

Senate Legislative Oversight Committee

Summary Report on SC Sea Grant Consortium

September 2019



The SC Sea Grant Consortium funds and conducts research on a the five programmatic categories of: 1) Healthy Coastal Ecosystems 2) Sustainable Coastal Development and Economy 3) Hazard Resilience in Coastal Communities 4) Sustainable Fisheries and Aquaculture 5) Scientific Literacy and Workforce Development. The results of this research are disseminated to local governments and the community to assist these entities in addressing issues unique to the coastal region. The General Assembly may wish to address the fact that the statutorily mandated Advisory Committee has never been appointed and consider specifying the powers and duties of the agency's Board of Directors. The Sea Grant Consortium should consider establishing a foundation to raise private funding to support the mission of the agency. The consortium should request through the budget process to reduce the unused other fund authorization and follow-up to ensure compliance with the findings of the audit review. The Consortium should also seek to engage with the SC Legislature and offer to be a resource for legislation regarding the marine environment along the SC coast.

Agency at a Glance

With 14 authorized FTEs, and a staff of just over 7 the mission of the S.C. Sea Grant Consortium is to provide science-based information to enhance the practical use and conservation of coastal and marine resources that foster a sustainable economy and environment for the state of South Carolina and its citizens. The agency utilizes the \$727,461 in state appropriated funds in conjunction with approximately \$2.8 million in federal grants to conduct research projects and fund additional research primarily through the member institutions in furtherance of this goal.

Issues

Responsibilities and Powers of the Board of Directors

Under current law, the Board of Directors for the SC Sea Grant Consortium has only one power/duty specified in law. This is the power to employ an executive director.

Legislative Recommendation: The General Assembly may wish to expand the powers and duties of the S.C. Sea Grant Consortium Board of Directors to encompass a greater role in the governance and policy making of the agency. This expanded authority could include the following:

Adopt policies and procedures for the governance of the Consortium, approve the annual budget and creation of new staff positions; proposed new legislation and/or changes in existing statutes; Sea Grant proposals submitted to the National Sea Grant Office; proposed bonding authorizations from the South Carolina General Assembly and/or interagency agreements; proposed rules and regulations; purchase, accept, or dispose of real property and other activities necessary for the governance of the Consortium which do not infringe upon the powers and duties of the Executive Director or exceed the mandate of the agency.

Board Vote

Currently, although the Sea Grant Board of Directors is made aware of the grant to be awarded, they do not actually vote on the grant awards. Instead, the slate of awards are simply presented and received as information.

Agency Recommendation: The Board of Directors should vote to accept the recommendation of the Executive Director regarding the grants awarded annually.

Advisory Committee

The Executive Director of the Consortium states that the Advisory Committee established in SECTION 48-45-80 of the Consortium's enabling legislation has never been appointed or met. A search of the SC Secretary of State's Boards and Commissions database does not yield any results for this entity.

- **Legislative Recommendation:** The General Assembly may wish to delete this requirement from the law. However, if it is the intention of the General Assembly that the statutorily created advisory committee meet and perform the designated function, the method of appointment could be revised to allow the General Assembly the means to ensure that these appointments are made.

Program Advisory Board

The Program Advisory Board was established by the Consortium Director with the acquiescence of the Board of Directors. However, this board was not established in statute or regulation. It seems to have replaced the statutorily created Advisory Board in providing local input and informing the decisions of the Consortium Director.

- **Legislative Recommendation:** If the Program Advisory Board is going to continue to operate in lieu of the Advisory Board, the General Assembly may wish to codify this practice in statute and designate the manner in which membership in this body is determined.
- **Agency Recommendation:** While the Director has the authority to establish an Advisory Board, should the General Assembly not establish this entity in statute, the agency should formalize the existence of this entity within the policies adopted by the Board of Directors.

Foundation

The Consortium's enabling legislation states that the director may request and receive funds from private sources as well as governmental sources. However, the Consortium has relied almost entirely on state and federal funding sources. With environmental concerns increasingly in the news, private funding is another opportunity that the Consortium could pursue to fulfill the agency's mission. Since all but one of the Consortium's member institutions are universities which have foundations and receive donations, the Board could utilize the resources of the member institutions to provide guidance and support in establishing a separate foundation.

- **Agency Recommendation:** The S.C. Sea Grant Consortium should consider establishing a foundation to accept private donations and grants as an additional revenue source. The agency should seek to utilize the expertise of the universities that are consortium members in establishing and managing the foundation.

Excess Budget Authorization

The total budget for the Consortium has exceeded the actual expenditures by an average of approximately \$2.9 million per year over the past seven years. With a total budget averaging \$5.9 million, this means that the agency is only expending an average of 50% of the funds budgeted. This excess budget authority is due to over budgeting of federal and other funds. If state general funds are excluded the excess percentage is even higher. This excess authorization gives an inaccurate depiction of the agency's budget and also circumvents the appropriation/allocation process.

