



**STATE
OF
SOUTH CAROLINA**

DEPARTMENT OF COMMERCE

ACCOUNTABILITY REPORT

FISCAL YEAR 2008-2009

Agency: South Carolina Department of Commerce

Submitted: September 15, 2009

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

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I. EXECUTIVE SUMMARY

I.1 Mission & Values

The South Carolina Department of Commerce (SCDOC) is the economic development and business recruiting arm of the State. The leadership and staff of SCDOC are 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
- Sustainable development
- Work force development
- Improved living standards for South Carolinians

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

Agency value statement:

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

I.2 Major Achievements –

Statewide Capital Investment and Job Creation – In 2008, Commerce assisted with the expansion or location of 190 firms announcing the creation of 18,993 jobs and investment of \$4.17 billion in South Carolina. (Note: Commerce does not include utility and power plant capital investments in its numbers.) American Titanium Works and BMW were named as two of the top fifteen projects in the United States by *Trade & Industry Development* magazine. *Area Development* magazine, which recognizes state economic development organizations for their achievements in attracting high-value investment projects that will create a significant number of new jobs in their communities, awarded South Carolina its first Silver Shovel Award. Additionally, *Southern*



Business and Development magazine ranked South Carolina #2 in the Country for the State's 2008 job recruitment efforts.

International Investment - During 2008, the South Carolina Department of Commerce assisted 48 international firms, which produced \$1.8 billion announced investment and 5,094 announced new jobs. German firms led the way in capital investment, accounting for 60.5% of the total international capital investment. German-owned companies also accounted for 32.16% of jobs created by international companies with 1,638 jobs.

International Offices – In response to budgeting challenges and in order to better serve our Asian customers, Commerce consolidated the Tokyo office with its Shanghai office. This allows Commerce to serve a larger Asian footprint from mainland China.

Export Development and Foreign Relations - South Carolina businesses exported \$19.8 billion worth of goods globally last year, compared with \$16.6 billion in 2007, a 19.3% increase. The State's largest export market last year was Germany. In 2008, South Carolina ranked 19th among the 50 states in total export value and 11th in exports per capita. South Carolina's top export product sectors were as follows: Vehicles, Machinery, Rubber, Plastic, Electrical Machinery, Paper and Organic Chemicals. Additionally, three overseas trade missions were completed during this fiscal year to Israel, United Arab Emirates, and Poland. The State also renewed its MOU with the Government of Queensland, Australia.

Business Services - The Business Services Department was streamlined to include existing and small business service, export development and recycling market development. The department includes the Small Business Ombudsman, a single point of assistance at the Department of Commerce for South Carolinians interested in starting or growing their businesses (especially small businesses). The Ombudsman's Office matches small business owners with direct resource contacts. For Fiscal Year 2008-2009 the Business Services Department responded to 414 small business inquiries with direct resource assistance to 40 counties, and 125 minority and/or women-owned businesses. After-inquiry surveys yielded a 90% quality customer service rating. Business Services produced S.C. Industry Appreciation Week and the Ambassadors for Economic Development recognition event. The Department is the lead organization for Emergency Support Function 24, supporting business and industry in the event of a disaster. The state's widely referenced Small Business and Entrepreneurship Resource Guide is published by Business Services. The Department also provides the administrative support for the Small Business Regulatory Review Committee. Business Services took over and expanded the BuySC program connecting South Carolina companies with new and existing supply chain opportunities. The Department coordinated, with the S.C. Technical College System, five Small Business Workshops on Marketing and Insurance.

Recycling Market Development – The Recycling Market Development program, a part of the Business Services Department, provides business development assistance for existing and start-up recycling businesses, helps to develop markets for recyclable



materials, and provides technical assistance and referrals to business and industry in South Carolina. In Fiscal Year 2008-2009, direct assistance was provided to 130 companies. RMDAC hosted its sixth annual Recycling Business Forum in fall 2008 which featured an awards ceremony that highlighted the exemplary work of the State's recycling industry as well as recognized companies and other organizations that have embraced a recycling ethic. The forum also highlighted continuing growth of the Recycling Industry Group (RIG), a joint partnership between RMDAC and New Carolina, an industry lead initiative to grow recycling in South Carolina. With over 300 recycling businesses in the State, a new Recycling OnLine Directory was created providing a comprehensive matrix of recycling oriented companies and services.

Product Development – Community & Rural Planning and Development Staff assisted with product development throughout the State resulting in the construction of six new speculative buildings and developing or enhancing seven industrial parks. Staff evaluated over 600 buildings and sites resulting in better quality product on the SCDOC web site. South Carolina now has in its inventory 67 SC Certified Sites, adding 19 sites to the inventory during the year. Staff reviewed, evaluated and scored some 47 S.C. Department of Transportation roadway improvement projects for economic development impact.

Rural Development - In 2008, the State's rural areas accounted for 4,445 new jobs created and \$1.01 billion in capital investments. This represents 23% of job creation and 24% of capital investments statewide where only 21% of the State's workforce resides.

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

- The Workforce Investment Act (WIA) served over 28,800 job seekers last year and increased the competitiveness of 308 businesses by funding the training of more than 5,000 existing employees at those businesses.
- Jobs for America's Graduates – South Carolina (JAG-SC) expanded by 43% into 20 high schools. Over 800 youths are now receiving drop-out prevention services and employability training. JAG-SC was recognized as a "Top Performing State Organization" for Multi-Year Programs in the following categories at a national conference for state JAG affiliates held in July 2009:
 - "Unable to Contact Rate" of zero for the class of 2008-2009,
 - "Positive Outcomes Rate" for the class of 2008-2009 and
 - "Extraordinary Graduation Rate" of 92 percent for the class of 2008-2009.
- One year after transition of the Trade Adjustment Assistance (TAA) program to the Department of Commerce, workforce activities reflect a greater integration of WIA and TAA program services and resources, as well as an increase in the



number of individuals receiving training. Rapid Response services assisted 189 businesses affected by the loss of 17,895 positions. Several tools were developed and shared with economic development and workforce partners to better link dislocated workers with new or expanding businesses and reemployment opportunities.

- Layoff aversion strategies were implemented for 21 businesses.
- The statewide Career Readiness Certificate program WorkReadySC awarded over 11,500 career readiness certificates, bringing the total number of SC certificate holders to over 100,000. 265 employers statewide now utilize the certificate in their hiring and promotion processes.
- WIA invested over \$2,000,000 dollars in competitive grants focused on programs for at-risk youth and the development of apprenticeship programs in South Carolina businesses.

Research - Beginning in February 2009, the Department of Commerce, with cooperation from the Employment Security Commission, began receiving monthly information on claims for Unemployment Insurance throughout the State. As a part of its mission to disseminate information on economic and labor market conditions in the State, the Labor Market Information group collects, analyzes, and reports on claimants for unemployment insurance on a monthly basis. These reports are prepared on a statewide, Workforce Investment Area, and county-level basis and are distributed directly to economists, academics, legislators, technical colleges, workforce investment boards, and economic development leaders throughout South Carolina. These reports focus on the characteristics of the unemployed for use in assessing education, training, and re-training needs, developing intervention programs to target these specific needs, and tracking progress by area. The analyses are also utilized by economic development stakeholders in identifying resources for recruitment throughout the state.

I.3 Strategic Goals

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

- 1) Increase capital investment and job creation throughout South Carolina;
- 2) Develop a strategy that recognizes the strengths of the state’s existing, small, and emerging industries and builds on the opportunities those strengths present;
- 3) Implement a targeted marketing strategy to promote new investment and job creation and grow industry sectors;
- 4) Increase the quality of the “economic product” in South Carolina through workforce development, community development and general aviation development;



- 5) Increase the value of exports from South Carolina businesses;
- 6) Increase the skill level of the workforce;
- 7) Manage all agency resources in a cost effective manner in support of the mission of the Agency.

I.4 Opportunities and Barriers

National Economy – The national economy began its recession in the 4th quarter of 2008 and has declined each quarter since. Economic output reduced at a rate of 2.4% between the 2nd quarter of 2008 and the 2nd quarter of 2009, with GDP decreasing from \$14.50 trillion to \$14.15 trillion. Meanwhile, the nation experienced overall higher unemployment with the loss of 5.6 million jobs between June of 2008 and June of 2009. Significant increases in the nation’s labor force, coupled with the deficit in employment, led to national unemployment rates climbing from 5.6% in June of 2008 to 9.5% in June of 2009, the highest rate observed since 1983. Job losses were most pronounced in the Construction industry followed by the Manufacturing, Retail Trade, and Professional and Business Services industries. Gains were made in Education and Health Services, Government, and Leisure and Hospitality. In the 2nd quarter of 2009, signs of recovery have begun to emerge as the rate of economic decline has slowed, as measured by quarter-to-quarter GDP change, unemployment rate change, and international trade volume.

State Economy – From June 2008 to June 2009, the state’s employment reduced dramatically, shedding a seasonally adjusted 77,315 jobs. The simultaneous increase in the labor force of 47,875 has resulted in an additional 125,190 unemployed individuals within the state. According to the Bureau of Labor Statistics’ Current Employment Statistics, the manufacturing industry shed 30,000 jobs statewide between June 2008 and June 2009. Trade, Transportation and Utilities declined by 18,500 jobs, Leisure and Hospitality by 16,300, and Accommodations and Food Services by 15,700. From 2007 to 2008 (the latest data that is available), the state’s economic output increased from \$151.7 billion to \$156.4 billion in 2007 (a rate of 3.1%); however, South Carolina is expected to show a declining GDP for 2009 similar to the national economy. Exports from South Carolina in 2008 increased 7.3% over 2007 totals, representing \$19.1 billion in goods sold.

The slowdown in the economy, particularly in the manufacturing sector, continues to provide challenges to the Agency’s ability to provide new opportunities for South Carolinians. However, the Department of Commerce has had three consecutive record breaking years in 2006, 2007 and 2008 attracting new investment and jobs to South Carolina. Plant closures have made skilled labor available and provide an inventory of useable industrial buildings and sites. South Carolina has been able to capitalize on this available workforce and sites and buildings in our business recruitment efforts for the state.



The volume of project activity remains high and many companies are awaiting improvements in the national economy and in access to financing before executing plans to invest and create new jobs.

