



Final Report and Recommendations For
Expenditure of Federal Funds

August 24, 2021

On April 20, 2020, Governor Henry D. McMaster created accelerateSC to serve as the coordinated COVID-19 advisory team. The team was created to consider and recommend economic revitalization plans for South Carolina and consisted of five total components. Four of those components—Response, Protection, Governance, and Resources—consist of accelerateSC team members, and the fifth—Information—focused on disseminating recommendations to our state’s citizens and businesses. Each component carried the dual mandate of identifying specific issues created by COVID-19 and analyzing solutions and assets that will be employed to respond to those issues. Team members were asked to employ open lines of communication, collaboration, and cooperation among themselves and assisting stakeholders as this approach was necessary for accelerateSC to recommend a phased, healthcare and medical data-driven path that will *safely* revitalize South Carolina’s economy. Governor McMaster has continued to emphasize that we should move in a safe and smart manner reflective of good personal choices.

On March 27, 2020, President Donald J. Trump signed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) in response to the economic destabilization created by COVID-19.¹ On May 24, 2020, accelerateSC submitted a Final Report and Recommendations (the “Report”) to Governor McMaster. Governor McMaster accepted the Report and submitted the Report and associated recommendations to the General Assembly for further action consistent with the Senate and House authority under our state Constitution and statutory authority. The General Assembly took specific actions to address the policy issues in the Report, and it also authorized expenditures of CARES Act funding, and related appropriations, in Acts 116, 135, 142 and 154 of 2020.² To date, all funds sent to South Carolina in the CARES Act have been expended or committed.

On March 11, 2021, President Joseph R. Biden, Jr. signed the American Rescue Plan Act (“ARPA”).³ ARPA was passed to speed up recovery from the economic and health impacts of the COVID-19 pandemic. Governor McMaster engaged the members of accelerateSC, specifically the Resources Component, along with additional members from the other components, to make recommendations regarding funds sent to South Carolina as part of the ARPA. The Department of Administration and the Executive Budget Office served as coordinating agencies for the Resources component.

In carrying out its mission, the Resources component of accelerateSC held four (4) meetings, which were all open to the public. Each meeting accepted both oral testimony and written recommendations from state leaders and officials from a cross-section of our state, including: business, healthcare, education, tourism, state political subdivisions, and public interest organizations. The Executive Director/Chair of the accelerateSC team then incorporated this information into its recommendations.

The accelerateSC team was focused on developing recommendations that would have a long-term, positive impact on the citizens of South Carolina and to continue the state’s economic resurgence in light of the negative effects of COVID-19. In each instance, the accelerateSC team sought to

¹ Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136 (2020).

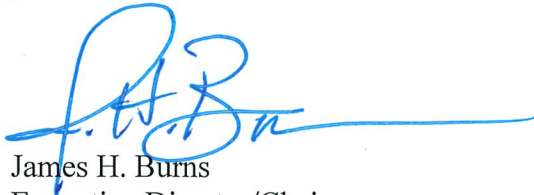
² See generally <https://www.scstatehouse.gov/listofacts.php?O=&Y=2020> (last visited Aug. 22, 2021).

³ American Rescue Plan Act of 2021, Pub. L. No. 117-2 (2021).

apply a business case analysis to identify the potential return on investment for expenditure of ARPA funds. While this report does not address every issue or every recommendation necessary for continued economic resurgence in South Carolina amidst the COVID-19 pandemic, it does seek to identify—in the time and scope of accelerateSC— those issues that seek to have generational, positive impact for the state of South Carolina, along with issues that will need to be addressed for South Carolina’s continued prosperity.

As we continue to address the issues surrounding the effects of the COVID-19 pandemic, strict attention must be given to the citizens and communities that have suffered due to this terrible disease. Vaccines have been distributed by three separate pharmaceutical companies—Moderna, Pfizer and Johnson & Johnson—and are available for individuals age twelve (12) and up. Citizens should speak with their physicians and medical professionals when seeking advice related to COVID-19. COVID-19 remains a threat to our state and communities as the virus constantly changes through mutation, and it remains imperative that all citizens proceed with their lives in a safe and cautious manner.

South Carolina’s future remains bright, and we believe in her people as they continue to be the state’s greatest resource. The members of accelerateSC thank Governor McMaster for giving us the opportunity to serve our great State that we love so dearly and of which we are deeply proud.



James H. Burns
Executive Director/Chair

RESOURCES COMPONENT

In the Spring of 2020 when the Governor formed accelerateSC, the Resources component was challenged to identify processes and appropriate metrics for disbursing federal funds and to ensure transparency and accountability of all disbursed federal funds in consultation with appropriate stakeholders. The Resources component met this challenge and made recommendations to Governor McMaster that the General Assembly ultimately acted upon to address the impact of COVID-19.

In order to evaluate possible recommendations for allocation and authorization of ARPA funds, the Resources component is well suited to accomplish this task. The following members of accelerateSC served on the Resources component:

- Senator Greg Ryberg (Ret.)
- James Bennett – Mid-South Area Executive Vice President, First Citizen’s Bank
- Fred Carter, PhD – President, Francis Marion University
- Bob Hughes – Chairman, Hughes Development Corporation
- Nicky McCarter – President and CEO, Defender Services

In order to evaluate and consider recommendations related to expenditure of ARPA funds, the following members from other accelerateSC components also participated:

- Tiffany Freeman, Esq. – Senior Public Counsel for Government Affairs, BlueCross BlueShield of South Carolina
- Helen Hill – CEO, Explore Charleston
- Lou Kennedy – CEO and Owner, Nephron Pharmaceuticals
- Pamela Lackey – Retired President, AT&T of South Carolina
- Akil Ross, PhD – Owner, HeartEd LLC and Interim Superintendent, Lexington/Richland Five School District
- Councilman Tyler Servant – Horry County Council
- Mayor Knox White – City of Greenville

Governor McMaster and Lieutenant Governor Pamela Evette served as our state’s leadership team for the Resources component. Commissioner Hugh Weathers, S.C. Department of Agriculture also contributed to accelerateSC’s work. The following organizations presented information to the Resources Component for consideration: Executive Budget Office, Department of Administration, Department of Agriculture, Department of Commerce, Department of Employment and Workforce, Department of Parks, Recreation and Tourism, Department of Transportation, Starlink, a division of SpaceX, State Law Enforcement Division, S.C. Emergency Management Division, S.C. Office of Regulatory Staff, S.C. Ports Authority, S.C. Rural Infrastructure Authority, S.C. Technical College System, S.C. Association of Counties, S.C. Municipal Association, and Together SC.

First, the Resources component received information on the various appropriations and grants authorized by ARPA. The Executive Budget Office prepared Enclosure 1 outlining approximate funds allocations to the state of South Carolina. Based upon a review of ARPA, the Resources

component determined that there were two specific parts of ARPA: the State Fiscal Recovery Fund (“SFRF”) and the Capital Projects Fund (“CPF”) for which each state has discretion over the allocation of funds. For South Carolina, the amount of the SFRF is approximately \$2.499 billion and the CPF is approximately \$188 million. All other components of the ARPA are direct grants to counties, metropolitan cities, non-entitlement units (municipalities) through the Local Fiscal Recovery Fund, specific state agencies or federal programs. Examples include:

- Local Fiscal Recovery Fund: Counties-\$1 billion; Metropolitan cities-\$191 million and Non-entitlement units (Municipalities)-\$435 million.
- Elementary and Secondary School Relief Fund III were direct grants to state educational agencies to cover costs associated with COVID-19. The South Carolina Department of Education received approximately \$2.11 billion from this program with ninety percent (90%) allocated to school districts and ten percent (10%) retained at the agency. Non-public schools are also appropriated funding as well.
- Higher Education Emergency Relief Fund III provided direct grants to public, private and for-private higher education institutions to cover costs associated with significant changes to the delivery of instruction due to COVID-9. At least fifty percent (50%) of the funds had to provide emergency financial aid to students, including food, housing, course materials, technology, health care and childcare. South Carolina received approximately \$523 million.
- Small Business Assistance through various programs: Community Navigator Pilot Program, Economic Injury Disaster Loans, Payment Protection Program, Restaurant Revitalization Program, Shuttered Venues Operators Program and State Small Business Credit Initiative.

