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SOUTH CAROLINA STATE DEVELOPMENT BOARD



ANNUAL REPORT 1988-1989

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State Budget And Control Board

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STATE DOCUMENTS

Columbia, South Carolina

September 1, 1989

To: His Excellency Carroll A. Campbell Jr., Governor, and
Members of the General Assembly

On behalf of the South Carolina State Development Board, I have
the honor to transmit herewith its Annual Report, which outlines
the activities of the Board and its staff during the 1988-89
fiscal year ending June 30, 1989.

Respectfully submitted,

WAYNE L. STERLING

Director

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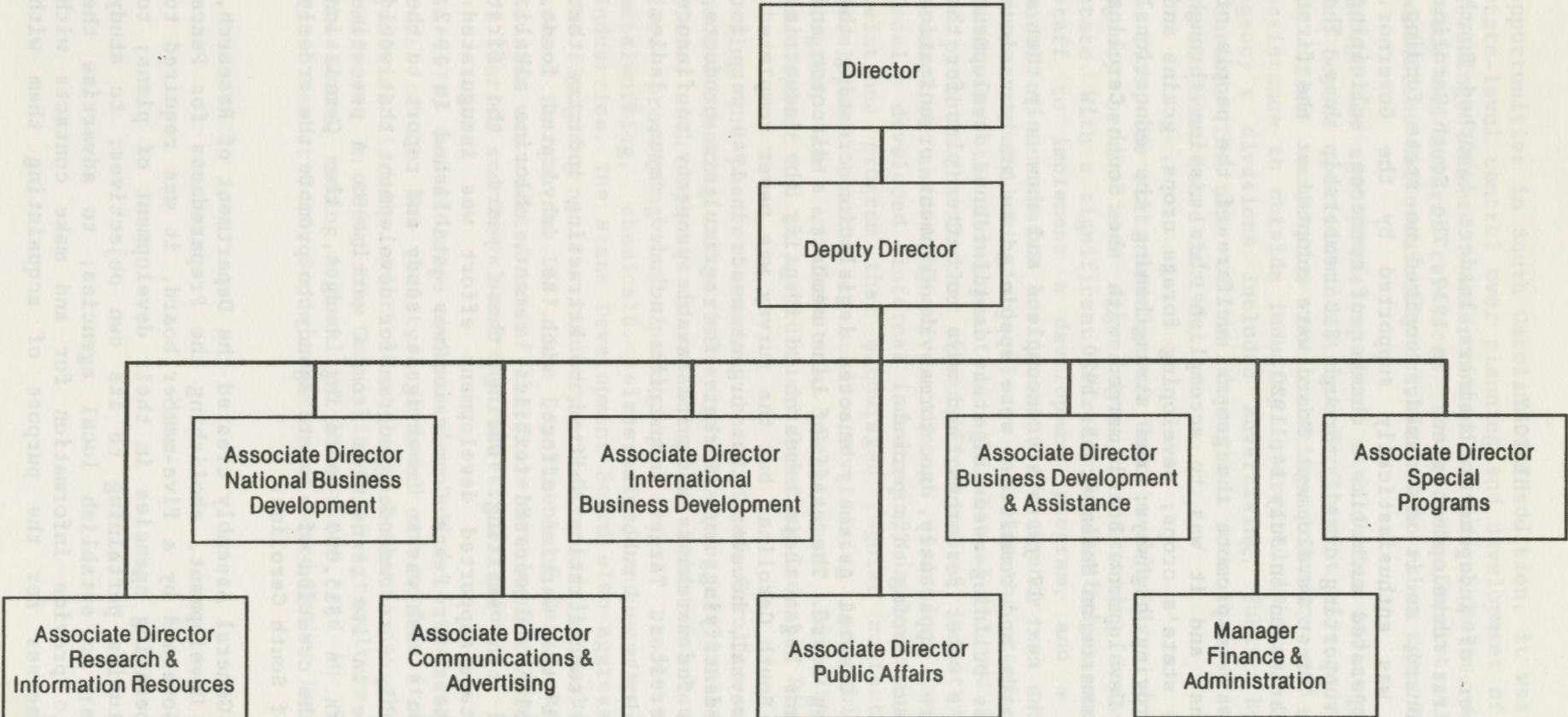
SOUTH CAROLINA
STATE DEVELOPMENT BOARD MEMBERS

<u>Judicial Circuit</u>	<u>Name</u>	<u>City</u>
Chairman	Richard E. Greer	Greenville
At Large	Norman J. Arnold	Columbia
At Large	Joseph T. Newton, III	Charleston
1st	J. R. Bell	Harleyville
2nd	O'Neal Laird	Blackville
3rd	John M. Brabham, Sr.	Sumter
4th	Stacey Griffin	Dillon
5th	Robert L. Selman	Columbia
6th	Leo R. Maguire	Lancaster
7th	Lewis Harrison	Roebuck
8th	J. Thomas Johnson	Newberry
9th	Frances Shipley	Moncks Corner
10th	T. Rhett Evatt	Seneca
11th	John H. Wheeler	Saluda
12th	David W. Keller Jr.	Florence
13th	Garnet A. Barnes	Easley
14th	Harry L. Hill	Walterboro
15th	Eugene S. N. Lawrimore	Georgetown
16th	Louis M. Jordan	Union
Commissioner of Agriculture	D. Leslie Tindal	Columbia
Emeritus	C. C. Goodwin	Sumter