- **Legislative Recommendation:** The legislative finance committees may wish to compare the Consortium's allocation levels annually to the actual expenditures of the agency and reduce them to a level that more accurately reflects the agency's projected annual expenditures.
- **Agency Recommendation:** The S.C. Sea Grant Consortium should utilize the process for interim allocation adjustments should the agency receive unanticipated funding subsequent to the annual legislative budget process.

Audit Review

In the single agency audit of federal grants, deficiencies in the management of the Consortium's sub-grants were cited for two successive years. (FY 16 & FY 17). The agency agreed with the findings and proposed corrective action plans. The agency's explanation for the subsequent findings related to the timing of the audits. It was explained that the second audit occurred before the initial corrective actions could be implemented.

- **Legislative Recommendation:** The appropriate legislative subcommittee should review the next single agency audit of the Consortium to determine if the agency's proposed corrective actions have adequately addressed the deficiencies cited in the previous audits.
- **Agency Recommendation:** The Consortium should implement the corrective action described in the response to the audits. Additionally, the agency should move towards a more uniform grants accounting system within the constraints of SCEIS and the various systems utilized by the non-SCEIS member institutions in which sub-recipients report grant activity in a manner determined by the Consortium.

Legislative Relations

The staff of the S.C. Sea Grant Consortium appears to have minimal interaction with the S.C. General Assembly. The organizational chart on the agency's website incorrectly references the Senate Fish, Game and Forestry as the legislative committee with jurisdiction over the agency. The agency's reticence to interact with the General Assembly may be due to a desire to ensure that the agency's research is viewed as unbiased as defined in the agency's mission statement. A failure to continue producing an impartial science based product could taint the perception of stakeholders that rely on the Consortium and jeopardize the agency's status and funding as a Sea Grant College program.

However, as a state agency, the Consortium should also be a resource for the S.C. General Assembly in addressing policy issues related to maintaining thriving and sustainable coastal communities.

- **Agency Recommendations:** The Consortium should revise the organization chart and website to reflect that the Senate Agriculture and Natural Resources Committee is the Senate legislative committee with purview over the S.C. Sea Grant Consortium. The agency should contact the staff and Senators on the Senate Agriculture and Natural Resources Committee to forge a cooperative relationship and raise the awareness of the work done by the agency and offer to act as a resource for information impacting bills in the Committee addressing appropriate subject matter.

Legislative Oversight Committee

South Carolina Senate



Report on SC Sea Grant Consortium

September 2019

Established in 1978, the South Carolina Sea Grant Consortium is a state agency governed by an eight-member Board of Directors comprised of the chief executive officers of the member institutions all of whom serve ex-officio. As one of the 33 sea grant programs across the country, the Consortium receives accreditation as a sea grant college program from the U.S. Department of Commerce and the National Oceanic and Atmospheric Administration. The Consortium is tasked with supporting and disseminating the results of scientific research on issues impacting the practical use and conservation of coastal and marine resources to maintain a sustainable economy and environment in coastal communities as identified by its various constituencies. The program administration and management operations of the agency are funded through a combination of federal grants and state appropriations. Much of the research funded by the Consortium is carried out through competitively awarded sub-grants made to the member institutions as well as in-house research. Research information is then transmitted to the agency's constituents through its outreach efforts. This gives the agency a bifurcated role of awarding and monitoring sub-grants and generating and disseminating science-based information.

I. Agency at a Glance

Mission

The stated mission of the S.C. Sea Grant Consortium is to provide science-based information to enhance the practical use and conservation of coastal and marine resources that foster a sustainable economy and environment for the state of South Carolina and its citizens.

History

The National Sea Grant College program (Public Law 89-688) was established by the U.S. Congress in 1966 within the National Science Foundation to enhance the practical use and conservation of coastal, marine and Great Lakes resources in order to create a sustainable economy and environment. Although it was envisioned as a parallel to the land grant college program, it differs in that it was ultimately funded through a direct appropriation. In 1970, the program was transferred to the National Oceanic and Atmospheric Administration (NOAA) within the U.S. Department of Commerce.

The S.C. Sea Grant Consortium was established by Act 643 of 1978, to provide a mechanism for the development and management of the Sea Grant Program for South Carolina and adjacent regions that share a common environment and resource heritage. The Consortium serves to support, improve, and share research, education, training, and advisory services in fields related to ocean and coastal resources. The consortium further encourages and follows a regional approach to solving problems or meeting needs relating to ocean and coastal resources in cooperation with appropriate institutions, programs, and persons in the region.

The S.C. Sea Grant Consortium is one of thirty-three sea grant programs funded by NOAA, and attained "college status" under the National Sea Grant College Program and U.S. Department of Commerce in 1986. Although some programs are collaborative ventures, and Alabama/Mississippi and Indiana/Illinois have a joint multi-institutional programs, most programs

throughout the country are based within a single university system. South Carolina is the only program that is a separate state agency operating as a consortium of member colleges and universities and the state DNR.