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

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

SECTION II BUSINESS OVERVIEW

II.1 Average Employment

FTE (Permanent) Employees	124
Temporary Employees	9 (Includes 2 interns)
European Office	1 (contract)
China Office	1 (contract)
Canadian Office (Closed June 30 th)	1 (contract)
<u>Division of Public Railways</u>	<u>37</u>
Total	173

II.2 Operations Locations

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



II.3 Expenditures/Appropriations Chart

Base Budget Expenditures and Appropriations

Major Budget Categories	07-08 Actual Expenditures		08-09 Actual Expenditures		09-10 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$8,649,127	\$5,603,180	\$8,202,121	\$5,483,983	\$6,764,863	\$3,024,863
Other Operating	\$10,889,419	\$4,301,709	\$6,979,470	\$2,978,467	5,700,000	1,265,000
Special Items	\$2,753,293	\$2,753,293	\$2,076,535	\$2,076,535	805,756	805,756
Permanent Improvements						
Case Services						
Distributions to Subdivisions	\$124,554,354	\$1,725,152	\$128,738,309	\$379,000	\$150,935,000	
Fringe Benefits	\$2,257,110	\$1,437,096	\$2,257,617	\$1,501,511	\$1,822,235	794,235
Non-recurring						
Total	\$149,103,303	\$15,820,430	\$148,254,052	\$12,419,496	\$166,027,854	\$5,889,854

Other Expenditures

Sources of Funds	07-08 Actual Expenditures	08-09 Actual Expenditures
Supplemental Bills	\$7,325,960	\$4,723,466
Capital Reserve Funds		
Bonds	\$36,946	\$0



II. 4. Major Program Areas Chart

Program Number and Title	Major Program Area Purpose (Brief)	FY 07-08 Budget Expenditures	FY 08-09 Budget Expenditures	Key Cross References for Financial Results*
II.E.3-4. Workforce Development	To increase the skills of the state's workforce and the competitiveness of state businesses.	State: Federal: 73,769,364 Other: 325,846 Total: 74,095,210 % of Total Budget: 50%	State: Federal: 91,418,203 Other: 219,325 Total: 91,637,528 % of Total Budget: 61%	7.9
II.E.1-2. Grants & Incentives	To assist communities with grants for infrastructure, housing, economic development and planning.	State: 883,594 Federal: 26,789,117 Other: 27,847,516 Total: 55,520,227 % of Total Budget: 37%	State: 333,815 Federal: 16,231,353 Other: 24,571,149 Total: 41,136,317 % of Total Budget: 27%	7.6
II.F. Aeronautics	To assist state airports with development and grants and to support state aircraft with maintenance and flight operations.	State: 1,938,455 Federal: 1,164,509 Other: 2,015,366 Total: 5,118,330 % of Total Budget: 3%	State: 1,646,897 Federal: 74,751 Other: 2,308,119 Total: 4,029,767 % of Total Budget: 3%	7.8
II.A. Business Development-Project Management and Foreign Offices	To recruit new and existing expansions and locations; to increase the capital investment and number of jobs in South Carolina.	State: 3,174,186 Federal: Other: Total: 3,174,186 % of Total Budget: 2%	State: 2,903,583 Federal: Other: Total: 2,903,583 % of Total Budget: 2%	7.1
II.B. Business Services	To help South Carolina companies achieve peak performance. By bringing together professionals who offer a wealth of experience in key areas to offer a dynamic approach that helps businesses and communities prosper.	State: 1,461,200 Federal: Other: 452,714 Total: 1,913,914 % of Total Budget: 1%	State: 801,860 Federal: Other: 358,181 Total: 1,160,041 % of Total Budget: 1%	7.3, 7.4, 7.5
II.D. Marketing and Communications	To develop marketing strategies utilizing the State's brand in recruiting industry and attracting investments to the State.	State: 1,151,134 Federal: Other: Total: 1,151,134 % of Total Budget: 1%	State: 979,820 Federal: Other: Total: 979,820 % of Total Budget: 1%	7.11
II.C. Community and Rural Planning and Development	To assist local leaders in achieving success for their communities through product development, asset development and leadership and community investment.	State: 417,098 Federal: Other: 716,604 Total: 1,133,702 % of Total Budget: 1%	State: 930,043 Federal: Other: 247,125 Total: 1,177,168 % of Total Budget: 1%	7.2



Program Number and Title	Major Program Area Purpose (Brief)	FY 07-08 Budget Expenditures	FY 08-09 Budget Expenditures	Key Cross References for Financial Results*
II.D. Research	To provide real-time, accurate data, information, and research to support the mission of the agency in recruiting industry and attracting investments to the State.	State: 890,743 Federal: Other: Total: 890,743 % of Total Budget: 1%	State: 898,405 Federal: Other: 362,592 Total: 1,260,997 % of Total Budget: 1%	7.10
I. Administration	To support the agency with finance, information technology and human resources services.	State: 3,399,394 Federal: Other: 56,135 Total: 3,455,529 % of Total Budget: 2%	State: 2,902,006 Federal: Other: 43,758 Total: 2,945,764 % of Total Budget: 2%	7.7

Below: List any programs not included above and show the remainder of expenditures by source of funds.

SC World Trade Park & Education, Hydrogen Fuel Cell, SC Technology Alliance, Community Development Corporation-Initiative, and Donaldson Center Industrial Air Park loan repayment.

Remainder of Expenditures	State: 2,504,626 Federal: Other: 145,702 Total: 2,650,328 % of Total Budget: 2%	State: 1,023,067 Federal: Other: Total: 1,023,067 % of Total Budget: 1%
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* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.



II.5 Key Customers

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

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



- v) Adults and youth seeking jobs and skills training;
- w) Existing companies seeking to retain competitiveness through employee training;
- x) Community Development Corporations;

Other customers and their Department suppliers include:

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

II.6 Key Suppliers

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

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



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

Other suppliers and their Department of Commerce customers include:

<ul style="list-style-type: none"> FAA, MUSC, DNR Railroad vendors General Assembly Federal Government 	<ul style="list-style-type: none"> State Aeronautics Division Public Railways Division Coordinating Council for Economic Development & CDBG, Recycling Market Development Advisory Council Coordinating Council for Economic Development & CDBG, Workforce, Appalachian Regional Council
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II.7 Major Products and Services

Products

- Customized publications outlining South Carolina’s advantages for businesses and consultants making a site location decision;
- Business research publications, including the Small Business and Entrepreneurship Resource Guide, produced by the Business Services Department;
- Recycling On-line Directory, interactive directory featuring recycling source and use companies, haulers, and waste processors;
- Business research publications including an annual resource directory the “SC Production Guide ”, the “SC Location Guide” and an on-line searchable directory of South Carolina personnel and suppliers;
- Job Development Credits;
- Annual and Five-year plans for Community and Economic Development;



- State and federal grants for housing, infrastructure, community facilities, airport development, and improvements and economic development;
- Funds for workforce training and incumbent worker training programs;
- Publications describing employer services for workforce training;
- Workforce newsletter – S.C. Workforce Update;
- Annual Report for WIA;
- On-line directory of One-Stop Centers;
- Rapid Response publication Pathways to Reemployment for workers affected by downsizing;
- The online WorkKeys® Career Readiness Certificate skillsbank - www.skillsbank.com - for businesses and economic developers to search Certificate holders by region;
- Trade Adjustment Assistance (TAA) Program Reference Guide;
- Rail service;
- South Carolina Aeronautics Directory and Pilots Guide; South Carolina Aeronautical Charts; ground communication outlets to air traffic control; and weather systems;
- South Carolina Site Certification Program Description and Instructions;
- Community Development Corporation Certification Guidelines.

Services

- Marketing and sales representation;
- Existing industry, emerging and small business information and issue resolution;
- The BuySC program connecting South Carolina businesses with new and expanding supply chain opportunities;
- Small Business Regulatory Review Committee reviewing state regulations for adverse impact on small business;
- Export development research and opportunity creation; international trade missions;



- Foreign relations facilitation between South Carolina and international officials at all levels;
- Assistance to employees separated from employment due to economic downturns; as well as the unemployed and underemployed seeking job opportunities;
- Industry research;
- Site location assistance;
- Local product development assistance for both traditional industries;
- Trade research and development of trade opportunities;
- Rapid Response services for business layoffs and closures;
- Virtual OneStop System, a powerful on-line tool designed to assist job seekers searching for the right job, and help employers who are looking for the best job candidates. (Product or service or both);
- Financial consultation for businesses and entrepreneurs;
- Technical assistance to business and industry on recycling and recycling markets information;
- Recycling markets information;
- Emergency management information for existing businesses, supporting disaster preparation, response and recovery;
- Training and technical assistance to grant customers on project development, implementation and compliance;
- Technical assistance for applications for grants and incentives;
- Airport development funding and technical assistance;
- Aircraft in-house maintenance services;
- Aircraft flight services;
- Rail service;
- Coordination of financial and contract issues for Lake Russell Project;
- Annual training conference for Workforce partners and stakeholders;

