



**STATE
OF
SOUTH CAROLINA**

DEPARTMENT OF COMMERCE

ACCOUNTABILITY REPORT

FISCAL YEAR 2009-2010

Agency: South Carolina Department of Commerce

Submitted: September 15, 2010

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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
- 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

South Carolina Department of Commerce: Significant Accomplishments in a Difficult Year

Despite a challenging economic environment, the South Carolina Department of Commerce worked harder than ever in 2009 and succeeded in producing impressive levels of new job and investment recruitment. SCDOC continues to recruit companies that are producing some of the finest and most advanced products in the world, which are reaching destinations throughout the globe. SCDOC is committed to building on these successes, ultimately making South Carolina a better place to live, work and do business.



Area Development
named South Carolina a **2010 Silver Shovel Award winner** in recognition of economic development projects undertaken in 2009. South Carolina was also a 2009 Silver Shovel Award winner.



South Carolina Attracts Substantial Jobs & Investments

From 2007 – 2009, SCDOC has recruited 52,663 jobs and more than \$10.5 billion in capital investment. Despite the challenging economic environment, Commerce came very close to its record-breaking 2008 job recruitment levels, recruiting more than 18,000 new jobs in 2009.

Those jobs were recruited from a variety of industries with world-class companies such as The Boeing Co., TBC Corp. (Tire Kingdom), Red Ventures, DHL Global Forwarding, GE Aviation, BAE Systems, Scientific Research Corp. and many more making significant commitments to invest and create jobs in South Carolina.

South Carolina continued strong recruitment of foreign direct investment in 2009. Foreign investment comprised 19 percent of total capital investment and 13 percent of total jobs recruited in 2009. According to the U.S. Bureau of Economic Analysis, South Carolina ranks 1st among states for the percent of private industry manufacturing employment in foreign-affiliated companies.



The South Carolina Department of Commerce received the **2009 Deal of the Year award** from *Business Facilities* magazine for the selection of North Charleston as the site of The Boeing Company's second final assembly plant for the 787 Dreamliner commercial airplanes.

The Department of Commerce continued its impressive recruitment efforts to rural areas of the state in 2009. Of the projects recruited last year, 28 percent of the jobs and 30 percent of the projects went to rural areas where 21.8 percent of the labor force resides.

South Carolina Department of Commerce Leads the Southeast in Job Recruitment

South Carolina's success is evident when compared to its neighbors. The South Carolina Department of Commerce's job recruitment efforts were #1 in the Southeast for 2009.

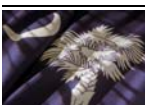
39.5 jobs were recruited by the SCDOC per 10,000 residents in 2009, compared to a group average of 22.8 for the Southeastern States.

The SCDOC recruited a total of 18,004 jobs the 2009, greatly surpassing the Southeast's average state job recruitment of 13,752.



SC Department of Commerce 2009 Top 10 Accomplishments

1. The Boeing Co.'s selection of North Charleston as the company's second final assembly site was the largest single jobs and investment announcement in South Carolina's history. Boeing's investment was recognized as the "Deal of the Year" by Business Facilities magazine.
2. IBM named South Carolina 4th among all states and provinces in North America in estimated jobs recruited.
3. SCDOC led the Southeast in job recruitment despite challenging economic times, recruiting more than 18,000 new jobs in 2009, which is very close to its record-breaking year in 2008.
4. SCDOC announced four projects that were each 1,000 new jobs or larger – Samsung in Greenville, Crane Co. in Williston, Red Ventures in Lancaster and The Boeing Co. in North Charleston.
5. Six project announcements in Hampton, Allendale, Bamberg and Barnwell Counties totaling 1,139 new jobs.
6. Jack Ellenberg, Commerce's Deputy Secretary for New Investment, was named "Person of the Year" by *Southern Business & Development* magazine for his efforts to recruit The Boeing Co. to the state, marking the first time a South Carolinian has received this recognition.
7. 93 percent of the Jobs for America's Graduates-South Carolina (JAG-SC) students, who encompassed the first graduating class having been in the program for four years, graduated. This rate exceeded the JAG national standard of 90 percent.
8. The QuickJobs Carolina™ training program was expanded through the assistance of the State Workforce Investment Board, and SCDOC grant funds were utilized to construct QuickJobs training centers in areas without a technical college presence.
9. The statewide Career Readiness Certificate program, utilizing WorkKeys®, reached new heights with over 100,000 South Carolinians certified – the highest number of any state nationwide.
10. SCDOC established a new and improved site and building certification program in conjunction with nationally recognized McCallum Sweeney Consulting of Greenville.



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 and community development;
- 5) Increase the value of exports from South Carolina businesses;
- 6) 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 that began its recession in the fourth quarter of 2008 has seen its economic output slowly increase since the middle of 2009. In fact, economic output increased 3.2 percent between the second quarter of 2009 and the second quarter of 2010, which was considerably improved from the 4.3 percent decrease the country experienced from the second quarter of 2008 to the second quarter of 2009. Meanwhile, the nation’s unemployment rate fluctuated around the high level of 9.5 percent both in June 2009 and June 2010. During those twelve months, around 900,000 jobs were reported lost throughout the country, while the country’s labor force declined by more than a million people. According to the Bureau of Labor Statistics, the national unemployment rate peaked at 10.1 percent in October 2009, and was the first time in 27 years the nation experienced double-digit unemployment. As it was the year before, job losses were most pronounced in the construction industry. In the second quarter of 2009, signs of recovery began to emerge, however most economists continue to remain hesitant to project anything more optimistic than a slow recovery period. The Federal Open Market Committee forecasts national unemployment rates will remain above 9% in 2011, fall to approximately 8.5% in 2012 and 7.5% in 2013. While the nation remains the global leader in attracting foreign direct investment (\$130 Billion in 2009), the level of foreign direct investment in the US and globally has fallen dramatically compared to 2008 (\$316 Billion for the US in 2008).