Governing Authority:

The Sea Grant Consortium is governed by a Board of Directors per Section 48-45-40. The membership of the consortium all serve ex-officio and consists of the chief executive officer (or designee) of the eight member institutions. The member institutions include the seven charter institutions designated in statute and one additional entity (Coastal Carolina University) that was later admitted via a vote of the charter members per statute. The chairmanship of the Board rotates among the members. The member institutions are:

The University of South Carolina	Harris Pastides, President, and Board Chairman
The Citadel	Gen. Glenn Walters
The College of Charleston	Stephen C. Osborne, Interim President
Clemson University	James P. Clements, President
The Medical University of South Carolina	David J. Cole, President
South Carolina State University	James E. Clark, President
The Department of Natural Resources	Alvin A. Taylor, Director
Coastal Carolina University	David A. DeCenzo, President

The Board meets annually or as needed. However, the annual board meeting originally planned for September 2018 was postponed until December 2018 due to scheduling issues. The sole power assigned to the Board in statute is to employ an Executive Director for the Consortium.

State Agency Structure

As noted in the history of the S.C. Sea Grant Consortium, the designation of a Sea Grant College Program as a separate state agency is unique. Most programs are administered by one or more universities. The governance model for this agency is also unique with a board that is entirely ex-officio and has very little authority specified in statute. In 2015, the National Sea Grant College external Site Review Team (SRT) indicated that, “Although not a traditional structure for a Sea Grant Program, the Consortium model works well for the state of South Carolina.” The SRT finding went on to say that the system functions effectively and meets the needs of the state.

Executive Director

The executive director of the S.C. Sea Grant Consortium has extensive authority enumerated in the agency’s enabling legislation. This authority specifically includes:

1. direct supervision over all consortium proposals;
2. prepare consortium proposals to be submitted to interested agencies;
3. prepare an annual summary of all submitted proposals;
4. negotiate funding levels for proposals submitted by member institutions;
5. provide an accounting to the board of the director’s development funds;

6. request and receive funds from local, state, federal, and private sources for use by the director, consortium, individual member institutions, or other persons;
7. gather, maintain, and make available to interested persons natural resource information from state and federal agencies, higher education institutions, and any other appropriate entity;
8. designate the location of the consortium office, subject to the approval of the board;
9. exercise all incidental powers necessary to carry out the provisions of this chapter.

With a governing board that normally only meets once a year and is comprised of the CEOs of major universities and one large state agency, the executive director of the Consortium is vested with significant authority in carrying out the legislative purpose of the agency. The governing structure helps insulate the agency from the caprices of current trends and popular opinion that might call into question the objectivity of the research projects generated by the SC Sea Grant Consortium. The current Executive Director is the third individual to hold that position and has been employed with the S.C. Sea Grant Consortium since the advent of the agency.

Advisory Committee

Section 48-45-80 of the Sea Grants Consortium enabling legislation provides for an advisory committee comprised of seven members serving four-year terms. The Governor is to appoint four of these members from four separate coastal counties at least two of whom must be associated with the commercial fishing industry. The Chairmen of the Senate Fish, Game and Forestry Committee and the Chairman of the House Agriculture and Natural Resources Committee each have one appointment to the advisory committee with the seventh member appointed by the Board of the Department of Natural Resources. Act 273 of 2008, repealed the requirement for appointees to the advisory committee to receive the advice and consent of the Senate. The advisory board established under this statute has never been appointed or met.

Program Advisory Board

The Consortium employs a number of stakeholder mechanisms to ensure that program efforts are relevant and timely, including a 30-member Program Advisory Board (PAB) and program advisory committees for each of its five Sea Grant extension program areas. The Program Advisory Board is not stipulated in state or federal statute. While the PAB is not specifically required under the terms and conditions of the federal grant, the director informs me that Sea Grant programs are expected to have in place the means by which they can seek and receive advice regarding program priorities and activities. Representation on the PAB encompasses federal agencies, state/local government, academic/research institutions, the business community and public interest groups. As of July 1, 2018, the membership of the board is listed below.

Federal Agencies (4)

- Michael Allen, Community Partnership Specialist, U.S. National Park Service (retired)
- Sherri Fields, Director, NCCOS Charleston Marine Labs, NOAA CCEHBR & HML
- Jeffrey Payne, Director, Office for Coastal Management, National Ocean Service – NOAA
- Gregg Waugh, Director, South Atlantic Fishery Management Council

State/Local Government (3)

- Robert Boyles, Deputy Director, SCDNR-Marine Resources Division
- Rutledge B. Leland, Mayor, McClellanville, SC
- Elizabeth B. von Kolnitz, Chief, SCDHEC-Ocean & Coastal Resources Mgmt

Academic/Research Institutions (8)

- Clark Alexander, Director, Skidaway Institute of Oceanography
- Jeffrey S. Allen, Director, S.C. Water Resources Center
- James Arrington, Administrator (retired), South Carolina State University
- Paul T. Gayes, Director, Center of Marine & Wetland Studies, Coastal Carolina University
- Fred Holland, Director, Hollings Marine Laboratory (retired)
- Jay Pinckney, Director, Belle W. Baruch Institute, University of South Carolina
- Michael Orbach, Emeritus Professor, Practice of Marine Affairs, Duke University Marine Laboratory
- Paul A. Sandifer, Director, Center for Coastal Environmental and Human Health, College of Charleston