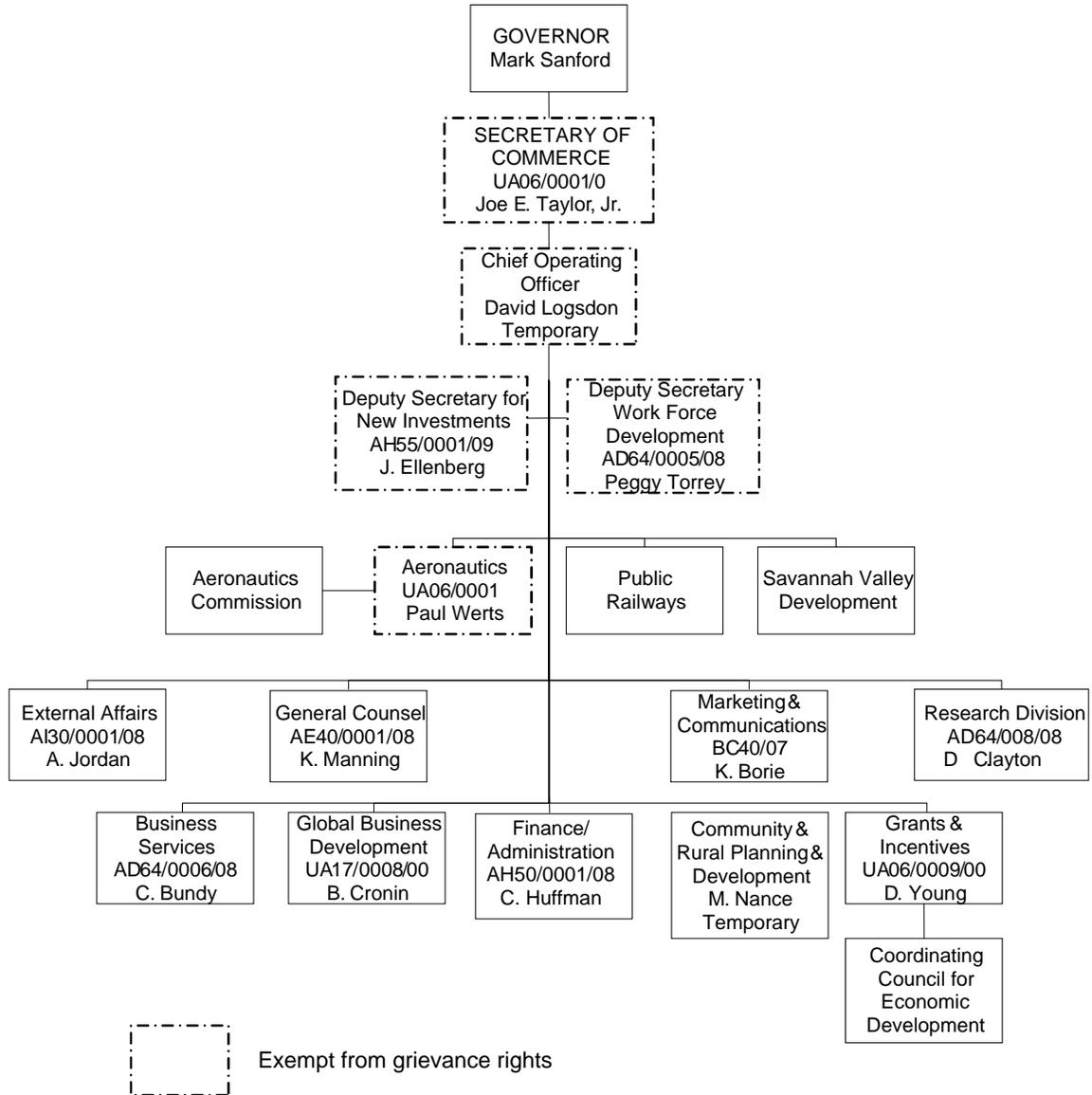


- Technical assistance to State Workforce Investment Board and Local Workforce Investment Boards;
- Funds and oversight for a drop-out prevention program in 20 high schools titled Jobs for America's Graduates – SC;
- Information on training resources and workforce representation to local economic developers;
- Formula allocation of WIA funding to twelve local workforce investment areas;
- Technical assistance and oversight to twelve local workforce investment areas in the operation of WIA and TAA programs;
- Technical assistance and monitoring for WIA competitive grants addressing a variety of workforce issues;
- Product development assistance resulting in industrial site, industrial parks, speculative buildings, and certified site development;
- Technical assistance in the redevelopment of rural downtown business districts;
- Technical assistance in the development and sustainability of community empowerment centers;
- Technical assistance for certification/recertification of Community Development Corporations;
- Training seminars for local economic development professionals;
- Educational assistance through the South Carolina Rural Summit, South Carolina Economic Development School and the South Carolina Advanced Symposium;



II.8 Organizational Chart

SOUTH CAROLINA DEPARTMENT OF COMMERCE



III. MALCOLM BALDRIGE PERFORMANCE EXCELLENCE STANDARDS

Category 1 – Senior Leadership, Governance, and Social Responsibility

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

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

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

1.2 The agency measures success through:

- Capital investment;
- Job creation;
- Investment by new businesses;
- Job creation by new businesses;
- Investment by existing businesses;
- Job creation by existing businesses;
- Percent of announced capital investment relative to southeastern competitors;
- Percent of announced new jobs relative to southeastern competitors;
- Investment in rural (non-MSA) counties;
- Job Creation in rural (non-MSA) counties;



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

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

1.4 The Community & Rural Planning and Development Division staff members assist local leaders in achieving success for their communities through Product Development, Leadership Development and Community Investment. As a part of our Leadership Development programs, some 257 local leaders attended the 2009 edition of the South Carolina Rural Summit that received an overall rating of 4.6 on a 5.0 scale. The South Carolina Economic Development School continues to enjoy maximum attendance capacity hosting over 63 students per session with the assistance of 14 scholarships provided by the Division. The Division also assists with program development and facilitation of the South Carolina Economic Developers' Advanced Symposium which has now graduated some 74 economic development practitioners.



- 1.5 The Governor-appointed State Workforce Investment Board (SWIB) establishes strategic direction for the state's workforce development efforts. In FY08, SWIB priorities included implementation of performance standards for area Workforce Investment Boards, increasing services to businesses, increasing apprenticeship opportunities statewide, and providing educational programs for at-risk youth.
- 1.6 The Aeronautics Commission was formed through legislation in the 2004 session. The Commission consists of six commissioners from each legislative district and a chair appointed by the Governor. The Commission assisted the Secretary of Commerce in setting the strategic vision for the Aeronautics Division and regulating aviation in South Carolina.

The Division of Aeronautics was transferred to the South Carolina Budget and Control Board on July 1, 2009, by proviso.

- 1.7 The agency has several methods of successfully collecting feedback on products, programs and services. Certainly the most effective means is through the number of companies we work with to expand or locate in South Carolina. However, there are other channels where feedback is gathered.
- The Community & Rural Planning and Development Division maintains contact with local development organizations across the state.
 - Agency personnel are active in the South Carolina Economic Developers' Association.
 - The Coordinating Council staff and the grant staff conduct regular training seminars around the state to ensure compliance with programs. The face-to-face contact also allows staff members to better understand and resolve issues and problems.
 - The Community Development Block Grant program (CDBG) holds public hearings annually in conjunction with its Annual Action Plan and Performance Report prepared for the U.S. Dept of Housing and Urban Development. In addition, public hearings are held for each grant awarded.
 - The Workforce Development Division values alignment among all public and private entities involved in workforce development. The Partnership and Planning Department fosters relationships, seeks to align partners' missions and strategic plans, and identifies commonalities to achieve greater overall impact for South Carolina.
- 1.8 The Department of Commerce is a high profile state agency, and, is actively involved in the community. Each year Agency personnel, including executive staff, man the Salvation Army collection post at the corner of Lady and Main Streets in downtown Columbia for two hours a day for two weeks between Thanksgiving and Christmas. During the Christmas season, each division



“adopts” a family in need, collecting and distributing gifts and food. The Agency also participates in American Red Cross Blood Drives, Juvenile Diabetes Walk A Thon, and Palmetto Health’s Walk out Breast Cancer.

Category 2 – Strategic Planning

- 2.1 The South Carolina Competitiveness Initiative has been implemented as a comprehensive strategic plan for economic development. The initiative's main component consists of eight action campaigns around which committees have been formed to address weaknesses and capitalize on strengths within the South Carolina economy, with the ultimate goal of boosting the state's standard of living. Strategies include adopting a sector-based focus to business recruitment, fostering a better environment for start-ups and small businesses, and enhancing education and workforce training programs.
- 2.2 The Agency has recognized the value of building the state’s economy around the interdependent industries and businesses that constitute economic sectors as its primary objective.
- 2.3 Each division has developed measurable goals and long range strategic initiatives that enhance accountability and good stewardship of taxpayer’s dollars.
- 2.4 The Department is developing a unique marketing strategy involving a comprehensive approach to marketing through public/private partnerships with local economic developers, regional economic development alliances, counties and businesses (existing, small, banks, colleges and universities, and utilities). This marketing plan will help communicate South Carolina's business story and create an opportunity to communicate with prospective investors why South Carolina is an ideal location for their business.
- 2.5 The State Workforce Investment Board’s strategic plan emphasizes alignment of workforce goals among all partners. The Division has a five-year plan for WIA funding use, along with two-year updates to the plan.



Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 08-09 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
II.A Business Development	Increase investment and job creation throughout South Carolina.	To win at least 164 projects to South Carolina. To create 16,000 new jobs in South Carolina. To create \$4.78 billion new investment in South Carolina.	7.1
II.C Community & Rural Planning and Development	Increase the quality of the "economic product" in South Carolina through workforce development, community development and general aviation development.	Assist in the development of new and upgraded infrastructure in 10 communities. Design, develop, and implement an improved site certification process. Initiate the process of product development for 10 communities.	7.2
II.B International Trade	Increase the value of exports from South Carolina businesses.	Help SC companies make direct sales abroad. Build governmental and business relationships between SC and other countries. Raise SC companies awareness of benefits to expanding in the global market place. Conduct at least 4 Trade Missions.	7.3
II.B Business Services	Develop a strategy that recognizes the strengths of the State's existing, small and emerging industries and builds on the opportunities those strengths present.	Match startup or existing businesses to resources that will take them to the next step in their business growth. Support minority and women owned businesses. Produce a Small Business Resource Guide.	7.4, 7.5
II.E1 II.E2 Grants and Incentives	Increase investment and job creation throughout South Carolina.	Create new jobs and investment with the disbursement of funds to economic development projects.	7.6
II.F Aeronautics	Increase the quality of the "economic product" in South Carolina through workforce development, community development and general aviation development .	Improve airport safety. Maximize funding partnerships using federal, state and local grants. Provide plans and specifications for capital improvement projects, airfield pavement maintenance projects and assist in airport development project reviews.	7.8
II.E3 Workforce Development	Increase the quality of the "economic product" in South Carolina through workforce development , community development and general aviation development. Increase the skill level of the workforce.	Increase use of WorkKeys system. Lead local WIB's in accessing and integrating ED intelligence in their strategic planning and in the adoption of local board standards. Promote workforce services to employer associations and local developers.	7.9
II.D Research	Provide data and strategy for industrial recruitment to South Carolina. Author research reports and policy briefs relevant to economic development.	Respond to project RFPs on a timely basis with accurate data. Create economic outlook and policy reports. Develop economic models and strategic plans to promote economic development in the state.	7.10
II.D Marketing and Communications	Implement a targeted marketing strategy to promote new investment and job creation and grow industry sectors	To develop a marketing and communications plan with divisional specific activities that is in line with Agency goals. To work with media on press events, announcements and opeds as necessary.	7.11



Category 3 – Customer and Market Focus

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

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

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

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

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

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



- 3.4 Business Services, with the State Board for Technical and Comprehensive Education, provided five Small Business Workshops, focused on Marketing and Insurance (with more planned for 2009/2010).
- 3.5 The Recycling Market Development Team works with businesses, industry, government and other organizations to provide technical and economic development assistance to foster a thriving recycling economy and sustainable business development in South Carolina.
- 3.6 When customers indicate a shortcoming in product and/or infrastructure, staff is responsible for relaying that information to communities so they may improve their ability to capitalize on future opportunities.
- 3.7 The Department of Commerce is a sales, marketing, and product development organization and, the building of strong relationships with customers and stakeholders is essential to our success. Project managers deal one on one with their clients in order to ensure continuity throughout the sales process. This enables them to develop in-depth knowledge of the client's needs, which translates into pertinent information in a timely manner from the Marketing and Research Divisions.

