will be located, with a request that it be published at least once a week for two</p>	

a week for two consecutive weeks. The notice must include a description of the work to be performed, the intent to contract for inmate labor, and provide that objections to the proposed hiring of prison labor may be filed with the Department of Commerce within thirty days of the last date that the notice appears.

(a) The Department of Commerce must maintain a copy of any objections filed for a period of three years from the date that the objections were received.

(b) Advertising costs associated with the publication of notice must be borne by the entity seeking to contract for prison labor.

(2) The certification required by this subsection must be based upon objections to the establishment of a prison-industry program provided for in item (1).

(C) No contract may be negotiated or executed prior to forty days after the last date that the notice required by subsection (A) appears. New contracts and renewals of existing contracts between private sector entities and the Department of Corrections must be negotiated in accordance with procedures established jointly by the Department of Commerce and the Department of Corrections. The procedures must be drafted to ensure fairness and consistency in establishing contracts with private sector entities seeking to establish or continue prison-based operations whenever the wage to be paid is less than the federally established minimum wage.

(D) The marketing plan and the procedures for negotiating new contracts and contract renewals must be submitted to and approved by the Department of Administration prior to implementation. The Department of Corrections shall annually submit an audit report of the program to the Senate Corrections and Penology Committee and the House Medical, Military, Public and Municipal Affairs Committee. The provisions of the section may not be construed to apply to traditional prison industries as authorized in Section 24-3-320.

HISTORY: 2007 Act No. 68, Section 1, eff August 1, 2007.

consecutive weeks. The notice must include a description of the work to be performed, the intent to contract for inmate labor, and provide that objections to the proposed hiring of prison labor may be filed with the Department of Commerce within thirty days of the last date that the notice appears.

(a) The Department of ~~Commerce~~Corrections must maintain a copy of any objections filed for a period of three years from the date that the objections were received.

(b) Advertising costs associated with the publication of notice must be borne by the entity seeking to contract for prison labor.

(2) The certification required by this subsection must be based upon objections to the establishment of a prison-industry program provided for in item (1).

(C) No contract may be negotiated or executed prior to forty days after the last date that the notice required by subsection (A) appears. New contracts and renewals of existing contracts between private sector entities and the Department of Corrections must be negotiated in accordance with procedures established ~~jointly~~ by the ~~Department of Commerce and the~~ Department of Corrections. The procedures must be drafted to ensure fairness and consistency in establishing contracts with private sector entities seeking to establish or continue prison-based operations whenever the wage to be paid is less than the federally established minimum wage.

(D) The marketing plan and the procedures for negotiating new contracts and contract renewals must be submitted to and approved by the Department of Administration prior to implementation. The Department of Corrections shall annually submit an audit report of the program to the Senate Corrections and Penology Committee and the House Medical, Military, Public and Municipal Affairs Committee. The provisions of the section may not be construed to apply to traditional prison industries as authorized in Section 24-3-320.

**Recommendation #26.** Remove references in various statutes to the Department of Commerce’s oversight role in housing related matters.<sup>SEE AGENCY LAW CHANGE</sup>  
PER RECOMMENDATIONS #15 AND #20

Report Recommendation #26 – (Agency Law Change Recommendation #15)

# Law Change # 15

## Law Summary

**SECTIONS 31-1-30, 31-1-110 through -230; 31-3-20, -340, -370, 390, -750.**

Establishes duties of Commerce related to housing, limited dividend housing corporations, and oversight over municipal housing authorities/commissions.

## Recommendation

**Repeal/remove Commerce from housing matters:**

- Move statutory duties and authorization to Secretary of State; or
- Repeal to the extent obsolete. (See Law Change #8.)



Appendix I Figure 18. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

# Law Change # 15

**RECOMMENDATION:** Remove participation of Secretary of Commerce from housing-related matters and move duties to Secretary of State

- Many of these statutory provisions are likely obsolete or should be handled by Secretary of State.
- The Secretary of Commerce should not have oversight over housing-related matters. (See Law Change #8.)

SC Housing and the SC State Library have provided information and background to Commerce, which is included in the Proposed Revisions to Law Wording found on pp. 87 – 88 of the PER.

Commerce takes no position on the disposition of these statutes other than that any housing-related responsibilities do not appropriately reside with the Secretary of Commerce.



Appendix I Figure 11. Excerpt from agency personnel’s Law Changes (August 5, 2021) presentation to Subcommittee

LAW CHANGE #15			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
<p><b>SECTION 31-1-30.</b> General duties of Secretary of Commerce with respect to housing.</p> <p><b>SECTION 31-1-110.</b> Incorporation of limited dividend housing corporations.</p> <p><b>SECTION 31-1-120.</b> Purposes of limited dividend housing corporations.</p> <p><b>SECTION 31-1-140.</b> Declaration required in articles.</p> <p><b>SECTION 31-1-150.</b> Income debentures.</p> <p><b>SECTION 31-1-160.</b> Consideration for issuance of stocks, bonds, and income debentures.</p> <p><b>SECTION 31-1-170.</b> Limited return on stock.</p> <p><b>SECTION 31-1-180.</b> Limitations on actions by companies.</p> <p><b>SECTION 31-1-190.</b> Conveyances, leases, or subleases in violation of Section 31-1-180 shall be void.</p> <p><b>SECTION 31-1-200.</b> Regulation of limited dividend housing companies.</p> <p><b>SECTION 31-1-210.</b> Investigation of limited dividend housing companies.</p>	<p><u>Current Law:</u> Section 31-1-40 establishes duties of Secretary of Commerce with regard to housing.</p> <p>Sections 31-1-110 thru 31-1-230 establishes statutory framework for limited dividend housing corporations.</p> <p>Sections 31-3-20, 31-3-340, 31-3-370, 31-3-390, and 31-3-750 require local housing commissioner appointments and removals to be filed in the office of the Secretary of Commerce and give the Secretary discretion to extend territorial jurisdiction of local housing authorities.</p> <p><u>Recommendation:</u> Concept recommendation. Repeal/remove participation of Secretary of Commerce in housing-related matters and either move statutory duties and authorization to the SC</p>	<p>Many of these statutory provisions are likely obsolete or more appropriately should be handled by SC Housing, which came into existence in 1971, well after enactment of these provisions. The statutes have not been amended for decades. Regardless of the ultimate disposition of these statutes, the Secretary of Commerce should not have oversight over housing related matters. (See Law Change 8.)</p> <p>SC Housing and the SC State Library have provided information and background to Commerce, which is included in the Proposed Revisions to Law Wording below. Commerce takes no position on the disposition of these statutes other than that any housing-related responsibilities do not appropriately reside with the Secretary of Commerce.</p>	<p><u>Presented and approved by agency’s governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u> South Carolina State Housing Finance and Development Authority (SC Housing)</p> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>

<p><b>SECTION 31-1-220.</b> Fees.</p> <p><b>SECTION 31-1-230.</b> Provisions of general corporation law applicable.</p> <p><b>SECTION 31-3-20.</b> Definitions.</p> <p><b>SECTION 31-3-340.</b> Commissioners.</p> <p><b>SECTION 31-3-370.</b> Removal of commissioners.</p> <p><b>SECTION 31-3-390.</b> Territorial jurisdiction.</p> <p><b>SECTION 31-3-750.</b> Territorial jurisdiction.</p>	<p>State Housing Finance and Development Authority (“SC Housing”) or repeal to the extent obsolete. (See Law Change 8.)</p>		
<p>Current Law Wording</p>		<p>Proposed Revisions to Law Wording</p>	
<p><b>SECTION 31-1-30.</b> General duties of Secretary of Commerce with respect to housing.</p> <p>The Secretary of Commerce, hereafter in this chapter sometimes called the director, may:</p> <p>(1) study housing conditions and needs throughout the State to determine in what areas congested and unsanitary housing conditions constitute a menace to the health, safety, morals, welfare and reasonable comfort of the citizens of the State;</p> <p>(2) prepare programs for correcting such conditions;</p> <p>(3) collect and distribute information relating to housing;</p> <p>(4) investigate all matters affecting the cost of construction or production of dwellings;</p> <p>(5) study means of lowering rents of dwellings by securing economy in the construction and arrangement of buildings;</p>		<p><u>SC HOUSING PROVIDED BACKGROUND</u></p> <ul style="list-style-type: none"> <li>• Section 31-13-300 permits SC Housing to make determinations concerning availability of decent, safe and sanitary housing.</li> <li>• Section 31-13-180 permits SC Housing to provide technical, consultative and project assistance services, which furthers the ability to make determinations of housing needs as well as creating programs that address such needs.</li> <li>• SC Housing does not have the authority to “investigate all matters affecting the cost of construction or production of dwellings”.</li> <li>• SC Housing is limited to programs that support its beneficiary class (moderate to low income), which limits its statutory powers.</li> </ul>	

(6) recommend and approve the areas within which or adjacent to which the construction of housing projects by limited dividend housing companies may be undertaken; and

(7) cooperate with local housing officials and planning commissions or similar bodies in cities and other localities in the development of projects they at any time may have under consideration.

HISTORY: 1962 Code Section 36-3; 1952 Code Section 36-3; 1942 Code Section 5271-10; 1933 (38) 176; 1945 (44) 156; 1954 (48) 1745; 1993 Act No. 181, Section 1994 Act No. 361, Section 8.

**SECTION 31-1-110.** Incorporation of limited dividend housing corporations.

Any number of natural persons, not less than three, a majority of whom are citizens of the United States, may become a limited dividend housing corporation by subscribing, acknowledging and filing in the office of the Secretary of State articles of incorporation, hereinafter called "articles," setting forth the information required by Chapter 7 of Title 33; except as herein modified or changed.

HISTORY: 1962 Code Section 36-11; 1952 Code Section 36-11; 1942 Code Section 5271-18; 1933 (38) 176.

**SECTION 31-1-120.** Purposes of limited dividend housing corporations.

The purposes for which a limited dividend housing corporation is to be formed shall be as follows: To acquire, construct, maintain and operate housing projects when authorized by and subject to the supervision of the director.

HISTORY: 1962 Code Section 36-12; 1952 Code Section 36-12; 1942 Code Section 5271-18; 1933 (38) 176; 1993 Act No. 181, Section 491.

**SECTION 31-1-130.** Par value shares.

The shares of which the capital of a limited dividend housing corporation shall

SC HOUSING PROVIDED BACKGROUND

- SC Housing has never come across a “limited dividend housing corporation” and speculates that this article may be obsolete.

STATE LIBRARY PROVIDED BACKGROUND

- Limited dividend housing corporations first appear in London in the 1840’s, and were a method of providing affordable housing using private investment. They were used throughout Europe and spread to the United States. New York passed the first [Limited Dividend Housing Companies Act in 1926](#). Several other states, including South Carolina, followed with similar laws in the early 1930’s. In some states, they are still used today.
- Regarding the housing mandates - previous versions of the SC Code include:

consist shall have a par value.

HISTORY: 1962 Code Section 36-13; 1952 Code Section 36-13; 1942 Code Section 5271-18; 1933 (38) 176.

**SECTION 31-1-140.** Declaration required in articles.

The articles of a limited dividend housing corporation shall contain a declaration (a) that the corporation has been organized to serve a public purpose and that it shall remain at all times subject to the supervision and control of the director or of other appropriate state authority, (b) that all real estate acquired by it and all structures erected by it shall be deemed to be acquired for the purpose of promoting the public health and safety and subject to the provisions of the State Housing Law and (c) that the stockholders of the corporation shall be deemed, when they subscribe to and receive the stock thereof, to have agreed that they shall at no time receive or accept from the company, in repayment of their investment in its stock, any sums in excess of the par value of the stock, together with cumulative dividends at the rate of six percent per annum and that any surplus in excess of such amount if the company shall be dissolved, shall revert to the State.

HISTORY: 1962 Code Section 36-14; 1952 Code Section 36-14; 1942 Code Section 5271-18; 1933 (38) 176; 1993 Act No. 181, Section 492.

**SECTION 31-1-150.** Income debentures.

The articles of a limited dividend housing corporation may authorize the issuance of income debenture certificates bearing no greater interest than six percent per annum. After the incorporation of a limited dividend housing corporation, the directors thereof may, with the consent of two thirds of the holders of any preferred stock that may be issued and outstanding, offer to the stockholders of the company the privilege of exchanging their preferred and common stock in such quantities and at such times as may be approved by the director for such income debenture certificates, whose value shall not exceed the par value of the stock exchanged therefor.

- HISTORY: 1962 Code Section 36-3; 1952 Code Section 36-3; 1942 Code Section 5271-10; 1933 (38) 176; 1945 (44) 156; 1954 (48) 1745; 1993 Act No. 181, Section 1994 Act No. 361, Section 8.
- 1933 (38) 176 – this refers to SC Act 143 of 1933 (page 176, Vol. 38), which enacted the State Housing Law and established a State Board of Housing. Among other duties, the State Board of Housing regulated limited dividend housing corporations. There is no mention in the Act of any relationship to the Department of Commerce or previous versions of the department.
- 1942 Code Section 5271-10 – this section codified SC Act 143.
- 1945 (44) 156 – This refers to SC Act 122 of 1945 (page 156, Vol. 44), which established the Department of Research, Planning, and Development (the Research, Planning, and Development Act of 1945), a predecessor of today’s Department of Commerce. In Section 10 of the Act, the State Board of Housing was abolished and its duties and powers transferred to the new Department of Research, Planning, and Development.

COMMERCE PROVIDED BACKGROUND

- Duties of the former State Board of Housing were assumed by the Director of the Division of State Development as part of 1993 State Restructuring in Section 13-1-350.
- Commerce recommends that the Secretary of Commerce be removed from any responsibility for housing-related matters. (See Law Change 8.)

HISTORY: 1962 Code Section 36-15; 1952 Code Section 36-15; 1942 Code Section 5271-21; 1933 (38) 176; 1993 Act No. 181, Section 493

**SECTION 31-1-160.** Consideration for issuance of stocks, bonds, and income debentures.

No limited dividend housing company incorporated under this chapter shall issue stock, bonds or income debentures, except for money, services or property actually received for the use and lawful purposes of the corporation. No stock, bonds or income debentures shall be issued for property or services except upon a valuation approved by the director and such valuation shall be used in computing actual or estimated cost.

The director may permit stock or income debentures to be issued for working capital to be used in connection with such project to any amount not exceeding three percent of the estimated total cost or three percent of the actual cost, if actual cost should exceed estimated cost, of a project.

HISTORY: 1962 Code Section 36-16; 1952 Code Section 36-16; 1942 Code Section 5271-20; 1933 (38) 176; 1993 Act No. 181, Section 494.

**SECTION 31-1-170.** Limited return on stock.

No stockholder in any corporation formed hereunder shall receive any dividend in any one year in excess of six per cent per annum except that when in any preceding year dividends in the amount prescribed in the articles of incorporation shall not have been paid on the stock the stockholders may be paid such deficiency without interest out of any surplus earned in any succeeding year.

HISTORY: 1962 Code Section 36-17; 1952 Code Section 36-17; 1942 Code Section 5271-19; 1933 (38) 176.

**SECTION 31-1-180.** Limitations on actions by companies.

No limited dividend housing company incorporated under this chapter shall:

- (1) acquire any real property or interest therein unless it shall first have obtained from the Secretary of Commerce a certificate that such acquisition is necessary or convenient for the public purpose defined in Section 31-1-140;
- (2) sell, transfer, assign or lease any real property without first having obtained the consent of the Secretary of Commerce, except that leases conforming to the regulations and rules of the Department of Commerce and for actual occupancy by the lessees may be made without the consent of the Secretary of Commerce;
- (3) pay interest returns on its mortgage indebtedness and its income debenture certificates at a higher rate than six percent per annum;
- (4) issue its stock, debentures and bonds covering any project undertaken by it in an amount greater in the aggregate than the total actual final cost of such project, including the lands, improvements, charges for financing and supervision approved by the Secretary of Commerce and interest and other carrying charges during construction and an allowance for working capital to be approved by the Secretary of Commerce but not exceeding three percent of the estimated cost or of the total actual final cost if the final cost of the project shall be greater than the estimated cost;
- (5) mortgage any real property without first having obtained the consent of the Secretary of Commerce;
- (6) issue any securities or evidences of indebtedness without first having obtained the approval of the Secretary of Commerce and the approval of the Director of the Department of Insurance, or his designee;
- (7) use any building erected or acquired by it for other than housing purposes, except that when permitted by law the story of the building above the cellar or basement and the space below such story may be used for stores, commercial, cooperative or community purposes and when permitted by law the roof may be used for cooperative or community purposes;
- (8) charge or accept any rental fee or other charge for housing accommodations in any building constructed, acquired, operated or managed by it in excess of the prices

prescribed by the Secretary of Commerce;

(9) enter into contracts for the construction of housing projects or for the payments of salaries to officers or employees except subject to the inspection and revision of the Secretary of Commerce and under such regulations as the Department of Commerce from time to time may prescribe;

(10) voluntarily dissolve without first having obtained the consent of the Secretary of Commerce; or

(11) make any guaranty without the approval of the Secretary of Commerce.

HISTORY: 1962 Code Section 36-18; 1952 Code Section 36-18; 1942 Code Section 5271-22; 1933 (38) 176; 1993 Act No. 181, Section 495; 1993 Act No. 181, Section 496; 1994 Act No. 361, Section 9.

**SECTION 31-1-190.** Conveyances, leases, or subleases in violation of Section 31-1-180 shall be void.

Any conveyance, encumbrance, lease or sublease made in violation of the provisions of Section 31-1-180 and any transfer or assignment thereof shall be void.

