

SC Department of Commerce
FY 2021-22 Budget Hearing –
Ways and Means Committee



Agency Attendees

- Please list all agency representatives who plan to attend the hearing.
- Bobby Hitt, Secretary of Commerce
- Chris Huffman, Chief Financial Officer
- Jennifer Fletcher, Deputy Secretary of Commerce



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

Agency mission statement:

Working together to create opportunities for South Carolinians by promoting:

- Job creation
- Economic growth
- Improved living standards for South Carolinians



Accountability Report Highlights

- Please list highlights from your Agency Accountability Report that show your accomplishments and/or goals for next fiscal year.
- **Diverse recruitment activity:** In 2019, the state won 129 economic development projects, accounting for \$2.4 billion in capital investment and more than 9,400 new jobs. Maintaining the state's stronghold as a leader in the manufacturing renaissance, the state's manufacturing sector led the way, accounting for more than 80% of capital investment in 2019. However, the state's economy continues to diversify, as Team S.C. recruited more than 2,100 jobs in the office, headquarters and research and development sector last year.
- **Record-breaking export success:** For the 10th consecutive year, South Carolina set a record for total export sales in 2019, as the state's exporters sold \$41.5 billion in products in more than 198 countries and territories around the world. This sales figure represents a 19.7 percent increase over the 2018 total.
- **Small and existing business support:** Strengthening existing industry and small business services continued to be a key focus. In 2018, S.C. Commerce participated in a number of programs to support business growth, including B2B events, supplier outreach and export assistance. S.C. Commerce staff made 561 contacts with small businesses and recycling businesses; 742 existing industry visits; and 884 businesses attended Commerce-hosted business development events.
- **accelerateSC Task Force.** S.C. Commerce served as one of the lead agency of the accelerateSC Task Force's "Response" component, charged with identifying challenges related to workforce capacity, workforce re-entry, critical industries, capital requirements, regulatory issues and supply chain/logistics. The Task Force's focus was to advise Gov. McMaster on immediate and future actions necessary to accelerate the state's economy in response to the COVID-19 pandemic.

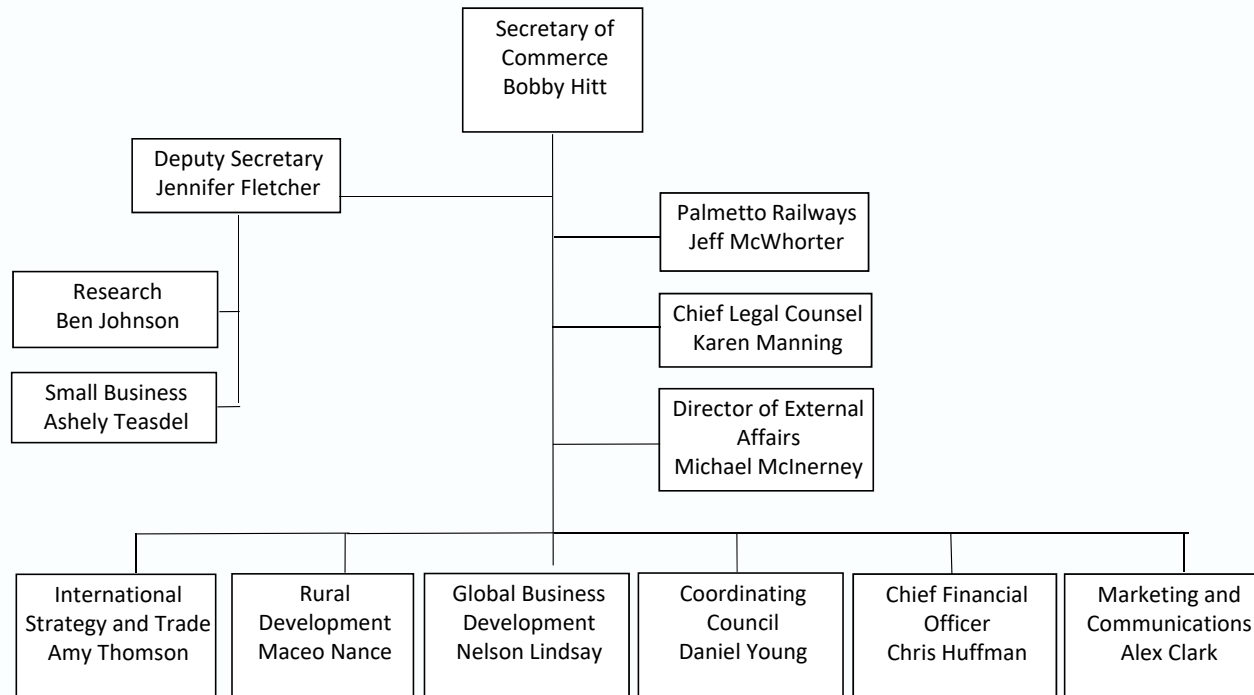


Accountability Report Highlights (con't)