The Agency works with individual communities in much the same manner. A single point of contact is appointed for each community to continually assess their needs and to inform them of important changes. They are also well positioned to act as a catalyst for changes that need to take place. Finally, a new mandate for the project managers is to visit communities in order to improve relationships and build consensus essential to moving the State's economy forward.

- 3.8 The Department of Commerce prepared and disseminated an agency annual report to local economic developers, regional development alliances, the General Assembly, Councils of Governments, and other economic development allies. The report contained updates, agency activities, year-end numbers and agency accomplishments. The goal of the annual report is to keep Commerce's allies better informed of agency accomplishments.
- 3.9 The Department of Commerce collaborates with other state entities. The CDBG program works with the State Housing Authority to assist non-profit customers to understand the unique needs of their separate customers.
- 3.10 The Workforce Development Division employs a Partnership Development Coordinator whose primary responsibility is that of collaborating with economic development, education, non-profits and workforce partners to establish common goals and maximize resources. During the past 12 months, more than 38 partnership meetings were held.

The Workforce Division developed a centralized location to access all of its products and resources: www.WorkforceSouthCarolina.com.



The Workforce Division publishes a quarterly electronic newsletter with a broad distribution list including all the Workforce System stakeholders. The newsletter highlights best practices, individuals, and businesses that have been helped by the program and joint WIA/economic development efforts around the state.

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

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

The Division of Aeronautics was transferred to the South Carolina Budget and Control Board on July 1, 2009, by proviso.

- 3.12 The Research Division works diligently to support all departments and divisions throughout the Agency to achieve their goals. This is accomplished through fielding information requests from other departments and divisions in a timely manner as well as implementing long-term investigative projects. Research also supports the efforts of individuals and businesses seeking economic information, particularly labor market and employment information. Research maintains databases and Web sites which provide data and information to support Commerce's economic allies, as well as assist in the recruitment and expansion of businesses in the state. Finally, Research and its Labor Market Information group personally assist local Workforce Investment Boards and other local workforce and economic development entities in developing detailed labor market and economic analyses of their regions for use in their planning and development.
- 3.13 Each week, Marketing/Communication distributes an email newsletter of the week's articles that have appeared in newsprint, magazine and/or broadcast. The weekly e-blast, "Commerce Clips" is distributed to businesses, developers, regional alliances and local economic developers. "Commerce Clips" has been a successful means to communicate the state's business activity and the Agency's recruitment efforts with businesses and economic development professionals across the state.
- 3.14 The Workforce Development Division publishes an annual report on the number and results of job seekers and employers served by WIA.



Category 4 – Measurement, Analysis, and Knowledge Management

4.1 The Division of Research supports the Agency through research, analysis, and providing information. Data to support this service comes from a wide variety of sources including U.S. Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, and the Office of Trade and Industry Information. In addition, Research utilizes several 3rd party proprietary databases such as Dun & Bradstreet Selectory, EMSI Strategic Advantage, and Workforce and Innovation Technical Solutions. Research support is utilized in the following manners:

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

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



- **Workforce Information Database:** A part of Labor Market Information, this database contains the most complete, current collection of local and state economic and labor market information in South Carolina. It is accessible to users statewide via the Web site www.scworkforceinfo.com. It is accessible internally for development of custom reports and data extracts for analysis.
- **Document Directory:** Available via the Agency's Web site, www.scommerce.com/resources/documentdirectory.aspx, this site houses data and reports—created by or in conjunction with the Department—relevant to South Carolina economic development.
- **Knowledge Center:** This internal, Sharepoint-based internet tool allows Research to share and disseminate all its relevant data and information with various divisions throughout the Agency, reducing requests for redundant data and facilitating efficiency in ensuring all Agency personnel have access to data whenever needed.

4.3 Marketing/Communications works closely with the Research Division to track monthly BEA statistics and incorporate these into talking points and presentations given by associates of the Agency. Marketing/Communications also works closely with Research to monitor national rankings as they relate to South Carolina.

4.4 Monthly Financial Reports are completed for each of our grant funds. Quarterly reports are issued on these grant funds at the Coordinating Council for Economic Development. Senior Leadership and staff use these financial reports to determine commitment of funds, balance and pending commitments.

4.5 The Coordinating Council staff is constantly working on cost estimates for the Enterprise Zone incentive. These numbers are used to check those done by the Budget & Control Board to advise legislators on budget estimates.

4.6 The agency Web Site is updated constantly and affords our customers an opportunity to get information quickly about all the benefits of investing or growing a business in South Carolina.

4.7 The South Carolina Aeronautics Division provides an interactive Web site at www.scaeronautics.com. The site is a Comprehensive Aviation Information Reporting System (SC-CAIRS) that has airport layout plans, master plans, digital orthophotography and obstruction mapping, airport and airspace technical bulletins, and a host of electronic GIS and data on the airports in the state. These tools allow airport sponsors and owners to manage their airports in accordance with Federal and state laws and regulations. This information provides the basis for the annual production of the Aeronautical Chart and the South Carolina Airport Directory and Pilot's Guide.

SC-CAIRS is the mainstream for state aviation information and will be updated in 2009 with the latest technology enhancements. Resource material can be found at www.scaeronautics.com.



- 4.8 The Workforce Development Division completes WIA Quarterly Performance Reports for each Workforce Investment Area. Senior Leadership and staff use these reports to determine whether the workforce system is achieving performance goals. A series of WIA and TAA Ad Hoc Reports are also created for program management purposes. Seventeen new reports were created during the year to assist state and local workforce staff in evaluating data quality, federal compliance, and process improvements.

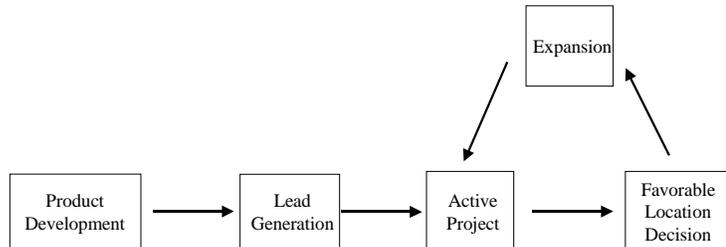
Category 5 – Work Focus

- 5.1 The Agency continues to promote training and development opportunities for employees. Funds have once again been allocated and utilized for employee training. Annual Training Objectives are identified in each employee's performance planning stage document. As new processes and business evolves, additional training is coordinated.
- 5.2 The Agency continued the Sales Incentive Plan (SIP) for project managers in the Global Business Development Division This program is managed in conjunction with the agency Employee Performance Management System (EPMS) process.
- 5.3 A number of measures have been implemented by Human Resources to ensure a safe, positive workplace.
- Employees receive annual updates to the policy manual. The manual contains all of our updated agency policies including affirmative action, harassment, discipline, and performance. Policies are also posted on the Agency's intranet. These policies are reviewed and updated as needed each year.
 - The Division of Public Railways and the Aeronautics Division have written safety procedures and guidelines and regularly perform inspections on equipment.
- 5.4 Staff in the Human Resources Department coordinate activities in a wide range of community oriented fund-raising activities such as the Salvation Army, United Way, Community Health Charities, American Heart Association, Central SC Habitat for Humanities, Harvest Hope, Families Helping Families and Juvenile Diabetes.
- 5.5 The Agency continues to promote future state leaders through internship opportunities.



Category 6 – Process Management

6.1 As with any organization based on sales and marketing, the building of relationships is an integral part of the Agency's success. This process makes the Agency's front-line sales team the single point of contact with the client company or the company's representatives as soon as an inquiry is identified as a viable project. This allows the project manager to begin amassing information on the company, the project, and the project's requirements and facilitates the building of personal relationships with decision makers. This chart outlines the "life cycle" of a project:



- 1) A lead is received from a company, consulting firm, or one of our economic development allies.*
- 2) The project is screened by the Global Business Development Division Director to determine its viability. Once it is determined to be a viable project, a project manager is assigned who will act as the constant point of contact for the client company. It is the project manager's responsibility to establish personal contact with the client.
- 3) The project manager determines the parameters of the project and the information needs. These are then relayed to the Research Department and/or local development allies. Once the data is gathered, it is then funneled to the customer. As the project matures, communities and states are eliminated, and additional information is required from both the state and community until a favorable location decision is made.
- 4) The Research Department gathers all data to support the project managers in converting a lead into a win (a business choosing South Carolina as its location target or facilitating an expansion). The Research Department supports the project managers in amassing information on the company, the project, and the project's requirements. The Research Department completes Requests for Information and Requests for Proposal from project managers and gathers all information from the respective counties

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



and local development allies. This includes gathering data on buildings and sites, permitting, infrastructure, workforce and quality of life issues, amongst other factors. The Research Department manages the proposal process, conversing with local economic allies as well as consultants, allowing the project managers to continue to focus on building the personal relationship with the target business.

- 5) Project managers review all information before dissemination to the client company.
- 6) After the decision is made and a facility becomes operational, the Business Services Department establishes contact to monitor the progress of the facility and offer advice and help should problems arise.
- 7) Assuming the facility operates successfully and profitably it will expand within the first five years of operation at which time a project manager from Global Business Development Division will be assigned to facilitate the process.
- 8) A quality workforce plays a vital role in businesses locating, expanding, and remaining competitive. Utilization of workforce services and resources provides for on-going identification, assessment, and training of current and prospective employees to meet business needs.