State Economy – From June 2009 to June 2010, the state’s employment levels remained relatively static, shedding a seasonally adjusted 4,782 jobs, while at the same time the South Carolina labor force fell by 34,062 people. The end result has been a reduction in the number of unemployed in the state by 29,280 people and an unemployment rate decrease from 11.9 percent to 10.7 percent. According to the Bureau of Labor Statistics’ Current Employment Statistics, the construction industry shed 9,000 jobs statewide between June 2009 and June 2010, while manufacturing declined by 4,000 jobs; trade, transportation and utilities declined by 2,800 jobs; and leisure and hospitality by 700. Increases were experienced in the professional and business services sector (+15,100 jobs), as well as government (+11,600 jobs) and educational and health services (+1,300 jobs). Exports from South Carolina in 2009 decreased 16.95 percent over 2008 totals, representing \$16.5 billion in goods sold, which was relatively the same level as 2007. Despite this national and worldwide slowing in capital projects and investment, South Carolina has succeeded in attracting a relatively large share of economic development projects as high taxation, capital and labor costs, plant consolidation decisions and workforce issues have driven companies out of the Northeast, Midwest and Western United States to the favorable business climate of South Carolina.

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 Current Employment

Full Time Employees	72
Temporary Employees	7 (Includes interns)
European Office	1 (contract)
China Office	1 (contract)
<u>SC Public Railways Division</u>	<u>37</u>
Total	118

II.2 Operations Locations

Main Office	1201 Main St., Suite 1600, 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	08-09 Actual Expenditures		09-10 Actual Expenditures		10-11 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$8,202,121	\$5,483,983	\$6,836,749	\$1,310,720	\$4,004,746	\$2,119,746
Other Operating	\$6,979,470	\$2,978,467	\$3,903,043	\$792,836	\$2,048,000	\$845,000
Special Items	\$2,076,535	\$2,076,535	\$2,119,792	\$469,022	\$371,065	\$371,065
Distributions to Subdivisions	\$128,738,309	\$379,000	\$160,370,049		\$69,565,000	
Fringe Benefits	\$2,257,617	\$1,501,511	\$1,847,080	\$316,609	\$1,084,104	\$569,104
Non-recurring						
Total	\$148,254,052	\$12,419,496	\$175,076,713	\$2,889,187	\$77,072,915	\$3,904,915

Other Expenditures

Sources of Funds	08-09 Actual Expenditures	09-10 Actual Expenditures
Supplemental Bills	\$4,723,466	\$4,215,442
Capital Reserve Funds		
Bonds		\$51,540,094



II. 4. Major Program Areas Chart

Program Number and Title	Major Program Area Purpose (Brief)	FY 08-09 Budget Expenditures	FY 09-10 Budget Expenditures	Key Cross References for Financial Results*
II.E.1-2. Grants & Incentives	To assist communities with grants for infrastructure, housing, economic development and planning.	State: 333,815 Federal: 16,231,353 Other: 24,571,149 Total: 41,136,317 % of Total Budget: 27%	State: Federal: 26,800,584 Other: 23,035,257 Total: 49,835,841 % of Total Budget: 28%	7.4
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: 2,903,583 Federal: Other: Total: 2,903,583 % of Total Budget: 2%	State: 1,353,750 Federal: 673,250 Other: 172,409 Total: 2,199,409 % of Total Budget: 1%	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: 801,860 Federal: Other: 358,181 Total: 1,160,041 % of Total Budget: 1%	State: 271,104 Federal: 382,603 Other: 213,004 Total: 866,711 % of Total Budget: 1%	7.3
II.D. Marketing and Communications	To develop marketing strategies utilizing the State's brand in recruiting industry and attracting investments to the State.	State: 979,820 Federal: Other: Total: 979,820 % of Total Budget: 1%	State: 492,426 Federal: 325,264 Other: 9,352 Total: 827,042 % of Total Budget: 1%	7.7
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: 930,043 Federal: Other: 247,125 Total: 1,177,168 % of Total Budget: 1%	State: Federal: 258,298 Other: 529,197 Total: 787,495 % of Total Budget: 1%	7.2
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: 898,405 Federal: Other: 362,592 Total: 1,260,997 % of Total Budget: 1%	State: 331,917 Federal: 386,488 Other: 475,743 Total: 1,194,148 % of Total Budget: 1%	7.6



Program Number and Title	Major Program Area Purpose (Brief)	FY 08-09 Budget Expenditures	FY 09-10 Budget Expenditures	Key Cross References for Financial Results*
Workforce Development	To increase the skills of the state's workforce and the competitiveness of state businesses.	State: Federal: 91,418,203 Other: 219,325 Total: 91,637,528 % of Total Budget: 61%	State: Federal: 115,247,648 Other: 319,192 Total: 115,566,840 % of Total Budget: 65%	Note A
Aeronautics	To assist state airports with development and grants and to support state aircraft with maintenance and flight operations.	State: 1,646,897 Federal: 74,751 Other: 2,308,119 Total: 4,029,767 % of Total Budget: 3%	State: Federal: Other: Total:	Note B
I. Administration	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: 2,902,906 Federal: Other: 43,758 Total: 1,260,997 % of Total Budget: 1%	State: 439,990 Federal: 1,139,265 Other: 766,764 Total: 2,346,019 % of Total Budget: 1%	7.5
Below: List any programs not included above and show the remainder of expenditures by source of funds. Regional Economic Development Organizations and Donaldson Center Industrial Air Park loan repayment.				

Remainder of Expenditures	State: 1,023,067 Federal: Other: Total: 1,023,067	State: Federal: Other: 1,453,208 Total: 1,453,208
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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.

Note A – The Workforce Division was transferred to the Department of Employment and Workforce by Act #0146 of 2010 and Executive Order No. 2010-09.

Note B – The Aeronautics Division was transferred to the South Carolina Budget and Control Board pursuant to Proviso 89.104 of the Fiscal Year 2010-11 Appropriation Act.



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) Community Development Corporations;

Other customers and their Department suppliers include:



Trade & Industry Development magazine selected **three projects** recruited by the South Carolina Department of Commerce in 2009 for the magazine’s annual **CiCi Awards**. The Boeing Company, Crane Co. and Red Ventures were among the 30 award winners selected this year.

Rail carriers
 State Ports Authority and its users
 Users of State and Federal grants

The citizens, leaders, and economic development allies of Abbeville County
 Citizens of Savannah Lakes Region

Division of Public Railways
 Division of Public Railways
 Division of Grants and Incentives
 Savannah Valley Development
 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) South Carolina Commission of Higher Education;
- 9) South Carolina Department of Employment and Workforce;
- 10) Bureau of Labor and Statistics;
- 11) US Department of Labor;
- 12) Existing businesses;

Other suppliers and their Department of Commerce customers include:

Railroad vendors
General Assembly

Public Railways Division
Coordinating Council for
Economic Development &
CDBG, Recycling Market
Development Advisory
Council

Federal Government

Coordinating Council for
Economic Development,
CDBG & Appalachian Regional
Council



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, and improvements and economic development;
- Rail service;
- South Carolina Site Certification Program Description and Instructions;
- Community Development Corporation Certification Guidelines.