HISTORY: 1962 Code Section 36-19; 1952 Code Section 36-19; 1942 Code Section 5271-22; 1933 (38) 176

**SECTION 31-1-200.** Regulation of limited dividend housing companies.

In pursuance of its power to supervise and regulate the operations of limited dividend housing companies incorporated under this chapter the Secretary of Commerce may:

(1) order any such corporation to make, at its expense, such repairs and improvements as will preserve or promote the health and safety of the occupants of buildings and structures owned or operated by such corporations;

(2) order all such corporations to do such acts as may be necessary to comply with

the provisions of the law, the rules and regulations adopted by the Department of Commerce or the terms of any project approved by the Secretary of Commerce or to refrain from doing any acts in violation thereof;

(3) examine all such corporations and keep informed as to their general condition, their capitalization and the manner in which their property is constructed, leased, operated or managed;

(4) either through its members or agents duly authorized by it, enter in or upon and inspect the property, equipment, buildings, plants, offices, apparatus and devices of any such corporation, examine all books, contracts, records, documents and papers of any such corporation and by subpoena duces tecum compel the production thereof;

(5) in its discretion prescribe uniform methods and forms of keeping accounts, records and books to be observed by such corporations and prescribe by order accounts in which particular outlays and receipts shall be entered, charged or credited;

(6) require every such corporation to file with the Secretary of Commerce an annual report setting forth such information as the Secretary of Commerce may require, verified by the oath of the president and general manager or receiver, if any, thereof or by the person required to file such report, such report to be in the form, cover the period and be filed at the time prescribed by the Secretary of Commerce;

(7) require specific answers to questions upon which the Secretary of Commerce may desire information and require such corporation to file periodic reports in the form covering the period and at the time prescribed by the Secretary of Commerce; and

(8) from time to time make, amend and repeal rules and regulations for carrying into effect the provisions of this chapter.

HISTORY: 1962 Code Section 36-20; 1952 Code Section 36-20; 1942 Code Section 5271-12; 1933 (38) 176; 1993 Act No. 181, Section 497; 1994 Act No. 361, Section 9.

**SECTION 31-1-210.** Investigation of limited dividend housing companies.

The director may investigate the affairs of limited dividend housing companies incorporated under this chapter and the dealings, transactions or relationships of such companies with other persons. Any of the investigations provided for in this chapter may be conducted by the director or by a committee to be appointed by the director. Each member of the committee may administer oaths, take affidavits and make personal inspections of all places to which their duties relate. The committee may subpoena and require the attendance of witnesses and the production of books and papers relating to the investigations and inquiries authorized in this chapter, examine them in relation to any matter it has power to investigate and issue commissions for the examination of witnesses who are out of the State or unable to attend before the committee or excused from attendance.

HISTORY: 1962 Code Section 36-21; 1952 Code Section 36-21; 1942 Code Section 5271-9; 1933 (38) 176; 1993 Act No. 181, Section 498.

**SECTION 31-1-220.** Fees.

The Secretary of Commerce may charge and collect from a limited dividend housing corporation, incorporated under this chapter, reasonable fees in accordance with the rates to be established by the rules of the Department of Commerce:

- (1) for the examination of plans and specifications and the supervision of construction, an amount not to exceed one half of one percent of the cost of the project;
- (2) for the holding of a public hearing upon application of a housing corporation, an amount sufficient to meet the reasonable cost of advertising the notice thereof and of the transcript of testimony taken thereat; and
- (3) for any examination or investigation made upon application of a housing corporation and for any act done by the Department of Commerce, or any of its employees, in performance of their duties under this chapter, an amount reasonably calculated to meet the expenses of the department incurred in connection therewith. In no event shall any part of the expenses of the department incurred

<p>under the provisions of this chapter ever be paid out of the State Treasurer. The Secretary of Commerce may authorize a housing corporation to include such fees as part of the cost of a project or as part of the charges specified in Section 31-1-620 pursuant to rules to be established by the Department of Commerce.</p> <p>HISTORY: 1962 Code Section 36-22; 1952 Code Section 36-22; 1942 Code Section 5271-29; 1933 (38) 176; 1993 Act No. 181, Section 499; 1994 Act No. 361, Section 9.</p> <p><b>SECTION 31-1-230.</b> Provisions of general corporation law applicable.</p> <p>The provisions of the general corporation law shall apply to limited dividend housing corporations, except when such provisions are in conflict with the provisions of this chapter.</p> <p>HISTORY: 1962 Code Section 36-23; 1952 Code Section 36-23; 1942 Code Section 5271-18; 1933 (38) 176.</p>	
<p><b>SECTION 31-3-10.</b> Short title.</p> <p>This chapter and Chapter 11 may be known as the "Housing Authorities Law."</p> <p>HISTORY: 1962 Code Section 36-101; 1952 Code Section 36-101; 1942 Code Section 5271-31; 1934 (38) 1368.</p> <p><b>SECTION 31-3-20.</b> Definitions.</p> <p>The following terms, wherever used or referred to in this chapter and Chapter 11 shall have the following respective meanings, unless in any case a different meaning clearly appears from the context:</p> <p>(1) The term "director" shall mean the Secretary of Commerce;</p> <p>(2) "Authority" or "housing authority" shall mean a corporate body organized in accordance with the provisions of this chapter and Chapter 11 for the purpose, with the powers and subject to the restrictions hereinafter set forth;</p> <p>(3) "Mayor" shall mean the chief executive of the municipality, whether the official</p>	

- designation of his office be mayor, city manager or some other title;
- (4) "Municipality" shall mean any city, town or other municipality in the State;
- (5) "City" shall mean any incorporated municipality in the State and "the city" shall mean the particular city or town for which a particular housing authority is created;
- (6) "Council" shall mean the chief legislative body of the municipality;
- (7) "Commissioner" shall mean one of the members of an authority appointed in accordance with the provisions of this article;
- (8) "Government" shall include the State and Federal governments and any subdivision, agency or instrumentality, corporate or otherwise of either of them;
- (9) The "State" shall mean the State of South Carolina;
- (10) "Project" shall include all lands, buildings and improvements acquired, owned, leased, managed or operated by a housing authority and all buildings and improvements constructed, reconstructed or repaired by a housing authority, designed to provide housing accommodations or stores, offices and community facilities appurtenant thereto, whether or not acquired or constructed at one time and the term may also be applied to the planning of buildings and improvements, the acquisition of property, the demolition of existing structures, the clearing of land, the construction, reconstruction and repair of improvements and all other work in connection therewith;
- (11) "Community facilities" shall include lands, buildings and equipment for recreation or social assembly, for educational, health or welfare activities and other necessary utilities primarily for the use and benefit of the occupants of housing accommodations to be constructed and operated hereunder;
- (12) The term "bonds" shall include bonds, notes, debentures or other written evidences of indebtedness carrying either the general credit of the authority or payable solely out of pledged revenues;

(13) The term "mortgage" shall include mortgages, deeds of trusts or other instruments creating a lien or security interest;

(14) The term "real property" shall include lands, lands under water, structures and any and all easements, franchises and incorporeal hereditaments and every estate and right therein, legal and equitable, including terms for years and liens by way of judgment, mortgage or otherwise;

(15) "Persons of low income" means those individuals who are members of households whose gross income falls below seventy-five percent of the "median gross income" of all households in South Carolina as determined on the basis of the latest available statistics furnished to the Authority by the Revenue and Fiscal Affairs Office. Gross income means income derived from any source whatsoever. An allowance for each member of the family equal to an amount for personal exemptions as defined by the South Carolina Income Tax Law, Section 12-7-310, must be deducted from gross income in order to qualify a person or family as a member of the "beneficiary class"; and

(16) "Obligee of the authority" or "obligee" shall include any bondholder, trustee for any bondholders, lessor demising to an authority property used in connection with a project, any assignee of such lessor's interest or any part thereof or the Federal Government when it is a party to any contract with an authority.

(17) "Persons of moderate to low income" means those individuals who are members of households whose gross income falls between seventy-five percent and one hundred fifty percent of the "median gross income" of all households in South Carolina as determined on the basis of the latest available statistics furnished to the Authority by the Revenue and Fiscal Affairs Office. Gross income means income derived from any source whatsoever. An allowance for each member of the family equal to an amount for personal exemptions as defined by the South Carolina Income Tax Law, Section 12-7-310, must be deducted from gross income in order to qualify a person or family as a member of the "beneficiary class".

HISTORY: 1962 Code Section 36-102; 1952 Code Section 36-102; 1942 Code Sections 5271-31, 5271-32; 1934 (38) 1368; 1937 (40) 431; 1942 (42) 1742; 1945 (44) 156; 1954 (48) 1745; 1969 (56) 200; 1970 (56) 2288, 2402; 1986 Act No. 369, Sections 2,

3; 1993 Act No. 181, Section 503; 1994 Act No. 361, Section 8.

#### Code Commissioner's Note

At the direction of the Code Commissioner, references in this section to the offices of the former State Budget and Control Board, Office of the Governor, or other agencies, were changed to reflect the transfer of them to the Department of Administration or other entities, pursuant to the directive of the South Carolina Restructuring Act, 2014 Act No. 121, Section 5(D)(1).

Pursuant to the directive to the Code Commissioner in 2018 Act No. 246, Section 10, "Revenue and Fiscal Affairs Office" was substituted for all references to "Office of Research and Statistics of the Revenue and Fiscal Affairs Office".

#### Editor's Note

Section 12-7-310, referred to in items (15) and (17) of this section, which provided for exemptions from the State Income Tax, was repealed by 1985 Act No. 101, Section 22, effective May 21, 1985, for tax years after December 31, 1984.

#### **SECTION 31-3-340.** Commissioners.

When the council of a municipality adopts a resolution as provided in this chapter, the council shall appoint not less than five nor more than seven persons as commissioners of the authority created for the municipality. At least one of the commissioners appointed shall be a person who is directly assisted by the public housing authority. However, there shall be no requirement to appoint such a person if the authority (1) operates less than three hundred public housing units, (2) provides reasonable notice to the resident advisory board, if applicable, of the opportunity for at least one person who is directly assisted by the authority to serve as a commissioner, and (3) within a reasonable time after receipt of the notice by the resident advisory board, has not been notified of the intention of any such person to serve. The mayor shall appoint the person directly assisted by the authority unless the authority's rules require that the person be elected by other persons who are directly assisted by the authority.

The commissioners, other than the commissioner who is directly assisted by the authority, shall serve for terms of one, two, three, four, and five years, respectively, from the date of their appointment, but thereafter commissioners, other than the commissioner who is directly assisted by the authority, shall be appointed as aforesaid for a term of office of five years except that all vacancies shall be filled for the unexpired term. The commissioner who is directly assisted by the authority must remain as an assisted resident in order to continue service on the board of commissioners.

No commissioner who is also a person directly assisted by the public housing authority shall be qualified to vote on matters affecting his official conduct or matters affecting his own individual tenancy, as distinguished from matters affecting tenants in general. No more than one-third of the members of any housing authority commission shall be tenants of the authority or recipients of housing assistance through any program operated by the authority. No commissioner of an authority may be an officer or employee of the municipality for which the authority is created. A commissioner shall hold office until his successor has been appointed and has qualified. A certificate of the appointment or reappointment of any commissioner must be filed in the office of the clerk of the circuit court of the county in which the municipality is located, in the office of the Secretary of State, and in the office of the Secretary of Commerce, and the certificate is conclusive evidence of the due and proper appointment of the commissioner.

HISTORY: 1962 Code Section 36-114; 1952 Code Section 36-114; 1942 Code Section 5271-34; 1934 (38) 1368; 1937 (40) 431; 1938 (40) 1909; 1993 Act No. 181, Section 504; 1994 Act No. 360, Section 1; 1994 Act No. 361, Section 8; 1999 Act No. 50, Section 1.

**SECTION 31-3-370.** Removal of commissioners.

(A) For inefficiency, neglect of duty, or misconduct in office a commissioner of an authority may be removed by the council, but a commissioner may be removed only after he has been given a copy of the charges at least ten days before the hearing on it and had an opportunity to be heard in person or by counsel. In the event of the removal of any commissioner, a record of the proceedings, together with the charges and findings on it, must be filed in the office of the clerk of the circuit court of the county in which the municipality is located, in the office of the Secretary of

State, and in the office of the Secretary of Commerce.

(B) The commissioner who is directly assisted by the authority must remain as an assisted resident in order to continue service on the board of commissioners. In the event that the commissioner who is directly assisted by the authority vacates the public housing unit or is evicted from the public housing unit, the mayor must automatically remove the commissioner from the board of commissioners with no opportunity to be heard or to contest the removal.

HISTORY: 1962 Code Section 36-118; 1952 Code Section 36-118; 1942 Code Section 5271-34; 1934 (38) 1368; 1937 (40) 431; 1938 (40) 1909; 1993 Act No. 181, Section 505; 1994 Act No. 360, Section 2; 1994 Act No. 361, Section 8; 1999 Act No. 50, Section 2.

**SECTION 31-3-390.** Territorial jurisdiction.

The territorial jurisdiction of each authority, except as otherwise specially provided, shall be coterminous with the boundaries of the city creating the authority unless this territory is extended by the director. The director may extend the territorial jurisdiction of any housing authority over territory contiguous to that of the housing authority if such extension does not conflict with any other housing authority.

HISTORY: 1962 Code Section 36-120; 1952 Code Section 36-120; 1942 Code Section 5271-37; 1934 (38) 1368; 1993 Act No. 181, Section 506.

**SECTION 31-3-750.** Territorial jurisdiction.

The territorial jurisdiction of a housing authority of a county shall be coterminous with the boundaries of the county in which such authority is situated but shall not include that portion of the county within the territorial jurisdiction of any housing authority of a city. But notwithstanding the provisions of this section the director may extend the territorial jurisdiction of a housing authority of a city over territory contiguous thereto, including territory included within the territorial jurisdiction of the housing authority of a county, and such extension of the territorial jurisdiction of a housing authority of a city and limitation of the territorial jurisdiction of the housing authority of the county affected thereby shall not be deemed to conflict

COMMERCE PROVIDED BACKGROUND

- Commerce acknowledges receipt and maintains a file of certificates of appointments.
  
- Commerce acknowledges receipt and maintains a file of records of proceedings related to removal of commissioners, if and when any are received.

with the housing authority of the county within the meaning of Section 31-3-390 unless a housing project shall have been constructed or acquired or the director shall determine that such a project is about to be constructed or acquired by the housing authority of such county within the territory proposed to be included within the territorial jurisdiction of the housing authority of the city.

HISTORY: 1962 Code Section 36-185; 1952 Code Section 36-185; 1942 Code Section 5271-54; 1934 (38) 1368; 1935 (39) 500; 1937 (40) 267; 1993 Act No. 181, Section 507.

- The Secretary of Commerce has never sought to extend the territorial jurisdiction of a municipal housing authority.

	<ul style="list-style-type: none"><li>• The Secretary of Commerce has never sought to extend the territorial jurisdiction of a municipal housing authority.</li></ul>
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Report Recommendation #26 – (Agency Law Change Recommendation #20)

# Law Change # 20

## Law Summary

### **SECTION 38-75-470.**

Establishes membership of Advisory Committee to Director and SC Building Codes Council Loss Mitigation Grant Program, and SC Comprehensive Hurricane Damage Mitigation Program.

## Recommendation

### **Modify:**

- Remove Commerce representative because membership originates from obsolete duties related to housing.
- Commerce currently designates a private construction company executive to serve.



Appendix I Figure 20. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 12. Excerpt from agency’s Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #20			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
<p><b>SECTION 38-75-470.</b> Appointment of advisory committee; duties; membership.</p>	<p><u>Current Law:</u> Establishes membership of Advisory Committee to the Director and the South Carolina Building Codes Council, Loss Mitigation Grant Program, and South Carolina Comprehensive Hurricane Damage Mitigation Program, including a representative of Commerce.</p> <p><u>Recommendation:</u> Delete requirement that committee have a Commerce representative.</p>	<p>Commerce’s membership on this committee likely originated from obsolete Commerce duties related to housing. Commerce designates a construction company executive to serve as Commerce’s designee.</p>	<p><u>Presented and approved by agency’s governing body:</u> Review by Governor pending.</p> <p><u>Other entities potentially impacted:</u> SC Department of Insurance Labor Licensing and Regulation SC Building Codes Council</p> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>
Current Law Wording		Proposed Revisions to Law Wording	
<p>(A) The Director of Insurance shall appoint an advisory committee to the director to study issues associated with the development of strategies for reducing loss of life and to address the mitigation of property losses due to hurricane, earthquake, flood, and fire. The advisory committee also shall consider the associated costs to individual property owners. The advisory committee is composed of:</p> <p>(1) the director or his designee;</p> <p>(2) the Chairman of the Building Codes Council or his designee;</p> <p>(3) a representative from Clemson University involved with wind engineering;</p> <p>(4) a representative from an academic institution involved with the study of earthquakes;</p>		<p>(A) The Director of Insurance shall appoint an advisory committee to the director to study issues associated with the development of strategies for reducing loss of life and to address the mitigation of property losses due to hurricane, earthquake, flood, and fire. The advisory committee also shall consider the associated costs to individual property owners. The advisory committee is composed of:</p> <p>(1) the director or his designee;</p> <p>(2) the Chairman of the Building Codes Council or his designee;</p> <p>(3) a representative from Clemson University involved with wind engineering;</p> <p>(4) a representative from an academic institution involved with the study of earthquakes;</p>	

(5) a representative from an insurer writing property insurance in South Carolina;

(6) a representative from the Department of Commerce;

(7) a representative from the South Carolina's Municipal Association;

(8) a representative from the South Carolina Association of Counties;

(9) a representative from the Homebuilders Association;

(10) a representative from the Manufactured Housing Institute of South Carolina;

(11) a representative from the State Fire Marshal's office;

(12) a representative from the South Carolina Emergency Management Division;

(13) a representative from the State Flood Mitigation Program;

(14) two at-large members appointed by the director;

(15) two at-large members appointed by the Governor;

(16) a general contractor;

(17) a representative from the South Carolina Association of Realtors; and

(18) a structural engineer.