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

- The buildings and sites locator on Commerce’s Web site allows consultants to scan the entire database of industrial sites and buildings from their offices via the Internet. The Agency was awarded the 2008-2009 South Carolina Information Technology Directors Innovation Award (SCITDA) for the development of a Geographical Information Services (GIS) Web Portal that presents the available SC Buildings and Sites used to assist the state in its Economic Development efforts.
- Proposals for companies are frequently sent to clients by electronic mail and CD. This allows company representatives to distribute information to their team members quickly and efficiently. Large files can be accessed electronically via a web-based file sharing portal.
- Customers can meet face-to-face with state and local decision leaders through the Agency’s WebEx and video conferencing.



- 6.2 Project managers maintain contact with customers regularly in order to stay abreast of new developments and to ensure information needs are met. As the project “matures” and moves toward a final decision, contacts intensify and the Agency’s senior leadership may be briefed daily.
- 6.3 Each of the other divisions is tasked with supporting the front-line sales team. Each uses the latest technology available to maximize their outcomes.
- 6.4 The Department of Commerce builds alliances with key economic developers in each county. These alliances consist of those members of the State’s economic development community that are crucial to the success of the State’s economic development efforts. They also consist of the local development offices, state and local government entities, and private companies that have a stake in the economic success of the state. These relationships with our partners are nurtured in a number of ways.
- The leadership of the Agency is active in the South Carolina Economic Developers’ Association.
 - The Community & Rural Planning and Development Division is tasked with maintaining constant contact with more than half of the state’s 46 counties. These counties are provided with technical support and planning expertise in an effort to improve the county’s competitiveness through the development and improvement of industrial sites, industrial parks, and speculative buildings. The Division further supports product development with grants from the Rural Infrastructure Fund.
 - The South Carolina Coordinating Council for Economic Development further supports product development with grants for infrastructure.
 - Interaction with state agencies such as DHEC, the Department of Revenue, and the Center for Advanced Technology Training, currently known as Ready SC™, and the State Ports Authority is encouraged early in the process so they can gain a better understanding of the customer’s operation and minimize impact of potential problems on the final location decision. In 2008, SCDOC co-located a Global Business Development project manager within the South Carolina State Ports Authority to boost port-related business recruitment.
 - Consultants who represent companies making location decisions are contacted to make sure the Agency is meeting their needs.
- 6.5 Marketing and Communications works closely with Global Business Development to facilitate the project announcement process from the generation of the memorandum to communicating the information to the Governor’s office to facilitating a public announcement with the investor. A flowchart of this information was utilized to document the process and provide checkpoints along the way for accuracy and quality control of information. The Communications



coordinator works closely with the company, as well as county and alliance developers to generate and distribute press releases as appropriate.

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



Development to maximize resources and enhance layoff aversion strategies. Through these collaborative efforts, layoff aversion strategies were implemented for 21 businesses during the year. Additionally, two new tools were developed to assist workers when layoffs occur.

Category 7 – Results

Direct Investment (both Foreign and Domestic) into South Carolina continues to be strong. The Agency's hard work set new records again in 2008 with firms investing \$4.17 billion in South Carolina.

The following are some of the results in 2008.

7.1 GLOBAL BUSINESS DEVELOPMENT

In 2008, Commerce assisted with the expansion or location of 190 firms announcing the creation of 18,993 jobs and investment of \$4.17 billion in South Carolina. (Note: Commerce does not include utility and power plant capital investments in its numbers.)

- The State's rural areas accounted for 4,445 new jobs created and \$1.01 billion in capital investments. This represents 23% of job creation and 24% of capital investments statewide where only 21% of the State's workforce resides.
- Eighty-nine new firms announced the creation of 10,668 new jobs and capital investment totaling \$2.08 billion. New firms represented roughly 56% of announced new jobs and 50% of announced investment.
- Manufacturing continues to be the leading sector for investment (87%) and job creation (49%).
- The automotive sector was the leading industry sector in capital investment (\$1.2 billion). Customer Service Centers was the leading sector for job creation (3,131).
- The leading source nations for international investment were Germany (60.5%) and France (7.3%). The leading international job creators were firms from Germany (32.2%) and Korea (22%).



New and Existing Firms

In 2008, the Agency assisted with 101 existing industry expansions, which announced the creation of 8,305 new jobs (44% of total job creation) and \$2.1 billion in investment (50% of total investment). New industries accounted for 47% of total projects, 56% of total new jobs and 50% of total investment.

2008 Capital Investment Activity By New and Existing Firms						
	Capital Investment		Jobs		Firms	
Existing	\$ 2,093,766,439	50.21%	8,305	43.73%	101	53.16%
New	\$ 2,075,985,000	49.79%	10,688	56.27%	89	46.84%
Grand Total	\$ 4,169,751,439	100.00%	18,993	100.00%	190	100.00%

Sector Analysis

The Agency continues to focus on creating and sustaining major industry sectors. The sectors making the largest capital investment in 2008 were Automotive with \$1.2 billion and Metal Fabrication with \$677.4 million. The Customer Service Center sector led the way in job creation with 3,131 jobs, followed by Automotive. South Carolina continues to play a major role in the automotive industry with the addition of companies like Iljin Corporation, Paccar, Inc., and Redi-Group GmbH, and expansions like BMW, Michelin, and BorgWarner.

Besides growth in the above mentioned target industry sectors, the Agency also attracted industries such as Metal Fabrication, Customer Service Centers, Alternative Energy, and Food Processing. Some of the top companies in these industries included American Titanium Works, Rollcast Energy Inc., Samsung, Monster, and H.J. Heinz.



2008 Capital Investment Activity							
By Sector							
<i>(In Alphabetical Order)</i>							
Sector	Capital Investment		Jobs		Firms		
Advanced Materials	\$	413,204,650	9.91%	653	3.44%	14	7.37%
Aerospace & Aviation	\$	27,100,000	0.65%	270	1.42%	6	3.16%
Alternative Energy	\$	518,300,000	12.43%	523	2.75%	9	4.74%
Automotive	\$	1,248,100,000	29.93%	2,384	12.55%	17	8.95%
Biotechnology	\$	1,800,000	0.04%	187	0.98%	2	1.05%
Chemicals	\$	40,700,000	0.98%	86	0.45%	5	2.63%
Customer Service Center	\$	63,300,000	1.52%	3,131	16.49%	6	3.16%
Finance and Insurance	\$	51,129,024	1.23%	993	5.23%	7	3.68%
Food Processing	\$	188,135,000	4.51%	955	5.03%	9	4.74%
High Tech Manufacturing	\$	62,301,000	1.49%	1,310	6.90%	17	8.95%
Information Services	\$	95,603,000	2.29%	2,256	11.88%	15	7.89%
Marine	\$	11,621,000	0.28%	100	0.53%	2	1.05%
Medical	\$	76,380,000	1.83%	210	1.11%	4	2.11%
Metal Fabrication	\$	677,380,805	16.25%	1,049	5.52%	23	12.11%
Non Metallic Mineral Mfg	\$	21,000,000	0.50%	82	0.43%	2	1.05%
Paper Products	\$	89,450,000	2.15%	367	1.93%	4	2.11%
Plastics	\$	88,600,000	2.12%	972	5.12%	15	7.89%
Recycling	\$	44,500,000	1.07%	79	0.42%	3	1.58%
Textiles	\$	122,900,000	2.95%	985	5.19%	8	4.21%
Utilities	\$	2,835,000	0.07%	602	3.17%	2	1.05%
Warehousing & Dist.	\$	181,068,960	4.34%	1,362	7.17%	12	6.32%
Wood Products	\$	144,343,000	3.46%	437	2.30%	8	4.21%
Grand Total	\$	4,169,751,439	100.00%	18,993	100.00%	190	100.00%

International Investment

Direct foreign investment in South Carolina continued to be strong in 2008. The Agency recruited 48 international firms, which produced \$1.8 billion announced investment and 5,094 announced new jobs. German firms led the way in capital investment, accounting for 60.5% of the total international capital investment. German-owned companies accounted for 32.16% of jobs created by international companies with 1,638 jobs.



2008 Capital Investment Activity by Country (In Alphabetical Order)						
Country	Capital Investment		Jobs		Firms	
Australia	\$ 7,700,000	0.42%	30	0.59%	2	4.17%
Belgium	\$ 4,900,000	0.27%	79	1.55%	1	2.08%
Brazil	\$ 120,000,000	6.58%	80	1.57%	1	2.08%
Canada	\$ 11,750,000	0.64%	227	4.46%	5	10.42%
China	\$ 13,800,000	0.76%	272	5.34%	2	4.17%
Denmark	\$ 14,955,805	0.82%	25	0.49%	1	2.08%
Finland	\$ 23,743,000	1.30%	116	2.28%	2	4.17%
France	\$ 132,621,000	7.27%	347	6.81%	5	10.42%
Germany	\$ 1,104,525,000	60.54%	1,638	32.16%	10	20.83%
Israel	\$ 5,500,000	0.30%	45	0.88%	1	2.08%
Japan	\$ 104,000,000	5.70%	40	0.79%	5	10.42%
Korea	\$ 54,500,000	2.99%	1,120	21.99%	2	4.17%
Russia	\$ 75,000,000	4.11%	330	6.48%	2	4.17%
Sweden	\$ 117,500,000	6.44%	292	5.73%	2	4.17%
Switzerland	\$ 5,000,000	0.27%	26	0.51%	1	2.08%
The Netherlands	\$ 6,000,000	0.33%	42	0.82%	1	2.08%
UAE	\$ -	0.00%	15	0.29%	1	2.08%
United Kingdom	\$ 23,000,000	1.26%	370	7.26%	4	8.33%
Grand Total	\$ 1,824,494,805	100.00%	5,094	100.00%	48	100.00%

County Capital Investment Data

During 2008, Commerce recruited \$1.01 billion in capital investment and 4,445 jobs from 57 firms to rural areas of South Carolina or areas that are not part of a MSA. Recruitment to rural South Carolina or areas not part of a MSA accounted for roughly 24% of capital investment and 23% of job creation where only 21% of the State's workforce resides.

