

Coordinating Council for Economic Development: Membership

The Coordinating Council for Economic Development (CCED) consists of the heads or board chairs of 11 state agencies concerned with economic development.

- ✓ SC Department of Commerce
- ✓ SC Ports Authority
- ✓ SC Department of Parks, Recreation & Tourism
- ✓ SC Department of Agriculture
- ✓ SC Technical College System
- ✓ SC Research Authority
- ✓ SC Department of Employment and Workforce
- ✓ SC Department of Revenue
- ✓ Jobs Economic Development Authority
- ✓ SC Department of Transportation
- ✓ Santee Cooper



Coordinating Council for Economic Development: Experience & Professional Staff*

CCED Board Members

- 5 with 10+ years
- 1 with 20 years mfg. experience
- 1 with 20 years Port experience
- 1 with 20 years investment industry experience
- 1 with 30 years economic development experience
- 1 with nearly 30 years at SCDOT

CCED Staff

- Director with 17 years (35 at Commerce)
- 1 with 25 years (27 at Commerce)
- Staff counsel with 12 years (plus 12 years prior corporate transactional experience)
- Chief Counsel with 22 years



**During HOC review period.*

Discretionary Grants

No set formulas, but there are general parameters for grant commitments that include the following:

- No more than \$10,000 per job
- No more than 10% of investment
- Investment goes into real property

**Unless project represents significant state impact and/or has special considerations.*



Discretionary Grants: Vetting

- Commerce Project Managers learn about and evaluate the company and the prospective project during the site selection process.
- CCED staff reviews and considers preliminary information such as:
 - Needs of project
 - Type of project
 - Number of new jobs
 - Amount and nature of investment
 - Proposed location of project
- If the project is consistent with economic development goals of the state and meets established evaluation criteria, the local government is invited to submit a formal application for funding.



Discretionary Grants: Application



- Once received, the application is processed by CCED staff and presented to the CCED at its quarterly meetings.
- The CCED has the discretion to approve or disapprove all funding requests and to negotiate funding terms and amounts.



Discretionary Grants: Approval/Agreement



- If funding is approved, a grant is awarded to the local government to assist with project costs.
- The company is required to enter into a Performance Agreement with the Coordinating Council for Economic Development (CCED) and local government.
- The Performance Agreement holds the company responsible for completing its project, as described in the application, and requires repayment of funds on a pro rata basis if the specific terms are not met.
- The company is required to create the number of jobs and investment levels set forth in the grant application within a period of time known as the “Grant Period” (generally within 5 years of the application approval date).
- For grant amounts greater than \$100,000, the company is also required to maintain the jobs and investment for an additional period of time, known as the “Maintenance Period.”

Discretionary Grants: Performance

Total Jobs & Investment by Year of Award

Year Awarded <input type="text"/>	Number of Grants	Total Awarded	Total Investment Requirement	Total Actual Investment	Total Jobs Requirement	Total Actual Jobs
2009	23	17,384,983	685,805,000	857,496,773	3,660	3,429
2010	33	21,963,936	1,515,649,000	1,744,099,123	6,064	5,322
2011	42	35,309,125	2,392,511,797	2,634,945,241	4,655	4,895
2012	51	32,437,841	2,372,434,834	2,666,185,431	6,725	6,499
2013	32	15,245,886	611,864,416	865,982,472	2,461	2,854
2014	38	30,369,468	1,676,029,350	1,865,732,859	5,067	5,730
2015	33	30,076,631	1,320,517,621	1,677,473,785	5,337	5,323
2016	1	100,000	5,015,200	7,738,907	29	108
2017	4	1,575,000	87,150,000	89,264,821	396	638
Grand Total	257	184,462,871	10,666,977,218	12,408,919,411	34,394	34,798
<i>Performance Above Minimums</i>				116%		101%

*Source: CCED 2020 Annual Report of Fund Activity. This chart reflects grants that are satisfied.