Business/Private Sector/Public Interest (8)

- Bill Cox, Island Fresh Seafood, Inc.
- Jannie Harriot, Executive Director, S.C. African American Heritage Foundation
- Debra Hernandez, Executive Director, SE Coastal Ocean Observing Regional Association
- John L. Knott, Jr., Founder and President, CityCraft Ventures, LLC
- Chris Mack, AECOM
- Timothy Reinhold, Vice President of Engineering, Institute for Business & Home Safety (retired)
- Lundie Spence, Director, COSEE-SE (retired)
- Tim Todd, Executive Director, Discover Upcountry Carolina Association

Public Awareness and Macro versus Regional

Many of the issues addressed by the Consortium appear every week in state, local and national news. Local and regional issues tackled by the Consortium include algae blooms which can have a negative impact on tourism and adversely affect the safety and desirability of seafood, pollutants in coastal and near coastal waters in the form of plastic waste, effluent and other runoff from shore and ever more frequent occurrences of localized flooding in coastal communities due to sea level rise. At the macro level, declines in worldwide fish populations, wide-spread pollution of the oceans and climate change are also frequently in the news. However, with a limited budget and regional mission, the Consortium does not attempt to address the broader macro level issues, that require national or international action. Instead, the Consortium seeks to fund research to provide local entities the information needed to avoid or ameliorate the impacts of the local and regional phenomena that are readily observable and directly impact these communities. The recent award of a grant from the Department of Homeland Security to assess coastal resiliency in the City of Charleston demonstrates increased attention placed upon coastal flooding as a national security concern as it impacts both civilian infrastructure and military facilities.

Operations/Programs

Programmatic Areas

To accomplish the mission of the agency, the S.C. Sea Grant Consortium works within a rubric of five discrete programmatic categories, which are explained in the agency's strategic plan. The current revision of the strategic plan was finalized in February of 2017 and spans the four-year period of FY 2018 through FY 2021. This plan is available for public review on the agency's website (http://www.scseagrant.org/pdf_files/SCSGC-FY18-21-Strategic-Plan-02-08-17.pdf). Projects and activities supported by the agency must address one or more of the five programmatic areas in the strategic plan.

1) Healthy Coastal Ecosystems

This program is concerned with documenting the status of South Carolina's coastal and ocean landscape and recording the changes wrought by natural and anthropogenic forces to measure the physical, chemical, geological, biological, and socio-demographic effects of these forces on the coastal environment.

The South Carolina coastline is characterized by more than 165 linear miles of beaches and dotted with more than 40 barrier and sea-islands. With 2,876 miles of tidal shoreline, 500,000 acres of tidal bottoms, 504,450 acres of salt marsh, (representing 20 percent of the East Coast total), some 4.5 million acres of freshwater wetlands (covering about 24 percent of the land area of the state), and 10,000 square miles of coastal ocean the process of continuously documenting changes to this vast ecosystem is a significant undertaking.

Examples of Recent Research Grants/Projects

- Clonal aging and the molecular basis for sudden marsh dieback
- Multi-scale satellite remote sensing for salt marsh mapping
- Coastal Development Impacts on Groundwater Inputs to Estuarine Tidal Creeks

2) Sustainable Coastal Development and Economy

Population growth in the South Carolina coastal region has been expanding at a rapid rate and this trend is expected to continue. More than 300,000 new residents are expected to move to the region by 2030. The resulting increase in both residential and commercial growth means increased pressures on the state's coastal and marine resources. The Consortium strives to examine coastal development and management issues and explore sustainable economic development opportunities in cooperation with state and local management agencies and coastal resource users with the objective of providing policy makers with the information needed to plan for infrastructure development and balance the needs of a wide variety of businesses, including commercial fishing, recreational fishing, aquaculture, tourism, and future endeavors such as energy development.

Examples of Recent Research Grants/Projects

- Microplastic contamination in coastal South Carolina
- Development of a new molecular tool to rapidly detect and quantify harmful algal blooms caused by Cyanobacteria
- Evaluating the cause and effect after twenty years of assessing the impacts of coastal development of tidal creek headwaters

3) Hazard Resilience in Coastal Communities

The South Carolina coast is vulnerable to a myriad of natural hazards, including hurricanes, flooding, earthquakes, etc., with the potential to cause loss of life and/or substantial damage to the residential, economic, and natural fabric of the state's coastal communities. Many of these hazards are also becoming exacerbated due to changes in our weather and climate; most notably, the impacts of sea level rise and nuisance flooding along our low-lying coastline. These impacts include increased vulnerability to coastal storms, more frequent and severe flooding, accelerated erosion of ocean and waterfront areas, saltwater intrusion of surface and groundwater supplies, marsh inundation, and habitat alteration. While these impacts are already evident, many opportunities exist to plan and prepare for, minimize, and mitigate exposure to damages and facilitate recovery processes.