2008 Capital Investment Activity By Rural and Urban Areas						
	Capital Investment		Jobs		Firms	
Rural	\$ 1,013,654,415	24%	4,445	23%	57	30%
Urban	\$ 3,156,097,024	76%	14,548	77%	133	70%
Grand Total	\$ 4,169,751,439	100%	18,993	100%	190	100%



7.2 COMMUNITY AND RURAL PLANNING AND DEVELOPMENT

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

Product Development

Product Type	Number completed	Number in Progress
Speculative Buildings	6	3
Industrial Parks	5	4
Certified Sites	67	8

An inventory of both industrial sites and industrial parks is a must if South Carolina is going to be competitive in the industrial marketplace. After much due diligence, working with local county developers, regional alliances and allies, this inventory was increased by nearly 10% during the year. A complete overhaul of the existing sites database was executed and data continues to be refined and updated frequently.

Community Revitalization

The last community to complete efforts to improve downtown areas through the Agency's Opportunity Grant program was the City of Greenwood. With the project now 90% complete, 11 new or expanded businesses have taken root in downtown Greenwood bringing with them an additional \$2.8 million in private investment to match the Agency's investment of \$934,763. The private investment total is expected to top \$4.0 million by project end with another 9 businesses being established.

In addition, Division staff has worked with the Town of Allendale, the Council of Governments and other agency staff to assist in the development of a new county library and Quick Jobs Center in downtown Allendale. This project should provide a much needed financial boost to the town while at the same time increasing the job skills of those citizens who take advantage of the Quick Jobs Center.

Special Project

With the improvement of rural South Carolina being a major Division focus, staff worked in partnership with representatives from the Department of Corrections and Department of Agriculture to design, develop and implement a produce stand project. This project will provide an outlet for local farmers and citizens a location to sell their South Carolina



grown produce in a more attractive uniform setting. Although early in the process, the program has generated much interest.

Leadership Development

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

Program Type	Number of Attendees	Number of Graduates	Program Rating
South Carolina Rural Summit	257	N/A	4.6 (5 pt. scale)
South Carolina Economic Developers’ School	63	53	2.76 (3 pt. scale)
Economic Developer’s Workshop	36	N/A	4.80 (5 pt. scale)

7.3 EXPORT DEVELOPMENT AND FOREIGN RELATIONS

Globalization plays a critical role in the future of successful businesses. Companies engaged in international business are more stable, achieve higher growth rates, and pay higher wages. Exports are vital to the state’s economic health as well. The benefits of exporting extend beyond the obvious advantage of profit earnings. In fact, South Carolina was the 19th largest exporter among the 50 states in 2008 and 11th in exports per capita.

The importance of export development to the state is irrefutable:

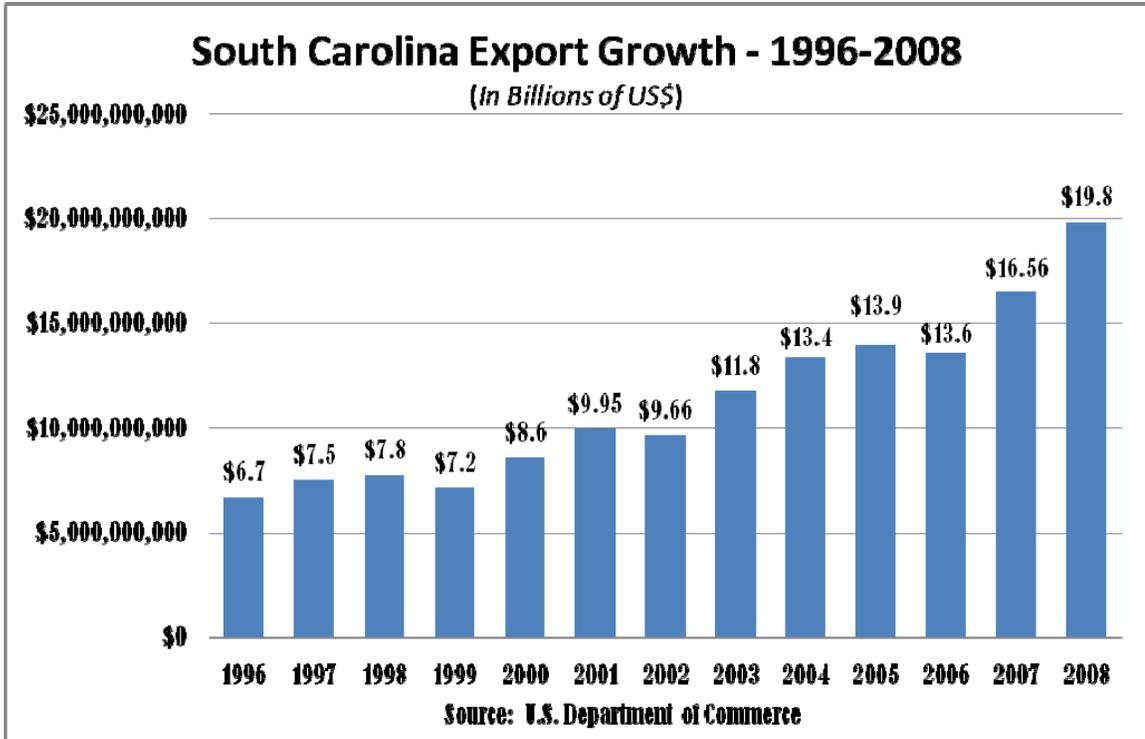
- Exporting supports thousands of jobs in South Carolina: It is estimated that for every \$1 billion of goods sold for export, 16,000 jobs are sustained. Using this formula some 320,000 jobs in South Carolina were supported by exports last year.
- A study published by the Institute for International Economics and the Manufacturing Institute found that companies that export, experience higher productivity rates (+44%), pay higher wages (+13%), offer better benefits (+37%), have higher growth rates, are more competitive and stable, and they are less likely to go out of business.



- Export-supported jobs account for an estimated 10.5% of South Carolina’s total private-sector employment, or more than one of every 10 jobs.

In 2008, South Carolina companies exported \$19.8 billion worth of products to 193 countries – a 19% increase over the previous year.

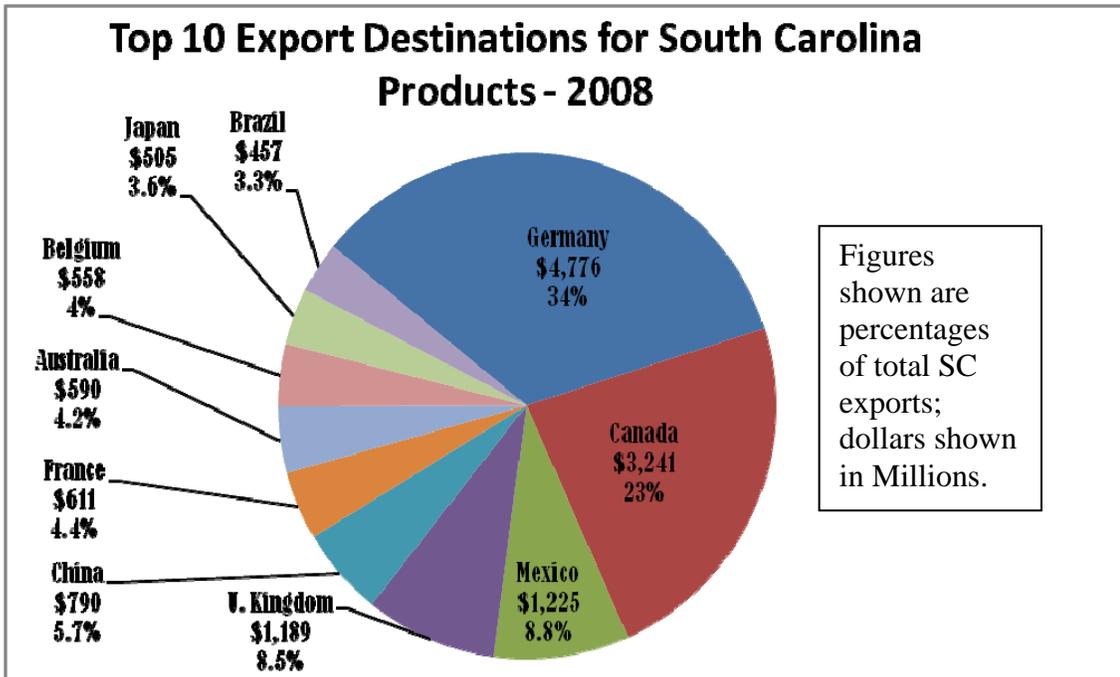
South Carolina’s exports to the world increased \$8.9 billion from 1996 to 2007. South Carolina has seen 147% export growth from 1996 to 2007, 23rd best among the states.



Source: Global Trade Information Services, 2008.



The state's largest export market last year was Germany, which received exports of \$4.78 billion. This was nearly one third of South Carolina's total 2008 exports.



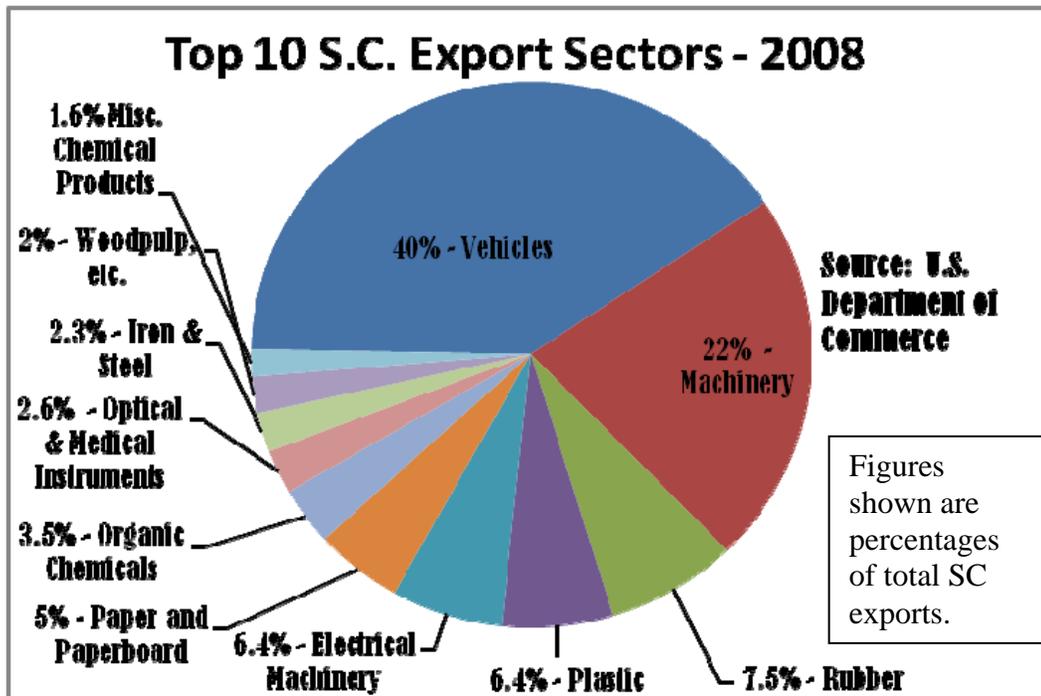
Source: Global Trade Information Services, 2008.