South Carolina came in **2nd** on *Southern Business & Development* magazine’s **2009 SB&D 100 per capita ranking**, based on projects with 200 or more jobs and/or projects with investments of \$30 million or more.

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;



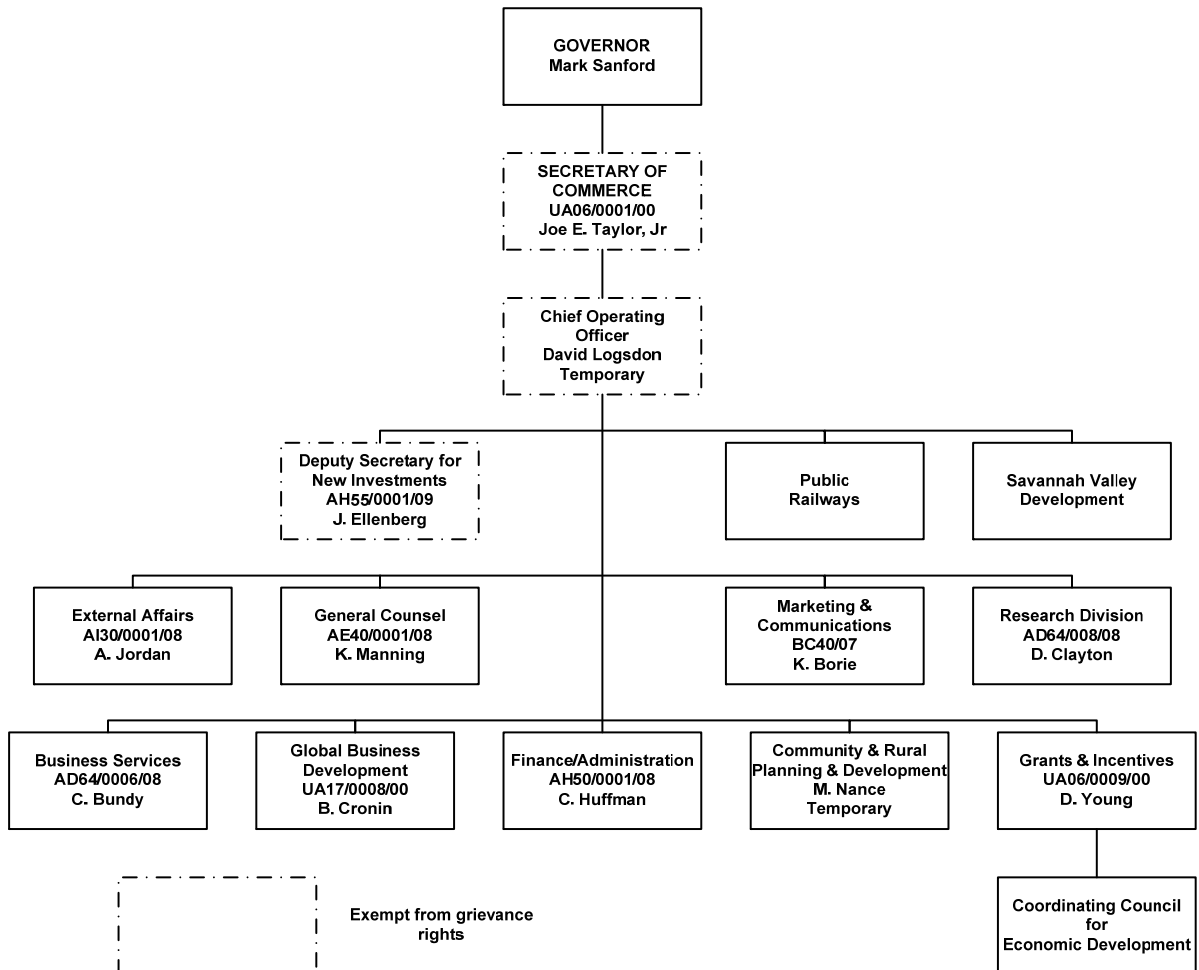
- Export development research and opportunity creation; international trade missions;
- Foreign relations facilitation between South Carolina and international officials at all levels;
- Industry research;
- Site location assistance;
- Local product development assistance for both traditional industries;
- Trade research and development of trade opportunities;
- 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;
- Rail service;
- Coordination of financial and contract issues for Lake Russell Project;
- 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 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 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;

 South Carolina made a strong showing on IBM’s latest **Global Location Trends Annual Report**, coming in **4th** among North American states and provinces based on number of jobs from 2008 investment activity.



- 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;
 - Injury rates on public railways.
- 1.3 The Business Services Department's sole purpose is to help South Carolina companies achieve peak performance, growing their investment and job creation capacity. Bringing together professionals who offer a wealth of experience in key areas, the department offers continuing service after the sale and 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 175 local leaders attended the 20th annual South Carolina Rural Summit that received an overall rating of 4.5 on a 5.0 scale. The South Carolina Economic Development School continues to enjoy maximum attendance capacity hosting 56 students per session with the assistance of 12 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 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 maintain 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.
- 1.6 The Department of Commerce is actively involved in the community. 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, Harvest Hope Food drives, Juvenile Diabetes Walk A Thon, and Palmetto Health’s Heart Walk.

Category 2 – Strategic Planning

- 2.1 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.
- 2.2 Each division has developed measurable goals that enhance accountability and good stewardship of taxpayer’s dollars.
- 2.3 The Department has developed a unique marketing strategy involving a comprehensive approach to market the benefits of doing business in South Carolina. Exposure will be gained through search engine optimization, search engine marketing, social media, traditional advertising in industry publications and participation in trade shows. 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.



Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 09-10 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
II.A Business Development	Increase investment and job creation throughout South Carolina.	Increase investment and job creation throughout 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.	7.3
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.	7.4
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.	7.6
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.	7.7



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;
- State and local governments;
- Communities;
- 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 eager to assist constituents and prospective investors. The agency’s leadership is accessible and assistance is readily available through Commerce’s various divisions. Information is also available through the agency’s website, webinars, seminars, presentations and through various other means.