(B) Members shall serve for terms of two years and shall receive no per diem, mileage, or subsistence. Vacancies must be filled in the same manner as the original appointment.

(5) a representative from an insurer writing property insurance in South Carolina;

~~(6) a representative from the Department of Commerce;~~

(7) a representative from the South Carolina's Municipal Association;

(8) a representative from the South Carolina Association of Counties;

(9) a representative from the Homebuilders Association;

(10) a representative from the Manufactured Housing Institute of South Carolina;

(11) a representative from the State Fire Marshal's office;

(12) a representative from the South Carolina Emergency Management Division;

(13) a representative from the State Flood Mitigation Program;

(14) two at-large members appointed by the director;

(15) two at-large members appointed by the Governor;

(16) a general contractor;

(17) a representative from the South Carolina Association of Realtors; and

(18) a structural engineer.

(C) Within thirty days after its appointment, the advisory committee shall meet at the call of the Director of Insurance. The advisory committee shall elect from its members a chairman and a secretary and shall adopt rules not inconsistent with this chapter. Meetings may be called by the chairman on his own initiative and must be called at the request of three or more members of the advisory committee. All members must be notified by the chairman of the time and place of the meeting at least seven days in advance of the meeting. All meetings must be open to the public. At least two-thirds vote of those members in attendance at the meeting shall constitute an official decision of the advisory committee. Implementation of this program and continued existence of this program is subject to the availability of funding through legislative appropriations or alternative funding sources.

HISTORY: 1997 Act No. 123, Section 5; 2000 Act No. 312, Section 20; 2002 Act No. 190, Section 6, eff March 12, 2002; 2007 Act No. 78, Section 11, eff June 11, 2007, applicable to taxable years beginning after December 31, 2006; 2017 Act No. 28 (S.315), Section 1, eff May 10, 2017.

Effect of Amendment

2017 Act No. 28, Section 1, in (A), deleted "and the South Carolina Building Codes Council" following "to the director", substituted "to address the mitigation of" for "mitigating", inserted "flood," after "earthquake,", and substituted "associated costs" for "costs associated with these strategies".

These housing oversight duties were given to the State Development Board director in 1959. During the study, agency personnel noted for over 60 years, leaders of the former State Development Board -and now Commerce - have advised the General Assembly that housing oversight responsibilities refereeing the agency should be deleted from statute.

## COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT (CCDE)

**Recommendation #27.** Update the enabling legislation for the Coordinating Council for Economic Development, which is chaired by the Secretary of Commerce. SEE AGENCY LAW CHANGE PER RECOMMENDATIONS #12 AND #17

Among other things, these updates include:

- Moving reference to a strategic planning mandate that Commerce is fulfilling;
- Adds program under CCDE to reflect what is already occurring;
- Updates report requirements relating to discretionary grant funding and the funding mechanism for CCDE that have been established by proviso for more than two decades.

Report Recommendation #27 – (Agency Law Change Recommendation #12)

# Law Change # 12

## **RECOMMENDATION:** Modify Coordinating Council duties regarding strategic planning & move to Division of Development

- Coordinating Council mandates related to strategic planning predated 1993 creation of the Department of Commerce.
- Coordinating Council commissioned a strategic plan for economic development in late 1980s.
- Following 1993 Restructuring, Commerce has been responsible for strategic planning in collaboration with other public and private stakeholders in the State. (See Law Change #5.)

## **S.C. Code Ann. §13-1-1720 (PER p. 77)**

(A) ... It shall enhance the economic growth and development of the State through ~~strategic planning and~~ coordinating activities that include:

~~(1) development and revision of a strategic state plan for economic development. "Strategic state plan for economic development" means a planning document that outlines strategies and activities designed to continue, diversify, or expand the economic base of South Carolina, based on the natural, physical, social, and economic needs of the State;~~

~~(2) monitoring implementation of a strategic plan for economic development through an annual review of economic development activities of the previous year and modifying the plan as necessary;~~

...

~~(24) use of federal funds, foundation grants, and private funds in the development, implementation and revision, and promotion of a strategic plan for economic development...~~

~~(35) evaluation of plans and programs in terms of their compatibility with state objectives and priorities as outlined in the strategic plan for economic development;~~



Appendix I Figure 21. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

# Law Change # 12

**RECOMMENDATION:** Add programs under Coordinating Council jurisdiction that post-dated 1993 Restructuring

- Approval of Rural Infrastructure grants pursuant to Section 12-10-85.
- Approval of Enterprise Zone Act applications and negotiation of revitalization agreements pursuant to Chapter 10 of Title 12 of the Code.
- Approval of Port Volume Increase credits pursuant to Section 12-6-3375.

## S.C. Code Ann. § 13-1-1720 (PER p. 78)

(46) approval of infrastructure and other economic development grants for local units of government pursuant to Section 12-10-85, Section 12-28-2910 or any other source designated for administration by the council;

(57) approval of infrastructure development grants for local units of government pursuant to Section 12-21-6540;

(68) approval of applications submitted under the Enterprise Zone Act of 1996 and negotiation of revitalization agreements pursuant to Section 12-10-60;

(79) approval of applications submitted under Section 12-6-3375.

...



# Law Change # 12

**RECOMMENDATION:** Repeal Council's responsibility to review Commerce appropriation requests and to report on strategic planning; update reporting.

- Since 1993 Restructuring, the Council has no role in reviewing Commerce's budget; as a cabinet agency, Commerce submits its budget to the Governor.
- Update Coordinating Council reporting requirements to include grants that do not otherwise have a statutory reporting requirement.

## S.C. Code Ann. § 13-1-1730 (PER p. 78)

The coordinating council shall make reports to the Governor, the chairmen of the Senate Finance and House Ways and Means Committees, and the General Assembly at least annually regarding grant programs administered by the council that do not otherwise have a statutory reporting requirement. Such reports shall itemize the expenditures for the preceding calendar year and include, at a minimum, the following information:

- (a) company name or confidential project number;
- (b) location of the project;
- (c) amount of the grant award; and
- (d) scope of grant award.

Reports required by this section are in addition to any other reporting requirements applicable to the council. in the Department of Commerce's annual report, on the status and progress of economic development goals which have been set for the State as a part of the ongoing planning process and on the commitments, expenditures, and balance of the Economic Development Account, with appropriate recommendations.



# Law Change # 12

**RECOMMENDATION:** Repeal Council duties to make strategic planning recommendations and to review agency appropriation requests

- The Coordinating Council is no longer involved in strategic planning or in reviewing agency appropriation requests.
- Following 1993 Restructuring, Commerce has been responsible for strategic planning in collaboration with other public and private stakeholders in the State. (See Law Change #5.)
- Commerce reports annually on economic development goals and status.

## S.C. Code Ann. § 13-1-1740 (PER p. 79)

~~(A) The coordinating council shall make recommendations to the Governor, the General Assembly, and the State Fiscal Accountability Authority as to the policies and programs involved in the state's economic development it considers necessary to carry out the objectives of the strategic plan.~~

~~(B) The coordinating council shall review agency requests for legislative appropriations for economic development and may make recommendations to the Office of the Governor and the State Fiscal Accountability Authority and the General Assembly concerning requests compatible with the objectives of the strategic plan. This section does not limit an agency's direct access to the General Assembly, and comment by the coordinating council is not a part of the budget process.~~



# Law Change # 12

**RECOMMENDATION:** Update funding of Coordinating Council: repeal funding mechanism in §13-1-1750 and codify Proviso 50.2 (See Law Change 17)

- Funding mechanism in §13-1-1750 is obsolete.
- For over 20 years, staff support for the Council has been authorized by proviso and funded via a percentage of the Set Aside Fund. (See Law Change #17)



## S.C. Code Ann. § 13-1-1750 (PER pp. 79-80)

**SECTION 13-1-1750.** Funding; technical advisory committees; data sources.

Funds for technical, administrative, and clerical assistance and other expenses of the coordinating council must be provided by the member agencies. The coordinating council may establish technical advisory committees to assist in the development of a strategic plan for economic development. The coordinating council shall seek to utilize data available from the Department of Transportation, the University of South Carolina, Clemson University, and other state agencies and organizations and relevant to the economic growth and development of the State.

From the amount set aside in Section 12-28-2910, the council is authorized to use up to ten percent of such amount for actual operating expenses in support of administrative program costs and business recruitment and retention and up to \$60,000 to support the Geographic Information Systems (GIS) program, as approved by council. Any balance on June thirtieth of the prior fiscal year may be carried forward and expended for the same purposes in the current fiscal year.

# Law Change # 12

**RECOMMENDATION:** Modify language regarding Downtown Redevelopment Program to make discretionary

- Mandate originated in a 1998 proviso.
- While a formal downtown redevelopment program was never officially established, the Coordinating Council has funded these types of activities with Rural Infrastructure Funds and Commerce has done so with CDBG funds.

**S.C. Code Ann. § 13-1-1770 (PER p. 80)**

(A) The coordinating council ~~shall~~ may establish the "Downtown Redevelopment Program" for the purpose of making grants for revitalizing and enhancing the viability of downtown areas through partnerships of municipal government, county government, and private investors.

....



## Law Change # 12

### **RECOMMENDATION:** Update language in §13-1-1780

- The language in §13-1-1780 uses an incorrect fund name.
- Department of Agriculture agrees with the proposed change.

### **S.C. Code Ann. § 13-1-1780 (PER p. 80)**

In awarding grants or other incentives benefits for economic development projects, ~~including awards from the Governor's Closing Fund~~, the Department of Commerce and the coordinating council must consider agricultural businesses. The Department of Commerce and the coordinating council must consider the number of jobs created, including full-time, part-time, and seasonal jobs, and the total investment made, including the cost of the real property.



Appendix I Table 12. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #12			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
<p><b>SECTION 13-1-1720.</b> Purpose and duties of council.</p> <p><b>SECTION 13-1-1730.</b> Reports.</p> <p><b>SECTION 13-1-1740.</b> Recommendations by council; review of agency requests for appropriations.</p> <p><b>SECTION 13-1-1750.</b> Funding; technical advisory committees; data sources.</p> <p><b>SECTION 13-1-1770.</b> Downtown Redevelopment Program; purpose; guidelines for evaluating and awarding grants.</p> <p><b>SECTION 13-1-1780.</b> Agricultural businesses considered for economic development awards.</p>	<p><u>Current Law:</u></p> <ul style="list-style-type: none"> <li>Establishes the purpose and duties of Coordinating Council; establishes annual reporting requirements.</li> <li>Requires Coordinating Council to make recommendations concerning policies or programs necessary to carry out the state's strategic plan.</li> <li>Requires Coordinating Council to review appropriation requests by Commerce and make recommendations to General Assembly regarding same.</li> <li>Establishes that member agencies must fund staff and technical support to Coordinating Council.</li> <li>Requires the Coordinating Council to establish a Downtown Redevelopment Program.</li> </ul> <p><u>Recommendation:</u></p> <ul style="list-style-type: none"> <li>Modify duties to remove Coordinating Council responsibilities related to strategic planning and add those duties to the State Division of Development.</li> </ul>	<p>The Coordinating Council mandates related to strategic planning predated the creation of the Department of Commerce in 1993. Within two years of the Coordinating Council's formation in 1986, the Council commissioned a strategic plan for economic development after the General Assembly appropriated \$250,000 for that purpose. The Council remained</p>	<p><u>Presented and approved by agency's governing body:</u> Coordinating Council approved recommended Law Changes 11 and 16 at its March, 5, 2020 meeting.</p> <p><u>Other entities potentially impacted:</u></p> <ul style="list-style-type: none"> <li>SC Department of Agriculture</li> <li>Department of Employment &amp; Workforce</li> <li>SC Department of Parks &amp; Tourism</li> <li>State Board for Technical &amp; Comprehensive Education</li> <li>SC Ports Authority</li> <li>SC Public Service Authority</li> <li>SC Jobs Economic Development Authority</li> <li>SC Department of Revenue</li> <li>SC Department of Transportation</li> <li>SC Research Authority</li> </ul> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>

	<ul style="list-style-type: none"> <li>• Modify duties to add programs under Coordinating Council jurisdiction that post-dated 1993 Restructuring.</li> <li>• Repeal responsibility of Coordinating Council to review Commerce appropriation requests and to report on strategic planning, which is now a Commerce function.</li> <li>• Update Coordinating Council reporting requirements to capture incentive programs with no statutory reporting mandate.</li> </ul>	<p>active in strategic planning from 1989 until Restructuring in 1993. After that time Commerce, not the Coordinating Council, has undertaken and funded strategic planning in collaboration with other public and private stakeholders in the State. (See Law Change 5.)</p> <p>Approval of Rural Infrastructure grants pursuant to Section 12-10-85 post-dated 1993 Restructuring.</p> <p>Approval of Enterprise Zone Act applications and negotiation of revitalization agreements pursuant to Chapter 10 of Title 12 of the Code post-dated 1993 Restructuring.</p> <p>Approval of Port Volume Increase credits pursuant to Section 12-6-3375 post-dated 1993 Restructuring.</p> <p>Prior to 1993 Restructuring the Coordinating Council approved appropriation requests by the former State Development Board. Commerce is now a cabinet agency and must submit its budget to the Governor.</p> <p>The Coordinating Council reports annually on its various incentive programs; Commerce, not the Council, reports annually on economic development goals and status.</p>	
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	<ul style="list-style-type: none"> <li>• Update funding of Coordinating Council by repealing funding mechanism in Section 13-1-1750 and codifying Proviso 50.2 (See Law Change 16.)</li> <li>• Modify requirement to establish the Downtown Redevelopment Program to make it discretionary, not mandatory.</li> <li>• Modify to update language in Section 13-1-1780.</li> </ul>	<p>Funding mechanism in Section 13-1-1750 is obsolete. For over 20 years, staff support for the Coordinating Council has been authorized by proviso and funded via a percentage of the Set Aside Fund. (See also Law Change 16.)</p> <p>The Downtown Redevelopment Program originated in a 1998 proviso that was later codified at the request of a local legislative delegation for a particular project. The intent was the for the Coordinating Council to use Set Aside funds for this purpose, but the Coordinating Council did not believe that downtown redevelopment was an appropriate use of Set Aside funds so the program was never established. The Council, through its Rural Infrastructure Fund, and Commerce through CDBG funds, has the ability to fund downtown redevelopment, but doing so has lower priority than other needs, and cities and towns generally create their own programs when such development is a priority.</p> <p>When Section 13-1-1780 was added, Commerce was not consulted, and the language includes an incorrect fund name. Department of Agriculture agrees with the proposed change.</p>	
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Current Law Wording		Proposed Revisions to Law Wording	
<p><b>SECTION 13-1-1720.</b> Purpose and duties of council.</p> <p>(A) The coordinating council shall meet at least quarterly. It shall enhance the economic growth and development of the State through strategic planning and coordinating activities that include:</p> <p>(1) development and revision of a strategic state plan for economic development. "Strategic state plan for economic development" means a planning document that outlines strategies and activities designed to continue, diversify, or expand the economic base of South Carolina, based on the natural, physical, social, and economic needs of the State;</p> <p>(2) monitoring implementation of a strategic plan for economic development through an annual review of economic development activities of the previous year and modifying the plan as necessary;</p> <p>(3) coordination of economic development activities of member agencies of the coordinating council and its advisory committees;</p> <p>(4) use of federal funds, foundation grants, and private funds in the development, implementation, revision, and promotion of a strategic plan for economic development. Funds from foundation grants and private funds used for these purposes are public monies, notwithstanding their private source, and must be treated like public monies. These monies are subject to</p>		<p><b>SECTION 13-1-1720.</b> Purpose and duties of council.</p> <p>(A) The coordinating council shall meet at least quarterly. It shall enhance the economic growth and development of the State through <del>strategic planning and</del> coordinating activities that include:</p> <p><del>(1) development and revision of a strategic state plan for economic development. "Strategic state plan for economic development" means a planning document that outlines strategies and activities designed to continue, diversify, or expand the economic base of South Carolina, based on the natural, physical, social, and economic needs of the State;</del></p> <p><del>(2) monitoring implementation of a strategic plan for economic development through an annual review of economic development activities of the previous year and modifying the plan as necessary;</del></p> <p><del>(3)</del> coordination of economic development activities of member agencies of the coordinating council and its advisory committees;</p> <p><del>(24)</del> use of federal funds, foundation grants, and private funds in the <del>development, implementation and, revision, and</del> promotion of a strategic plan for economic development. Funds from foundation grants and private funds used for these purposes are public monies, notwithstanding their private source, and must be treated like public monies. These monies are subject to all accountability</p>	

all accountability requirements governing public monies, including compliance with the South Carolina Consolidated Procurement Code, unless exempt by formal approval of the State Fiscal Accountability Authority. These monies are also subject to all disclosure requirements governing public monies, unless exempt by Section 30-4-40;

(5) evaluation of plans and programs in terms of their compatibility with state objectives and priorities as outlined in the strategic plan for economic development;

(6) approval of infrastructure and other economic development grants for local units of government pursuant to Section 12-28-2910;

(7) approval of infrastructure development grants for local units of government pursuant to Section 12-21-6540.

