

# Creating Greater Opportunity in South Carolina's I-95 Corridor: A Human Needs Assessment

## Report

Prepared for

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# Contents

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<b>Section</b>	<b>Page</b>
Executive Summary .....	1
Master List of Findings and Recommendations.....	4
Introduction to South Carolina’s I-95 Corridor .....	11
1. The First Priority: Build Local Capacity and Leadership .....	1-1
2. Develop a Regional Economic Perspective .....	2-1
3. Improve and Extend the Education System .....	3-1
4. Close the Infrastructure Gap .....	4-1
5. Modernize State and Local Finance Structures .....	5-1
6. Target Disparities in Health and Social Services .....	6-1
Appendix A. Research Methodology, Challenges, and Assumptions.....	A-1
Appendix B. Tourism and Recreation.....	B-1
Appendix C. Infrastructure .....	C-1
Appendix D. Job Trends .....	D-1

# Figures

---

<b>Number</b>	<b>Page</b>
2-1. Employment by Sector in the I-95 Corridor, 2007 .....	2-6
2-2. Establishments by County in Transportation and Warehousing, 2007 .....	2-11
2-4. Employment Growth Rates in Manufacturing by County .....	2-14
2-5. Map of Lakes and Rivers in South Carolina .....	2-17

# Tables

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Number	Page
1. Population by Race and Hispanic Origin, I-95 Corridor and State, 2005 .....	14
2. Median Household Income, 2005 .....	15
3. December 2008 Unemployment Rates, I-95 Corridor .....	18
2-1. Employment Growth Rates for I-95, S.C., and the U.S. ....	2-7
2-2. Healthcare and Social Assistance NAICS 62 .....	2-8
2-3. Transportation and Warehousing NAICS 48-49 .....	2-11
2-4. Manufacturing NAICS 31-33 .....	2-13
3-1. SC School Enrollment 2003–2004 .....	3-4
3-2. Educational Attainment in the Corridor, 25 Years Old and Older, 2000 .....	3-7
3-3. Adults Lacking Basic Prose Literacy Skills, 2003 .....	3-14
3-4. Selected Freshman Graduation Rates, 2004–2005 .....	3-15
4-1. Existing and New Growth Infrastructure Costs in South Carolina, 1995–2015 .....	4-3
4-2. Water & Sewer Infrastructure Investment in I-95 Corridor Counties, 1999 to 2008 .....	4-6
4-3. Total Infrastructure Needs and Projected Water and Sewer Needs 1995–2015 .....	4-10
4-4. Assessment of Water and Sewer Capacity for County Seats .....	4-12
4-5. Service Providers and Capacity Information for County Seats .....	4-14
4-6. Projected Transportation Needs 1995–2015 .....	4-21
5-1. States Ranked by Total Per Capita State Taxes, 2005 .....	5-4

5-2. Millage Rates and Assessed Property Values..... 5-9

5-3. Expenditures, Budget, and Debt for I-95 counties  
Compared to the State Average .....5-10

6-1. Life Expectancy in I-95 Corridor Counties, 1999 ..... 6-4

6-2. Infant Mortality Rates, per 1,000 Live Births, 2004–  
2006..... 6-5

6-3. Physicians and Nurses, 2005..... 6-8

6-4. Teen Pregnancy Rates .....6-10

# Executive Summary

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South Carolina's I-95 Corridor is a diverse and expansive region of 17 counties and nearly a million people, stretching from North Carolina to Georgia. Despite advantages, including proximity to the coast and major transportation routes, the Corridor has long been under-developed. With that underdevelopment have come problems ranging from struggling schools to cyclical poverty to lagging health and social well-being indicators.

Seeking to address this underdevelopment, Francis Marion University and South Carolina State University commissioned RTI International to conduct a human needs assessment for the region. Combining more than 60 interviews with stakeholders and experts with topical area research and best practices, RTI identified 26 findings and 66 recommendations, intended to guide regional and state leaders and forge greater opportunities for residents of the Corridor.

Recognizing that human needs encompass a very broad array of socio-economic issues, RTI used its interview process to match its findings to the emphasis that people in the region placed on them. We identified six fundamental needs in the region:

## 1. Leadership and Local Capacity

The first priority is to boost local leadership and build the capacity of Corridor communities. With greater levels of leadership and community engagement, localities can initiate and manage change. Too many Corridor counties are divided, whether by local rivalries, class lines, or race. The private sector, including the business community and the philanthropic community, should be better integrated into local change and development activities.

## 2. Regional Economic Development

Creating a shared vision for the region's economic opportunities and aligning resources with that vision will allow decision makers to leverage greater state and national resources for investment in the corridor. At the regional level, appropriate industry sectors for recruitment and retention can be more readily identified, and small business and entrepreneurs supported more substantially. The region's landmark public universities in the region, Francis Marion and South Carolina State, should continue to build their roles as regional leaders, expanding their outreach and community service activities.

## 3. Education

Corridor schools are widely perceived, within the region and from outside the region, as substandard. This study recommends that the Corridor and the state of South Carolina work to improve teacher recruitment and retention; highlight success and progress where warranted; develop incentive programs to encourage school district consolidation; and pressure the state legislature to follow through with the court-ordered expansion of early childhood education, using lottery money to move toward universal kindergarten for 4-year-olds.

## 4. Infrastructure

The Corridor's infrastructure must meet modern demands if the region is to compete in the global economy. Local officials are particularly concerned about water and sewer, arguing that without more hookups it is difficult to attract outside investment. Transportation, broadband, rail, and ports are also areas of concern. The region has an opportunity with the federal stimulus package to help close this infrastructure gap. In addition to forging a unified voice to press the state for aid, the Corridor needs to learn ways to better finance its own infrastructure improvements from within.

## 5. Tax and Finance

Due to state regulation, a limited taxable property base, and a lack of local initiative, the 17-county region as a whole has a limited ability to finance their own public investments. A thorough and unbiased study of how rural and high-poverty counties are treated by the state's tax system is overdue. Corridor communities need to devise new and innovative mechanisms to finance local improvements, drawing from best practices in other parts of South Carolina and in other states. State and local leaders need to give county managers their support in pursuing such endeavors with accountability and transparency.

## 6. Healthcare and Social Service Disparities

RTI's research found troubling evidence that decades-long progress on a series of important health problems may be coming to a close. Recommendations focus on addressing disparities in healthcare access, particularly for children and the rural poor. In addition, we recommend that local governments seek alternatives to incarceration and juvenile crime programs to lower incarceration rates, save public money, and keep nonviolent offenders from becoming trapped in the criminal justice system.

### *Identifying Opportunities*

While focused primarily on the current needs of the Corridor, this study also identifies many areas of opportunity. If local, state, and regional leaders choose, they can make improvements in a number of areas that will spark greater investments and improve the quality of life in the region. For example, the region shows potential in developing its tourism industry, and growth nodes in Florence, Orangeburg, and along the coast can offer low- and high-tech jobs. Small businesses and entrepreneurial development in each community, with better support, can help the region "grow its own" local economies.

If opportunities such as these are consolidated into a strong regional, shared sense of purpose, local leaders and stakeholders can speak with a unified voice in pursuing greater economic opportunity. The recent announcements of several large investments, including Jafza International's plans for a logistics center in Orangeburg and a new port slated for Jasper County, are indicative of the sort of economic change that can propel a region forward.

Rising unemployment, the state budget crisis, and a weakening economy only highlight the need for the region and its communities to take a more cohesive and active role in pushing for balanced economic development. The Corridor is justified in feeling that it has been neglected by the state, but the chances of a fundamental shift in state attitudes toward high-poverty counties seem slight. On the other hand, the federal stimulus bill working its way through Congress in early 2009 is an opportunity to leverage federal aid not only for badly needed infrastructure needs, but to create the sort of network of leaders that over the longer term will be the key to strengthening the Corridor's ability to address its longstanding human needs.

# Master List of Findings and Recommendations

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## 1. THE FIRST PRIORITY: BUILD LOCAL CAPACITY AND LEADERSHIP.

**Finding 1.1 The region lacks a shared sense of purpose, which limits its ability to align resources and build capacity.**

1.1.1 Build a regional coalition of leaders structured to identify, characterize, and address shared issues and challenges.

1.1.2 Cultivate and attract leaders from diverse networks and backgrounds.

1.1.3 Identity, through existing state and local organizations, communities divided by race and encourage locally driven ways to reduce conflict.

1.1.4 Foster greater use of public-private partnerships.

**Finding 1.2 Disunity and lack of well-developed regional institutions make it difficult for the region to speak with one voice on matters of regional importance.**

1.2.1 Act as a unified political block.

1.2.2 Higher education institutions, particularly regional universities, can play a larger role in community and economic development.

1.2.3 The universities should consider forming a task force from across the region to review the recommendations in this report, formulate a response, and begin to move toward implementation. External funding could be sought to support their work.

**Finding 1.3 Local leaders lack access to and awareness of the available tools to implement and manage change, such as creative local financing and greater use of public-private partnerships.**

1.3.1 Boost local leadership training programs such as those at USC-Salkehatchie and Francis Marion University and those run by USC's Institute for Public Service and Policy Research.

1.3.2 Develop benchmarks to measure progress in meeting human needs and expanding economic opportunity.

1.3.3 Foundations and donors should better coordinate giving and adjust priorities as the needs of the region evolve.

1.3.4 Improve coordination of public-private efforts by designating a state point-of-contact for faith-based and other private organizations to work with state government.

1.3.5 FMU and SCSU should consider hosting a conference to bring together funders, business leaders, academics, community leaders, and government officials to coordinate research and investments for positive change.

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## 2. DEVELOP A REGIONAL ECONOMIC PERSPECTIVE.

**Finding 2.1 Economic developers lack a clear vision through which to identify opportunities within a global economic context for the I-95 counties.**

2.1.1 Consider creating a regional development entity.

2.1.2. Develop a regional economic strategy.

2.1.3. Monitor the progress of the Southeastern Crescent Regional Commission (SCRC).

2.1.4 Broker linkages between people, communities, and industries.

**Finding 2.2 Not enough is being done to capitalize on stable employment sectors and to develop greater region-wide support for fast-growing industry sectors. Healthcare and social assistance and wholesale and retail trade are two sectors that are adding jobs at a faster rate than the national average.**

2.2.1 Conduct a more thorough industry cluster assessment for the region to ascertain which industries hold the most potential.

2.2.2 Capitalizing on the job growth in the healthcare and social assistance sector, build a collaborative regional network of employers, universities, and community colleges to elevate the quality of care and outreach.

2.2.3 Bolster opportunities in logistics and distribution for the Corridor.

2.2.4 Continue to support efforts to upgrade the Corridor's manufacturing base into one with a stronger competitive advantage in advanced manufacturing.

2.2.5 Assist communities in researching their readiness and suitability for domestic outsourcing.

**Finding 2.3 Low levels of entrepreneurship and a minimal effort to leverage regional assets are costing the Corridor the benefits of a dynamic and vibrant locally driven community.**

2.3.1 Make a concerted effort to support an entrepreneurial economy with a pipeline of entrepreneurial education beginning with K–12 and through adult lifelong learning.

2.3.2 Support a range of business incubators.

2.3.3 Leverage the region's natural, historical, and cultural assets to tap greater potential within the tourism industry and promote it at a regional level.

2.3.4 Work with natural resources officials and environmental organizations to preserve and sustain the natural assets unique to the Corridor and the ecosystem in which they thrive.

2.4.5 Leverage the region's agricultural base in innovative ways to feed new markets and cultivate agritourism.

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### 3. IMPROVE AND EXTEND THE EDUCATION SYSTEM.

**Finding 3.1 Greater and more unified community support will be required to raise awareness of both the successes and shortcomings of the region's education system, and to identify and implement innovative solutions to problems.**

3.1.1 Publicize the success of the top echelon of their students, particularly their success in gaining admission to competitive universities.

3.1.2 Increase support for Francis Marion's Center of the Child to make it a regional leader in supporting education reform, particularly for early childhood education.

**Finding 3.2 A lack of emphasis on and investment in early childhood education is leaving young children unprepared to learn as they enter kindergarten and the early grades.**

3.2.1 Fulfill the obligation immediately to provide preschool for poor children as ordered by the court in *Abbeville v. South Carolina*, and move quickly toward universal preschool for all 4-year-olds.

3.2.2 Promote early education at the local level by better equipping school districts to serve preschool children and their parents.

**Finding 3.3 The Corridor's education infrastructure is substandard and in need of immediate investment.**

3.3.1 Divert some South Carolina lottery money from higher education to pre-K programs.

3.3.2. Attract resources from federal programs and foundations to invest in technology as a means to leapfrog into state-of-the-art facilities and modern education tools.

3.3.3 Seek federal aid for school construction and programs in the upcoming stimulus package.

**Finding 3.4 More than half of the Corridor's counties have unconsolidated school districts, which are aggravating local rivalries, contributing to administrative inefficiencies and disparate quality, and draining resources from classrooms across the Corridor.**

3.4.1 Start a fund to award school districts that opt for consolidation and annually increase the money in this fund as a means of enticing districts to consolidate.

3.4.2 Promote grassroots support over the longer term for eventual school consolidation by funding collaborative ventures between school districts within the same county.

**Finding 3.5 Eighteen percent of Corridor adults lack basic prose literacy. The region's low educational attainment and its high dropout rates confirm that adult education is a critical need.**

3.5.1 The region needs to perform a complete assessment of its adult education capacity, and supplement those opportunities where necessary.

**Finding 3.6 Corridor school districts have difficulty recruiting and retaining qualified teachers.**

3.6.1 In the immediate term, school districts in the Corridor should work to bring "Teach for America" to the Corridor, with a center in Florence or Orangeburg, or work with the state to create a South Carolina program modeled on Teach for America.

3.6.2 South Carolina should revise its teacher incentive packages to help poorer districts attract and retain teachers.

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## **4. CLOSE THE INFRASTRUCTURE GAP.**

**Finding 4.1 Inconsistent data collection and prioritization across the region inhibits the Corridor's ability to make sound infrastructure investments.**

4.1.1 Work as a region to identify infrastructure needs and develop priorities to target strategic areas for investment.

**Finding 4.2 The disparate priorities and lack of connection to wider regional needs weakens the region's ability to leverage state and federal funds.**

4.2.1 Monitor federal and state funding opportunities and leverage local assets to attract outside investment.

4.2.2 Leverage the South Carolina Office of Local Government Programs more effectively.

4.2.3 Leverage the state transportation funding sources more effectively.

4.2.4 Utilize regional coalitions to leverage federal funding sources.

**Finding 4.3 Lack of water and sewer hookups for economic development thwart local business recruitment and retention in the region.**

**Finding 4.4 The quality of water within the region is inconsistent.**

4.4.1. Encourage consolidation of water services.

**Finding 4.5** The lack of Internet and broadband infrastructure limits students, workers, access to markets, access to healthcare, and entrepreneurship opportunities.

4.5.1 Follow up on the SC Broadband Technology and Communications Study Committee.

4.5.2 Invest in wireless broadband centers along Interstate 95 to promote both public use and small business development.

**Finding 4.6** Overall, the Corridor lacks the substantial, up-to-date transportation routes available in other parts of the state.

4.6.1 Expand rural/regional transportation programs for the workforce and those on limited incomes.

4.6.2 Develop a strategy to align rail upgrades and access with port activity on the coast.

4.6.3 Work with regional economic development partnerships and the private sector to advocate for better air service to the region.

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## 5. MODERNIZE STATE AND LOCAL FINANCE STRUCTURES.

**Finding 5.1.** The region has not adequately explored greater use of existing creative financing tools. Such tools can help localities seize opportunities and speed the addressing of infrastructure, education, healthcare, and social service needs, in addition to better leveraging state and federal resources.

5.1.1 Utilize tools currently authorized by state legislation to finance needed local and regional projects.

5.1.2 Consider using tools that have been successfully implemented elsewhere to help local leaders bolster revenues.

5.1.3 Act quickly to organize priorities, as the federal stimulus package will likely offer an unprecedented opportunity to attract infrastructure and other community development dollars.

**Finding 5.2.** A stronger and more unified voice for rural counties in the state can help bridge communication gaps around tax and finance policy discussions.

5.2.1 Use statewide coalitions and networks to advocate on finance issues, particularly the need for greater autonomy and fewer state restrictions to enable more flexible financing and alignment with regional priorities.

**Finding 5.3** The perception that state resources are being unfairly directed to the Upstate, Charleston, and Columbia, and not to the I-95 region, is inhibiting progress instead of promoting work toward viable solutions.

5.3.1 Commission a thorough analysis of the tax, finance, and revenues systems used in the I-95 Corridor.

## 6. TARGET DISPARITIES IN HEALTH AND SOCIAL SERVICES.

**Finding 6.1 The Corridor's poor performance in health indicators is largely attributable to the disparities facing poor and rural residents. The Corridor lacks adequate rural healthcare, particularly in the more isolated communities.**

6.1.1 Boost support for programs that target rural healthcare and extend the healthcare facilities in Florence, Orangeburg, Charleston, and other cities to the rural counties.

6.1.2 Initiate and better support programs to increase public health education, particularly with high poverty populations.

**Finding 6.2 Corridor communities have trouble recruiting and retaining doctors, nurses, and other health professionals.**

6.2.1 Increase support for recruiting by rural hospitals, reaching national and international audiences.

6.2.2 Develop and fund a state program to pay student loans for graduates in health professions in exchange for a period of service in rural areas. The state may also consider ways to use the tax system to offer incentives to nurses and doctors who will work in these areas.

**Finding 6.3 The lack of adequate health education and screenings for children is ultimately costly to the state's taxpayers, and perpetuates cyclical poverty and the health and social problems associated with it.**

6.3.1 In a time of fiscal crisis, South Carolina should reinforce healthcare programs for children, particularly for poor families and in areas where access to care is already limited.

6.3.2 Institute and support programs that aim to reduce the recidivism rate for teenage mothers.

6.3.3 School districts should consider adopting year-round schools in high-poverty areas where many children lack adequate at-home support for education.

**Finding 6.4 The aging population of the region represents both a health challenge and an economic and social opportunity.**

6.4.1 Assess services available for senior citizens in rural counties, and work with state agencies, churches, private organizations, and charitable groups to increase support for meeting the needs of an aging population, and to find ways to use senior citizens as a resource for regional development.

**Finding 6.5** Incarceration of nonviolent offenders is excessive and costly to both public budgets and families of offenders. Alternative programs for juvenile offenders are a critical need, and law enforcement agencies, the courts, and school and community leaders need to work together to develop programs to identify and help at-risk youth.

6.5.1 Adopt and expand county-level programs to provide alternatives to incarceration for nonviolent offenders.

6.5.2 Consider the establishment of Drug Courts, as recommended by South Carolina's Attorney General, as a way of providing an alternative to incarceration.

6.5.3 Assess juvenile intervention programs and develop a regional strategy for saving at-risk youth from crime and drugs.

6.5.4 Encourage county sheriffs to take a more proactive role in juvenile diversion programs.

# Introduction to South Carolina's I-95 Corridor

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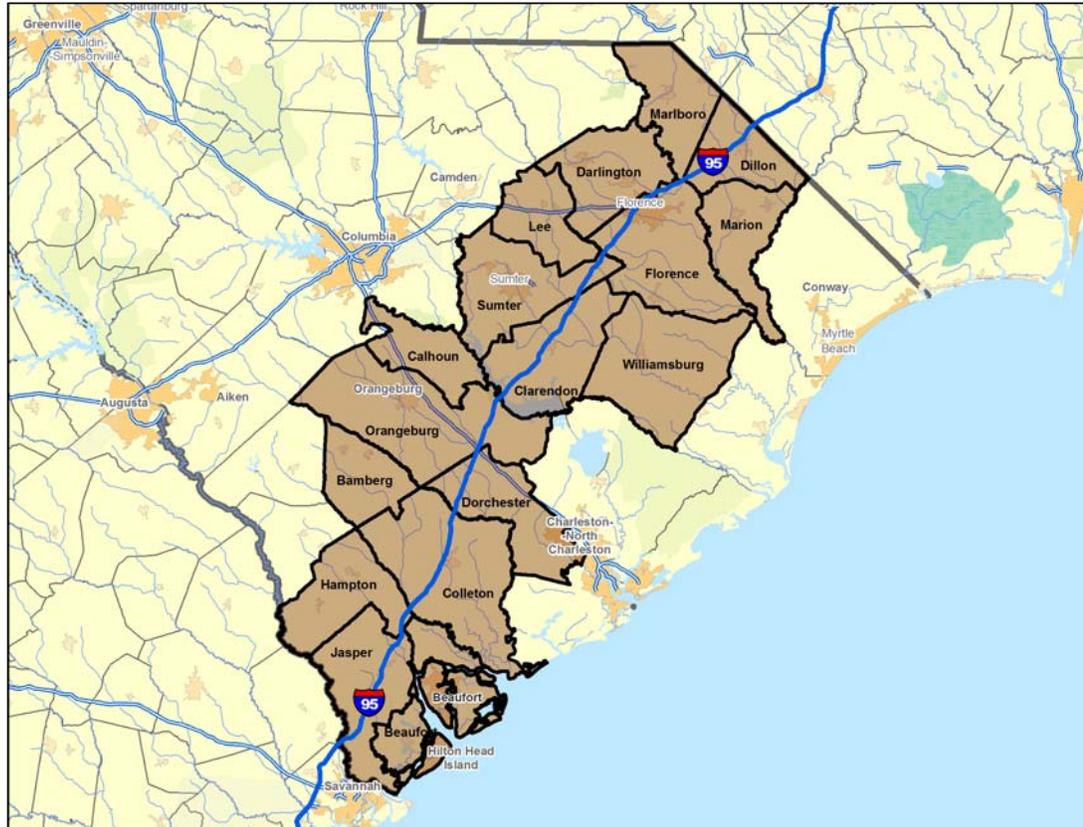
## SUMMARY

For nearly 200 miles, Interstate 95 runs through the coastal plain of South Carolina, parallel to both the state's burgeoning coastal communities and the fall line of the state's Piedmont. From the kitsch of the South of the Border theme park to the classicism of Savannah, Georgia, the highway cuts through a cultural and historical heartland of the state and of the United States itself. Much of the past and present of America is represented in the small towns, woods, and farmlands, from Native American communities to remnants of the plantation South to modern commerce, manufacturing, and agriculture. Evidence of what may be some of the earliest human existence in North America has been found not far from the interstate along the Savannah River.

## The People

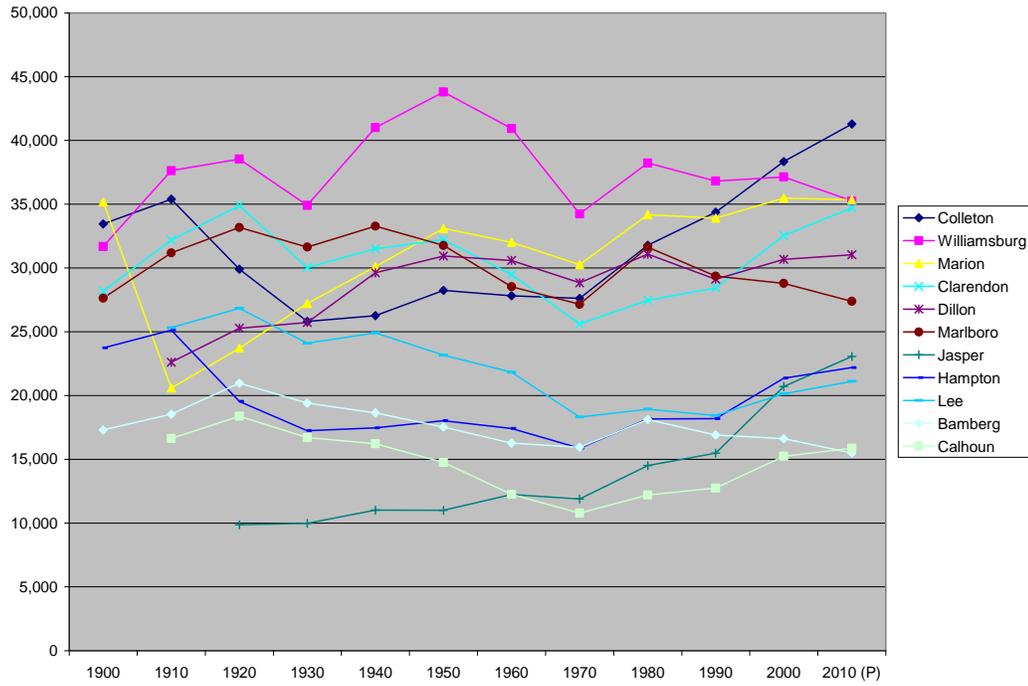
Today, the 17 counties that make up the region known as the I-95 Corridor are a diverse yet cohesive group. It is a region in which the wealthiest county in the state lies adjacent to some of the poorest, and where ethnic and racial diversity is at the same time a longstanding tradition and rapidly changing. Thousands of Corridor residents claim as ancestors Native Americans, while larger numbers chart their descent back to European immigrants and African slaves. In recent years, these groups have been joined by a small but growing number of Hispanics and Asian-Americans.

Close to a million people—nearly one in four South Carolinians—live in the region, in small towns, unincorporated rural communities, and small cities such as Florence and Orangeburg. Rapidly growing counties such as Beaufort and Dorchester sit next to rural communities that have steadily lost population for decades: Several counties are smaller in population now than they were before World War I, their residents joining the global migration to the cities. The interstate itself brought dramatic change, as legions of abandoned motels testify to the shift in that sector of the economy to the interstate exits.



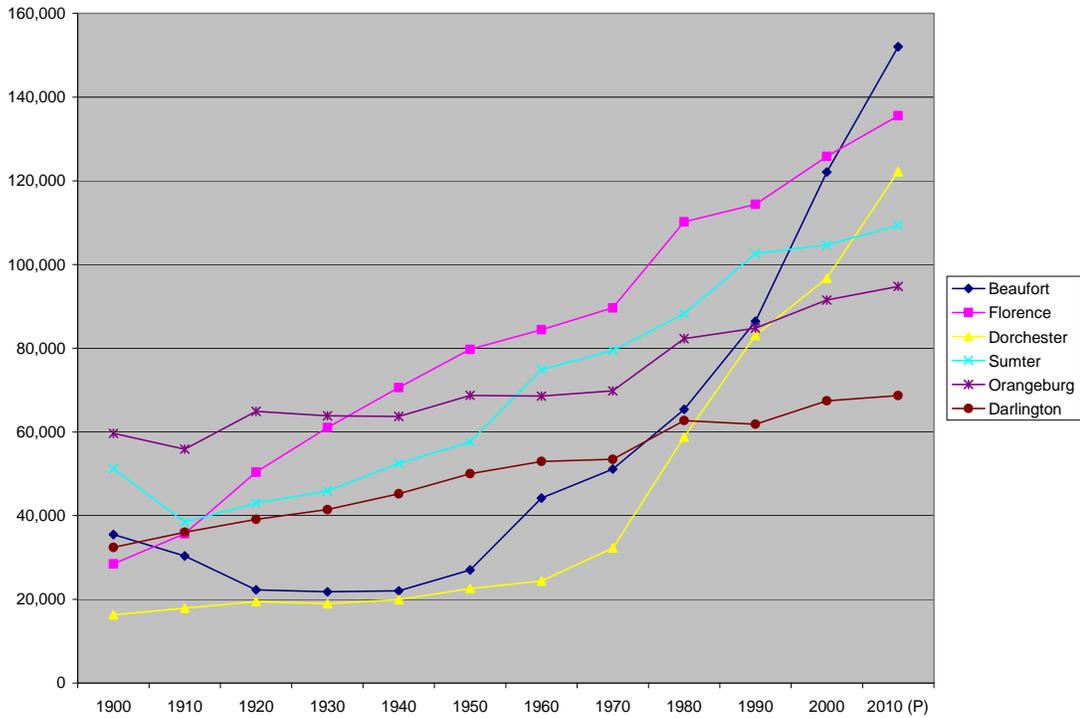
The loss of population continues. Since 2000, as South Carolina ranked among the 10 fastest growing states with a steady annual growth rate of 1.5%, only six of the seventeen Corridor counties had positive growth rates. Three counties (Marion, Williamsburg, and Bamberg) lost between 5% and 8% of their population in that period alone. Looking at historical trends (**Figures 1 and 2**), the larger counties have grown quickly, particularly Beaufort and Dorchester, while most counties under 40,000 have shown little change. Through the rest of this report, linking these outlying, slow-growth counties to the hubs of the coast, Orangeburg, and Florence is a repeated theme.

**Figure 1. Population Trends in Corridor Counties with Population <40,000, 1900–2010**



Source: U.S. Census Bureau

**Figure 2. Population Trends in Corridor Counties with Population >40,000, 1900–2010**



Source: U.S. Census Bureau

The Corridor is markedly more racially diverse than the state, with only 55% of population identifying themselves to the Census as solely white, compared to more than two-thirds of the state's population. The racial mix varies widely within the Corridor (see **Table 1**), however, with whites making up 32% of Williamsburg County to 76% in Beaufort. African-Americans account for 43% of Corridor population (ranging from 22% of population in Beaufort County to 67% in Williamsburg). The Hispanic/Latino population represents 3% of the Corridor, the same as the proportion statewide, ranging up to 10% in Jasper County. Dillon and Marlboro counties have the highest proportions—3% in each case—of residents claiming American Indian identity.

**Table 1. Population by Race and Hispanic Origin, I-95 Corridor and State, 2005**

	White	African American	Other	2+ Races	Hispanic or Latino
	2005	2005	2005	2005	2005
<b>Bamberg</b>	37%	62%	0%	0%	1%
<b>Beaufort</b>	76%	22%	1%	1%	9%
<b>Calhoun</b>	54%	45%	0%	0%	2%
<b>Clarendon</b>	48%	51%	1%	0%	2%
<b>Colleton</b>	58%	41%	1%	0%	2%
<b>Darlington</b>	57%	42%	0%	0%	1%
<b>Dillon</b>	51%	46%	2.8%	0%	3%
<b>Dorchester</b>	71%	25%	2%	1%	3%
<b>Florence</b>	58%	41%	1%	1%	1%
<b>Hampton</b>	43%	56%	0%	0%	3%
<b>Jasper</b>	48%	51%	1%	0%	10%
<b>Lee</b>	36%	63%	0%	0%	3%
<b>Marion</b>	43%	56%	1%	0%	2%
<b>Marlboro</b>	44%	52%	3.8%	1%	1%
<b>Orangeburg</b>	36%	63%	1%	1%	1%
<b>Sumter</b>	50%	48%	1%	1%	2%
<b>Williamsburg</b>	32%	67%	0%	0%	1%
<b>Corridor</b>	55%	43%	1%	1%	3%
<b>South Carolina</b>	68%	29%	2%	1%	3%

Source: U.S. Census Bureau

## Economic Geography

The landscape is flat, although not totally so, and a number of small lakes lie scattered around the region, and blackwater streams and swamps slowly slide toward the sea. The pines and hardwoods give notice of the importance to the region of the forestry industry, while overgrown fields bear witness to the decline (but by no means elimination) of agriculture as a way of life. Cotton, soybeans, and peanuts are common crops, in addition to tobacco, poultry, and livestock.

If South Carolina has historically been one of the poorest states in the United States, ranking 41st in median household income in 2007, the counties along the I-95 Corridor are the poorest in the state. The 2000 Census found that of the eight poorest counties in the state, as measured by median household income, no fewer than seven were in the Corridor. Families in the poorest counties in the Corridor can expect to make two-thirds of the state median income and just more than half of the median national household income (see **Table 2**).

**Table 2. Median Household Income, 2005**

	<b>Median Income</b>	<b>% of U.S. Median Income</b>
United States	\$46,242	100.0%
South Carolina	\$39,477	85.4%
Bamberg County	\$26,299	56.9%
Beaufort County	\$49,638	107.3%
Calhoun County	\$35,698	77.2%
Clarendon County	\$27,944	60.4%
Colleton County	\$31,059	67.2%
Darlington County	\$33,739	73.0%
Dillon County	\$28,395	61.4%
Dorchester County	\$49,636	107.3%
Florence County	\$37,251	80.6%
Hampton County	\$31,309	67.7%
Jasper County	\$32,892	71.1%
Lee County	\$27,227	58.9%
Marion County	\$27,283	59.0%
Marlboro County	\$26,306	56.9%
Orangeburg County	\$31,151	67.4%
Sumter County	\$34,246	74.1%
Williamsburg County	\$25,690	55.6%

Source: US Census Bureau, Census 2000

Associated with the low levels of income are a host of other problems. Educational attainment is lower in the Corridor than in other parts of the state: More than a quarter of those 25 years or older lack a high school diploma, and fewer than one in five has a bachelor's degree. Only 40% of the Corridor population have any education beyond a high school level—27% have no high school diploma, and fully 10% have less than a 9th grade education. The percentage of Corridor residents over 25 with higher than a high school education was 73% (ranging from 60.9% in Marion County to 87.8% in Beaufort) at the time of the 2000 Census, compared with 76% statewide, 78% in North Carolina, 79% in Georgia, and 80% nationwide. The 2000 Census proportion of residents with a bachelor's degree or higher diverged even further from regional and national percentages—17% of Corridor residents over 25 had a bachelor's degree or higher (ranging from 8.7% in Jasper to 33% in Beaufort), as compared to 20% statewide, 23% in North Carolina, and 24% in both Georgia and the United States.

The poor state of rural schools (addressed in this report in Chapter 3) prompted a landmark lawsuit and a documentary, *Corridor of Shame*, both arguing that the state fails to meet its constitutional obligations to provide Corridor students with an acceptable public education.