The agency closely monitors the analytics of the website to identify traffic patterns and make necessary adjustments to provide desired information in a straightforward manner.

- 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 nine Small Business Workshops, focused on Marketing and Business Development, and Finance (with more planned for 2010/2011).
- 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 markets, companies 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 Government, and other economic development allies. The report contained project 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 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.

- 3.11 Each week, Marketing/Communication distributes an email newsletter of the week's business news relevant to South Carolina. The weekly e-blast, "Commerce Clips" is distributed to allies, business leaders, developers, regional alliances, local economic developers, and prospective investors. "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.

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 South Carolina Department of Employment and Workforce. In addition, Research utilizes several 3rd party proprietary databases such as Dun & Bradstreet Selector and EMSI Strategic Advantage. Research support is used in the following manner:

- **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.

<p>Business Facilities <small>THE LOCATION ADVISOR</small> <i>Business Facilities 2010</i> State Rankings for South Carolina #1 for Economic Growth Potential #4 for Best Business Climate #3 in Automotive Manufacturing Strength #2 in Wind Energy Manufacturing Leaders #9 in Alternative Energy Leaders</p>
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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.sccommerce.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 intranet 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 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.

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



- 4.5 The agency website is routinely updated to ensure that relevant and desired information is provided to interested parties. The homepage of the website underwent an upgrade so that users could better navigate the various services, information and resources available through the Department of Commerce. The agency's goal is to provide information about all the benefits of investing or growing a business in South Carolina.

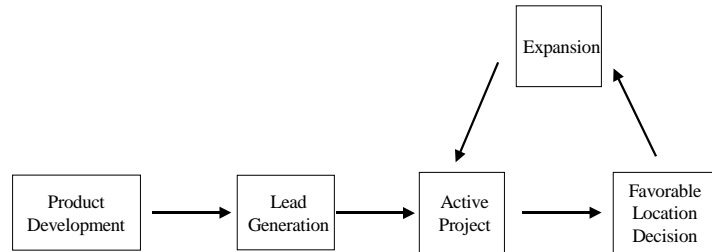
Category 5 – Work Focus

- 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 has written safety procedures and guidelines and regularly performs 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, 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 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.
 - 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 each of the state's 46 counties. Where possible, 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 funding rounds, Community Investment and Infrastructure. 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 the Coordinating Council for Economic Development, who looks at the worthiness of the project and then allocate an amount of funds as well as determine 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 ensure that only those companies meeting their job creation commitments receive incentives. Quarterly and annual reports are submitted and checked for compliance.

Category 7 – Results

Job Recruitment (both Foreign and Domestic) into South Carolina continues to be strong. The Agency's hard work led the way in the southeast again in 2009 with firms creating 18,003 new jobs in South Carolina.

The following are some of the results in 2009.

7.1 GLOBAL BUSINESS DEVELOPMENT

In 2009, Commerce assisted with the expansion or location of 161 firms announcing the recruitment of 18,004 jobs and investment of \$2.38 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 5,051 new jobs recruited and \$390 million in capital investments. This represents 28% of job recruitment and 16% of capital investments statewide where only 21.7% of the State’s workforce resides.
- Seventy-eight new firms announced the creation of 12,550 new jobs and capital investment totaling \$1.76 billion. New firms represented roughly 70% of announced new jobs and 74% of announced investment.
- Manufacturing continues to be the leading sector for investment (87%) and job creation (67%).
- The Aerospace & Aviation sector was the leading industry sector in capital investment (\$1billion), as well as the leading sector for job creation (4,656).
- The leading source nations for international investment were Germany (32%) and Japan (28%). The leading international job creators were also firms from Germany (39%) and Japan (31%).

New and Existing Firms

In 2009, the Agency assisted with 83 existing industry expansions, which announced the creation of 5,454 new jobs (30% of total job creation) and \$618 million in investment (26% of total investment). New industries accounted for 48% of total projects, 70% of total new jobs and 74% of total investment.

2009 Capital Investment Activity By New and Existing Firms						
	Capital Investment		Jobs		Firms	
Existing	\$ 618,477,154	26%	5,454	30%	83	52%
New	\$ 1,765,044,300	74%	12,550	70%	78	48%
Grand Total	\$ 2,383,521,454	100%	18,004	100%	161	100%

Sector Analysis

The Agency continues to focus on creating and sustaining major industry sectors. The sectors making the largest capital investment in 2009 were Aerospace & Aviation with \$1billion and Automotive with \$262.4 million. The Aerospace & Aviation sector also led the way in job creation with 4,656 jobs, followed by High Tech Manufacturing. South Carolina continues to play a major role in the Aerospace & Aviation industry with the addition of companies like The Boeing Company, GE Aviation and SAATI Americas.

Besides growth in the above mentioned target industry sectors, the Agency also attracted industries such as Alternative Energy, Information Services, Food Processing and



Warehousing and Distribution. Some of the top companies in these industries included Peregrine Energy Corporation, Red Ventures, Coca-Cola Bottling Co. and Husqvarna Outdoor Products, Inc.

2009 Capital Investment Activity						
By Sector						
<i>(In Alphabetical Order)</i>						
Sector	Capital Investment		Jobs		Firms	
Advanced Materials	\$5,500,000	0%	110	1%	2	1%
Aerospace & Aviation	\$1,008,480,000	42%	4,656	26%	4	2%
Alternative Energy	\$176,500,000	7%	325	2%	5	3%
Automotive	\$262,389,473	11%	1,895	11%	22	14%
Biotechnology	\$23,500,000	1%	65	0%	2	1%
Chemicals	\$41,900,000	2%	60	0%	5	3%
Customer Service Center	\$41,000,000	2%	320	2%	3	2%
Finance and Insurance	\$3,100,000	0%	626	3%	3	2%
Food Processing	\$45,686,000	2%	428	2%	10	6%
High Tech Mfg	\$118,645,000	5%	2,293	13%	15	9%
Information Services	\$40,385,000	2%	1,842	10%	8	5%
Medical	\$20,580,000	1%	91	1%	4	2%
Metal Fabrication	\$91,351,981	4%	604	3%	21	13%
Non Metallic Mineral Mfg	\$23,100,000	1%	40	0%	3	2%
Paper Products	\$14,200,000	1%	397	2%	6	4%
Plastics	\$49,410,000	2%	551	3%	8	5%
Recycling	\$117,890,000	5%	450	2%	7	4%
Textiles	\$65,230,000	3%	826	5%	13	8%
Warehousing & Dist	\$142,774,000	6%	2,151	12%	12	7%
Wood Products	\$91,900,000	4%	274	2%	8	5%
Grand Total	\$2,383,521,454	100%	18,004	100%	161	100%

International Investment

Direct foreign investment in South Carolina continued to be strong in 2009. The Agency recruited 40 international firms, which produced \$447 million announced investment and 2,299 announced new jobs. German firms led the way in capital investment, accounting for 32% of the total international capital investment. German-owned companies accounted for 39% of jobs created by international companies with 905 jobs.