(B) The coordinating council may not engage in the delivery of services.

HISTORY: 1993 Act No. 181, Section 248, eff July 1, 1993; 1993 Act No. 164, Part II, Section 46B, eff July 1, 1993; 1994 Act No. 497, Part II, Section 22A, eff July 1, 1994; 2000 Act No. 387, Part II, Section 57A, eff July 1, 2000; 2003 Act No. 86, Section 2, eff July 14, 2003.

**SECTION 13-1-1730.** Reports.

The coordinating council shall make reports to the Governor, the chairmen of the Senate Finance and House Ways and Means Committees, and the General Assembly at least annually, in the Department of Commerce's annual report, on the status and progress of economic development goals which have been set for the State as a part of the ongoing planning process and on the commitments, expenditures, and balance of the Economic Development Account, with appropriate recommendations.

HISTORY: 1993 Act No. 181, Section 248, eff July 1, 1993; 2000 Act No. 387,

requirements governing public monies, including compliance with the South Carolina Consolidated Procurement Code, unless exempt by formal approval of the State Fiscal Accountability Authority. These monies are also subject to all disclosure requirements governing public monies, unless exempt by Section 30-4-40;

~~(35)~~ evaluation of plans and programs in terms of their compatibility with state objectives and priorities ~~as outlined in the strategic plan for economic development;~~

~~(46)~~ approval of infrastructure and other economic development grants for local units of government pursuant to Section 12-10-85, Section 12-28-2910 or any other source designated for administration by the council;

~~(57)~~ approval of infrastructure development grants for local units of government pursuant to Section 12-21-6540;

~~(68)~~ approval of applications submitted under the Enterprise Zone Act of 1996 and negotiation of revitalization agreements pursuant to Section 12-10-60;

~~(79)~~ approval of applications submitted under Section 12-6-3375.

(B) The coordinating council may not engage in the delivery of services.

**SECTION 13-1-1730.** Reports.

The coordinating council shall make reports to the Governor, the chairmen of the Senate Finance and House Ways and Means Committees, and the General Assembly at least annually regarding grant programs administered by the council that do not otherwise have a statutory reporting requirement. Such reports shall itemize the expenditures for the preceding calendar year and include an identification of the following information:

(a) company name or confidential project number;

Part II, Section 57A, eff July 1, 2000.

**SECTION 13-1-1740.** Recommendations by council; review of agency requests for appropriations.

(A) The coordinating council shall make recommendations to the Governor, the General Assembly, and the State Fiscal Accountability Authority as to the policies and programs involved in the state's economic development it considers necessary to carry out the objectives of the strategic plan.

(B) The coordinating council shall review agency requests for legislative appropriations for economic development and may make recommendations to the Office of the Governor and the State Fiscal Accountability Authority and the General Assembly concerning requests compatible with the objectives of the strategic plan. This section does not limit an agency's direct access to the General Assembly, and comment by the coordinating council is not a part of the budget process.

(b) location of the project;

(c) amount of the grant award; and

(d) scope of grant award.

Reports required by this section are in addition to any other reporting requirements applicable to the council.

~~in the Department of Commerce's annual report, on the status and progress of economic development goals which have been set for the State as a part of the ongoing planning process and on the commitments, expenditures, and balance of the Economic Development Account, with appropriate recommendations.~~

**SECTION 13-1-1740.** Recommendations by council; review of agency requests for appropriations.

Repeal.

HISTORY: 1993 Act No. 181, Section 248, eff July 1, 1993; 2000 Act No. 387, Part II, Section 57A, eff July 1, 2000.

**SECTION 13-1-1750.** Funding; technical advisory committees; data sources.

Funds for technical, administrative, and clerical assistance and other expenses of the coordinating council must be provided by the member agencies. The coordinating council may establish technical advisory committees to assist in the development of a strategic plan for economic development. The coordinating council shall seek to utilize data available from the Department of Transportation, the University of South Carolina, Clemson University, and other state agencies and organizations and relevant to the economic growth and development of the State.

HISTORY: 1993 Act No. 181, Section 248, eff July 1, 1993; 2000 Act No. 387, Part II, Section 57A, eff July 1, 2000.

**SECTION 13-1-1770.** Downtown Redevelopment Program; purpose; guidelines for evaluating and awarding grants.

(A) The coordinating council shall establish the "Downtown Redevelopment Program" for the purpose of making grants for revitalizing and enhancing the viability of downtown areas through partnerships of municipal government, county government, and private investors.

(B) The council shall establish program guidelines, regulations, and criteria by which grants must be evaluated and awarded including, but not limited to:

(1) a nonstate match requirement of at least one hundred fifty percent of state grant funds; and

**SECTION 13-1-1750.** Funding; technical advisory committees; data sources.

~~Funds for technical, administrative, and clerical assistance and other expenses of the coordinating council must be provided by the member agencies. The coordinating council may establish technical advisory committees to assist in the development of a strategic plan for economic development. The coordinating council shall seek to utilize data available from the Department of Transportation, the University of South Carolina, Clemson University, and other state agencies and organizations and relevant to the economic growth and development of the State.~~

From the amount set aside in Section 12-28-2910, the council is authorized to use up to ten percent of such amount for actual operating expenses in support of administrative program costs and business recruitment and retention and up to \$60,000 to support the Geographic Information Systems (GIS) program, as approved by council. Any balance on June thirtieth of the prior fiscal year may be carried forward and expended for the same purposes in the current fiscal year.

**SECTION 13-1-1770.** Downtown Redevelopment Program; purpose; guidelines for evaluating and awarding grants.

(A) The coordinating council ~~shall~~ may establish the "Downtown Redevelopment Program" for the purpose of making grants for revitalizing and enhancing the viability of downtown areas through partnerships of municipal government, county government, and private investors.

(B) The council shall establish program guidelines, regulations, and criteria by which grants must be evaluated and awarded including, but not limited to:

(1) a nonstate match requirement of at least one hundred fifty percent of state grant funds; and

(2) completion of an economic impact before an award is made.

HISTORY: 1998 Act No. 419, Part III, Section 3(A), eff July 1, 1998; 2000 Act No. 387, Part II, Section 57A, eff July 1, 2000.

**SECTION 13-1-1780.** Agricultural businesses considered for economic development awards.

In awarding benefits for economic development projects, including awards from the Governor's Closing Fund, the Department of Commerce and the coordinating council must consider agricultural businesses. The Department of Commerce and the coordinating council must consider the number of jobs created, including full-time, part-time, and seasonal jobs, and the total investment made, including the cost of the real property.

HISTORY: 2016 Act No. 256 (S.427), Section 6, eff June 8, 2016.

(2) completion of an economic impact before an award is made.

**SECTION 13-1-1780.** Agricultural businesses considered for economic development awards.

In awarding grants or other incentives benefits for economic development projects, ~~including awards from the Governor's Closing Fund,~~ the Department of Commerce and the coordinating council must consider agricultural businesses. The Department of Commerce and the coordinating council must consider the number of jobs created, including full-time, part-time, and seasonal jobs, and the total investment made, including the cost of the real property.

Report Recommendation #27 –(Agency Law Change Recommendation #17)

# Law Change # 17

## Law Summary

### **Proviso 50.2**

Provides for funding administration of Coordinating Council from up to 10% of Set Aside Fund and authorizes up to \$60k to be spent on GIS system.

## Recommendation

### **Codify:**

- Commerce has funded staff for the Council for 20 years pursuant to this proviso.
- Section 13-1-1750 should be updated to reflect existing funding model in proviso. (See Law Change #12.)



Appendix I Figure 28. Excerpt from agency personnel's Law Changes (August 5, 2021) presentation to Subcommittee

Appendix I Table 13. Excerpt from agency's Program Evaluation Report submitted to Committee on March 13, 2022

LAW CHANGE #17			
Law	Summary of Current Law(s) and Recommended Change(s)	Basis for Recommendation	Approval and Others Impacted
<p><b>Proviso 50.2.</b> (CMRC: Economic Dev. Coordinating Council - Set Aside Fund)</p>	<p><u>Current Law:</u> Provides for funding for administration of the Coordinating Council from up to 10 percent of the Set Aside Fund and authorizes expenditure of up to \$60,000 to support a GIS system, as approved by the Council.</p> <p><u>Recommendation:</u> Codify to Section 13-1-1750 as amended.</p>	<p>Commerce has funded administration of the Coordinating Council pursuant to this proviso for over 20 years and the funding should be provided for in permanent law. Section 13-1-1750 has been outdated from the time Commerce was created and the Coordinating Council became a division of Commerce in 1993. (See also Law Change 12.)</p>	<p><u>Presented and approved by agency's governing body:</u> Coordinating Council approved recommended Law Changes 12 and 17 at its March, 5, 2020 meeting.</p> <p><u>Other entities potentially impacted:</u></p> <ul style="list-style-type: none"> <li>• SC Department of Agriculture</li> <li>• Department of Employment &amp; Workforce</li> <li>• SC Department of Parks &amp; Tourism</li> <li>• State Board for Technical &amp; Comprehensive Education</li> <li>• SC Ports Authority</li> <li>• SC Public Service Authority</li> <li>• SC Jobs Economic Development Authority</li> <li>• SC Department of Revenue</li> <li>• SC Department of Transportation</li> <li>• SC Research Authority</li> </ul> <p><u>If the law is a regulation, where agency is in the process of finalizing it and providing it to the General Assembly:</u> Not applicable.</p>

Current Law Wording	Proposed Revisions to Law Wording
<p>From the amount set aside in Section 12-28-2910, the council is authorized to use up to ten percent of such amount for actual operating expenses in support of administrative program costs and business recruitment and retention and up to \$60,000 to support the Geographic Information Systems (GIS) program, as approved by council. Any balance on June thirtieth of the prior fiscal year may be carried forward and expended for the same purposes in the current fiscal year.</p>	<p><b>SECTION 13-1-1750.</b> Funding; technical advisory committees; data sources.</p> <p><del>Funds for technical, administrative, and clerical assistance and other expenses of the coordinating council must be provided by the member agencies. The coordinating council may establish technical advisory committees to assist in the development of a strategic plan for economic development. The coordinating council shall seek to utilize data available from the Department of Transportation, the University of South Carolina, Clemson University, and other state agencies and organizations and relevant to the economic growth and development of the State.</del></p> <p><u>From the amount set aside in Section 12-28-2910, the council is authorized to use up to ten percent of such amount for actual operating expenses in support of administrative program costs and business recruitment and retention and up to \$60,000 to support the Geographic Information Systems (GIS) program, as approved by council. Any balance on June thirtieth of the prior fiscal year may be carried forward and expended for the same purposes in the current fiscal year.</u></p>

## ENDNOTES

1 Figure 1 is compiled from information in the Department of Commerce study materials available online under “Citizens’ Interest,” under “House Legislative Oversight Committee Postings and Reports,” and then under “Commerce, Department of” <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyPHPFiles/Commerce.php> (accessed July 19, 2022).

2 The study did not include a review of the South Carolina Palmetto Railways, which is a division of the Department of Commerce.

3 Department of Commerce, “About,” <https://www.sccommerce.com/about> (accessed May 27, 2022). See also, Department of Commerce, “SC Coordinating Council for Economic Development,” <https://www.sccommerce.com/sc-coordinating-council-economic-development> (accessed July 19, 2022). Hereinafter, “Coordinating Council for Economic Development.”

4 Coordinating Council for Economic Development, “2021 Annual Report of Economic Development Set-Aside Fund, Closing Fund and Rural Infrastructure Authority Fund Activity,” [www.sccommerce.com/sites/default/files/2022-03/Economic%20Development%202021%20Annual%20Report%20%20%283.2022%29.pdf](http://www.sccommerce.com/sites/default/files/2022-03/Economic%20Development%202021%20Annual%20Report%20%20%283.2022%29.pdf) (accessed May 27, 2022). See page 22, which provides in part that “On an aggregate basis, the 398 grants that have closed or begun maintenance have created 98% of the 57,306 of jobs required and 129% of the \$16.5 billion investment required.” Hereinafter, “2021 Annual Report of Economic Development Set-Aside Fund, Closing Fund and Rural Infrastructure Authority Fund Activity.”

5 South Carolina General Assembly Legislative Audit Council, “Review of Incentive Programs Administered by the S.C. Department of Commerce,” <https://lac.sc.gov/reports/reports-agency-a-k/doc-2020> (accessed May 26, 2022).

6 This statement is based upon House Legislative Oversight Committee staff review of reports differences in the Coordinating Council for Economic Development Annual Reports issued in 2019, 2020, and 2021. These three reports may be accessed on the General Assembly’s website under “Publications,” under “State Agency Publications,” under “Current State Agency Reports,” under “COMMERCE, DEPARTMENT OF,” <https://www.scstatehouse.gov/reports/reports.php> (accessed June 7, 2022).

7 “Financial Exposure Rating the States on Economic Development Transparency a P R I L 2 0 2 2.” n.d. <https://www.goodjobsfirst.org/sites/default/files/docs/pdf/Financial%20Exposure.pdf> (accessed May 24, 2022).

8 S.C. House of Representatives, House Legislative Oversight Committee, “Letter from Commerce to Subcommittee (4.6.22),” under “Committee Postings and Reports,” under “House Legislative Oversight Committee,” under “Commerce, Department of,” and under “Correspondence,” [https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20Commerce%20to%20Subcommittee%20\(4.6.22\).pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20Commerce%20to%20Subcommittee%20(4.6.22).pdf) (accessed June 2, 2022). See response to questions #3 and #5. Hereinafter “Letter from Commerce to Subcommittee (4.6.22).”

Note: The agency’s annual accountability reports are available online for review.

9 S.C. House of Representatives, House Legislative Oversight Committee, “Letter from Commerce to Subcommittee (4.16.21),” under “Committee Postings and Reports,” under “House Legislative Oversight Committee,” under “Commerce, Department of,” and under “Correspondence,” [https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20Commerce%20to%20Subcommittee%20with%20attachment%20\(4.16.21\)%20-%20PDF.pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20Commerce%20to%20Subcommittee%20with%20attachment%20(4.16.21)%20-%20PDF.pdf) (accessed July 20, 2022). See response to question #41. Hereinafter “Letter from Commerce to Subcommittee (4.16.21).”

S.C. House of Representatives, House Legislative Oversight Committee, “Meeting Minutes” (March 4, 2021), under “Committee Postings and Reports,” under “House Legislative Oversight Committee,” under “Commerce, Department of,” and under “Meetings,” [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/March%204,%202021%20-%20Meeting%20Minutes.pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/March%204,%202021%20-%20Meeting%20Minutes.pdf) (accessed July 20, 2022). A video of the meeting is available at <https://www.scstatehouse.gov/video/archives.php?key=10871>. The meeting packet is available at [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/March%204,%202021%20-%20Meeting%20Packet%20\(3.4.21\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/March%204,%202021%20-%20Meeting%20Packet%20(3.4.21).pdf). Hereinafter, “March 4, 2021, Minutes, Video, and Meeting Packet.”

Note: Former Secretary of Commerce Robert “Bobby” M. Hitt testified in the March 4, 2021, subcommittee meeting that the agency’s two main objectives are to build tax base and pay rolls. See video at 00:12:56-00:13:15.

10 Letter from Commerce to Subcommittee (4.16.21). See response to question #41.

11 March 4, 2021, Minutes, Video, and Meeting Packet. See video (part 1) at 00:07:42-00:08:29.

12 Letter from Commerce to Subcommittee (4.6.22). See response to question #2.

13 Christopher Huffman, Chief Financial Officer for the Department of Commerce interviewed by House Legislative Oversight Committee Legal Counsel, Charles Appleby, July 13, 2022.

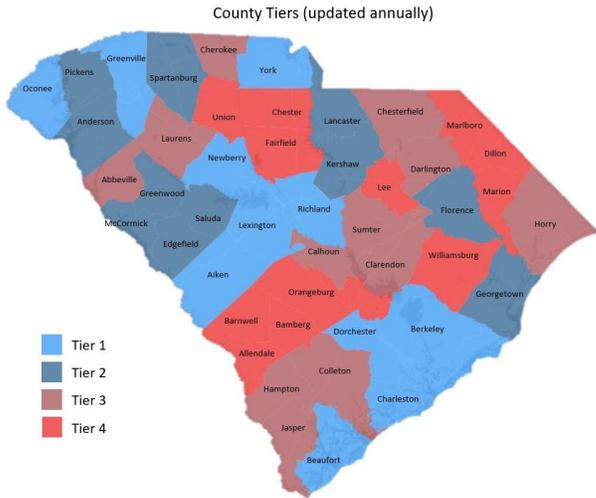
Note: Fourteen of the eighteen counties in Tier III and IV or Tier IV for 2011-2022 do not have a county specific strategic plan.

14 Letter from Commerce to Subcommittee (4.6.22). See response to question #74.

15 Letter from Commerce to Subcommittee (4.6.22). See response to question #75.

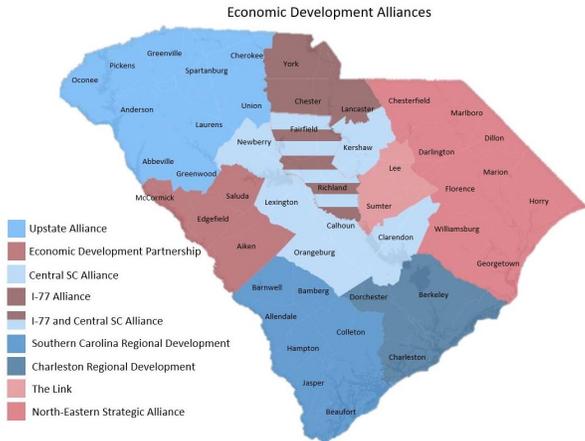
16 Department of Revenue, "SC Information Letter #21-28," <https://dor.sc.gov/resources-site/lawandpolicy/Advisory%20Opinions/IL21-28.pdf> (accessed June 3, 2022).