Collectively, the allocation of ARPA funds for South Carolina total approximately \$8.89 billion. ARPA

First, the Resources component determined allowable expenditures pursuant to ARPA. The United States Department of the Treasury (“Treasury”) is working with states to provide ongoing guidance to identify permissible expenditure of funds. More specifically, on May 17, 2021, Treasury issued an Interim Final Rule to implement Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund.⁴ Examples of permissible uses of ARPA funds include:

- Support for the state’s public health response to COVID-19;
- Broadband infrastructure and expansion;
- Investment in water and sewer infrastructure for modernization efforts and resiliency;
- Support for key industries, like tourism, specifically impacted by the COVID-19 pandemic;

⁴ United State Department of the Treasury. “Coronavirus State and Local Fiscal Recovery Funds.” 31 C.F.R. 35 (May 17, 2021).

- Replacement of state general fund revenue attributable to the public health emergency;
- Any expense allowed under the CARES Act Coronavirus Relief Fund;
- Addressing educational disparities and educational deficiencies by providing new or enhanced services or supplemental assistance to address the same; and
- Assistance to businesses and non-profits impacted by COVID-19.⁵

The timeline for authorization and expenditure of ARPA funds is substantially longer than the timeline for the CARES Act. Funds may be used for allowable expenses incurred between March 3, 2021 – December 31, 2024. For certain infrastructure projects, this timeline may be extended until December 31, 2026.

Accountability and Transparency

Accountability and transparency in the expenditure of federal funds received through the ARPA are fundamentally essential to ensure that the investment of taxpayer funds address the economic and health impacts of COVID-19 in South Carolina. Specifically, South Carolina must coordinate the expenditure of funds across multiple federal funding programs and sources and must validate that expenditures are made in full compliance with federal law. Moreover, those federal funding sources that pre-date the ARPA must be used first in order to maximize the use of funds in South Carolina.

Expenditure Recommendations

Recommendation 1 – Third-Party Vendor – Up to \$10,000,000

The Resource component recommends that the State, in conjunction with coordination through the Department of Administration, continue to use Guidehouse as the grants manager to assist in validating expenditures and coordinating reimbursements and to ensure that ARPA funds are expended pursuant to federal law and Treasury Guidelines.

Recommendation 2 – Broadband Expansion – \$490,748,709

The lack of a comprehensive broadband system in South Carolina is more evident due to the COVID-19 pandemic. The lack of broadband for South Carolina impacts the entire education continuum, availability of telemedicine and telehealth for those in rural communities, and the impact on businesses. In the initial accelerateSC Report, the Resources component recommended using over \$100 million in CARES Act funding to address this digital divide, to include a state

⁵ See <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>. (last visited August 22, 2021). Importantly, this list is not meant to be exhaustive, and Treasury guidance to states regarding acceptable expenditure of funds is ongoing. Additionally, initial Treasury guidance prohibited ARPA funds from being used to offset net tax revenue or extraordinary payments to a pension fund. Active litigation by states and other political subdivisions is ongoing and the results of this litigation may negate these initial prohibitions.

broadband mapping plan, in South Carolina. Governor McMaster agreed and forwarded this recommendation to the General Assembly.

Using CARES Act funding, the General Assembly made considerable gains in addressing the “broadband problem.” More specifically, through Act 142 of 2020, the General Assembly authorized the S.C. Office of Regulatory Staff (“ORS”) to expend up to \$50 million to address broadband initiatives in South Carolina. Through the Online Learning Initiative, ORS procured over 100,000 mobile hotspots and wired internet service for qualifying student households to ensure continuity of education for those students in need. ORS hired CostQuest Associates, Inc. to develop a broadband map including address specific data to identify gaps in broadband service. Finally, ORS funded approximately 80 applications in 27 counties to expand broadband access to almost 20,000 structures by using 14 different companies to complete these projects. Much work is left to be completed.

ORS estimates that over 166,000 structures in South Carolina still do not meet the minimum requirements for 25/3 service—this is a speed of 25 mbps for download and 3 mbps for upload to the internet. Pursuant to 2020 U.S. Census data, over 401,000 South Carolinians do not have access to broadband service that meets the 25/3 requirement. ORS anticipates that private industry will invest over \$202 million in broadband expansion, but not enough to completely address the problem. Moreover, additional federal funds exist, like the FCC Rural Digital Opportunity Fund, and additional federal funds directly appropriated for broadband may be part of future legislation, and those funds must be considered when making any allocation of ARPA funds. Any allocation of funds should include those funds necessary for a digital literacy campaign and a “Last Mile Fund” for the hardest to reach areas. Waiting for future potential funding and making a six-year plan for serving those households will subject South Carolina to risks of cost increases and budget changes. That means the state will risk a current sixth grade student graduating from high school without ever having had broadband access. With these funds available now and new technologies available, we make this recommendation to completely fund broadband access for South Carolinians in a much shorter timeframe.

The Resources component recognizes the strategic importance of using different technologies to approach the broadband issue in a timely and more budget-friendly manner. Using different technologies is significantly more important as the state considers the substantially higher costs to connect citizens with broadband in our most rural communities. The last mile to connect, as well as the costs to provide service, is an important variable in the broadband decisional calculus. Accordingly, the Resources component strongly urges the state to consider both a “wired” approach and a “wireless” approach to solving this problem. Starlink, a division of SpaceX, for example, indicates a willingness to conduct a 500-household beta test in order to show the efficacy of providing broadband access via satellite. The Resources component recommends that ORS, in conjunction with the S.C. Department of Education, identify those geographically diverse addresses in the hardest to serve areas that includes school-age children be selected for this beta test. Without a wireless component to our broadband strategy, it has been estimated that hard to reach locations in South Carolina would be without internet access until 2025 or later. The wireless beta test, if successful, may move that outreach up to a 2022 - 2023 time frame. This would be a priceless return to the education of those South Carolinians that are presently outside the band of acceptable internet service. If this beta test, or another wireless option, is successful and the

wireless solution is cost efficient, then the state should consider a greater allocation to this broadband solution.

The Resources component's recommended allocation is predicated on a comprehensive and fair legislative plan that addresses both public and private broadband operators. In accelerateSC's first Report in May 2020, we addressed this issue, and by addressing this a second time herein, almost verbatim, should show the importance of there being a level playing field for all parties. At a minimum any additional broadband legislation needs to recognize the extensive investments already made by private capital. The money that the operators spent was entrepreneurial. Their investments should not be compromised by an unfair public/private agreement, even one that is meant to address the final buildout of South Carolina's broadband infrastructure. A legislative favoring of future broadband involvement by either the public or private sectors would send a negative signal to future private capital investments in South Carolina.

Recommendation 3 – Business Grant Program/UI Trust Fund– \$250,000,000

In 2020, the S.C. Department of Employment and Workforce (“SCDEW”) received approximately \$835 million in CARES Act funds to help restore the state's unemployment insurance (UI) Trust Fund balance. Receipt of these funds removes the burden of rebuilding the trust fund from the backs of businesses in future years through higher taxes. These funds allowed South Carolina to freeze UI tax rates in 2021 at their 2020 levels without jeopardizing the health of the Trust Fund.

As of July 9, 2021, the UI Trust Fund had a balance of over \$1.178 billion. Pursuant to ARPA, the UI Trust Fund cannot receive any additional funding as the current balance is higher than the balance it had as of January 27, 2020—\$1.089 billion.

Although the UI Trust Fund cannot receive any additional ARPA funds, small businesses are still trying to recover from the pandemic-induced recession of 2020. The latest employment statistics show employment levels nearly four percent below their pre-pandemic levels, and more than individuals remained unemployed.

The Resources component then considered the viability of a small business grant program to assist those businesses that have been impacted by COVID-19. In consultation with SCDEW and the S.C. Department of Commerce (“Commerce”), a number of different variables were considered in order to positively impact as many South Carolina businesses as possible. During the course of our deliberations, we determined that a number of pre-existing federal programs—Paycheck Protection Program and Economic Injury Disaster Loan Program—and new programs under ARPA—Restaurant Revitalization Program, Shuttered Venue Grant Program, Community Navigator Pilot Program and State Small Business Credit Initiative—existed to help businesses as a result of the COVID-19 pandemic.

We understand that the timeline for expenditure of ARPA funds is longer than the timeline in the CARES Act. The Resources component also understands that circumstances may change over the next three years and being prudent stewards of financial resources, the state should keep a keen eye on possible economic issues that may come across the horizon. Accordingly, the Resources component recommends that \$250,000,000 be set aside for later use to fund a small business grant program, or to replenish the UI Trust Fund should circumstances dictate those expenditures.