Planning for coastal hazards ranges from the short-term impacts to long-term pervasive issues. Attention to both the natural environment and human infrastructure is required, and enhancing resilience by communities must include assessing risk and understanding vulnerability, and developing and implementing response and adaptation strategies. With the explosion of population growth along the South Carolina coast, and the allure of Charleston and surrounding coastal communities to tourism, many residents and visitors alike are unfamiliar with the challenges posed by this unique environment, adding an additional challenge to a community's resilience.

Examples of Recent Research Grants/Activities

- Wind and Rain Resistant Design for Coastal Cross Laminated Timber Building
- Responding to the South Carolina Historic Flood of October 2-5, 2015: An Emergency Response Proposal to the NOAA National Sea Grant College Program Office
- Development of Multi-hazard Coastal Resiliency Assessment and Adaptation Indices and Tools for the Charleston, SC Region, Project Management - funded by the Department of Homeland Security

4) Sustainable Fisheries and Aquaculture

The seafood industry along the South Carolina coast provides significant economic benefits to the coastal region. Not only is SC seafood in high demand making it a valuable product but it is also a significant asset to the tourism industry along the South Carolina coast.

The Consortium seeks to assist communities and businesses in the development of viable and sustainable marine fisheries technologies and practices through research, technology transfer, and education on the development of sustainability in the fisheries and aquaculture sectors to ensure viable and sustainable marine fisheries technologies and practices.

Examples of Recent Research Grants/Activities

- Determining optimal combinations of stock enhancement and harvest reduction for population restoration of inshore Cobia
- Genetic diversity in overfished and recovered Black Sea Bass
- Environmental drivers, physiological consequences, and transmission dynamics of Black Gill outbreaks in the South Carolina White Shrimp industry

5) Scientific Literacy and Workforce Development

The Consortium's enabling legislation cites education, training, and advisory services in fields related to ocean and coastal resources as part of the purpose of the agency. The agency advances this objective in numerous ways. Careers in ocean sciences as well as STEM (science-technology-engineering-math) skills are highlighted in various aspects of program planning and delivery. The Consortium's workforce development efforts are geared towards providing research and training opportunities for undergraduate and graduate students through Consortium-funded research projects. Students from local universities can be found at the Consortium offices on any day working on projects utilizing the skills they are learning in associated fields related to the mission of the consortium. The agency also plays a significant role in assisting these students in finding employment within their field of study

Examples of Recent Grants/Activities

- Marine Education Program
- Palmetto Environmental Education Certification (PEEC)
- Citadel Undergraduate Research Experience (CURE)

6) All Programs

An additional category of funding addresses multiple programmatic areas. While administered within the grants management process, these "grants" are essentially federally funded internal operations of the agency such as administration, program development and efforts to disseminate information. The agency is able to utilize federal funding from the Omnibus federal grant awarded by the National Oceanic and Atmospheric Administration to fund these internal operations. These activities cannot be directly ascribed to any of the five programmatic categories but instead support all five.

Dissemination of Research

The fact that most of the research is carried out by the member entities ensures a degree of dissemination of the information obtained through the research funded by Consortium grants. Universities habitually share this information through publications and peer reviewed articles. However, the Consortium also engages in activities to ensure that the information garnered is made available to those actually managing the issues addressed by the research. These efforts include posting information on products and research to the agency's website, sponsoring and participating in conferences and engaging in partnerships with informal learning centers such as aquariums, science centers, state and county parks, and museums.

The *Coastal Heritage Magazine* published by the consortium is another means of disseminating information to the public regarding ongoing efforts and best practices for preserving the coastal environment and resources in a manner that also promotes a sustainable economy.

However, despite these efforts, the Consortium has not sought to provide input on legislation under consideration at the state level. This reticence may be due to concerns about maintaining the agency's standing as an independent unbiased resource in conformance with the U.S. Department of Commerce's requirements for a Sea Grant College Program.

Grants

The primary means the Consortium employs in carrying out the mission of the agency is through sub-granting of funds from the agency's federal grants using a competitive, peer-review process. Most of the external sub-grants are made to the research institutions, which are also members of the Consortium. The omnibus federal grant from NOAA Sea Grant provides discretion to the Consortium in determining types of projects funded within the program categories described in the agency's strategic plan, which is formally reviewed and approved by the National Sea Grant College Program office. There are currently twenty-three sub-grants issued in the fourth year of funding from the NOAA Omnibus grant. However, thirteen of these were internal to the Consortium. Of these internal grants, one is designated as a "place-holder" to be used later as a means of encumbering federal funds that are not expended. This allocation of grants represents the typical distribution for each of the four years covered by the omnibus grant. Much of the internal operations of the Consortium are also funded through the omnibus federal grant. Two of the thirteen internal grants are specifically listed as administration while others support program development and other internal operations.