17 The Department of Revenue calculates county tiers annually. Therefore, a county's tier ranking may fluctuate from year to year. See Appendix B for information about county tier rankings from 2011-2022. See below for the 2022 county tier rankings.

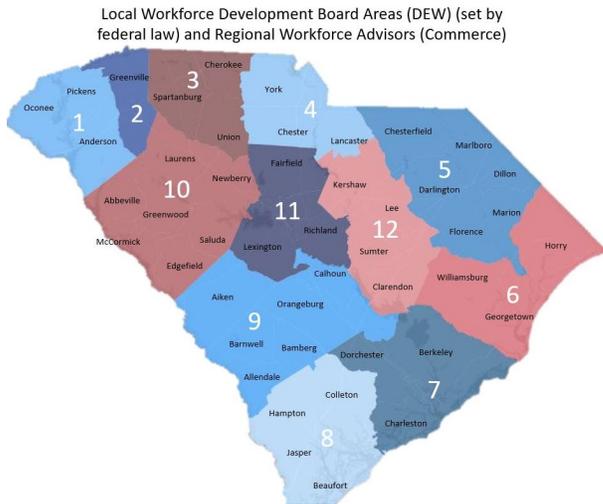


Endnote Figure 1. 2022 county tier rankings

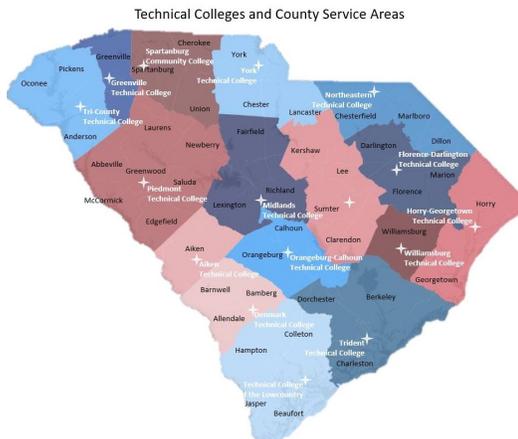
18



Endnote Figure 2. Economic development alliances – names and county boundaries



Endnote Figure 3. Local workforce development board areas (region numbers and county boundaries)



Endnote Figure 4. Technical colleges and service areas

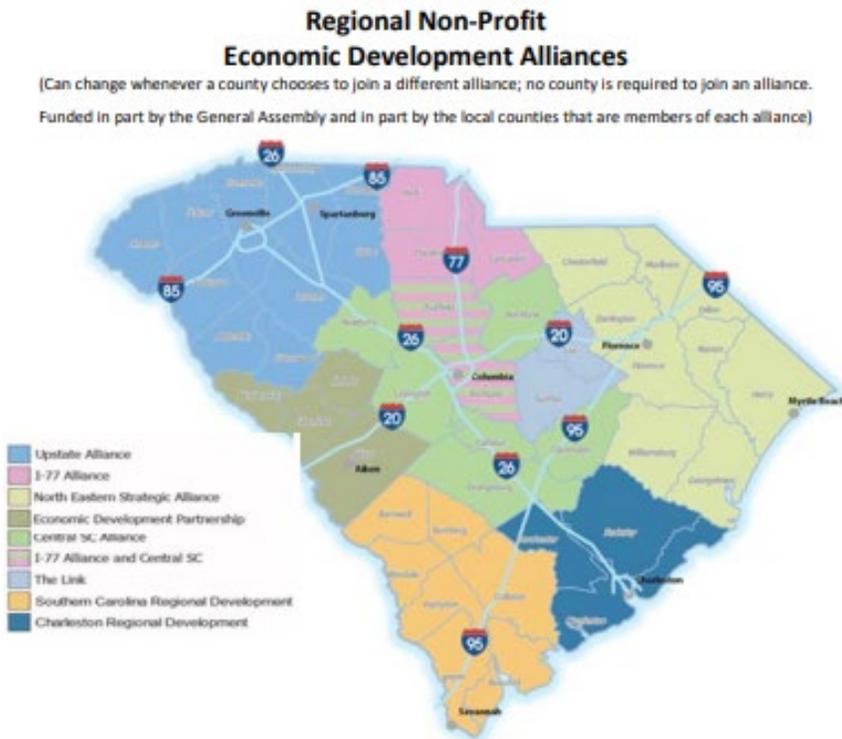
19 Note: Department of Commerce personnel work with each alliance differently. For example:

- some alliances assist Commerce with product development initiatives
- some alliances assist with funding and technical assistance for their communities (e.g., Aiken and Southern Carolina)
- some alliances work with local leaders to continue to advance understanding of economic development
- some alliances assist Commerce with small business and startup (e.g., Charleston region)
- some alliances assist with Commerce on workforce issues.

20 S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Minutes" (March 11, 2021), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Meetings," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/March%2011,%202021%20-%20Meeting%20Minutes.pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/March%2011,%202021%20-%20Meeting%20Minutes.pdf) (accessed July 20, 2022). A video of the meeting is available at <https://www.scstatehouse.gov/video/archives.php?key=10870>. See video (part 2) at 02:41:40-02:43:11. The meeting packet, which includes agency presentations, is available at [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/March%2011,%202021%20-%20Meeting%20Packet.pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/March%2011,%202021%20-%20Meeting%20Packet.pdf). Also, links to individual agency presentations are available under the "Agency Presentations" heading. Hereinafter, "March 11, 2021, Minutes, Video, and Meeting Packet."

21 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) 02:41:40-02:43:11.

Note: The eight economic development alliances are: (1) Upstate Alliance; (2) I-77 Alliance; (3) North Eastern Strategic Alliance; (4) Economic Development Partnership; (5) Central SC Alliance; (6) The Link; (7) Southern Carolina Regional Development; and (8) Charleston Regional Development.



Endnote Figure 5. Excerpt from March 11, 2021, meeting packet (page 48)

22 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:41:40-02:43:11.

23 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:47:10-02:47:33.

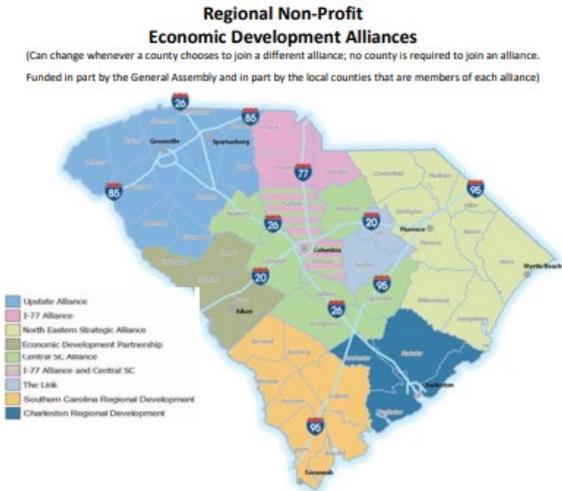
24 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:47:10-02:47:33.

25 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:48:00-02:48:20.

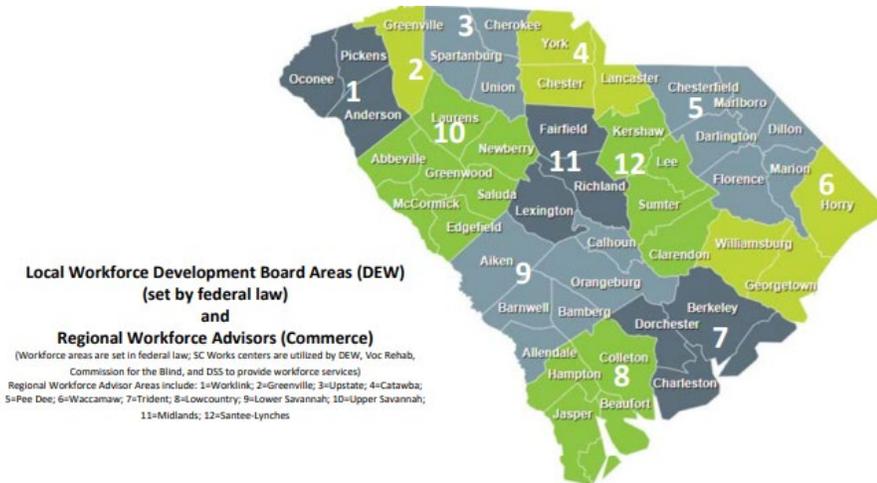
26 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:47:10-02:47:33.

Note: Pursuant to proviso, \$5M is split between the alliances annually and distributed through Commerce. The proviso outlines the amount received by each alliance, which is disbursed based on population. If there are changes in the makeup of one or more alliances (e.g., one added another county or lost county; or another alliance was created), Commerce informs leadership in the General Assembly so the General Assembly leadership can determine how to update the funding each would receive in the next year's annual appropriation act. To receive funding an alliance must match each dollar it receives with a dollar of private money that is raised for the same specific purpose. The funds cannot be used for the alliance's normal operations (e.g., salaries, overhead, etc.).

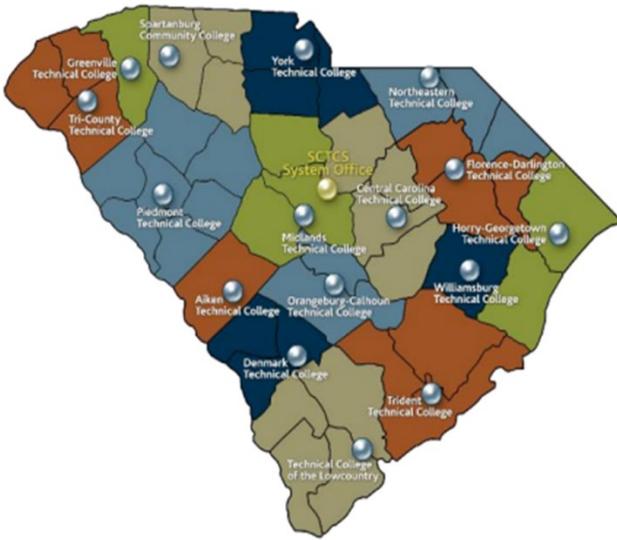
27



Endnote Figure 6. Excerpt from March 11, 2021, meeting packet (page 48)



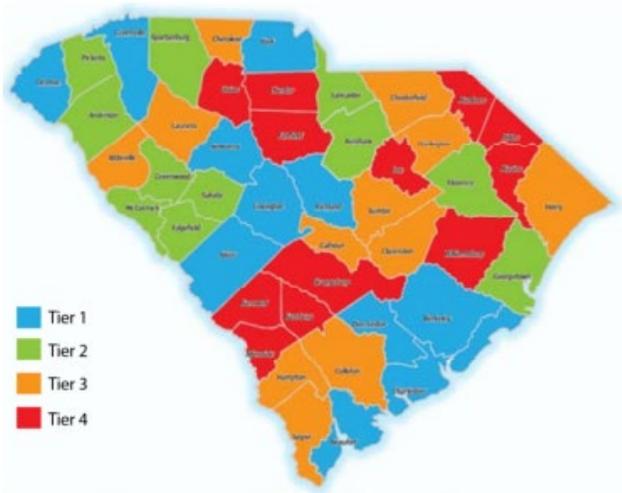
Endnote Figure 7. Adapted from SCworks.org statewide centers map available at <https://scworks.org/about-us/statewide-centers>



Endnote Figure 8. Excerpt from Technical Colleges and County Service Areas – Excerpt from State Board for Technical and Comprehensive Education Fiscal Year 2017-18 Accountability Report (page A-3)

**County Tiers (updated annually)**

(Utilized to determine incentives available. Tier 4 has the most incentives available, Tier 1, the least. Department of Revenue updates the tiers every December based on three-year average of the unemployment rate, which they obtain from the Department of Employment, and per capita income, which they obtain from the Board of Economic Advisors )



Endnote Figure 9. County tier ranking – Excerpt from May 27, 2021, meeting packet (page 45)

28 Letter from Commerce to Subcommittee (4.6.22). See response to question #21.

29 Letter from Commerce to Subcommittee (4.6.22). See response to question #18.

30 Letter from Commerce to Subcommittee (4.6.22). See response to question #19.

31 Letter from Commerce to Subcommittee (4.6.22). See response to question #22.

32 Letter from Commerce to Subcommittee (4.6.22). See responses to questions #21 and #22.

33 S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Minutes" (February 28, 2022), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of" and under "Meetings and Agency Presentations," chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/February%2028,%202022%20-%20Meeting%20Minutes.pdf (June 7, 2022). A video of the meeting is available at <https://www.scstatehouse.gov/video/archives.php?key=11897>. The meeting packet, which includes the agency presentations, is available at chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/February%2028,%202022%20-%20Meeting%20Packet.pdf. Also, links to individual agency presentations are available under the "Agency Presentations" heading. Hereinafter, "February 28, 2022, meeting minutes, packet, and video."

34 Department of Administration, "How much of the General Fund is spent on education?" <https://www.admin.sc.gov/budget/faq#:~:text=Does%20South%20Carolina%20have%20a,General%20Reserve%20Fund%20> (accessed July 20, 2022).

Note: For FY 2021–2022, more than \$4.3 billion, or 41% of the General Fund, was appropriated for educational initiatives in South Carolina. Additionally, over \$800 million was appropriated for colleges and universities.

35 S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Department of Education to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20Subcommittee%20to%20Department%20of%20Education%20(3.11.22).pdf (accessed June 7, 2022). See response to question #2. Hereinafter "Letter from Department of Education to Subcommittee (3.25.22)."

36 S.C. House of Representatives, House Legislative Oversight Committee, "Pipeline of education and workforce development entities in S.C.," under "Committee Studies of Agencies and Issues," under "Flow Charts," and under "Workforce Development," <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/SC%20Education%20and%20Workforce%20Development%20Pipeline.pdf> (accessed July 20, 2022). Hereinafter, "Pipeline of education and workforce development entities in S.C. flow chart."

37 Pipeline of education and workforce development entities in S.C. flow chart.

38 S.C. General Assembly, "2018 Coordinating Council for Workforce Development Annual Report," under "Publications," under "State Agency Publications," under "Current State Agency Reports," under "COMMERCE, DEPARTMENT OF," <https://www.scstatehouse.gov/reports/DeptofCommerce/CCWD%202018%20Report.pdf> (accessed June 7, 2022). See pages 50-51. Hereinafter, "2018 Coordinating Council for Workforce Development Annual Report."

39 Letter from Commerce to Subcommittee (4.6.22). See response to question #70.

40 Letter from Commerce to Subcommittee (4.6.22). See response to question #60.

See also, Letter from Department of Education to Subcommittee (3.25.22).

Note: The process of assisting businesses with obtaining workers, includes educating potential workers.

41 Economic Development opportunities are listed in Endnote Figure 10.

1.6 Assistance: Economic Development Education – Increase your knowledge and skills to make your county more competitive

Assistance – Economic Development Education

Other sources for information and assistance include, but is not limited to, those below

Below is information on opportunities the Department of Commerce and S.C. Economic Development Association provide to teach elected officials and local economic development staff how to make their county competitive and hone their economic development skills.

- S.C. Main Street Program through the Municipal Association
- International Downtown Association
- Urban Land Institute
- Riley Institute
- S.C. Economic Development Association

Available to Counties	2019	2020	2021
<p><b>Economic Development Institute</b>                      Cost: \$300 per attendee                      Description: Broad overview for all leaders in communities of any size who want to better understand how economic development works. It answers questions such as, "What is the ecosystem that makes economic development work? Why is my community not competitive? What could I take home and try to change in my community to make it competitive?"</p>	Allendale Anders on Bamberg Barnwell Calhoun Charleston Chester Clarendon Colleton Dillon	Edgefield Georgetown Greenwood Jasper Lancaster Laurens Lee Marlboro Orangeburg Pickens Sumter York	Abbeville Allendale Bamberg Beaufort Calhoun Cherokee Chester Clarendon Colleton Dillon Edgefield Georgetown Greenwood Horry Kershaw Lancaster Marion Marlboro McCormick Pickens Saluda Sumter York
<p><b>Rural Summit Institute</b>                      Cost: \$225 per attendee in 2019 and 2020. No charge in 2020, as it was held virtually                      Description: Annual conference that focuses on rural South Carolina to share best practices and learn about resources available. All state and federal grant programs are discussed at the conference</p>	Abbeville Allendale Calhoun Cherokee Colleton Darlington Dillon	Abbeville Allendale Darlington Dillon Dorchester Florence Jasper Laurens Lexington Marion Marlboro Newberry Richland Saluda Spartanburg Williamsburg	Allendale Colleton Dillon Kershaw Lancaster
<p><b>Advance Symposium</b>                      Cost: \$1,800 per attendee; successful completion resulted in certification                      Description: Intense educational program required to become a certified S.C. Economic Developer. It is centered around a project to hone the economic developer's skills so they can be a better representative of their county; giving them best practice ideas on how to make their county better.</p>	Abbeville Aiken Allendale Bamberg Beaufort Berkeley Calhoun Charleston Cherokee Chester Chesterfield Clarendon Colleton Darlington Dillon	Edgefield Fairfield Georgetown Greenwood Hampton Horry Jasper Laurens Lee Lexington Marion Marlboro McCormick Newberry Oconee Orangeburg Pickens Richland Saluda Spartanburg Union Williamsburg York	Not offered

Endnote Figure 10. Economic development education

42 S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Minutes" (May 12, 2021), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of" and under "Meetings and Agency Presentations," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/May%2012,%202021%20-%20Meeting%20Minutes.pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/May%2012,%202021%20-%20Meeting%20Minutes.pdf) (July 20, 2022). A video of the meeting is available at <https://www.scstatehouse.gov/video/archives.php?key=11324>. See video at 00:49:41-00:52:05. The meeting packet, which includes the agency presentations, is available at <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/May%2012,%202021%20-%20Meeting%20Packet.pdf>. Also, links to individual agency presentations are available under the "Agency Presentations" heading. Hereinafter, "May 12, 2021, meeting minutes, packet, and video." Note: 1,200+ international firms, representing 34 different countries, are in the state and employ over 132,000 South Carolinians. Germany has the largest representation of the international countries. Between 2015 and 2020, S.C. was one of the top four countries in the U.S. for foreign direct investment on a per capita basis.