Recommendation 4 – State Matching Program for Water, Sewer and Wastewater Infrastructure Grants – \$400,000,000

The S.C. Rural Infrastructure Authority (“RIA”) has been conducting a statewide assessment of water utility needs and challenges this year. The purpose of the study is to identify strategies that will help utilities of all sizes achieve long-term viability through regional partnerships, where practical. In general, the state’s infrastructure is becoming old and outdated. The average age of systems with recurring needs is 47 to 50 years old, and system components have exceeded their useful life. Smaller utilities and those in less populated areas struggle to pay for improvements that will protect public health and the environment. Other utilities are experiencing growth and need to increase capacity. The need to modernize and upgrade is prevalent statewide, and the costs are significant. The Resources component believes investing in critical water, sewer, and wastewater infrastructure has the propensity for long-term positive impact on our communities in South Carolina. The following are need indicators:

- In the last five years, RIA approved almost \$750 million in grants and low interest loans statewide for water, wastewater and stormwater infrastructure.
- In the past five years, \$2.6 billion in grants and loans were awarded in South Carolina by several state and federal funding agencies (including RIA), with another estimated \$130 million in unfunded projects.
- RIA is conducting a survey of water, wastewater and stormwater utilities to assess funding needs over the next five years. While the information is still being collected, to date, there are 38 responses identifying in excess of \$1.15 billion in funding need for specific projects that could be completed by 2026.
- The 20-year estimate of infrastructure needs is \$15 billion, based on previous USEPA needs surveys (adjusted to 2021 dollars).

There are 310 water and 328 wastewater systems, many of which are operated jointly, throughout the state. Most are owned and operated by local governments or Commissions of Public Works. Roughly one-third of water and sewer systems are owned by special purpose districts or authorities that are not directly allocated any local fiscal recovery funds.

ARPA specifically identifies water, wastewater and stormwater infrastructure as an eligible activity. This funding offers a unique opportunity to invest in long-term capital improvements that will strengthen critical services to residents and businesses across the state, create more resilient communities and build the capacity to support economic and growth opportunities for the future.

To distribute such funds equitably based on established priorities and other parameters such as those outlined herein, a competitive funding program should be established and administered by RIA in a manner similar to its current grant program administration.

Priorities would be similar to those for RIA’s current grant programs, subject to the requirements outlined in Treasury guidance for ARPA:

- Implementing projects that address long term needs impacting multiple water/sewer systems (regional solutions);
- Addressing issues that are negatively impacting public health or the environment;
- Replacing aging infrastructure; and
- Building capacity to serve growing populations or economies.

To ensure equitable distribution of funds, the following additional factors should be considered:

- Demonstrated financial need;
- Ability to meet program completion deadlines;
- Geographic diversity;
- Access to local fiscal recovery funds; and
- Ability to leverage state fiscal recovery funds and maximize impact.

Most of RIA’s current grants only pay for construction costs, and applicants pay for non-construction costs such as engineering. This approach ensures buy-in for the project and maximizes resources. Those counties and municipalities receiving ARPA funds can leverage other non-federal funds with a state matching program. In addition, applicants within Tier I and II counties, as designated by the S.C. Department of Revenue, are required to contribute at least 25% of the construction costs. However, given the federal deadlines for fund obligation and that local fiscal recovery funds cannot be used as “match” for state fiscal recovery funds, this may not be practical. However, leveraging of other funds could be a competitive factor.

A large grant award maximum (\$5 million-\$10 million depending on funding availability) would facilitate swift obligation of funds and encourage high-impact projects. A portion of the funds could be reserved for projects located in Tier III and IV counties, or other areas meeting the same distress criteria, to provide funding opportunities for smaller utilities.

Depending on Treasury guidelines regarding the extension of the timeline to December 31, 2026 for ARPA fund expenditure for infrastructure projects, the General Assembly should consider additional investment in this program.

Recommendation 5 – Cybersecurity for Water and Wastewater – \$72,466,000

Water, sewer and wastewater infrastructure are critical to the safety and security of South Carolina’s citizens. To be sure, cyber threats against this critical infrastructure are ever present and present real threats to South Carolina. In June 2021, a State-of-the-Sector report released by the Water Information Sharing and Analysis Center showed that only twenty-three percent (23%) of organizations in the Water and Wastewater Sector conducted annual risk assessments on their IT/OT networks. However, while nearly seventy-five percent (75%) of organizations reported they have implemented efforts towards cyber protection efforts, twenty-five percent (25%) of organizations experienced no progress or no plans to conduct cyber protection efforts. The report further illustrated the lack of funding for critical IT support as eighty-four percent (84%) of organizations polled spent five percent (5%) or less of their budget on IT related cybersecurity.

By Executive Order 2017-08, Governor McMaster established the South Carolina Critical Infrastructure Cybersecurity (“SC CIC”) Program in order to deliver comprehensive cybersecurity services and to support vital and critical infrastructure. The SC CIC Task Force and advisory panel members have developed a robust strategy to address the critical needs identified in the ISAC 2021 report that will greatly enhance statewide cybersecurity posture and resiliency across the sector. This strategy uses the National Institute of Standards and Technology’s Cybersecurity Framework as a guide: Identify, Protect, Detect, Respond, and Recover.

- **Identify:** Onsite comprehensive risk assessment, IT/OT architectural review, and vulnerability scanning. - \$6,365,000
- **Protect:** Conduct phishing campaigns, cybersecurity training, obtain IT/OT security training vouchers, perform cyber tabletop exercises. - \$3,135,000
- **Detect:** Malware analysis tool, increased threat intelligence platform, endpoint detection and response - intrusion detection system enhancements, and adversary training and response emulation platform. - \$28,243,500
- **Respond:** Professional cybersecurity services with third party incident response. \$2,137,500
- **Recover:** Water & Wastewater Sector organizational infrastructure enhancements with SCARNG 125th Cyber Protection Battalion support, and annual cybersecurity conference. - \$32,585,000

The Resources component believes it is imperative as the state upgrades critical infrastructure that upgrades includes hardening the cybersecurity of these important utilities.

Recommendation 5 – Workforce Development – \$36,000,000

In January 2021, Governor McMaster awarded \$8 million in Governor’s Emergency Education Relief (“GEER”) Funds from the CARES Act to the S.C. Technical College System. The funds provide scholarships to South Carolina residents ages 18 or older to cover the cost of training as well as required course materials and assessments. Due to increased demand for the program, in August 2021, Governor McMaster awarded an additional \$4 million in GEER Funds to this initiative.

As of July 31, 2021, 2,276 South Carolinians have enrolled in classes. In the future, the South Carolina Technical College Systems anticipates that an additional \$12,000,000 per year over the next three years would provide approximately 4,800 individuals annually the opportunity to be retrained and to be employed in high-demand careers at a cost of **\$36,000,000**.

Individuals can earn an industry-recognized credential and/or certificate in an approved critical workforce area, including the following training programs:

Healthcare

- Administrative Medical Assistant
- Bookkeeping Administration
- Certified Clinical Medical Assistant
- Certified Nursing Assistant (CAN)

EKG/ECG Technician
Emergency Medical Technician (EMT)
Health Unit Coordinator
Home Health Aide
Medical Billing & Coding
Medical Scribe Specialist
OSHA (Occupational Safety and Health Administration) Certification
Paramedic
Patient Care Technician
Pharmacy Technician
Phlebotomy
SHRM (Society for Human Resources Management)
Vet Assistant

Computer Technology and Information Technology

Bookkeeping Administration
CompTIA (Computing Technology Industry Association) A+ Certification
CompTIA (Computing Technology Industry Association) Security + Certification
Drone Pilot Training
Microsoft Office Specialist
OSHA (Occupational Safety and Health Administration) Certification
SHRM (Society for Human Resources Management)
Web Developer

Advanced Manufacturing

Bookkeeping Administration
Certified Quality Inspector
Forklift Operator
LEAN Six Sigma (Yellow Belt/Green Belt/Black Belt)
ManuFirstSC (Manufacturing Technician)
MSSC (Manufacturing Skill Standards Council) Logistics Certification
MSSC (Manufacturing Skill Standards Council) Certified Production Technician
Certification
OSHA (Occupational Safety and Health Administration) Certification
Project Management
SHRM (Society for Human Resources Management)

Hospitality/Tourism Management

Bookkeeping Administration
Culinary
OSHA (Occupational Safety and Health Administration) Certification
Project Management
SHRM (Society for Human Resources Management)

Construction

Basic Constructions Skills
Bookkeeping Administration
Electrical Assistant
Firefighter Certification
Heavy Equipment Operator
Lineman Technician
OSHA (Occupational Safety and Health Administration) Certification
Plumbing Assistant
Project Management
SHRM (Society for Human Resources Management)
Welding

Transportation, Distribution and Logistics

Bookkeeping Administration
Commercial Driver's License (CDL)
Forklift Operator
OSHA (Occupational Safety and Health Administration) Certification
SHRM (Society for Human Resources Management)

Criminal Justice and Corrections

Bookkeeping Administration
Digital Court Reporting
OSHA (Occupational Safety and Health Administration) Certification
Project Management
SHRM (Society for Human Resources Management)

Early Care and Education

Bookkeeping Administration
OSHA (Occupational Safety and Health Administration) Certification
Project Management
SHRM (Society for Human Resources Management)

Human Services

Bookkeeping Administration
OSHA (Occupational Safety and Health Administration) Certification
Project Management
SHRM (Society for Human Resources Management)

The Resources component also recommends that the S.C. Technical College System consider the viability of certification programs related to broadband expansion and water, sewer, and wastewater infrastructure projects consistent with increased opportunities in those critical sectors.