South Carolina's leading manufactured exports are Vehicles, which alone accounted for \$6.57 billion or one-third of South Carolina's total export shipments in 2008. Other top manufactured exports last year were Machinery, Rubber, Plastics, Electrical Machinery, and paper and paperboard.

South Carolina's 2008 Exports also revealed that:

- South Carolina's exports grew 147% from 1996 to 2007.
- South Carolina ranks first in the export of tires among U.S. states and territories and first in synthetic staple fiber and fabric exports.
- The state's leading product sector export is transportation equipment, with more than \$6.5 billion in exports in 2008.
- South Carolina ranks 14th in the number of total jobs linked to manufactured exports.
- About nine percent of South Carolina's total private sector manufacturing employment is supported by exports.
- South Carolina is the second largest exporting state or U.S. territory to Germany.





Source: Global Trade Information Services, 2008.

Commerce's export development team provided support to medium-sized and smaller companies wanting to expand and participate in overseas markets. Client company size based on employment averages less than 50 employees. The team provided assistance to more than 300 requests for export assistance from South Carolina businesses, large and small, helping them better compete in the global economy by identifying new markets and sales opportunities through international trade events and one-on-one counseling. The export development staff organized four international trade missions involving South Carolina companies, government and academic leaders and local economic development professionals, to the countries of China, Israel, the United Arab Emirates, and Poland.

7.4 BUSINESS SERVICES / SMALL BUSINESS OMBUDSMAN

- Number of small business inquiries addressed: 414
- Number of counties served (re: small business inquiries): 40
- Number of minority and women-owned businesses served: 125
- Customer survey: 20% of companies assisted were surveyed for customer service input.
- Number of counties participating in SC Industry Appreciation Week and Ambassadors awards: 46
- Number of people directly involved in SCIAW/Ambassadors events: over 2,500
- News stories (print) generated: over 70 across the state
- Sixth Annual Salute to Small Business held (Commerce supporting): 200 attendees



- The Small Business Regulatory Review Committee review 75 proposed regulations.
- Partnered with InnoVenture 2009 that showcased 200 different companies, researchers, investors, universities with 500 targeted attendees
- Incubator conference co-host with New Carolina, focusing on High Impact Entrepreneurship
- Lead (with the State Tech System) five Small Business Workshops on Marketing and Insurance
- Capital Access Program implemented that will enable up to \$20 million for Small Businesses. Results for 2008:
 - Currently 91 loans outstanding totaling \$4.4MM. Average loan size is \$40,000.
 - Jobs Created 75; Jobs Retained 469; Total Jobs 544
 - 16 banks registered for SC CAP – 7 provided lending over the past year (2008).

7.5 RECYCLING MARKET DEVELOPMENT

There are over 300 recycling companies with 15,600 current jobs in recycling in South Carolina (multiplier equivalent of over 37,440 jobs) which has the result of \$1.5 billion in personal income impact and \$6.5 billion total economic impact. In 2008 South Carolina's Recycling industry generated \$1.13 billion million in capital investment and 1,300 new jobs.

- Number of business inquiries addressed: 130
- Provided technical assistance to 20 entities on the start-up or expansion of recycling businesses;
- Sixth Annual Recycling Business Forum hosted: 80 attendees;
- Made 10 presentation to business and ally groups;
- Generated 10 prospect leads to identify new recycling industries;
- Conducted 6 RMDAC and 3 Recycling Industry Group meetings;

7.6 GRANTS ADMINISTRATION

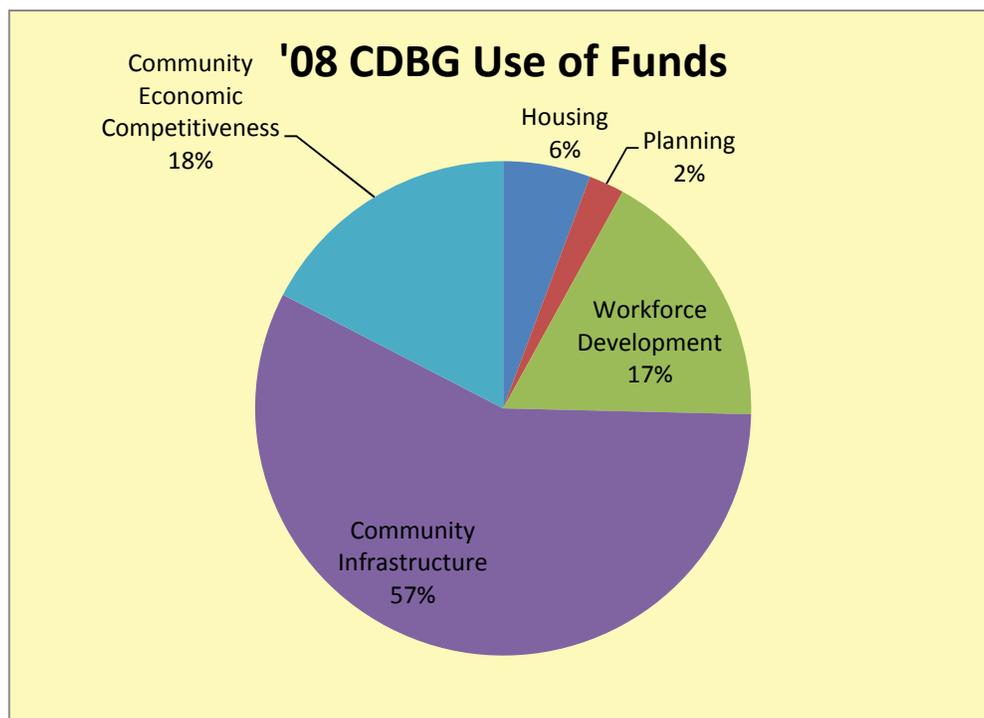
Community Development Block Grant Program

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



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

In 2008, the CDBG Program awarded \$23.2 million to 71 projects in rural communities, further improving South Carolina’s business climate and quality of life. Nearly 78,000 citizens will benefit from: improved economic competitiveness in 11 rural communities as a result of removing obstacles to economic development, revitalizing in town commercial centers and adjacent neighborhoods, and expanding critical public services; improved access to workforce development and training facilities as a result of three new QuickJobs Development Centers and five workforce development projects at libraries and existing technical training facilities; more sustainable quality of life economic opportunities as a result of new or upgraded public infrastructure in 34 communities; creation of 174 new affordable housing units and revitalization of four neighborhoods through exterior repair of 69 homes. Residents of 44 counties will also benefit from increased statewide and local planning and coordination.



Appalachian Regional Commission Program

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



In 2008, the State's priorities for funding were education, a competitive economy and infrastructure. More than \$2.4 million was awarded for seven projects that support these priorities.

ARC Category	Amount
Community Infrastructure	\$1,000,000
Education	\$153,176
Business and Regional Initiatives	\$1,090,000
Technical Assistance	\$178,125
TOTAL	\$2,421,301

Job Development Credit Program

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

In 2008, a total of 54 projects representing over 6,600 new jobs and over \$1.9 billion in new capital investment were approved for Enterprise Zone benefits.

2008 Job Development Credit Approvals				
<i>(By County Development Tier)</i>				
County Designation	Total Projects Approved	Total Jobs	Total Investment	Average Company Hourly Wage
Developed	15	1,606	406,802,294	\$26.70
Moderately Developed	17	1,929	487,927,500	\$19.56
Under Developed	7	1,614	89,925,000	\$15.70
Least Developed	11	1,306	658,377,000	\$24.78
Distressed	4	186	226,276,000	\$15.30
TOTAL	54	6,641	1,869,307,794	

Enterprise Zone Retraining Credit Program

The Enterprise Zone Retraining Credit Program helps existing industries maintain their competitive edge and retain their existing workforce by allowing them to claim a Retraining Credit for existing production employees. If approved for the Enterprise Zone Retraining Credit, companies can reimburse themselves up to 50% of approved training



costs for eligible production workers (not to exceed \$500 per person per year). In 2008, 10 retraining applications were approved, enabling the 10 participating companies to retrain an estimated 4,400 employees over a five-year period.

Coordinating Council for Economic Development

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

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

The Water Wastewater Infrastructure Fund represented one-time tobacco-related funding used to fund infrastructure projects throughout the state. Though all funds were awarded in previous years, some additional recaptured funds became available in 2008 and were used to fund one additional water/sewer infrastructure grant.

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

In 2008, \$40.8 million in Business Development Assistance was awarded to local governments in 15 counties for water, sewer, roads, rail, site preparation, building improvements (RIF and Closing Fund only), or other assistance necessary to facilitate business expansions or locations (Closing Fund only). The related businesses will create 5,525 new jobs and \$3.1 billion in new capital investment. During the year, an additional \$14.7 million was committed to undecided projects which, if won, would create an additional 7,700 jobs and \$2.3 billion in investment.