Cyclical poverty and an aging population create health problems in the Corridor, some distinctive to the region and others commonplace in rural America. Many lack health insurance, and those who are insured sometimes avoid checkups because they cannot afford co-payments or deductibles. The state ranks in the top 10 in the country for the rate of HIV/AIDS cases, and diabetes was the sixth leading cause of death in the state. Cancer, heart disease, and particularly stroke are suffered at higher rates than national averages. Risk factors such as obesity and smoking run above the national and state averages as well.

### ***Location and Quality of Life***

Despite these problems, however, the Corridor enjoys substantial assets. Interstate 95 is the country's main north-south artery for automobile and truck traffic along the East Coast. No town in the Corridor is a long drive from the South Carolina coast, one of the most beautiful in the world, and port facilities along the coast open routes to the rest of the world. Cities such as Charleston, Savannah, and Columbia are very close, and Charlotte and Atlanta not much farther away. Both local, general aviation airports and regional airports service the area, along with freight railroad lines.

The lifestyle is attractive, if one can tolerate the worst of the summer heat and humidity, which anyway is the price to be paid for the mild winters. The cost of living is low, and the countryside offers a host of outdoor activities, from boating

and fishing and hunting to golf and horseback riding. Oaks draped with Spanish moss and blackwater streams offer one of the most romantic landscapes in the country, while the graceful mansions and distinctive Lowcountry vernacular architecture further boost the strong sense of place. Regionally distinctive music and cuisine mix at local festivals, and Sunday morning (and often Wednesday evening) remains reserved for church services. Spectator sports, from high school football on Friday nights to stock car races at Darlington on Sunday afternoons, remain at the center of Monday morning conversation.

### *The I-95 Corridor as a South Carolina region*

South Carolina has traditionally been divided into three regions: the Upstate, with its foothills and mountains; the Midlands in the center of the state, with Columbia in the center; and the Lowcountry, the coastal plain south and east from Sumter. The Lowcountry has been splintered, however, by the rapid growth of the oceanside communities of Charleston, Georgetown, Beaufort, and Hilton Head, and places in between. Inland communities have had mixed success in capitalizing on their success; even inland parts of those places are socio-economically more like the I-95 Corridor than the thriving resorts and tourist destinations.

Throughout the research, we grappled with the question of whether the 17 counties of the study area represented a functional region. Forging a regional identity is a critical step in mobilizing resources and energy, and leveraging political and economic power. We came to the conclusion that the I-95 Corridor is a true region. Though geographically sprawling and diverse, the counties along the interstate share a common set of challenges and assets and a common relationship to state, national, and global economies. With the possible exception of Beaufort, the 17 counties selected for inclusion in this study represent a credible region going forward for the purposes of regional development, strategic planning, and regional identity.

### **The Recession**

Despite its charms, the fact remains that the Corridor is part of one of the most persistently under-developed regions in the country. It enters, in early 2009, a grim economic period trailing the rest of the state in key indicators of social and economic well-being. Unemployment numbers released as this report was going to press show some counties heading toward 20% jobless rates (see **Table 3**). The picture will almost surely worsen at least through the first part of 2009, as job losses appeared to be accelerating.

**Table 3. December 2008 Unemployment Rates, I-95 Corridor**

	<b>Dec. 2008 Unemployment Rate (%)</b>
Marion	19.0
Marlboro	16.9
Bamberg	15.5
Dillon	14.2
Williamsburg	14.2
Orangeburg	13.6
Hampton	12.7
Clarendon	12.6
Lee	12.2
Colleton	11.8
Darlington	11.7
Sumter	10.7
Calhoun	10.1
South Carolina average	9.5
Florence	9.1
Jasper	8.1
Dorchester	7.9
Beaufort	7.0

Source: SC Employment Security Commission

It is unclear what impact the downturn will have on the individual investments and initiatives described in this report. For example, major developments such as Jafza International's massive project in Orangeburg and, looking even further in the future, the port facility planned for Jasper County may or may not be jeopardized by the recession.

### ***Moving Forward***

The economic downturn will present new challenges to the people of the I-95 Corridor and to state and local leaders. Scarce resources will be strained even further as tax revenues fall and economic activity falters. It certainly constrained RTI's recommendations; for example, how could we recommend ambitious plans for increasing teacher salaries, an obvious need if poorer districts are to recruit and retain qualified staff, in a year in which even wealthier districts were cutting salaries?<sup>1</sup> The budget crunch came under a gubernatorial administration that had

<sup>1</sup> Kershaw County, for example, announced plans in January 2009 to cut salaries 1.75% across the board (*The State*, Jan. 16), defending the salary cuts by saying "We didn't want to impact programs for students."

already established its preference for a laissez faire approach to development and a commitment to a smaller state role.

At the same time, the tight public budgets coincide with what RTI broadly recommends to be a re-ordering of the Corridor's relationship with the state. Baldly put, we recommend that communities in the Corridor stop waiting for the state to step up to its commitments and instead look inward for the energy and direction needed for regional development; at the same time, the state should step forward and support this effort with targeted investments that reflect the importance of boosting the Corridor's overall development. Of particular value will be state support for efforts that allow the I-95 Corridor to boost its local and regional capacity for leadership and that lead to the formulation of a regional economic development strategy.

This report is designed to give a blueprint for addressing the social and economic needs of the I-95 Corridor. After an introduction to the people and geography of the region, we discuss what we see as the two fundamental tasks: increasing local capacity and leadership (Chapter 1), and strengthening regional coordination in order to develop a regional economic strategy (Chapter 2). Included in the chapter on local capacity and leadership are some steps that can be taken immediately to oversee follow-up work on this study, and a call for the universities to continue to seek a more active outreach throughout the region. We highlight these steps with best practices within the Corridor and out-of-state examples.

Next, we offer some specific recommendations for progress in the long-running struggle to improve educational opportunities for all the residents of the Corridor (Chapter 3). The next two chapters address the Corridor's infrastructure needs (Chapter 4) and the current tax and finance landscape in the region and the state (Chapter 5), two very complicated areas in which more analysis is needed. Finally, we point to alarming evidence of backsliding in health and social indicators (Chapter 6), most tied to persistent economic under-development, and offer targeted recommendations for reversing that slide.

# 1 The First Priority: Build Local Capacity and Leadership

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## SUMMARY

“A vital element in the success of any community is the quality and quantity of its leadership. Communities that enjoy the presence of numerous dynamic leaders have an advantage in terms of their ability to create and successfully implement development plans. Such communities are better positioned to take advantage of new opportunities and avoid some of the pitfalls that face other communities.”<sup>2</sup>

This quote from the Alabama Cooperative Extension Program illustrates the greatest single, immediate need of the I-95 Corridor—the development of a dynamic and diverse cadre of leaders and the resulting increase in the capacity of local communities to initiate change.

Leadership is a core theme throughout this report, so intertwined with the findings and recommendations that it merits pride of place among all of the research and recommendations. By leadership we mean not simply elected or appointed officials or business people, but *civic* leaders, of diverse backgrounds, aspirations, and viewpoints, sharing a common energy and ability to get things done on behalf of their community. In the following chapters, as we discuss a wide range of topics—the need for a regional economic perspective, lifelong learning, infrastructure, local finance structures, and health and social services—

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<sup>2</sup> Easterwood, Mike. *Action: Alabama Communities in Transition*. The Alabama Cooperative Extension System. Fall 2005.

it is the local community that is going to shoulder the brunt of the work to accomplish these goals and meet the greater needs of the region.

In our travels around the region, but particularly in Columbia, we repeatedly heard complaints of a “Pine Curtain,” behind which program leaders with good ideas were frustrated by the inability of locals to apply those ideas to their own communities. Programs that thrived in other parts of the state withered when transplanted to the Corridor. The “Pine Curtain” metaphor may be unkind, but captures something many Corridor residents have noted: the lack of a critical mass of local leaders and grassroots, civic-minded activists willing and able to coordinate and implement projects and strategies for development. Local rivalries, inertia, defeatism, and a shortage of resources undercut attempts to come together for the common good and a greater purpose. These circumstances are reflected, for example, in the unusually large number of unconsolidated school districts across the Corridor, in the region’s race and class fault lines, and in the finger-pointing between local officials and state agencies such as the Department of Commerce.

Beyond the development of local leaders, as we discuss here, what is needed is almost the creation of a grassroots *politics*,<sup>3</sup> or at least its supplementation, to generate the creative friction that comes with a thriving and engaged citizenry. Even skilled and energetic local economic development coordinators, for example, will find their efforts thwarted without the support of private, public, and community leaders who will do the grunt work to see initiatives through to successful implementation. The creation of this politics will take time and investment, and will see more success in some places than in others. Building the local capacity to initiate change is the appropriate first step, however, since it will leverage development across the other areas covered in this report.

## Key Themes and Supporting Evidence

Regions that overcome significant challenges do so with leadership defined by a common sense of purpose and a unity of voice and equipped with the tools and capabilities to implement and manage change.

### *Shared Sense of Purpose*

Ensuring that the region has a shared vision and sense of purpose around its economic future will build proactive leadership that can set aside past differences and work proactively toward solving the region’s challenges. Using specific measures to track progress of the region can help maintain momentum and bring about positive change.

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<sup>3</sup> Used here in its most basic meaning, as the process by which groups of people make decisions, and not in its partisan sense.

### ***Unity of Voice***

With a shared purpose, community, state, and regional leaders can communicate more clearly to those outside the region why investment from partners both within and outside the Corridor is fruitful to the overall economic health of South Carolina.

### ***Enhanced Tools and Greater Capacity***

If given an expanded toolkit, local leaders can be armed with possibilities for raising their own resources to combat the needs in the Corridor. With proper accountability and transparency, decision makers can raise local funds that can be leveraged widely with state and federal agencies and philanthropic entities.

Evidence for these themes is based on interviews and many anecdotes with a wide range of perspectives. Key themes regarding leadership that emerged from these interviews include the following:

- Blame between local and state leaders for Corridor shortcomings
- Infighting or turf battles within counties over limited resources
- Lack of trust and accountability
- Homogenous leadership (lack of diversity in terms of age, race/ethnicity, and gender)
- Decline in civically minded residents
- Limited private sector involvement

Leadership challenges and low levels of civic engagement are not unique to the Corridor; in fact, they are common in diverse kinds of communities and regions as leaders seek to manage change. In the Corridor, they are compounded by the degree and variety of human needs identified in the following chapters.

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## **CRITICAL LEADERSHIP FINDINGS**

### **Finding 1.1 The region lacks a shared sense of purpose, which limits its ability to align resources and build capacity.**

Fractures in development concerns arise over many fault lines, which is not unusual as a region plans for its future. For the I-95 Corridor, greater communication between more concentrated growth and rural areas, blacks and whites, younger generations and older generations, faith communities and government leaders, and men and women can help forge a stronger sense of purpose and trust within the region.

**1.1.1 *Build a regional coalition of leaders structured to identify, characterize, and address shared issues and challenges.***

Social and economic change does not come easily. Regional leaders working toward higher per capita incomes, greater opportunities for the next generation, and a better quality of life need some kind of structure from which to organize and coordinate efforts to meet the human needs. This coalition can be institutionalized to a greater or lesser degree, and function in different ways. The key is that people in the Corridor begin to see its parts as having a common future, and that their leaders begin to form the linkages and networks that produce cooperation and coordination.

**1.1.2 *Cultivate and attract leaders from diverse networks and backgrounds.***

Interviewees said that, in particular, greater participation was needed from the private sector, from women, and from younger generations at the local level. Local government leaders could be more attuned to the needs of private businesses if the private sector became more involved and engaged with local decision making. According to interviewees, men dominate leadership positions; efforts to encourage women to fill leadership roles at the local and state levels should be considered. It was mentioned by many that leadership tends to have a median age of over 60. Planning for the future requires younger workers and families to voice their concerns and hopes for their community.

**Young Professionals of Florence**

Young Professionals of Florence was originally organized to help recent transplants to the area get more involved in the community. Since then, the social networking organization has cultivated a membership of more than 500 young professionals. It is still a resource for people who wish to quickly learn about and get engaged in Pee Dee activities, but has expanded its mission and impacts—providing community service, expanding the business networks of its members, and developing young leaders in the community.

[www.ypflorence.com](http://www.ypflorence.com)

**1.1.3 *Identify, through existing state and local organizations, communities divided by race and encourage locally driven ways to reduce conflict.***

Racial issues continue to surface as a fundamental divide within communities. A dialogue to build greater trust with leaders from all parts of the community—business, government, churches, education (private and public), nonprofit organizations, and others—under the review of a steering committee of leaders within both the black and white communities, might be a useful step to begin to address the issues that continue to be obstacles to community and regional prosperity. State agencies such as the South Carolina Human Affairs Commission,

the South Carolina Civil Rights Advisory Committee, the South Carolina Commission on Minority Affairs, and their local counterparts can play an important role in identifying these communities and solutions, and guiding a regional approach.

**1.1.4 Foster greater use of public-private partnerships.**

Public and private entities coming together with a shared purpose, such as improving schools, is a powerful combination that policymakers tend to recognize. This impetus is lacking in places where the private sector is disengaged from public life. The rise of the branch plant and globalization of production, along with the flight of many professionals to the cities, have undercut the leadership role of the private sector in local communities. The I-95 Corridor needs to identify and cultivate business owners and managers, and urge them to develop partnerships with public entities such as schools to further the common good. Some such partnerships already exist in the Corridor, but more are needed.

**Finding 1.2 Disunity and lack of well-developed regional institutions make it difficult for the region to speak with one voice on matters of regional importance.**

Raising the standard of living for those living and working in the region was a common hope for almost all of the interviewees. The lack of infrastructure and the means to pay for it, a crumbling education system, and turf battles for limited resources are all preventing the Corridor from achieving a better economic future. What the region needs to develop is a common voice to communicate to state and national leaders why additional funding would have a significant positive impact, and to generate momentum within the region itself for development.

**1.2.1 Act as a unified political block.**

To overcome the advantages of more urban regions in gaining economic development aid, the I-95 Corridor should function as a unified political bloc to develop a regional legislative agenda, identify and champion critical legislative initiatives, and communicate funding priorities of the region to outside audiences. Racial and partisan divisions need to be overcome if the region is to maximize its leverage in Columbia and Washington. Hopeful signs can be seen at the individual level, but more legislators up and down the Corridor need to see regional interests as important to their political fortunes and to the futures of their constituents.

**1.2.2 Higher education institutions, particularly regional universities, can play a larger role in community and economic development.**

Universities across the United States are being asked to take a more prominent leadership role, as their surrounding communities shift from traditional industries to ones that leverage knowledge and technology. Francis Marion University (FMU) and South Carolina State University (SCSU) are uniquely positioned as leading educational institutions in the Corridor to step up, reach out, and lead these efforts.

FMU and SCSU are beginning to embrace the need for greater involvement and leadership within their communities. The programs below provide some examples of exactly how they are reaching their communities:

Francis Marion:

- Rural Assistance Initiative: This initiative is designed to advance rural healthcare and build greater leadership capacity for nonprofit and civic organizations.
- Center for Entrepreneurship: This newly created center aims to provide technical support for small businesses in the Pee Dee region and ramp up entrepreneurship training for students at FMU.
- Center for the Child: The center was created to disseminate best practices in education, evaluation, and intervention while also providing child care to the children of FMU's staff, faculty, and students.

South Carolina State:

- James E. Clyburn Transportation Center: The center has a mission to develop a highly skilled workforce to meet the transportation needs for tomorrow. In addition to the multi-modal research and experiential learning for students, the Center holds conferences, youth awareness programs, and events to promote technology for the region.
- Child Development Learning Center: This is the only nationally accredited pre-school program in Orangeburg County, running all-day classes and childcare for two- to four-year-olds.
- Small Business Development Center: Funded by the Small Business Administration, the center supports small businesses and entrepreneurs with technical assistance and support in Allendale, Bamberg, Barnwell, Calhoun, Colleton, Hampton, and Orangeburg counties. It also helps to assist faculty and students with small business and entrepreneurial assistance.

While such programs pave the way for greater community and economic development, these institutions and others like them in the Corridor will need to continually monitor ways to serve their surrounding communities through knowledge and technology assets.

**1.2.3** *The universities should consider forming a task force from across the region to review the recommendations in this report, formulate a response, and begin to move toward implementation. External funding could be sought to support their work.*

A task force of regional leaders, representing a cross-section of the Corridor, would be a natural next step to consider the recommendations of this report. The task force could generate a regional response to the study, seek external funding to support its work, and consider what steps FMU, SCSU, and other organizations should take to move forward. A task force would be a low-cost way to move toward implementation, build regional identity and acceptance, and lay the groundwork for perhaps more lasting institutions.

**Finding 1.3** **Local leaders lack access to and awareness of the available tools to implement and manage change, such as creative local financing and greater use of public-private partnerships.**

State leadership and local community members noted concerns that some leaders in the Corridor were not equipped to problem-solve around such critical issues. This failure, they said, could be attributed to a general lack of understanding about the mechanics of how community and economic development works at the state and local levels.

**1.3.1** *Boost local leadership training programs such as those at USC-Salkehatchie and Francis Marion University and those run by USC's Institute for Public Service and Policy Research.*

The challenges many cited with leadership training programs is that local leaders have full-time jobs that make it very difficult for them to leave for a few days, unpaid, to undergo training. Programs need to be sensitive to this and respond with flexible schedules and convenient, nearby locations. Also, some elected officials do not want or think they need training. It is illegal for leaders to be required to attend such training, but incentives may encourage leaders and generate stronger participation rates.

### 1.3.2 *Develop benchmarks to measure progress in meeting human needs and expanding economic opportunity.*

Regional institutions should create a list of key metrics to measure human and economic development for the region and track those metrics over time. These metrics will lead to the setting of concrete goals for improvement, and the publicizing of both goals and accomplishments. Benchmarking can provide an important framework and base to engage concerned citizens on issues important to the Corridor.

#### **Best Practice**

##### *USC Salkehatchie Leadership Institute*

The University of South Carolina Salkehatchie Leadership Institute was started in 1998 by a broad partnership of universities, government agencies, and local organizations and businesses. The mission of the Institute is to create and provide programs that augment community and economic development in Allendale, Bamberg, Barnwell, Colleton, and Hampton counties.

The institute focuses its efforts in leadership development, community development, entrepreneurial development, and governance. The leadership programs provide training and education to youth and adults and both existing and emerging leaders. The Adult Leadership Programs include local and regional offerings of basic leadership education for emerging leaders and advanced training programs for alumni of other programs and existing leaders.

In 10 years, the Center has served more than 1,500 people and helped generate more than \$10 million in grant funding for other economic development programs in the region. The Institute was awarded the "Innovator's Award" by the Southern Growth Policies Board in 2003.

<http://www.sc.edu/bulletin/Salkehatchie/university.html>

Sources: USC Salkehatchie, Southern Growth Policies Board

### 1.3.3 *Foundations and donors should better coordinate giving and adjust priorities as the needs of the region evolve.*

A more unified voice also includes leveraging a collective vision of private foundations, nonprofit organizations, and individual philanthropists. These donors have a critical role to play in addressing the human needs of the region. While invaluable work is already being done, both locally by foundations such as the Doctors Bruce and Lee Foundation in Florence and across the region by groups such as the Sisters of Charity Foundation in Columbia, there seems to be a disjointed voice expressing the regional needs and lack of coordination among donors. Despite remarkable generosity and efforts from the Community Foundations, the United Way, and individual philanthropists such as Darla Moore, philanthropy remains under-developed in the region and an underutilized source for meeting the broad array of needs. The Southern Rural Development Initiative, formed in the early 1990s, conducted research in this area and determined that

philanthropic organizations should reconsider their geographic scope and enable greater coordination with other donors to bring about the resources for change.

**1.3.4 *Improve coordination of public-private efforts by designating a state point-of-contact for faith-based and other private organizations to work with state government.***

Private organizations seeking to partner with state and local governments complained that they have difficulty navigating the maze of state bureaucratic agencies and offices to find help. A low-cost option for the state would be to designate a single office to serve as an initial point of contact for private organizations. This office, working out of an existing state government agency, could link philanthropic organizations to the resources of the state government and to local governments. In time, this office could initiate public-private collaborations by identifying potential funding sources and forming partnerships. For the short term, however, the office should concentrate on publicizing its availability in the philanthropic community while simultaneously identifying those points of contact in the relevant state and local governments.

**Best Practice**

*NC Rural Leaders*

Since 1989, the North Carolina Rural Economic Development Institute has expanded the rural leadership base, strengthened the capacity of rural institutions to lead economic development initiatives, and fostered peer and professional relationships—with the overarching objective of improving rural economies. Participants include elected officials, business leaders, economic and community development professionals, and civic leaders.

In addition to improving leadership skills, institute programming affords rural leaders the opportunity to:

- learn about best practices and trends in economic and community development;
- learn about resources available to their communities and how to take advantage of them;
- understand the fundamentals of long-range strategic planning; and
- join a formal alumni group, the Rural Economic Development Organization, members of which regularly share information and experience.

The Institute has graduated more than 600 rural leaders who have since been elected to public office, received appointments to state and local committees, and launched projects in literacy, strategic planning, housing, economic development and youth development.

<http://www.ncruralcenter.org/leadership/institute.htm>

**1.3.5 *FMU and SCSU should consider hosting a conference to bring together funders, business leaders, academics, community leaders, and government officials to coordinate research and investments for positive change.***

A small conference or meeting would serve to build a regional identity by bringing together community-based organizations, while publicizing the opportunities in the Corridor to a host of stakeholders, including state and federal agencies,

higher education institutions, funders, local government, community organizations, and the faith community. For example, a recent conference hosted by RTI about regional economic development brought together scholars and practitioners from North and South Carolina. Out of these discussions, it became apparent that local and state organizations are often disconnected from one another and from funding sources, particularly national foundations. Greater awareness and collaboration can often lead to greater investment and impact.

# 2 Develop a Regional Economic Perspective

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## SUMMARY

While most economic development activity in the I-95 Corridor is focused on the local and state levels, the regional scale is all but neglected in current efforts to plan and coordinate economic growth. Those inter-county agencies that do exist tend to be more limited in scope and vision, and although effective, are not in position to work across a wider region and across a wider set of substantive concerns. The regional scale is also where the conflict between local and state levels that we encountered repeatedly may best be resolved.

All economically successful regions look beyond their town and county boundaries to leverage their uniqueness and diversity into a competitive advantage. Examples include the I-85 region in Upstate South Carolina; the Research Triangle in North Carolina; the Four Corners

region of Colorado, New Mexico, Utah, and Arizona; and in the classic case, the Silicon Valley in California. Economic development is never an easy process, but

### What is regional economic development?

Regional economic development can be defined as “the on-going process of creating wealth in which producers deploy scarce human, financial, capital, physical and natural resources to produce goods and services that consumers want and are willing to pay for. The economic developer’s role is to participate in the process of national wealth creation for the benefit of local consumers and producers by facilitating either the expansion of job opportunities and tax base or the efficient redeployment of local resources.”

Malizia, E.E. 1994. A Redefinition of Economic Development. *Economic Development Review*, Spring, pp. 83-4.

it can flourish in places with dedicated, committed, and patient champions willing to invest time and resources for the long-term transformation of their community.

Creating wealth and job opportunities in the Corridor is an overarching and fundamental need that was identified throughout our study, even by those most interested in health, education, or other topics. Of the six regional needs the interview subjects were asked to prioritize (education, healthcare, infrastructure, housing, economic growth, and tourism and recreational amenities), the areas of education and economic growth were far and away the two top priorities. Of 49 respondents, education was listed as the first or second priority by 45, while 44 listed economic development first or second.

Because it is so fundamental, economic development is inextricably interwoven with the other human needs covered in this study. It cannot be considered apart from the social concerns of education, health, and infrastructure, nor can it be seen as the sole means for improving indicators in those areas. In fact, economic development is both a result of, and a contributor to, improvement in these social concerns.

## Key Themes and Supporting Evidence

Through our interviews and data analysis, three areas surfaced which leaders in the I-95 Corridor can focus upon as they pursue greater economic opportunity.

### ***Building a Regional Understanding of an Economy in which Shared and Unique Assets Can Be Connected to Seize New Opportunities***

The region shares common economic challenges and assets as well as a rich mix of industries and skills. These industries and skills can be more strategically developed to capture new economic opportunities. For example, connecting rural areas to a state's growth engines allows areas to maintain their rural characteristics while simultaneously harnessing economic opportunity for workers and residents to take advantage of nearby resources.

### ***Supporting Existing Industries While Using Regional Assets to Build Emerging Markets***

Targets of opportunity already exist within the Corridor. With greater attention and unified support to nurture stable and potential industry clusters, regional leaders can develop a more dependable and secure job base while steadily upgrading the workforce with more technology-based jobs, steering the region more directly towards the future dynamics of a 21st century global economy.

### ***Building a Culture of Strong Entrepreneurial and Small Business Development***

While working to attract outside investment is important for overall economic growth, local businesspeople ranging from “mom and pop” stores to small high-tech start-ups are the backbone of local and regional economies.

### ***The Current State of Regionalism in the I-95 Corridor***

Evidence from interviews and data analysis indicates that the regional perspective is currently:

- Disjointed and fractured
- Concentrated on the growth of Orangeburg and Florence, without a clear vision of how that growth can connect to opportunity in surrounding counties of the Corridor
- Lacking in support for entrepreneurship at all levels
- Failing to seize opportunities with the “low hanging fruit” in areas of tourism and agriculture that are intrinsic to the region

By adopting a strong regional perspective, the counties in the I-95 Corridor can move toward the sort of self-reliance and self-initiating development that is envisioned throughout this report. The state should support this effort by supporting the creation of institutions and policies that allow the region to take on more responsibility for its own growth and development.

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## **CRITICAL FINDINGS AND RECOMMENDATIONS**

### **Finding 2.1 Economic developers lack a clear vision through which to identify opportunities within a global economic context for the I-95 counties.**

Envisioning change to address common challenges at the local and regional levels can create better opportunities for the Corridor’s residents. The global economy brings unprecedented change—change that, while disruptive, also creates growth opportunities for creative entrepreneurs and innovative companies. Additionally, parts of the region are proximate to the metropolitan regions of Charleston and Columbia. Growth in these economic hubs will continue to have spillover effects on adjacent communities; however, opportunities exist to accelerate and expand this effect.

Regional leadership can proactively navigate these waters to guide their communities into a learning economy. Florence and Orangeburg currently represent two hubs of economic growth in the I-95 region.

**2.1.1 Consider creating a regional development entity.**

Developing a regional strategy can be more challenging without an institution or entity capable of serving the wider needs and organizing the region to seize opportunities. Local and state leaders either can encourage various communities and organizations to coalesce as partners or can consider the formation of a regional development authority to coordinate efforts. This may require the expansion of existing organizations or the founding of new ones. The scholarship of regional development makes a convincing case that it is the region—not local or state—that is the appropriate scale for instigating and managing regional change.

**Best Practice**

Triangle North, formerly known as the "Kerr-Tar Hub," is an innovative rural economic development initiative created through a unique multi-county collaboration and cost-sharing arrangement to spark economic growth and opportunity in a four county area in north-central North Carolina. It is the first technology center of its kind, and links four rural counties to the technology assets of the Research Triangle Park and surrounding universities. A nonprofit 501(c)(3) corporation owns and develops the plan while the Kerr-Tar Regional Council of Government provides administrative services for the initiative.

<http://www.trianglenorthnc.org/About-kerr-tar.html>

The 17 counties that formed the study area for this report may or may not be the ideal set of counties for such a regional entity. Some counties may need to be left out and other counties added. In any case, the Corridor appears to be a cohesive enough region to support a regional development agency.

### **2.1.2. *Develop a regional economic strategy***

Whatever institutional framework is developed, its first mission should be to create a 10- to 20-year economic development strategy. This strategy should communicate a clear, concise, and unified message about the region's strengths and needs, while pinpointing specific opportunities to arm regional leaders with an arsenal of target investment areas if and when outside resources can be leveraged. This regional strategy should be developed in coordination with as many regional stakeholders as possible, to create grassroots and regional buy-in, and widely disseminated.

#### **The Portland Regional Authority**

The Portland Regional Authority is a collection of towns, counties, private businesses, community organizations, and other alliances that have banded together to share information, network, and strategize for their future. The Authority works together to recruit and retain businesses; research and develop strategies for regional infrastructure; and advocates for such issues as regional transportation, natural resources, and small businesses. It offers a cohesive set of services to its members such as training, best practice sharing, shared data, and federal funding workshops.

<http://www.portlandregionalpartners.com/default.cfm>

### **2.1.3. *Monitor the progress of the Southeastern Crescent Regional Commission (SCRC).***

The SCRC, authorized by Congress in the 2008 Farm Bill, is a regional authority for the Blackbelt, stretching from Virginia through the Carolinas, Georgia, Florida and Alabama to Mississippi.<sup>4</sup> While the SCRC is currently unfunded, regional policymakers are optimistic that this legislation will soon be funneling resources to communities, including those within the I-95 Corridor. County leaders and councils of governments should be prepared with a thoughtful list of potential investments beneficial to the region that could be funded by this new federal commission. The SCRC will also play an important role in connecting I-95 communities to federal agencies and to each other, and will support the regional development planning envisioned here.

The SCRC may be an important vehicle for establishing the regional scale of coordination that is recommended in this report. The experience of the Appalachian Regional Commission (ARC) in bolstering a strong regional identity is instructive on the potential impact the SCRC may have in the Blackbelt.

<sup>4</sup> U.S. Department of Agriculture, Economic Research Service.  
<http://www.ers.usda.gov/Briefing/RuralDevelopment/RegionalDevelopment.htm>

### 2.1.4 Broker linkages between people, communities, and industries.

There are a host of opportunities to build relationships and networks with leaders from regional growth hubs. Economic development partnerships and councils of governments (COGs) are good first steps to developing these stronger ties, and are deserving of enhanced support by the state and local governments.

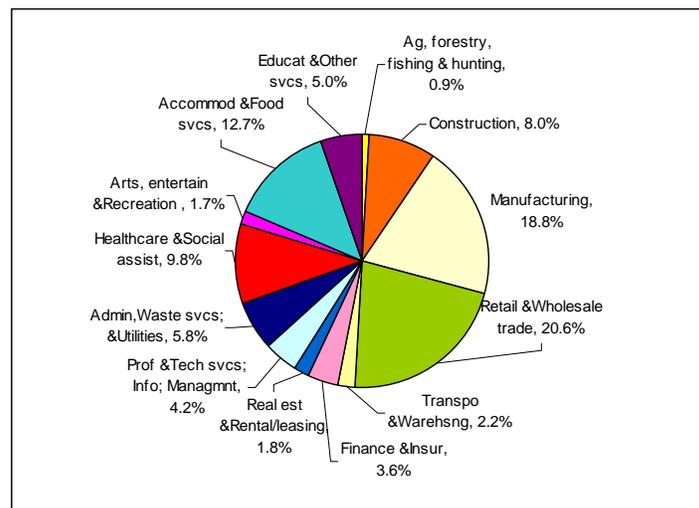
**Finding 2.2** Not enough is being done to capitalize on stable employment sectors and to develop greater region-wide support for fast-growing industry sectors. Healthcare and social assistance and wholesale and retail trade are two sectors that are adding jobs at a faster rate than the national average.

While this human needs assessment was not charged with producing a detailed economic opportunity strategy, the findings, nevertheless, suggest a number of targets of opportunity for the region. These are presented as areas for further research and strategy development as warranted. Key areas for further exploration are:

- Healthcare and social assistance
- Wholesale and retail trade
- Logistics and distribution
- Advanced manufacturing

**Figure 2-1** below indicates employment concentrations in the Corridor by industry. The region's employment is spread over many sectors, with close to half of it concentrated in Retail and Wholesale Trade (21%), Manufacturing (19%) and Construction (8%). Accommodation and food service (13%) and health and social services (10%) are also significant employment sectors.

**Figure 2-1. Employment by Sector in the I-95 Corridor, 2007**



Source: Bureau of Labor Statistics

A study of employment growth rates, shown in **Table 2-1**, indicates that healthcare and social assistance and wholesale and retail trade are adding jobs in the Corridor at higher rates than the state or national average (see **Table 2-1**). Logistics and distribution offers great potential to transform and stabilize the region's ascent into the global economy without altering its quality of life and rural traits. Despite significant job losses over the past decade, manufacturing continues to employ a large number of people, and strategies should promote worker training and advanced manufacturing technologies to help these companies compete from locations in the I-95 Corridor.