MANAGEMENT STAFF

Wayne L. Sterling	Director
John C. Hankinson, Jr.	Deputy Director
I. Maceo Nance	Associate Director National Business Development
Frank S. Newman, Jr.	Acting Associate Director International Business Development
Grace G. McKown	Associate Director Business Development and Assistance
Edward B. Burgess	Associate Director Special Programs
Sena H. Black	Associate Director Research and Information Resources
Elizabeth G. Quackenbush	Associate Director Communications and Advertising
Virginia S. Wolfe	Associate Director Public Affairs
Patrick T. Blackwell	Manager Finance and Administration

EXECUTIVE STAFF ORGANIZATIONAL CHART



HISTORY

A small number of independent business leaders launched South Carolina's first "development group" in 1919. The South Carolina Development Board, as it was named, received no state funding, although it was enthusiastically supported by the Governor. Instead, it operated much like a chamber of commerce, soliciting members and supporting itself through \$10 membership dues. The bylaws of the first Development Board were adopted at the first meeting in Charleston on July 14, 1920.

Its purpose was to promote the general welfare of the people of South Carolina, and it was to accomplish this mission through marketing the state's crops; developing forage crops, grains and grasses; improving highways; and strengthening the educational system. The Development Board merged with the South Carolina Chamber of Commerce on November 15, 1920.

Records for the next 17 years are incomplete and show only that a number of boards and committees were appointed to study various issues such as building needs of state institutions, development of the state's water resources, and ways to better plan for the state's future. Apparently, no formal development organization was in existence during this period.

In 1938, the General Assembly enacted legislation creating the State Planning Board. The staff of nine members, a director and two technicians began their research to identify the industrial resources of South Carolina, but the survey was never completed. Studies did reveal, however, that urgent needs in 1940 were for more jobs, identifying more markets for agriculture products, more business for merchants and more taxable property to finance government services. Target industries included rayon, ladies' apparel, chemicals and rubber tires.

By 1944, the concentration shifted to attracting industry that would support the wartime effort, such as dehydrated foods, plastics, woolen and worsted textiles, cement, chlorine alkali, aluminum and tin smelting. During these years, the first organized, state-supported development effort was inaugurated: The Preparedness for Peace Commission was established in 1942. The Commission's task was to investigate, study and report to the General Assembly a recommended program for development that would aid the state in its transition from a wartime to a peacetime economy. With a \$15,000 operating budget, the Commission recommended the creation of a state agency to promote the orderly development of South Carolina.

In 1945, the General Assembly created the Department of Research, Planning and Development, abolishing the Preparedness for Peace Commission. Governed by a five-member board, it was required to coordinate operating agencies in their development of plans; to coordinate studies pertaining to its own objectives; to study area problems; to establish local agencies; to advertise the state; and to provide information for and make contacts with private businesses for the purpose of acquainting them with

opportunities in South Carolina. In addition, it was vested with state-level control over planning and development of housing and building, commerce, intercoastal waterways, ports, international trade and natural resources. The actual administration of these activities was eventually transferred to other agencies.

Though the agency was empowered with duties and responsibilities far beyond specific industrial development, its major thrust was to offer assistance to existing industry and to provide assistance to outside industry interested in South Carolina. The agency's divisions included Advertising, Public Relations and Tourism. The name of the department was changed to the State Development Board in 1954.

In 1959, the State Development Board's objectives shifted, as the agency became more aggressive in attracting industry to the state. With a significant increase in its budget, a professional staff to implement a development program, and a policymaking board of successful businessmen, the agency was reorganized to pursue the following objectives: to raise the standard of living; to further the development of agricultural-related industry; and to promote the further diversification of industry. It was to accomplish these objectives through assisting the creation of locally developed "internal industries;" implementing a community relations program that encouraged regular contact with local development boards; an active advertising and public relations program; and an Industrial Development Division with data development and an Agricultural Existing Industry Division.

During the postwar economic boom, South Carolina experienced a record-breaking industrial surge. The progress continued into the 1960s, with emphasis on expanding the industrial base to include food processing and packaging, forest products, minerals, metalworking, chemicals, electronics and agriculture-related industries. The State Development Board also aggressively sought the fledgling nuclear industry and directed its marketing efforts toward Europe. In 1967, the Department of Parks, Recreation and Tourism was created out of the State Development Board's Division of Tourism and Travel and the Forestry Division.

In 1979, two at-large members were added to the Board, making a total of 19. The structure included one member from each of 16 judicial circuits and three at-large members, one which serves as chairman. In 1984, the Commissioner of Agriculture was added to the Board, making a total of 20 members, and in 1989, at-large Board Member C. C. Goodwin was named Board Member Emeritus.

THE ECONOMY IN REVIEW

South Carolina took full advantage of the strength of the national economy again in Fiscal 1988-89 and continued to grow at a faster rate than the country and the region.

Growth in total personal income brought South Carolina to its highest national ranking ever at 39th. The state now ranks seventh in the 12-state Southeastern region. The state's per capita income has grown at an annual rate of 6.6 percent from 1982 to 1988, above the national rate of 6.2 percent.

The state's unemployment rate continued to fall in 1988 after reaching its lowest point in 14 years in 1987. In Fiscal 1988-89, South Carolina's unemployment rate was 4.5 percent, a full percentage point below the Southeast average at 5.5 percent and 1.1 percentage points below the U.S. average at 5.6 percent. For the fiscal year, the state's unemployment rate was 4.3 percent.

Fiscal 1988-89 was also a record year with the creation of \$3.3 billion in capital investments. In conjunction with these investments, 19,526 direct new jobs were created. Capital investments for the fiscal year increased by 37.5 percent over the \$2.4 billion announced the previous fiscal year. The manufacturing sectors of paper and printing, chemicals, and metals and equipment led investments (See Table III). Metals and equipment, apparel and chemicals created the most new jobs.