2009 Capital Investment Activity by Country (In Alphabetical Order)						
Country	Capital Investment		Jobs		Firms	
Canada	\$58,969,750	13%	79	3%	5	13%
China	\$18,000,000	4%	85	4%	1	3%
Denmark	\$2,000,000	0%	-	0%	1	3%
France	\$15,110,000	3%	247	11%	3	8%
Germany	\$143,580,000	32%	905	39%	12	30%
Italy	\$9,500,000	2%	58	3%	2	5%
Japan	\$126,145,000	28%	715	31%	8	20%
Korea	\$27,000,000	6%	60	3%	1	3%
Switzerland	\$23,100,000	5%	-	0%	2	5%
United Kingdom	\$23,600,000	5%	150	7%	5	13%
Grand Total	\$ 447,004,750	100.00%	2,299	100.00%	40	100.00%

County Capital Investment Data

During 2009, Commerce recruited \$390 million in capital investment and 5,051 jobs from 49 firms to rural areas of South Carolina or areas that are not part of an MSA. Recruitment to rural South Carolina or areas not part of an MSA accounted for roughly 16% of capital investment and 28% of job creation where only 21.7% of the State's workforce resides.

2009 Capital Investment Activity By Rural and Urban Areas						
	Capital Investment		Jobs		Firms	
Rural	\$390,572,300	16%	5,051	28%	49	30%
Urban	\$1,992,949,154	84%	12,953	72%	112	70%
Grand Total	\$2,383,521,454	100%	18,004	100%	161	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 economic development “product,” such as speculative buildings and industrial sites and parks to ensure that communities have available properties for investors and job creators to select from.

In addition, a new site certification program was developed during the year. This creative program is expected to place South Carolina at the forefront for site certification throughout the country.

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 98% complete, 17 new or expanded businesses have taken root in downtown Greenwood bringing with them an additional \$ 5.8 million in private investment to match the Agency’s investment of \$1,234,763. The private investment total is expected to top \$10.6 million by project end with another 11 businesses being established.

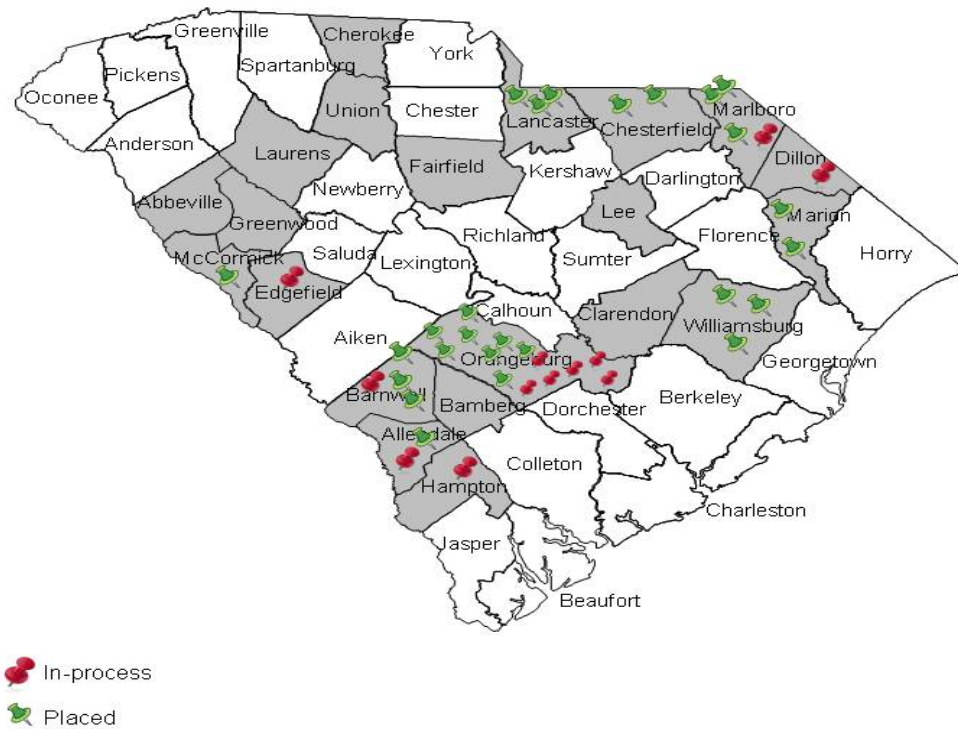
In addition, Division staff has worked with the Town of Allendale, the Council of Governments and other agency staff to assist in the development of a new county library and Quick Jobs Center in downtown Allendale. This project should provide a much needed financial boost to the town while at the same time increasing the job skills of those citizens who take advantage of the Quick Jobs Center. Project should be complete by spring of 2011.



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 with 24 stands in operation and 8 awaiting completion of paperwork. Applications are still being received for an additional 13 stands.

Produce Stand Distribution



Leadership Development

An important component of the C&RP&D program is focused on timely and up-to-date economic development education for local leadership. Through partnerships with South Carolina economic development allies, educational opportunities give local leaders the tools to strengthen their decision making knowledge.

Annually, division staff plans and implements two educational opportunities for local leaders. This year, the division completed the 20th annual South Carolina Rural Summit and The South Carolina Economic Development Institute. For local development professionals, division staff designs, develops and oversees the Economic Developers' Workshop.