**Table 2-1. Employment Growth Rates for I-95, S.C., and the U.S.**

Industry	12-month Growth Rate			5-year Growth Rate		
	I-95	SC	US	I-95	SC	US
NAICS 11 Agriculture, forestry, fishing and hunting	-0.5%	-4.2%	0.5%	22.3%	-4.7%	0.9%
NAICS 22 Utilities	6.1%	-0.6%	0.5%	-0.5%	-1.4%	-7.2%
NAICS 23 Construction	-1.7%	-1.0%	-0.5%	5.0%	11.2%	13.2%
NAICS 31-33 Manufacturing	-5.5%	-1.7%	-2.0%	-16.0%	-14.0%	-9.0%
NAICS 42 Wholesale trade	6.6%	1.9%	1.7%	2.8%	12.9%	6.6%
NAICS 44-45 Retail trade	2.9%	2.0%	0.9%	6.8%	7.2%	3.3%
NAICS 48-49 Transportation and warehousing	-5.7%	2.7%	2.1%	3.9%	9.9%	7.6%
NAICS 51 Information	1.9%	0.6%	-0.4%	-3.2%	-1.4%	-9.9%
NAICS 52 Finance and insurance	4.1%	1.8%	-0.2%	-11.7%	12.4%	5.5%
NAICS 53 Real estate and rental and leasing	2.3%	5.6%	0.0%	26.2%	17.9%	6.2%
NAICS 54 Professional and technical services	8.2%	4.2%	3.3%	-10.4%	19.8%	14.7%
NAICS 55 Management of companies and enterprises	7.3%	2.7%	3.1%	70.3%	64.8%	8.5%
NAICS 56 Administrative and waste services	5.4%	6.3%	1.1%	18.0%	21.4%	10.5%
NAICS 61 Educational services	5.3%	5.4%	3.5%	13.1%	10.8%	17.1%
NAICS 62 Health care and social assistance	12.4%	4.0%	3.0%	24.8%	17.4%	13.1%
NAICS 71 Arts, entertainment, and recreation	5.4%	4.2%	2.7%	12.6%	12.0%	8.6%
NAICS 72 Accommodation and food services	6.0%	3.7%	2.3%	17.5%	15.6%	11.5%
NAICS 81 Other services, except public administration	0.5%	1.6%	1.7%	-2.9%	4.0%	4.5%

Source: Bureau of Labor Statistics

**2.2.1** *Conduct a more thorough industry cluster assessment for the region to ascertain which industries hold the most potential.*

**2.2.2** *Capitalizing on the job growth in the healthcare and social assistance sector, build a collaborative regional network of employers, universities, and community colleges to elevate the quality of care and outreach.*

With the aging population and influx of retirees, healthcare is a natural opportunity area. Employment concentrations within the region are in Florence County (7,900 employees), Beaufort County (4,775 employees), and Sumter County (4,146 employees). Further, as shown in **Table 2-2** the health and social assistance industry pays in general a decent and slightly increasing average salary with an average annual wage of \$34,416 in 2007.

**Table 2-2. Healthcare and Social Assistance NAICS 62**

	2002	2006	2007	1-Year Change	5-Year Change
Firms	1,334	1,756	1,654	-102	320
Employment	20,618	22,893	25,739	2,846	5,121
Average Annual Wage	\$31,020	\$34,153	\$34,416	\$263	\$3,396

Source: Bureau of Labor Statistics

**2.2.3** *Bolster opportunities in logistics and distribution for the Corridor.*

Preliminary analysis suggests that the region can build on its emerging strength in logistics and distribution, taking advantage of the region's low cost of land, access to transportation routes, and proximity to major East Coast markets. Competitive advantages can be seen in:

- Proximity to current and planned major ports in Jasper County, Charleston, Savannah, and Wilmington, among others
- Quality highway transportation via I-26 to the northwest, I-20 to the west, and I-95 to the north and south
- Strategic central East Coast location within a day's drive of major mid-Atlantic and Northeast population centers, fast-growing Florida cities, and metropolitan Atlanta.

### ***The Changing Face of Logistics and Distribution***

The dynamic nature of today's rapidly changing markets rewards companies that can streamline supply chains and distribution channels to more quickly and efficiently deliver new products to consumers. Globalization of suppliers and markets requires companies to have intermodal transportation access to receive

materials and components and ship products to and from many points in the United States and across the world. The focus on distribution operations has resulted in such macro trends as the growth in third-party logistics service providers (3PL) and such micro advances as highly sophisticated warehouse management software solutions for material handling, now typically integrated as part of an overall enterprise management system.

During the heyday of just-in-time and continuous replenishment, many logistics professionals considered the term “distribution center” to be synonymous with weakness in a supply chain. Nothing could be further from the truth today. International supply chains are more volatile, and their precision and reliability hinge on many factors that even the best-run company cannot control. As a result, many companies are electing to keep several weeks (rather than several days) worth of inventory on hand, which means an increased reliance on warehouses and distribution centers.

The nature of labor for logistics has changed with the sophistication of logistics operations. The nature of "material handling" has changed to include technically demanding jobs focused on systems operations. However, these projects still seek a pool of relatively low-skilled labor, ideally supported with an effective training program. While distribution centers are recognized as critically important to an enterprise, they are still cost centers, so operating costs will be a critical focus during site selection. Currently, the I-95 Corridor is competitively positioned from a cost standpoint when compared to the Upstate, for example.

### ***South Carolina and I-95***

With convenient access to all of the Southeast’s major metropolitan areas, South Carolina offers distribution centers a strategic location from which to meet customers' demands for timely delivery. The state’s proximity to customers and raw materials reduces delivery time, cuts the costs associated with inventory storage, and streamlines transportation costs—all of which increase a company’s bottom line.

Within 1,000 miles, distribution companies have access to 35 states and roughly 75% of the total U.S. population. These strategic advantages have been recognized by such manufacturers as BMW, Michelin, General Electric, Robert Bosch, and Bridgestone Firestone. Distribution warehouses by such national names as Target, Walgreen’s, Wal-Mart, Dollar General, and the adidas Group are also taking advantage of South Carolina’s unparalleled infrastructure. (<http://www.sccommerce.com/docdirectory/ResearchFolder/Distribution%20and%20Logistics%20Opportunities%20in%20South%20Carolina%202008.pdf>).

Together, truck-dependent industries employ 57% of South Carolina’s workers, and 75% of the cargo received at the ports is moved by truck. Distribution companies in South Carolina have access to an extensive choice of transportation

providers, including a wide selection of less-than-truckload (LTL) carriers. The I-95 Corridor should continue to invest in building its logistics and distribution infrastructure and actively market this competitive advantage to companies considering locations in the east and southeast United States. The presence of available and ready sites is especially important to distribution operations, as this is all about getting started and getting to market quickly.

The region has already attracted a number of companies and distribution centers because of the Corridor's advantages. In 2001, Harbor Freight Tools, a California-based tool retailer, built a large distribution center near Dillon, bringing many much-needed jobs to the city. This announcement also represented a first success for a unique three-county partnership, although no further company locations have been announced at this site. QVC, Inc., one of the largest multimedia retailers in the world, opened its 1.4 million-square-foot distribution center in Florence in 2007. The facility estimates it will ship 1.8 million packages this year, more than 10,000 per day.

The I-26/I-95 interchange is perhaps the most under-developed junction of primary interstate highways in the eastern United States.<sup>5</sup> Development of sites adjacent to the junction is constrained by the lack of utility service and freeway access. The Orangeburg County Development Commission (OCDC) is targeting the triangle formed by I-26, I-95, and U.S. 301 as a locus for intensive future development. Orangeburg's proximity to the port inspired an importer of garden/patio furniture to locate a distribution center in a former textile mill in Rowesville along U.S. 21 in 2003. In the 1980s, the Food Lion grocery store chain opened a 1.1 million-square-foot distribution center in Elloree, several miles from I-26 and I-95 in Orangeburg County.

In addition to direct employment from companies attracted to the Corridor because of its distribution advantages, the region will benefit from increased employment in the transportation, warehousing, and logistics sector. A number of these employers operate within the region to take advantage of these assets.

Recent Bureau of Labor Statistics (BLS) data indicate an overall slow growth in the transportation and warehousing sector for the Corridor. Employment in the sector grew about 4% over the last five years in the Corridor, despite a loss of 350 jobs in the most recent year from 2006–2007, employing close to 6,000 people by the end of the year (see **Table 2-3**).

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<sup>5</sup> Federal Highway Administration, Economic Development History of Interstate 26 in South Carolina, <http://www.fhwa.dot.gov/planning/econdev/i26sc.htm#edn11>.

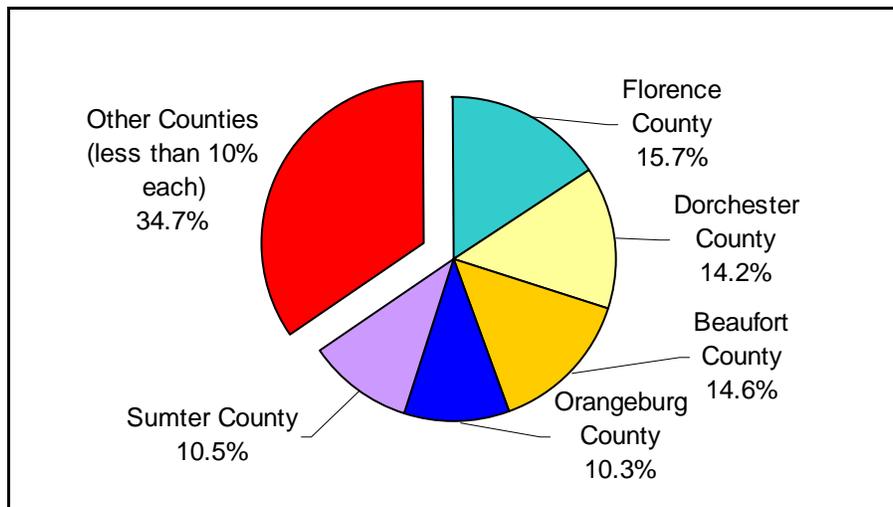
**Table 2-3. Transportation and Warehousing NAICS 48-49**

	2002	2006	2007	1-year Change	5-year Change
Firms	513	702	611	-91	98
Employment	5,599	6,167	5,817	-350	218
Average Annual Wage	\$27,324	\$34,333	\$35,461	\$1,129	\$8,138

Source: Bureau of Labor Statistics

The number of establishments in this sector grew by 19% over the last five years in the Corridor—faster growth than in the state or U.S. (with -5.8% and 6.2% growth rates respectively). The majority of the I-95 transportation and warehousing establishments are also concentrated in Florence, Sumter, Beaufort, Dorchester, and Orangeburg counties (**Figure 2-2**).

**Figure 2-2. Establishments by County in Transportation and Warehousing, 2007**



Source: Bureau of Labor Statistics

The average wages in this sector have been growing, with a five-year growth rate of 15.7% in the United States. The Corridor has been growing even more rapidly with a five-year growth rate of 29.8%, also beating the S.C. rate of 15.1%. However, the Corridor has a lower average wage, at \$35,461, than either the national average of \$42,615 or the state average of \$36,099. This fact, plus lower land costs, continues to provide the region a competitive advantage in costs for site selection.

**Major Developments at I-26 and I-95**

The Orangeburg County Development Corporation is branding the triangle formed by I-95, I-26, and U.S. 301 as the Global Logistics Triangle—marketing it as a “Premier Logistics and Transportation Corridor” in the Southeast. Intermodal hubs are a key component to the logistics and distribution industry. The promise for growth of this logistics and distribution sector is confirmed by the major

foreign investment announced by Dubai-based Jafza International, the global free zone management and consultancy arm of Economic Zones World (EZW). It announced plans to launch its landmark project: a modern logistics and business park in Orangeburg with an estimated \$600 million investment. The development will mark EZW's entry into the American market. Jafza, which aims to establish a global platform of logistics and business parks, signed the agreement with Orangeburg County in 2007 for the development of 1,300 acres of land. It will include light manufacturing, warehousing, and distribution facilities. The ambitious project will give a tremendous jolt to Orangeburg's economy, and is predicted to generate 8,000 to 10,000 jobs in the next decade. It is scheduled to begin operations in 2012. It is uncertain what impact recent developments, including the economic downturn and the departure of Maersk, Charleston's largest shipping customer, will have on the region.<sup>6</sup>

The South Carolina World Trade Center wants to take advantage of the location by working with South Carolina State University and Orangeburg County to develop a multicomplex distribution, education, business, and retail center. In the spring of 2008, the three announced the launch of a study to determine the feasibility of developing a World Trade Park and Education and Research Center (PERC).<sup>7</sup> The study will identify the various economic markets that would prove attractive to potential investors and define the attributes of the county that could attract prospective investors.

SCSU officials envision the PERC to have three major components:

- A product distribution center that could include a technological student laboratory and manufacturing/distribution complex for commodities imported and exported through the World Trade Park
- An Education, Training, Research and Business Development Center that would link the high schools and, eventually, the post-secondary World Trade Career Pathways Program to real-life experiences, provide teacher training in

### **Jafza International, Orangeburg**

Dubai-based Jafza anticipates an estimated 3,067 jobs by the year of 2015. While the project has yet to be launched, local developers are optimistic that the investment is on track. The development of the industrial and logistics park is planned in several phases.

Phase I: Development of 135 acres as a 'light-manufacturing facility.' The cost of the first-phase investment will be approximately \$140 million. Groundbreaking for Phase I is expected to take place in the 4th quarter of 2009 and to be completed in 2012.

Phase II: Development of an additional 93 acres, which will include a warehouse and distribution center. Also, a 63-acre intermodal facility is expected to be completed in 2016.

<sup>6</sup> Zaleski, Gene, "Maersk pullout from Charleston port has uncertain impact here" *The Times and Democrat*. December 9, 2008.

<http://www.timesanddemocrat.com/articles/2008/12/29/news/doc49585c60001de829147164.txt>

<sup>7</sup> Zaleski, Gene, "County could be location for world trade park" *The Times and Democrat*. March 21, 2008. <http://www.timesanddemocrat.com/articles/2008/03/21/news/13015704.txt>

global economy issues and business development, and serve as an incubator for new and aspiring entrepreneurs

- An outlet mall and retail business center that would house and support various retailers recruited and/or grown out of cooperative entrepreneurial efforts of the students and participants from the education center

SCSU's role would be to conduct research in areas such as supply-chain management, use of technology for distribution and efficiency, as well as testing new products distributed from foreign companies. A Logistics Transportation Center would be the "intermodal division" of the proposed \$70 million, 475,550-square-foot James E. Clyburn Transportation Research and Conference Center.

**2.2.4 Continue to support efforts to upgrade the Corridor's manufacturing base into one with a stronger competitive advantage in advanced manufacturing.**

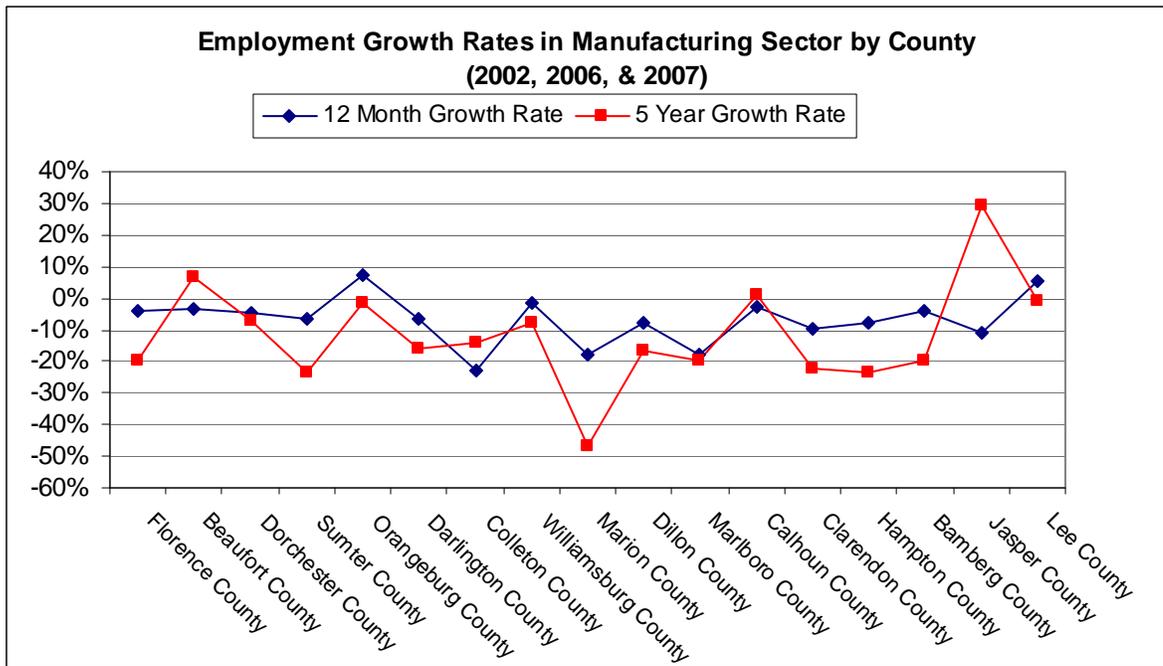
Like much of the noncoastal regions of South Carolina (and the South in general), I-95 Corridor communities are home to significant numbers of manufacturing jobs. In fact, manufacturing employs close to 19% of the Corridor's workers (refer to **Figure 2-1**). Despite recent and near-term trends in outsourcing of manufacturing jobs to low-wage centers, the long-term prospects for quality manufacturing jobs in South Carolina is good (see **Table 204** and **Figure 2-3**).

**Table 2-4. Manufacturing NAICS 31-33**

	2002	2006	2007	1-year Change	5-year Change
Firms	887	879	811	-68	-76
Employment	59,106	52,543	49,661	-2,882	-9,445
Average Annual Wage	\$34,141	\$40,847	\$42,202	\$1,355	\$8,061

Source: Bureau of Labor Statistics

Figure 2-4. Employment Growth Rates in Manufacturing by County



Source: Bureau of Labor Statistics

However, South Carolina employers must be able to compete globally. Increasingly, this is accomplished not on the basis of low-cost labor, but on the basis of rapid innovation, high quality levels, and lean manufacturing practices. Manufacturing companies, regardless of size, make increasing use of advanced manufacturing methods such as computer numeric control, programmable logic controllers, and robotics. These manufacturers require a skilled employment base—workers who do not merely run the equipment but are creative thinkers as part of design, quality, and productivity teams. To continue to attract and nurture companies in this sector, the region must invest in workforce development to ensure that workers have the required skills. The Southeastern Institute of Manufacturing and Technology (SIMT), created by Florence-Darlington Technical College, is an exemplary example of this type of investment and is a major asset upon which to build.

### 2.2.5 Assist communities in researching their readiness and suitability for domestic outsourcing.

Companies are increasingly using telecommuters to perform many functions. While much is written of off-shoring jobs, the reality is that outsourcing of jobs is increasing within this country, increasingly to rural regions with qualified workforces. These jobs can be characterized as having:

- little or no face-to-face contact with customers
- information as the major component of the “product”
- the ability to work via remote communications
- low setup barriers/costs

Farmshoring is an innovative economic development tool that shifts selected business activities from an urban to a rural location, which:

- Affords businesses in urban areas the opportunity to increase firm efficiencies and competitiveness, while solidifying ties to its current home state.
- Creates new jobs and investment in rural areas.

Rural areas are typically lower cost, while other benefits of farmshoring cited in the report include elimination of cultural and language barriers, foreign laws and regulations, political uncertainties, and/or multiple time zones.

Following are profiles of two farmshoring success stories in Virginia:

- Lebanon, a small town of approximately 3,300 in far Southwest Virginia, was hit particularly hard by the decline of coal mining and agriculture. Through farmshoring partnerships forged in 2006, however, the town has attracted two high-tech companies with plans to create more than 700 jobs that will pay well above area averages. CGI-AMS plans to hire about 300 software engineers and Northrop Grumman will add another 430 technology-related jobs. Both firms expect to save 30 to 40% over costs in a metropolitan location.
- Harrisonburg, home to James Madison University (JMU), about two hours south of Washington DC, was the location of choice for Reston-based government contracting firm SI International after it received a \$138 million federal contract requiring them to hire approximately 150 new employees. Access to recent JMU graduates and proximity to the federal agency headquarters in Washington were crucial selling points for the small town. Recently, Alexandria-based Criticon Corporation also announced plans to create a \$115 million data storage and continuity-of-operations facility in Harrisonburg.

Outsourcing can be to individuals working from their home, or to entrepreneurial companies set up to provide contracted resources on-demand.

There are clear opportunities for regional leaders and for the state to support strategies to link rural areas to growth opportunities in economic centers. Mayer and Provo make the case for this type of domestic outsourcing in their report titled *Farmshoring in Virginia*.<sup>8</sup>

<sup>8</sup> Mayer, H. & Provo J. 2007. Farmshoring in Virginia: Domestic Outsourcing Strategies for Linking Urban and Rural Economies in the Commonwealth of Virginia. Summary Report of the Economic Development Studio @ Virginia Tech. April 2007.

**Finding 2.3** *Low levels of entrepreneurship and a minimal effort to leverage regional assets are costing the Corridor the benefits of a dynamic and vibrant locally driven community.*

Increasingly, regions that thrive in the knowledge economy do so, in part, because of their capacity to grow their own businesses, innovate, and leverage their regional assets. There is also significant economic opportunity in cultivating small businesses of 10 to 100 employees, which are spread throughout the region to grow into a more dynamic base of economic activity that serves as a cornerstone of the regional economy.

**Entrepreneurship**

**2.3.1** *Make a concerted effort to support an entrepreneurial economy with a pipeline of entrepreneurial education beginning with K–12 and through adult lifelong learning.*

Entrepreneurial education should start in K–12 schools and include both formal education and, more importantly, practical experiences through entrepreneurship competitions, internships, etc. Francis Marion University is building a strong Center for Entrepreneurship, and the role of the Center should be expanded to reach out through the region to provide quality new business development training. The state’s adoption of the Education and Economic Development Act (EEDA) in 2005 was a major step in the direction of this recommendation, but its implementation needs to be fully funded and extended by the state.

**2.3.2** *Support a range of business incubators.*

Small companies are frequently the most innovative and the most agile in capturing emerging market opportunities. Business incubators can help support small businesses across the board. Incubators ranging from kitchen incubators and low-cost office/lab space including various forms of business planning, market research, capital formation, etc. to specialized incubators could also focus on technology-based start-ups by providing access to needed technical capabilities. These incubators need to be much more than just space. The primary role should be to provide intense business development and technical assistance to companies in not only the incubator but also those that already have space, yet need services.

## Tourism and Agriculture

### 2.3.3 *Leverage the region's natural, historical, and cultural assets to tap greater potential within the tourism industry and promote it at a regional level.*

Tourism growth creates increased employment opportunities, an expanded tax base, and an improved standard of living. The I-95 Corridor has the potential to increase the existing tourism base of a diverse geography, temperate climate, and wealth of attractions, both natural and manmade. The area offers many tourist attractions, including historic sites, beaches, golf courses, and lakes, which can be a boon for the Corridor counties (see **Figure 2-5** for more detail). These local regions offer a unique ecosystem, early American history, coastal amenities, and varied cultural offerings.<sup>9</sup>

**Figure 2-5. Map of Lakes and Rivers in South Carolina**



Source: <http://geology.com/state-map/south-carolina.shtml>

Tourism investment has a dual role in regional development. Its direct economic impact can be measured through increased investment and spending. Just as

<sup>9</sup> For more information about regional assets and tourism, see Appendix B.

important, however, is the impact of such investments on the quality of life and thus on the ability of the region to appeal to outside investors. Businesses considering locating or expanding in the region want their employees to live in a place that has amenities for themselves and their families. Parks, historic sites, and recreational facilities provide these amenities.

Numerous recent development projects in the I-95 Corridor counties offer examples of what can be duplicated elsewhere:

- Walterboro in Colleton County recently developed the Great Swamp Sanctuary, a new nature-based attraction that will one day include a \$4 million Discovery Center.
- Santee Town Center and Cantey Bay Plantation, two new residential developments near Santee, will add thousands of homes and businesses along Lake Marion and I-95 in Clarendon County.
- In Florence, the Downtown Development Corporation is acting to revive the original downtown area with projects such as the "Art Trail," which highlighted the artwork of local artists in an historic building downtown. Other recently completed or planned projects downtown include the Florence County Library, the Florence Little Theater that began operation in 2008, and the Performing Arts Center that is under construction.
- An equestrian community, Sportsman Retreat, is planned in Orangeburg.

The Corridor should look at niche tourism sites that can capitalize on traffic up and down the interstate itself and those looking for daytrips from the coast. The region has significant assets in African-American history, in military history, and a number of historically significant homes and plantations. Such niche sites should be marketed regionally and nationally.

### **Newberry Opera House**

The economic benefits generated by the renovated 120-year-old Newberry Opera House in Newberry, South Carolina, provides an example. Built in 1881 at a cost of \$30,000, the Newberry Opera House quickly became known as "the entertainment center of the Midlands." The Opera House was remodeled as a movie theater in the 1920s, but closed in 1952. Although there was talk of tearing the building down, the city renovated the Opera House in the 1990s at a cost of \$5.5 million. The restored Opera House has been a catalyst for an artistic and economic rebirth in Newberry. A 1999 study estimated that the building renovation has produced \$3.9 million in new capital investment in downtown, \$5.8 million in annual income, and \$2 million in additional annual taxes.

*Source: Meadows, Andrew. 1999. "Newberry Stages Comeback." The State Newspaper, Columbia, SC, August 8: G5.*

**2.3.4 *Work with natural resources officials and environmental organizations to preserve and sustain the natural assets unique to the Corridor and the ecosystem in which they thrive.***

Preserving the environment, including rivers, swamps, lakes, beaches, and air, will serve in the long term as a means of sustained eco-tourism opportunities in the Corridor. It also improves the quality of life of the region, an important element in attracting economic development. In our interviews it was somewhat surprising to see a high level of appreciation for the economic importance of environmental protection, and widespread support for protecting the region's natural resources. As the coast develops (or over-develops), the pristine areas of Corridor wilderness will only increase in value as they become scarcer.

**EcoTourism in Tyrell County, North Carolina**

Tyrell County, North Carolina, promotes itself as “Unspoiled, UnCrowded, and Uncomplicated.” One of the least populated counties in the state, with a third of the county covered in swamps or major waterways, it is bounded by the Alligator River to the east and the Albemarle Sound to the north. When county leaders saw that agriculture was not going to sustain the county's rural way of life and that large-company recruitment was not realistic, government and community organizations pooled together to create a river walk and a visitors center for tourists headed to the beaches of the Outer Banks. With careful preservation efforts for the environment and the habitat unique to the “Inner Banks,” Tyrell County now markets itself as “Nature's buffer zone, sprawled between the urban mainland and the popular stretch of North Carolina's Outer Banks.” It is home to the Palmetto-Peartree Preserve, a 10,000-acre preserve established in 1999 with funding assistance from the Department of Transportation. Other preservation efforts in the county include the Buckridge Coastal Preserve, Pocosin Lake National Wildlife Refuge, and the new bayside Eastern 4-H Environmental Education Conference Center. Community organizations work together to implement ecotourism projects and programs and serve as an example of a long-term partnership that integrates economic, social, and environmental efforts to protect the outdoor heritage.

<http://www.palmettopeartree.org/> and  
<http://www.visittyrrellcounty.com/default.asp>

**2.4.5 Leverage the region's agricultural base in innovative ways to feed new markets and cultivate agritourism.**

Agriculture is a historical economic backbone of the Corridor. While its base has shrunk with the rise of the global economy, opportunities remain to cultivate crops for distribution to high-end restaurants via the Internet. Further, as the Palmetto Institute is demonstrating, there are also prospects to generate small-scale tourism opportunities around the agriculture heritage.

**Farmers Fresh Market**

Farmers Fresh Market is a unique Web-based produce market that links restaurants and chefs in urban Charlotte, N.C. with small farmers in rural Rutherford County, approximately 70 miles away. Launched in 2006, the program has:

- created jobs and business opportunities in a rural county affected disproportionately by layoffs and closings in textile and furniture manufacturing;
- developed entrepreneurship in small farmers and beekeepers;
- raised farmers' visibility and access to markets outside the rural county; and
- created demand for broadband and related services, by requiring growers to have a high-speed connection and encouraging growers to create their own Websites.

According to the North Carolina Department of Agriculture, small-farm food production generates an 8x multiplier of economic activity within the county.

Demand from Charlotte's restaurants has been so great that the co-op has grown from 5 farmer-entrepreneurs to 40, with more than 200 acres under cultivation. Continued expansion of those suppliers will be necessary to support long-term plans to expand to serve restaurants in other urban markets.

# 3 Improve and Extend the Education System

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## SUMMARY

In the early 1940s, a family of Jewish immigrants from Europe settled in Dillon, where they opened the Jay Bee Drugstore. The eldest of the three children, showing exceptional promise, skipped first grade at East Elementary School, taught himself calculus, made the All-State band as a saxophonist, and graduated as valedictorian from Dillon High School. When he nearly aced the SAT, earning the highest score in South Carolina, the state awarded him a trip to Europe. Ben Bernanke entered Harvard in 1971, became one of the nation's top economists, and by 2008 was leading efforts to stave off a global financial crisis as the chair of the Federal Reserve.

The story of Bernanke is instructive on many levels. First, as a product of both humble origins and the South Carolina public schools, his success speaks to the importance of the education system in propelling individuals to meet their personal and professional goals. Second, his early success suggests the importance of early intervention in allowing students to compete successfully in school. Tellingly, none of the school buildings that Bernanke attended nearly 40 years ago have been replaced, evidence of the crumbling educational infrastructure in the region. And finally, Bernanke's profession is a reminder that education and economic development are inextricably linked, and to consider one as the precursor to the other is to underestimate their interconnectedness.

The poor state of education in the Corridor is a critical economic development issue for the entire state. Until the education sector of the Corridor's counties is improved, the region will continue to be a drag on more developed parts of the

state and their taxpayers. Poorly prepared students in Corridor schools will undermine state educational rankings, making South Carolina more difficult to market to businesses considering relocating anywhere in the state. The failed students of the Corridor communities cost the state millions of dollars to incarcerate them, provide for their critical health needs, and protect their own unsupported children.

Education needs to be addressed in a considerably broader context than the public schools in grades K through 12. Particularly in the Corridor, the education challenge begins well before children enter kindergarten as five-year-olds, and continues well after they drop out or graduate from high school. As discussed below, preschool education is a critical need in the region, but so is adult education: As many as 40% of adults lack a high school diploma in some counties in the Corridor, so the need for adult literacy and training is acute. The region's institutions of higher education, including the flagship universities of the region, Francis Marion and South Carolina State, have an important role to play in both providing education and training as well as providing leadership in many areas.

In other chapters, we address shortcomings in the region that also directly impact the education system. For example, building the capacity of local communities to undertake their own development—a theme throughout this report and discussed in detail in Chapter 1—can help energize education reform. Education is one of the best ways to rally and unify communities, and the energy derived from a common push to remedy problems in the schools can have a carryover effect to other facets of development. A regional perspective, discussed in Chapter 2, may lead to private-public partnerships that benefit the schools, but can also help leverage political and social pressure on the state for additional resources.

In this chapter we discuss—but do not dwell upon—the well-documented facts about the status of the region's education. Instead, we look forward toward solutions, in a climate in which funding is scarce and political will lacking.

### Key Themes and Supporting Evidence

Without fundamental improvement to the education system and a long-term investment in increasing the educational attainment of Corridor residents, the region's ability to develop new economic and community development opportunities will continue to be stifled. To this end, the region needs to clearly define shared strategies to:

- **Raise awareness** about the region's education system and harness the public need to create a unified and strong voice.
- Provide **young children** a jump start to a quality education.

- Enhance **the basic infrastructure** of the schools (buildings, technology, and recreational space).
- **Align resources and eliminate inefficiencies** to maximize the funding going to the classroom.
- Enhance **adult education/workforce training**.

Strategic action within the themes above will seek to remedy a number of widespread, long-standing obstacles that characterize the current educational landscape, the most critical of which follow.

### ***Public and Private Schools***

Nine out of ten students in the Corridor attend public schools (**Table 3-1**). A significant number of private schools offer an alternative to those families that can afford the tuition; these tend to be small and affiliated with churches. The private schools also tend to be less integrated than the public schools. In some communities they provide an alternative education system for white families, a vestige of the “white flight” that greeted school integration in the 1960s and 1970s: In Bishopville, for example, the public high school is 95% African-American while the private Robert E. Lee Academy is nearly totally white. Such divisions are a serious challenge for building community support for education improvement. For the most part, reform in the Corridor’s primary and secondary education systems will mean reform in public school systems.

**Table 3-1. SC School Enrollment 2003–2004**

County	Public Schools		Private Schools		
	Number	Enrollment	Number Reporting	Enrollment	%
<b>Bamberg</b>	7	2,655	1	118	4.26%
<b>Beaufort</b>	26	17,619	14	2,319	11.63%
<b>Calhoun</b>	4	1,887	2	493	20.71%
<b>Clarendon</b>	12	5,859	2	938	13.80%
<b>Colleton</b>	12	6,459	7	785	10.84%
<b>Darlington</b>	22	11,717	8	639	5.17%
<b>Dillon</b>	13	6,095	2	425	6.52%
<b>Dorchester</b>	21	20,158	12	2,089	9.39%
<b>Florence</b>	36	21,983	18	2,798	11.29%
<b>Hampton</b>	10	4,095	2	271	6.21%
<b>Jasper</b>	4	3,102	2	686	18.11%
<b>Lee</b>	7	2,803	1	668	19.25%
<b>Marion</b>	13	6,116	2	514	7.75%
<b>Marlboro</b>	9	4,983	3	470	8.62%
<b>Orangeburg</b>	30	15,079	9	1,579	9.48%
<b>Sumter</b>	27	18,292	11	1,868	9.27%
<b>Williamsburg</b>	14	5,913	4	436	6.87%
<b>Total</b>	267	154,815	100	17,096	9.94%

Source: South Carolina Statistical Abstract

The impact of private schools on community commitment to public education should not be taken lightly, particularly in those counties in which large numbers of students attend private institutions. Many of the people we interviewed lamented the divisions caused by dual systems of education more than they thought the systems promoted disparities of opportunity. Ideally, public and private systems of education support one another, offering alternatives and stimulating improvement.