Also during the fiscal year, \$905 million was invested in South Carolina by foreign-affiliated concerns, led by West Germany, Taiwan and France (See Table IV). French-affiliated concerns created the most jobs, followed by West Germany and Japan.

Rural South Carolina attracted nearly half of the jobs created by announced capital investments during the fiscal year (See Table V). Urban areas still led investments, reflecting the growth of the existing industrial base, but rural areas attracted nearly half of new investments.

THE EXECUTIVE OFFICE AND THE BOARD

In consultation with the Board, the Director is responsible for the overall management of the agency, which includes policy development, long-range planning and resource development. The Director's Office is the focal point for the agency's accountability to the public. During Fiscal 1988-89, the Director's Office was responsible for managing the budget process and coordinating agency policies and programs.

The governing and policymaking body for the activities of the agency is the Board. Each year, the Board adopts objectives and programs for achievement in consultation with the Director and the Executive Staff.

Of the 21 board members, 19 are appointed by the Governor, with the advice and consent of the Senate. One member is appointed from each of the 16 Judicial Circuits, and three members are appointed from the state at large. One of the at-large members is appointed by the Governor to serve as Chairman. The state Commissioner of Agriculture also serves on the board, and in 1989, Board Member C. C. Goodwin was named Board Member Emeritus.

The Chairman of the State Development Board also chairs the Coordinating Council for Economic Development and the Water Resources Coordinating Council. The Coordinating Council for Economic Development manages and administers the \$10 million annual highway set-aside fund for economic development. During the fiscal year, the Council produced a comprehensive strategic economic development plan for the state, "Meeting the Competitive Challenge," which it will continue monitoring and implementing in the next fiscal year. The Council also assisted in the funding of the infrastructure overlay study being implemented by the Development Board.

THE FOLLOWING IS A BRIEF DESCRIPTION OF THE
VARIOUS DIVISIONS OF THE STATE DEVELOPMENT
BOARD AND THE PROGRAMS AND ACTIVITIES
OF EACH FOR THE FISCAL YEAR 1988-89

NATIONAL BUSINESS DEVELOPMENT

Domestic business and industry showed a record level of interest in South Carolina as a possible location for investment in Fiscal 1988-89. The National Business Development Division experienced a 7.5 percent increase in the number of prospect visitations over Fiscal 87-88, and the average number of projects worked by Division staff on a monthly basis increased by 42.8 percent. Announced new capital investment in the state by domestic corporations totaled \$236.6 million for Fiscal 1988-89, resulting in 6,526 new jobs for South Carolinians.

The non-urban areas of the state continued to make a strong showing during the year, attracting 69.2 percent of total investments and 59.3 percent of the resulting jobs. Among the 74 new facilities announced by domestic corporations during the fiscal year were Teledyne Allvac, Century II, Oshkosh Truck, Rexham Corporation and Kaiser Aluminum.

The National Business Development Division continued to make significant strides during the year in its marketing programs. The Division developed and coordinated 13 marketing missions, contacting more than 2,900 U.S. firms. The number of firms contacted increased 123 percent over Fiscal 87-88, and the number of personal contacts made during these trips increased 342.5 percent over the previous year. As in Fiscal 87-88, the Division took advantage of marketing opportunities provided by the Heritage Golf Tournament on Hilton Head Island and the Spoleto USA Festival in Charleston.

INTERNATIONAL BUSINESS DEVELOPMENT

All figures indicate that international activity is clearly at a record pace. The new investment and trade numbers continue to increase. The objectives of Fiscal 88-89 were clearly met by a record \$905.1 million in investment and a 36 percent increase in trade.

The International Division handled 43 investment projects, 56 in-state visits, initiated 31 new projects, and followed up on 110 leads. Of this total, 17 projects announced for South Carolina. In addition, 18 foreign-owned companies expanded in South Carolina. These new announcements created 3,344 jobs. In addition, the Division organized three investment missions (Hanover, West Germany, Canada and East Asia). On these missions the group members made 234 calls on foreign companies.

In trade, the staff organized and participated in three catalog trade missions (Italy, South America and the Far East). These missions represented 32 South Carolina companies. The staff met with 321 foreign representatives and developed 410 leads. The staff also coordinated four foreign buying missions, which were introduced to 43 South Carolina companies. In addition, the staff consulted with 210 South Carolina companies on export, provided 650 trade leads, assisted in 24 distributorship agreements and participated in other trade-related events.

The International Division also co-hosted the Europe 1992 Conference, South Carolina Exporters Exhibition, Korean Business Delegation and the Southeast-United States/Japan Association meeting in Charleston. The Division also planned and participated in the Southeast-United States/Korea Economic Committee Association meeting in Williamsburg, Virginia, organized Governor's Mission to Japan and Korea and hosted various foreign officials. All this activity created a tremendous exposure for South Carolina to the international business community.

BUSINESS DEVELOPMENT AND ASSISTANCE

The Business Development and Assistance Division's mission is to stimulate economic development activity by focusing attention on the potential for business growth within South Carolina. This objective is pursued primarily through the formation and growth of new businesses and the retention and expansion of existing business and industry.

The Division has two major departments: Existing Business and Industry Services and Enterprise Development. A third function has also been developed within the Division and provides a "one stop" business information service. During Fiscal 1988-89, Division activities incorporated a wide range of services provided by the agency, as well as other economic development agencies and organizations.

