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March 29, 2021

VIA EMAIL

Secretary Robert M. Hitt III  
Department of Commerce  
1201 Main Street, Suite 1600  
Columbia, South Carolina 29201

Dear Secretary Hitt:

The Economic Development, Transportation, and Natural Resources Subcommittee appreciates the agency's partnership in the oversight process. As follow-up from the March 4, 2021 and March 11, 2021, Subcommittee meetings, below are questions of interest to various members of the subcommittee. Please provide this information by Friday, April 16, 2021, so the Subcommittee members may have time to review it prior to the next meeting.

The agency's responses will be posted online for transparency to the public. Accordingly, please do not provide any information that may not be posted online due to legal or contract prohibitions, that may harm the competitive advantage of the state in recruiting and retaining business, or that may jeopardize the life, health, or safety of anyone.

**Education**

1. Please provide a list of entities that have attended economic development education events provided by the agency for the last three years, and cost per attendee, by year, county, and event. See sample format below.

County	Economic Development Institute Attendee(s)	Economic Development Institute Cost per attendee	Advanced Symposium Attendee(s)	Advanced Symposium Cost per attendee	Rural Summit Institute Attendee(s)	Rural Summit Institute Cost per attendee

**Succession Planning, Employee Development and Feedback**

2. In regards to prerequisites for the position of Secretary of Commerce:
  - a. Would the agency recommend the General Assembly consider specifying any prerequisites for the position of Secretary of Commerce?
  - b. Why or why not?
3. Please provide a list of questions the agency believes may be beneficial to ask a newly appointed Secretary of Commerce to learn their vision/hold them accountable for what they have reasonable control over and why each would be important.
4. The agency’s Program Evaluation Report mentions creating the Next Gen group to develop and grow the potential of the deputy level team.<sup>1</sup> Please further explain the Next Gen group, including
  - a. when it was started,
  - b. where the idea originated,
  - c. how the agency is determining whether the group is successful, and
  - d. if the agency would recommend other agencies utilize similar groups/programs.
5. The agency’s Program Evaluation Report mentions there was a human resources and research division needs assessment conducted in 2019 regarding the training needs of employees and managers.<sup>2</sup> Also, it mentions yearly training programs offered to employees. In regards to training, please answer the following:
  - a. What was learned from the needs assessment conducted in 2019?
  - b. What actions have been taken, or are planned, as a result of this assessment?
  - c. Does the agency plan on conducting an assessment like this at regular intervals (e.g., every three or five years) in the future?
  - d. Did the agency develop its own internal training program or did the agency work with outside vendors?
  - e. How has the agency gauged whether the programs are successful and what type of results has the agency seen?

<sup>1</sup> See PER response to question 10

<sup>2</sup> See PER response to questions 6(c)

***Succession Planning, Employee Development and Feedback (cont.)***

6. The agency indicated in the Organizational Units Chart of its Program Evaluation Report that anonymous employee feedback is allowed in every division of the agency.
  - a. How do employees submit anonymous feedback?
  - b. What changes have occurred at the agency, if any, as a result of anonymous feedback?
7. The agency’s Program Evaluation Report notes employee satisfaction is tracked in every division of the agency. How does the agency track employee satisfaction?
8. Please provide any aggregated data the agency has on reasons employees leave the agency from the exit interviews it conducts.

***Collaboration***

9. When explaining TeamSC during the March 11, 2021 subcommittee meeting, Secretary Hitt testified that when he started, the agency had to “bring everyone back together.” In regards to this statement, please explain the following:
  - a. Situations that continuously exist and must be handled to keep everyone together;
  - b. Situations, other than those mentioned in a., the agency sees potentially arising in the future that could threaten the collaborative atmosphere which the agency states currently exists.
10. Please provide an Excel chart that lists information, as shown in the example below, about memorandums of understanding (MOUs) the Department of Commerce has had, or currently has, with other agencies or quasi-agencies since Secretary Hitt began in 2011.

	<b>Dept. of Agriculture MOU</b>	<b>Dept. of Employment and Workforce MOU</b>
Month and year agreement first entered		
Month and year agreement ended, if applicable		
Commerce’s responsibilities under agreement		
Other agency’s responsibilities under agreement		
Benefits the agreement provides Commerce		
Benefits the agreement provides the other agency		
Does agreement include transfer or sharing of data between the agencies		