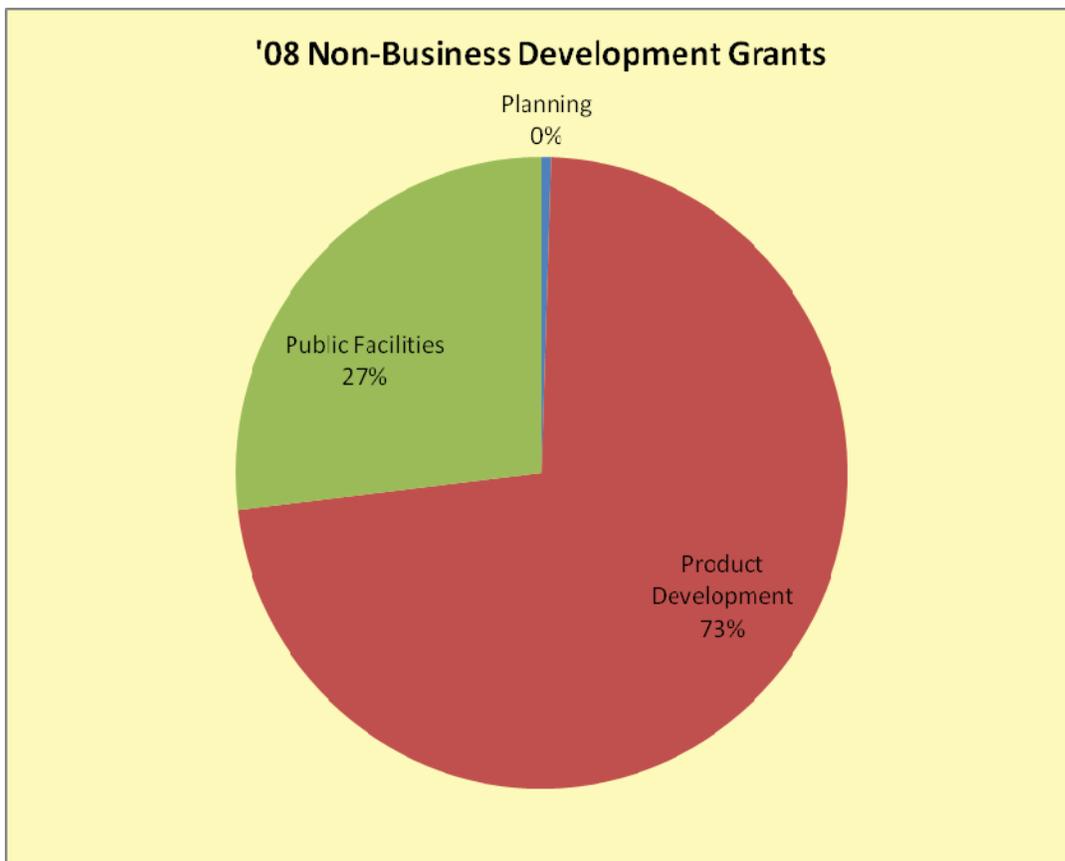
A total of \$3 million was awarded to five "Distressed," "Least Developed" and "Under Developed" counties for projects aimed at developing or expanding parks, sites and spec buildings, which in turn can be used to attract jobs and capital investment.

Five communities located primarily in "Distressed," "Least Developed" and "Under Developed" counties were awarded approximately \$1.1 million for public water/sewer infrastructure or planning related to infrastructure regionalization.



The amounts below only include new grant awards during 2008 and do not include committed funds or amendments or adjustments to any previously approved grant funds.

2008 Coordinating Council Business Development Grants and Related Jobs and Investment			
County Tier	Total Awards	New Jobs	New Capital Investment
Distressed	\$575,000	102	\$89,500,000
Least Developed	\$5,977,280	870	\$548,600,000
Under Developed	\$100,000	60	\$7,500,000
Moderately Developed	\$16,750,000	2,000	\$1,542,500,000
Developed	\$17,475,000	2,493	\$894,935,272
TOTAL	\$40,877,280	5,525	\$3,083,035,272



Category	Amount
Product Development	\$3,000,000
Public Infrastructure Facilities	\$1,100,000
Planning	\$20,000
TOTAL	\$4,120,000



2008 Business Development Grants						
County	County Tier	Scope of Work	Funding Source	Grant Amount	Projected New Jobs	Projected Investment
Abbeville	Least Developed	Roads	RIF	665,000	45	40,000,000
Aiken	Least Developed	Relocation and Building Upfit	Closing Fund	750,000	125	50,000,000
Barnwell	Distressed	Rail	Setaside	500,000	52	87,000,000
Berkeley	Developed	Site Prep	Closing Fund	1,200,000	100	360,000,000
Berkeley	Developed	Roads	Setaside	100,000	14	5,000,000
Berkeley	Developed	Infrastructure	Setaside	250,000	500	10,000,000
Dorchester	Developed	Roads	Setaside	250,000	29	410,000,000
Dorchester	Developed	Site Prep	Setaside	150,000	40	5,000,000
Florence	Moderately Developed	Multiple acquisitions, site, infra, roads	Setaside and Closing Fund	1,750,000	500	22,500,000
Greenville	Developed	Roads	Setaside	650,000	1,000	19,384,283
Greenville	Developed	Building Upfit	Setaside	12,175,000	45	16,000,000
Greenwood	Least Developed	Roads	RIF	250,000	200	17,400,000
Lancaster	Least Developed	Building Upfit	RIF	100,000	25	1,700,000
Lancaster	Least Developed	Site Prep	Setaside	150,000	50	13,000,000
Laurens	Least Developed	Roads	RIF	12,280	100	4,500,000
Laurens	Least Developed	Acquisition and Site Prep	Setaside and Closing Fund	4,050,000	325	422,000,000
Lee	Distressed	Site Prep	RIF	75,000	50	2,500,000
Lexington	Developed	Roads and Site Prep	Setaside	400,000	300	25,000,000
Lexington	Developed	Infrastructure	Setaside	150,000	105	9,250,989
Spartanburg	Moderately Developed	Acquisition and Site Prep	Setaside and Closing Fund	15,000,000	500	750,000,000
Sumter	Under Developed	Site Prep	Setaside	100,000	60	7,500,000
York	Developed	Acquisition	Setaside	2,000,000	300	26,700,000
York	Developed	Roads	Setaside	150,000	60	8,600,000
		TOTAL		\$40,877,280	4,525	\$2,313,035,272

7.7 ADMINISTRATION

One of the Division of Administration's primary focuses is on the support that it provides to the entire agency on a day to day basis and to operate the agency as cost efficiently as possible. The Division continues to ensure that all state laws, rules and regulations are followed. Annual audits show Commerce to be in good standing. The IT Department was awarded the 2008-2009 South Carolina Information Technology Directors Innovation Award (SCITDA) for the development of a Geographical Information Services (GIS) Web Portal that presents the available South Carolina Buildings and Sites used to assist the state in its Economic Development efforts. The Agency signed a new office space lease agreement which reduced the rate per square feet by 24.2% when compared to the prior lease and reduced the amount of rentable square footage by 25.4% once renovations are completed in September of 2009. Additionally, the Agency moved



from an antiquated analog system to VOIP for telecommunication services which will reduce the Agency's monthly telecommunication charges.

7.8 AERONAUTICS

The Division of Aeronautics (DOA) awarded thirty three (33) grants in 2008 totaling \$1,179,388. These grants were combined with the Federal Aviation Administration (FAA) matched share of \$14,076,553 and the airport owner share of \$927,132. Airports also received \$697,341 in state assistance for airfield maintenance in 2008. Total investment by the FAA in South Carolina airports was \$40,047,942. The DOA is completing the Airports System Plan formulating a strategic plan for development at South Carolina's 60 publicly-owned airports. Nine counties lowered the aircraft property taxes in 2008, bringing the total to thirty-five (35) counties that have an aircraft property tax rate between four and six percent. The flight departments flew 154 hours in the state's King Air 350 in 2008, logging 650 passengers over 173,905 passenger miles. DOA owns and maintains twenty eight (28) automated weather observation system (AWOS) and fifteen (15) ground communication systems. Both systems enhance pilots and passenger safety by provided real time weather conditions and air traffic communication to the National Weather Service and FAA.

The Division of Aeronautics was transferred to the South Carolina Budget and Control Board on July 1, 2009, by proviso.

7.9 WORKFORCE DEVELOPMENT

Work with Businesses

Incumbent Worker Training

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

- Last year, WIA funded the training of 5,096 workers at an average cost of \$365 per participant, spending a total of \$1,860,522;
- Employers reported that 1,657 jobs were saved and 429 jobs were created, at a range of salaries;
- Therefore, this year's investment of \$1.8 million in Incumbent Worker Training immediately adds a minimum of \$28 million into the state's economy in recurring annual wages. The annual ROI is at least 1,528%;
- The overall employer rating of the program on a scale of 1-5 (with 5 being excellent) was 4.3;
- Participating businesses varied greatly: manufacturing/production represented the largest sector with 50% of the total, over 33% employed



fewer than 50 workers, over 50 business types were represented from real estate agencies to ornamental ironwork manufacturers.

- The Workforce Division has made more than \$980,000 in training assistance available to businesses to utilize as part of an overall layoff avoidance strategy. The Rapid Response Incumbent Worker Training grants provide employees the skills needed to increase productivity and market share.

Additional Training

This past year, on-the-job training using WIA funds increased 15% over the prior year.

Work with Communities

WIA funded 24 local grant requests supporting at-risk youth programming and the development of apprenticeship programs in South Carolina businesses.

For the third year, the SWIB funded a successful high school drop-out prevention program, Jobs for America's Graduates-SC. The program has expanded into 20 schools and engaged over 800 at-risk youth this past year. This year the program maintained a 95% retention rate of students and graduated 400 students, or 92%. JAG-SC has been recognized nationally as one of the top three high performing programs with regards to positive youth outcomes and graduation rate.

Rapid Response

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

- Rapid Response services assisted 189 businesses and the workforce affected by the loss of 17,895 positions.

Work with Job Seekers

- For Fiscal Year 2008-2009, WIA served 39% more Adults than the previous year (28,862)



- Over the past year, 11,572 Career Readiness Certificates have been awarded, bringing the total to over 94, 000 statewide. 265 employees utilize Career Readiness Certificates.
- Average Earnings for Adults and Dislocated Workers increased over the prior year by 8%, with participants earning an average annual salary of \$23,058
- The number of Youth participants increased 9%
- Youth Literacy or Numeracy Gains increased over the prior year by 18%

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

7.10 RESEARCH

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

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

Activity Report for July 2008 - July 2009

- Prepared 132 proposals and requests for information.
- Created and disseminated monthly economic outlook reports and an annual SC key performance indicator report to monitor the health of the state's economy and community.
- Developed new economic models and methodologies to better track economic conditions in the state, including a South Carolina cost of living index and a state economy leading indicator.
- Implemented data mining and analytical reporting software to facilitate sharing of up-to-date labor market and economic information.



- Completed eight large scale research projects, including an in-depth analysis of Unemployment Insurance claims and a close examination of South Carolina's competitive advantages for attracting new investments.
- Responded to an average of 58 requests per month for information and analyses from internal and external sources.

7.11 MARKETING AND COMMUNICATIONS

- Commerce represented at 47 tradeshows/conferences.
- 36 press events planned and executed.
- 130 news releases disseminated