Recommendation 6 – Supplemental Educational Services - \$50,000,000

Since the COVID-19 pandemic began, K-12 public education has received approximately \$190 billion in three rounds of funding through the Elementary and Secondary School Emergency Relief (“ESSER”) Fund. The following chart identifies all federal funds that have been allocated to K-12 public education in South Carolina and the source of those funds.⁶

Program Name	Federal Law	Allocation to Districts	Allocation to SC Department of Education	TOTAL Allocations	TOTAL Expenditures (As of 6/30/2021)
Coronavirus Relief Fund	CARES Act of 2020	\$222,700,000	N/A	\$222,700,000	\$222,657,400
ESSER I	CARES Act of 2020	\$194,505,715	\$21,805,443	\$216,311,158	\$141,690,857
ESSER II	CRRSA of 2020	\$845,949,115	\$94,471,667	\$940,420,782	\$4,362,834
ESSER III	American Rescue Plan Act of 2021	\$1,900,846,338	\$211,205,149	\$2,112,051,487	\$0
TOTAL		\$3,164,001,168	\$327,482,259	\$3,491,483,427	\$368,711,091

Regarding the ESSER III funds, which comprise the largest allocation, ARPA requires that school districts spend at least 20% of their funds to address learning loss through the implementation of evidence-based interventions and ensure that those interventions respond to students’ social, emotional, and academic needs and address the disproportionate impact of COVID-19 on underrepresented student subgroups.

ARPA requires that the state, the South Carolina Department of Education, spend:

- at least 5% on evidence-based practices to address learning loss;
- at least 1% on evidence-based summer learning opportunities; and
- at least 1% on evidence-based extended day programs.

Congress also allocated federal monies to private schools through the Emergency Assistance to Non-Public Schools (“EANS”) Program for COVID-19 related expenses. SC is projected to receive \$39,981,327 in EANS funds authorized by the CRRSA Act of 2020 and an additional \$40,560,267 through ARPA. By federal law, the S.C. Department of Education administers these funds.

⁶ See <https://www.admin.sc.gov/budget/covid19> (last visited July 14, 2021).

The Resources component recognizes the negative impact COVID-19 has had on our students and their parents. The objective of this recommendation is to accelerate learning for students whose academic endeavors have been negatively impacted by the pandemic and to give parents a choice in the educational services needed to meet their child's individual academic needs.

ARPA funds can be allocated to assist households and to address educational disparities exacerbated by COVID-19, including educational services like tutoring or afterschool programs.⁷

This year Louisiana, Florida, and Ohio enacted state programs to support students struggling academically by giving parents greater choice over the services provided. For example:

- Florida created the Reading Scholarship Account program for parents of struggling young readers in grades 3 through 5. The funds can be used to purchase instructional materials, curriculum, tutoring services, summer education programs and for after-school education programs.
- Louisiana enacted House Bill 85 that offers parents of struggling readers access to \$1,000 in reading scholarship accounts. Parents can use these funds to pay for part-time tutoring, summer and after-school literacy programs, instructional materials, etc.
- Ohio created an Afterschool Child Enrichment savings accounts whereby students in low- and middle-income families could receive up to \$500 per child in grants for various enrichment and educational activities and services

ARPA funds can be used to establish a similar grants program whereby students enrolled in public or private schools in kindergarten through eighth (8th) grade who are reading below grade level or performing below grade level in mathematics as determined by: formative assessments, the state summative assessment, or by recommendations of a classroom teacher – could receive funds for educational services like tutoring or afterschool programs. Priority would be given to the lowest performing, economically disadvantaged students. The maximum grant award would be \$1,000 per student per school year. The Resources component recommends that the Department of Administration administer the program, in collaboration with the South Carolina Department of Education. Supplemental educational services include:

- Instructional materials and curriculum;
- Tutoring services;
- After-school education programs; and
- Summer education programs.

⁷ See <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf> (last visited August 22, 2021).

Recommendation 7 – Schools of Innovation – \$15,000,000

In 2021, South Carolina enacted Act 20, which allowed school districts to create multiple schools of innovation within their district. These state funds can be used to facilitate the creation of additional schools of innovation throughout our state, especially in rural South Carolina. Through a competitive grants process, schools with the support of their district and local school board, of trustees, districts would apply for funds to purchase curriculum, instructional materials, professional development, etc., needed to transform existing schools into schools of innovation. Because ARPA funds can be used to address educational disparities, along with the previously allocated state funds, South Carolina can invest “seed money” in schools of innovation. The Resources component believes schools of innovation can assist with addressing these educational disparities.

Governor McMaster and the leadership of the General Assembly can appoint individuals to a committee to develop the applications, the review process, review the proposals, and award the grants. An individual school can receive an award between \$500,000 and \$1,500,000. In making the award, the committee would consider the index of taxpaying ability of the school district in which the school resides. The Department of Administration can provide support to the committee.

Recommendation 8 – Educational Dashboard – Up to \$10,000,000

Now more than ever, South Carolina must make systemic and transformative improvements in education from kindergarten readiness to college and career readiness. Prior to the pandemic, too few of our children were performing at sufficient educational levels to sustain our state’s economic advantage. Coming out of the pandemic, the challenge is even greater and the investment of resources even larger. Good decisions start with good data.

The Resources component recommends creating an online educational dashboard to house this data. The online dashboard can be housed by the Education Oversight Committee, in collaboration with the S.C. Department of Education and the Revenue and Fiscal Affairs Office. The dashboard would use existing data already collected by school districts and publicly reported to document educational attainment and growth as well as financial expenditures of state, local and federal funds. No personally identifiable information would be housed in the dashboard.

The dashboard would result in increased public accountability and transparency over resources allocated to education and their impact on outcomes. The dashboard would also highlight best practices in districts that are seeing significant educational growth. The dashboard also allows for collaboration between school districts to share information and strategies for improving educational outcomes.

Recommendation 9 – Navy Base Intermodal Facility (NBIF) and Container Barge Infrastructure – Up to \$350,000,000

South Carolina’s successful supply chain is a direct result of the strategic investments made in port infrastructure that allows South Carolina Ports to handle bigger ships and more cargo. Over the

last five years, South Carolina has invested to deepen Charleston Harbor to fifty-two (52) feet, build the first container terminal in the country since 2009, modernize an existing container terminal and build two inland port facilities.

Additionally, our world class port system is a tremendous economic engine for the state, responsible for 1 in 10 jobs and a \$63.4 billion annual economic impact statewide. Moreover, port jobs pay 32% higher than the average state wage, creating additional high-wage jobs for South Carolinians.

The importance of having a world-class port system in South Carolina cannot be overstated, and it takes an incredible amount of investment to remain competitive as a Tier 1 port. This significant progress with our port infrastructure has led to:

- Volume growth above the market, with cargo volumes doubling in 10 years.
- Increase in the number of containers moving via rail rather than long-haul truck; 25% of cargo moves by rail, up from 12%, equating to 350,000 rail containers handled per year.
- Attraction of world-class brands, such as mega retailer Walmart and wine producer Gallo, as well as export transload businesses and agricultural products.
- Continuous support of growing S.C. companies, such as BMW and Michelin.

When companies look to locate on the East Coast, they look for sites near Tier 1 port systems and investigate that state's supply chain capabilities. A major container port in the Southeast is expected to have:

- Near-dock rail.
- The ability to move containers to and from rail without the use of public roadways.

Without the necessary marine terminal capabilities and competitive rail options, the S.C. port system will be removed from consideration.

The state has been discussing a new rail intermodal container transfer facility since 2007, and it is critical to deliver this project now if we wish to remain competitive as a port and as a state.

The Navy Base Intermodal Facility ("NBIF") will provide near-dock rail that would be dual-served by two Class I railroads. The rail-served intermodal container yard cargo will efficiently move goods to and from the Port of Charleston. Intermodal container rail infrastructure is critical to locational decisions of large distribution facilities.

Without the timely construction of the NBIF, we will not be able to efficiently handle as much cargo via rail for our customers, and this will detract from us being a "must call" port.