43 Letter from Commerce to Subcommittee (4.6.22). See page 116.

44 May 12, 2021, meeting minutes, packet, and video." See video at 00:08:38-00:08:48.

45 May 12, 2021, meeting minutes, packet, and video. See video at 00:09:29-00:10:34.

2021.05.12 - Commerce - Marketing the State and Project Management [00:09:29-00:10:17] Nelson Lindsay, Director of Global Business Development, Department of Commerce: We're also introducing ourselves to parts of the world that don't know where South Carolina is. If you think about it, think about Asian companies. They may know where the U.S. is and they may know some of the major cities, New York, Washington, L.A., things like that, maybe Orlando, if they've been to Disney World. But they

don't know the differences between our regions. And likewise, if you think about, say, China, we know the major cities in China, Beijing, Shanghai and a few others, but it's hard to tell the difference in their regions. Right. So it's the same concept. We don't know as much about their regional differences and they don't know as much about our. So part of our marketing efforts is around getting the word about where we are physically as a state.

2021.05.12 - Commerce - Marketing the State and Project Management [00:10:17-00:10:34] Nelson Lindsay, Director of Global Business Development, Department of Commerce: Hopefully they know where the U.S. is. Ideally, they know where the southeast U.S. is. If they know where the Carolinas are, we're doing very well. And if they know South Carolina is you know, we're so far ahead of the game at that point. So that is our goal is to **build that geographic awareness** as well.

They may know about New York, Washington, DC, and Los Angeles, but have no idea about South Carolina. If they are aware of the Southeastern region of the United States, or South Carolina, it may be from old stereotypes (e.g., things are slower in the south, poor education system, being a smaller state means less resources, etc.). Therefore, marketing efforts are needed to overcome these stereotypes because the current understanding of the region and state is one in which they do not want to locate.

46 May 12, 2021, meeting minutes, packet, and video. See video at 00:11:26-00:11:41.

<sup>47</sup> May 12, 2021, meeting minutes, packet, and video. See video at 00:11:42.

48 March 4, 2021, Minutes, Video, and Meeting Packet.

See also, May 12, 2021, meeting minutes, packet, and video.

49 Letter from Commerce to Subcommittee (4.6.22). See response to question #57.

50 Act No. 239 of 2022. See Part II, Proviso 50.23.

(CMRC: Strategic Economic Development Fund) In the current fiscal year, there is established, within the Department of Commerce, the Strategic Economic Development Fund for the purpose of funding projects that are essential to the State's ongoing and future economic development success. The Secretary of Commerce shall identify and recommend potential projects for review and comment by the Joint Bond Review Committee before any funds may be awarded or expended. Any unexpended funds at the end of the fiscal year shall be carried forward and expended in the current fiscal year by the Department of Commerce for the same purposes.

51 Letter from Commerce to Subcommittee (4.6.22). See response to question #58.

Please provide examples from other states of how funding of strategic infrastructure independent of specific economic development projects has assisted them in recruiting business.

In North Carolina, key economic development stakeholders recognized that historically dominant industries (textiles, furniture makers, etc.) in the region were struggling. To prepare to be able attract future industry and create jobs, state and local governments and partners pieced together parcels of land to create an 1,800-acre megasite with convenient access to highways, airports, seaports and a diverse workforce pool. Investments were also made in onsite rail and renewable energy availability. As a result, Toyota announced in 2021 that it would build a \$1.29 billion lithium battery plant on this site, creating 1,750 jobs.

In Tennessee, the state had struggled to attract industry to its Memphis Regional Megasite despite significant investment over a number of years. A study found that the lack of utility connections was one of the main obstacles for site development. Subsequently, the state committed \$52 million into developing water and wastewater infrastructure to improve the area and the site's marketability. In 2021, Ford announced it would invest \$5.6 billion and create 5,700 at the site where the company will build electric trucks and electric vehicle batteries.

52 Letter from Commerce to Subcommittee (4.6.22). See responses to questions #56 and #57.

See also, S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Minutes" (August 5, 2021), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of" and under "Meetings and Agency Presentations," <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/August%205,%202021%20-%20Meeting%20Minutes.pdf> (July 20, 2022). A video of the meeting is available at <https://www.scstatehouse.gov/video/archives.php?key=11449>. See video (part 1) at 00:20:20-00:20:48. The meeting packet, which includes the agency presentations, is available at <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/August%205,%202021%20-%20Meeting%20Packet.pdf>. Also, links to individual agency presentations are available under the "Agency Presentations" heading. Hereinafter, "August 5, 2021, meeting minutes, packet, and video."

Note: The COVID-19 pandemic emphasized lack of statewide internet access, which the state is in the process of addressing. However, once infrastructure is in place, affordable access becomes the next question. The state is in the process of addressing the issue regarding inability to have internet due to lack of infrastructure.

53 Letter from Commerce to Subcommittee (4.6.22). See response to question #58.

54 Letter from Commerce to Subcommittee (4.6.22). See response to questions #24, #27, and #30.

55 Letter from Commerce to Subcommittee (4.6.22). See response to questions #98 and #99.

56 Letter from Commerce to Subcommittee (4.6.22). See response to question #41, which discusses examples of why answers to certain questions about agency operations may not be straightforward.

57 Note: House Oversight Committee staff can provide additional context and information relating to implementation.

58 Act 252 of 2016.

See also, S.C. General Assembly, "2017 Coordinating Council for Workforce Development Annual Report," under "Publications," under "State Agency Publications," under "Current State Agency Reports," under "COMMERCE, DEPARTMENT OF," <https://www.scstatehouse.gov/reports/DeptofCommerce/CCWD%20Report%202017.pdf> (accessed June 7, 2022). See page 3. Hereinafter, "2017 Coordinating Council for Workforce Development Annual Report."

59 2018 Coordinating Council for Workforce Development Annual Report. See page 8.

60 Note: The concept for the Comprehensive Workforce plan began after the 2019 WorkforceONE Summit. The Coordinating Council for Workforce Development agreed to take the priorities and themes gathered and turn them into a plan that would fulfill the council's legislative mandate, S.C. Code Section 13-1-2030(B)(1)(d), to develop a method for identifying and addressing long-term workforce needs. Crafting such an in-depth blueprint required assistance from an entity with tangible experience in project management. The South Carolina Council on Competitiveness was engaged and asked to draft a proposed scope of work for the development of a comprehensive statewide workforce plan. While these initial steps were taken, priorities shifted during the COVID-19 pandemic. During the study, Commerce personnel testified it is a good time to begin to re-engage the conversation about this plan.

61 Note: When the meeting was held, legislation was pending to consolidate the Education and Economic Development Coordinating Council into the Coordinating Council for Workforce Development.

62 Act 194 of 2022 placed the responsibilities of the Education and Economic Development Coordinating Council under the Coordinating Council for Workforce Development (CCWD).

Act 194 of 2022, SECTION 2. The Code Commissioner is directed to change or correct all references to the "Education and Economic Development Coordinating Council" to the "Coordinating Council for Workforce Development." References to the Education and Economic Development Coordinating Council in the 1976 Code or other provisions of law are considered to be and must be construed to mean the "Coordinating Council for Workforce Development."

Additionally, statutes previously applicable to the CCWD were amended including the one below:

Section 13-1-2030

(B)(1) The coordinating council shall:

(a) **facilitate and coordinate the development of a unified, statewide workforce plan that utilizes data and analysis to identify statewide workforce priorities and create measurable, time-sensitive metrics in which all workforce pipeline stakeholders including, but not limited to, education and workforce boards, councils, and partner representatives, participate. The statewide workforce plan must ensure that federal and state requirements are met and agency constituents remain served. The plan also must establish standardized education and workforce terminology and definitions to be used across all agencies and sectors. The plan must**

**identify at least two, but not more than four, goals to be accomplished in less than four years and update those goals every five years;**

(b) advise appropriate agencies and governing boards to ensure the components of Chapter 59, Title 59, are implemented with fidelity to provide a better prepared workforce, student success in postsecondary education, and enhanced coordination between K-12, higher education, and employers. The council shall review accountability and performance measures for implementation of this article and make recommendations for the promulgation of regulations to carry out its provisions including, but not limited to, enforcement procedures, which may include monitoring and auditing functions, and addressing consequences for noncompliance;

(c) utilize data and analysis to develop a method for identifying and addressing long-term workforce needs and make evidence-based recommendations to the General Assembly;

63 S.C. General Assembly, “2019 Coordinating Council for Workforce Development Annual Report,” under “Publications,” under “State Agency Publications,” under “Current State Agency Reports,” under “COMMERCE, DEPARTMENT OF,” [https://www.scstatehouse.gov/reports/DeptofCommerce/CCWD%202019%20Annual%20Report\\_7\\_19.pdf](https://www.scstatehouse.gov/reports/DeptofCommerce/CCWD%202019%20Annual%20Report_7_19.pdf) (accessed June 7, 2022). See page 10. Hereinafter, “2019 Coordinating Council for Workforce Development Annual Report.”

64 Note: The Annie E. Casey Foundation tracks data on child wellbeing, and 2021 marks the 32nd edition of the foundation’s Kids Count publication.

65 SC Kids Count Data Center, <https://datacenter.kidscount.org/data/customreports/42/7288,7246,43,5043,7244,5062,7247,7188,5116,5119,7245,7248,5425,7249,7243,7253,7250,106,5203,6795,7259> (accessed June 20, 2022).

See also, Joint Citizens and Legislative Committee on Children, “2022 Data Reference Book,” under “Publications,” [https://www.sccommitteeonchildren.org/\\_files/ugd/587cb7\\_c057fbf59d2849218f3cee75fd7e7b02.pdf](https://www.sccommitteeonchildren.org/_files/ugd/587cb7_c057fbf59d2849218f3cee75fd7e7b02.pdf) (accessed July 20, 2022).

Note: In 2019, 311,000 South Carolina children (28%) had parents that lacked secure employment. In 2019, 12 children entered foster care due to lack of employment by a parent.

66 Note: S.C. Code Section 12-6-3440 provides that an employer may claim as a credit against its income tax, bank tax, or insurance premium tax liability an amount equal to **(a)** 50% of its capital expenditures in South Carolina but no more than \$100,000, for costs incurred in establishing a childcare program for its employees’ children and **(b)** 50% of the child care payments made not to exceed \$3,000 for each participating employee per year.

The program and operation of the program must meet the licensing, registration, and certification standards prescribed by law. The credit taken in any one tax year cannot exceed 50% of the employer’s tax liability for that year. Any unused credit can be carried forward for 10 years. The credit is claimed on Form TC-9, “Credit for Child Care Program.”

For purposes of the capital expenditures portion of the credit, qualifying expenditures for establishing a childcare program include, but are not limited to:

1. Mortgage or lease payments for childcare facilities.
2. Purchases of playground and classroom equipment, kitchen appliances, and cooking equipment.
3. Purchases of real property and improvements.
4. Donations to a nonprofit organization that qualifies under Internal Revenue Code §501(c)(3) in order to help that organization establish a child care facility for the employees’ children. The employer may not, however, also claim a charitable deduction for the contribution made to the §501(c)(3) organization.
5. Expenses incurred in the first year for organizing and administering a direct payment program (see discussions below) for paying employees’ childcare expenses.

For purposes of the childcare portion of the credit, 50% of the following payments, not to exceed \$3,000 for each participating employee per year, qualify for the credit:

1. Payments incurred by the taxpayer to operate a childcare program for the taxpayer’s employees in South Carolina.
2. Payments made directly to licensed or registered independent childcare facilities in the name of, and for the benefit of, the employer’s employees who are residents of, and employed in, South Carolina qualify if the children are kept at the facility during the employee’s working hours. In addition, the employer may include any administrative costs, not to exceed 2%, that are associated with payments to a licensed or registered independent childcare facility.

The requirements of the childcare payment portion of the credit include:

1. The payment may not exceed the amount charged to non-employee’s children of like age and abilities.
2. The taxpayer must retain information concerning the childcare facility’s federal identification number, license or registration number, payment amount, and in whose name and for whose benefits the payments were made.

67Department of Social Services, “Child Care,” <https://dss.sc.gov/child-care/> (accessed June 20, 2022). Hereinafter, “Department of Social Services Child Care.”

68 Department of Social Services Child Care.

69 S.C. General Assembly, "2020 Coordinating Council for Workforce Development Annual Report," under "Publications," under "State Agency Publications," under "Current State Agency Reports," under "COMMERCE, DEPARTMENT OF," <https://www.scstatehouse.gov/reports/DeptofCommerce/2020%20Annual%20Report.pdf> (accessed June 7, 2022). . Hereinafter, "2020 Coordinating Council for Workforce Development Annual Report."

Note: South Carolina's workforce system is tracked and measured by a multitude of federal, state, and institutional metrics which helps inform policymakers. With such a wide variety of measurements coming from a multitude of sources, it becomes difficult to ensure that information, in its proper context, is available for all stakeholders. Therefore, capturing all the components of S.C.'s workforce system, in a centralized format, will help identify areas of strength and areas of need.

Regional Workforce Snapshots were created to present specific workforce, industry recruitment and educational data within a one-page, front, and back document. This information has been compiled for each of the 12 local workforce regions. The front page offers an overview of each region's footprint by providing current information such as employment statistics, industry data, announced economic development recruitment and educational attainment for residents in those counties. The back page delves into a region's educational outcomes by providing one consecutive school year's educational awards for students, both secondary and postsecondary. The information shows educational awards and the fields in which they were awarded, which can then be compared to the front page, providing a sense of where alignment exists. This data was collected from the most readily available, public information which is the 2017-2018 school year, in combination with data directly provided from CCWD member agencies. The regional snapshots are only limited by availability of more recent data.

These snapshots are meant to offer basic insights, prompting the reader to then ask more comprehensive questions about the workforce system as a whole. The next level of questions would require the use of longitudinal data, which could then be integrated into regional snapshots to provide a more dynamic understanding of South Carolina's workforce system.

70 Note; For example, the Coleridge Initiative, a nonprofit organizations established in 2016 at the New York University, has worked with many federal, state, and local government entities to provide applied data analytics training programs. For more information about the Coleridge Initiative, visit <https://coleridgeinitiative.org/> (accessed June 28, 2022).

71 U.S. Bureau of Economic Analysis (BEA), "Advisory Committee on Data for Evidence Building: Year 1 Report," <https://www.bea.gov/system/files/2021-10/acdeb-year-1-report.pdf> (accessed July 20, 2022). See page 69 -70. Hereinafter, "Advisory Committee on Data for Evidence Building: Year 1 Report."

The Applied Data Analytics training program is structured to leverage the ADRF to produce evidence that is relevant, timely, actionable, and scalable.

Administrative Data Research Facility (ADRF). The ADRF is a secure cloud-based computing platform that allows agencies to safely host and analyze de-identified data sets. The platform was designed to promote collaboration, facilitate documentation, and provide information about data use to agency data owners. The ADRF was established by the Census Bureau with funding identified, in part, to inform the decision-making of the Evidence Commission.

The ADRF has enabled secure access to over 150 confidential data sets owned by more than 75 different agencies at all levels of government. The facility is FedRAMP moderate certified and is listed on the FedRAMP Marketplace. The ADRF has received authorization to operate from the Census Bureau, the U.S. Department of Agriculture, and the National Science Foundation and has an Authorization to Use from the U.S. Department of Health and Human Services. The platform won a 2018 Government Innovation Award.

The platform's data processing and management capabilities include data ingestion, data documentation, data analytics tools, and data stewardship. All access to the ADRF is exclusively via web browser over secure connections, and the system leverages cloud-based services for efficiency, reusability, and cost transparency.

Advisory Committee on Data for Evidence Building: Year 1 Report. See page 29.

NSDS should feature a sandbox for testing new and innovative technologies and software for multiple data access tiers, data protection protocols, and data analysis. The NSDS should be a neutral ground between agencies where secure testing of new data linkages, privacy-preserving technologies, and model approaches can occur. This sandbox should support the development and refinement of disclosure limitation techniques and multiple access modes, in line with existing efforts by the Interagency Council on Statistical Policy and the Federal Committee on Statistical Methodology

Note: The Advisory Committee on Data for Evidence Building was established as part of the federal Foundations for Evidence-Based Policymaking Act of 2018.

72 S.C. House of Representatives, House Legislative Oversight Committee, "Department of Employment and Workforce Letter to Subcommittee (March 25, 2022)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DEW%20to%20Subcommittee%20\(3.25.22\).pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DEW%20to%20Subcommittee%20(3.25.22).pdf) (accessed July 20, 2022). See response to question #8. Hereinafter "Department of Employment and Workforce Letter to Subcommittee (March 25, 2022)."