Existing Business and Industry Services

Eighty-three percent of the State's capital investments during the fiscal year resulted from the expansion of existing business and industry. The Department's field agents visited 770 South Carolina companies this year, and staff responded to identified needs, concerns and expansion plans. Buyer/Supplier sourcing referrals also were made.

On-site visits revealed 285 companies interested in expanding, and staff assisted those companies. General follow-up was provided to an additional 200 firms, and in-depth project assistance was given to 90 firms.

A Retail Marketing Assistance program was developed to help South Carolina producers of consumer goods sell to retail establishments. Three major national retail firms and 187 South Carolina manufacturing firms participated in the new program.

The Existing Business and Industry Services Department accepted responsibility for "Rapid Response" and provided assistance to 34 firms. The primary function of this initiative is to try and avert plant closings when possible. Secondary functions are to certify workers for extended benefits under the Jobs Training Partnership Act and gather information for marketing the facility.

A new Existing Business Recognition effort was designed to promote those existing business persons who have contributed their time to expand economic development for South Carolina. Forty-six recipients, representing 22 South Carolina counties, received the Governor's Ambassador for Economic Development award.

To increase business communications, the Department provided "BusinessLine," a quarterly publication mailed to more than 6,500 representatives of existing business and industry.

Staff visits were made to county economic development professionals to determine what existing business programs exist and to make suggestions on developing or expanding programs. After all counties are interviewed, a resource guide will be produced to assist county developers in developing or enhancing their programs. Twelve visits were accomplished.

During the fiscal year, Department staff participated in local trade shows and buyer/supplier events, made presentations throughout the state on Department initiatives, maintained information on supportive service firms in the state, produced the "South Carolina Metalworking Directory" and the "Directory of Support Services" and provided data on joint venture and selling interests.

Enterprise Development

The Enterprise Development Department provides statewide leadership and coordination in developing the supportive climate across South Carolina for increasing the quality and quantity of new business ventures.

The enterprise strategy concentrates on expanding state and local economic development initiatives to include enterprise (entrepreneurial) development with staff serving as a catalyst and resource to local communities and organizations in implementing and expanding such efforts. Major objectives initiated this fiscal year included:

Improving, expanding and coordinating existing resources: Statewide training sessions were held for local development allies to upgrade the skill levels of the individuals working with new and growing business ventures. Community assistance and coordination continued this year with in-depth assistance in developing regional coordination for 18 counties of the state. Grant awards were made to Coker College (Hartsville), Horry-Georgetown Technical College (Conway), the Economic Enterprise Institute (Aiken) and the Fraser Institute (Bluffton) to expand business assistance leadership on a regional basis. The National Innovation Workshop was held in Columbia with 10 states represented. The National Bureau of Standards (national sponsor) cited South Carolina's conference as the most substantive of the 53 similar events held nationwide. Furthermore, the Department provided assistance in developing a rural incubator feasibility study and cosponsored the statewide Women's Business Ownership Conference.

Increasing the flow of risk capital for new business: The Palmetto Seed Capital Fund Limited Partnership (private venture capital fund to provide risk capital to business enterprises with exceptional potential for long-term growth and capital appreciation) was organized and formally announced. In addition, the first Southeast Capital Connection was held with nine showcase companies making business presentations to an audience of potential investors. Forty-eight business assistance participants completed the first of a four-week financial training series developed by the Enterprise staff. Upon completion of the program, these individuals will receive certification as Business Development Financing Professionals from the National Development Council (Washington). The marketing strategy for the Private Investor Network (an innovative matching service for entrepreneurs and investors) was implemented and resulted in a 100 percent increase in entrepreneurs and a 50 percent increase in investors.

Bringing the education community in as a partner in entrepreneurial development: School-Based Enterprise projects (true, ongoing businesses operated by high school students) were developed by the staff in Aiken, Beaufort, York and Lexington counties. Approximately 165 students participated, and 10 business plans were completed. Three teacher training institutes were held and a tri-state School-Based Enterprise Association was formed. Furthermore, the Department cosponsored the Young Entrepreneurship Conference, the Rural Education Conference and the Entrepreneurship Curriculum Development Conference for Higher Education.

The Enterprise Development Department also coordinated and monitored the economic development legislation with successful passage of all major initiatives. The staff also developed a Fee in Lieu of Taxes Manual and held a statewide workshop to provide an overview of this new law.

The Enterprise Development Department assisted in the Minority Trade Fair; provided in-depth business planning and financial services to potential business owners and made presentations across the state on enterprise development.

"One Stop" Business Information

The "One Stop" Business Information Center handled 3,502 clients this year completing individual responses within a 48-hour period. All computer records and files were updated to provide an effective and accurate response to clients.

SPECIAL PROGRAMS

The Division's mission is to contribute to the agency's effectiveness in attracting and creating new business investments and to improve economic development in South Carolina through several nontraditional programs. These programs include the Office of Rural and Community Development, the Economic Development Institute, Available Buildings and Sites Information, Labor Resource Information, Environmental Liaison and Financial Information.

Office of Rural and Community Development

The office was established mid-fiscal year in response to a task force appointed by the Governor to study issues and recommend initiatives in agriculture and rural economic development.

The mission of the Office of Rural and Community Development is to conduct a program that will assist rural counties and communities with the design and implementation of local development strategies that will take advantage of the area's resources and minimize or correct its deficiencies. The program is organized as a joint effort among various state, federal and private-sector organizations to coordinate and focus their efforts on the peculiar interests and needs of individual areas.

The program encourages local areas to develop a local leadership base that will involve the community in setting specific objectives for its economic development program. Key elements of the program include leadership development, resource analysis, facilitation of local community involvement, linking of resources to the areas' needs and the design of state initiatives that will impact favorably on rural areas.