S.C. Ports also looks to operate a container barge operation to ferry cargo between terminals as a creative solution to truck capacity constraints. The critical widening of I-526 to Long Point Road is not scheduled to be realized for another 10 years. Based on current volumes, S.C. Ports estimate it can move between 175,000 and 200,000 containers by barge from Wando Welch Terminal to the proposed NBIF. The barge operation creates environmental benefits by reduced fuel

consumption, air emissions, and noise pollution, and provides a reliable alternative for supply chain fluidity.

Utilizing both the second berth at Hugh K. Leatherman Terminal and the Navy Base Intermodal Facility to operate a container barge will benefit the region and the state's supply chain.

S.C. Ports submitted a \$550 million state funding request to support the development of the Navy Base Intermodal Facility and the container barge infrastructure. In Senate Bill 491, the Senate approved a bond bill to pay for these projects. However, the General Assembly's decided to appropriate \$200 million in non-recurring funds in the FY2021-2022 General Appropriations Act to support these projects. The remaining \$350 million would be spent on site construction, supporting road infrastructure, and a connecting drayage road. In light of having ARPA funds available for these projects, the Resources component does not recommend passage of S. 491, but rather the General Assembly should use ARPA funds.

Importantly, S.C. Ports should provide significantly more details on these projects. The General Assembly should consider a graduated approach to appropriating the funds based on project completion. Notwithstanding, the investment of up to \$350,000,000 will have a long-term positive impact on South Carolina.

Recommendation 10 – Department of Parks, Recreation and Tourism – Tourism Recovery Program and Beach Nourishment – \$47,500,000

COVID-19 significantly impacted the tourism industry in South Carolina. Visitor spending by domestic travelers fell by thirty-one percent (31%) a drop of \$4,800,000,000. In light of these strong headwinds and appropriate allocations of CARES Act funding, tourism rebounded in South Carolina in a very meaningful way. The investment of those needed marketing funds showed a significant return on investment. South Carolina total occupancy—which includes hotels and vacation rentals—is up thirty percent (30%) versus the same period compared with an increase of twenty-four percent (24%) nationwide. Lodging revenue for January 2021 through June 2021 is \$828,000,000 higher than the same period in 2020 and \$125,000,000 higher than the same period in 2019. South Carolina must keep its foot on the gas pedal. The Resources component agrees.

The S.C. Department of Parks, Recreation & Tourism (“PRT”) is requesting \$32,500,000 in ARPA funds for continued, long-term tourism recovery efforts. While the state as a whole has experienced a significant recovery of domestic leisure travel in the first half of 2021, tourism business has not reached pre-COVID levels and certain segments of the industry still face issues. PRT has provided categories for proposed expenditures and would plan to spend these funds over a two to three-year span. These amounts designated for each category may fluctuate, depending on changing circumstances, either nationally or internationally.

Previous recovery advertising efforts by PRT focused on nearby drive markets, primarily in the southeastern US and adjacent mid-western states. This decision was based on the strong consumer travel sentiment for car travel in the latter half of 2020 and first half of 2021. However, continual increases in air travel, as evidenced by the increase in passenger traffic at South Carolina's five major airports, presents an opportunity to continue domestic travel recovery efforts on a broader

scale. Domestic Branding & Advertising would include increased marketing and advertising in a wider consumer market radius, utilizing strategies designed to reach a wider audience.

In addition to these direct agency strategies, PRT also intends to utilize a portion of its funds to provide support—in the form of grants—to destination marketing organizations (DMOs). These grant funds will allow DMOs the necessary financial resources to continue their own recovery efforts, which will ultimately complement and support the state’s efforts.

Further, PRT is requesting \$15,000,000 from ARPA funds to ensure the continued resiliency of our state’s coastal destinations and their tourism business communities. South Carolina’s five coastal counties (Beaufort, Charleston, Colleton, Georgetown, and Horry) generated nearly \$9,500,000,000 in domestic visitor spending in 2019, accounting for 63% of all domestic visitor spending in South Carolina. This visitor spending supported over 89,000 jobs in these five counties. In addition to domestic visitation, these counties also account for a substantial portion of the international visitation to South Carolina, which—in total—contributed \$806,000,000 to South Carolina’s economy in 2019.

South Carolina’s beaches are a critical component of the state’s coastal infrastructure – not only as attractions that generate millions of visits to the Palmetto State each year, but also as ecological buffers that protect the businesses and residences in these coastal destinations. Maintaining the state’s beaches through nourishment not only ensures adequate recreational space and tourism continuity, but also replenishes the dune systems, which are essential to ensuring the resiliency of the state’s coastal destinations for events such as king tides, tropical storms and hurricanes.

From 2016 - 2019, PRT administered approximately \$45,000,000 in grant funds for beach nourishment projects at nearly all of the state’s public beaches; however, these projects were funded through non-recurring state funds. Natural erosion combined with accelerated erosion from major weather events necessitates continual reinvestment in the state’s coastal infrastructure. These funds, if approved, would be used to provide grant funds for *critical need* nourishment projects at the state’s publicly accessible beaches.

South Carolina’s coastal destinations are critical to the state’s overall tourism economy, and the publicly accessible beaches are fundamental components of these destinations’ tourism infrastructure. Providing funds for beach nourishment serves to protect this vital tourism infrastructure and the local economies that are dependent upon them for survival and success.

Recommendation 12 – Information Technology Infrastructure for Health Agencies – \$18,900,000

The Resources component recommends that the state make a substantial investment in information technology for health agencies in South Carolina in order cybersecurity and realize efficiencies through enterprise initiatives. One of the eligibility categories for allocating ARPA funds is access to public health services, especially in the current COVID-19 environment. Specifically, citizens engage the following state agencies for public health issues: S.C. Department of Health and Human Services, S.C. Department of Alcohol and Other Drug Abuse Services, S.C. Department

of Environmental and Health Control, S.C. Department of Disabilities and Special Needs, and S.C. Department of Mental Health.

Currently, there are IT systems that require attention in order to protect those from cyber threats. Further, there are gaps and deficiencies in manpower, skills and processes related to information security technologies. Identifying security solutions to these threats is critical to respond effectively and efficiently to current and emerging cyber threats. Moreover, by employing a shared services model, the state can cost-optimize rollouts requiring fewer to meet all health agency needs, large and small.

Recommendation 13 – Non-Profit Relief Program – \$50,000,000

COVID-19 had a tremendously negative impact on not only on businesses of all sizes, but also on the non-profit organizations that provide needed assistance to our state's citizens. Recognizing this impact, the General Assembly allocated CRF funds from the CARES Act to the S.C. Department of Administration to implement a non-profit relief program. Act 154 of 2020 allocated \$25,000,000 in CRF funds to implement a nonprofit relief grant program. A 501(c)(3) organization that had been operating in the state for at least six (6) months prior to March 13, 2020, the date that the Governor declared a COVID-19 state of emergency, was eligible to apply for a grant in an amount between \$2,500 and \$50,000.

Act 154 defined qualifying expenditures to be those incurred between March 1, 2020 and December 1, 2020 for services provided to people in response to the COVID-19 pandemic. The definition of qualifying expenditure did not include any expenditure that qualified the non-profit entity to receive federal emergency relief funds, including the Paycheck Protection Program ("PPP").

A nine-person panel composed of the following individuals reviewed the applications and made awards:

- Director of the Department of Social Services, or his designee;
- Director of the Department of Mental Health, or his designee;
- Director of the Department of Consumer Affairs, or his designee;
- Director of the Department of Health and Human Services, or his designee;
- Director of the Department of Alcohol and Other Drug Abuse Services, or her designee;
- Secretary of State, or his designee;
- Director of the South Carolina Arts Commission, or his designee;
- Director of the Department of Archives and History, or his designee; and
- Executive Director of the South Carolina State Housing Finance and Development Authority, or her designee.

The law required the panel to give priority to applicants that did not receive other assistance, such as a PPP loan or other CARES Act funds. In addition, priority had to be given to expenditures for:

- (1) food assistance, including prepared meals;
- (2) rent or mortgage assistance;

- (3) utilities assistance;
- (4) mental health counseling;
- (5) health care services, including access to health care supplies, mental health, and behavioral health;
- (6) criminal domestic violence and children’s advocacy services; and
- (7) arts and cultural items or activities.