73 Department of Employment and Workforce Letter to Subcommittee (March 25, 2022).

74 Department of Employment and Workforce Letter to Subcommittee (March 25, 2022).

75 S.C. House of Representatives, House Legislative Oversight Committee, "Department of Vocational Rehabilitation Letter to Subcommittee (March 25, 2022)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20SCVRD%20to%20Subcommittee%20\(3.25.22\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20SCVRD%20to%20Subcommittee%20(3.25.22).pdf) (accessed July 20, 2022). See response to question #1. Hereinafter "Department of Vocational Rehabilitation's Letter to Subcommittee (March 25, 2022)."

76 Department of Vocational Rehabilitation's Letter to Subcommittee (March 25, 2022). See response to question #1.

77 Talent 2025 publication entitled, "Longitudinal Data Systems in Michigan: SLDS Analysis, Stakeholder Input and Recommendations, APPENDIX: Best-in-Class State Longitudinal Data Systems (SLDS)" prepared by David Palmer, MPA and Tricia Czachowski in January 2020. See pages 3-4. [http://www.talent2025.org/uploads/files/T2025\\_SLDS\\_Appendix.pdf](http://www.talent2025.org/uploads/files/T2025_SLDS_Appendix.pdf) (accessed July 14, 2022). Hereinafter, "Logitudinal Data Systems in Michigan: SLDS Analysis, Stakeholder Input and Recommendations, APPENDIX: Best-in-Class State Longitudinal Data Systems (SLDS)."

78 S.C. General Assembly, "2021 Coordinating Council for Workforce Development Annual Report," under "Publications," under "State Agency Publications," under "Current State Agency Reports," under "COMMERCE, DEPARTMENT OF," [www.scstatehouse.gov/reports/DeptofCommerce/CCWD%202021%20Annual%20Report-compressed.pdf](http://www.scstatehouse.gov/reports/DeptofCommerce/CCWD%202021%20Annual%20Report-compressed.pdf) (accessed June 7, 2022). See page 10. Hereinafter, "2021 Coordinating Council for Workforce Development Annual Report."

79 Letter from Commerce to Subcommittee (4.6.22). See response to question #63.

<sup>80</sup> Note: Act 194 of 2022 as it also requires common terminology as part of the unified workforce plan.

81 2017 Coordinating Council for Workforce Development Annual Report. See page 8.

82 2017 Coordinating Council for Workforce Development Annual Report. See page 8.

See also, 2019 Coordinating Council for Workforce Development Annual Report. See page 8.

83 2017 Coordinating Council for Workforce Development Annual Report. See page 8.

Agency Name	Public / Private	Program Name	Description of Program	Area of State	Type of Assistance	Target Population	Funding Agency	State/ Federal	Annual Award/ Appropriation	Recurring/ Non-recurring	Contact Name	Contact Phone #	Contact Email
SC Department of Employment and Workforce (DEW)	Public	Workforce Innovation and Opportunity Act (WIOA)-Adult											
SC Department of Employment and Workforce (DEW)	Public	Workforce Innovation and Opportunity Act (WIOA)-Youth											
SC Department of Employment and Workforce (DEW)	Public	Workforce Innovation and Opportunity Act(WIOA)-Dislocated Worker											
SC Department of Employment and Workforce (DEW)	Public	Veteran Services											
SC Department of Employment and Workforce (DEW)	Public	Wagner-Peyser											
SC Department of Employment and Workforce (DEW)	Public	Trade Adjustment Assistance (TAA)											
SC Department of Employment and Workforce (DEW)	Public	Reemployment Services and Eligibility Assessment (RESEA)											
SC Department of Employment and Workforce (DEW)	Public	Worker Adjustment and Retraining Notification (WARN)											
SC Department of Employment and Workforce (DEW)	Public	SC Work Ready Communities											
SC Department of Employment and Workforce (DEW)	Public	Work Opportunity Tax Credit (WOTC)											
SC Department of Education	Public	Other											
SC Technical College System	Public	ReadySC											
SC Technical College System	Public	Apprenticeship Carolina											
SC Technical College System	Public	E-Zone											
SC Technical College System	Public	Other											
SC Technical College System	Public												
16 Technical Colleges	Public												
SC Department of Commerce	Public	Regional Education Centers											

Coordinating Council for Workforce Development	Public																		
SC Commission for the Blind	Public																		
SC Department of Social Services	Public	Temporary Assistance for Needy Families (TANF)																	
SC Department of Social Services	Public	Supplemental Nutrition Assistance Program (SNAP)																	
Lieutenant Governor's Office on Aging	Public	Senior Community Service Employment Program (SCSEP)																	
Office of the Governor (Office of Economic Opportunity)	Public																		
State Department of Education	Public	Adult Education																	
State Department of Education	Public	Career and Technology Education (CATE)																	
State Department of Education	Public																		
Clemson Center for Workforce Development																			
SC State Chamber-501(C)3																			

**Definitions**

Agency/Entity	Legal name of your organization
Public/Private	A public or private entity
Program Name	Enter the Workforce Program Name. A Workforce Program is a program that prepares individuals to meet current and future workforce needs.
Description of Program	Provide a brief but thorough description of the workforce program.
Area of State	If the program is mandated to serve only a certain area of South Carolina, please enter the county, counties, or other limitations in this field. If there are no limitations, then enter ALL.
Type of Assistance	Enter the types of assistance the program provides.
Target Population	If the program is mandated to serve a certain portion of the population, please enter in this field. If there are no limitations, then enter ALL.
Funding Agency	Enter the name of the funding agency where your agency receives an award/appropriation.
Annual Award/Appropriation	Enter the current year's award/appropriation.
Recurring/Non-recurring	Answer recurring if award/appropriation is received on an annual basis. Answer Non-Recurring if award/appropriation is not received annually.
Contact Name	Contact person for the program
Contact Phone #	Phone number for contact person for the program
Contact Email	Email address for contact person for the program

Endnote Figure 11. Excerpt from 2017 Coordinating Council for Workforce Development Annual Report, page 20-21, Workforce Development Programs Mapping Tool

<sup>85</sup> February 28, 2022, meeting minutes, packet, and video.”

86 Note: South Carolina already has a state data warehouse established by law (i.e., Act No. 284 of 2016).

87 Letter from Commerce to Subcommittee (4.6.22). See response to question #65.

Note: Revenue and Fiscal Affairs Office has already built out public-facing platforms where certain data is already publicly available.

<sup>88</sup> Table adapted from material shared with the Committee by Commerce personnel. Logitudinal Data Systems in Michigan: SLDS Analysis, Stakeholder Input and Recommendations, APPENDIX: Best-in-Class State Longitudinal Data Systems (SLDS).

89 Letter from Commerce to Subcommittee (4.6.22). See Appendix F.

90 U.S. Bureau of Economic Analysis (BEA), “Advisory Committee on Evidence Building, “ <https://www.bea.gov/evidence> (accessed July 21, 2022).

91 Logitudinal Data Systems in Michigan: SLDS Analysis, Stakeholder Input and Recommendations, APPENDIX: Best-in-Class State Longitudinal Data Systems (SLDS). See page 5.

See also, Advisory Committee on Data for Evidence Building: Year 1 Report. See pages 13 and 19.

92 2017 Coordinating Council for Workforce Development Annual Report. See page 7.

See also, 2018 Coordinating Council for Workforce Development Annual Report. See page 7.

93 Letter from Department of Education to Subcommittee (3.25.22). See response to question #11.

94 Letter from Department of Education to Subcommittee (3.25.22). See response to question #11.

95 Letter from Department of Education to Subcommittee (3.25.22). See response to question #11.

96 2017 Coordinating Council for Workforce Development Annual Report. See page 7.

97 Logitudinal Data Systems in Michigan: SLDS Analysis, Stakeholder Input and Recommendations, APPENDIX: Best-in-Class State Longitudinal Data Systems (SLDS). See pages 4-5.

In 2018, Minnesota’s Statewide Longitudinal Education Data System (SLEDS) began reporting labor market outcomes for the 23 percent of Minnesota high school graduates who entered the workforce after graduation rather than enrolling post-secondary education or training. Minnesota’s reported outcomes include the number and share of graduates at the district, regional, and state levels who entered the workforce, average weekly hours worked, industries of employment, average hourly wages and employment rates across industry sectors.

Saint Paul Public Schools (SPPS), Minnesota’s largest school district, has incorporated performance measures into its strategic plan using information from SLEDS to gauge how well its graduates are prepared for college, career, and life. ...The strategic plan developed by SPPS uses longitudinal data to assess many traditional benchmarks, including graduation and enrollment in college, as well the number and share of the district’s graduates who are employed and earning a living wage while not being enrolled in post-secondary education in-state or out-of-state. The district used new baseline data from SLEDS to develop five-year targets for outcomes in a variety of areas, including racial and cultural achievement gaps, special education and English learner achievement, kindergarten readiness, college and career readiness, and academic growth for all students. The district continues to leverage SLEDS data to improve programs and align curricula to the needs of local employers based on the outcomes of recent graduates across a plethora of social, demographic, and labor market characteristics. This ensures economic opportunity and mobility for all students, regardless of subsequent participation in post-secondary education and training

<sup>98</sup> August 5, 2021, meeting minutes, packet, and video. See video beginning at 01:54:32.

99 Letter from Commerce to Subcommittee (4.6.22). See response to question #116.

100 Letter from Commerce to Subcommittee (4.6.22). See response to question #117.

101 Letter from Commerce to Subcommittee (4.6.22). See response to question #51.

102 Department of Commerce, “Area Maps,” <https://www.sccommerce.com/area-maps> (accessed July 21, 2022).

See also, S.C. House of Representatives, House Legislative Oversight Committee, “Service After the Sale Agency Presentation (June 4, 2021),” under “Committee Postings and Reports,” under “House Legislative Oversight Committee,” under “Commerce, Department of” and under “Meetings and Agency Presentations,” <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Presentation%20-%20Service%20after%20the%20Sale.pdf> (accessed July 21, 2022). See slide 55.

See also, S.C. House of Representatives, House Legislative Oversight Committee, “Marketing the State and Project Management Agency Presentation (May 12, 2021),” under “Committee Postings and Reports,” under “House Legislative Oversight Committee,” under “Commerce, Department of” and under “Meetings and Agency Presentations,” [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Presentation%20-%20Marketing%20the%20State%20and%20Project%20Management.pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Presentation%20-%20Marketing%20the%20State%20and%20Project%20Management.pdf) (accessed July 21, 2022). See slides 27-28.

See also, S.C. House of Representatives, House Legislative Oversight Committee, “Incentives Agency Presentation (May 27, 2021),” under “Committee Postings and Reports,” under “House Legislative Oversight Committee,” under “Commerce, Department of” and under “Meetings and Agency Presentations,” [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Incentives%20-%20\(5.21.21\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Incentives%20-%20(5.21.21).pdf) (accessed July 21, 2022). See slide 6. Hereinafter, “Incentives Agency Presentation (May 27, 2021).”

103 Letter from Commerce to Subcommittee (4.6.22). See response to question #112.

The Paxville Community Development Center Corporation submitted its 2017 990-EZ short form return of Organization exempt from Income Taxes to the Department of Commerce as part of the documentation requirements prior to issuance of a grant. This form reported the entity received \$32,354 in revenue for the calendar year. In FY 2018-19, the entity was appropriated \$250,000 in pass through funds.

Clarendon County Community Development received \$100,000 in pass through funding in FY 2018-019. After expending all of its appropriation, the Corporation notified the Department of Commerce that it would close and cease operations by the end of 2021.

104 August 5, 2021, meeting minutes, packet, and video. See video at 01:17:59 – 01:22:04.

See also, Letter from Commerce to Subcommittee (4.6.22). See response to question #113.

Please provide suggestions for alternative methods of providing funding to outside entities (e.g., matching, build up over time, incorporation of stated outcome in agreement, reimbursement, etc.).

Some of the pass-through-funding appropriations are made to small towns and meant to renovate dilapidated buildings. Small towns do not always have the capacity to complete these projects and granting the funds to the County or Council of Government would increase the likelihood of a successful outcome. In addition, giving a large appropriation to a small entity may assist the entity/community in the short term, but spreading the appropriation over a longer period of time could allow the entity to build public support and allow the entity to attract more resources in the future to sustain the program and entity after the appropriation is expended.

105 S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Commerce to Subcommittee (3.29.21)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20Subcommittee%20to%20Dept.%20of%20Commerce%20\(3.29.21\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20Subcommittee%20to%20Dept.%20of%20Commerce%20(3.29.21).pdf) (accessed July 20, 2022). See response to question #21.

106 Letter from Commerce to Subcommittee (4.6.22). See response to question #115.

107 Letter from Commerce to Subcommittee (4.6.22). See response to question #115.

108 S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Packet" (June 27, 2022), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Library, State" and under "Meetings" <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/StateLibrary/Complete%20Meeting%20Packet%206.27.22.pdf> (accessed July 21, 2022). See page 112. Hereinafter, "June 27, 2022, Education and Cultural Subcommittee meeting packet."

109 Department of Administration, "Certifications," <https://admin.sc.gov/Training/Certifications> (accessed July 21, 2022).

110 June 27, 2022, Education and Cultural Subcommittee meeting packet. See page 112.

111 Letter from Commerce to Subcommittee (4.6.22). See responses to questions #102 and #106.

Note: The move to remote work across state government and the private sector has led to a paradigm shift regarding where staff do their work. As private sector industries embrace remote work, state government must also adapt as recruitment and retention is likely to become more challenging as employees seek opportunities for increased flexibility.

During the COVID-19 office closures, an average of 65% of the Commerce staff was telecommuting. Commerce invested approximately \$97,000 in IT infrastructure to facilitate remote work capability for staff. Two surveys were completed by agency personnel to assess interest, support, and challenges with telecommuting at Commerce. While telecommuting may not be appropriate for all Commerce employees, it may be a viable option for some employees.

Remote work (i.e., telecommuting) that results in greater efficiency and cost savings is authorized by state statute.

112 2021 Annual Report of Economic Development Set-Aside Fund, Closing Fund and Rural Infrastructure Authority Fund Activity. See page 26.

113 2021 Annual Report of Economic Development Set-Aside Fund, Closing Fund and Rural Infrastructure Authority Fund Activity. See page 21.

114 Letter from Commerce to Subcommittee (4.6.22). See responses to questions #15, 29, and 31.

115 S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Coordinating Council for Workforce Development to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20CCWD%20to%20Subcommittee%20\(3.28.22\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20CCWD%20to%20Subcommittee%20(3.28.22).pdf) (accessed July 20, 2022).

116 S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Department of Administration Facilities Management Division to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DoA%20to%20Subcommittee%20\(3.25.22\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DoA%20to%20Subcommittee%20(3.25.22).pdf) (accessed July 20, 2022). Hereinafter, "Letter from Department of Administration Facilities Management Division to Subcommittee (3.25.22)."

S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Department of Natural Resources to Subcommittee (3.22.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DNR%20to%20Subcommittee%20\(3.22.22\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DNR%20to%20Subcommittee%20(3.22.22).pdf) (accessed July 20, 2022). Hereinafter, "Letter from Department of Natural Resources to Subcommittee (3.22.22)."

S.C. House of Representatives, House Legislative Oversight Committee, "Letter from State Forestry Commission to Subcommittee (4.9.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence,"

[www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20Forestry%20to%20Subcommittee%20\(4.9.22\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20Forestry%20to%20Subcommittee%20(4.9.22).pdf) (accessed July 20, 2022). Hereinafter, "Letter from State Forestry Commission to Subcommittee (4.9.22)."

S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Department of Parks, Recreation and Tourism to Subcommittee (3.16.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20PRT%20to%20Subcommittee%20\(3.16.22\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20PRT%20to%20Subcommittee%20(3.16.22).pdf) (accessed July 20, 2022). Hereinafter, "Letter from Department of Parks, Recreation and Tourism to Subcommittee (3.16.22)."

Note: Examples of information include:

- a. Department of Administration - Location of state agency property and operations
- b. Department of Natural Resources - Maps of state and federal properties known to the agency, along with activities allowed on each
- c. Department of Parks, Recreation, and Tourism - Maps of state and federal properties known to the agency, along with activities allowed on each
- d. Forestry Commission - Maps of state and federal properties known to the agency, along with activities allowed on each
- e. Conservation Bank- Maps of state and federal properties known to the agency, along with activities allowed on each

117 S.C. House of Representatives, House Legislative Oversight Committee, "Letter from First Steps to School Readiness to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20First%20Steps%20to%20Subcommittee%20\(3.25.22\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20First%20Steps%20to%20Subcommittee%20(3.25.22).pdf) (accessed July 20, 2022). See response to question #1. Hereinafter, "Letter from First Steps to School Readiness to Subcommittee (3.25.22)."

See also, S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Department of Employment and Workforce to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DEW%20to%20Subcommittee%20\(3.25.22\).pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DEW%20to%20Subcommittee%20(3.25.22).pdf) (accessed July 20, 2022). See response to question #1. Hereinafter, "Letter from Department of Employment and Workforce to Subcommittee (3.25.22)."

See also, S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Department of Education to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20SCDE%20to%20Subcommittee%20\(2.03.25\).pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20SCDE%20to%20Subcommittee%20(2.03.25).pdf) (accessed July 20, 2022). See response to question #4. Hereinafter, "Letter from Department of Education to Subcommittee (3.25.22)."