Program Type	Number of Attendees	Number of Graduates	Program Rating
South Carolina Rural Summit	175	N/A	4.56 (5 pt. scale)
South Carolina Economic Development Institute	56	54	3.76 (4 pt. scale)
Economic Developer's Workshop	36	N/A	4.20 (5 pt. scale)

7.3 BUSINESS SERVICES

Export Development

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, helping diversify a company's markets and helping them gain a competitive edge through global exposure to new technology, new ideas and competition. In fact, South Carolina was the 19th largest exporter among the 50 states in 2009 and 12th in exports per capita.

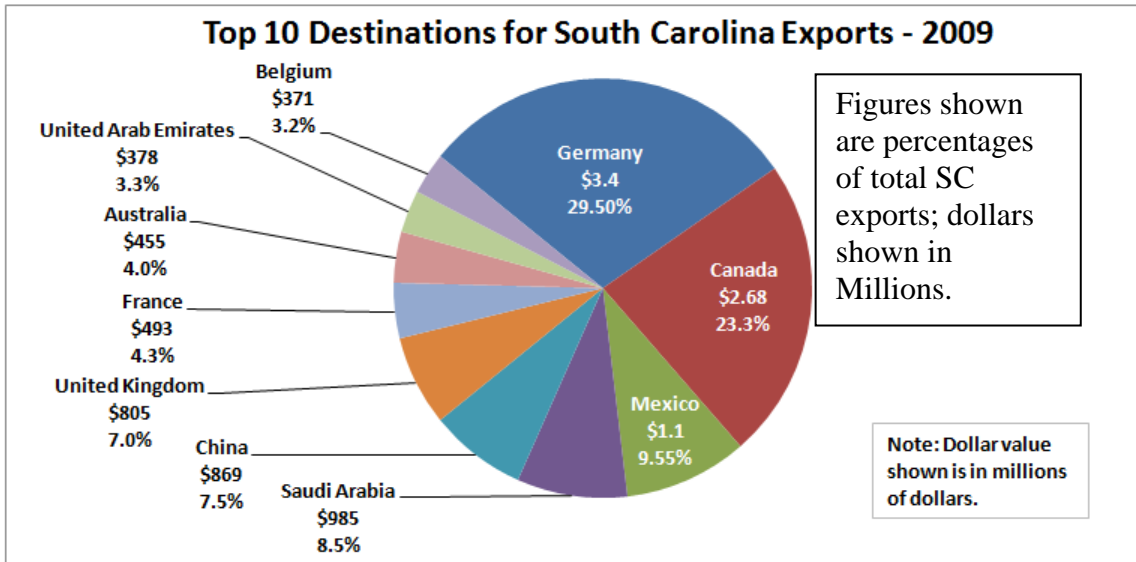
The importance of export development to the state is irrefutable:

- Exporting supports thousands of jobs in South Carolina: It is estimated that for every \$1 billion of goods sold for export, 6,250 jobs are sustained. Using this formula some 103,125 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 (+11%), 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 9.5% of South Carolina’s total private-sector employment, tied for 4th highest among the states. Almost 29% of all manufacturing employees in South Carolina depend on exports for their jobs, the 2nd highest share in the U.S. and well above the United States average of 22%.

In 2009, South Carolina companies exported \$16.5 billion worth of products to 194 countries. The state’s largest export destination last year was Germany, which received exports of \$3.4 billion. This was nearly 21% of South Carolina’s total 2009 exports.



Source: U.S Department of Commerce

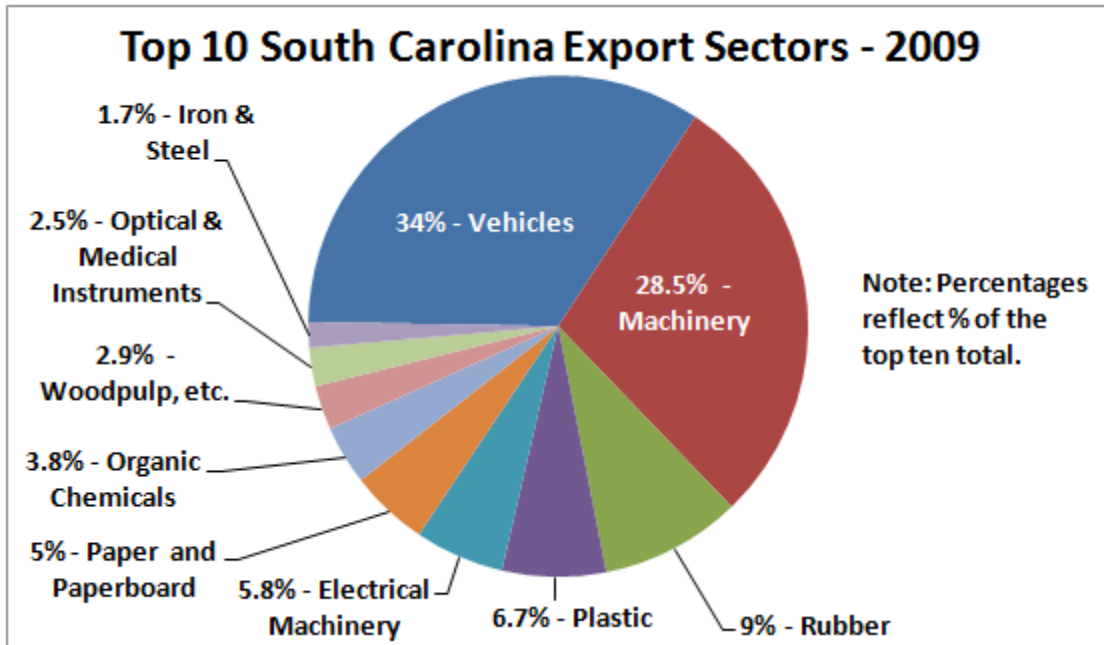
South Carolina’s leading manufactured exports are Vehicles, which alone accounted for \$4.63 billion or 28% of South Carolina’s total export shipments in 2009. Other top manufactured exports last year were Machinery, Rubber, Plastic, Organic Chemicals, and Electrical Machinery.

South Carolina’s 2009 Exports also revealed that:

- South Carolina exports to the world increased \$9.8 billion from 1996 to 2009, which represented a 146% growth rate, 10th best among the states.
- In 2009 South Carolina ranked number one among U.S. states and territories in the export of automobiles, tires, railway maintenance equipment and synthetic staple fibers, all manufactured within South Carolina.
- The state’s leading product sector export is vehicles, with more than \$4.63 billion in exports in 2009.
- South Carolina ranks 15th in the number of total jobs linked to manufactured exports (2008).
- Just over 9 percent of South Carolina’s total private sector manufacturing employment is supported by exports (2008).