The Consortium competes for and currently administers other federal grants from various agencies which support a variety of specific research topics. Although these are more specifically targeted, they are relevant to one or more of the five programmatic areas emphasized by the agency. Examples of these grants include the following: The U.S. Department of Agriculture has awarded a grant which is funding research into issues related to oyster production. A Department of Interior, Bureau of Ocean Energy Management (BOEM) grant provides funding to study off-shore wind energy development. The grant from the Environmental Protection Agency (EPA) is used to fund research into maintaining healthy estuary, tidal creek and salt marsh ecosystems, while the Department of Homeland Security has awarded a grant to the Consortium to examine resiliency issues related to climate and weather hazards threatening the City of Charleston.

Impacts and Accomplishments

The Consortium diligently records the impacts of the various activities that are undertaken in support of the agency's mission to "enhance the practical use and conservation of coastal and marine resources that foster a sustainable economy and environment for the state of South Carolina and its citizens." This documentation is intended to validate that the investments in research, extension, education, and communications result in documentable accomplishments and impacts and provide evidence that the Consortium's work is making a difference in people's lives and livelihoods. Each year, the Consortium prepares a statement of impacts and accomplishments,

organized by its five programmatic areas. For FY17-18, the Consortium documented more than 50 distinct outcomes, which can be reviewed on its web site at <http://www.scseagrant.org/content/?cid=642>.

External Evaluation

In early 2019, a site review team from the National Sea Grant College Program office within the National Oceanic and Atmospheric Administration will be conducting a programmatic review of the Consortium's operations, programs, and impacts. This review will assess program management/organization, stakeholder engagement, collaborative network activities, and program performance. The review process cites any findings and makes recommendations for improvement. The results of the last review conducted in 2015 were uniformly positive with no significant negative findings.

In both FY 2016 and 2017, the Consortium was the subject of the state-wide single audit process to assess control and compliance with federal programs. The audits disclosed several findings involving the agency's grants control process. One of the difficulties in managing the agency's grants programs is that each university reports information to the consortium in a different format based upon that entity's grants accounting system. Since the CEOs of these subrecipients serve on the board of the Consortium, this limits the agency's ability to impose a uniform reporting system. The agency indicated that due to timing, many of the findings discovered in the 2016 audit had not been remedied at the time of the subsequent audit. The consortium has since made changes to the grants process and responded to the findings in the audits.

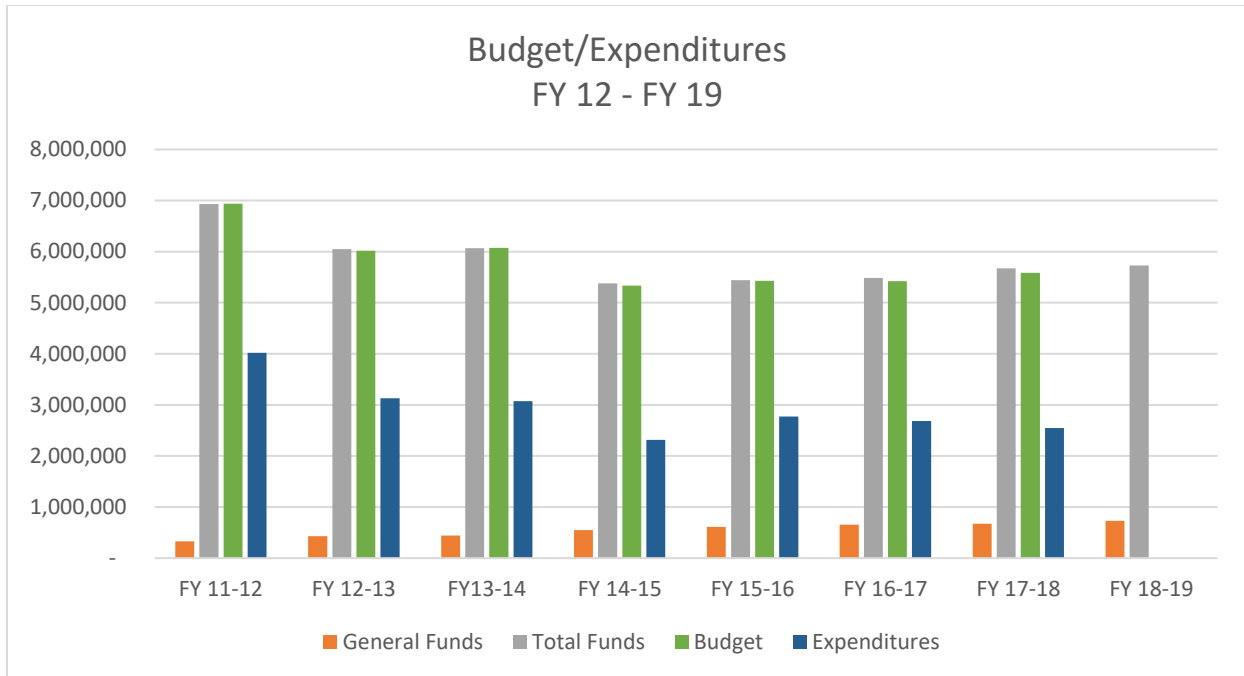
Finance

Appropriations

For FY 2018-19, the General Fund appropriation for the Sea Grants Consortium was \$727,461. This is more than double the amount of General Funds the agency received at the low point of FY 11-12 when the appropriation was \$327,392. The agency's state funds are used primarily for administrative and internal operation expenses. They are also utilized as matching funds for the internally allocated portion of those federal grants requiring cost share resources.