See also, S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Commission on Higher Education to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20CHE%20to%20Subcommittee%20\(3.25.22\).pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20CHE%20to%20Subcommittee%20(3.25.22).pdf) (accessed July 20, 2022). See response to question #3. Hereinafter, "Letter from Commission on Higher Education to Subcommittee (3.25.22)."

See also, S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Department of Veterans' Affairs to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20SCDVA%20to%20Subcommittee%20\(3.28.22\).pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20SCDVA%20to%20Subcommittee%20(3.28.22).pdf) (accessed July 20, 2022). See response to question #1. Hereinafter, "Letter from Department of Veterans' Affairs to Subcommittee (3.25.22)."

See also, S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Commission for the Blind to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20SCCB%20to%20Subcommittee%20\(3.25.22\).pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20SCCB%20to%20Subcommittee%20(3.25.22).pdf) (accessed July 20, 2022). See response to question #1. Hereinafter, "Letter from Commission for the Blind to Subcommittee (3.25.22)."

Note:

- First Steps has followed up with a contact at SC Department of Employment and Workforce (DEW) about joining the Labor Force Participation Task Force.
- Director of Strategic Partnerships at DEW reached out to the Early Childhood Advisory Council's (ECAC) Two-Generation Coordinator and a partnership is forming between the two entities centered around the state's 2Gen Community of Practice, First Five SC and integration points and opportunities between the early childhood state system and DEW.
- Director of Strategic Partnerships at DEW presented information to a statewide network of 46 county-level First Steps executive directors about the public workforce system and available services to job seekers with the desired outcome of building connections at the local level. DEW encouraged the availability of SC Works outreach material for First Steps families.
- SC's Two-Generation Coordinator (staff of the ECAC) presented to the directors of the SC Works Centers on 2Gen approaches, the early childhood system, and using First Five SC as a resource at SC Works Centers.
- State Director of First Steps 4K presented at the Department of Commerce's Rural Summit. The presentation was entitled "Rural Child Care Expansion."
- SCDE continued working on collaborative initiatives such as the creation of extended career certification and badging by meeting with key stakeholders also present at the subcommittee meeting to discuss the expansion of such programs.

- CHE staff worked with staff at the Education Oversight Committee to review plans for presentation and analysis of NSC data to SC high schools, districts, 2-year and 4-year colleges re: student success and progress metrics for recent high school graduates, including those who enroll at higher education institutions but do not graduate. Letter from Commission on Higher Education to Subcommittee (3.25.22), Question 3
- DEW provided a file securely to the Revenue and Fiscal Affairs Office (RFA) with a full list of all businesses in DEW's tax system with their applicable industry (NAICS) code and has committed to including the industry information in all future data extracts submitted to RFA as part of DEW's normal process. Letter from Department of Employment and Workforce to Subcommittee (3.25.22), Question 13
- Commission for the Blind prepared a Memorandum of Agreement with SC Department of Vocational Rehabilitation and forwarded an initial draft to its governing body U.S. Department of Education, Rehabilitation Services Administration for review/approval. Letter from Commission for the Blind to Subcommittee (3.25.22), Question 1
- Department of Veterans Affairs has added three Chambers of Commerce to its existing employment working group, to include Spartanburg, Greenville, and Columbia and are working more closely with the leaders of the Department of Commerce as they develop a cooperative strategic plan for Veteran employment. Letter from Department of Veterans' Affairs to Subcommittee (3.25.22), Question 1

118 Department of Revenue, "SC Information Letter #21-28," <https://dor.sc.gov/resources-site/lawandpolicy/Advisory%20Opinions/IL21-28.pdf> (accessed June 3, 2022).

119 Christopher Huffman, Chief Financial Officer for the Department of Commerce email to House Legislative Oversight Committee Legal Counsel, Charles Appleby, June 14, 2022.

120 Letter from Commerce to Subcommittee (4.6.22). See response to question #69.

121 Letter from Commerce to Subcommittee (4.6.22). See response to question #69.

122 Note: The North American Industry Classification System (NAICS) - Classification of business establishments by type of economic activity. NAICS is reviewed every five years for potential revisions, so that the classification system can keep pace with the changing economy. This is the only time that new NAICS codes can be considered.

123 U.S. Bureau of Economic Analysis, "Industries," <https://www.bea.gov/resources/learning-center/what-to-know-industries> (accessed 10.7.21). Hereinafter, "U.S. Bureau of Economic Analysis Industries."

124 Letter from Commerce to Subcommittee (4.6.22). See response to question #76.

123 U.S. Census Bureau, "North American Industry Classification System (NAICS)," <https://www.census.gov/naics/#q5> (accessed July 21, 2022). Hereinafter, "North American Industry Classification System (NAICS)."

Note: NAICS is a classification system developed jointly by the U.S., Canada, and Mexico to provide improved comparability in industrial statistics across North America. NAICS replaced the U.S. Standard Industrial Classification (SIC) system.

124 North American Industry Classification System (NAICS).

127 North American Industry Classification System (NAICS).

128 North American Industry Classification System (NAICS).

129 North American Industry Classification System (NAICS).

130 U.S. Bureau of Economic Analysis Industries.

131 U.S. Bureau of Economic Analysis Industries.

Note: The information is provided in U.S. Bureau of Economic Analysis' (BEA) Interactive Data in Section 6 of the National Income and Product Account Tables.

132 Letter from Commerce to Subcommittee (4.6.22). See response to question #69.

133 U.S. Bureau of Labor Statistics, "Standard Occupational Classification (SOC) System," <https://www.bls.gov/soc/> (accessed July 21, 2022). Hereinafter, "Standard Occupational Classification (SOC) System." See Attachment C STEM [https://www.bls.gov/soc/Attachment\\_C\\_STEM\\_2018.pdf](https://www.bls.gov/soc/Attachment_C_STEM_2018.pdf).

134 S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Minutes" (June 29, 2021), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of" and under "Meetings and Agency Presentations," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/June%202021%20Meeting%20Minutes.pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/June%202021%20Meeting%20Minutes.pdf) (July 20, 2022). A video of the meeting is available at <https://www.scstatehouse.gov/video/archives.php?key=11345>. See video at 00:10:23-00:10:23. The meeting packet, which includes the agency presentations, is available at [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/June%202021%20-](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/June%202021%20-)

%20Meeting%20Packet.pdf. Also, links to individual agency presentations are available under the “Agency Presentations” heading. Hereinafter, “June 29, 2021, meeting minutes, packet, and video.”

See also, Letter from Department of Education to Subcommittee (3.25.22). See response to question #2.

135 Letter from Commerce to Subcommittee (4.6.22). See response to question #69.

136 S.C. Code Section 59-59-50, “The clusters of study may be based upon the national career clusters and may include, but are not limited to: ... “(emphasis added).

137 Letter from Commerce to Subcommittee (4.6.22). See response to question #69.

138 June 29, 2021, meeting minutes, packet, and video. See video at 00:10:23-00:10:57.

See also, Department of Education, “Career Clusters,” <https://ed.sc.gov/instruction/career-and-technical-education/programs-and-courses/career-clusters/> (accessed July 21, 2022). Hereinafter, “Department of Education Career Clusters.”

139 June 29, 2021, meeting minutes, packet, and video. See video at 00:10:23-00:10:57.

See also, Department of Education Career Clusters.”

140 June 29, 2021, meeting minutes, packet, and video. See video at 2021.06.00:11:41-00:11:59.

141 June 29, 2021, meeting minutes, packet, and video. See video at 00:12:38-00:13:04.

142 June 29, 2021, meeting minutes, packet, and video. See video at 00:12:38-00:13:04.

143 Letter from Commerce to Subcommittee (4.6.22). See response to question #69.

144 Letter from Commerce to Subcommittee (4.6.22). See response to question #69.

145 Standard Occupational Classification (SOC) System.”

146 Standard Occupational Classification (SOC) System.

147 Standard Occupational Classification (SOC) System.

148 Letter from Department of Education to Subcommittee (3.25.22). See response to question #2.

149 2018 Coordinating Council for Workforce Development Annual Report. See pages 50-51.

150 Letter from Commerce to Subcommittee (4.6.22). See response to question #70.

151 S.C. House of Representatives, House Legislative Oversight Committee, “Meeting Minutes” (May 12 2021), under “Committee Postings and Reports,” under “House Legislative Oversight Committee,” under “Commerce, Department of” and under “Meetings and Agency Presentations,” [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/May%202021%20-%20Meeting%20Minutes.pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/May%202021%20-%20Meeting%20Minutes.pdf) (July 20, 2022). A video of the meeting is available at <https://www.scstatehouse.gov/video/archives.php?key=11324>. See video at 01:15:58-01:17:15. The meeting packet, which includes the agency presentations, is available at <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/May%202021%20-%20Meeting%20Packet.pdf>. Also, links to individual agency presentations are available under the “Agency Presentations” heading. Hereinafter, “May 12, 2021, meeting minutes, packet, and video.”

152 May 12, 2021, meeting minutes, packet, and video. See video at 01:15:58-01:17:15.

153 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:56:43-00:57:34.

154 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:56:43-00:57:34.

155 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:56:43-00:57:34.

156 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:56:43-00:57:34.

157 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:57:34-00:58:03.

158 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:57:34-00:58:03.

159 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:59:52-01:00:00.

160 March 4, 2021, Minutes, Video, and Meeting Packet. See video at 02:23:09-02:23:24.

161 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:30:26-00:31:50.

162 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:30:26-00:31:50.

163 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:30:26-00:31:50.

164 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:30:26-00:31:50.

165 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:26:01-02:27:19.

166 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:26:01-02:27:47.

167 March 4, 2021, Minutes, Video, and Meeting Packet. See video at 02:42:09-02:43:02.

168 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:26:01-02:27:19.

169 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:26:01-02:27:19.

170 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:26:01-02:27:19.

171 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:27:47-02:29:25.

172 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:27:47-02:29:25.

173 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:36:44-02:38:01.

174 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:36:44-02:38:01.

175 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:36:44-02:38:01.

176 March 11, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:36:44-02:38:01.

177 S.C. House of Representatives, House Legislative Oversight Committee, "Setting the Table: TeamSC; Grants (e.g., LocateSC, CDBG, ARC, Rural Development, Applied Research Agency Presentation (March 11, 2021)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of" and under "Meetings and Agency Presentations,"

[www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Setting%20the%20Table%20presentation%20\(3.11.21\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Setting%20the%20Table%20presentation%20(3.11.21).pdf) (accessed July 21, 2022). See slide 35.

178 S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Minutes" (May 27, 2021), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Meetings,"

[www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/May%202021,%20-%20Meeting%20Minutes.pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/May%202021,%20-%20Meeting%20Minutes.pdf) (accessed July 20, 2022). A video of the meeting is available at <https://www.scstatehouse.gov/video/archives.php?key=11325>. See video (part 2) at 00:31:59-00:32:35. The meeting packet is available at <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/May%2027,%20-%20Meeting%20Packet.pdf>. Hereinafter, "May 27, 2021, Minutes, Video, and Meeting Packet."

179 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:31:59-00:32:35.

180 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:37:08-00:38:32.

181 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:34:24-00:37:07.

182 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:47:17-00:48:24.

183 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 1) at 00:54:18-00:55:45. See also, video (part 2) at 00:54:18-00:55:05.

184 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 1) at 00:55:08-00:55:45. See also, video (part 2) at 00:54:18-00:55:05.

185 Christopher Huffman, Chief Financial Officer for the Department of Commerce email to House Legislative Oversight Committee Legal Counsel, Charles Appleby, October 2021. Hereinafter, "S.C. Coordinating Council for Economic Development, Policies and Procedures for the State Grant Programs: Economic Development Set-Aside Fund; Rural Infrastructure Fund; and Governor's Closing Fund (undated document)."

186 S.C. Coordinating Council for Economic Development, Policies and Procedures for the State Grant Programs: Economic Development Set-Aside Fund; Rural Infrastructure Fund; and Governor's Closing Fund (undated document).

187 S.C. Coordinating Council for Economic Development, Policies and Procedures for the State Grant Programs: Economic Development Set-Aside Fund; Rural Infrastructure Fund; and Governor's Closing Fund (undated document).

188 S.C. Coordinating Council for Economic Development, Policies and Procedures for the State Grant Programs: Economic Development Set-Aside Fund; Rural Infrastructure Fund; and Governor's Closing Fund (undated document).

189 S.C. Coordinating Council for Economic Development, Policies and Procedures for the State Grant Programs: Economic Development Set-Aside Fund; Rural Infrastructure Fund; and Governor's Closing Fund (undated document).

**190** Christopher Huffman, Chief Financial Officer for the Department of Commerce interviewed by House Legislative Oversight Committee Legal Counsel, Charles Appleby, August 11, 2022.

191 Incentives Agency Presentation (May 27, 2021). See slide 51.

192 Incentives Agency Presentation (May 27, 2021). See slide 51.

See also, S.C. Coordinating Council for Economic Development, Policies and Procedures for Monitoring Performance for Economic Development Grants and the Enterprise Program (date not stated on document).

193 Incentives Agency Presentation (May 27, 2021). See slide 51.

194 Incentives Agency Presentation (May 27, 2021). See slide 51.

195 Incentives Agency Presentation (May 27, 2021). See slide 51.

196 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:23:43-02:24:04.

197 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:10:27-02:11:23.

198 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 02:23:31-02:23:43.

199 August 5, 2021, meeting minutes, packet, and video. See video (part 1) at 00:50:05 -00:51:13.

200 August 5, 2021, meeting minutes, packet, and video. See video (part 1) at 00:50:05 -00:53:50.

201 Incentives Agency Presentation (May 27, 2021). See slides 39-40.

See also, May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 01:33:24-01:35:25.

202 August 5, 2021, meeting minutes, packet, and video. See video (part 1) at 01:07:06-01:09:12.

203 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 01:13:21-01:14:38.

204 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 01:14:39-01:15:29.

205 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 01:13:21-01:14:38.

206 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 01:14:39-01:15:29.

207 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 01:13:21-01:14:38.

208 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 01:13:21-01:14:38.

209 May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 01:13:21-01:14:38.

210 Incentives Agency Presentation (May 27, 2021). See slide 26.

See also, May 27, 2021, Minutes, Video, and Meeting Packet. See video (part 2) at 00:59:16-00:59:41.

211 Letter from First Steps to School Readiness to Subcommittee (3.25.22). See response to question #6.

See also, Letter from Department of Employment and Workforce to Subcommittee (3.25.22). See response to question #19

See also, Letter from Department of Education to Subcommittee (3.25.22). See response to question #10.

See also, Letter from Commission on Higher Education to Subcommittee (3.25.22). See response to question #9.

See also, Letter from Department of Veterans' Affairs to Subcommittee (3.25.22). See response to question #7.

See also, Letter from Commission for the Blind to Subcommittee (3.25.22). See response to question #7.

See also, Department of Vocational Rehabilitation's Letter to Subcommittee (March 25, 2022). See response to question #9.

See also, Letter from Commerce to Subcommittee (4.6.22). See response to question #125.

See also, S.C. House of Representatives, House Legislative Oversight Committee, "Letter from State Technical College System to Subcommittee (3.25.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20State%20Technical%20College%20to%20Subcommittee%20\(3.25.22\).pdf](http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20State%20Technical%20College%20to%20Subcommittee%20(3.25.22).pdf) (accessed July 20, 2022). See response to question #12. Hereinafter, "Letter from State Technical College System to Subcommittee (3.25.22)."

See also, S.C. House of Representatives, House Legislative Oversight Committee, "Letter from Department of Social Services to Subcommittee (3.30.22)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Commerce, Department of," and under "Correspondence," [https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DSS%20to%20Subcommittee%20\(3.30.22\).pdf](https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/Commerce/Letter%20from%20DSS%20to%20Subcommittee%20(3.30.22).pdf) (accessed July 20, 2022). See response to question #7. Hereinafter, "Letter from Department of Social Services to Subcommittee (3.30.22)."

212 Letter from First Steps to School Readiness to Subcommittee (3.25.22). See response to question #6.

See also, Letter from Department of Employment and Workforce to Subcommittee (3.25.22). See response to question #20.

See also, Letter from Department of Education to Subcommittee (3.25.22). See response to question #11.

See also, "Letter from Commission on Higher Education to Subcommittee (3.25.22). See response to question #10.

See also, Letter from Department of Veterans' Affairs to Subcommittee (3.25.22). See response to question #8.

See also, "Letter from Commission for the Blind to Subcommittee (3.25.22). See response to question #8.

See also, Letter from Commerce to Subcommittee (4.6.22). See response to question #126.

See also, Letter from Department of Social Services to Subcommittee (3.30.22). See response to question #8.

See also, Department of Vocational Rehabilitation's Letter to Subcommittee (March 25, 2022). See response to question #10.

213 Letter from First Steps to School Readiness to Subcommittee (3.25.22). See response to question #5.

See also, Letter from Department of Employment and Workforce to Subcommittee (3.25.22). See response to question #18.

See also, Letter from Department of Education to Subcommittee (3.25.22). See response to question #9.

See also, "Letter from Commission on Higher Education to Subcommittee (3.25.22). See response to question #8.

See also, Letter from Department of Veterans' Affairs to Subcommittee (3.25.22). See response to question #6.

See also, "Letter from Commission for the Blind to Subcommittee (3.25.22). See response to question #6.

See also, Letter from Commerce to Subcommittee (4.6.22). See response to question #124.

See also, "Letter from State Technical College System to Subcommittee (3.25.22). See response to question #11.

See also, Letter from Department of Social Services to Subcommittee (3.30.22). See response to question #6.

See also, Department of Vocational Rehabilitation's Letter to Subcommittee (March 25, 2022). See response to question #8.