- South Carolina is the second largest exporting state or U.S. territory to Germany.



Source: U.S. Department of Commerce

Commerce’s export development team provided support to medium-sized and smaller companies wanting to expand and participate in overseas markets. Typical client companies tend to be mostly small businesses, with occasional support to larger manufacturers. During the year the team provided international trade related assistance to 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. An international trade mission to Columbia and Panama was completed and delegations were organized and led to the annual Southeast U.S.-Japan Conference in Tokyo and the Southeast U.S.-Canadian Provinces Alliance Conference in St. John’s, Newfoundland, Canada. The State also embarked on a new series of country focused export seminars which are being well-received by the business community. (The first was Turkey, a strong market for textiles, plastics, and automotive parts.)

Small Business Ombudsman

- Number of small business inquiries addressed: 919
- Contacted 459 companies by telephone program as part of a campaign to connect with new and newly expanded SC companies.
- Made 125 company site visits
- Assisted over 50 companies with BuySC supplier development leads
- All 46 counties were served.
- Seventh Annual Salute to Small Business held (Commerce supporting): over 200 attendees



- The Small Business Regulatory Review Committee reviewed all 28 proposed regulations for 2009-10.
- Lead (with the State Tech System) nine Small Business Workshops on Marketing, finance and other business planning strategies
- Partnered with the National Federation of Independent Businesses (NFIB) on three webinars covering marketing, business development, finance and regulatory resources.
- Number of counties participating in SC Industry Appreciation Week and Ambassadors awards: 46
- Number of people directly involved in SCIAW/Ambassadors events: over 2,000
- News stories (print) generated: over 70 across the state

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 2009 South Carolina's Recycling industry generated \$349 million in capital investment and 1,200 new jobs.

- Number of business inquiries addressed: 140
- Provided technical assistance to 20 entities on the start-up or expansion of recycling businesses;
- Seventh Annual Recycling Business Forum hosted: 75 attendees;
- Made 16 presentation to business and ally groups;
- Generated 10 prospect leads to identify new recycling industries;
- Conducted 6 RMDAC and 3 Recycling Industry Group meetings;

7.4 GRANTS ADMINISTRATION

Community Development Block Grant Program

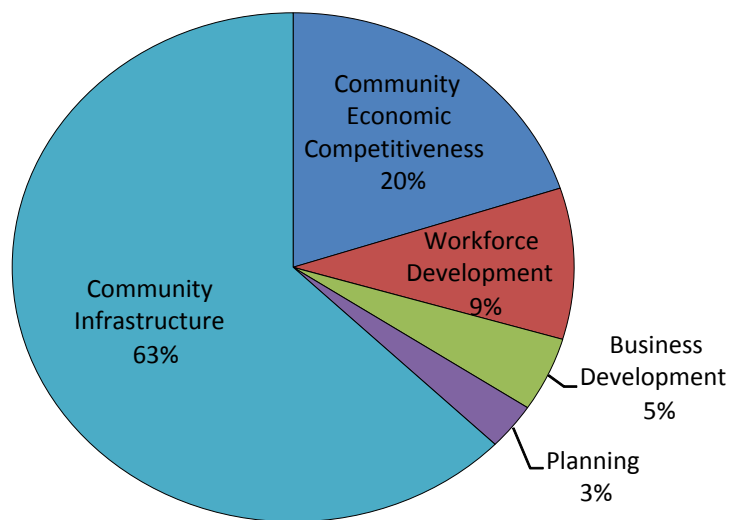
The Community Development Block Grant (CDBG) Program provides grants to units of local government for a wide variety of projects to strengthen communities, including revitalizing neighborhoods and housing, improving community infrastructure and Workforce development facilities, providing other public facilities, and creating or retaining jobs.

In 2009, the CDBG Program awarded \$26 million for 57 projects in rural communities, further improving South Carolina's business climate and quality of life and helping to create and retain jobs. Economic development projects will create or retain 176 jobs and



nearly 58,000 citizens will benefit from community development projects that will create: improved economic competitiveness for 10 rural communities where obstacles to economic development will be removed, in town commercial centers and adjacent neighborhoods revitalized and critical public services such as fire protection upgraded; improved resources for skills training and education in two communities as a result of workforce development projects involving new or expanded libraries; and improved quality of life and more sustainable economic opportunity as a result of new or upgraded public infrastructure in 25 communities. Residents of 44 counties will also benefit from increased statewide and local planning and coordination.

'09 CDBG Use of Funds



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 2009, the State's priorities for funding were education, a competitive economy and quality of life improvements. Approximately \$3.5 million was awarded for ten projects that support these priorities.

ARC Category	Amount
Community Infrastructure	\$2,500,000
Education	250,000
Business and Regional Initiatives	540,000
Technical Assistance	173,000
TOTAL	\$3,463,000

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 2009, 37 projects were approved for Enterprise Zone benefits. These companies represent \$404 million of new capital investment and 4,871 new jobs in the State.

County Designation	Total Projects Approved	Total Jobs	Total Investment
Developed	13	1,812	\$182,948,673
Moderately Developed	5	525	\$53,731,288
Under Developed	3	375	\$35,953,300
Least Developed	7	324	\$50,765,499
Distressed	9	1,835	\$81,095,000
TOTAL	37	4,871	\$404,493,760

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 2009, seven retraining applications were approved, enabling the participating companies to retrain an estimated 954 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 buildings, site or infrastructure improvements related product development to business location or expansion.

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 2009 \$23.9 million was awarded to local governments in 19 counties for projects directly related to job creation and new capital investment by the Council. These projects will bring \$1.3 billion in capital investment to the state and over 7,700 net new jobs.

A total of \$6.6 million was awarded to ten "Distressed," and "Least Developed" counties for projects aimed at developing or expanding industrial parks and sites, assisting in the construction of speculative industrial buildings and workforce development, which in turn will help attract jobs and new capital investment.

The amounts below only include new grant awards during 2009 and do not include committed funds or amendments or adjustments to any previously approved grant funds.