- **Focus on rural communities:** In an effort to bring economic development to communities of all sizes, the state's rural areas remained a priority and strategic focus. Over the last nine years, South Carolina has recruited more than \$9.1 billion in new capital investment and 32,000 new jobs to rural communities. In fact, 17% of last year's job recruitment total and 21% of the investment total went to Tier III and Tier IV counties. Additionally, in tandem with the federal Opportunity Zones program, designed to encourage long-term private investments in low-income communities, S.C. Commerce established a grant program to assist counties with marketing opportunities zones within their respective counties.
- **Sites.** Companies locate where they feel they can be profitable and find success. Presenting them with a strong inventory of available real estate, via the LocateSC website, is a great way to convey Team South Carolina's commitment to ensuring a welcoming business environment. S.C. Commerce has been working with various allies to replenish this inventory and launched the Palmetto Sites program, which offers prospective industry partners access to an inventory of industrial sites that have been vetted to meet an individual project's needs. S.C. Commerce also initiated a competitive grant program to help local communities create drone videos of their most marketable sites. In all, LocateSC awarded 25 grants totaling almost eleven million dollars during the fiscal year.
- **Infrastructure improvements:** Ongoing efforts to strength South Carolina's infrastructure network reached major milestones this year, including: ongoing work on the Charleston Harbor Deepening Project; construction advances for the country's newest container terminal, the Hugh K. Leatherman Terminal, on track to open in March 2021; and construction of the Navy Base Intermodal Facility project continued to move forward. Additionally, initial construction phases for the Camp Hall Rail Line project, managed by S.C. Commerce's Division of Railways, Palmetto Railways, commenced and are ongoing. The proposed rail line will bring industrial rail service to Camp Hall Commerce Park in Berkeley County, while supporting overall infrastructure needs and opening the door to greater economic development efforts in South Carolina.



Organizational Chart



FTE Breakdown

As of 12/31/2020	General	Other	
	Fund	Funds	Total
Current Authorized FTEs	68.51	36.59	105.10
Filled Positions	<u>62.25</u>	<u>35.50</u>	<u>97.75</u>
Vacant Positions	6.26	1.09	7.35



Financial Update

Major Budget Categories	FY 19-20 Appropriations versus Expenditures					
	Total General Fund Appropriations	Total General Fund Expenditures	Total General Fund Remaining	Total Other Funds Appropriations	Total Other Funds Expenditures	Total Other Funds Remaining
Personal Services	5,279,239	5,204,795	74,444	3,036,153	2,873,628	162,525
Other Operating	3,391,571	3,250,534	141,037	1,548,242	753,335	794,907
Fringe Benefits	1,886,996	1,852,957	34,039	1,162,104	1,098,473	63,631
Distributions to Subdivisions	1,089,500	984,147	105,353	106,063,711	59,461,563	46,602,148
Special Items	154,935,566	52,172,584	102,762,982	13,442,645	1,154,241	12,288,404
Total	166,582,872	63,465,017.00	103,117,855	125,252,855	65,341,240	59,911,615



Financial Update

Major Budget Categories	FY 20-21 Appropriations versus Expenditures as of 12/31/2020					
	Total General Fund Appropriations	Total General Fund Expenditures	Total General Fund Remaining	Total Other Funds Appropriations	Total Other Funds Expenditures	Total Other Funds Remaining
Personal Services	4,886,676	2,595,301	2,291,375	2,904,500	1,487,195	1,417,305
Other Operating	3,677,500	1,273,227	2,404,273	2,149,000	428,792	1,720,208
Fringe Benefits	1,752,286	921,997	830,289	1,140,000	542,290	597,710
Distributions to Subdivisions	1,960,500	921,088	1,039,412	87,685,015	14,250,917	73,434,098
Special Items	143,465,468	21,654,370	121,811,098	12,288,404	-	12,288,404
Total	155,742,430	27,365,983	128,376,447	106,166,919	16,709,194	89,457,725



Budget Requests

- 1) Closing Fund - \$3,700,000 - Recurring
- 2) LocateSC - \$4,000,000 – Non-Recurring
- 3) Rural Initiative - \$250,000 (2 FTEs) - Recurring
- 4) Procurement Technical Assistance Program (PTAP)
- \$170,000 - Recurring