Discretionary Grants: Repayments/Clawbacks

- Performance agreements require repayment of all grant funds if a company:
 - Does not locate in South Carolina.
 - Fails to create any new jobs and make any investment in South Carolina.

- A company is required to repay a portion of the grant funds expended if it:
 - Creates jobs and/or makes investment but fails to meet the job requirement and/or the investment requirement.
 - Meets, but then fails to maintain, either requirement (if the company has a contractual maintenance requirement).

- The portion of grant funds required to be repaid is based upon the actual number of jobs created and/or investment made. In addition, a pro rata repayment for failure to meet either the job requirement or the investment requirement will be calculated, independently, with each calculation based on 50% of the grant funds expended.

GRANT FUNDS REPAYMENT CALCULATION	
Jobs Repayment	
Grant Funds Disbursed	\$100,000
50% Funds Allocated to Jobs Requirement	x 50%
	\$50,000
Only 80% of Jobs Requirement	x 20%
Jobs Repayment	<u>\$10,000</u>
Investment Repayment	
Grant Funds Disbursed	\$100,000
50% Funds Allocated to Invest. Requirement	x 50%
	\$50,000
Only 90% of Investment Requirement	x 10%
Investment Repayment	<u>\$5,000</u>
TOTAL Repayment	<u>\$15,000</u>

For example, if a company receives a \$100,000 grant and, at the end of its performance period, only creates 80% of the required jobs and makes 90% of the required investment, its repayment would be calculated as shown in table above.



Discretionary Grants: Examples of Project Evaluations

Example #1

During the performance period, the company, located in Tier 1 county, experienced a market downturn which led to decrease in employment below the base level at the time the application was approved. However, despite the downturn, the company had continued to grow and surpassed its investment requirement by 10 times the original commitment. In addition, the company was a strong corporate citizen for the county and had supported education in the area including donations to local universities.

Example #2

During the performance period, the company experienced substantial delays in construction due to unforeseen regulatory issues and was granted a one-year extension for performance. At the end of the period, the company had satisfied its investment requirement, but had only met approximately 50% of its job creation requirement. At that time, the company indicated it would be making an additional investment of \$140,000,000, so it was granted another extension. At the end of the extended performance period, the company had made the additional investment, which brought the project's total investment to \$340,000,000. Due to the fact that the company nearly doubled its investment, the Coordinating Council for Economic Development agreed to waive repayment for the job creation shortage.

**These are examples of some grants for which the project was evaluated by the CCED, and the performance was deemed fulfilled in 2020. The company name, county and exact job and investment numbers have been removed.*



Discretionary Grants: Examples of Project Evaluations

Example #3

The company exceeded job requirement during its performance period and maintained for a year before reducing by about 15%. The company never reached its full investment requirement. In consideration of the company being located in a Tier IV county and because the company had created up to 47 jobs and had maintained at least 38 for three years, the Coordinating Council for Economic Development agreed to accept performance and waive repayment.

Example #4

The company located in a Tier IV county in a building with a lease agreement with option to purchase. The building was purchased, and renovated using RIF funds. The company met both the investment and job requirements, but failed to maintain the jobs as required. SC Commerce had another project interested in the site. The company agreed to terminate the lease, release its option to purchase, discharge any outstanding liens or claims and indemnify the state and county against any claims occurring on the property in exchange for a waiver of the repayment amount. Another company has already located in this building, has hired over 100 employees and continues to grow.

**These are examples of some grants for which the project was evaluated by the CCED, and the performance was deemed fulfilled in 2020. The company name, county and exact job and investment numbers have been removed.*



GEAR Program

- The Governmental Enterprise Accounts Receivable (GEAR) program is a flexible debt collection service provided to state agencies by the S.C. Department of Revenue (DOR).
- GEAR collection efforts include:
 - Use of tax liens;
 - Levy of bank accounts;
 - Revocation of licenses.
- SC Commerce is now working with DOR to utilize this program to recover outstanding repayments of grant funds owed to the Coordinating Council for Economic Development by delinquent business entities that have failed to meet the requirements set out in their performance agreements.