During the fiscal year, memoranda of agreements were signed with several state agencies to serve as members of resource teams that will help evaluate a local area's resources and recommend corrective action for deficiencies. Although 1988-89 was the formative year for the program, work has begun in 12 counties to help local leaders define and improve the areas' economic development potential.

Recorded investments and associated direct employment gains by manufacturing firms in rural counties of the state during the fiscal year were as follows:

	Firms	Employment	Investment
New	49	4,451	\$246,435,000
Percent of State Total	53.8	54.5	43.9
Expanded	299	8,868	\$559,255,000
Percent of State Total	42.7	38.9	20.

Economic Development Institute (EDI)

EDI is the agency's program for professional training and development and the transferring of information on issues, trends and programs relating to economic development to the state's network of development allies, the business community and local elected officials.

During the fiscal year, EDI conducted several state video conferences on issues related to economic development, including conferences to develop legislation that will favorably impact rural areas. A regional conference was designed and held with Winthrop College to involve the resources of the college in the economic development process of those counties in its immediate service area.

EDI staff also planned and conducted four statewide meetings of economic development allies, which consist of professional economic developers representing the state, communities, counties and private firms. These meetings serve as a forum to discuss current issues related to economic development. Attendance for the meetings averages 200 to 300 professional economic developers, interested individuals and private sector representatives.

Available Buildings and Sites Information

Existing industrial buildings that have been vacated as a result of a plant closing are an important resource for industrial recruitment efforts. During the fiscal year, a program to coordinate the reuse of existing buildings was reinstated.

Of the 88 new plants located in the state during the fiscal year, 41 (or 47 percent) were in facilities that had previously closed. The number of buildings available for reuse averages around 275 at any given time.

Labor Resource Information

During the fiscal year, a program to evaluate the state's labor pool in terms of staffing new or expanding firms was established. The program provides customized reports to industrial prospects that describe in detail the quantity, quality and wage levels of the labor market throughout the state. Through the use of a computerized geographical information system housed at the University of South Carolina, labor force data can be generated for any county, community or other geographical area of the state. In most instances, labor availability reports are generated based on commuting distances from a given site.

The program produces about 200 standardized labor profiles for communities for use by local areas as well as others involved in the state's economic development efforts. Additional information generated by the program includes job skills by county, wage rates for specific occupations by county, union membership by firm and county. During the fiscal year, labor presentations were prepared and presented to prospects on all 46 counties of the state and for 150 communities.

Environmental and Financial Liaison

As part of its services to the state's existing industries and for new firms locating in the state, the Development Board provides liaison between environmental regulatory agencies and both private and public lending institutions. The services are essential to minimize environmental conflicts during the planning stage of projects. Assistance is also provided to local areas in the evaluation of their infrastructure and its ability to support economic growth.

Financial packaging often is key to the successful location of new projects within communities. The financial requirements of new projects and expanding firms are reviewed by the Agency and recommendations as to the type of funding and the source of such funding is discussed with the Agency's clients. Firms unfamiliar with the state's public and private loan programs are given direction in terms of the most feasible approach to a comprehensive financing package of available loan and grant programs.

RESEARCH AND INFORMATION RESOURCES

The Division's mission is to strategically position South Carolina for immediate and long-range economic development through research and technology.

The Division has four major departments to serve this mission: strategic research, prospect research, the Information Resource Center and information technology.

Strategic Research

The Strategic Research Department focuses on proactive research and development for long-range growth, and includes two major initiatives: the South Carolina Infrastructure and Economic Development Planning Program and a strategic market analysis program to identify and develop business development opportunities for increased diversification of the economy and higher levels of per capita income.

The Infrastructure and Economic Development Planning Program utilizes state-of-the-art geographical information systems (GIS) technology to develop a database on infrastructure economic and business information. The primary goals of this program are analysis of infrastructure projects, regional strategic planning and prospect presentations. To assist in the program, a technical GIS center was established at the University of South Carolina to provide statewide technical support. The program received two major grants from the U.S. Department of Housing and Urban Development and the Appalachian Regional Council of Government (ARC) to fund the collection of water and wastewater data by the 10 regional planning commissions, establishment of a regional center at the Appalachian Regional Council of Government, and model-building by Clemson University.

Prospect Research

The Prospect Research Department develops targeted customized proposals to market South Carolina and individual communities to firms considering locating and expanding in the state. In Fiscal 1988-89, 70 proposals were completed. In addition, economic impact analyses were prepared to assist county councils in considering the use of the recently passed fee in lieu of taxes legislation.

Information Resource Center

The Information Resource Center published the 1989 Industrial Directory and continued to maintain the capital investment and employment database that monitors economic development activity in the manufacturing, research and development, corporate office and distribution sectors. Fiscal 1988-89 was a record year with the creation of \$3.3 billion in capital investments. In conjunction with these investments, 19,526 new jobs were also created. During the fiscal year, the Center also assisted 2,394

Information Technology

The Information Technology Department expanded the agency's computer capabilities considerably during the year, with the addition of equipment and the implementation of a staff training program. The future needs of the agency were also reevaluated by a consultant firm in light of increased technology use within the

agency and the availability of new products in the marketplace. Based on this assessment, a new strategy based on an "open systems" architecture was designed to allow technology to be used even more competitively for economic development. To meet the agency's added needs, the Division will be managing the procurement and installation of a new local area network based on a Request for Proposals (RFP).