### ***The Burden of Pervasive, Cyclical Poverty***

The socio-economic status of parents is a key determinant for students' success in school. Independent of the performance level of a particular school, the homes where children are coming from can make education especially difficult. For this reason, the economic strategies and recommendations outlined in the previous two chapters will have a direct impact on increasing educational attainments and the quality of the public schools.

The kind of cyclical poverty common in the Corridor also undermines the incentive structure for pursuing an education. If there are no satisfactory jobs, and no apparent career path toward a stable and comfortable lifestyle supported by wages, both parents and students alike have trouble making the connection

between their performance in school and a better life. Children growing up in poor neighborhoods dominated by broken homes and low educational attainment lack role models who would lead them to pursue education.

### ***The Schools Themselves***

The state, despite its poor record, has shown sporadic political will to try to change the condition of public education in the state. For example, the state's adoption of the Education and Economic Development Act (EEDA), signed into law by Governor Sanford in 2005, was a step forward for shepherding students through the school system, as it links education with career opportunities. The EEDA, if properly supported by adequate state funding, promises in the long term to help the state overcome a recurring complaint we heard from employers: that the state's workers have lost the work ethic and work habits that the state once was able to brag about to potential investors. To the degree that public education can address such problems, it should.

The long legal process that resulted in the 2005 court decision in *Abbeville v. State of South Carolina* was an important process for understanding the legal obligations of the state to provide funding for public education, and it produced an invaluable evidentiary record of the state of public education at the beginning of the millennium. The court's requirement that the state augment its early childhood education programs was an important ruling. Yet while the "minimally adequate" criterion used by the South Carolina Supreme Court may have given finality to the issue of school funding inequity in a legal sense, that minimal standard is less useful as a public policy goal: Does South Carolina as a state, and the Corridor as a region, want to be satisfied with providing its children a "minimally adequate" education? Is that going to be enough to satisfy the demands of businesses looking to invest in the region, and will that allow graduates of its schools to compete in a global marketplace?

Given the inability of the *Abbeville* litigation and other state programs to fundamentally alter the neglect of rural public schools, it is up to local communities to form a strong unified voice and continually heighten the pressure on state and federal programs to live up to their expectations. In coming years, parents, teachers, and taxpayers should be asked to set aside local divisions and their own narrow self-interests, and speak with one voice about the need to correct school inequities.

### ***Racial and Community Divisions and Low Morale***

An important step in the direction of creating that unified and strong voice is to overcome the defeatism that persists in many parts of the region toward the public education system. In fact, the problems of the schools in the Corridor are tractable and familiar. Not only is progress attainable, but important steps are being taken to improve the state of education in the Corridor. The quality of

education opportunities varies significantly across the region, and despite the problems, there are success stories and bright spots. In pressing the state and federal authorities for help, the Corridor should build on what it is doing right, particularly those measures that show demonstrable improvement over time.

Education (from early childhood through adulthood) is a proven pathway to greater opportunities. The dedication of teachers and local school administration needs full support not only from the broader community, but also with resources from the state and federal levels. Education is one issue where a shared vision and unified voice can be developed to more effectively align the limited local resources and exert pressure to obtain the needed external resources.

### ***Lack of Preschool Educational Opportunities***

Despite the *Abbeville* ruling, South Carolina has yet to embark on a fundamental investment in early childhood education. Such an investment could help mitigate the cyclical poverty and disparities in resources that are undermining education in the Corridor. Children of one-parent (or no-parent) households and impoverished families generally enter the public education system at a marked disadvantage to their classmates. Long before these children would benefit from the mandates of programs such as the EEDA, the state is failing them.

### ***Lack of Post-High School Educational Opportunities***

Educational opportunities for adults are limited, with a direct impact on workforce quality. Educational attainment levels for adults in the Corridor are lower than state averages and lower than neighboring states, and in some counties is markedly worse than the state- or region- averages (see **Table 3-2**). The under-educated workforce is a significant brake on economic development. We were told many times that prospective employees in the Corridor lack not only basic skills such as reading and writing, but lack the *socialization* to work that school can give young adults -- they do not understand the importance of showing up on time, on dressing properly, and so on.

**Table 3-2. Educational Attainment in the Corridor, 25 Years Old and Older, 2000**

	Less than 9th grade	9th to 12th grade, no diploma
<b>Bamberg</b>	13%	22%
<b>Beaufort</b>	4%	8%
<b>Calhoun</b>	10%	17%
<b>Clarendon</b>	13%	22%
<b>Colleton</b>	10%	20%
<b>Darlington</b>	12%	19%
<b>Dillon</b>	16%	24%
<b>Dorchester</b>	6%	12%
<b>Florence</b>	10%	17%
<b>Hampton</b>	11%	22%
<b>Jasper</b>	12%	22%
<b>Lee</b>	14%	24%
<b>Marion</b>	12%	20%
<b>Marlboro</b>	15%	25%
<b>Orangeburg</b>	10%	18%
<b>Sumter</b>	10%	16%
<b>Williamsburg</b>	12%	23%
<b>Corridor</b>	10%	17%
<b>South Carolina</b>	8%	15%
<b>North Carolina</b>	8%	14%
<b>Georgia</b>	8%	14%
<b>U.S.</b>	8%	12%

Source: 2000 Census

Because it is an economic issue, the private sector needs to be mobilized to support education reform and improvement.

## CRITICAL FINDINGS AND RECOMMENDATIONS

**Finding 3.1** Greater and more unified community support will be required to raise awareness of both the successes and shortcomings of the region's education system, and to identify and implement innovative solutions to problems.

Within our core areas of concern, we identified specific problems and developed recommendations to try to address these deficiencies. Our recommendations reflect both the short-term financial picture faced by the South Carolina legislature, and the unavoidable truth that greater resources must be devoted to education in the Corridor if acceptable progress is to be made.

**3.1.1** *Publicize the success of the top echelon of students, particularly their success in gaining admission to competitive universities.*

Education in the Corridor will improve not when the state decides to reform its schools, but when communities in the region come together and insist with one voice that improvements must be made. Private and philanthropic support for improving the schools should be cultivated. The sense of defeatism in some quarters and limited ambitions in others is a barrier to community support. One way to combat these problems is to highlight successes and build local and regional leadership.

The Corridor needs a reliable and detailed report that looks beyond the problems in the schools and documents instead their success in teaching their upper echelon of students, including Advanced Placement (AP) and International Baccalaureate (IB) programs and the colleges and universities to which Corridor high school students have been accepted. This report could be used by economic development directors and business recruiters to assuage fears that the region's school districts cannot provide an acceptable education to the children of relocating employees.

Where appropriate, Corridor school districts should expand AP and IB offerings, while doing the community relations work necessary to generate widespread support for encouraging excellence through such programs. Interviews revealed that too often, attempts to provide programs for top students cause community dissension because they are seen as draining resources away from struggling students.

**3.1.2** *Increase support for Francis Marion's Center of the Child to make it a regional leader in supporting education reform, particularly for early childhood education.*

Much as the economic development of the Corridor would benefit from a regional perspective, the effort to improve the Corridor's schools would be aided by regional coordination and identity. An education center could serve a valuable role as a clearinghouse for research and information, as a mechanism for obtaining external funding new programs, and as a support for new and experienced teachers in high-poverty schools. A regionally based center solely devoted to improving Corridor educational efforts could work closely with state agencies and the University of South Carolina in Columbia to facilitate reform.

**Finding 3.2 A lack of emphasis on and investment in early childhood education is leaving young children unprepared to learn as they enter kindergarten and the early grades.**

Many children in the I-95 Corridor suffer from family and environmental risk factors at an early age that undermine their chance of later gaining a high school diploma. Research into the effects of preschool education is persuasive that as a long-term investment, it is one of the most productive steps that a state can take to improve public education.

The court order in *Abbeville* should be the impetus for improving preschool opportunities for poor children, and the legislature should move quickly, despite state budget problems, to fulfill its obligations. The Child Development Education Pilot Program (CDEPP), formed in response to the ruling in *Abbeville*, is a start, but a modest one. Several states offer models of early childhood education programs that South Carolina can adopt. Oklahoma offers kindergarten to all 4-year-olds free of charge, while states such as North Carolina target at-risk children who have disabilities, come from homes with limited English proficiency, or live in poverty. Georgia offers an excellent roadmap for moving from the current system to universal pre-K.

**Georgia's universal kindergarten for 4-year-olds**

Georgia used proceeds from its Lottery for Education program to introduce universal Pre-K in 1995. Georgia started with pilot programs serving 750 children in 1992, and by the 1995–1996 school year, had 44,000 slots. More than 75,000 children now participate. Georgia relies on state administration of private and public providers, including public schools, for-profit and nonprofit organizations, and faith-based providers.

Source:

<http://www.decal.state.ga.us/default.aspx>

**3.2.1 Fulfill the obligation immediately to provide preschool for poor children as ordered by the court in *Abbeville v. South Carolina*, and move quickly toward universal preschool for all 4-year-olds.**

A 2005 paper by the Palmetto Institute assessed the viability of moving from the current “patchwork” of pre-K programs to a true universal kindergarten program for all 4-year-olds.<sup>10</sup> South Carolina’s support for such programs has traditionally been tepid compared to its neighboring states. Support funding has fluctuated, and while the state serves a relatively high proportion of its four-year-olds, thousands of children remain on waiting lists. A January 2008 study by the S.C. Education Oversight Committee found that 43% of 4-year-olds living in poverty were not served by a pre-K program.

<sup>10</sup> The Palmetto Institute, “Viability of a Universal Pre-Kindergarten Program in South Carolina.” Internal report available at [http://www.palmettoinstitute.org/client\\_resources/publications/PreK\\_Paper.pdf](http://www.palmettoinstitute.org/client_resources/publications/PreK_Paper.pdf).

As a cost savings, the state could first offer universal pre-K in distressed communities, which would allow for careful development of a statewide program while providing services to families most in need. The Corridor's need is acute, both for the impact on early education and school preparedness and because child care options are limited.

**3.2.2 *Promote early education at the local level by better equipping school districts to serve preschool children and their parents.***

At the school and district levels, educators need to move away from a model in which those to be educated are only those of school age. Schools should take the lead, independent of state funding, in training the parents of preschool children to prepare their kids for school. Early outreach to parents and guardians of younger children will lead to better prepared kindergarteners, whether kindergarten begins at age 5 or younger.

**Finding 3.3 The Corridor's education infrastructure is substandard and in need of immediate investment.**

Resources are not the sole solution, but we would be remiss as researchers not to address the key role that a lack of funding plays in the problems in Corridor education. The state of South Carolina has failed to support the system of free public schools: there can be no doubt that the state has failed to provide most of the children of the I-95 Corridor counties with the educational opportunities provided in other parts of the state, and in most other parts of the country.

**3.3.1 *Divert some South Carolina lottery money from higher education to pre-K programs.***

Three-fourths of the proceeds from South Carolina's lottery goes to higher education programs and scholarships. While laudable, the current system fails to target those students most in need and those most vulnerable to the fundamental problems in the state's schools. Instead, the money often functions as a tax rebate for those who could well afford public university tuition regardless of aid from the state. In a state averse to relying on tax revenues to fund such programs, the lottery is the logical place for the state to look for resources.

**3.3.2. *Attract resources from federal programs and foundations to invest in technology as a means to leapfrog into state-of-the-art facilities and modern education tools.***

School districts and individual schools, and even teachers, need to become more entrepreneurial in seeking and obtaining funds, and technology funding is one area in which substantial private funds may be available.

**3.3.3 Seek federal aid for school construction and programs in the upcoming stimulus package.**

The stimulus package under consideration by Congress is a once-in-a-generation opportunity for poorer school districts to obtain resources for replacing aging infrastructure. The final form of the stimulus package, at this writing, was unclear, but proposals in mid-January suggested the following:

- \$41 billion to local school districts through Title I (\$13 billion), IDEA (\$13 billion), a new School Modernization and Repair Program (\$14 billion), and the Education Technology program (\$1 billion)
- \$20 billion, including \$14 billion for K–12 and \$6 billion for higher education, for renovation and modernization, including technology upgrades and energy efficiency improvements
- \$13 billion for grants to help disadvantaged kids in nearly every school district and more than half of all public schools reach high academic standards
- \$300 million, including \$200 million for competitive grants to school districts and states to provide financial incentives for teachers and principals who raise student achievement and close the achievement gaps in high-need schools and \$100 million for competitive grants to states to address teacher shortages and modernize the teaching workforce

While some state leaders have expressed opposition to the stimulus package, that opposition should not prevent the state and counties from pursuing the funds once they are appropriated. As they are already doing, local officials should work with their elected officials to ensure that the Corridor benefits appropriately from both the economic stimulus and the specific programs to improve the schools.

**Finding 3.4 More than half of the Corridor's counties have unconsolidated school districts, which are aggravating local rivalries, contributing to administrative inefficiencies and disparate quality, and draining resources from classrooms across the Corridor.**

More than half of the counties in the I-95 region (9 of the 17 counties) currently contain more than one school district. More than half of the unconsolidated districts in the state are in the Corridor. The fracturing of counties across multiple school districts carries more than a financial cost, however. The districts institutionalize and perpetuate intra-county rivalries that are a key factor in retarding local efforts to promote development.

The consolidation of school districts may not mean the consolidation of schools, or the loss of local schools. It need not fundamentally alter the school options for parents. In a time and region in which resources are scarce, however, the duplication of administrative costs unnecessarily is difficult to defend, particularly when it results, as many of the interviewees argued, in divided communities.

We recognize that school consolidation is one of the most controversial topics local leaders can tackle, and it is no cure-all for the problems of education in the Corridor. Done improperly, it can aggravate the very sort of intra-county conflicts that need alleviation. Forced school consolidations in the past in the state have generated ill will for generations. For that reason, we recommend both a combination of political will on the part of elected leaders and a market-based incentive arrangement to encourage consolidation. This would take place in a climate in which there are already positive signs of movement toward consolidated districts. In 2008, Governor Sanford, who has taken leadership in pushing for school consolidation, signed into law a bill consolidating Sumter's two school districts.

**3.4.1 *Start a fund to award school districts that opt for consolidation and annually increase the money in this fund as a means of enticing districts to consolidate.***

South Carolina can tackle two problems with one program by initiating a fund to reward school districts that agree to consolidate. Because South Carolina's unconsolidated school districts tend to be in poorer areas, such as the Corridor, such a fund would help improve school facilities and combat funding inequities, while at the same time promoting administrative efficiencies through consolidation.

For example, the General Assembly could appropriate a relatively modest amount each year, say \$2 million, to a fund to be awarded to any newly consolidated school district (or limit eligibility to those districts in distressed counties). Over time, the amount of money in the fund would grow, increasing the enticement. Unconsolidated school districts would, in effect, compete against one another for the additional funding. This market-based approach would, over time, increase the economic cost for local communities that refuse to consolidate their school districts.

**Best Practice in Promoting School Consolidation**

New York has long promoted school and local government reorganization and consolidation through incentives:

"Reorganization incentive building aid has long been provided to school districts that consolidate, giving them an additional reimbursement on top of regular building aid (which reimburses a portion of local expenses for building projects though a percentage based on district wealth and other factors). The State currently provides \$14.8 million in reorganization incentive building aid to 74 school districts (in comparison to \$1.75 billion paid out in regular building aid). Beyond this incentive aid, a merged district is able to choose among the reimbursement ratios historically used by all the component districts, which can even more dramatically increase building aid."

Source: New York State Commission on Local Government Efficiency and Competitiveness. [http://www.nyslocalgov.org/pdf/State\\_Funding.pdf](http://www.nyslocalgov.org/pdf/State_Funding.pdf)

**3.4.2** *Promote grassroots support over the longer term for eventual school consolidation by funding collaborative ventures between school districts within the same county.*

The Department of Education should seek ways to promote local support for consolidation by promoting collaboration between school districts and schools in the same county. The more cooperation between unconsolidated districts that takes place, the easier it will be to eventually combine their operations. In the meantime, such cooperation can reduce intra-county rivalries that hamper development across many areas.

**Finding 3.5** **Eighteen percent of Corridor adults lack basic prose literacy. The region's low educational attainment and its high dropout rates confirm that adult education is a critical need.**

Interviews found that many employers, both current and prospective, worry about the basic skills of the Corridor's workforce. Statewide, some 15% of adults lacked basic prose literacy skills in 2003, according to the latest available research, although it represented an improvement since the 20% reported in the same study in 1992.<sup>11</sup> In the Corridor, nearly 1 in 5 adults lack basic prose literacy as defined in the study, and in some counties the rate is as high as 1 in 4 (see **Table 3-3**). This represents a tremendous challenge if the Corridor is to create a workforce able to compete in the 21st century.

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<sup>11</sup> U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, 2003 National Assessment of Adult Literacy.

**Table 3-3. Adults Lacking Basic Prose Literacy Skills, 2003**

	Population 16 years and older	Number lacking basic prose literacy	Percent lacking basic prose literacy
<b>South Carolina</b>	<b>3,098,822</b>	<b>464,823</b>	<b>15</b>
<b>I-95 Corridor</b>	<b>682,671</b>	<b>124,320</b>	<b>18</b>
Remainder of State	2,416,151	340,504	14
Bamberg	11,646	2,679	23
Beaufort	97,678	10,745	11
Calhoun	11,831	2,248	19
Clarendon	24,425	5,618	23
Colleton	29,452	5,890	20
Darlington	50,699	9,126	18
Dillon	22,684	5,444	24
Dorchester	76,883	9,995	13
Florence	95,704	15,313	16
Hampton	14,957	3,590	24
Jasper	14,878	4,017	27
Lee	14,482	4,055	28
Marion	26,364	6,591	25
Marlboro	20,573	4,938	24
Orangeburg	67,341	14,142	21
Sumter	76,310	12,973	17
Williamsburg	26,764	6,959	26

Source: Mohadjer, L., Kalton, G., Krenzke, T., Liu, B., Van de Kerckhove, W., Li, L., Sherman, D., Dillman, J., Rao, J. and White, S. (2009). *National Assessment of Adult Literacy: Indirect County and State Estimates of the Percentage of Adults at the Lowest Level of Literacy for 1992 and 2003* (NCES 2009-482). National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education, Washington, D.C.

**3.5.1** *The region needs to perform a complete assessment of its adult education capacity, and supplement those opportunities where necessary.*

The problem with adult literacy is directly related to the state's historically high rate of school dropouts. South Carolina has one of the highest rates in the country of 9th graders failing to complete high school, ranking 50th out of the 50 states and the District of Columbia in the latest statistics (see **Table 3-4**). It trails its neighboring states by significant margins. Failure to keep young men and women in school fills the workforce with under-educated young men and women with little chance of competing for good jobs, either in the state or beyond. The dropout rates for Corridor schools are higher than the state average, and in some districts much higher. South Carolina's Adult Education program, in

the Department of Education, is a natural place to look for increasing support for this critical need, as well as the South Carolina Adult Education Training and Resource Center.

**Table 3-4. Selected Freshman Graduation Rates, 2004–2005<sup>12</sup>**

Location	Graduation Rate
South Carolina	60.1%
North Carolina	72.6%
Georgia	61.7%
Florida	64.6%
Virginia	79.6%
Tennessee	68.5%
United States	74.7%

**Finding 3.6 Corridor school districts have difficulty recruiting and retaining qualified teachers.**

Counties in the I-95 Corridor face substantial challenges in recruiting and retaining qualified teachers and other educators. In 2006, 13 of the state's 85 regular school districts had what the state Department of Education considered "significant" numbers of core academic courses taught by teachers who were rated below highly qualified. No fewer than 12 of those 13 districts were in the I-95 Corridor, where some schools had more than 40% of courses taught by less than highly qualified teachers.

South Carolina's Center for Educator Recruitment, Retention, and Advancement (CERRA) found that high-poverty rural districts can have teacher turnover rates as high as 40% to 50%, with the turnover rates for administrators approaching 100%. Statewide, South Carolina loses a third of its teachers after five years, better than national rates but still, according to CERRA, unacceptable and costly to taxpayers.

The inability to retain teachers has a twofold impact. It deprives children of a quality education, and it deprives the community of stable, decent-paying jobs. It contributes to the "brain drain" of college-educated residents, and discourages graduates of local high schools from returning to their communities after earning

<sup>12</sup> Laird, J., Cataldi, E.F., KewalRamani, A., and Chapman, C. (2008). Dropout and Completion Rates in the United States: 2006 (NCES 2008-053). National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. Washington, DC. Retrieved from <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2008053>.

a college degree. When school districts are forced to look overseas to recruit teachers, they are outsourcing an important source of jobs for their own graduates.

Interviews revealed that problems with teacher recruiting and retention go beyond comparatively low salaries. Aging school infrastructure, even where “minimally adequate,” discourages teachers by making their workplace environment difficult. Like other college-educated professionals, Corridor teachers find other communities to have better amenities and quality of life.

**3.6.1** *In the immediate term, school districts in the Corridor should work to bring “Teach for America” to the Corridor, with a center in Florence or Orangeburg, or work with the state to create a South Carolina program modeled on Teach for America.*

Teach for America, a nonprofit organization that recruits promising college graduates to serve as teachers in low-income areas of the United States, has had some success in providing school districts with bright, motivated teachers. The highly selective program is currently working in Charlotte and in eastern North Carolina, among other places, but does not currently place teachers in South Carolina. Corridor school districts, along with the state Department of Education, should carefully consider bringing Teach for America to the Corridor to help alleviate some of its problems with teacher recruitment and retention.

In the longer term, or as an alternative, South Carolina should consider initiating a similar program at the state level, perhaps modeled on the Mississippi Teacher Corps, which has become the most competitive teaching program in the country, accepting about 5% of applicants.<sup>13</sup> Such a program could be marketed nationally to attract bright and motivated recent college graduates and working professionals to devote at least two years to teaching in a rural South Carolina school. The Corridor’s proximity to the coast can be used to help recruit and retain teachers.

#### **Mississippi Teacher Corps**

Administered by the University of Mississippi and largely funded by the state legislature, the Mississippi Teacher Corps selects about 25 applicants a year to serve in critical needs areas of the state. Participants receive normal teacher pay and benefits, plus a scholarship for a master’s degree. They also receive specialized training in teaching in high-poverty areas. The summer of 2009 will see the 20th class.

For more information, see <http://www.olemiss.edu/programs/mtc/index.htm>

While the long-term impact of such programs is not yet clear, a 2007 Urban Institute study reported favorably on the impact of Teach for America

<sup>13</sup> The Mississippi program is relatively small, and South Carolina may want to develop a somewhat larger program.

participants.<sup>14</sup> In any case, given the problems in Corridor schools and their difficulty in attracting and retaining teachers, the experiment would be worthwhile. Beyond their value in education, the program would bring bright and energetic young people to communities that are now losing that population to larger cities.

**3.6.2 *South Carolina should revise its teacher incentive packages to help poorer districts attract and retain teachers.***

South Carolina should consider whether its teacher incentive packages are designed to adequately address teacher retention problems in the state's high-poverty, rural districts. North Carolina's program of providing \$1,800 bonuses to qualified math, science, and special education teachers in hard-to-staff schools has had an effect on retaining teachers.<sup>15</sup> The bonus is paid yearly to teachers who remain in their schools. Another option that would benefit poorer schools would be to end the \$7,500 stipend for National Board Certified teachers and divert the savings into incentives that more directly help high-poverty schools. Finally, the state should consider combining student loan forgiveness programs with some of the initiatives recommended in this chapter.

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<sup>14</sup> [http://www.urban.org/UploadedPDF/411642\\_Teach\\_America.pdf](http://www.urban.org/UploadedPDF/411642_Teach_America.pdf)

<sup>15</sup> Clotfelter, C., Glennie, E. Ladd, H., and Vigdor, J. "Would higher salaries keep teachers in high-poverty schools? Evidence from a policy intervention in North Carolina." *Journal of Public Economics* 92 (2008), 1352-1370.

# 4 Close the Infrastructure Gap

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## SUMMARY

Talk to any county administrator, town manager, or economic development coordinator in the Corridor about infrastructure, and within minutes they will be pulling from their desk drawers maps and studies and designs of projects on their wish lists. To local officials, infrastructure is a field of dreams, with the expectation that economic investment will come if the infrastructure is built.

The problem for the Corridor is that with infrastructure and economic opportunity, success breeds success. In South Carolina, economic growth in the more developed parts of the state drives investment in infrastructure in those places, which then supports continued economic development there. The lead of better developed regions grows, while in the rest of the state, a lack of infrastructure slows development. To break this cycle, regional leadership should develop a strategic plan to guide proposed investments in ways that benefit large parts of the region. Such a plan would prioritize the region's needs and include creative ideas for paying for investments.

Infrastructure was the third-most-cited need by our interviewees, and the only need after education and economic growth that garnered significant responses. Of the 49 subjects who filled out the written questionnaires, 9 cited infrastructure as the number one need in the region, and another 19 placed it second.

In interviews across the I-95 Corridor, we identified a number of areas with significant and measurable gaps. These are most notably in areas of water and sewer, broadband access, and transportation. Further, rail and ports were also mentioned by economic developers, but to a much lesser degree than the other

infrastructure components. For the purposes of this report and this chapter, the infrastructure gap refers to water and sewer, transportation, and broadband infrastructure. In more general terms, it can be seen as the network of facilities, services, and installations that serves as the backbone for a community, incorporating schools, human services networks, and the healthcare delivery system. It also includes the more obvious components: transportation networks (roads, bridges, rail, and airports); water and sewer systems; electric and gas utilities; and communication systems such as telephone, video, and data networks.<sup>16</sup>

## Key Themes and Supporting Evidence

Three themes run throughout the infrastructure needs in the region. They are the greater need to **identify** needs as a region; **align** these needs with regional priorities; and **leverage** this strategic planning to bring in state and federal resources for greater infrastructure investment.

### Identify

While many of the counties and economic development partnerships have developed lists of needs, with a greater sense of prioritization decision makers can more easily act to make investments that have a greater impact.

### Align

Once priorities are established, local and state leaders can strategically align needs to reach the areas of greatest need, or where they have the potential for the greatest impact.

### Leverage

With identified priorities in line with strategic objectives, local leaders can leverage their resources to attract much larger investments from state, federal, and private/nonprofit donors to make more substantial progress.

Research indicates the following as key regional infrastructure needs:

- Projected state infrastructure<sup>17</sup> needs between 1995 and 2015<sup>18</sup> were dominated by transportation (51% and \$28.8 billion).

<sup>16</sup> This chapter draws from a separate infrastructure analysis report written by Michael Kresslin from the University of South Carolina and commissioned by RTI for the purposes of this human needs assessment. For greater detail about the water and sewer and transportation portions of this chapter in particular, please refer to his report "Infrastructure Along the I-95 Corridor."

<sup>17</sup> Infrastructure was defined as roads, bridges, mass transportation, airports, ports and waterways, water supply, waste treatment and disposal, energy supply, and communications.

- Almost every economic developer and county manager in the region claimed that their biggest need was more water and sewer hookups.
- **Table 4-1** indicates the estimated infrastructure need in dollars for the 10 regions and for the state overall. Shaded areas represent the regions that include I-95 Corridor counties.
- The conundrum for the I-95 counties is that economic success attracts infrastructure dollars that in turn attracts greater economic success. On the other hand, a lack of economic growth typically leads to a downward spiral of a lack of resources to develop infrastructure, which in turn leads to a more unattractive location for development.
- Counties fail to prioritize and coordinate with each other, resulting in a lack of strategic planning to maximize resources and political leverage.
- Broadband, rail service, and port upgrades were all mentioned as important for the region to progress.

**Table 4-1. Existing and New Growth Infrastructure Costs in South Carolina, 1995–2015**

Region	Total Backlog and Rehab Costs (in millions)	Backlog and Rehab Costs per Capita (in dollars)	Total New Growth Costs (in millions)	New growth Costs per capita (in dollars)
S.C. Total	23,709	2,959	30,269	15,569
Regional Average	1,997	3,622	2,893	14,827
Pee Dee	1,856	2,966	1,472	17,981
Waccamaw	1,712	3,322	3,241	12,274
Santee Lynches	1,020	2,700	1,120	14,892
Lowcountry	1,540	6,672	2,311	16,556
Berkeley-Charleston-Dorchester	4,009	3,280	7,131	15,559
Upper Savannah	1,207	3,324	1,193	24,329
Catawba	1,530	3,113	1,827	15,979
Lower Savannah	1,844	2,792	2,082	11,702
Central Midlands	3,485	2,821	4,526	16,688
Appalachian	5,504	2,737	5,367	17,264

Regional average cost is the average of the Pee Dee, Waccamaw, Santee Lynches, Lowcountry, Berkeley-Charleston-Dorchester, and Lower Savannah regions.

Source: South Carolina Infrastructure Study: Projections of Statewide Infrastructure Costs, Savings, and Financing Alternatives, 1995–2015, p. 43.

<sup>18</sup> South Carolina Infrastructure Study: Projections of Statewide Infrastructure Costs, Savings, and Financing Alternatives 1995–2015. (1997). A report prepared for the State Budget and Control Board and the Advisory Commission on Intergovernmental Relations.

## CRITICAL FINDINGS AND RECOMMENDATIONS

Because the I-95 Corridor has less development, infrastructure is an even more important issue because it is viewed as a means to jump-start private sector investment. There is a heightened awareness, almost anxiety, about the need to close the infrastructure gap. Needs for the Corridor are centered on water and sewer hookups that are critical for recruiting companies to the area. Other infrastructure needs mentioned during the course of the study are broadband and transportation. Each of these is discussed in more detail in the sections below; however, this study identified three overarching findings that must be addressed in a regional context.

**Finding 4.1 Inconsistent data collection and prioritization across the region inhibits the Corridor's ability to make sound infrastructure investments.**

**4.1.1 *Work as a region to identify infrastructure needs and develop priorities to target strategic areas for investment.***

Infrastructure needs always exceed available funding—a problem that is now exacerbated by the current economic downturn. Recognizing this, the region should give thought to where infrastructure investments will have the greatest impact, not only in the immediate vicinity of the project but in surrounding counties as well. Success in attracting both public and private funding can be dramatically increased by collective action and advocacy by the region as part of a regional strategy. Crafting a regional vision will also then garner greater support at the state level to increase cooperation and investment.

### **Northeastern Strategic Alliance (NESA)**

Serving a nine county area in the Pee-Dee region, NESA is regarded as a driver for effective regional infrastructure investment and economic development. NESA's primary objective is to significantly enhance the quality of life for residents of the region by creating additional jobs and capital investment. NESA is focusing on four infrastructure targets:

- I-73
- regional airport
- convention center
- power generation facility

<http://www.scbusinesscorner.com/about.asp>

**Finding 4.2 The disparate priorities and lack of connection to wider regional needs weakens the region's ability to leverage state and federal funds.**

Given the impending federal stimulus package, it is an opportune time to organize and prepare to leverage outside resources.

#### **4.2.1 Monitor federal and state funding opportunities and leverage local assets to attract outside investment.**

In the section below, we detail findings and recommendations specific to water and sewer, broadband, and transportation.

#### **4.2.2 Leverage the South Carolina Office of Local Government Programs more effectively.**

The communities in the I-95 Corridor should be more aggressive in pursuit of funding from existing sources. For immediate purposes of this assessment, data were collected from the four programs administered through the Office of Local Government (OLG) of the Budget and Control Board. OLG serves as a source of financial and technical assistance to local governments and other public entities in providing water, sewer, and related infrastructure facilities necessary for economic development, environmental protection, and public health. These four programs are:

- **Clean Water State Revolving Fund (CWSRF)** – This is a federally capitalized loan program for the construction of sewer facilities with financing in the form of long-term, low-interest loans for the construction of publicly owned wastewater treatment facilities. It is capitalized by the Environmental Protection Agency (EPA) under the Clean Water Act and a required state match. Loan interest rates may vary depending on the borrower and the purpose for which the loan is to be used. Interest rates for fiscal year 2009 range from 1.00% to 3.50%, depending on the size and purpose of the proposed project.<sup>19</sup>
- **Drinking Water State Revolving Fund (DWSRF)** – Initiated in 1997, this program provides long-term, low-interest loans to assist public water systems in financing the cost of facilities necessary to achieve or maintain compliance with the Safe Drinking Water Act (SDWA). It is capitalized by EPA under the Safe Drinking Water Act and a required state match.
- **State Infrastructure Revolving Fund** – This is a state-capitalized loan fund for the construction of water and sewer facilities that are too small for, or are not eligible for, the CWSRF or the DWSRF.
- **Budget and Control Board Grant Program** – This state-funded program provides grants to local governments for the construction of publicly owned water and sewer infrastructure-related purposes.

Each loan program has unique eligibility requirements and interest rates for various size systems. No attempt is made here to evaluate the selection process for the loan and grant programs or the extent to which any of the programs'

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<sup>19</sup> Office of Local Government, 2008. "State Revolving Loan Fund (SRF) Interest Rates." S.C. Budget and Control Board. Columbia SC. Available at: <http://www.olg.sc.gov/info.aspx> (accessed December 1, 2008).

features, such as the interest rates charged, and/or any matching requirements affect the ability of any community to take full advantage of the programs.<sup>20</sup>

A summary of funding from each program to each of the 17 counties from 1999–2008 appears in **Table 4-2** below. Overall, 11 counties have received nothing from the loan programs during this period, and only 3 have received more than \$1 million over the decade.