Allocations - Federal Funds

The total funding included in the FY 19 state budget for the SC Sea Grants Consortium is \$5.7 million. This represents an authorization of \$5 million in federal and other funds. The authorization in federal and other funds has gradually declined by approximately \$1.6 million since FY 12. The actual revenue received is approximately \$2.8 million annually with half of this derived from the NOAA Omnibus federal grant and the other half from approximately twelve other grants received from seven federal agencies.



Expenditures

In FY 13, General Fund appropriations were equal to only eight percent of the agency’s actual expenditures. During the last completed fiscal year, (FY 18), the General Fund appropriation was equal to twenty-six percent of the agency’s total expenditures for the year. Since the omnibus federal grant is the primary discretionary source of funding for the agency’s activities it is perhaps the best gauge of the manner in which the Consortium targets expenditures. The programmatic area described as cross-cutting all programmatic strategies is the largest expenditure from the omnibus grant accounting for approximately 35% of expenditures. The table below depicts the total budget and expenditures for this grant through FY 2018 with 83% of budgeted funds expended.

NOAA Omnibus Four-Year Grant

	Total Budget	Percent Budgeted	Total Expenditures	Percent Expended
The Coastal and Ocean Landscape:	\$ 280,053	5%	\$ 260,780	6%
Sustainable Coastal Development and Economy	\$1,470,639	26%	\$ 1,303,748	28%
Hazard Resilience in Coastal Communities:	\$1,133,982	20%	\$ 657,119	14%
Sustainable Fisheries and Aquaculture:	\$ 609,514	11%	\$ 568,575	12%
Scientific Literacy & Workforce Development	\$ 242,447	4%	\$ 250,248	5%
Cross-Cutting: All Programmatic Areas:	\$1,910,167	34%	\$ 1,669,426	35%
Total	\$5,646,802	100%	\$ 4,709,896	100%

Matching Funds and Indirect Cost Recovery

Funds received from the National Sea Grant College Program, including the Consortium's four-year omnibus award, require a fifty percent cost share match. The Consortium's Board of Directors established a policy by which the institutions agreed to not allow for indirect cost recovery by the recipients on Sea Grant-funded projects. The Consortium meets some of the matching fund requirement through the use of its state appropriations. However, most of the sub-grants are awarded to the Consortium member universities. Since these entities typically have higher indirect cost rates (often averaging around 50%), they are able (with prior federal approval) to claim the deferred indirect cost recovery as matching funds under Office of Management and Budget (OMB) guidance contained in the Code of Federal Regulations (CFR) Title 2 section 200.306. In this way these entities are able to meet the federal matching requirements with little or no direct cost to the agencies.

Staffing

The S.C. Sea Grant Consortium is a relatively small agency with only fourteen FTEs, of which 7.26 are state-funded positions. The agency also currently utilizes five temporary and six temporary grant positions. The vacancy rate at the Consortium has historically been approximately 20 percent with only three vacancies, however, due to recent turnover, the agency has had an increase in the vacancy rate in excess of forty percent. Much of this increased vacancy rate is due to retirements and there are several employees now eligible for retirement including the executive director. The Consortium is currently seeking to fill three positions in 2018. These positions are a Coastal Economics Program Specialist, a Coastal Resilience Program Specialist and a part-time Graduate Executive Intern.

Compliance with Legislative Intent

SECTION 48-45-20. Purpose of consortium.

The principal purpose of the Consortium is to provide a mechanism for the development and management of the Sea Grant Program for South Carolina and adjacent regions that share a common environment and resource heritage. The Consortium serves to support, improve, and share research, education, training, and advisory services in fields related to ocean and coastal resources. The Consortium further encourages and follows a regional approach to solving problems or meeting needs relating to ocean and coastal resources in cooperation with appropriate institutions, programs, and persons in the region.

The alignment of the Consortium's programmatic areas clearly support the mission and purpose described in statute. Additionally, the Consortium ensures that all of the grants and agency activities fall within these programmatic areas. Therefore, it seems clear that the Sea Grant Consortium seeks to address the legislatively mandated mission within the sphere of discretion provided to the director in statute.

II. Issues

A. Responsibilities and Powers of the Board of Directors

Under current law, the Board of Directors for the SC Sea Grant Consortium has only one power/duty specified in law. This is the power to employ an executive director.

Legislative Recommendation

The General Assembly may wish to expand the powers and duties of the S.C. Sea Grant Consortium Board of Directors to encompass a greater role in the governance and policy making of the agency. This expanded authority could include the following:

Adopt policies and procedures for the governance of the Consortium, approve the annual budget and creation of new staff positions; proposed new legislation and/or changes in existing statutes; Sea Grant proposals submitted to the National Sea Grant Office; proposed bonding authorizations from the South Carolina General Assembly and/or interagency agreements; proposed rules and regulations; purchase, accept, or dispose of real property and other activities necessary for the governance of the Consortium which do not infringe upon the powers and duties of the Executive Director or exceed the mandate of the agency.