Finally, a statewide technology-based network and information bank program called Development Information Access line (DIAL-IN) was pilot tested this year in three sites: Charleston, Union and Walterboro. Based on this test, a more sophisticated technology platform will be designed and incorporated into the agency's RFP. When fully implemented, this program will allow allies throughout the state to access a wide range of information for state and local economic development. On an agency-wide as well as a statewide basis, the Division continued to utilize technology more competitively for economic development.

COMMUNICATIONS AND ADVERTISING

The Communications and Advertising Division's mission is to update and implement the State Development Board's marketing and promotional strategy through an active and effective communications program designed to project a positive image for the state and the agency and to promote the state as an attractive potential site for business and industry. The Division also has responsibility for managing motion picture and television projects through the South Carolina Film Office.

Advertising

The advertising program is designed to increase awareness among targeted business decision-makers. During the fiscal year, the Division successfully managed the State Development Board's advertising contract, overseeing production and budget for the creation and placement of 23 new ads in national and international publications. Specifically, the Division supported domestic recruitment with 29 advertisements placed in Business Week, Forbes, Fortune and "The Wall Street Journal" and 23 advertisements placed in site selection publications. The Division supported international marketing initiatives through selected publications advertising, including a special section in President magazine and advertisements in the West German newspaper "Handlesblatt," a "Journal of Commerce" special section and the Milan Trade Fair Directory. The Division also conceptualized and developed printed advertisements to announce the reinstatement of the South Carolina Film Office and create awareness that the office had successfully recruited four motion pictures by running thank you ads in Daily Variety and The Hollywood Reporter.

The Communications and Advertising Division developed two private sector cooperative advertising programs, including direct mail

subscriptions of Fortune to 655 business decision-makers with Southern Bell and production and placement of a cooperative advertisement with Interlake Materials Handling in "The Wall Street Journal's" Chicago edition. The Division also ran a test flight of electronic media economic development advertising on selected Cable News Network (CNN) business programs.

Communications

The communications program includes production of all agency marketing and informational brochures, directories, audio visual materials (including slides, displays, videos and films) and direct mail production in English and foreign languages. The Division evaluated all existing marketing and information publications for content accuracy and created 95 new marketing and informational printed materials to support specific agency initiatives. The Division also evaluated existing audio/visual marketing informational materials for content accuracy and created three new audio/visual marketing and informational presentations to support specific agency initiatives including the Seville 1992 Recruitment Slide Show, a Film Office in-stand display and an International Export Services in-stand display.

During the fiscal year, the Division created four direct mail marketing campaigns to support specific agency marketing initiatives including mailing calculators with printed marketing message to 75 "top growth companies" and to 25 "top profit-making companies." A photograph album of Charleston SEUS-Japan meeting highlights was mailed to 75 top-level Japanese decision-makers in attendance, as well as a photograph of "golf swing" in lucite.

The program received the following awards for print materials:

1989 Addy (Columbia Advertising Club)	
Bronze	Power of Discovery Poster
1989 American Economic Development Council	
Best of Class	1989 Industrial Directory
1989 PICA (Printing and Design Excellence)	
Award of Excellence	Power of Discovery Poster
Judges Award of Excellence	Patrons of Imagination Poster
1988 CINDY (Association of Visual Communicators)	
Special Achievement, Photography	"South Carolina: A Way of Life"
1988 Southern Industrial Development Council	
Best of SIDC	Japanese Recruitment Brochure
Superior-State Division	Warehouse/Distribution Brochure
Excellent-State Division	Japanese Recruitment Brochure
Excellent-State Division	Image Campaign, 4 Ads
Excellent-State Division	1989 Industrial Directory
Merit-State Division	Quality of Life Posters
Merit-State Division	National Champions Ad

Promotional Development Program

During the fiscal year, the Division successfully administered a promotional materials grant and assistance program in which 55 local projects were produced. The program provided for the creation of professional quality materials in all regions of the state, but predominately in the "less developed" counties, which received priority. Forty-four of the state's 46 counties were represented, and all legislatively designated "less developed" counties participated in the program. Rural areas were the primary recipients: Twenty-seven projects emanated from "less developed" counties; 21 from "moderately developed;" and 7 from "developed." Throughout the yearlong program, the Development Board provided, as needed, graphic, writing and printing support. Six projects comprised the start of a cooperative advertising program on the local level, with local economic development groups taking advantage of reduced rates resulting from increased frequency in some common vertical publications.

South Carolina Film Office

This was a record-breaking year for South Carolina in terms of the number of films shot and in the revenues contributed to the state's economy. Five feature films, four made-for-television movies and three national commercials shot on location in the state, generating revenues of \$19.77 million, a 64 percent increase over the previous record of \$12.8 million in Fiscal 1985-86. There was also an increase in the number of South Carolina locations for filming, as production occurred in Anderson, Beaufort, Berkeley, Charleston, Cherokee, Dorchester, Fairfield, Georgetown, Greenville, Newberry, Pickens, Richland and Spartanburg Counties.

After a period of reorganization in Fiscal 1987-88, the Film Office was staffed and a new marketing campaign established with advertisements in trade publications and participation in two trade shows in Los Angeles.

PUBLIC AFFAIRS

The mission of the Public Affairs Division is to promote South Carolina as a site for location and expansion through earned media and nontraditional events.

The Division is new to the Development Board. Public relations activities were formerly handled by the Communications and Advertising Division and special events by the Special Programs Division. The two functions were combined into the Public Relations and Special Events Division in January 1989. The name of the Division was changed to Public Affairs in June 1989.

Media Relations

During the fiscal year, the Media Relations Department continued the publication of the Development Board's newsletter, "Economic Developments," and handled numerous media inquiries. The Department set up regular interviews for the Development Board personnel with members of the media. Staff also worked with several trade publications on special features for South Carolina.