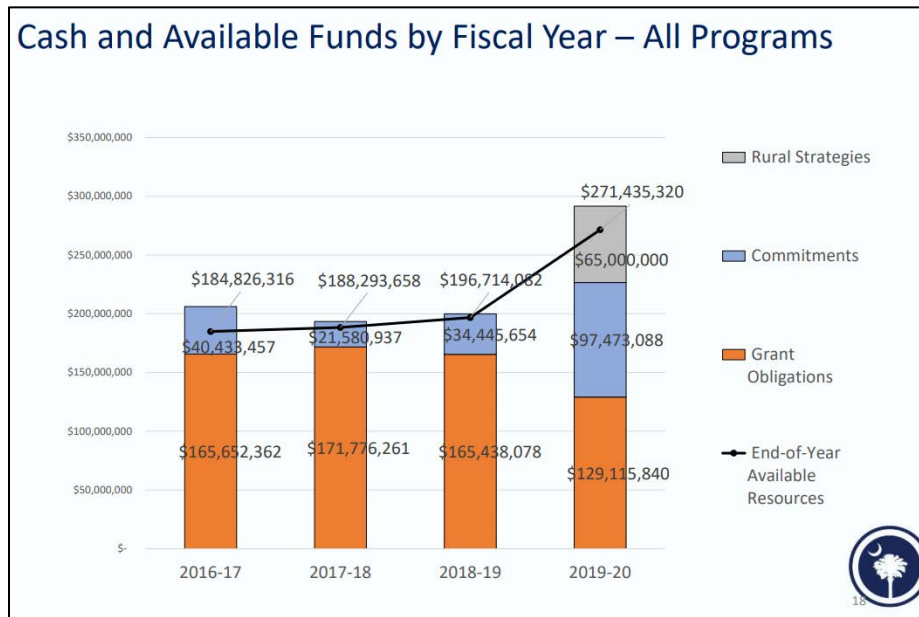
11. As a way of providing advice to agencies who may have considered entering MOUs with other state agencies, what challenges has the Department of Commerce seen or experienced in entering and maintaining MOUs with other state agencies (e.g., desire of the other agency to enter it, length of time to discuss specifics prior to entering, etc.) and how were those challenges overcome?<sup>3</sup>
12. Why does the agency believe having MOUs in place with other entities is worth the time and effort to enter them?

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<sup>3</sup> Note: Length of time was an issue noted by the Committee in a prior study when it took over a year for DHEC and SCDC to enter an MOU related to bulk payment and delivery of birth certificates.

**Finance**

- 13. Please explain what the agency means when it uses the term “committed” in the context of discussing agency funds (e.g., committed to a project, committed to a category of grants, etc.).
- 14. How is “committed” different from “available”?
- 15. Please define the terms that appear in the agency’s slide below.



- 16. Please define any other terms the agency regularly utilizes when discussing finances (e.g., “inked”).

**Partnerships with Higher Learning**

- 17. Please provide a copy of the index of college professor skills about which the agency testified during the March 11, 2021 subcommittee meeting.
- 18. Is the agency aware of colleges or universities partnering with state government to create solutions like they do with private businesses?
- 19. Would the agency have any issues discussing the digital onboarding tool with the State Human Resources Division within the Department of Administration to determine if it may be useful in addressing high turnover in some agencies across state government?

***Community Development Block Grant Program (CDBG), including CARES funding***

20. The agency's Program Evaluation Report mentions the S.C. Infrastructure Funders Coordinating Committee, which is coordinated by the Community Development Block Grant Program within the agency.<sup>4</sup> The agency indicates meetings are generally held at least quarterly to discuss joint funding and other projects, address funding gaps and identify solutions to current challenges.
  - a. How is the public informed about these meetings?
  - b. Are minutes accessible to the public?
21. Please explain what the agency learned from disaster recovery efforts, which assisted in deciding terms to include in current or future contracts.
22. Please provide example terms which discuss customer feedback, from prior agency contracts.
23. Please provide a copy of the contract with Guidehouse and list the provisions within the contract outlining Commerce's expectations of the vendor and what it must do to earn payments.
24. Please provide a list of example programs Councils of Government around the state are asking to utilize the federal CDBG COVID CARES funding for and separate them by those that do and do not fall within the CARES funding parameters.

***Responsibilities***

25. Please provide a matrix with the general steps in landing or expanding a business, the players involved in each step, and the potential roles each could play from the information presented thus far by the agency. Please send updated information after each agency presentation.
26. Please provide a chart with the agency's understanding of the categories of entities involved in economic development (e.g., Department of Commerce, Regional Economic Alliances, County Economic Development offices, County Council, PowerTeam, Council of Government, etc.) and, for each, a brief bulleted list of their responsibilities.

***Grants/Funding***

27. For each type of grant included in the agency's "Setting the Table" presentation, please explain the following:
  - a. Primary customers (e.g., counties, cities, private business);
  - b. Requirements to qualify for the grant (e.g., matching, etc.);
  - c. Process, step by step, for deciding which projects are awarded the grants; and
  - d. Who makes final decision on whether the grant is awarded (e.g., Department of Commerce, Coordinating Council, etc.).
28. Please list projects in the last four years that utilized one or more agency grants as a match to obtain another agency grant.