The Department of Administration and Guidehouse, the grants management company that helped the state in administering CRF funds, assisted the panel in implementing the grants program. The Secretary of State’s Office also provided documentation that verified the non-profit status of several applicants. The panel received 1,590 applications totaling \$75,980,037.43 between October 12 and November 1, 2020. The panel approved 686 applications and awarded the full \$25,000,000.⁸

The following types of service organizations received grants:

Service Category	Number	Total Award Amount
Multiple	336	\$12,528,776
Arts & Cultural	171	\$6,414,351
Other	87	\$2,276,254
Health Care Services	48	\$2,170,650
Food Assistance	21	\$827,244
Criminal Domestic Violence	7	\$213,831
Mental Health	6	\$276,445
Utilities Assistance	1	\$50,000
Rent or Mortgage	1	\$24,894
No Prioritized Services	8	\$217,554
TOTAL	686	\$25,000,000

There were a number of challenges in building out the grant program and administering the same. The Department of Administration and Guidehouse had approximately two weeks to design the program, configure the application portal, market the program, and begin accepting applications by October 12, 2020. The Department of Administration does not have normal business interactions with non-profit organizations. As such, the agency was not familiar with nonprofit operations which would have been helpful when designing the program. The stringent documentation requirements of the CARES Act were difficult for some organizations to comply with and resulted in multiple rounds of follow up with the applicants to obtain all necessary documentation. The payment process was delayed for some applicants due to the applicant not providing adequate financial, banking, and/or tax information. While no system is perfect, it is imperative that strict accountability and transparency are priorities.

Nevertheless, the Resources component believes that the importance of having a robust non-profit community to assist South Carolina’s most vulnerable citizens. ARPA funds can be used to establish a competitive grants program to award grants to nonprofit human service providers. A

⁸ See <https://accelerate.sc.gov/cares-act-coronavirus-relief-fund> (last visited August 23, 2021).

human service provider could be defined as non-profit entity that provides food and clothing assistance, elderly and aging services, essential transportation, and shelter assistance to vulnerable South Carolinians. While we recognize that all non-profit organizations positively impact our communities, we believe those providing services impacting basic human needs are vitally important in light of the COVID-19 pandemic. The S.C. Department of Social Services could administer the program in light of its significant interaction with these non-profit organizations. Importantly, it is imperative to consider the various “wrap-around” services necessary for our vulnerable citizens to engage with these non-profit organizations. It should be noted that counties and municipalities are receiving ARPA funds through the Local Fiscal Recovery Fund and other non-profit organizations should consider these sources of funds, as well as to supplement the fund recommendation made herein.

Recommendation 14 – Body Worn Cameras for State Law Enforcement – \$27,379,450

Following the lead of Governor McMaster, accelerateSC believes keeping South Carolinians safe is a demonstrated priority and that means that we must support law enforcement and provide resources to officers who put their lives in danger every single day. Law enforcement, and the appropriate funding of the same, is a core function of government.

In response to the murder of Walter Scott by North Charleston Police Officer Michael Slager on April 4, 2015, the General Assembly passed the first in the nation statewide body worn camera program which was signed into law by Governor Nikki Haley on June 10, 2015. This bipartisan legislation was supported by many stakeholders including statewide law enforcement associations.

The Law Enforcement Training Council was tasked to develop guidelines for the use of body-worn cameras by state and local law enforcement agencies within one hundred eighty days of the governor’s signature. State and local law enforcement agencies were required by the legislation to develop policies and procedures for the use of body-worn cameras pursuant to the guidelines established by the Law Enforcement Training Council. Every law enforcement agency was required to submit their policies and procedures to the Law Enforcement Training Council within two hundred seventy days of the governor’s signature.

A 2015 fiscal impact statement prepared by the S.C. Revenue and Fiscal Affairs Office estimated an initial statewide body worn camera program would cost \$21,500,000 for the first year alone with an estimated annual recurring cost of over \$12,250,000.

The General Assembly included language in the legislation that states: “A state or local law enforcement agency is not required to implement the use of body-worn cameras pursuant to this section until the agency has received full funding.”

To date the body worn camera program has received \$18,800,000 which has been provided to local law enforcement and prosecution agencies through grants by the Public Safety Coordinating Council. The Legislature initially allocated \$3,400,000 in FY 2016 and allocated \$2,400,000 in fiscal years 2017, 2018, 2019, 2020 and 2021. In FY 2022, the General Assembly allocated an additional \$1,000,000 to the statewide body worn camera program.

Agencies are encouraged to apply annually to the Public Safety Coordinating Council for cameras, maintenance and storage related cost or expenses and are awarded grants for partial or full body

worn camera (“BWC”) program funding. To date 263 agencies have applied for BWC grants of which 263 agencies have been at least partially funded.

Fiscal Year(s)	Applications Received	Total Request	State Allocation
2016 & 2017	169	\$12.731 million	\$5.8 million
2018	119	\$8.847 million	\$2.4 million
2019	102	\$8.003 million	\$2.4 million
2020	98	\$6.869 million	\$2.4 million
2021	83	\$7.801 million	\$2.4 million
2022	92	\$7.675 million	\$3.4 million

The state's body worn camera program has received state appropriated funds. However, there still remains a significant unmet need for body worn cameras in the programs that assist them in operation. The Resources component believes fully funding the body worn camera program for state law enforcement officials is an important and acceptable use for ARPA funds. This recommendation contemplates getting all statewide law enforcement officials the necessary body worn camera equipment. We believe that political subdivisions will also have financial needs necessary to support the body worn camera program and encourage those counties and municipalities to use ARPA funds they receive through the Local Fiscal Recovery Fund.

Recommendation 15 – S.C. Emergency Management Division – Storage of State Stockpile of PPE – Up to \$10,000,000

Emergency management operations is a core function of government intended to address state emergencies throughout the state. The South Carolina Emergency Management Division (“SCEMD”) is responsible for the management of state emergency logistical operations and is currently responsible for the management of the State personal protective equipment (“PPE”) stockpile warehousing as mandated by Act 142 of 2020. Maintaining a state stockpile of PPE is critical in the state’s continued response to COVID-19, and ARPA funds are available to address the continued public health response to COVID-19.

Act 142 mandated that SCEMD, in consultation with the Department of Administration and the State Fiscal Accountability Authority, procure and maintain a statewide, twenty-eight-day supply of PPE. This statewide stockpile is intended for use by state and local governments, law enforcement, first responders, hospitals, and other medical providers. SCEMD was directed to procure a vendor for the development of a supply chain plan and long-term strategy for acquiring personal protective equipment.

Currently, SCEMD manages operations of the State PPE stockpile in two separate warehouses. The first is a SCEMD owned warehouse in Winnsboro, South Carolina is the primary logistical support facility and serves as a storage and staging area for meals, water, sandbags and tarps in preparation for disaster response. The second warehouse is a third-party lease of a 100,000 square foot warehouse in Prosperity, SC. In March of 2021, 50,000 square feet of environmentally controlled space was acquired and upfitted to assist with thousands of pallets of PPE storage. Another 50,000 square feet of unfinished space is available which could assist in storing additional pallets with the installation of a racking system. The finished PPE stockpile part of the warehouse includes 7 offices, a conference room and a break room. The entire 100,000 square foot warehouse

and surrounding 17.8 acres is available for purchase. This warehouse is located on Interstate 26 and is well situated to support statewide operations that would not just include the storage of PPE but could be used as an alternate Emergency Operations Center.

The cost to the state to purchase the warehouse in Prosperity, SC is approximately \$10 million. This cost includes build out of the unfinished 50,000 square feet and the construction of a truck staging area to assist with emergency response. It could also include a complete alternate Emergency Operations Center (“EOC”) for 150 personnel. The alternate EOC is vital in assisting the State in its response to emergencies and could also help accommodate our partner states that assist us when we have an emergency, as well as provide a plug-in ready facility for Federal Emergency Management Agency. The purchase of this warehouse would result in the state owning a more capable, sustainable, and centrally located emergency logistics staging area to assist in response to disasters and an organic ability to receive and store medical PPE and supplies. Having this facility online and owned by the state is imperative for helping and protecting the citizens of South Carolina.

Recommendation 16 – S.C. Emergency Management Division – Facility Expansion – \$14,600,000

The SCEMD facility consists of the State Emergency Operations Center (“SEOC”) and the South Carolina National Guard Joint Operations Center (“JOC”) and office space for the SCEMD full-time staff. This facility is integral to the State’s disaster response and recovery missions. SEOC and JOC operations require space for up to 500 State Emergency Response Team (“SERT”) members. The JOC requires sleeping facilities to support continuous staffing and additional staff workspaces during long-term response operations.

Over the last five years, the SEOC and JOC have been activated for six (6) major disasters and for many smaller disasters and exercises. It is imperative that the state ensures the main emergency response facility, SCEMD is sufficiently outfitted to continue to respond to any disaster, emergency, or pandemic that may impact the citizens of South Carolina.