2009 ECONOMIC DEVELOPMENT SET-ASIDE GRANT AWARDS			
- BY COUNTY CLASSIFICATION -			
County Tier	Number of Projects	New Jobs	New Capital Investment
Least Developed	1	40	\$15,000,000
Under Developed	0	0	\$0
Moderately Developed	2	435	\$120,200,000
Developed	9	4,312	\$902,255,000
TOTAL	12	4,787	\$1,037,455,000



2009 Business Development Grants				
Grant Fund	County	Grant Amount	New Jobs	Investment
Set Aside	Charleston	\$5,000,000	3,800	\$750,000,000
RIF	Barnwell	\$3,300,000	500	\$31,000,000
RIF	Lancaster	\$250,000	500	\$11,500,000
Set Aside	Florence	\$1,500,000	350	\$101,400,000
Closing Fund	Florence	\$2,000,000	350	\$101,400,000
Closing Fund	Lexington	\$100,000	350	\$900,000
RIF	Marion	\$1,000,000	262	\$6,000,000
Closing Fund	Aiken	\$3,000,000	250	\$45,000,000
Closing Fund	Greenwood	\$750,000	210	\$32,000,000
Set Aside	York	\$200,000	185	\$1,800,000
Set Aside	Berkeley	\$3,000,000	100	\$48,600,000
Closing Fund	Greenville	\$999,983	100	\$30,000,000
RIF	Laurens	\$150,000	90	\$3,100,000
Set Aside	Oconee	\$70,000	85	\$18,800,000
Set Aside	York	\$150,000	80	\$10,000,000
Set Aside	York	\$150,000	70	\$6,000,000
RIF	Greenwood	\$300,000	52	\$15,000,000
Set Aside	Greenville	\$500,000	50	\$65,000,000
RIF	Williamsburg	\$65,000	50	\$750,000
RIF	Greenwood	\$150,000	50	\$2,500,000
RIF	Greenwood	\$100,000	50	\$10,100,000
Set Aside	Cherokee	\$250,000	40	\$15,000,000
Closing Fund	Greenville	\$75,000	34	\$5,000,000
RIF	Cherokee	\$180,000	30	\$4,500,000
RIF	Orangeburg	\$50,000	25	\$1,500,000
Set Aside	York	\$200,000	22	\$14,855,000
RIF	Abbeville	\$125,000	22	\$7,000,000
RIF	Chesterfield	\$100,000	20	\$2,200,000
Set Aside	Lexington	\$50,000	5	\$6,000,000
Set Aside*	Charleston	\$150,000		
Totals		\$23,914,983	7,732	1,346,905,000

*Indicates a grant made to Charleston County to facilitate a traffic study of Aviation Boulevard.



Grants for Product Development			
Grant Fund	County	Grant Award	Use of funds
RIF	Abbeville	500,000	Spec Buildings
RIF	Allendale	500,000	Workforce
RIF	Bamberg	715,000	Spec Buildings
RIF	Chester	750,000	New Park Development
RIF	Chesterfield	500,000	Spec Buildings
RIF	Fairfield	1,000,000	New Park Development
RIF	Hampton	500,000	Spec Buildings
RIF	Richland	25,000	Leadership Training and Development
RIF	Lee	800,000	Small Business Development
RIF	Greenwood	30,500	Workforce
RIF	Greenwood	300,000	Downtown Revitalization
RIF	Marion	1,000,000	Existing Park Improvement
Total		6,620,500	

7.5 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 agency implemented Finance/Procurement and HR/Payroll portions of the South Carolina Enterprise Information System and took advantage of the efficiency opportunities the system provided.

7.6 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 2009 - June 2010

- Prepared 175 proposals and requests for information for companies considering South Carolina for investment and job creation.
- Created and disseminated monthly economic outlook reports and an annual South Carolina economic analysis report to monitor the health of the state's economy and community.
- Implemented data mining and analytical reporting software to facilitate sharing of up-to-date labor market and economic information.
- Completed several research projects, including an in-depth analysis of unemployment in South Carolina, the state unemployment insurance tax code, an analysis of the tax burden in South Carolina's I-95 corridor region and an investigation into the labor force and migration patterns affecting the state's economy.
- Created a series of industry analysis reports and fact sheets to support the global business development mission. Responded to an average of 82 requests per month for information and analyses from internal and external sources.
- Met all six deliverables required by the US Department of Labor Workforce Information Grant, including occupational and industry employment projections, two year and ten year time horizons. Provided labor market information in response to over 80 requests from state agencies, local workforce organizations, economic development organizations, educators, and the general public. Created county-specific labor market information data sheets to inform local governments, economic development agencies and workforce interests of their specific workforce and employment conditions. Developed over 40 customized reemployment profiles and information sheets to aid workforce development and unemployed workers.

7.7 MARKETING AND COMMUNICATIONS

- Wrote and disseminated over 120 press releases promoting new investment, job creation and other accomplishments related to Commerce activities.
- Promoted new investments through several groundbreaking and announcement ceremonies, such as Boeing, Red Ventures, Fujifilm, GE Aviation and many more.
- Won several national awards, such as Trade and Industry Development Magazine - Corporate Investment & Community Impact (CiCi) Awards for Boeing, Red



Ventures and Crane Co., Area Development Magazine - Silver Shovel Award Winner, Business Facilities Magazine - 2009 Deal of the Year Award for Boeing, Site Selection Magazine - Recognized Boeing as one of its Top Deals of 2009, Southern Business and Development Magazine - Named Jack Ellenberg 2010 Person of the Year.

- Attended and promoted South Carolina at approximately 35 trade shows and conferences including: SEUS-Japan, Carolina Recycling Associations (CRA) Annual Conference, South Carolina Rural Summit, Workforce Development Symposium, SAE World Congress, BIO 2010, Roundtable in the South, North American Auto Show and Canadian Manufacturing Week.
- Developed a new South Carolina Aerospace Industry video for promotional purposes that not only focuses on South Carolina's aerospace industry, but also quality workforce, market access and other high tech industries.
- Developed an Agency Business Services brochure; Aerospace brochure- South Carolina: Where Business Soars; Renewable Energy brochure and 2009 Activity Report.
- Commerce's online advertising generated more traffic to the agency website with 56% of all traffic to the site coming from search engines - an increase of 28% year over year. More than 150,000 unique visitors went to the website throughout the year.