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<sup>4</sup> See PER response to question 15

**Grants/Funding (cont.)**

29. In regards to grant money rolling over as testified by agency representatives at the March 11, 2021 subcommittee meeting:
- Does it remain within the same bucket categories (e.g., LocateSC due diligence v. site enhancement v. strategic infrastructure, etc.)?
  - If not, please explain how much is allocated to each bucket at the start of a year, and how the money remaining at the end of the year is allocated.
30. Please list the data tracked for each grant the agency awards and explain why it is tracked.
31. When is the last time the agency reviewed the data it tracks for potential revisions?
32. In regards to the agency’s overall grant distribution strategy,
- Does the agency focus on utilizing as many grants as possible to get a few sites fully ready for a business to come in; OR
  - Does the agency attempt to spread the grants to as many different sites throughout the state as possible, even if that means some of those sites may still only be half ready; OR
  - Does the agency utilize some other strategy?
33. What are the internal objectives for each bucket of LocateSC grants (i.e., due diligence, site enhancement, and strategic infrastructure)?
34. Please provide a chart for each of the last four years, separated by county, with the list of grants available and dollar amounts to allow us to see the difference in total dollars available to different counties. Please provide any other separators in this data the agency feels is needed to accurately compare apples to apples between counties. An example chart for one year is provided below.

Fiscal Year 2020						
County	LocateSC Grant (total amount available statewide listed)	CBDG (total amount available statewide listed)	ARC Grant (only available in Anderson, Cherokee, Greenville, Oconee, Pickens, and Spartanburg)	Rural Development (only available to 14 counties)	Amounts available from other entities (PowerTeam, etc.), if unknown, include amounts provided by	Total
Abbeville	\$10,963,453	\$19,731,052	\$0	\$0		\$30,694,505
Aiken	\$10,963,453	\$19,731,052	\$0	\$35,000,000		\$65,694,505
Allendale	\$10,963,453	\$19,731,052	\$0	\$35,000,000		\$65,694,505
Anderson	\$10,963,453	\$19,731,052	\$3,679,518	\$0		\$34,374,023

35. For each type of funding/incentives that flows from or through the agency, outside those discussed in the agency’s “Setting the Table” presentation, please provide a chart with the following:
- Type of funding/incentive;
    - Requirements to qualify;
    - Process, step by step, for deciding which projects receive it; and
    - Who makes the final decision on which projects receive it (e.g., Department of Commerce, Coordinating Council, etc.)

***Marketable Sites***

36. Does LocateSC.com include sites only funded by LocateSC grants, or all sites, regardless of how they were funded (e.g., funded by CDBG grants, ARC grants, etc.)?
37. Please provide a list of ways in which the agency obtains information on sites available and an approximate percentage of the sites that come through each method.
38. During the subcommittee meeting, agency representatives testified they ran out or were running low on the number of sites available; however with the General Assembly's help in funding, were able to grow the number.
- What did the agency mean when it was running low on sites?
  - What type/condition of sites was it low on? Please be specific.
  - How many sites did the agency have when the General Assembly appropriated additional funding to assist with proactive site preparation and development in 2014?<sup>5</sup>
39. Please provide a list of categories the agency utilizes to group companies.
40. The agency's Program Evaluation Report notes infrastructure as a challenge and the state's lack of a funding mechanism to enable economic infrastructure independent of specific projects.<sup>6</sup> Please provide any agency recommendations regarding infrastructure funding as well as, if available, examples of states with infrastructure programs that have led to significant economic development and growth in both metropolitan and rural areas.
41. Please list opportunities the agency is aware of through which a county may obtain funding to improve the marketability of the county.

***Performance***

42. Secretary Hitt testified in the March 4, 2021, subcommittee meeting that the agency's two main objectives are to build tax base and pay rolls. Which of the agency's metrics best gauge its performance in achieving these two objectives?
43. In the Program Evaluation Report, the agency mentions it has developed a rural strategy to identify and initiate comprehensive solutions to increase the property tax base and provide stability in rural communities.<sup>7</sup>
- Please explain the strategy, and identify where it has increased the property tax base and, by how much.
  - If the agency is just beginning to implement the strategy, please identify the agency's target metrics for increased property tax base.

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<sup>5</sup> See, PER response in History section

<sup>6</sup> See PER response to question 10

<sup>7</sup> See PER response to question 10

***Future Presentations***

Please address the following in future agency presentations (i.e., include information in presentation slides):

- a. Outline the process for clawing back state incentives when a company fails to meet terms in an agreement, including parties and costs.
- b. Detailed explanation of the impacts of investments by a company compared to job creation.
- c. Proposed information the agency is willing to publish annually about the status of investment and job creation included in agreements and verified to have resulted.

In responding to these questions, please remember the Committee's expectations, which are provided in the Committee's Standard Practice 9. The Subcommittee looks forward to working collaboratively with the Department of Commerce during the oversight process. Thank you and your team for your service to the citizens of South Carolina.

Sincerely,

A handwritten signature in blue ink that reads "Bill Hixon". The signature is written in a cursive, slightly slanted style.

Representative William M. "Bill" Hixon  
Subcommittee Chair

cc: The Honorable Wm. Weston J. Newton  
Economic Development, Transportation, and Natural Resources Subcommittee