**Table 4-2. Water & Sewer Infrastructure Investment in I-95 Corridor Counties, 1999 to 2008**

County	Loan Programs			BCB Grant Program	Total
	CWSRF	DWSRF	SIRF		
Bamberg				421,142	421,142
Beaufort	56,416,546	20,811,320	480,481	25,000	77,733,347
Calhoun				147,500	147,500
Clarendon				727,482	727,482
Colleton	3,459,914		378,153	244,376	4,082,443
Darlington	213,600			505,000	718,600
Dillon			370,000	470,100	840,100
Dorchester				298,100	298,100
Florence		11,452,295	4,062,403	2,483,669	17,998,367
Hampton				571,770	571,770
Jasper	876,001			1,000	877,001
Lee				652,875	652,875
Marion				821,300	821,300
Marlboro				1,114,366	1,114,366
Orangeburg				866,310	866,310
Sumter				1,139,330	1,139,330
Williamsburg				1,095,900	1,095,900
<b>Total</b>	<b>60,966,061</b>	<b>32,263,615</b>	<b>5,291,037</b>	<b>11,585,220</b>	<b>110,105,933</b>

Source: Office of Local Government – State Budget & Control Board, December 2008.

#### **4.2.3 Leverage the state transportation funding sources more effectively**

Some of these funding sources include the South Carolina Infrastructure Bank, the maintenance program of road resurfacing, and the “C” Fund Program.<sup>21</sup>

<sup>20</sup> Kresslin, p.13

**4.2.4 Utilize regional coalitions to leverage federal funding sources.**

Most federal funding sources are provided through the U.S. Environmental Protection Agency (EPA) and administered through the state agencies and programs mentioned in the prior recommendation. For example, the EPA administers the Clean Water State Revolving Fund Program, but communities that are very small or economically disadvantaged may also consider the Hardship Grants Program for Rural Communities, which is designed to help in cases where the costs of participation in the State Revolving Fund Programs are prohibitive.<sup>22</sup> However, communities must first apply for State Revolving Fund assistance.

Award data for the Community Development Block Grant Program (CDBG) was only readily available for 2008. Of the 59 awards for which data are available, 25 went to counties along the Corridor. However, 17 of the 25 awards went to just five counties: Florence, Hampton, Marion, Dorchester, and Marlboro. Seventeen awards were for water and/or sewer-related projects.<sup>23</sup>

- **The Department of Housing and Urban Development (HUD)** provides funds to states via Community Development Block Grants, which in turn make grants to small cities and rural counties for a variety of projects including wastewater and drinking water facilities. In South Carolina, this program is managed by the state Department of Commerce. Guidelines stipulate that 70% of the funds must be used for projects benefitting low- and moderate-income populations.<sup>24</sup> This program provided \$25.9 million for 43 projects in rural South Carolina communities in 2007.<sup>25</sup> Roughly half of these funds were used for community infrastructure.
- **The U.S. Department of Agriculture** offers loans and grants to rural communities (10,000 persons or less) to finance water and waste disposal projects and is administered by the USDA Rural Utilities Service at the national level and by the Rural Economic and Community Development offices

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<sup>21</sup> More detail about these programs is provided in the section on transportation at the end of this chapter.

<sup>22</sup> Office of Wastewater Management. 2008a. "Clean Water State Revolving Fund Program." U.S. Environmental Protection Agency. Washington, DC. Available at: <http://www.epa.gov/OWM/mab/smcomm/eparev.htm#5> (accessed December 1, 2008).

<sup>23</sup> South Carolina Department of Commerce. 2008 CDBG Award List. Correspondence from Lisa Kalsbeck to author dated December 18, 2008.

<sup>24</sup> Congressional Research Service. 2005. *Federally Supported Water Supply and Wastewater Treatment Programs* (RL30478). U.S. Library of Congress. Washington, DC. Available at: <http://www.nationalaglawcenter.org/assets/crs/RL30478.pdf> (accessed December 1, 2008).

<sup>25</sup> S.C. Department of Commerce. 2008a. *Department of Commerce Accountability Report, Fiscal Year 2007-2008*. S.C. Department of Commerce, Columbia, SC. Available at: <http://www.sccommerce.com/resources/agencyoverview/administration.aspx> (accessed December 15, 2008).

at the state and local levels. A variety of public entities and nonprofit organizations are eligible to apply and there is no matching requirement.<sup>26</sup>

- **The Public Works and Development Facilities Program** provides grants for community water and sewer projects to “areas experiencing substantial economic stress” with the understanding that infrastructure investments will help to attract new industry and maintain employment levels.<sup>27</sup> The U.S. Department of Commerce’s Economic Development Administration oversees this program, and because the emphasis is on economic development, grants are typically not made for rural residential water supply and sewer projects.<sup>28</sup>
- **The American Recovery and Reinvestment Bill of 2009.** In the next few weeks, this package will be the first crucial step in a concerted effort to create and save 3 to 4 million jobs, jumpstart our economy, and begin the process of transforming it for the 21st century with \$275 billion in economic recovery tax cuts and \$550 billion in thoughtful and carefully targeted priority investments with unprecedented accountability measures built in. In anticipation of the bill being passed and signed, I-95 Corridor leadership should quickly and aggressively seek support for critical infrastructure needs from these elements:
  - **Clean Water State Revolving Fund:** \$6 billion for loans to help communities upgrade wastewater treatment systems. EPA estimates a \$388 billion funding gap. The Association of State and Interstate Water Pollution Control Administrators found that 26 states have \$10 billion in approved water projects.
  - **Drinking Water State Revolving Fund:** \$2 billion for loans for drinking water infrastructure. EPA estimates a \$274 billion funding gap. The National Governors Association reported that there are \$6 billion in ready-to-go projects, which could quickly be obligated.
  - **Rural Water and Waste Disposal:** \$1.5 billion to support \$3.8 billion in grants and loans to help communities fund drinking water and wastewater treatment systems. In 2008, there were \$2.4 billion in requests for water and waste loans and \$990 million for water and waste grants went unfunded.
  - **Community Development Block Grants:** \$1 billion for community and economic development projects including housing and services for those hit hard by tough economic times.
  - **Local Government Energy Efficiency Block Grants:** \$6.9 billion to help state and local governments make investments that make them more energy efficient and reduce carbon emissions.
  - **Energy Efficiency Grants and Loans for Institutions:** \$1.5 billion for energy sustainability and efficiency grants and loans to help school

<sup>26</sup> Office of Wastewater Management. 2008. “Rural Utilities Service Water and Waste Disposal Program.” U.S. Environmental Protection Agency. Washington, DC. Available at: <http://www.epa.gov/OWM/mab/smcomm/eparev.htm#2> (accessed December 1, 2008).

<sup>27</sup> Congressional Research Service, 2005

<sup>28</sup> Ibid.

districts, institutes of higher education, local governments, and municipal utilities implement projects that will make them more energy efficient.

- **Economic Development Assistance:** \$250 million to address long-term economic distress in urban industrial cores and rural areas, distributed based on need and ability to create jobs and attract private investment. EDA leverages \$10 in private investments for \$1 in federal funds.
- **Highway Infrastructure:** \$30 billion for highway and bridge construction projects. It is estimated that states have over 5,100 projects totaling over \$64 billion that could be awarded within 180 days. These projects create jobs in the short term while saving commuters time and money in the long term. In 2006, the Department of Transportation estimated that \$8.5 billion was needed to maintain current systems and \$61.4 billion was needed to improve highways and bridges.
- **Transit Capital Assistance:** \$6 billion to purchase buses and equipment needed to increase public transportation and improve intermodal and transit facilities. The Department of Transportation estimates a \$3.2 billion maintenance backlog and \$9.2 billion in needed improvements. The American Public Transportation Association identified 787 ready-to-go transit projects totaling \$15.5 billion. Funds will be distributed through the existing formulas.

In addition to these overarching findings of identification, alignment, and leverage, there are more specific findings for water and sewer, broadband, and transportation.

**Finding 4.3 Lack of water and sewer hookups for economic development thwart local business recruitment and retention in the region.**

Every county manager and almost every economic developer interviewed cited without hesitation that the dearth of water and sewer infrastructure was their biggest challenge for promoting economic development in the region.

Determining the adequate number of water and sewer hookups is outside of the scope of this human needs assessment. Instead, RTI relied on prior research and data on current conditions to further describe the water and sewer needs in the Corridor and recommends resources for local and state leaders to pursue to bridge this infrastructure gap.

In 1997 the South Carolina Infrastructure study detailed the projected water and sewer needs by region—see **Table 4-3**. In terms of projected water and sewer needs, the I-85 corridor as represented by the Appalachian region has the largest need, over \$1 billion. This is followed by the area around Columbia (Central Midlands) and Charleston (Berkeley, Charleston, and Dorchester).

**Table 4-3. Total Infrastructure Needs and Projected Water and Sewer Needs 1995–2015**

Region	Number of counties	I-95 counties	Water/Sewer
Appalachian	6		\$1,193,000,000
Central Midlands	4		\$ 863,000,000
Berkeley-Charleston-Dorchester	3	Dorchester	\$ 745,000,000
Catawba	4		\$ 483,000,000
Waccamaw	3	Williamsburg	\$ 451,000,000
Lowcountry	4	Beaufort, Colleton, Hampton, Jasper	\$ 392,000,000
Lower Savannah	6	Bamberg, Calhoun, Orangeburg	\$ 370,000,000
Pee Dee	6	Darlington, Dillon, Florence, Marion, Marlboro	\$ 358,000,000
Santee Lynches	4	Clarendon, Lee, Sumter	\$ 260,000,000
Upper Savannah	6		\$ 227,000,000

Source: Calculations by John Kresslin, University of South Carolina from data in the South Carolina Infrastructure Study: Projections of Statewide Infrastructure Costs, Savings, and Financing Alternatives, 1995–2015.

Supporting documentation, including, where accessible, regional economic development planning documents from the regional councils of government, was also reviewed to determine specific water and sewer infrastructure needs for the study counties.<sup>29</sup>

- Waccamaw Region:** Horry, Georgetown, and Williamsburg counties. While overall this region has an abundance of water available to most industrial sites and public water systems, insufficient water and sewer services are noted in selected areas, especially Williamsburg County. The situation has improved from what had previously existed with the creation of the Williamsburg County Water and Sewer Authority. Nonetheless, a significant portion of the county population continues to depend on a collection of private water systems and septic tanks. The rural makeup of the region makes water and sewer projects expensive to provide and operate. Certain areas of the Waccamaw Region experience a lack of water and sewer

<sup>29</sup> In Kresslin's research, planning documents were identified and reviewed from the Santee-Lynches Regional Council of Government, the Pee Dee Regional Council of Governments, Waccamaw Regional Council of Governments, Lowcountry Regional Council of Governments, and the Berkeley-Charleston-Dorchester Regional Council of Government. Findings for the I-95 counties specifically will be detailed in appropriate sections below.

services or inadequate capacity of existing systems. Both scenarios constrain economic development by restricting where industry can locate, notwithstanding the fact that elsewhere in the region available land is abundant. In a “needs” list for water and sewer services released by the South Carolina Department of Health and Environmental Control (DHEC), of the 80 communities with sewer needs, 16 were in Williamsburg County alone. There were 50 communities on the “needs” list for water, and 12 were in Williamsburg County. Lack of capacity is the major problem in Williamsburg County, and funding is the primary obstacle to addressing the problem.<sup>30</sup>

- **Berkeley-Charleston-Dorchester Region:** Berkeley, Charleston, and Dorchester counties.  
Dorchester County is served by four providers of sewer services; yet according to the County’s Comprehensive Plan for 2008, “the combined available capacity of wastewater treatment in Dorchester County is currently insufficient to accommodate the expected growth to 2030 ....”<sup>31</sup> Constrained by capacity issues and environment concerns, and because economic development is such a priority, the County will serve Employment Growth Areas with sanitary sewage before other areas, while the County expands its current capacity.
- **Santee-Lynches Region:** Lee, Sumter, Kershaw, and Clarendon counties. A 2003 report by the Santee-Lynches Council of Governments describes a region with 11 providers of wastewater services and 25 public providers of water services. Most of these, however, were reportedly at or near capacity, thereby threatening their ability to serve expanded industrial development.<sup>32</sup>
- **Pee Dee Region:** Chesterfield, Marlboro, Darlington, Dillon, Marion, and Florence counties.  
A report from the Pee Dee regional council of governments cited that the area is reportedly served by 36 water systems and that economic growth depends on the improvements in water treatment facilities, water storage impoundments, and service connections and upgrades to its water and sewer infrastructure.
- **Lowcountry Region:** Colleton, Beaufort, Jasper, and Hampton counties. The Lowcountry has multiple suppliers of water, but the largest is the Beaufort-Jasper Water and Sewer Authority. The report cited the Authority as having sufficient capacity at that time to accommodate growth.<sup>33</sup>

<sup>30</sup> Waccamaw Regional Council of Governments. (2007) *Comprehensive Economic Development Strategy*. Georgetown, SC.

<sup>31</sup> Dorchester County Council (2008). *Dorchester County Comprehensive Plan 2008*. Document prepared with the assistance of the Berkeley-Charleston-Dorchester Council of Governments, p.2-3.

<sup>32</sup> Santee-Lynches Regional Council of Governments. (2003). *Santee-Lynches Regional Infrastructure Plan*. Sumter, SC.

<sup>33</sup> Lowcountry Regional Council of Governments. (2003). Transportation and Community and System Presentation Pilot Program. Regional Plan for the Lowcountry. Yemassee, SC.

## Water and Sewer Capacity

Regulatory guidelines established by the S.C. Department of Health and Environmental Control stipulate that plans must be undertaken to expand capacity when wastewater treatment plants begin operating at 90% of existing capacity, if not earlier.<sup>34</sup> Excess water capacity in the county seats of the 17 study counties was assessed using 90% as the threshold for low excess capacity and 50% of existing capacity as delineation between moderate and high excess capacity. As shown in **Table 4-4**, only the City of Florence is estimated to have limited sewer capacity, and none of the county seats for which data were publicly available have limited water capacity.

**Table 4-4. Assessment of Water and Sewer Capacity for County Seats<sup>35</sup>**

Jurisdiction	Water Capacity	Water Usage	Water Class	Sewer Capacity	Sewer Usage	Sewer Class
Bamberg	1,175,000	N/A	N/A	1,000,000	N/A	N/A
Beaufort	34,000,000	N/A	N/A	5,200,000	N/A	N/A
St. Matthews	902,400	484,000	Moderate	550,000	N/A	N/A
Manning	2,100,000	1,100,000	Moderate	2,500,000	1,200,000	Substantial
Walterboro	4,700,000	1,800,000	Substantial	2,640,000	1,300,000	Substantial
Dillon	1,400,000	N/A	N/A	6,000,000	2,800,000	Substantial
Florence	30,000,000	11,500,000	Substantial	15,000,000	N/A	Limited
Hampton	250,000	N/A	N/A	2,000,000	N/A	N/A
Bishopville	1,522,000	522,000	Substantial	2,500,000	1,500,000	Moderate
Marion	9,500,000	6,600,000	Moderate	6,200,000	2,700,000	Substantial
Bennettsville	4,000,000	2,000,000	Substantial	3,900,000	2,000,000	Moderate
Orangeburg	19,000,000	12,000,000	Moderate	9,000,000	4,500,000	Moderate
Sumter	23,500,000	12,500,000	Moderate	15,000,000	9,000,000	Moderate
Kingstree	N/A	N/A	N/A	N/A	N/A	N/A
St. George	N/A	N/A	N/A	N/A	N/A	Limited
Darlington	N/A	N/A	N/A	N/A	N/A	Limited
Ridgeland	N/A	N/A	N/A	N/A	N/A	N/A

Source: RTI original research<sup>36</sup>

<sup>34</sup> City of Florence. 2007. *City Prepares for Future Expansion and Regional Growth*. Available at: <http://www.cityofflorence.com/misc/water38339CofIInsert-r.pdf> (accessed December 2, 2008).

<sup>35</sup> Only those county seats with publicly available capacity and usage data are included; others are denoted with N/A.

<sup>36</sup> Based on information from: City of Bamberg, 2008a; City of Bamberg, 2008b; BJWSA, 2008; Central SC Alliance, 2008a; Central SC Alliance, 2008b; Colleton County, 2008; City of Dillon, 2008;

In terms of substantial excess water capacity, Walterboro, Florence, Bishopville, and Bennettsville are all estimated to be using less than 50% of total capacity. Similarly, Manning, Walterboro, Dillon, and Marion are estimated to be currently using less than 50% of total sewer capacity, indicating that there is capacity from which more infrastructure can be built.

### **Existing Capacity: Details**

This section provides greater detail on the status of water and sewer capacity in the county seats of the 17 study counties. The usage and capacity numbers presented in **Table 4-5** are estimates, designed to provide a general picture of the available water and sewer resources in the respective towns and cities. The actual utilization of these resources tends to fluctuate and is greatly influenced by population increases and industrial use, such that they represent a moving target. The assessments provide a succinct classification scheme, and it should be noted that the amount of water and sewer capacity required to support economic development will vary based on the specific characteristics of each proposal.

All of the above seems to suggest that capacity is not the issue but rather, making that capacity available to support industrial development is the gap that we should be targeting; however, further research should be done to clarify this point.

### **Finding 4.4 The quality of water within the region is inconsistent.**

Interviewees in some areas discussed the poor quality of water that the residents consumed. For example, RTI was told that high-quality water is provided for some towns, and within the same county less than 15 miles away, a different water service district was providing very poor quality water that was making people sick. Researching quality water issues is outside the scope of this report; however, for public health concerns, Francis Marion and South Carolina State should conduct further research to validate or refute this finding and act appropriately.

#### **4.4.1. Encourage consolidation of water services.**

Throughout the region, examples of disparate quality in regional water supplies were noted, and in some instances, consolidation helped to minimize the issue. For example, interviewees cited the success of Darlington and Florence at developing a single water and sewer provider for their service region and thus

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City of Florence, 2007; Town of Hampton, 2008; Central SC Alliance, 2008c; Marion County Economic Development Commission, 2008; City of Bennettsville, 2008; Central SC Alliance, 2008d; Central SC Alliance, 2008e; Munday, 2008; Dana, 2008.

**Table 4-5. Service Providers and Capacity Information for County Seats**

<b>City</b>	<b>County</b>	<b>Service Provider</b>	<b>Description and Capacity<sup>37</sup></b>
Bamberg	Bamberg County	Bamberg Board of Public Works	<ul style="list-style-type: none"> <li>- Serves 2,000 customers</li> <li>- permitted for 1 million gpd of sanitary and industrial waste</li> <li>- 7 wells</li> <li>- 4 elevated tanks with 1.175 million gallons of storage capacity and miles of water main</li> </ul>
Beaufort	Beaufort County	Beaufort Jasper Water Authority	<ul style="list-style-type: none"> <li>- Chelsea and Purrysburg Water plants have joint capacity of 34 million gpd</li> <li>- Wastewater treatment capacity of 5.2 million gpd</li> </ul>
St. Matthews	Calhoun County	Town of St. Matthews	<ul style="list-style-type: none"> <li>- Wells</li> <li>- Total capacity of 0.9024 million gpd</li> <li>- Ave daily demand 0.484 million gpd</li> <li>- permitted sewer flow of 0.317 million gpd</li> <li>- Total sewer capacity of 0.55 million gpd</li> </ul>
Manning	Clarendon County	City of Manning	<ul style="list-style-type: none"> <li>- total water capacity of 2.1 million gpd</li> <li>- excess capacity of 1 million gpd</li> <li>- total sewer capacity of 2.5 million gpd</li> <li>- 1.3 million gpd of excess sewer capacity</li> </ul>
Walterboro	Colleton County	City of Walterboro	<ul style="list-style-type: none"> <li>- total water capacity of 4.7 million gpd</li> <li>- excess capacity of 2.9 million gpd</li> <li>- total sewer capacity for the city is 2.64 million gpd</li> <li>- less than half of this volume is utilized with an estimated 1.34 million gpd in excess capacity</li> </ul>
Dillon	Dillon County	City of Dillon	<ul style="list-style-type: none"> <li>- water capacity of 1.4 million gpd</li> <li>- in the process of building a new facility with a storage capacity of 1 million gallons</li> <li>- total sewer capacity for the city is 6.0 million gpd</li> <li>- estimated 3.2 million gpd in excess sewer capacity</li> </ul>
Florence	Florence County	City of Florence	<ul style="list-style-type: none"> <li>- total water capacity of 30 million gpd</li> <li>- average daily use is 11.5 million gpd</li> <li>- sewer capacity is 15 million gpd</li> <li>- excess capacity is expected to drop below 10% by 2009, fueling plans to construct a new 18 million gpd facility</li> </ul>
Hampton	Hampton County	Town of Hampton	<ul style="list-style-type: none"> <li>- water capacity of 250,000 gallons</li> <li>- wastewater treatment plant is licensed to process 2 million gpd</li> </ul>
Bishopville	Lee County	City of Bishopville	<ul style="list-style-type: none"> <li>- total water capacity of 1.522 million gpd</li> <li>- excess capacity of 1 million gpd</li> <li>- total sewer capacity is 2.5 million gpd</li> <li>- estimated 1 million gpd of excess sewer capacity</li> </ul>
Marion and Mullins	Marion County	City of Marion; City of Mullins; Marion County Rural Water Company	<ul style="list-style-type: none"> <li>- Total water capacity is 9.5 million gpd</li> <li>- 2.9 million gpd of excess water capacity</li> <li>- Sewer capacity 6.2 million gpd</li> <li>- excess sewer capacity of 3.5 million gpd</li> </ul>
Bennettsville	Marlboro County	City of Bennettsville	<ul style="list-style-type: none"> <li>- Total capacity of 4.0 million gpd</li> <li>- excess water capacity of 2.0 to 1.5 million gpd</li> <li>- total sewer capacity of 3.9 million gpd</li> <li>- excess sewer capacity of 1.9 to 1.4 million gpd</li> </ul>

<sup>37</sup> GPD = gallons per day

**Table 4-5. Service Providers and Capacity Information for County Seats (continued)**

City	County	Service Provider	Description and Capacity <sup>38</sup>
Orangeburg	Orangeburg County	Orangeburg Department of Public Utilities	- current water capacity of 19 million gpd - excess water capacity of 7 million gpd - total sewer capacity for the city is 9 million gpd - 4.5 million gpd in excess capacity
Sumter	Sumter County	City of Sumter	- water capacity of 23.5 million gpd (wells) - total sewer capacity for the city is 15 million gpd - estimated 6 million gpd in excess capacity
Kingstree	Williamsburg County	Town of Kingstree	Not publicly available
St. George	Town of St. George	Dorchester County (water)	The town has limited sewer capacity and plans are under way to sell rights to the existing facility to Dorchester County (Munday, 2008). Water provision would remain with the town.
Darlington	Darlington County	City of Darlington	Sewer capacity is limited and plans to expand the city's sewage treatment plant are moving forward (Dana, 2008).
Ridgeland	Jasper County	Town of Ridgeland	Not publicly available

Source: RTI original research<sup>39</sup>

elevating the quality of water for all. In another county it was pointed out that several water suppliers provided varying degree of quality. While it was generally agreed that consolidation would improve quality across the board, interviewees noted that this was very difficult to achieve.

**Finding 4.5 The lack of Internet and broadband infrastructure limits students, workers, access to markets, access to healthcare, and entrepreneurship opportunities.**

Broadband is a transformative technology vital for communities to be competitive in the global economy. It allows rural areas to significantly enhance access to markets and information and improve other key community infrastructure such as education and healthcare.<sup>40</sup> A report submitted to the U.S. Economic Development Administration states that "Broadband is clearly related to economic well-being and is thus a critical component of our national communications infrastructure."<sup>41</sup> This telecommunications infrastructure is the backbone for a

<sup>38</sup> GPD = gallons per day

<sup>39</sup> Based on information from: City of Bamberg, 2008a; City of Bamberg, 2008b; BJWSA, 2008; Central SC Alliance, 2008a; Central SC Alliance, 2008b; Colleton County, 2008; City of Dillon, 2008; City of Florence, 2007; Town of Hampton, 2008; Central SC Alliance, 2008c; Marion County Economic Development Commission, 2008; City of Bennettsville, 2008; Central SC Alliance, 2008d; Central SC Alliance, 2008e; Munday, 2008; Dana, 2008.

<sup>40</sup> USDA Rural Development: Bringing Broadband to Rural America. June 2007

<sup>41</sup> Gillett, Sharon E., Dr. William H. Lehr, Carlos A. Osorio, and Marvin A. Sirbu. "Measuring the Economic Impact of Broadband Deployment." National Technical Assistance, Training, Research and Evaluation Project for the Economic Development Administration. February 2006. p. 3.

21st century economy and essential to community and economic development over the long term.

Broadband connectivity is important to South Carolina's economic future because it underpins four cornerstones of the community and economy:

- **Business climate:** Research shows that communities ranging from economically healthy ones to those classified as distressed that have mass-market broadband experience more rapid growth in employment, number of businesses, and number of IT businesses than communities without broadband.<sup>42</sup>

Further, according to the findings of a recent study committee, South Carolina could realize \$1.6 billion in annual economic impacts from a modest increase in broadband adoption.<sup>43</sup> The findings also suggest that the United States could realize an impact of \$134 billion.

- **Education:** Distance learning is fast emerging as a means to provide education and training, particularly to adults, to advance skills development with greater flexibility and access. This is critical particularly in areas that have traditionally been limited by geographic barriers.
- **Healthcare:** Improving access, particularly to expert providers, and improving management through means of electronic record keeping boosts the quality of care in rural regions and enhances efficiency for providers.
- **Government:** The gained efficiencies with more electronically managed and operated offices have positive economic impacts on local budgets.

### Connect Kentucky

ConnectKentucky is a grassroots initiative with the stated mission to accelerate technology growth and broadband deployment to support community and economic development in the state. It seeks to expand both broadband service in and demand for service from unserved areas in Kentucky. The approach includes inventory (mapping existing services and gaps) and community-based strategic planning components. To build local capacity and ownership of the technology plans developed, ConnectKentucky assembles and assists eCommunity Leadership Teams with representation from the education, healthcare, business, and government sectors, among others. The teams brainstorm to identify ways to improve technology deployment and adoption in their community, laying critical groundwork for a subsequent strategic plan for implementation.

Winner of the U.S. Economic Development Administration's Excellence in Innovation Award, ConnectKentucky has helped increase broadband coverage from 60% to 95% (an additional 546,000 households) and create 18,400 new IT jobs in the state.

Source [www.connectkentucky.org](http://www.connectkentucky.org)

<sup>42</sup> Ibid.

<sup>43</sup> "The Economic Impact of Stimulating Broadband Nationally." Connected Nation. Washington D.C. February 1, 2008. Report available on the web: [http://www.connectednation.com/\\_documents/Connected\\_Nation\\_EIS\\_Study\\_Full\\_Report\\_02212008.pdf](http://www.connectednation.com/_documents/Connected_Nation_EIS_Study_Full_Report_02212008.pdf)

For these reasons, and the emphasis the new administration is placing on broadband deployment in rural areas and on e-health initiatives, broadband connectivity is a significant opportunity for leaders in the Corridor to seize.

**4.5.1 *Follow up on the SC Broadband Technology and Communications Study Committee.***

A special South Carolina Broadband Technology and Communications Study Committee provided a report to the General Assembly in February 2008. It assessed the current situation of broadband access in the state and, most importantly, a strategy for leasing excess capacity of over 67 Educational Broadband Service licenses issued by the Federal Communications Commission to the S.C. Educational Television Commission.

Among other things, the Committee recommended partnering with Connected Nation ([www.connectednation.com](http://www.connectednation.com)) to plan for the creation of a public-private partnership to promote deployment and adoption of broadband services in South Carolina.

Connected Nation's mapping effort is the first step toward accelerating broadband availability and use in South Carolina. The broadband inventory maps provide direction for future legislation and projects to make ubiquitous broadband coverage a reality.

**4.5.2 *Invest in wireless broadband centers along Interstate 95 to promote both public use and small business development.***

Similar to the Business and Technology Centers in rural North Carolina, these entities can serve both as advocates for broadband in their surrounding communities and as technology service providers in offering onsite access and related training courses for small businesses and individuals to better use technology at work and home.

**Finding 4.6 Overall, the Corridor lacks the substantial, up-to-date transportation routes available in other parts of the state.**

Every industry representative interviewed in this study cited transportation as both a strength of the Corridor and an opportunity for improvement. Movement of raw materials and goods is critical to the manufacturing sector, which makes up a significant part of the Corridor's private sector employment. Transportation needs in the Corridor surfaced in terms of quality, quantity, and, most often, affordability. The needs also ranged from modes such as roads, rail, and ports.

With regard to transportation, every county has benefited to some degree from state expenditures over the 10-year period that ended in 2007. That does not mean that every need was met to the satisfaction of every actor in the region or

that the dollars expended were necessarily targeted at what some might argue were the most egregious problems facing the county or region. However, it is clear that significant sums have flowed into the region for transportation and that a few of the counties in the Corridor have tried to supplement other spending with additional "C" fund dollars and additional financing instruments.

It also appears, however, that transportation investment has mostly flowed to maintenance (resurfacing) and incremental improvements to existing roadways. Few major projects have been funded in the region, leaving the region vulnerable to potentially falling short of a first-class, 21st century transportation network in future years.

**4.6.1 *Expand rural/regional transportation programs for the workforce and those on limited incomes.***

As regional development becomes increasingly centered in hubs or along corridors of economic growth, regional leadership must work to provide improved transportation options for those located in the more rural parts of the region. Interviews with companies in the region highlighted the fact that they are drawing from a geographically dispersed employment base to meet their recruitment needs, with commutes of 30–50 miles common.

### **e-NC Authority**

In taking an inventory of North Carolina's broadband assets and in its push to stimulate high-speed Internet investment and adoption, the e-NC Authority is arguably the most advanced effort of its kind in the nation. Long before the current wave of interest in broadband data, North Carolina state officials were at the forefront of mapping out broadband availability; aggregating demand; educating the public about the benefits of broadband; fostering local "e-champions"; and providing hands-on training and access to low-cost hardware, software, and technical support.

Now, the state is attempting to push forward further, by encouraging significantly faster connection speeds than are currently generally available in North Carolina, or throughout the country. In a report commissioned by e-NC and released in June, the agency called for faster broadband, a national strategy, and more transparent data from carriers. The state's extensive efforts to date include an interactive Website with detailed geographic information system (GIS) maps, annual reports, a detailed parsing of Federal Communications Commission data—as well as its own data from broadband providers, and concrete funding for digital training, high-tech business incubation, and better rural connectivity.

Not only was the North Carolina agency the first to extensively map out broadband, it originated the idea for e-community toolkits, and the concomitant effort to stimulate demand by talking up broadband across the state in more than 137 forums. Between 2001 and 2006, e-NC issued more than \$2.7 million in grants to build e-communities, including grants of about \$5,000 apiece to "e-champions" in each of 85 rural counties. It later supplemented these grants. Also, e-NC awarded more than \$1.7 million in digital literacy training grants of about \$20,000–\$40,000 each to 28 communities across the state, and in 64 rural counties, that had implemented local broadband strategies. It also established 135 public Internet access points.

Among the most significant of e-NC's accomplishments is the creation of seven business and technology telecenters in rural regions of the state. The fruits of these centers are helping to build the case for faster broadband—generally fiber-optic broadband—in rural areas. They are also encouraging major manufacturers to locate in the state as communities that have FTTH [fiber-to-the-home] networks are more likely to attract high-technology businesses and compete successfully in the emerging knowledge-based global economy,

North Carolina's extensive interactive map has also allowed it to understand the impact of broadband—and the need to aggressively push beyond conventional digital subscriber lines (DSL) and cable modem service. According to the June 2008 report, two cooperatives in North Carolina are building FTTH at 80 Megabits per second (Mbps)—in rural areas.

Communities must seek creative ways to meet these growing demands. This can be directly through public transit programs or through public-private partnerships with employers and human service providers. For example, to meet its expanding employment needs, Mohawk Industries partnered with Marlboro County to provide transportation options from all parts of the county. Communities can also be strong advocates for and facilitate formation of ride-sharing and carpooling programs.

### **Transportation in More Detail**

South Carolina has approximately 66,252 miles of roadway, of which 29% is located in and among the 17 counties of the I-95 Corridor. Recognizing that a number of factors might influence what occurs by way of construction and

maintenance, federal and state laws mandate planning processes by which to guide transportation policy. Planning is done at multiple levels ranging from Metropolitan Planning Organizations (MPOs) to regional councils of government (COGs). In 1997, the S.C. Department of Transportation (SC DOT) began coordinating with South Carolina's 10 COGs to plan rural road improvements.<sup>44</sup>

In 2007, as part of a larger reform initiative, the South Carolina General Assembly enacted Act 114, which requires the SC DOT to ensure that transportation projects originate from established priority lists to the extent permitted by federal laws, taking into account the following criteria: financial viability, public safety, potential for economic development, traffic volume and congestion, truck traffic, pavement quality, environmental impacts, alternative transportation solutions, and consistency with local comprehensive plans.

That the I-95 region has not fared as well as others with regard to state funding for infrastructure improvements is an impression on which a number of key actors agree but also for which key funding actors make no apologies. When one looks at major roadway projects over the past 10 years, for example, they have generally been located along the high-growth areas of the Carolina coast such as Horry County, southern Beaufort County, and the I-85 corridor. Yet it would be misleading to suggest that they have been overlooked entirely in terms of state support for infrastructure improvement. In 1997, the state undertook a comprehensive assessment of infrastructure needs. The key findings from that study along with regional findings of infrastructure needs in the area of transportation are in **Table 4-6**.

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<sup>44</sup> Much of this section is based on John C. Kresslin's "Infrastructure Along the I-95 Corridor," commissioned by RTI.2008.

