

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
ANNUAL ACCOUNTABILITY REPORT
FOR
FISCAL YEAR 1999-00

October 26, 2000

**Ms. Karen Amos
Office of State Budget
1122 Lady Street, 12th Floor
Columbia, SC 29201**

Dear Ms. Amos:

Please find enclosed the Annual Accountability Report for Fiscal Year 1999-00 for the South Carolina Jobs-Economic Development Authority (JEDA).

This Accountability Report documents the goals and results achieved during the third full year of the implementation of our Strategic/Operating Plan adopted by our Board of Directors in December 1996. All specific programmatic goals and objectives were determined by senior staff and approved and adopted by our Board of Directors.

Should you have any questions, kindly give me a call.

Yours sincerely,

Elliott E. Franks, III

EEF:gbs

Enclosure

EXECUTIVE SUMMARY

While our state witnessed another good year with respect to Economic Development activity, it was not commensurate with the record setting levels of the prior two years. Good jobs were created, employee compensation improved, inflation remained relatively stable and corporate profits in most sectors grew. Overall, it was a good year.

Fiscal year 1999-00 was the third full year of the implementation of our Strategic/Operating Plan. Again, consistent with that plan we brought on line our SBA Micro Loan program and the first and second phases of our (CDFI Community Development Finance Institution) application were approved. Specifically, we were certified as a CDFI and the Technical Assistance Component was funded. The SBA Micro Loan program opens up another important vehicle for our State to respond to the legitimate demands of the "Mom" and "Pop" businesses in South Carolina. Loans will range from \$1,000 to a maximum of \$25,000. The CDFI approvals are significant in that this program will allow us to work with indigenous community organizations involved in providing assistance to small businesses and residential areas. This program will also allow us to interface with the Department of Commerce as they begin the implementation of the new Community Development legislation passed in May. Our Industrial Revenue Bond (IRB) program continued to grow both with respect to dollar volume but more important to the number and kinds of non-profit organizations who needed to access the capital markets. All of the other direct loan programs posted viable and healthy totals for the year. We are especially proud of the even closer program coordination and support with the Department of Commerce, the Governor's Office and the Budget and Control Board.

Again, in FY99-00, we did not rank our loan programs. The programs are designed and tailored such that they were consistent with our Strategic/Operating Plan ensuring that JEDA can meet a wide range of small business needs. As cited above, these programs consist of "direct loans", "loan participation", "loan guarantees", and tax-exempt and taxable Industrial Revenue Bonds.

For the year our aggregate loan volume totaled 681,376,000, embracing 62 loans and creating and/or retaining 2,495 jobs.

In addition to the Governor's Office, the Department of Commerce, local economic development officials, commercial banks, the ten Regional Councils of Government, we officially began our alliance with a very important group, the Statewide Association of Community Development Corporations. These groups formed the nucleus of allies network for FY99-00. During the year we were successful in recruiting experience at the loan officer level. One person is dedicated to the team that markets our traditional loan programs and the other person will administer

our Micro Loan program. We were successful in streamlining our application process and we are especially proud of our one page application for Micro Loan applicants. The challenge that remains is to further streamline the "application timeline" and to further streamline the legal documents required.

MISSION STATEMENT

The South Carolina Jobs-Economic Development Authority, created by an act of the General Assembly by Section 41-43-30 is a quasi-public instrument of the State.

The purpose of the Authority is to develop the business and economic welfare of the State of South Carolina through loans, investments, and the financial promotion of export of goods and services produced within the State. Such efforts are aimed at providing maximum opportunities for the creation and retention of jobs by the small and middle market business sector, thereby allowing the State and its citizens to prosper and enjoy a quality of life unsurpassed.

PROGRAM GOALS

To expand job opportunities and enlarge the tax base of the state and its local governments by providing financial and capital resources to the small and middle market business community through the following programs.

Commercial Loan Programs

Community Development Block Grant (CDBG) Loan Program
The Commercial Loan Program for Rural Communities (SCDDA)
Micro Enterprise Loan Program (Micro)
Economic Development Authority (EDA) Loan Program

Public Finance Programs

Tax-Exempt Industrial Revenue Bond Program
Taxable Industrial Revenue Bond Program

Special Finance Loan Programs

Export Working Capital Guarantee Loan Program (EWCG)
Carolina Capital Investment Revolving Loan Program (CCIC)
Job-Development Loan Program (JDLF)
Intermediary Relending Program (IRP)
Carolina Business Resources (CBR)
Small Business Administration (SBA)

PROGRAM OBJECTIVES

Commercial Loan Program

Projected Loan Goals - 14% increase over prior year actual
Actual Dollars Loaned - 28% decrease from prior year actual
Jobs created/retained during the year - 166
Dollar increase over established goals - 37% decrease

Public Finance Programs

Projected Loan Goals - 66% decrease from prior year actual
Actual Dollars Loaned - 223% increase over prior year actual
Jobs created/retained during the year - 1560
Dollar increase over established goals - 665% increase

Special Finance Programs

Projected Loan Goals - 33% decrease from prior year actual
Actual Dollar Loaned - 10% decrease from prior year actual
Jobs created/retained during the year - 769
Dollar increase over established goals - 135% increase

PROGRAM MEASURES

Workload Indicators:

12	Businesses provided financing through the Commercial Loan Program
31	Projects financed through the Public Finance Programs
19	Projects financed through the Special Finance Programs
\$3,458	Million approved loans to qualified businesses through the Commercial Loan Program
\$665,199	Million issued through the Public Finance Programs
\$12,719	Million approved loans to qualified businesses through the Special Finance Programs

Efficiency Measures:

For each job created/retained through the Direct Loan Program the investment ratio was (1) job per \$17,302 of loans funded.

Each new job saved approximately \$200/week or \$9,724,000 in unemployment compensation to South Carolina.

\$125,000 in budget dollars supported \$681,376 million JEDA loan and Bond activity.

PROGRAM COST

FEDERAL	\$154,400
STATE	<u>125,000</u>
TOTAL	\$279,400