Given the need for an increased number of personnel from state agencies to serve on the SERT, the frequency of disaster response, there is a need to increase the SCEMD SEOC size and capabilities. This proposed facility renovation ensures that the SEOC is capable of supporting staff requirements to continuously respond to large disasters, enhances the JOC’s ability to support the National Guard’s ever increasing role in emergency response operations, and provides the SCEMD staff with adequate space to support daily recovery, mitigation and preparedness actions. The details of this project include:

- Increasing SEOC seating to assist with need for more emergency response team members, federal assisting members, and contract personnel;
- Construction of an addition to the current SCEMD facility, expanding the square footage from 37,000 square feet to roughly 66,000 square feet;
- Modifications to the existing HVAC and electrical systems;
- Additional space built National Guard’s Joint Operation Center; and

- Increasing media briefing room space to accommodate timely dissemination of emergency information.

The estimated cost for this project is approximately \$14,600,000, and it would provide the overall state emergency response team with the facilities and collaborative environment to more effectively respond to larger and more frequent disasters.

Recommendation 17 – Agribusiness – S.C. Department of Agriculture – \$50,352,000

As COVID-19 affected many industries throughout our state, including agriculture, this industry is diligently working to respond to new crop opportunities, supply chain disruptions and changing consumer demands. Importantly, agriculture is a key economic driver for South Carolina. Looking back to many of the struggles farmers and agribusinesses experienced at the height of COVID-19, this industry quickly identified needs and opportunities for how to move forward post Coronavirus. Coupling that with the increased sentiment of local producers and consumers’ demand for more localized food products, the Resources component believes South Carolina’s agricultural industry can positively respond to many of the challenges that it directly experienced.

Commissioner Hugh Weathers provided the Resources component with requests for funding using available ARPA funds. These funds will assist the S.C. Department of Agriculture (“SCDA”) and the agriculture industry in responding to many of the challenges and opportunities brought to light throughout the pandemic. The Resources component supports Commissioner Weathers’ requests regarding support for key economic indicators. Commissioner Weathers also submitted a request to address agriculture infrastructure resiliency. The Resources component believes this resiliency request should be considered by the General Assembly in concert with other resiliency programs in South Carolina.

Local Food Supply Chain Infrastructure Grants: \$20,000,000

In order to address important local food supply chain infrastructure, the Resources component recommends funding a state matching grant program administered by the SCDA to assist further development and job creation of agricultural-related infrastructure to meet the growing consumer demand of a more localized supply chain. During COVID-19, many customers experienced food shortages, which speaks to the need for a more local and simplified food supply chain system.

The important sub-sector categories include:

- Meat Processing Facilities
 - Based upon a recent study of South Carolina beef/poultry processors and consumers, non-marketing barriers (lack of processing availability, frozen storage space and refrigerated transportation) were a prime reason for an inability to process additional local proteins.
 - Also, part of the study included findings that showed nearly forty-two percent (42%) of South Carolina producers were willing to expand their current operations,

which would create additional economic investment and jobs in rural parts of the state.

- During COVID-19, 21.6 percent of overall consumers increased their purchase of local meats, where nearly 23 percent of consumers would purchase local protein post COVID-19.

- Fruit and Vegetable, Specialty Foods Processing, Food Hubs / Food Deserts;
- Value-Added Farm Product Processing;
- Beverage Processing (Dairies, Breweries); and
- Agricultural Infrastructure (Specialized Buildings/Sites to Assist Agribusiness Expansion).

State Farmers Market Infrastructure: \$2,750,000

Growing year-round consumer demand for local proteins, fruits and vegetables and horticulture, has created more direct market opportunities for South Carolina farmers. SCDA seeks to upfit existing facilities to provide additional space for exactly that purpose, at the State Farmers Markets in Florence and Lexington. By allowing for the seasonal enclosure of the Farmer Sheds with roll-up doors, heat, large cooling fans and exhaust ventilation, the facilities become more versatile. Also, due to increased consumer traffic, SCDA is experiencing a greater need for upgraded security technologies and infrastructure.

During most natural disasters, more specifically hurricanes, the State Farmers Market is used as a centralized disaster response staging site, and these facility upgrades would allow for more space in these specific disaster response activities.

Consumer Advertising for Sourcing of South Carolina Agricultural Products: \$4,000,000

Research now points to consumers' higher *demand* (and not simply an interest) for purchasing locally sourced food products. These funds will directly highlight opportunities to purchase local products via farmers markets, roadside stands, grocery stores and restaurants. An aggressive media campaign across all traditional and new media platforms will provide farmers and agricultural operators a better opportunity to highlight locally grown and produced food and beverage products.

- Currently there are 136 community farmers markets throughout the state, with an additional 151 roadside markets.
- The 6 food hubs throughout the state, located in Greenville, Charleston, York, Bluffton, Columbia and Orangeburg work with more than 330 farmers throughout the state.

Importantly, the Resources component acknowledges that at the beginning of the COVID-19 pandemic, SCDA was first out of the gate to encourage our citizens about safely returning to restaurants in South Carolina.

Farmers-To-Food Banks: \$3,000,000

During COVID-19, many farmers had an oversupply of product due to restaurants and school closures. To assist farmers in shifting the over-abundance of the many protein, dairy and fruit and vegetable products, SCDA created a private sector led program to purchase these products and then have them donated to the state's food banks. Previously SCDA raised nearly \$500,000 from private funds—mirrored after the federal programs, which are not planned for in the future—for this same purpose. Additional funding would satisfy two key elements: assisting farmers as they continue to experience sales losses and a needed supply of local food to food banks to assist those South Carolina citizens in need.

Food/Consumer Safety Lost Revenue: \$602,000

- \$220,000 lost revenue at Metrology Lab and facility rentals at Phillips Market Center.
- \$210,000 lost revenue from non-conducted seed sample analyses and updated software purchases for remote food/feed registrations.
- \$150,000 lost revenue due for contract inspections mandated by FDA, USDA.
- \$22,000 lost revenue from disrupted food service rental.

Commodity Producer Mitigation Fund: \$20,000,000

Commodity markets were significantly disrupted and distorted during the pandemic. Numerous claims of loss were filed with SCDA because of the stated inability of grain and cotton buyers to engage in the marketplace. This resulted in payments from the Grain Producers Guaranty Fund and Warehouse Receipts Fund—Act 97 of 2021. The Grain Producers Fund established in 1980, and Warehouse Receipts Fund, established in 1922, requires farmers to pay fixed assessments into the fund up to a statutory cap. These claims leave the funds dangerously depleted and the farmers who rely on them for protection and thus vulnerable to any further buyers' inability to pay for product delivered. SCDA will be seeking legislative updates to modernize these funds in 2022 to provide for greater protection in current grain and cotton markets.

Recommendation 18 – State Revenue Loss Replacement – \$453,499,758

An eligible use of ARPA funds is replacement of lost revenue a state experienced due to the COVID-19 pandemic. South Carolina, like every other state, experienced significant revenue loss due to the impacts of the COVID-19 pandemic. The following are specific FAQs that address the issue of how to calculate revenue loss and if a recipient has identified a reduction in revenue, how the funds may be expended. The U.S. Department of the Treasury's guidelines for calculating revenue are provided and state:⁹

3.1. How is revenue defined for the purpose of this provision?

General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It excludes refunds and other correcting transactions, proceeds from

⁹ See <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>. (last visited August 22, 2021).

issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the CRF or the Fiscal Recovery Funds.

3.4. What is the time period for estimating revenue loss? Will revenue losses experienced prior to the passage of the Act be considered?

Recipients are permitted to calculate the extent of reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues.

3.8. Once a recipient has identified a reduction in revenue, are there any restrictions on how recipients use funds up to the amount of the reduction?

The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

The Treasury guidelines established the formula for calculating the reduction in revenue. Using this formula, the Executive Budget Office has projected that South Carolina experienced a revenue decrease of approximately \$297,462,293. This is a *preliminary* estimate based on general fund and Education Improvement Act (“EIA”) revenues. This preliminary estimate will be reviewed by other statewide financial officers for concurrence prior to being finalized. Further, the S.C. Department of Transportation (“SCDOT”) provided a *preliminary* estimate of revenue decrease of \$156,037,465. In total, these decrease in revenue is \$453,499,758.

The Resources component recommends that ARPA funds be used to replenish this revenue loss to the state. Further, there are three separate recommendations for allocating these funds to address significant needs in South Carolina: SCDOT widening of I-26 between Columbia and Charleston; and S.C. Department of Administration (“SCDOA”) to improve the IT capabilities for other state agencies to protect from cyber threats and improve the state’s shared services of IT infrastructure and architecture.