**Table 4-6. Projected Transportation Needs 1995–2015**

Region	I-95 Counties	Transportation
Berkeley-Charleston-Dorchester	Dorchester	\$7,003,000,000
Appalachian		\$5,757,000,000
Central Midlands		\$3,557,000,000
Waccamaw	Williamsburg	\$2,559,000,000
Lowcountry	Beaufort, Colleton, Hampton, Jasper	\$1,930,000,000
Lower Savannah	Bamberg, Calhoun, Orangeburg	\$1,812,000,000
Pee Dee	Darlington, Dillon, Florence, Marion, Marlboro	\$1,807,000,000
Catawba		\$1,790,000,000
Upper Savannah		\$1,469,000,000
Santee Lynches	Clarendon, Lee, Sumter	\$1,128,000,000

Source: Calculations by John Kresslin, University of South Carolina from data in the South Carolina Infrastructure Study: Projections of Statewide Infrastructure Costs, Savings, and Financing Alternatives, 1995–2015.

- **The Waccamaw Region:** Horry, Georgetown, and Williamsburg counties. In general, this region is served by an adequate transportation network necessary to support growth. Williamsburg County, however, has no direct access to interstate highways and most U.S. or state highways are limited to two lanes.
- **Berkeley-Charleston-Dorchester Region:** Berkeley, Charleston, and Dorchester counties. The Charleston Area Transportation Study (CHATS) is the regional transportation policy-making body for the Berkeley-Charleston-Dorchester Council of Governments (B-C-D). The Dorchester County Penny Sales Tax Transportation Authority has currently identified projects, some of which coincide with those on the CHATS 2008 Plan. CHATS has programmed \$2.5 million per year for Dorchester County sales tax projects. Dorchester County was only recently notified of approval of its application to the State Infrastructure Bank for road projects encompassing five roadways in the county. According to the County's 2008 Comprehensive Plan, Dorchester has experienced unprecedented levels of growth, noting that "Insufficient increases in roadway capacity and lack of road connectivity due to design and geography, together with the commuting patterns, have resulted in peak hour traffic congestion on most corridors in the lower part of the county."<sup>45</sup> The

<sup>45</sup> Dorchester County Council (2008). *Dorchester County Comprehensive Plan 2008*. Document prepared with the assistance of the Berkeley-Charleston-Dorchester Council of Governments, p.3-7. Dana, D. 2008. "Darlington City Council discusses finances." *Florence Morning News*. Florence, SC. 8 October 2008. Munday, D. 2008. "Dorchester effort to draw jobs would increase sewer, water rates." *The Post and Courier*. Charleston, SC. 26 May 2008.

Plan recognized that improved land use and transportation, coupled with an efficient mass transit system, could lead to reductions in traffic congestion.

- **Santee-Lynches Region:** Lee, Sumter, Kershaw, and Clarendon counties. The region is linked to the rest of the Southeast through a network of interstate and aviation systems, and all points are within reasonable distance of four interstate highways (I-95, I-20, I-26, and I-77).<sup>46</sup>
- **Pee Dee Region:** Chesterfield, Marlboro, Darlington, Dillon, Marion, and Florence counties.  
A report by the Pee Dee Regional Council of Governments describes a region with some urban development in the Hartsville/Darlington/Florence corridor along a system of 4-lane highways that could at least partially support new development. However, scattered development throughout the rest of the Pee Dee places demands on 2-lane highways and farm-to-market roadways. Congestion arising from the area's success at attracting economic and residential growth is among the region's more significant transportation issues. In 2006, Florence County voters approved a one-cent local option sales tax for transportation infrastructure.
- **Lowcountry Region:** Colleton, Beaufort, Jasper, and Hampton counties. A 2003 study by the Lowcountry Regional Council of Governments focused on transportation and the regional challenges posed by unequal patterns of population and economic growth throughout the region. Improved transportation planning was described in this report as a regional 'hot' topic for several reasons:
  - Growth resulting in congestion especially in areas of Beaufort County
  - Imbalance in employment opportunities among the four counties and the amount of inter-county and inter-state commuting that occurs
  - Uneven pattern of economic growth and opportunity among the four counties
  - Adverse impact of environmental and other quality of life considerations on efforts to widen and/or add new roads

South Carolina has devised a number of programs and funding mechanisms with which to respond to transportation needs. According to the SC DOT, between 1998 and 2007 the state spent more than \$8 billion on road projects throughout the state. Total expenditures during this period for the 17 counties along the I-95 Corridor represented 20.8% of that \$8 billion. Only Beaufort County was among the top 10 counties in road projects during this period.

Following are descriptions of transportation programs and funding mechanisms, a description of key measures of transportation activity, and data on how the counties and the region as a whole have fared relative to the rest of the state.

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<sup>46</sup> Santee-Lynches Regional Council of Governments. (2003). *Santee-Lynches Regional Infrastructure Plan*. Sumter, SC.

## South Carolina Infrastructure Bank

The South Carolina Transportation Infrastructure Bank was established in 1997 for the purpose of “providing loans and other financial assistance to government units and private entities for constructing and improving highway and transportation facilities necessary for public purposes including economic development.” Eligible projects include highways, including bridges; transit projects with public benefits such as enhancing mobility and safety, promoting economic development, or “increasing the quality of life and general welfare of the public”; and mass transit, including but not limited to monorail and other forms of mass transit. Criteria by which project proposals are evaluated include:

- Public benefits – Does the project enhance mobility and safety, promote economic development; or increase quality of life and general welfare?
- Financial Plan – Do the project’s sponsors have a financial plan that describes funding for development, implementation, and operation of the project? The Bank requires the Board to give preference to eligible projects that have local support, which can include local taxes or fees, grants, tolls, private contributions, donated rights of way, etc.
- Project approach – Is there a schedule for implementing the project, including the time of completion?

Additional criteria may also be considered, such as innovative solutions in financing, multimodal enhancements, applicant’s proposal to assume maintenance, innovative public/private partnerships, and other creative or unique approaches. Infrastructure banks allow states to leverage their existing funds by borrowing and then using the banks’ revenue to pay the debt service.

A review of the South Carolina Infrastructure Bank’s annual accountability reports from September 2002, when the Bank began submitting accountability reports, to 2008 reveals that the Bank and the State’s Joint Bond Review Committee did not approve any projects in the distressed counties in the I-95 Corridor—funding only projects in Beaufort and Florence.

## Local Government Participation in Financing

In South Carolina 62.5% of the roadway miles are in the state system. The remaining 38% of roadways in the state are owned and maintained by counties and municipalities. Local governments have relied on traditional means of financing such as property taxes and parking fees to support transportation expenditures. However, some local governments faced with declining intergovernmental assistance are becoming more creative and assuming more responsibility, such as they can, for financing infrastructure improvements. For example, an option discussed in a 2008 plan for Dorchester County would have the County enact transportation impact fees to raise money from new users for

capital improvements of the transportation network. This would be a one-time fee paid by developers for each home or other transportation-generating unit. Where feasible, the County would also establish a Tax-Increment Financing (TIF) District to finance road construction. In addition, the following counties have enacted local option sales or use taxes for roads and/or other transportation-related projects: Aiken, Beaufort, Berkeley, Charleston, Dorchester, Florence, Horry, and York.

### State Maintenance Program-Roadway Resurfacing

The South Carolina Department of Transportation Maintenance Operation is the largest component of the State Transportation Improvement Program with an FY 2008 maintenance budget of \$314,497,880. In 2008, SC DOT spent \$33.8 million on road resurfacing. Of that, 36.5% was spent across the 17 counties along the I-95 Corridor. The amounts allocated ranged from a high of \$1.7 million in Williamsburg County to a low of \$338,271 in Lee County. When looking at this data in terms of the number of road miles in each county, as reported by the South Carolina Budget and Control Board, 8 of the top 10 counties are within the I-95 Corridor.

### “C” Fund Program

This program began in 1946 as a way in which to pay for paving “farm to market” dirt roads in the state system. Revenue for the “C” program comes from a 2.66-cent-per-gallon user fee on gasoline sales. The money is credited to the County Transportation Fund and apportioned as follows:

- One-third according to the ratio of county land area relative to total land area in the state
- One-third according to the ratio of county population relative to total population of the state
- One-third according to the ratio of rural road mileage in the county relative to the total rural road mileage in the state

Decisions about how to spend the county allocation are made by the County Transportation Committees whose members are appointed by the county legislative delegations. “C” funds may be used for construction, improvements, or maintenance on the state highway system; local paving or local road improvements; street and traffic signs; sidewalk construction; drainage improvements; and other road and bridge projects. From 1998–2007, “C” funds composed just 3.4% of total transportation spending. For the 17 counties along the Corridor, “C” funds represented 6.2% of the total amount of all road project dollars spent in the region. During this period, the I-95 counties completed a total of \$102,949,320 worth of “C” Fund projects. Marion County was among 4

counties reportedly having no "C" Fund projects during this period. Among the counties relying most heavily on "C" funds during this period were Orangeburg, Dillon, Calhoun, Bamberg, and Hampton.

**4.6.2 *Develop a strategy to align rail upgrades and access with port activity on the coast.***

Better connecting the port's activities and client needs with regional rail service will make the region more attractive to businesses, particularly logistics distribution companies.

**4.6.3 *Work with regional economic development partnerships and the private sector to advocate for better air service to the region.***

The proposed airport near Florence represents an opportunity to establish a regional airport in the northern part of the Corridor. Communicating private sector needs for certain routes to airlines can help the region attain better access to air travel.

# 5 Modernize State and Local Finance Structures

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## SUMMARY

At some point in nearly every discussion we had regarding solutions to the human needs of the I-95 Corridor, we were asked, “How are you going to pay for it?” While it is useful to document and categorize the needs, fiscal responsibility requires identifying the funding mechanisms that will allow decision makers to finance the infrastructure, the programs, and the schools and hospitals that are put in place or upgraded to address needs. Typically, all levels of government—national, state, and local—finance infrastructure while individuals, philanthropists and nonprofit organizations often play a key role in gap financing, or in helping communities pay for needs that government cannot afford or is unwilling to pay for. At the foundation of all regions is a balanced tax and finance system that allows regions to invest in the fundamentals for a healthy and functioning locality or state.

This chapter focuses on the ability of local governments to obtain adequate financial resources that can pay for and maintain goods and services for their counties, cities, and towns. The emphasis throughout the chapter is on ways that Corridor communities can pursue their own initiatives to better leverage the uncertain funding from the state.

Also discussed is a topic that came up often in interviews: the relative tax burden of counties in the Corridor versus those in other parts of the state. Many Corridor residents believe that the state’s tax structure gives wealthier counties an edge in financing investments. For example, the homestead exemption exempts the first \$50,000 of assessed value from property tax for the elderly and disabled;

counties with large numbers of retirees and low property values, then, lose more taxable property than other counties. Up to \$100,000 of the value of property may be exempt from school taxes. Often encountered was the perception in the Corridor that its counties are “maxed out” on their local taxes, while in Columbia, state officials argued that the counties in the Corridor pay lower taxes than the average South Carolina county.

### **Key Themes and Supporting Evidence**

The intensity with which both local champions and state leaders spoke about taxes and government financing underscored their importance in this study. Three overarching themes emerged during our interviews. First, localities need to be more innovative to finance their own projects, while the state should free some of the restrictions on localities to enable them to do so. Second, a regional coalition to advocate for these issues to outside audiences will be critical to building greater understanding of the current limitations. Finally, due to the significant difference in perceptions about where and how the tax burden falls in the region and if it is balanced, the need for greater analysis of the data is required to replace perceptions with facts and serve as a foundation from which to build greater trust. Fortunately, as discussed below, the Palmetto Institute has embarked on exactly that kind of analysis, and is providing valuable data on the state and local tax landscape.

#### ***Innovative and Creative Local Financing***

Counties will need to demonstrate greater boldness to create their own financing mechanisms to support local projects. To date there is little evidence that local leaders have stepped up to solve some of these issues, even if only on a small scale. That said, the state holds very tight reins on what it allows localities to do. To empower localities to better finance their own needs, the state will need to reconsider the degree to which such restrictions are truly warranted.

#### ***Regional Coalition Building***

Because these issues are communicated in such a disjointed manner, regional leaders should forge a common understanding of their tax and finance reform goals in order to build greater understanding with state leaders and form a united front.

#### ***Greater fact-finding and analysis***

Bringing clarity to the tax issue by reaching a better understanding of where and how the tax burden falls and how the Corridor compares to the rest of the state, region, and nation will help build a common ground of understanding.

Research commissioned by the Palmetto Institute and conducted by the Strom Thurmond Institute and the University of Tennessee and Boyd Research<sup>47</sup> in conjunction with interviews across the region show that in general:

- Localities face difficulties when raising adequate revenues to pay for services.
- The state plays an important role in supplementing finance needs, and “per capita state aid to local governments in South Carolina and other southeastern states ... is well below the national average and ranks ninth among 12 southeastern states ....”<sup>48</sup>
- The degree to which local governments can manage their finances is limited, i.e., there is limited home rule. Moreover, local revenue authorities face many restrictions to raise or lower taxes to finance local needs.
- The Local Government Fund is the largest source of state aid in South Carolina for localities. This fund has shrunk in recent years, resulting in less state aid to cities and counties.
- The degree of uncertainty and unpredictability makes it difficult for cities and counties to plan ahead, especially when the state also imposes constraints on the use of other revenue sources.<sup>49</sup>
- There is a strong sense from local leaders that the state is not doing its fair share in supporting the region by redirecting tax dollars back to the Corridor. On the other hand, state leaders dismissed this assertion and generally claimed a lack of trust for local leaders to properly execute the spending of state funds.
- The lack of communication and trust between state and local government is inextricably linked to the local finance needs of the Corridor (see Chapter 1 on leadership).
- There is little common ground or even shared knowledge about the basic tax and finance data for state and local leaders to agree upon.
- South Carolina has a relatively low state tax per person, ranking 43rd with a total tax per capita of \$1,719.95. (See **Table 5-1**).

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<sup>47</sup> <http://www.palmettoinstitute.org/Publications.aspx>

<sup>48</sup> Ulbrich, Holley H. “South Carolina’s Role in Funding Local Government.” A Working Paper for the Palmetto Institute. Strom Thurmond Institute for Public Affairs, Clemson University, Clemson S.C. December, 2005. p.12.

<sup>49</sup> Ibid. p. 15-16.

**Table 5-1. States Ranked by Total Per Capita State Taxes, 2005<sup>50</sup>**

Rank	State	Amount (\$)	Rank	State	Amount (\$)
	U.S. average	2,199.11			
1	Vermont	3,600.16	26	North Carolina	2,146.68
2	Hawaii	3,477.93	27	Virginia	2,103.72
3	Wyoming	3,417.77	28	Ohio	2,094.49
4	Connecticut	3,300.49	29	Illinois	2,069.40
5	Minnesota	3,093.93	30	Kansas	2,053.85
6	Delaware	3,068.98	31	Idaho	2,053.51
7	Massachusetts	2,818.39	32	Indiana	2,049.42
8	Alaska	2,798.66	33	Montana	2,003.79
9	New Jersey	2,781.33	34	Iowa	1,948.20
10	California	2,724.31	35	Oklahoma	1,933.21
11	New York	2,665.62	36	Louisiana	1,909.52
12	Rhode Island	2,443.07	37	Florida	1,905.28
13	Maine	2,432.35	38	Utah	1,904.18
14	Maryland	2,386.95	39	Mississippi	1,859.69
15	Wisconsin	2,375.77	40	Arizona	1,853.58
16	West Virginia	2,367.17	41	Oregon	1,791.45
17	Washington	2,359.99	42	Georgia	1,726.61
18	Arkansas	2,352.90	43	South Carolina	1,719.95
19	Nevada	2,347.90	44	Alabama	1,705.60
20	Michigan	2,324.39	45	Tennessee	1,678.23
21	New Mexico	2,322.78	46	Missouri	1,645.49
22	North Dakota	2,202.97	47	Colorado	1,639.54
23	Pennsylvania	2,193.32	48	New Hampshire	1,534.94
24	Kentucky	2,178.50	49	Texas	1,434.16
25	Nebraska	2,158.36	50	South Dakota	1,430.46

Source: U.S. Census Bureau. 2008.

Regardless of debates over the size of South Carolina government, income tax rates or the relative burden of property and sales taxes, the key point is this: The state has been, is, and is almost certain to remain, a low-tax state. The challenge for the Corridor is to find ways within that low-tax environment to finance its public needs.

<sup>50</sup> Comparing tax burdens between states is difficult. Table 5.1 includes only state taxes. The nonprofit tax foundation ranked South Carolina as having the 37th highest combined state and local tax burden in the country in 2008; see <http://www.taxfoundation.org/taxdata/show/479.html>.

## CRITICAL FINDINGS AND RECOMMENDATIONS

**Finding 5.1. The region has not adequately explored greater use of existing creative financing tools. Such tools can help localities seize opportunities and speed the addressing of infrastructure, education, healthcare, and social service needs, in addition to better leveraging state and federal resources.**

Jurisdictions around the country are being faced by a seriously constrained ability to fund necessary infrastructure investments. General funds (derived from property taxes, sales tax revenues, and user fees) are no longer able to support the rapidly escalating costs of infrastructure, so communities are increasingly searching for specific infrastructure funding mechanisms to fill the gaps.

Most of the alternative tools are related to specific geographic boundaries, and tie the increased property values created by infrastructure development to the funding of the infrastructure itself.

### NorthPark Business Park

With approximately 550 acres, St. Louis' 550-acre NorthPark, one of the largest redevelopment parcels in the country, is a long-term collaboration between multiple jurisdictions and two private developers who had previously competed for development rights to the land. NorthPark will receive \$52 million in local TIF assistance (25% funded by County-issued bonds and the remainder by developer-purchased notes) and more than \$40M in state TIF revenues. At completion, NorthPark is planned to reach 5.5 million square feet of office, manufacturing, and distribution space, with supporting retail. It will create approximately \$400 million of assessed property value, \$7 billion in direct and indirect economic impacts, and more than 12,000 new, permanent jobs.

Sources: Council of Development Finance Agencies, NorthPark Partners.

**5.1. Utilize tools currently authorized by state legislation to finance needed local and regional projects.**

A 2007 presentation to the South Carolina Municipal Association outlines the following mechanisms, currently enabled by state legislation.<sup>51</sup>

- **Special Source Revenue Bonds or Credits** – Tax revenues from development (the “special source”) are used to repay bonds issued to fund infrastructure improvements. In 2006, Jasper County loaned proceeds from Special Source Bonds to the county school district for construction of new schools.

<sup>51</sup> Lucas, April, *Potential financing options for public infrastructure and tax incentives for business owners*, South Carolina Municipal Association, July 2007.

- **General obligation bonds** – A municipal bond secured by the local government's pledge to use available resources, including tax revenues, is used to repay bond holders.
- **Revenue bonds** – Are secured by the revenue stream to be generated by the funded project/improvements, e.g., fees charged for use of a facility pay off the debt.
- **Tax increment financing** – Debt incurred to finance improvements is repaid by increases in tax revenues anticipated because of those improvements.
- **Special assessment financing** – Assessments on properties within a district secure or pay for public improvements.
- **Special tax district financing** – Special taxes levied on properties within a designated district fund public improvements.

### Riverwalk Park

In 1997, the Riverwalk Park in West Columbia was funded through a combination of tax increment financing, an Intermodal Surface Transportation Efficiency Act (ISTEA) grant, and a Transportation Enhancement Act grant.

Riverwalk Park offers over two miles of pathways with fishing areas, canoe access, picnic areas, and scenic overlooks. The ongoing operation and maintenance of the park is also a joint effort, and both police departments provide personnel for security.

Since the development of Riverwalk Park, Three Rivers Greenway has developed 8 miles of its 12 planned miles of recreation area, and spurred the development of tourism destinations, infill residential, and new residential development along the rivers.

Sources: Municipal Association of South Carolina, River Alliance

### 5.1.2 Consider using tools that have been successfully implemented elsewhere to help local leaders bolster revenues.

Examples of these various tools from other states of this type include:

- **Urban renewal area (URA):** This tool uses tax increment financing (i.e., taxes generated over and above a frozen base) as a funding mechanism for infrastructure improvements. However, URA programs can also include housing development/redevelopment, economic development, and property acquisition.
- **Special improvement districts (SIDs):** SIDs are generally formed by property owners within a designated geography for a specific purpose (i.e., streets, water systems, sewer systems, etc.). The SID allocates the cost for making the improvement to the properties within the district, and the levy exists until the SID costs are amortized. A lien exists on property in case of sale. The levy revenue is used against bonding.
- **Mello-Roos community facilities districts (CFDs):** This is a California mechanism that came into being after the property tax "compression" caused by Proposition 13 caused infrastructure funding to dry up. A CFD is created by a vote of two-thirds of the residents within a district, or if there are fewer

than 12 residents, by a vote of the property owners. The mechanism for funding and collection functions much like an SID.

**5.1.3** *Act quickly to organize priorities, as the federal stimulus package will likely offer an unprecedented opportunity to attract infrastructure and other community development dollars.*

News reports in January 2009 indicated that South Carolina could receive an estimated \$3.2 billion from the stimulus package.<sup>52</sup> The Corridor needs to be ready to work as a region to maximize the impact of the stimulus and use it to generate momentum for moving forward on other fronts as well.

**Finding 5.2.** **A stronger and more unified voice for rural counties in the state can help bridge communication gaps around tax and finance policy discussions.**

Corridor leaders should work within the region and with allies across the state to identify and pursue priorities on taxes and financial issues. Legislators and local officials need to have a common set of regional goals and share strategies for achieving those goals.

**5.2.1** *Use statewide coalitions and networks to advocate on finance issues, particularly the need for greater autonomy and fewer state restrictions to enable more flexible financing and alignment with regional priorities.*

**Finding 5.3** **The perception that state resources are being unfairly directed to the Upstate, Charleston, and Columbia, and not to the I-95 region, is inhibiting progress instead of promoting work toward viable solutions.**

A preliminary assessment of tax and financing tools in the section below suggests that the I-95 counties are taxing themselves at least as much as other parts of the state, if not more. Even though the average assessed property is significantly less than that in the state overall, per capita expenditures are above the state average.

### **Millage Rates**

Overall, the I-95 counties have a higher millage rate than the state (0.1156 as compared to 0.1023 for the state). Because Beaufort County is such an outlier in this analysis, removing it gives a clearer picture of the Corridor's situation. Without Beaufort, the average millage rate for the region jumps even higher to 0.1196. In fact, 12 of the 17 counties have millage rates higher than the state average; only Marlboro, Florence, Dorchester, Darlington, and Beaufort are below. Except for Marlboro County, these counties have concentrated wealth and

<sup>52</sup> "Exclusive: State might gain \$3.2 billion," *The State*, Jan. 24.

growth, or at least pockets of wealth and growth. This cursory analysis suggests that the local taxes being levied by the I-95 counties are comparable to or higher than elsewhere in the state.

That is not to say that local communities must or should adhere to the low-tax strategies pursued statewide. Despite their political unpopularity, higher taxes may be desirable in some circumstances.

### Assessed Property

Assessed property and per capita assessed property serve as proxies for the ability of a county to raise funds. As Ulrich notes, “The property tax raised almost \$3.7 billion in fiscal year 2002-03 (special purpose districts excluded) and is still the primary local government revenue source, especially for school districts.”<sup>53</sup> In general, the higher the property values, the easier it is to collect revenue from property taxes—a significant contributor to a county’s general fund.

As illustrated in **Table 5-2**, the average assessed property in the I-95 counties is significantly less than the state overall. In fact, 12 of the Corridor counties fall well below even the average for the region, indicating that a majority of the counties are poor, with wealth concentration showing up in Beaufort, Florence, Dorchester, Sumter, and Orangeburg. In fact, the concentration of wealth is further suggested in that 9 of the study counties—Williamsburg, Clarendon, Calhoun, Marion, Dillon, Marlboro, Hampton, Lee, and Bamberg—have property values clustered at the bottom of the distribution, with less than \$90,000,000. These counties range from \$87.5 million in Williamsburg to \$29.4 million in Bamberg. These figures are significantly less than the state average of \$416.3 million, the I-95 Corridor average of \$241.1 million, and the study region average without Beaufort of \$153 million.

Per capita assessed property helps normalize this measure between rural (less populated) and urban (more populated) counties. Further, it is assumed that in general, the more people that are in a county, the more services the county provides. Likewise, more rural, or sparsely populated, counties will require fewer and less costly services. The I-95 counties are more equally distributed in terms of per capita assessed property values, but they remain significantly lower—almost \$1,000 less per person than the state average when Beaufort is removed from the analysis. Nine counties have less than a \$3,000 per capita value (\$2,934 in Orangeburg and \$1,600 in Lee). Five counties are above the state average; they are Beaufort, Jasper, Calhoun, Colleton, and Dorchester.

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<sup>53</sup> Ibid. p. 11

**Table 5-2. Millage Rates<sup>54</sup> and Assessed Property Values**

County	Millage Rate	Assessed Property 2006	Per Capita <sup>55</sup> Assessed Property
SC Average	0.1023	\$416,315,011	\$3,914
I-95 Corridor Average	0.1156	\$241,129,528	\$3,627
I-95 Corridor Average w/out Beaufort	0.1196	\$152,994,905	\$3,000
Bamberg	0.1333	\$29,481,810	\$1,770
Beaufort	0.0519	\$1,651,283,495	\$13,654
Calhoun	0.1060	\$74,285,238	\$4,892
Clarendon	0.1503	\$79,569,360	\$2,448
Colleton	0.1156	\$162,079,433	\$4,236
Darlington	0.0699	\$210,504,402	\$3,123
Dillon	0.1240	\$68,009,001	\$2,214
Dorchester	0.0778	\$399,952,288	\$4,418
Florence	0.0818	\$457,666,959	\$3,639
Hampton	0.1920	\$43,547,694	\$2,036
Jasper	0.1150	\$117,132,072	\$5,665
Lee	0.1555	\$32,190,238	\$1,600
Marion	0.1050	\$73,804,915	\$2,081
Marlboro	0.0943	\$62,811,670	\$2,180
Orangeburg	0.1261	\$268,664,771	\$2,934
Sumter	0.1170	\$280,678,290	\$2,682
Williamsburg	0.1504	\$87,540,340	\$2,352

Source: South Carolina Association of Counties. Millage rates reported from 2007 *South Carolina Property Tax Rates by County*; <http://www.sccounties.org/research/publications.htm>. Assessed Property Values reported from South Carolina Office of the State Comptroller General; <http://www.cg.state.sc.us/>.

Expenditures per capita are higher than the state average (\$607 per capita in the Corridor compared to \$596), but only because of Beaufort. Without Beaufort, per capita spending is well below the state average. Beaufort has the highest expenditures and per capita expenditures in the study region. Six of the counties have higher than average per capita expenditures (Beaufort, Jasper, Colleton, Calhoun, Orangeburg and Marlboro) while five other counties are in the \$550–\$570 range. Bamberg, Darlington, and Dorchester fall at the bottom of the per capita expenditure distribution, spending about \$331 to \$403 respectively (see **Table 5-3**).

<sup>54</sup> Value of a mill is based on county operations only. Millages represent county base millage rates and do not include school districts, municipalities, special purpose districts, special fees, or county industrial abatements.

<sup>55</sup> Based on 2000 U.S. Census population figures.

**Table 5-3. Expenditures, Budget, and Debt for I-95 counties Compared to the State Average**

County	Total Expenditures	Expenditures Per Capita	Total Debt Outstanding	Per Capita Debt Outstanding
SC Average	\$54,593,224	\$596	\$43,675,845	\$327
I-95 Corridor Average	32,569,098	607	32,376,904	253
I-95 Corridor Avg w/out Beaufort	26,191,678	575	20,836,512	265
Bamberg	5,900,857	354	n/a	n/a
Beaufort	134,607,826	1,113	205,482,779	78.77
Calhoun	10,234,673	674	1,719,131	111.49
Clarendon	18,600,049	572	3,140,000	95.67
Colleton	33,796,679	883	16,705,940	414.75
Darlington	27,173,529	403	5,027,087	74.07
Dillon	17,570,967	572	3,383,818	109.16
Dorchester	31,937,305	331	151,859,124	1,302.84
Florence	69,554,875	553	17,284,450	130.05
Hampton	12,328,901	576	1,125,880	51.93
Jasper	20,986,304	1,105	3,810,332	172.49
Lee	11,041,833	549	2,136,471	102.62
Marion	16,884,583	476	4,196,420	119.59
Marlboro	17,274,720	599	4,064,139	141.02
Orangeburg	57,622,930	629	76,838,773	824.54
Sumter	47,293,725	452	14,751,111	137.77
Williamsburg	20,864,918	561	6,505,001	184.07

Source: South Carolina Association of Counties

In terms of total debt, the study counties are below average with \$253 per person compared to \$327 at the state level. This can be interpreted to indicate either that counties are being more conservative with their debt than the rest of the state or that the I-95 counties have a little more room to issue debt to finance their infrastructure.

**5.3.1 Commission a thorough analysis of the tax, finance, and revenues systems used in the I-95 Corridor.**

This analysis has only suggested the direction for a broader and more detailed data analysis of the local tax and finance burden. Part of this study should be to track state expenditures to get a better indication of whether the state is in fact favoring one region over another. Findings from this analysis should be

communicated widely to build greater trust, understanding, transparency, and communication between state and local officials. The ongoing tax research being conducted by the Palmetto Institute will go a long way toward answering some of these questions, and we endorse their call for an independent, fully staffed tax study commission for South Carolina.

# 6 Target Disparities in Health and Social Services

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## SUMMARY

Unlike the region's education problems, where solutions can be found at the local and state levels, social and health problems in the Corridor are as attributable to national trends as to regional ones. Like their counterparts in rural communities across the country, Corridor residents struggle to obtain and keep health insurance, or if they have insurance, to make co-payments and deductibles. They suffer from higher than average rates of obesity, high blood pressure, diabetes and other maladies. The Corridor loses many young people to substance abuse and crime, and programs to combat such problems are generally too few and too poorly funded to cope.

## Key Themes and Evidence

Research results suggested four broad themes covering an even broader array of health and social issues:

- **Access** to healthcare varies widely between people in rural counties and those in larger towns and cities, between the poor and the middle class, and between white and black, with many Corridor communities struggling to provide service.
- Decades of progress on a number of key **indicators appears to be halting or even reversing**, suggesting the need for a renewed commitment to rural and children's health in the face of mounting economic woes.

- The age structure of the Corridor is **becoming older**, providing both challenges and opportunities.
- One **strain on social services** can be alleviated by more aggressively pursuing alternatives to incarceration for a range of nonviolent offenders and juveniles—saving taxpayer money and breaking the cycle of recidivism.

Recent studies suggest that the health picture in South Carolina carries both good and bad news. A 2008 study by the United Health Foundation ranked South Carolina 48th in the country in overall health of its residents, down six spots from the previous year.<sup>56</sup> Among the problems the study suggested that are most troublesome are:

- marked increases in the percentage of children born into poverty, up 35% in five years;
- a similar increase in the rate of people who lack health insurance; and
- stubbornly high rates of high school dropouts.

The report addressed the state as a whole; in the 17 counties in the Corridor, the problems are likely more pronounced, due to overall lower levels of income, wealth, education, and access, although county-level data on specific health problems is not always available.

On the positive side of the ledger, the state's funding for public health per capita is higher than average, ranking 20th in the country, and South Carolina has a high rate of immunization coverage for children.<sup>57</sup> In fact, and in an echo of what was said often during project interviews, the study found that the state ranks higher for its health *outcomes* than its health *determinants*: South Carolinians are actually doing better than their socio-economic indicators might predict.<sup>58</sup> This is troublesome, the study suggests, in that it means that overall health may decline, if state efforts falter. The underlying social and economic problems suggest that the state may struggle to continue the success it has had in combating the health problems born of poverty.

South Carolina, and particularly the poorer counties in the I-95 Corridor, can benefit from continued and increased investment in public health programs, particularly those that reach at-risk populations and young children. While the priorities for this report are clearly in the areas of education, regional economic development, and local capacity building—and improvements in those indicators will lead to improvements in the health and social issues outlined here—the

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<sup>56</sup> United Health Foundation, America's Health Rankings 2008, available at <http://www.americashealthrankings.org/2008/index.html>

<sup>57</sup> This may not last; we were told several times of the challenges communities in the Corridor face in sustaining their immunization programs, and the United Health Foundation noted a major decrease between 2007 and 2008 in the rate of children receiving immunizations.

<sup>58</sup> The rankings were 42<sup>nd</sup> for outcomes and 47<sup>th</sup> for determinants.

Corridor badly needs improvements in the services singled out below. Recommendations also focus on those specific problems that were mentioned often in interviews around the region and noted in empirical research. In addition, we suggest investments in those areas where the seeds of solutions already exist and where state and local investments are most likely to have a direct and measurable impact.

## Basic Health Measures

One of the most basic of health measures is life expectancy, particularly valuable here because it is available at the county level, by gender, for every year since 1961.<sup>59</sup> These figures are striking for the differences between the Corridor and the rest of South Carolina, and for the differences between counties in the region.

A person born in the 17 counties of the Corridor can expect to live over a year less than a person born in the rest of the state. In 1999, the median life expectancy for the Corridor counties was 73.5 years; for the rest of the state, the median was 74.8. Life expectancy in the region has grown steadily, up from a median of 64.1 in 1961. In recent decades, the increase has largely come from improvements to the life expectancies of males.