The Department coordinated a 10-city "fly-around" with news conferences in each location to announce a U.S. Department of Housing and Urban Development grant to benefit the infrastructure overlay project being designed and implemented by the Research and Information Resources Division.

The Division also coordinates facility announcements and groundbreakings, including necessary scheduling, press and communications. The Division regularly contacts board members in order to keep them aware of Development Board news and events.

Special Projects

The Special Projects Department arranged the Development Board's participation in the Heritage Tournament and in the Spoleto USA Festival in Charleston. In addition, the Department worked with the University of South Carolina on arrangements for a parallel computing national conference in 1990, worked with other divisions of the Development Board on numerous small events such as Fort Jackson Day celebrations and the Governor's reception and dinner for the Southern Growth Policies Board.

FINANCE AND ADMINISTRATION

This Division provides internal administrative support and control services for the entire agency.

Its functions include budgeting, accounting, personnel, procurement/supplies, fixed-asset inventory control, office services, switchboard and receptionist services, and the assignment and maintenance of the agency's state automobiles. The Division also is responsible for the maintenance and use of the agency's aircraft.

The agency was granted an increase in state funds of \$1,525,000 to bring the budget to \$7,434,020 for Fiscal 1988-89. In addition, the agency received a nonrecurring appropriation of \$844,500 for special onetime projects. The agency also received six new positions to bring the staff level to 81 full-time positions. In grant funding activity, the agency went from \$20,000 in federal grants in Fiscal 1987-88 to \$341,000 in Fiscal 1988-89.

South Carolina Employment by Sector

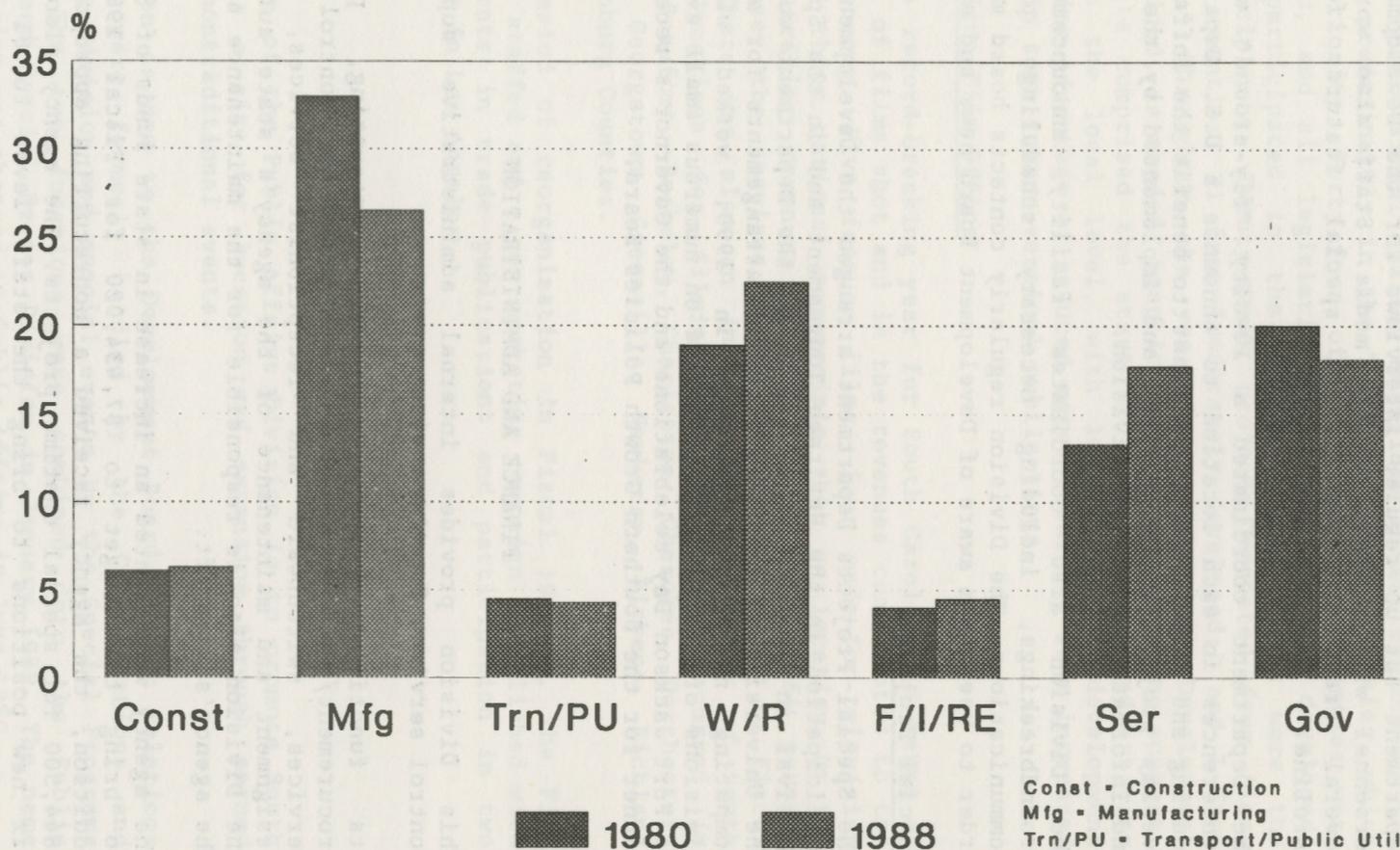


TABLE I

Source: S.C. Employment Security Comm.