FY 21-22 Prioritized Budget Request Summary

SC Department of Commerce

BUDGET REQUESTS				FUNDING					FTEs			
Priority	Request Type (recurring, non-recurring, capital)	Request Title	Brief Description	General - Recurring	General - Nonrecurring	Other	Federal	Total	State	Other	Federal	Total
1	Recurring	Closing Fund	Closing Fund	3,700,000				3,700,000				0.00
2	Non-Recurring	LocateSC	LocateSC		4,000,000			4,000,000				0.00
3	Recurring	Rural Initiative	Rural Initiative	250,000				250,000	2.00			2.00
4	Recurring	Procurement Technical Assistance Program	Expansion of Federal Program	170,000				170,000				0.00
TOTAL BUDGET REQUESTS				\$ 4,120,000	\$ 4,000,000	\$ -	\$ -	\$ 8,120,000	2.00	0.00	0.00	2.00

Agency Name:	Department Of Commerce		
Agency Code:	P320	Section:	50



Fiscal Year FY 2021-2022

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2021-2022, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.

NON-RECURRING REQUESTS <i>(FORM B2)</i>	For FY 2021-2022, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.

CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

PROVISOS <i>(FORM D)</i>	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Chris Huffman	(803) 737-0462	chuffman@secommerce.com
SECONDARY CONTACT:	Michael McInerney	(803) 737-3949	mmcinerney@secommerce.com

I have reviewed and approved the enclosed FY 2021-2022 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE: TYPE/PRINT NAME:	<u>Agency Director</u> 	<u>Board or Commission Chair</u>
	ROBERT M HITT	

This form must be signed by the agency head – not a delegate.

Agency Name:	Department Of Commerce		
Agency Code:	P320	Section:	50

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Closing Fund
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$3,700,000 Federal: \$0 Other: \$0 Total: \$3,700,000
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What is the net change in requested appropriations for FY 2021-2022? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input checked="" type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	Increase the number of new/retained jobs and capital investment recruited into South Carolina.
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF	The purpose of the Closing Fund is to assist companies in locating or expanding in South Carolina. This program provides funding necessary to encourage competitive projects to locate or expand in South Carolina.
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FUNDS

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

The SC Department of Commerce is requesting \$3,700,000 in funding for the closing fund. These funds will be used to recruit new jobs and new investments to South Carolina. The Closing Fund offers greater flexibility than other incentive resources.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Department Of Commerce		
Agency Code:	P320	Section:	50

FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Locate-SC
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Provide a brief, descriptive title for this request.

AMOUNT	\$4,000,000
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What is the net change in requested appropriations for FY 2021-2022? This amount should correspond to the total for all funding sources on the Executive Summary.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input checked="" type="checkbox"/>	Request for Non-Recurring Appropriations	
<input type="checkbox"/>	Request for Federal/Other Authorization to spend existing funding	
<input type="checkbox"/>	Related to a Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input checked="" type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;">Assist with the improvements of available inventory of sites and building.</div>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>These funds will be awarded as grants to local governments or ally groups.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

Locate SC Site Inventory - funding that will allow the state to be proactive in preparing sites into suitable inventory for potential prospects.

**JUSTIFICATION
OF REQUEST**

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	3
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Rural Initiative
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$250,000 Federal: \$0 Other: \$0 Total: \$250,000
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What is the net change in requested appropriations for FY 2021-2022? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	2.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input checked="" type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input checked="" type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	Assist rural communities eligible for the funding to increase their economic opportunities.
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF	Employees and typical costs to operate a program.
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FUNDS

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

The SC Department of Commerce is requesting \$250,000 in funding to provide the operating funds for the Rural School District and Economic Development Closing Fund. In Fiscal Year 2019-20, the General Assembly appropriated \$65 million in funding for this program. Commerce is requesting recurring funds to manage this program. It is expected that this program will take several years to fully implement and longer if additional resources are devoted to the program.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Department Of Commerce		
Agency Code:	P320	Section:	50

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	4
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Procurement Technical Assistance Program (PTAP)
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$170,000 Federal: \$0 Other: \$0 Total: \$170,000
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What is the net change in requested appropriations for FY 2021-2022? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input checked="" type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input checked="" type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	Assist small businesses with federal procurement opportunities
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF	University of South Carolina
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FUNDS

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

The Procurement Technical Assistance Program is a program that provides dedicated procurement professionals working to help local businesses compete successfully in the government marketplace. Currently, South Carolina does not have a service provider that provides statewide assistance under this program. The Department is assisting the University of South Carolina who received the award for this program and must have sustained resources to support this program in future years. Two dollars of state match will provide for three dollars of federal match.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.