It is in the differences between counties, however, that a more useful set of distinctions can be drawn (see **Table 6-1**). Life expectancies ranged from a high of 78.9 in Beaufort County to a low of 69.5 in Marlboro County, putting the poorer counties in the Corridor among the lowest life expectancy counties in the United States. In 1999, Marlboro County residents could expect to live roughly as long as citizens of countries such as Brazil, Egypt, and El Salvador. The male life expectancy was lower for men in Marlboro than for men in Indonesia.<sup>60</sup>

This disparity in healthiness reflects the findings of Ezzati et al. across the country: An increase in mortality inequality from 1983 to 1999 left particular groups out of the overall gains. Chronic diseases related to obesity and smoking, and high blood pressure, struck particularly hard at women's life expectancies: From 1979 to 1999, the life expectancies of women in Dillon and Marlboro actually decreased slightly, and between 1989 and 1999 four counties in the Corridor had declines in life expectancies among women.

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<sup>59</sup> The life expectancy figures here are from Ezzati, M.; Friedman, A.B.; Kulkarni, S.C.; and Murray C.J.L., *The Reversal of Fortunes: Trends in County Mortality and Cross-County Mortality Disparities in the United States*. *PLoS Medicine* Vol. 5, No. 4.

<sup>60</sup> International life expectancy rates are from the U.S. Census Bureau, International Data Base.

**Table 6-1. Life Expectancy in I-95 Corridor Counties, 1999**

County	1999		
	Both	Male	Female
Beaufort	78.91	76.41	81.48
Dorchester	75.07	72.22	77.75
Hampton	74.63	71.50	77.92
Jasper	74.63	71.50	77.92
Calhoun	74.23	70.48	77.89
Lee	74.23	70.48	77.89
Sumter	74.23	70.48	77.89
Clarendon	73.99	70.50	77.42
Colleton	73.54	70.12	76.89
Orangeburg	72.83	68.61	76.76
Bamberg	72.68	68.86	76.49
Florence	72.64	68.47	76.61
Williamsburg	72.37	67.61	76.90
Darlington	72.19	69.20	74.93
Dillon	71.91	68.09	75.32
Marion	71.38	67.26	75.11
Marlboro	69.46	65.15	74.11

Source: Ezzati et al.

A key component of life expectancy is infant mortality and healthcare for pregnant women and their children. Infant mortality rates (see **Table 6-2**) also vary significantly across the region, but some counties had rates between 2004 and 2006 that were 40% or more above that of the state as a whole, and more than 2.4 times higher than the rate in the United States overall. This echoes the region's experiences with prenatal care: While region-wide rates of women who give birth without having had a prenatal visit are only slightly higher than the statewide average, certain counties are well above the state rate. For example, in four Corridor counties (Beaufort, Hampton, Jasper, and Marion) more than 2% of live births occur with no prenatal visits.<sup>61</sup> Perhaps as a result, six counties in the Corridor had an infant mortality rate greater than that of Russia.

<sup>61</sup> S.C. DHEC, South Carolina Vital and Morbidity Statistics, 2006.

**Table 6-2. Infant Mortality Rates, per 1,000 Live Births, 2004–2006**

	<b>2004–2006 infant mortality rates</b>
Bamberg	6.7
Beaufort	6.7
Calhoun	6.0
Clarendon	5.7
Colleton	10.4
Darlington	11.1
Dillon	5.7
Dorchester	5.6
Florence	12.7
Hampton	12.8
Jasper	9.4
Lee	13.0
Marion	10.5
Marlboro	11.9
Orangeburg	13.7
Sumter	9.0
Williamsburg	12.1
SC	9.0

Source: SC DHEC, South Carolina Vital and Morbidity Statistics, 2006

In addition to health problems among Corridor residents were frequent complaints of problems with crime and substance abuse. Interestingly, many interviewees were less concerned about the risk of becoming a victim of crime than they were about their neighbors who became involved with illegal drugs and criminal activity. Along with the dropout rate, discussed in Chapter 3, the perception among many of the interviewees was that a significant number of young adults were being “lost” when they ran afoul of the law. High rates of incarceration and a lack of support mechanisms for battling problems such as drug addiction were seen as a burden to families and a key player in the cyclical poverty that limits the opportunities for children growing up in broken and impoverished homes.

The remedies that become apparent in discussing the health and social problems in the Corridor, then, appeared to focus on specific, at-risk populations. In part, this is a reflection of limited state resources, and recommendations below reflect the reality that even needed programs of proven effectiveness are not likely to be funded by the state in the near term. State and local policymakers should be well

aware, however, of the evidence of deteriorating health and social indicators, and make plans now to begin to reverse this slide.

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## CRITICAL NEEDS FOR HEALTH AND SOCIAL ISSUES

The picture that emerges is a state that is overall making somewhat better progress than might be predicted from its statistics on personal behaviors and social environment. What it has failed to do is adequately address severe disparities among its citizens in their level of health. These disparities manifest themselves in the Corridor, where people are more likely than elsewhere in the state to be poor and lack educational attainment. With evidence surfacing of health indicators reversing their decades-long improvement, and the state facing a severe financial and economic environment, the threat is real that these disparities will become wider.

**Finding 6.1** *The Corridor's poor performance in health indicators is largely attributable to the disparities facing poor and rural residents. The Corridor lacks adequate rural healthcare, particularly in the more isolated communities.*

Healthcare in the rural parts of the state, including most of the Corridor, is not adequate for the very serious health problems faced by rural residents. The problem is not so much in acute care, which is available at nearby facilities, but routine care. Low income levels make many residents, even those with insurance, reluctant to pay for medical treatment. Co-payments and deductibles are a barrier for cash-strapped residents. By delaying diagnosis and treatment, they put their health at risk and make more expensive treatments later inevitable.

Poor rural health also undercuts workforce readiness and limits the ability of adults to do things like pursue adult education and training. It also undercuts childcare and community involvement, and in general curbs the ability of many residents to participate fully in public life.

**6.1.1** *Boost support for programs that target rural healthcare and extend the healthcare facilities in Florence, Orangeburg, Charleston, and other cities to the rural counties.*

For example, FMU has launched a rural healthcare outreach program that sends students out to do screenings at neighborhood clinics and serve in doctors' offices and other healthcare facilities. Part of this effort is an attempt to get students interested in staying in these communities and developing leadership skills within the public health community.

Universities both in the region and outside it are probably best suited for taking on this sort of health outreach. The Medical University of South Carolina (MUSC) in Charleston and the schools of Public Health and Medicine in Columbia are well

positioned both geographically and professionally for taking on more work in the Corridor.

**6.1.2 *Initiate and better support programs to increase public health education, particularly with high poverty populations.***

Low educational attainments, low incomes, and cultural traits such as a rich diet combine to make for an unhealthy lifestyle for many residents of the Corridor. For example, South Carolina ranks 5th among all states for obesity rates, with 29.2% of state residents obese. This has contributed to a series of severe health impacts: The state has one of the highest diabetes rates in the country.

**Finding 6.2 *Corridor communities have trouble recruiting and retaining doctors, nurses, and other health professionals.***

The shortage of health professionals has an economic as well as a health effect on the Corridor region. The South Carolina Hospital Association estimates that hospital payrolls represent a \$2 billion piece of the state's economy. Particularly in distressed rural communities, health industry jobs are a source of a stable middle-class income. Despite this, many Corridor hospitals report having to recruit nationally or internationally to fill staff shortages, and to pay substantial signing bonuses. Half of the state's nursing openings each year are filled with out-of-state or international recruits.

Health infrastructure—hospitals, clinics, pharmacies, and the health professionals needed to staff them—is a concern to many in the region. Like many well-paid jobs, health industry jobs have migrated to larger cities as well. Corridor-wide, the region had 1.59 physicians per 1,000 population in 2005, compared to 2.25 per 1,000 in the rest of the state, and 6.22 nurses compared to 7.84 in the rest of South Carolina (see **Table 6-3**).<sup>62</sup> Even these figures understate the problem in much of the Corridor, due to the high numbers of health professionals in Florence. Without Florence, the Corridor has just 1.37 physicians per 1,000 population, little more than half the rate for the rest of the state.

The number of health professionals varies widely beyond Florence as well. Calhoun County in 2005 had only two physicians for 15,000 people; Lee and Williamsburg faced acute shortages also.

<sup>62</sup> While the standard rate reported is per 100,000 population, we have used per 1,000 here to avoid misleading statistics for counties with small populations.

**Table 6-3. Physicians and Nurses, 2005**

	Physicians	Per 1,000 population	Registered nurses	Per 1,000 Population
South Carolina	9,089	2.10	32,319	7.48
Bamberg	27	1.72	82	5.23
Beaufort	295	2.08	929	6.54
Calhoun	2	0.13	25	1.66
Clarendon	41	1.23	148	4.44
Colleton	62	1.57	211	5.35
Darlington	90	1.33	328	4.86
Dillon	27	0.87	129	4.16
Dorchester	99	0.83	313	2.63
Florence	390	2.97	1,998	15.22
Hampton	34	1.60	55	2.59
Jasper	31	1.42	60	2.75
Lee	6	0.29	35	1.70
Marion	51	1.47	195	5.62
Marlboro	36	1.23	100	3.43
Orangeburg	159	1.75	612	6.74
Sumter	145	1.39	620	5.94
Williamsburg	22	0.61	85	2.35
Corridor	1,517	1.59	5,925	6.22
Corridor without Florence	1,127	1.37	3,927	4.78
Non-corridor	7,572	2.25	26,394	7.84

Source: South Carolina Statistical Abstract

### **6.2.1 *Increase support for recruiting by rural hospitals, reaching national and international audiences.***

South Carolina has existing programs to help underserved areas of the state recruit and retain health professionals, and these existing programs should be expanded and given increased funding. The Physician Incentive Program Grants and other programs run by the SC Area Health Education Consortium (AHEC), and the South Carolina Office of Rural Health's recruitment and retention services are the kind of programs needed to combat the shortage of health professionals in the Corridor. The state and Corridor should also examine best practices from other states and adopt those that are proven effective and cost-efficient.

**6.2.2** *Develop and fund a state program to pay student loans for graduates in health professions in exchange for a period of service in rural areas. The state may also consider ways to use the tax system to offer incentives to nurses and doctors who will work in these areas.*

The state could use an expansion in the USC School of Medicine to entice prospective doctors to serve in rural areas of the state by providing financial assistance in exchange for a term of service. The School of Medicine has proposed increasing its enrollment from 340 to 480 by 2010. If the expansion could be tied to programs to channel graduates into underserved areas, it could play an important role in reducing the shortages in the Corridor.<sup>63</sup>

**Finding 6.3** *The lack of adequate health education and screenings for children is ultimately costly to the state's taxpayers, and perpetuates cyclical poverty and the health and social problems associated with it.*

The state of health of the Corridor's children is an area of particular concern. Children who fail to learn healthy habits and who fail to receive adequate care now will suffer in school and in the workplace, and ultimately cost the state taxpayer far more than investment in preventative care now. Nearly one in five of the state's 10- to 17-year-olds are obese, the sixth highest rate in the country, and with many Corridor parents either lacking health insurance or reluctant to pay co-payments or deductibles, children are vulnerable to missed diagnoses and the development of poor habits that will last a lifetime.

**6.3.1** *In a time of fiscal crisis, South Carolina should reinforce healthcare programs for children, particularly for poor families and in areas where access to care is already limited.*

The state's budget crisis should not fall on those who are less able to care for themselves. In January 2009, the director of the state's Department of Health and Human Services described the effects of \$500 million in budget cuts that her agency had already suffered. The cuts to healthcare programs for children, the elderly, the poor, and the disabled had meant steps such as reducing prescription drug payments, restricting access to breast and cervical cancer treatment, and a halt on construction of access ramps to homes. A new program to expand Medicaid coverage for children in low-income households was in jeopardy of being capped.<sup>64</sup>

<sup>63</sup> <http://www.med.sc.edu/shortage.html>.

<sup>64</sup> "SC Medicaid agency head: Cuts 'wrenching, painful'," The State, Jan. 15, 2009.

**6.3.2 Institute and support programs that aim to reduce the recidivism rate for teenage mothers.**

Social and health problems that endanger the ability of future generations of Corridor residents to improve their lives are more costly to South Carolina taxpayers than investments in programs to fight those problems. A classic instance is the teen pregnancy.

Evidence strongly suggests that after decades of slow but steady progress, teen pregnancy rates are on the rise. For example, statewide, South Carolina reduced its rate steadily from 1996 to 2003 from 4.2% of pregnancies to 3.3% (see **Table 6-4**). In 2004, however, the rate stabilized, and since has reversed. In 2005, the rate crept up to 3.4%, and to 3.6% the following year. This mirrors national trends, and experts are unsure of why.

**Table 6-4. Teen Pregnancy Rates**

	<b>Population [females 10–19]</b>	<b>Reported Pregnancies</b>	<b>Rate</b>
<b>1996</b>	267,680	11,224	4.2%
<b>1997</b>	264,010	11,187	4.2%
<b>1998</b>	268,640	10,748	4.0%
<b>1999</b>	270,180	10,905	4.0%
<b>2000</b>	286,950	10,732	3.7%
<b>2001</b>	290,460	10,128	3.5%
<b>2002</b>	278,900	9,540	3.4%
<b>2003</b>	288,160	9,500	3.3%
<b>2004</b>	288,720	9,543	3.3%
<b>2005</b>	288,710	9,718	3.4%
<b>2006</b>	295,760	10,604	3.6%

Source: SC Department of Health and Environmental Control

As with many similar problems, Corridor communities have significantly higher rates than the state average. The teen pregnancy rate for the 17 Corridor counties was 3.81% in 2006, and as high as 5.15% in some counties. What is more, the rate for very young pregnancies, of girls 14 or younger, appears to be a problem in some Corridor counties, although the small numbers make quantifying trends difficult.

Through organizations such as the South Carolina Campaign to Prevent Teen Pregnancy, universities and public schools, and health providers, South Carolina needs to redouble its efforts at preventing pregnancies. One effective method for reducing overall rates is to target repeat teen pregnancies. In 2004, according to study by the nonprofit Child Trends, 20% of South Carolina's teen pregnancies

were the result of repeat pregnancies, a drop from 27% in 1990.<sup>65</sup> Further reducing the number of repeat teen pregnancies while simultaneously working to reduce all teen pregnancies is one area where cyclical poverty can be attacked. The evidence of a rise in teen pregnancies is sufficient that the state should not take its historic progress for granted.

**6.3.3 School districts should consider adopting year-round schools in high-poverty areas where many children lack adequate at-home support for education.**

This recommendation is included here rather than in the education chapter because its benefits can be seen more broadly. Even where it may not be completely warranted strictly for its contribution to learning, its wider impact on poor families may justify the change.

It is known that the benefits of a year-round schedule are hotly contested, and opposed in many quarters.<sup>66</sup> Further, we recognize that with the state budget crisis, schools may not be in a position to radically alter their calendars and are struggling to maintain present levels of service. Yet, experimenting with a different school calendar may be appropriate in certain school districts.

In 2006–2007, South Carolina had 26 schools in nine districts with year-round schedules. Half of these schools are in Beaufort County, where students attend school for eight weeks, followed by a three-week break, throughout the year, with a five-week break in the summer. The experience of Beaufort and other school districts with year-round schedules should be carefully evaluated, and school districts should be encouraged to adopt such schedules if they feel the benefits outweigh the disadvantages.

**Kentucky's Young Parent Program**

Working through the Young Parent Program at the University of Kentucky, a program to prevent repeat pregnancies using comprehensive care for the mother and child, has met with considerable success. Parents of the mother and her siblings also receive counseling. Of 1,386 teens in the program, only 11 (0.79%) repeated with teen pregnancies.

Source: "Significant Reduction of Repeat Teen Pregnancy in a Comprehensive Young Parent Program," *Journal of Pediatric and Adolescent Gynecology*, Volume 21, Issue 5, October 2008, Pages 283-287. H.A. Omar, A. Fowler and K.K. McClanahan

<sup>65</sup> Schelar, E., Franzetta, K. and J. Manlove, "Repeat Teen Childbearing: Differences Across States and by Race and Ethnicity," Child Trends Research Brief #2007-23, available at [http://www.childtrends.org/Files/Child\\_Trends-2007\\_10\\_25\\_RB\\_Repeat.pdf](http://www.childtrends.org/Files/Child_Trends-2007_10_25_RB_Repeat.pdf).

<sup>66</sup> One 2008 survey found that 72% of parents wanted to keep a traditional schedule. Christia, J. "South Carolina Public School Opinion Survey: A Report of Parents' Opinion on School Start Dates and Year Round School," *Coastal Economic Review*, Vol. 1, 28-34.

**Finding 6.4 The aging population of the region represents both a health challenge and an economic and social opportunity.**

The aging of the population of the Corridor represents both a health challenge and an economic opportunity. From 1990 to 2000, the percentage of Corridor residents age 55 years or older increased from 19.4% to 21.7%, a sign both of retirees moving into the region and younger people moving out. The percentage of the population that was of preschool or school age dropped from 28.9% to 26.6%. Aging residents will place a greater strain on an already inadequate healthcare system. State and local leaders need to ensure that they are prepared for these increasing demands. Beyond the health needs of senior citizens are the social needs, particularly for retirees moving in from out of state who may lack the social connections of longtime residents.

The governmental Centers for Disease Control and Prevention in 2007 issued a state-by-state report card on healthy aging, and ranked the states across a number of key areas. South Carolina typically ranked in the 20s or 30s in most indicators; among the problem areas were the percentage of the elderly receiving flu shots (40th, at 66%) and the average number of unhealthy days in the previous month (45th, at 6.6 days).<sup>67</sup>

**6.4.1 Assess services available for senior citizens in rural counties, and work with state agencies, churches, private organizations, and charitable groups to increase support for meeting the needs of an aging population, and to find ways to use senior citizens as a resource for regional development.**

The presence in the region of retirees and older working citizens is a social and economic opportunity: Older Americans remain an underappreciated resource as well as a market for goods and services. Retirees have time to volunteer and often have unique skills and experience that local communities may find in short supply. The retirement communities in Beaufort and Charleston and other coastal areas should be seen as fertile recruiting ground for volunteers to help in the development of the region; they may even be able to provide help in the chronic recruiting and retention problems in health care and education. As with so many other areas covered in this report, regional coordination will assist in leveraging this resource and filling gaps in elder care.

<sup>67</sup> Centers for Disease Control and Prevention and the Merck Foundation, *The State of Aging and Health in America 2007*, available at [http://www.cdc.gov/aging/pdf/saha\\_2007.pdf](http://www.cdc.gov/aging/pdf/saha_2007.pdf).

**Finding 6.5 Incarceration of nonviolent offenders is excessive and costly to both public budgets and families of offenders. Alternative programs for juvenile offenders are a critical need, and law enforcement agencies, the courts, and school and community leaders need to work together to develop programs to identify and help at-risk youth.**

Proven programs exist that would help keep people convicted of crimes such as failure to pay child support productive members of society, yet these programs lack state support.

South Carolina pays millions of dollars a year to jail nonviolent offenders. Its jails are bulging over capacity: Despite a steady drop in crime rates, South Carolina's jails in 2005 were filled to 119% of capacity. Its prisons are similarly filled: The state had the eighth-highest incarceration rate in the country in 2006. Those inmates come disproportionately from the Corridor: In 2006, four of the top six counties for commitments per 10,000 population were Corridor counties. Each inmate costs the state more than \$15,000 in actual costs to incarcerate.<sup>68</sup>

The increase in incarceration rates is driven by the war on drugs. In 1977, only little more than 5% of the state's inmate population was serving time for drug offenses; by 2006, the proportion was over 20%.

This burden on local resources also creates social and economic problems for the families of those jailed. Children lose a father or mother; spouses lose incomes; families pay thousands of dollars in legal fees or to the bail bondsman. Fundamental reform of the criminal justice system in the Corridor is beyond the scope of this research. However, readily available programs that will benefit communities do exist and are deserving of greater state and local support. For example, men convicted of failing to pay child support are sentenced to jail terms in the local detention center, where they must be housed at taxpayer expense, rather than being released to work to make up their arrears.

**6.5.1 *Adopt and expand county-level programs to provide alternatives to incarceration for nonviolent offenders.***

The Sisters of Charity Foundation has sponsored a highly successful Fatherhood program, aimed at keeping men convicted of failure to provide child support out of prison while providing them with the support necessary to become successful fathers. Research by the Sisters of Charity indicates that the program saves taxpayer money, encourages fathers to support their children, and improves the capacity of overcrowded jails and prisons to hold violent offenders. Similar programs may be appropriate for other classes of offenses. Failure to adequately

<sup>68</sup> South Carolina Criminal and Juvenile Justice Trends 2007, South Carolina Department of Public Safety.

support such alternatives is a classic case of short-sighted government budgeting.

**6.5.2** *Consider the establishment of Drug Courts, as recommended by South Carolina's Attorney General, as a way of providing an alternative to incarceration.*

The Thirteenth Judicial Circuit has reported success with its Drug Court, a diversion that offers an alternative to incarceration for people whose crimes are the result of drug addiction. Those charged plead guilty and are sentenced to 18 months, but the sentence is suspended or transferred to an 18-month program of counseling, drug tests, and case management. Successful completion of the program results in satisfaction of the sentence, while failure to comply results in more intense treatment, community service work, or prison time.

**6.5.3** *Assess juvenile intervention programs and develop a regional strategy for saving at-risk youth from crime and drugs.*

As with education and health, the most critical need for state and local government intervention in the criminal justice process is at an early age, in this case the teen years, when decisions made by young men and women not only cost them life opportunities they can never recoup, but can doom the state to pay dearly in the future.

The topic of gangs is a difficult one to assess accurately. A 2000 study by Clemson University's Institute on Family and Neighborhood Life found that few law enforcement professionals believed that they were very knowledgeable about gangs, and those in rural areas mostly blamed the problem on loosely affiliated "wannabe" gangs rather than the national, structured gangs of the popular press. While many interviewees cited gangs as a problem, many were perhaps reporting a perception rather than personal experience. On the other hand, the recent experience in Florence with the West Marion Up Top Soldiers gang, in which the gang was producing DVD videos of young children flashing its signs, suggests that even ad hoc gangs can be a threat to children and an avenue to serious crime.

**6.5.4** *Encourage county sheriffs to take a more proactive role in juvenile diversion programs.*

In Florida's Monroe County, the Sheriff's Office is responsible for three juvenile crime prevention programs. Its Intensive Delinquency Diversion Service partners with local agencies to target young offenders with counseling and educational services. The Civil Citation Program attempts to divert first or second time juvenile misdemeanor offenders from the juvenile criminal justice system. And its

Teen Court offers an alternative to the traditional justice system for juveniles who have committed their first minor offense.<sup>69</sup>

Rather than waiting on the state to provide these sorts of intervention programs, local communities in the Corridor should mobilize to initiate this change. Funding should be pursued from local, state, and national sources, both governmental and nongovernmental.

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<sup>69</sup> See a more complete description of these programs at [http://www.keyssso.net/commrelations/juvenileprograms/juvenile\\_diversion.htm](http://www.keyssso.net/commrelations/juvenileprograms/juvenile_diversion.htm)

# Appendix A: Research Methodology, Challenges, and Assumptions

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## SUMMARY

In 2007, the South Carolina General Assembly funded the first-ever regional assessment of the economic and social needs of the state's I-95 Corridor, a 17-county region stretching from the North Carolina border to the Georgia line. Legislators awarded the money to the region's leading public universities, Francis Marion University and South Carolina State University, which formed a steering committee to develop a call for proposals, award the contract, and oversee the research.

After an open competition, the universities in January 2008 selected RTI International, a leading nonprofit research institute with headquarters in Research Triangle Park, North Carolina, to conduct the research. Following a kickoff meeting with the steering committee on February 5, 2008, RTI researchers initiated their research project.

### The Mandate

The call for proposals outlined a broad mandate for the study. From the outset, RTI understood the intent of the study to cover the social needs as well as the economic needs of the region. In practice, we addressed these as intertwined. Rather than conduct an economic development study, we embarked on a study of *regional development*, in which the creation of jobs and investment was one important part.

What is regional development? A definition from a 2005 study in Western Australia served as our working definition:<sup>70</sup>

A holistic process whereby the natural and physical environmental, economic, social and cultural resources of a region are harnessed for the betterment of people in ways that reflect the comparative advantage offered by the inherent and geographically different characteristics of the area.

The wide scope of the study meant that an important part of RTI's research would entail narrowing the focus to a manageable number of key areas. Conversations with the legislators who initiated the study confirmed that one of the major goals of the study was to prioritize needs and communicate to local and state leaders where to best start in addressing the social and economic needs of the I-95 Corridor.

## Research Design

The research design began with a simple notion: that the people who best know the needs of the region are the people who live and work there. By basing the study on structured but open-ended interviews with people in the region, we hoped to glean new and valuable insights into the region's longstanding and emerging challenges, and use these insights to identify solutions and strategies to remedy these problems. At the same time, these interviews were intended to build a network of civic-minded individuals who could form a vanguard for implementing the solutions and strategies recommended in the report. RTI worked toward this in three ways:

- Developing a Website to communicate progress;
- Holding a series of meetings and presentations at the midway point of the project to communicate preliminary findings and seek feedback; and
- Leveraging outside resources to hold a meeting of South and North Carolina researchers and practitioners to engage about ways to propel regional development in the coastal plains, particularly through the newly commissioned Southeastern Crescent Regional Commission.

These interviews are combined with socio-economic data analysis, a study of best practices from other states and regions, and prior reports and research. Additionally, a group of researchers at Francis Marion University (FMU), South Carolina State University (SCSU), and other South Carolina universities were commissioned to write short research papers based on their areas of expertise;

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<sup>70</sup> University of Western Australia Institute for Regional Development (2005). *Regional Development Definition*.  
[http://wacoss.org.au/images/assets/publications\\_papers/regional\\_development\\_april2005.pdf](http://wacoss.org.au/images/assets/publications_papers/regional_development_april2005.pdf)

the results of these papers inform our recommendations and are interwoven throughout our report. They are in Appendices B–D of this report. Research areas explored were:

- Tourism and recreation
- Transportation and water and sewer infrastructure
- Job loss and employment opportunities

In addition, RTI has drawn from its more than 2,800 employees across a wide range of disciplines in a search for cutting-edge solutions in fields such as education, public health, and regional development. Outside consultants were tapped to inform aspects of the project relating to federal regional development legislation, leadership, local finance, and broadband deployment. Together this group of researchers and consultants informed the overall outcomes of the report.

## Data Collection

Data collection began in February 2008 with telephone calls to county administrators throughout the region. This round of brief telephone interviews began to give us a feel for some of the knowledgeable local leaders we might want to interview, and filled us in on recent events and developments. We also began collecting prior studies and assembling the underlying statistical data from the Census, state agencies, and other sources.

From April through June 2008, two-person teams of RTI researchers traveled to South Carolina to interview key stakeholders and local leaders. Interviewees ranged from local government officials, community organizations, state senators and representatives, educators, healthcare providers, local newspapers, to retired citizens. Each interviewee was asked to recommend others they felt we should talk to for the study. As a result, this snowball effect resulted in wide-ranging interviews representing many diverse perspectives.

The interviews followed a semi-structured format in which a script of questions guided but did not constrain the interview. At the outset of each interview, respondents were asked to complete a short written questionnaire concerning the most important needs of the region.

All interviews<sup>71</sup> were recorded, and detailed notes were taken. All respondents signed informed consent documentation. All interviews were confidential, although researchers had access to the identifying information of each interviewee for purposes of providing context to the interviews. No identifying information accompanied the written responses.

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<sup>71</sup> The interview protocol and process was approved by RTI's Institutional Review Board.

## Challenges

As with any research project, RTI encountered challenges as we progressed toward the final report. Many of these challenges we anticipated, while others grew from events beyond our control.

**1. A question of priorities.** The main challenge was one anticipated both by the call for proposals and by our research design: how to narrow the list of human and economic needs and prioritize that focused list. The I-95 Corridor has no shortage of needs and those needs have been documented to a greater or lesser degree in journalism, scholarship, litigation, and public policy debates. RTI's challenge was to choose a set of starting points to begin attacking these problems.

RTI attempted to meet this challenge by involving the steering committee and other faculty members at the lead universities in our deliberations, as well as engaging in a discussion of priorities with the interview subjects. This iterative process gave us more confidence that RTI's priorities aligned with the priorities of those in the region.

**2. A rapidly changing fiscal context.** The prioritization of needs took place within a fiscal context that changed dramatically over the course of the research. At the outset, it was assumed that while new state investment would be modest, there existed an opportunity to trigger targeted state expenditures in key areas, where the need was greatest and where the return on the investment was clearest. The global financial crisis that emerged in the late summer of 2008 and its impact on South Carolina's budget ended hopes of significant state investment in the near term. In fact, by December 2008, the state was forecasting a \$350 million budget shortfall, with half of that expected to be made up from cutting the public school budget. As we sought remedies for the chronic education problems in the I-95 Corridor, the state faced deep cuts in existing budgets. Such a budget climate seemed to argue against basing our report heavily on recommending significant state investments.

Conversely, developments at the federal level appeared to augur a much better climate for investment in I-95 infrastructure. In the spring of 2008, Congress approved the creation of the Southeast Crescent Regional Commission (SCRC), an agency modeled on the Appalachian Regional Commission that would funnel federal aid to a seven-state region. Funding for the SCRC remains uncertain at the time of this writing, however. More significantly, potentially, was the emerging consensus that a large economic stimulus package would be needed to combat what looked to be a severe recession. Despite the apparent opposition of some state leaders, South Carolina appeared poised to benefit from some influx of investment from this stimulus package. The leadership role of Rep. James

Clyburn of Orangeburg made it likely that the I-95 Corridor could attract a significant portion of that investment.

This report reflects, to the best of our ability, the rapidly changing reality of both the state and federal financial situations.

**3. Underdeveloped regional institutions for support.** The research suffered from some of the local capacity issues that plague the region. Many community organizations, government offices, educational institutions, and private companies are not accustomed to addressing needs on a regional scale, making it more difficult to share information and engage the findings from a report tasked with this regional perspective. The two anchor universities of the Corridor, Francis Marion and South Carolina State, are in the midst of shifting to organize their institutions toward the mission of greater community and regional involvement. Additionally, the somewhat fractured networks among local organizations throughout the 17 counties resulted in more limited avenues for researchers to plug into each other's networks to communicate and problem solve. While not a major impediment, the limited institutional engagement through which to implement our research project highlighted the need for further network building and regional perspectives on development, and is reflected in our report.

**4. Overlapping audiences.** Funded by the legislature and directed by the two universities, and with a host of state and local agencies and nonprofits having a stake in the findings, it was often difficult to address this variety of audiences simultaneously. In the end, we resolved this dilemma by attempting to create a report that would benefit *local champions* of the Corridor, while offering direction to all the key stakeholders.

# **Appendix B: Tourism and Recreation**

**Targeted Investments in Tourism and Recreational Amenities for I95 Corridor  
Communities**

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Department of Economics  
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Prepared for  
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December 29, 2008

## **Targeted Investments in Tourism and Recreational Amenities for I95 Corridor Communities**

### **Introduction**

Although South Carolina has experienced high economic growth rates in recent decades, there have been pockets of slow or negative growth that exhibit low wages, diminished job opportunities, and declining population. Areas of the 17 counties that border Interstate 95 reveal such pockets. This includes the counties of Bamberg, Beaufort, Calhoun, Clarendon, Colleton, Darlington, Dillon, Dorchester, Florence, Hampton, Jasper, Lee, Marion, Marlboro, Orangeburg, Sumter, and Williamsburg. For example, the State 10 year average unemployment rate from 1998 to 2007 was 5.5 percent; unemployment rates in all but 3 of the 17 counties were higher than the State average unemployment for that period. The highest unemployment rates for the State were in the counties of Marion (11.7 percent) and Marlboro (10.9 percent). In addition, there are concerns about the levels of health and education, as well as other social problems in many of the areas in the 17 counties.

In order to address this discrepancy in economic growth and other social concerns, the South Carolina General Assembly passed the I-95 Corridor Initiative in 2007. The goal of the Initiative is to examine development strategies that address the social and economic needs of the 17 South Carolina counties. The project will lead to recommendations for specific projects that local, state and federal agencies, in addition to private organizations and foundations, can implement to improve the region's economy.

The purpose of economic development is to increase goods and services produced which will create improved standards of living and increased employment. The initial expenditures by firms and workers will produce indirect and induced impacts to the local economy. The new jobs created provide higher spending levels as job recipients buy from department stores, restaurants, and gasoline stations, which produces even more jobs as these establishments expand their output. The indirect impact of new jobs is the additional output, income, and jobs created by the purchases made by firm's suppliers. For example, a local company that supplies materials to a firm will buy supplies from local firms. The induced impact is created by firm's employees as they spend their income. For example, workers spend a portion of each dollar earned on local goods and services, such as restaurant meals. The summation of the direct, indirect, and induced impact will be the total economic impact from each dollar of output generated by a firm. It is this activity that we refer to as economic growth. In addition, the growth provides increased tax revenue that the community can use for public services.

Economic development policy encompasses four basic goals: encourage business start-ups, attract new businesses, retain and expand existing businesses, and encourage innovation (Pompe and Rinehart 2003). State agencies attempt to spur economic development with various policy instruments such as marketing, financial incentives, and nonfinancial aid (e.g., help with regulatory problems). In addition to direct programs that spur economic development, there are government programs that may indirectly encourage economic development. By funding physical infrastructure and public school improvement, for example, government creates a more attractive climate for businesses and their employees.