Const - Construction
Mfg - Manufacturing
Trn/PU - Transport/Public Utilities
W/R - Wholesale/Retail Trade
F/I/RE - Finance/Ins./Real Estate
Ser - Services
Gov - Government

TABLE II

ANNOUNCED CAPITAL INVESTMENT AND EMPLOYMENT
BY INDUSTRY IN SOUTH CAROLINA
FISCAL YEAR 1988-89

	ANNOUNCEMENTS	INVESTMENT	JOBS
MANUFACTURING	759	\$3,195,512,000	17,467
DISTRIBUTION	13	23,935,000	600
OFFICE/ HEADQUARTERS	15	52,600,000	1,374
RESEARCH/ DEVELOPMENT	4	13,480,000	35
SPECIAL	<u>1</u>	<u>12,000,000</u>	<u>50</u>
TOTAL	792	\$3,297,527,000	19,526

Source: Research and Information Resources Division
South Carolina State Development Board

Note: Announcement updates included in totals.

South Carolina Employment Security Sector

TABLE III
ANNOUNCED MANUFACTURING CAPITAL INVESTMENT AND EMPLOYMENT
IN NEW AND EXISTING FIRMS BY INDUSTRY
FISCAL YEAR 1988-89

INDUSTRY	NUMBER OF FIRMS			EMPLOYMENT			INVESTMENT (\$000)		
	NEW	EXISTING	TOTAL	NEW	EXISTING	TOTAL	NEW	EXISTING	TOTAL
FOOD AND KINDRED PRODUCTS	2	37	39	345	306	651	\$4,400	\$29,020	\$33,420
TEXTILE MILL PRODUCTS	7	61	68	870	756	1,626	11,000	158,196	169,196
APPAREL	11	39	50	1,595	1,203	2,798	3,150	40,912	44,062
WOOD AND FURNITURE	8	59	67	378	281	659	14,300	33,554	47,854
PAPER AND PRINTING	3	78	81	202	562	764	27,700	1,031,188	1,058,888
CHEMICALS	6	59	65	664	1,692	2,356	223,060	779,785	1,002,845
RUBBER/PLASTICS	5	38	43	525	1,095	1,620	49,200	227,864	277,064
METALWORKING*	22	261	283	2,199	4,076	6,275	175,375	337,605	512,980
REMAINING**	4	59	63	306	412	718	6,100	43,103	49,203
TOTALS	68	691	759	7,084	10,383	17,467	514,285	2,681,227	3,195,512

* Includes primary metal, fabricated metal, all machinery, transport and electrical equipment and instruments

** Represents petroleum, leather, stone, clay, glass and concrete, remaining manufacturing and tobacco

Source: Research and Information Resources Division
South Carolina State Development Board

Note: Announcement updates included in totals.

Source: S.C. Employment Security Comm.

PUBLICATIONS
TABLE IV
 STATE DEVELOPMENT BOARD

**FOREIGN-AFFILIATED CAPITAL INVESTMENT AND JOBS
 BY COUNTRY FOR FISCAL YEAR 1988-89**

COUNTRY	INVESTMENT	JOBS
Australia	\$1,350,000	5
Brazil	10,200,000	80
Canada	9,840,000	25
France	190,755,000	760
Great Britain	43,298,000	550
Italy	3,000,000	24
Japan	102,860,000	610
Korea	7,500,000	150
Netherlands	1,850,000	0
Sweden	70,500,000	100
Switzerland	4,250,000	30
Taiwan	200,000,000	400
West Germany	259,462,000	700
<u>Others*</u>	<u>290,000</u>	<u>0</u>
Total	\$905,155,000	3,344

* Includes Denmark and India.

Source: Research and Information Resources Division
 South Carolina State Development Board

Note: Announcement updates included in totals.

TABLE IV

ANNOUNCED CAPITAL INVESTMENT AND EMPLOYMENT
IN URBAN AND RURAL AREAS
FISCAL YEAR 1988-89

	NUMBER OF FIRMS	EMPLOYMENT	INVESTMENT
URBAN	444	10,658	\$2,491,837,000
RURAL	348	8,868	805,690,000
TOTAL	792	19,526	3,297,527,000

Source: Research and Information Resources Division
South Carolina State Development Board

Note: Announcement updates included in totals.

PUBLICATIONS OF THE SOUTH CAROLINA
STATE DEVELOPMENT BOARD

Business Formation and Expansion Manual
BusinessLine Newsletter
Economic Developments Newsletter
South Carolina Premier Brochure with Inserts
South Carolina Recruitment Mailer
South Carolina: A Way of Life Film
South Carolina Advantages for Warehouse and Distribution
South Carolina Advantages for the Defense Industry
South Carolina Incentive Financing Brochure
South Carolina Industrial Directory
South Carolina Metalworking Directory
South Carolina Production Manual
South Carolina Quality of Life Posters
South Carolina State Development Board Annual Report
South Carolina State Map
South Carolina: The New Wave in Aquaculture
Supportive Services—State of South Carolina
Taxes in South Carolina



EXPENDITURES
FISCAL YEAR 1988-89

Director's Office and the Board.....	\$253,718
National Business Development.....	654,303
International Business Development.....	678,858
Business Development and Assistance.....	609,422
Special Programs.....	873,252
Finance and Administration.....	2,336,735
Communications and Advertising.....	2,021,824
Public Affairs.....	62,421
<u>Research and Information Resources.....</u>	<u>761,532</u>
Total.....	\$8,252,065

Source: Research and Information Resources Division
South Carolina State Development Board

Note: Amusement taxes included in totals.