SCDOT Widening of I-26 between Columbia and Charleston: \$170,000,000

The area of I-26 between Columbia and Charleston has been identified as a high priority rural interstate widening project for the State of South Carolina. This section of interstate is well known for its poor safety record, frequent congestion, and unreliability especially with regards to the movement of freight across the state. SCDOT has initiated design and other preliminary work on

this critical seventy (70) mile long corridor and is poised to advance work in phases over the next 10-15 years. An investment of one-time funding towards this vital corridor will jump start the work and provide faster relief to the estimated 26,000,000 travelers that utilize I-26 on an annual basis.

SCDOA IT Infrastructure and Shared Service: \$67,500,000

The Resources component recommends that the state make a substantial investment in information technology for state agencies. Specifically, the state needs to improve the accessibility of government services by implementing a secure digital platform to allow citizens to interact with state government. Additionally, state agencies need the ability to connect their applications that house transactions used by citizens to a digital platform in a secure, redundant, and reliable way. This directly addresses cybersecurity needs and improves the overall security of the state IT infrastructure. Finally, the state needs to have a common platform to house state agency applications, and shared services promote the concept of a common platform while providing a cost-optimized model that is scalable to meet the state's IT infrastructure and architecture needs.

Recommendation 19 – Balance of Funds

The Resources component acknowledges that it has not made recommendations to fully commit all ARPA funds coming to South Carolina. We recommend that the balance of funds be set aside for some period of time and only allocated as circumstances evolve. Strong consideration should be given to ensuring the continued health of the UI Trust Fund so tax rates for businesses are not raised. To the extent the General Assembly does consider allocating the funds, we recommend that any allocation of these funds be used in a way to have a long-term, positive impact on South Carolina.

American Rescue Plan of 2021 - Estimated Allocations to South Carolina

Grant Program	Allocation
State and Local Government Relief	\$4,125,430,803
Local Fiscal Recovery Fund	\$1,626,363,474
Counties	\$1,000,077,338
Metropolitan Cities	\$191,161,056
Non-Entitlement Units	\$435,125,080
Local Relief	\$0
Public Land Counties Consistency Fund	\$0
State Fiscal Recovery Fund	\$2,499,067,329
State Government	\$2,499,067,329
Education and Child Care	\$3,449,540,648
Childcare	\$708,998,741
Child Care and Development Block Grant	\$272,416,120
Childcare Stabilization Funding	\$436,582,621
Cultural Programs	\$4,850,778
Institute of Museum and Library Services	\$3,136,938
National Endowment for the Arts	\$818,700
National Endowment for the Humanities	\$895,140
Higher Education	\$523,207,174
HEER III (Proprietary Institutions)	\$3,013,905
HEER III (Public and Non-Profit Insitutions)	\$520,193,269
K-12 Education	\$2,212,483,955
Emergency Assistance to Non-Public Schools	\$40,560,267
ESSER Homeless Children and Youth Assistance	\$13,835,064
ESSER III	\$2,112,051,487
Individuals with Disabilities Education Act (IDEA)	\$46,037,137
Public Health	\$391,587,920
Public Health Workforce	\$45,011,398
Crisis Response Workforce	\$31,112,843
Disease Intervention Workforce	\$13,898,555
SAMSHA Programs	\$40,680,159
Mental Health Block Grant	\$21,480,779
Substance Abuse Prevention and Treatment Block Grant	\$19,199,380
Testing/Vaccine Administration	\$305,896,363
CDC Vaccination Preparedness	\$50,967,036
CDC Vaccination Preparedness Adjustment	\$791,888
Community Health Centers	\$95,189,625
Expanding Genomic Sequencing	\$3,728,600
Public Health Lab Preparedness	\$142,473
School Testing	\$155,076,741
Public Assistance	\$605,603,594
Administration for Children and Families	\$74,678,719
Child Abuse State Grants	\$1,507,060
Child Care Entitlement Match Increase	\$7,787,014
Community-Based Child Abuse Prevention	\$3,706,239
Family Violence Prevention	\$1,812,336
Head Start	\$14,296,000

American Rescue Plan of 2021 - Estimated Allocations to South Carolina

Grant Program	Allocation
Low Income Home Energy Assistance Program	\$35,117,531
Pandemic Emergency Assistance Fund	\$10,153,432
State Domestic Violence Coalitions	\$299,107
Administration for Community Living	\$22,992,925
Congregate Meals	\$4,895,106
Family Caregivers	\$2,368,211
Home-Delivered Meals	\$7,342,659
Preventative Services	\$717,949
Supportive Services	\$7,505,830
Title VII Ombudsman	\$163,170
Health Resources and Services Administration	\$903,687
Maternal, Infant, and Early Childhood Home Visiting	\$903,687
Homeland Security Programs	\$6,230,882
Emergency Food and Shelter Program	\$4,540,832
Emergency Management Performance Grants	\$1,690,050
Housing and Rental Assistance	\$480,907,123
Emergency Rental Assistance Program	\$273,790,199
Homelessness Assistance	\$62,466,117
Homeowner Assistance Funding	\$144,650,807
USDA Programs	\$19,890,258
Commodity Supplemental Funds Program	\$45,625
SNAP Administration	\$13,580,218
WIC Cash Value Vouchers Increase	\$6,264,415
Transportation/Infrastructure	\$245,458,995
Infrastructure Programs	\$213,983,999
Additional FEMA Funding	\$0
Coronavirus Capital Projects Fund	\$187,983,999
Emergency Connectivity Fund	\$0
Federal Transit Administration	\$26,000,000
Transportation Programs	\$31,474,996
Enhanced Mobility of Seniors and Persons with Disabilities	\$795,092
Intercity Bus Formula	\$1,999,216
Nonurbanized Area Formula	\$1,123,388
Urbanized Area Formula	\$27,557,300
Economic Relief	\$60,970,376
DOL Programs	\$275,000
UI Extension Implementation Grants	\$275,000
Small Business Assistance	\$60,695,376
Community Navigator Pilot Program	\$0
Economic Injury Disaster Loans	\$0
Paycheck Protection Program	\$0
Restaurant Revitalization Fund	\$0
Shuttered Venue Operators	\$0
State Small Business Credit Initiative	\$60,695,376
Grand Total	\$8,878,592,336

	ARPA	Loss Revenue Redirected to:	Capital Projects Fund *
State Fiscal Recovery Fund	\$2,499,067,329	\$453,499,758	\$187,983,999
Investments:			
Third-Party Vendor (Up to)	\$10,000,000		
Broadband Access/Expansion			
Construction - \$436,251,403	\$248,267,404		\$187,983,999
Last Mile	\$25,000,000		
Digital Literacy Campaign	\$28,497,306		
Starlink Beta Test	\$1,000,000		
Small Business Grant/UI Trust Fund	\$250,000,000		
State Matching Infrastructure Program			
SC Rural Infrastructure Authority	\$400,000,000		
SC Critical Infrastructure Cybersecurity Program	\$72,466,000		
Workforce Development Training (SC Technical College System)	\$36,000,000		
Education Initiative			
Supplemental Educational Services - grants for tutoring services, afterschool services and summer enrichment programs	\$50,000,000		
SC Ports Authority (Up to)	\$350,000,000		
Tourism Recovery Program (PRT)			
Domestic Branding & Advertising	\$12,500,000		
Destination Marketing Organizations (DMOs) Grant Support	\$20,000,000		
Beach Nourishment	\$15,000,000		
IT for Health Agencies (Department of Administration)	\$18,900,000		
Non-Profit Relief Fund	\$50,000,000		
Law Enforcement			
State Law Enforcement Officer Body-Worn Cameras	\$27,379,450		
Emergency Management			
SCEMD PPE Warehouse/Alternate EOC	\$10,000,000		
SCEMD Facility Expansion	\$14,600,000		

	ARPA	Loss Revenue Redirected to:	Capital Projects Fund *
State Fiscal Recovery Fund	\$2,499,067,329	\$453,499,758	\$187,983,999
Investments:			
Agribusiness - Department of Agriculture			
Agribusiness - Support for Key Economic Drivers	\$50,352,000		
Revenue Loss (Estimated \$453,499,758)			
General Fund & EIA Revenues	\$297,462,293		
Department of Transportation (Between \$130 and \$156 million)	\$156,037,465		
<i>Allocate Funds Replenished for Revenue Loss to:</i>			
Widening of I-26		\$170,000,000	
IT Security State Agencies (Department of Administration)		\$67,500,000	
Schools of Innovation		\$15,000,000	
Educational Dashboard (Up to)		\$10,000,000	
SUBTOTAL:	\$2,143,461,918	\$262,500,000	\$187,983,999
Balance:	\$355,605,411	\$190,999,758	\$0