B. Board Vote

Currently, although the Sea Grant Board of Directors is made aware of the grant to be awarded, they do not actually vote on the grant awards. Instead the slate of awards are simply presented and received as information.

Agency Recommendation

The Board of Directors should vote to accept the recommendation of the Executive Director regarding the grants awarded annually.

C. Advisory Committee

The Executive Director of the Consortium states that the Advisory Committee established in SECTION 48-45-80 of the Consortium's enabling legislation has never been appointed or met. A search of the SC Secretary of State's Boards and Commissions database does not yield any results for this entity.

Legislative Recommendation

The General Assembly may wish to delete this requirement from the law. However, if it is the intention of the General Assembly that the statutorily created advisory committee meet and perform the designated function, the method of appointment could be revised to allow the General Assembly the means to ensure that these appointments are made.

D. Program Advisory Board

The Program Advisory Board was established by the Consortium Director with the acquiescence of the Board of Directors. However, this board was not established in statute or regulation. It seems to have replaced the statutorily created Advisory Board in providing local input and informing the decisions of the Consortium Director.

Legislative Recommendation

If the Program Advisory Board is going to continue to operate in lieu of the Advisory Board, the General Assembly may wish to codify this practice in statute and designate the manner in which membership in this body is determined.

Agency Recommendation

While the Director has the authority to establish an Advisory Board, should the General Assembly not establish this entity in statute, the agency should formalize the existence of this entity within the policies adopted by the Board of Directors.

E. Foundation

The Consortium's enabling legislation states that the director may request and receive funds from private sources as well as governmental sources. However, the Consortium has relied almost entirely on state and federal funding sources. With environmental concerns increasingly in the news, private funding is another opportunity that the Consortium could pursue to fulfill the agency's mission. Since all but one of the Consortium's member institutions are universities which have foundations and receive donations, the Board could utilize the resources of the member institutions to provide guidance and support in establishing a separate foundation.

Agency Recommendation

The S.C. Sea Grant Consortium should consider establishing a foundation to accept private donations and grants as an additional revenue source. The agency should seek to utilize the expertise of the universities that are consortium members in establishing and managing the foundation.

F. Excess Budget Authorization

The total budget for the Consortium has exceeded the actual expenditures by an average of approximately \$2.9 million per year over the past seven years. With a total budget averaging \$5.9 million, this means that the agency is only expending an average of 50% of the funds budgeted. This excess budget authority is due to over budgeting of federal and other funds. If state general funds are excluded the excess percentage is even higher. This excess authorization gives an inaccurate depiction of the agency's budget and also circumvents the appropriation/allocation process.

Legislative Recommendation

The legislative finance committees may wish to compare the Consortium's allocation levels annually to the actual expenditures of the agency and reduce them to a level that more accurately reflects the agency's projected annual expenditures.

Agency Recommendation

The S.C. Sea Grant Consortium should utilize the process for interim allocation adjustments should the agency receive unanticipated funding subsequent to the annual legislative budget process.

G. Audit Review

In the single agency audit of federal grants, deficiencies in the management of the Consortium's sub-grants were cited for two successive years. (FY 16 & FY 17). The agency agreed with the findings and proposed corrective action plans. The agency's explanation for the subsequent findings related to the timing of the audits. It was explained that the second audit occurred before the initial corrective actions could be implemented.

Legislative Recommendation

The appropriate legislative subcommittee should review the next single agency audit of the Consortium to determine if the agency's proposed corrective actions have adequately addressed the deficiencies cited in the previous audits.

Agency Recommendation

The Consortium should implement the corrective action described in the response to the audits. Additionally, the agency should move towards a more uniform grants accounting system within the constraints of SCEIS and the various systems utilized by the non-SCEIS member institutions in which sub-recipients report grant activity in a manner determined by the Consortium.

H. Legislative Relations

The staff of the S.C. Sea Grant Consortium appears to have minimal interaction with the S.C. General Assembly. The organizational chart on the agency's website incorrectly references the Senate Fish, Game and Forestry as the legislative committee with jurisdiction over the agency. The agency's reticence to interact with the General Assembly may be due to a desire to ensure that the agency's research is viewed as unbiased as defined in the agency's mission statement. A failure to continue producing an impartial science based product could taint the perception of stakeholders that rely on the Consortium and jeopardize the agency's status and funding as a Sea Grant College program.

However, as a state agency, the Consortium should also be a resource for the S.C. General Assembly in addressing policy issues related to maintaining thriving and sustainable coastal communities.

Agency Recommendation

The Consortium should revise the organization chart and website to reflect that the Senate Agriculture and Natural Resources Committee is the Senate legislative committee with purview over the S.C. Sea Grant Consortium.

The agency should contact the staff and Senators on the Senate Agriculture and Natural Resources Committee to forge a cooperative relationship and raise the awareness of the work done by the agency and offer to act as a resource for information impacting bills in the Committee addressing appropriate subject matter.