

SC Department of Commerce
FY 2022-23 Budget Hearing –
Ways and Means Committee

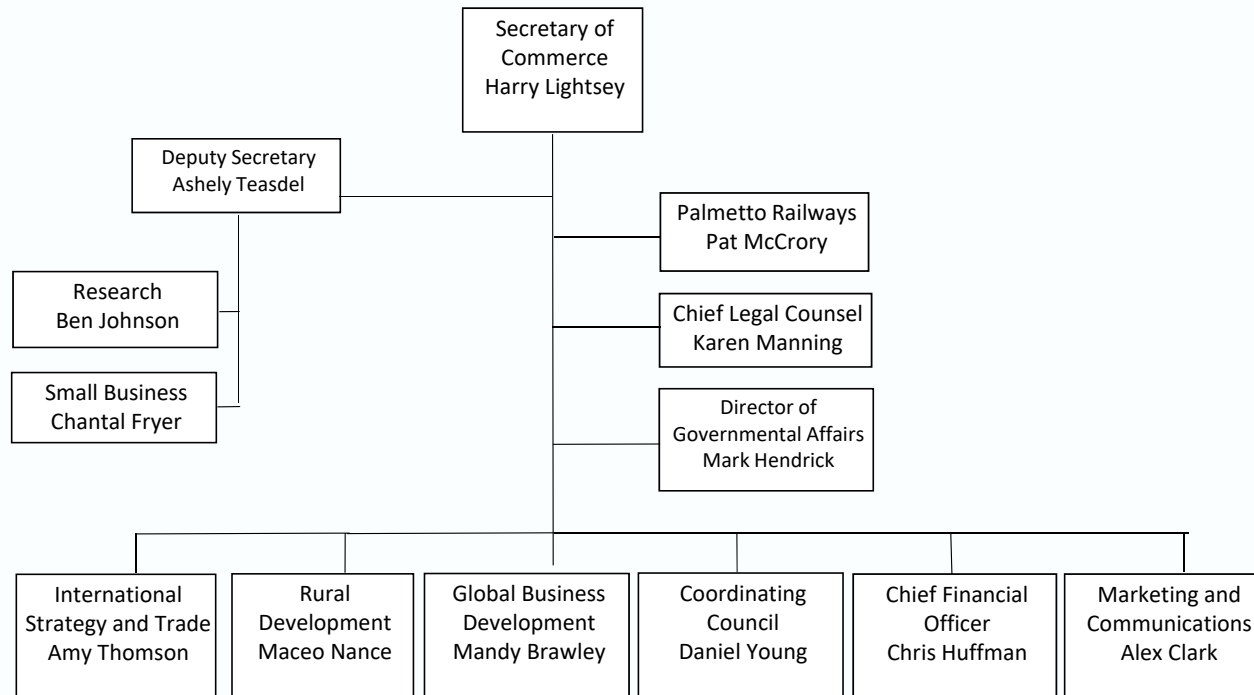


Agency Attendees

- Please list all agency representatives who plan to attend the hearing:
- Harry Lightsey, Secretary of Commerce
- Chris Huffman, Chief Financial Officer
- Mark Hendrick, Director of Governmental Affairs



Organizational Chart



The South Carolina Department of Commerce (SCDOC) is the economic development and business recruiting arm of the State.

Mission:

Create economic opportunities to increase choices for all South Carolinians

Vision:

Embrace the future to ensure South Carolina's sustainable advantage



Accountability Report Highlights

- Please list highlights from your Agency Accountability Report that show your accomplishments and/or goals for next fiscal year.
- **Diverse recruitment activity:** In 2020, the state won 126 economic development projects, accounting for \$4 billion in capital investment and more than 11,100 new jobs. While manufacturing and agribusiness remain staples of the state's economy, life sciences and distribution projects were also heavily represented in 2020.
- **Increased transparency.** As part of S.C. Commerce's commitment to providing as much transparency as possible without harming employers or the state's ability to be competitive in recruiting new jobs and taxable investment to South Carolina, the agency implemented many measures toward this goal including: updated the cost benefit model used to analyze proposed projects; compiled information on incentive "clawbacks" and write-offs for projects not meeting set goals; recorded job creation and capital investment in excess of committed minimums; required companies to report wage levels for new jobs created in connection with grant projects and reported this new data in 2020 annual reporting, which will continue prospectively. S.C. Commerce also made online incentive data available online in an easy to understand format, including: a new interactive, statewide performance map; and a comprehensive list of recent projects, including announced jobs and investment and the incentives awarded.
- **Small and existing business support.** Strengthening existing industry and small business services continued to be a key focus in FY21. S.C. Commerce participated and/or hosted a number of programs to support business growth, including B2B events, supplier outreach and recycling assistance. S.C. Commerce staff made more than 820 contacts with small businesses and recycling businesses; more than 530 existing industry visits (virtual or in-person); and more than 500 businesses attended S.C. Commerce-hosted business development events. In a survey of businesses that utilized S.C. Commerce's business services programs/resources, the top five direct impacts identified were: COVID-19 financial or technical assistance (29%); sales growth (28%); business expansion (26%); business continuity plan established (23%); and jobs retained/layoff aversion (17%).



Accountability Report Highlights (con't)

- **Focus on rural communities.**

1. To bring economic development to communities of all sizes, the state's rural areas remained a priority and strategic focus. Over the last 10 years, South Carolina has recruited more than \$9.9 billion in new capital investment and over 33,000 new jobs to rural communities. In fact, capital investment in the state's rural communities nearly doubled from 2019, topping more than \$1.1 billion in 2020.
2. To build on this momentum, S.C. Commerce moved forward with its plan for the \$65 million allocation for rural development. Under Proviso 50.21, the funds were designated to facilitate economic development and infrastructure improvements in 14 eligible counties, based on population decline and poverty rate. Of the total allocation, \$30 million was transferred to the S.C. Office of Regulatory Staff to fund broadband expansion projects in the eligible counties. For the remaining \$35 million, S.C. Commerce has implemented a grant program for eligible counties.

- **Igniting innovation.** As part of an ongoing effort to support and grow an innovative, technology-based and entrepreneurial business environment, S.C. Commerce had another impactful year. As a result of the Office of Innovation's 3Phase program, to assist research-based companies with acquiring federal small business grants, South Carolina was ranked No. 2 with a 30% Small Business Innovation Research Grants (SBIR) success, compared to the national average of 12%.



Budget Requests – General Fund

- 1) Strategic Economic Development Infrastructure -
\$150,000,000 -Non-Recurring
- 2) Closing Fund - \$17,000,000 - Recurring
- 3) Innovation - Expansion- \$1,300,000 (3 FTEs) – Recurring
- 4) LocateSC - \$4,000,000 – Non-Recurring
- 5) Coordinating Council for Workforce Development (CCWD)
- \$250,000 (2 FTEs) - Recurring
- 6) Small Business Development Center - \$500,000 - Recurring



Budget Requests – Other and Federal Funds

7) Coordinating Council for Economic Development (CCED)

Additional Other Funds Authority and FTE - \$120,000
(1 FTE)

8) Additional Other and Federal Funds Authority General Pay
Increases and Increases in Fringe Benefit Costs - \$80,000



Proviso Request Summary

The Department of Commerce has no proviso requests for next fiscal year.



Carry Forward Information

General Fund Carry Forward into FY2021-22 - \$ 72,964,562

Closing Fund – \$13,377,161

LocateSC – \$19,676,445

Applied Research Funds - \$2,222,644

Innovation - \$1,262,410

Rural Initiative - \$35,000,000

Operating Funds - \$1,325,902

Other - \$100,000

Of the end of year cash balances for the agency, 98% are committed or obligated to future projects.



FTE Breakdown

As of 12/31/2021	General	Other	
	Fund	Funds	Total
Current Authorized FTEs	70.51	36.59	107.10
Filled Positions	60.56	33.44	94.00
Vacant Positions	9.95	3.15	13.10