Many factors, such as low real estate costs, excellent labor management relations, low workers compensation insurance costs, outstanding post-secondary skills training resources, and a competitive incentives package make South Carolina, including the I95 Corridor region, a desirable location for business (Growth Strategies Organization, Inc. 1999). Additionally, a favorable climate, recreational amenities, and infrastructure such as interstate highways and the port of Charleston, (the 4<sup>th</sup> largest container port in the U.S.), have drawn industry to the state. Interstate access is an important advantage for the I95 Corridor counties. In addition to I95, Interstates 20 and 26 intersect the region; I26 provides ready access to the Port of Charleston.

The proximity to the coastline can be an economic boon to communities. When the U.S. economy was developing, water transportation was the key to economic growth and port cities such as New York, New Orleans, and Charleston thrived. Rappaport and Sachs (2003) explain that benefits to communities located near coastal areas exist today as well. For example, industries choose to locate near coastal areas, which spurs economic activity and productivity. In addition, they estimate that the added amenities created by being near a coastline increase the quality of life by \$871 to \$2,075 per year. Colgan (U.S. Commission on Ocean Policy 2004) reports that over the past decade, regions near ocean and Great Lakes coasts have been the country's most dynamic economic force, accounting for more than three-quarters of the U.S. economy in 2000.

Although only two of the 17 counties border the Atlantic Ocean, many areas of the Corridor counties are nearby. Walterboro in Colleton County is 35 miles from Edisto Beach, for example, and Marion in Marion County is 42 miles from Myrtle Beach. As

coastal growth causes property values to rise, inland areas become more desirable for residents and businesses, thus increasing economic growth in I95 Corridor counties.

The I95 Corridor counties possess many environmental, cultural, and social amenities that can attract businesses, tourists, and new residents. Such amenities create a higher quality of life that can be important to the success of the local economy. Surveys show that workers prefer living in areas with better environmental and cultural amenities. This study will provide recommendations for development strategies that focus on investment in tourism and recreational amenities to improve the local economies of the I95 corridor counties.

### **Investment in Tourism**

Studies indicate that investment in tourism can create economic growth for local economies. Tourism growth creates increased employment opportunities, an expanded tax base, and an improved standard of living. In recent years, tourism has been promoted as an export industry in the same way as traditional manufacturing plants. Export industries, which bring in revenue from outside of the local region, are valuable additions to local economies. In addition, tourism is considered an environmentally clean industry, unlike some industries (mining, for example) that can cause significant damage to air, land, and water. Tourism, which is responsible for 10 percent of jobs in South Carolina, is the State's largest industry; domestic visitors spent \$9.7 billion and generated \$16.7 billion in economic benefit in 2007 (South Carolina Department of Parks, Recreation, and Tourism 2008).

The I95 Corridor counties have the potential to increase their existing tourism base thanks to a diverse geography, temperate climate and wealth of attractions, both natural and man-made. The area offers many tourist attractions including historic sites, beaches, golf courses, and lakes, which can be a boon for the Corridor counties. Tourist visits to the Corridor county attractions can be increased by taking advantage of popular destinations on the South Carolina coast. Myrtle Beach, Charleston, and Hilton Head are some of the most popular tourist destinations in the country. Visitors traveling to these popular destinations often enjoy stopping at an interesting site, such as a historically interesting town for example, along the way. The communities along I95 Corridor can increase tourist revenues by marketing their attractions to these visitors en route to the coast. Marion, for example, has an historic downtown, including a courthouse designed by Robert Mills, the first native born American architect, who designed the Washington monument. Mills, a native South Carolinian, is responsible for the stereotypical image of 19<sup>th</sup> century courthouses in America (Toth 2007).

Business and government are promoting numerous programs for I95 Corridor counties that encourage tourism and create economic growth. For example, all seven counties that comprise “Pee Dee Country” are members of the I95 Corridor counties (Pee Dee Country South Carolina 2008). Pamphlets and websites promote a wide array of Pee Dee Country touristic opportunities such as the Darlington Raceway, the South Carolina Tobacco Museum in Mullins, and festivals such as the South Carolina Cotton Festival in Bishopville.

Agencies promote other counties as well. Calhoun, Clarendon, Orangeburg, and Sumter counties are part of “Santee Cooper Country” which offers world class fishing,

hunting, hiking, history and golf (Santee Cooper Country Chamber 2008). The “Lowcountry and Resorts Island” tourism region, comprised of Beaufort, Colleton, Hampton, and Jasper counties, offers a unique ecosystem, early American history, coastal amenities, and varied cultural offerings. Concentrated in Beaufort County, Lowcountry tourism creates almost one-fourth of the jobs in the county (Flowers and Easterling 2006).

The Heritage Corridor, which runs for 240 miles from the foothills of Oconee County to Charleston, emphasizes cultural and historic sites (South Carolina National Heritage Corridor 2008). Several of the I95 Corridor counties, including Bamberg, Dorchester, and Orangeburg, are featured along the trail that Congress designated a National Heritage Area in 1996. Visitors can learn about some of the first European settlements in the South, Revolutionary and Civil War sites, and experience numerous recreational facilities.

The golf industry, which is an important contributor to the State’s economy, is a large part of the tourism industry. In 2004, the rounds played on the 375 golf courses in the State created \$2.3 billion in output, created 30,938 jobs, \$713 million in personal income, and \$180 million in federal, state, and local taxes (Flowers 2006). The I95 Corridor counties provide numerous golf courses. A number of courses, including the Santee National Golf Club in Santee, the Persimmon Hill Golf Club in Saluda, and the Cheraw State Park Golf Course have earned 4 out of 5 stars in *Golf Digest’s* “Best Places to Play.” In addition to revenue generated by golfers, the courses create economic benefit for developers who construct residential real estate around golf courses. Constructing

additional golf courses in areas of the I95 Corridor can create economic benefits for the region.

The performing arts, which are an important component of tourism, can generate a significant amount of economic benefits. Festivals, opera companies, theatres, and other art events can play a major part in economic development, in addition to improving the quality of life for a region. Cultural events attract visitors and local residents who spend money on goods and services. Economic impact analysis has shown the value of the cultural industry for the State. The State's cultural industry supports \$700 million in labor earnings, 30,000 jobs, and \$1.9 billion in output (Schunk and Teel 2002). Statewide, the cultural industry produces \$1.30 of every \$100 of wages and salaries and 1.6 of every 100 jobs in the state. The economic benefits that the arts create, in addition to the qualitative benefits, justify public support for such activities.

The Spoleto Festival USA and Piccolo Spoleto in Charleston, which are the State's largest festivals, generated \$29.2 million in labor earnings, \$67.8 million in economic output, and the equivalent of 1,628 full-time jobs (Schunk and Teel 2002). Various festivals in Corridor counties, although not as large as Charleston's Spoleto, create significant economic benefits as well. The Iris Festival in Sumter, for example, is South Carolina's oldest continuous festival and is ranked among the top festivals in the Southeast (Sumter 2008). The 4-day festival takes place at Sumter's Swan Lake-Iris Gardens, which is home to all eight types of the world's swans. The Festival includes concerts, an arts and crafts show, and a number of contests, among numerous other events.

Ecotourism, which began in the 1980s, is the fastest growing segment of the tourism industry, and one that I95 Corridor counties can exploit. Ecotourism, which captures revenue from those willing to pay to see natural areas preserved, combines conservation, communities, and sustainable travel. Wood (2001) suggests several ways that South Carolina can improve its ecotourism benefits. First, the State should identify the natural, historical and cultural resources that appeal to ecotourists, such as natural habitat for an endangered species. Second, Wood explains that officials must do a better job of teaching visitors about the State's unique ecology and history. Finally, the industry should make a more active, "hands-on" experience for the tourist. The South Carolina Nature-Based Tourism Association, which began in 1994, promotes ecotourism activities (South Carolina Nature-Based Tourism Association 2008). The Association promotes activities such as boat tours through the ACE Basin marshes which offers an historical rice plantation culture and hundreds of wildlife species, including endangered species.

The I95 Corridor counties have many forested areas that can generate tourism revenue. In recent decades, forest management has emphasized non-extractive practices that create recreation and tourism opportunities. Bowe and Marcouiller (2007) suggest that rural communities with significant forest resources can attract the tourism sector and forest products firms. Utilizing forested areas for multiple purposes adds diversity to the local economy which reduces the economic risk of being overly dependent on a single industry. In addition to the direct revenue generated, tourist attractions and cultural amenities increase the attractiveness of a community to firms and employees. Firms prefer locations that are appealing because workers will be willing to accept lower wages.

For many of the I95 Corridor towns, the original downtown areas have deteriorated, as shoppers have shifted to malls in outlying areas. Government policy can spur downtown revitalization and create a draw for tourists by encouraging activities that act as a catalyst for economic development. For example, the impact of performing arts centers on downtown economic growth and the overall business climate of a city can be substantial. The economic benefits generated by the renovated 120-year-old Newberry Opera House in Newberry, South Carolina provides an example. Built in 1881 at a cost of \$30,000 the Newberry Opera House quickly became known as "the entertainment center of the Midlands." The Opera House was remodeled as a movie theater in the 1920s, but closed in 1952. Although there was talk of tearing the building down, the city renovated the Opera House in the 1990s at a cost of \$5.5 million. The restored Opera House has been a catalyst for an artistic and economic rebirth in Newberry. A 1999 study estimated that the building renovation has produced \$3.9 million in new capital investment in downtown, \$5.8 million in annual income, and \$2 million in additional annual taxes (Meadows 1999).

Small towns that provide cultural amenities, and in addition, are affordable, can attract visitors and residents, who contribute to economic growth. Beaufort, for example, with a population of approximately 12,000 is listed in *100 Best Art Towns in America* (Villaini 2005). Beaufort boasts numerous cultural attractions such as the Beaufort Symphony, the Beaufort Arts Association, commercial art galleries, the Beaufort Repertory Company, the Byron Miller Dance Theater, and the Penn Center. Government can encourage cultural events and institutions to promote an environment that encourages the development of similar communities. For example, the local arts community

enhanced the local cultural environment in Beaufort with a grand opening of ARTworks in Beaufort Town Center on November 20<sup>th</sup> (Arts Council of Beaufort County 2008). The new home for the Arts Council of Beaufort County will include gallery and studio spaces for artists, an art supply company, classrooms, and a theater.

Additional marketing techniques such as the one recently instituted by the South Carolina Department of Parks, Recreation, and Tourism (SCPRT) can help inform the public of the opportunities available in the State (Warner 2008). The SCPRT launched two new websites designed specifically for smart phones and other hand-held devices. One of the websites contains key information about attractions, events, lodging, shopping, and golf courses. The second site describes all of the State's parks by region, features, and hot deals. The two mobile sites provide relevant information quickly, and in an accessible format.

### **Investing in Recreational Amenities**

The I95 Corridor counties have numerous recreational amenities such as Lake Marion, the Santee Wildlife Refuge, and the Edisto River that generate substantial income and numerous jobs for local economies. Investments in recreational amenities improve the quality of life for current residents, make the region more attractive to outside private investment, and generate revenue. Communities can target available recreational amenities for enhancement and develop new attractions. Government can assist local communities with management plans that help with land use zoning and guidelines to minimize the impacts of tourists on protected areas.

Wildlife-related recreation, which includes wildlife watching, fishing, and hunting can be well-suited for rural communities and can be an important element for economic growth. A survey by the U.S. Fish and Wildlife Service estimated that in South Carolina, 1.1 million wildlife-related participants spent almost \$551 million in 2006. Hunting and fishing create \$2.7 billion in economic impact for South Carolina, supporting 32,700 jobs, creating \$839 million in salaries and wages, and contributing \$182 million in state and local taxes (US Department of the Interior 2006). Although only two of the I95 Corridor counties border the Atlantic Ocean, many are close to coastal areas, which enables residents and tourists to have access to both fresh and saltwater fishing, thus adding to the attractiveness of the area.

Wildlife recreation attracts a large number of wealthy individuals. The combination of wildlife recreation with other entertainment can make rural communities especially appealing for rural communities (Henderson 2004). Combining good restaurants and entertainment, for example, with recreational amenities can be very attractive to recreationists.

The Palmetto Trail, which will stretch over more than 425 miles from the State's mountains to the Atlantic Ocean when completed, provides an example of a state program that exploits some of recreational attributes in the I95 Corridor counties (South Carolina State Trails Program). Historical and recreational sites such as the Mountain Bridge Wilderness, Lake Marion, and the tomb of Francis Marion are featured along the Palmetto Trail. A statewide system of trails that will branch off from the Palmetto Trail will provide additional recreational opportunities.

Investing in recreational amenities includes implementing programs that protect resources from damage. Programs that encourage protection of wetlands such as the Wetland Reserve Program, for example, protect valuable wildlife habitat. The Wetland Reserve Program protects biologically rich Carolina Bays, (and other wetlands) which provide habitat for numerous endangered species (Burger, Pompe, and Knowles 2008). The U. S. Department of Agriculture offers financial incentives and technical assistance to landowners who protect, restore, and enhance wetlands on their property.

Numerous programs at the local, state, and federal level provide protection for valuable recreational assets. The Safe Harbor Program, for example, encourages property owners to protect habitat for endangered species such as the red cockaded woodpecker by rewarding landowners who enroll in the program (Pompe and Knowles 2004). The Program creates a voluntary agreement between private landowners and the Federal government that protects both valuable habitat and landowners, who will not be punished with future regulatory restrictions on their property. Programs such as the Wetland Reserve Program and the Safe Harbor Program that use incentives to encourage voluntary participation to protect valuable resources, should be expanded and the approaches adapted to other programs that protect natural resources.

Programs that purchase natural resource areas represent investments in recreational amenities as well. Communities, recognizing the value of open space and recreational amenities, have voted to use taxpayers dollars to purchase open spaces in recent decades. Between 1988 and 2008, state and local governments have passed 1,677 of 2,219 bills for more than \$122 billion dollars in funds to purchase open space (Trust for Public Land 2008). Pompe and Lipford (2005) document this trend and find that a

more educated electorate is more likely to vote in favor of such measures. Open space voting illustrates the value that residents place on environmental protection.

Recognizing the value of natural amenities to the local economy encourages protection of these valuable assets. Investing in recreational amenities can mitigate problems such as congestion and pollution that often accompany other industries. Enhancing local natural resources and nature-based amenities can create sustainable development that can provide economic benefits for current citizens as well as future generations. Forests and other natural resources are renewable and unlike the depletable resources that some industries rely on, can last indefinitely if properly managed.

### **Attracting Retirees**

The investment in recreational, cultural, and environmental attractions discussed above can increase an area's appeal to retirees to whom such amenities are important. Indeed, because retirees are likely to move to areas they visited as tourists, a development program that promotes tourism can help attract retirees. Retirees, who will be increasing in numbers as baby boomers move into retirement, are attracted by South Carolina's tourism locations (Hefner, Teel, Woodward 1999). In addition, South Carolina has a relatively low cost of living and mild winter climate, which are appealing to retirees. Numerous military retirees, many who have served at one of the military bases in South Carolina, choose to retire to the State.

Studies show that educated and economically prosperous retirees who move to an area can enhance rural economic development. Poudyal, et al. (2008) suggest that a "retiree economy" is a viable approach for rural economic sustainability. They explain

that rural and biologically rich counties with substantial land use diversity, water amenities, and other man-modified natural and recreational attractions have great potential for attracting retirees. Such a strategy may be an increasingly valuable approach to improve local economies as increasing numbers of retirees decide to change locations. Marketing to retirees, who spend money and add to the local tax base, could be a good investment for rural communities. Industries that are most likely to gain from retiree growth include construction, healthcare, entertainment, hospitality, retail, and real estate.

Retirement communities can be a boon to a local economy. Sun City Hilton Head for example, is a 4,300 acre Del Webb retirement community in Beaufort County that will add 17,000 retirees to the area when completed. When it was begun in Bluffton, in 1994, the economic impact of Sun City, estimated to be \$1.2 billion, was compared to the impact of a BMW plant (Riddle 1994). The cost to government of a retiree community is minimal because no new schools are required, but the benefit to the tax base from retirees is significant. A major attraction for Sun City retirees is the proximity (within 15 miles) of the Atlantic Ocean.

Gated communities, which are communities that restrict access to residents and their guests by “building walls” around the development, can be attractive to retirees. Developers have created many gated communities along the South Carolina coastline, but also inland in I95 Corridor counties. Retirees find gated communities attractive because the covenants, which are widely used, are durable and secure which creates a stable community. In addition, private developers may manage and protect common-owned resources such as beaches more effectively than government (Pompe and Rinehart 2005).

Real estate developers, who have bought and developed entire islands along the South Carolina coast, protect beaches and other amenities that property owners value in order to capture “rents.” In a gated community, the developer imposes land use restrictions to control neighborhood externalities and protect property owners’ investments. The higher property values in gated communities are partially due to such protective covenants (Pompe 2008). In addition, gated communities provide many of their own services which lowers the cost to local government.

### **Recent and Planned Projects in I95 Corridor Counties**

There are numerous recent development projects in the I95 Corridor counties that will contribute to the economic development of the area and provide examples that can be duplicated elsewhere. For example, Walterboro in Colleton County recently developed the Great Swamp Sanctuary, a new nature-based attraction that includes a \$4 million Discovery Center, which provides information, exhibits, and educational classes (City of Walterboro 2008). The 842 acre Sanctuary features what may be the only “braided creek” swamp accessible to the public. Boardwalks, hiking, biking, and canoe trails provide the opportunity to observe the wildlife inhabiting the black water bottomland. The attraction, which is expected to draw 150,000 tourists a year, represents eco-tourism, which is a growing segment of the tourism industry.

Several development projects are in progress in Orangeburg County near the town of Santee. Economic Zones World, a firm from the United Arab Emirates, will be developing a distribution center that will create 6,000 jobs in a county where unemployment currently is 12.5 percent (Wilkinson 2008). The distribution center,

which will be the firm's national headquarters, will receive containers from the ports of Charleston and Savannah and assemble and ship goods nationally.

Santee Town Center and Cantey Bay Plantation, two new residential developments near Santee that were planned before the Economic Zones World project, will provide a boost for the local economy. Cantey Bay Plantation will add thousands of homes and businesses along Lake Marion and I95 in Clarendon County (Phillips 2008). A goal of Cantey Bay Plantation, which is located on 4,000 acres next to Lake Marion, is to protect natural areas and environmental amenities. Beginning in 2010, the Beach Co. will construct 7500 to 15,000 houses and 300,000 square feet of office and retail space on land along 1.2 miles of Lake Marion. Developers of Santee Town Center will construct more than 400 homes, condos, and duplexes, as well as retail and office space on 75 acres. The project will begin in 2009. The developments are aimed at retirees who are drawn to the areas' many recreational amenities including three golf courses, Lake Marion, Santee State Park, and the Santee National Wildlife Refuge.

In Florence, the Downtown Development Corporation is acting to revive the original downtown area with projects such as the "Art Trail" which highlighted the artwork of local artists in an historic building downtown (Knight 2008). The December 2008 event combined with the "Art in the Window Exhibit", which shows local artists artwork in shop windows, will help improve the appearance of the downtown and draw visitors to the area. Other recently completed or planned projects in the downtown area include the Florence County Library, the Florence Little Theater that began operation in 2008, and the Performing Arts Center that is under construction.

An equestrian community, Sportsman Retreat, is planned in Orangeburg. This gated community which is aimed at retirees, will feature 25 home sites, stables, horse trails, a pond, and open spaces. Some homes in the community will share 50 acres of pasture. Marketing to a specific preference can be very effective and profitable as illustrated by the several equestrian, gated communities that have been built in Aiken, South Carolina.

## **Conclusion**

This report focused on targeted investments in tourism and recreational amenities that will spur economic development for the I95 Corridor counties. Better utilizing the tourism and recreational amenities already present in the I95 Corridor counties can mitigate the inequalities in income, jobs, and economic growth in the areas. Enhancing and expanding the amenities discussed above, including historic sites, recreational amenities, and cultural events will create additional revenue for local economies. Revitalizing downtown areas, which have declined as shopping malls in surrounding areas have drawn away business, can benefit the local economy as well. In addition, developing such attributes will attract retirees and improve the quality of life for residents.

Many of the I95 Corridor counties are rural and benefit from many attractive natural areas that can greatly benefit the local economies. Land conservation is important in order to provide and protect the natural amenities that attract tourists and provide a high quality of life for residents. Protecting recreational amenities such as waterways, for example, from environmental damage can boost local economies. Protecting the State's

waterways, land and air will pay dividends for residents because natural areas provide a variety of amenities that increase well-being. In addition, sustainable development can provide economic benefits for current residents as well as future generations. Programs, such as the Safe Harbor Program, that protect valuable natural resources by creating incentives to encourage voluntary landowner participation should be expanded.

As the discussion above illustrates, the I95 Corridor counties have an abundance of recreational and touristic amenities such as world-class golf destinations, wildlife areas, national historic sites, cultural heritage, sports tourism and entertainment that appeal to residents and tourists. In many cases these amenities, which are important contributors to economic growth, are being well utilized to generate revenue. However, local and state government should cooperate together in order to make the region more attractive for tourists and retirees. The South Carolina administration, for example, could take a more active role in marketing and developing the region's tourism assets.

Built amenities such as golf courses, cultural events and institutions, and natural amenities can all be utilized to create economic growth for the I95 Corridor counties. Expanding, enhancing, and marketing such attributes can draw visitors to the region and create economic growth opportunities that will improve the well-being of many South Carolina residents who have not secured the economic benefits enjoyed by others.

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# **Appendix C: Infrastructure**

## Infrastructure Along the I-95 Corridor

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Broadly defined, infrastructure includes that network of facilities, services, and installations that are necessary to sustain a community. Therefore, one might appropriately include schools, local human services networks, the health care delivery system as well transportation networks of roads and bridges, water and sewer systems, and even communication systems incorporating the tools for sharing voice, data, and video within the framework of an infrastructure network. “Transportation and Infrastructure” is but one of the categories of key indicators monitored through the South Carolina Indicators Project, a web-based project that measures South Carolina against more than 90 indicators organized across nine policy areas. The South Carolina Indicators Project is a project of the Institute for Public Service and Policy Research, the public service and applied public policy research arm of the University of South Carolina which launched the Indicators Project in 2005. At that time, indicators were organized under eight policy areas: Economy, Social, Health, Environment, Public Safety, Education, Culture and Recreation, and Government/Administration. In 2008 the Institute added a “Transportation and Infrastructure” category to include road miles in the state system, road and bridge conditions, and traffic fatality data. During this same period the Institute launched a three-part study of transportation policy in South Carolina with emphasis on energy and fuels; alternative approaches to transportation; and alternative funding options

The Indicators Project continues to serve as a source of both inspiration and, quite frankly, very practical ideas for applied research and analysis. Getting “Behind the Numbers” aptly describes the Institute’s applied research initiative aimed at examining not only where South Carolina stands relative to other states, but, more importantly, analyzing viable alternatives for responding to the problems or conditions in which the State finds itself. It is in this spirit that this paper examining infrastructure along the I-95 Corridor is presented. The seventeen counties along the I-95 Corridor in South Carolina are home to some of the State’s most entrenched financial and social woes Building and maintaining its infrastructure, defined here, albeit rather narrowly, as roads and bridges and water and sewer systems, is critical to improving the quality of life in the region and enhancing its economic competitiveness. This paper looks at where the region stands with regard to its infrastructure, identifies the key funding supports available, and the extent to which counties in the region have been able to take advantage of those funding options. The research relied on primary and secondary sources and was necessarily limited by time and resource constraints to the topics described herein.

That the I-95 region has not fared as well as others with regard to state funding for infrastructure improvements is an impression on which a number of key actors agree but also for which key funding actors make no apologies. Generally speaking, when one looks at major roadway projects over the past ten years, for example, they have generally been located along the high growth areas of the Carolina coast such as Horry County, southern Beaufort County, and the I-85 Corridor. Yet, it would be misleading to suggest that they have been overlooked entirely in terms of state support for infrastructure improvement. In 1997 the State undertook a comprehensive assessment of infrastructure needs. The key findings from that study along with regional findings of infrastructure needs in the area of transportation and water and

sewer are reported here. Individual counties and some of the regional councils of government have updated their own analyses, and their observations are included in this paper as well.

Specifically addressed is the extent to which state programs are available to assist the counties in this region in securing the funding necessary to address their infrastructure needs as they relate to road and bridges and water and sewer. South Carolina counties vary in their capacity to respond to their infrastructure needs. For example, some counties are simply in a better financial position than others to generate sufficient revenue through local options sales taxes, the revenues derived from which can then be leveraged with state and federal sources. The question, though, is the extent to which there are circumstances confronting the region which impede its ability to respond to its infrastructure needs. To the extent that individual counties are able to exploit resources at their disposal those counties and funding options are highlighted.

**South Carolina Infrastructure Study**

The infrastructure problem in South Carolina was well-documented in a 1997 study which projected more than \$57 billion in infrastructure needs over the 20 year period from 1995 to 2015.<sup>1</sup> Infrastructure was defined as roads, bridges, mass transportation, airports, ports and waterways, water supply, waste treatment and disposal, energy supply, and communications. The study’s authors recognized that “actual economic growth departs from ideal conditions in that the competition for market share creates ‘haves’ and ‘have nots,’ and the public sector regulatory overlay in attempting to better distribute statewide economic development often sends confusing signals and misses sizeable opportunities. As an example, new large-scale commercial land industrial developments are free to locate within the ‘prime’ regions of South Carolina, causing even more infrastructure to be extended to them and placing these political entities in competition with each other.”<sup>2</sup> At the same time, other regions within the State have not attracted the level of “blue-chip” economic investment that have become a presence in other areas of the State; and as such, they appear to have been overlooked when it comes to “blue-chip” economic opportunities. In short, infrastructure development and improvement appear to have followed the larger-scale economic development associated with the more economically developed parts of the State, thereby creating a cycle whereby success in attracting economic development yields success in attracting infrastructure dollars, a condition which then makes those areas even more inviting to future developers and entrepreneurs, and so it goes. The report argued that economic development and infrastructure are linked and advocated a strategic approach to economic development that recognizes the appeal of high growth areas that currently enjoy prosperity while recognizing that no region should be neglected.

The \$57 billion in infrastructure needs encompassed 28 layers of infrastructure organized into seven categories as indicated the following table. The majority of infrastructure needs (51%) were in transportation and accounted for the largest price tag among all the infrastructure categories.

<b>Infrastructure Category</b>	<b>Percent of Total Need</b>	<b>Estimated Cost</b>
Transportation	51%	\$28.8 billion
Commerce	7%	\$ 3.9 billion
Public Safety	5%	\$ 2.6 billion
Administration/Welfare/Education	18%	\$10.2 billion
Health	14%	\$ 7.8 billion
Recreation and Culture	2%	\$ 1.5 billion
Environment	3%	\$ 1.9 billion

Source: *South Carolina Infrastructure Study: Projections of Statewide Infrastructure Costs, Savings, and Financing Alternatives, 1995-2015*, p.5.

In this study, transportation needs include road construction, resurfacing and maintenance; bridge construction and maintenance; public transportation; freight transport by road and rail; port dredging; dock construction; roadway access; buildings and equipment; aviation, including airport construction and maintenance; and , finally, bike and pedestrian pathways.

Water supply and water waste disposal are subsumed within the Health-related infrastructure needs. Water supply needs included, for example, construction and maintenance of regional reservoirs and construction and maintenance of local pumping stations. Waste water disposal infrastructure needs included construction, maintenance, and upgrades to sewage treatment facilities.

Data were not reported for individual counties but were, instead reported by region. The 17 counties of the I-95 Corridor are distributed among five different regions which correspond to the State’s regional councils of government. The five regions, parts of which comprise the I-95 Corridor include: Pee Dee, Waccamaw, Santee-Lynches, Lowcountry, and Berkeley-Charleston-Dorchester. The following table shows the estimated infrastructure need measured in dollars for each of the State’s ten regions and the state overall. Shaded areas represent the regions which include I-95 Corridor counties.

**Existing and New Growth Infrastructure Costs in South Carolina, 1995-2015**

Region	Total Backlog and Rehab Costs (in millions)	Backlog and Rehab Costs per Capita (in dollars)	Total New Growth Costs (in millions)	New growth Costs per capita (in dollars)
S.C. State Total	23,709	2,959	30,269	15,569
Pee Dee	1,856	2,966	1,472	17,981
Waccamaw	1,712	3,322	3,241	12,274
Santee Lynches	1,020	2,700	1,120	14,892
Lowcountry	1,540	6,672	2,311	16,556
Berkeley-Charleston-Dorchester	4,009	3,280	7,131	15,559
Upper Savannah	1,207	3,324	1,193	24,329
Catawba	1,530	3,113	1,827	15,979
Lower Savannah	1,844	2,792	2,082	11,702
Central Midlands	3,485	2,821	4,526	16,688
Appalachian	5,504	2,737	5,367	17,264

Source: *South Carolina Infrastructure Study: Projections of Statewide Infrastructure Costs, Savings, and Financing Alternatives, 1995-2015*, p. 43.

The report noted that, at the time, most of the economic growth was occurring in five of the State’s ten regions. Three of those five regions are among the regions that comprise the I-95 Corridor. However, to be accurate the more successful counties within these regions are not necessarily included among the more distressed counties that are the focus of this paper. For example, the 1997 study noted the growth experience of Charleston within the **Charleston-Berkeley-Dorchester** Region; Myrtle Beach and the Grand Stand, part of the **Waccamaw** Region, and Hilton Head which is part of the **Lowcountry** Region. On the other hand, five of the slower growth regions included the **Lower Savannah Region** encompassing Bamberg and Calhoun Counties; **Santee-Lynches** Region which includes Sumter Clarendon, and Lee Counties and **the Pee Dee** Region encompassing Chesterfield, Darlington, Dillon, Florence, Marion, and Marlboro Counties.

Projected infrastructure needs within the state’s ten regions ranged at the time from \$2.2 billion for the Santee-Lynches Region to \$12 billion for the Appalachian Region which includes Greenville and Spartanburg Counties. The following table lists total infrastructure needs for each region as well as the projected needs as they were reported in 1997 for transportation and water and sewer. Those regions in which are found the counties along the I-95 Corridor are shaded.

<b>Region</b>	<b>Total</b>	<b>Transportation</b>	<b>Water/Sewer</b>
Appalachian	\$12,072,000,000	\$5,757,000,000	\$1,193,000,000
Berkeley-Charleston-Dorchester	\$11,316,000,000	\$7,003,000,000	\$ 745,000,000
Central Midlands	\$8,466,000,000	\$3,557,000,000	\$ 863,000,000
Waccamaw	\$4,904,000,000	\$2,559,000,000	\$ 451,000,000
Lower Savannah	\$3,878,000,000	\$1,812,000,000	\$ 370,000,000
Catawba	\$3,865,000,000	\$1,790,000,000	\$ 483,000,000
Lowcountry	\$3,702,000,000	\$1,930,000,000	\$ 392,000,000
Pee Dee	\$3,565,000,000	\$1,807,000,000	\$ 358,000,000
Upper Savannah	\$2,664,000,000	\$1,469,000,000	\$ 227,000,000
Santee Lynches	\$2,246,000,000	\$1,128,000,000	\$ 260,000,000

Supporting documentation, including, where accessible, regional economic development planning documents from the regional councils of government were also reviewed to determine any specific transportation and water and sewer infrastructure needs. Planning documents were identified and reviewed from the Santee-Lynches Regional Council of Government, the Pee Dee Regional Council of Governments, Waccamaw Regional Council of Governments, Lowcountry Regional Council of Governments, and the Berkeley-Charleston-Dorchester Regional Council of Government.

The Waccamaw Region, comprised of Horry, Georgetown, and Williamsburg Counties, is served by a strong transportation network necessary to support growth in the southeastern part of the region. There is an abundance of water available to most industrial sites and public water systems for all municipalities in the region. Wastewater treatment is available in many areas including some rural areas. Where problems exist, they are ones of congestion with regard to traffic and transportation and insufficient water and sewer services in selected areas, especially Williamsburg County. The region is served by fourteen water providers and twelve wastewater treatment facilities. The situation has improved from what had previously existed with the creation of the Williamsburg County Water and Sewer Authority. Nonetheless, a significant portion of the County population continues to depend on a collection of private water systems and septic tanks. The rural make-up of the region makes water and sewer projects expensive to provide and operate. Certain areas of the Waccamaw Region experience a lack of water and sewer services or, inadequate capacity of existing systems. Both scenarios constrain economic development by restricting where industry can locate, notwithstanding the fact that elsewhere in the region there is abundance of available land. Septic tank malfunctions pose a threat to local water supplies, and as evidence of the condition of area communities, the Waccamaw Regional Council of Governments cited a “needs” list for water and sewer services released by the South Carolina Department of Health and Environmental Control (DHEC). Of the 80 communities with sewer needs, 30 were from the Waccamaw Region, and 16 were in Williamsburg County, alone. There were 50 communities on the “needs” list for water; 21 were from the region, and 12 were in Williamsburg County, alone. Lack of capacity is the major problem in Williamsburg County, and funding is the major obstacle to addressing the problem. <sup>3</sup>

The Charleston Area Transportation Study (CHATS) is the regional transportation policy-making body for the Berkeley-Charleston-Dorchester Council of Governments (B-C-D). Federal mandate requires a long-range transportation plan that includes a list of road projects aimed at improving the region’s overall

road network. At the moment, the Dorchester County Penny Sales Tax Transportation Authority has identified projects, some of which coincide with those on the CHATS 2008 Plan. Dorchester County only was recently notified of approval of its application to the State Infrastructure Bank for road projects encompassing five roadways in the county. According to the County's 2008 Comprehensive Plan, Dorchester has experienced unprecedented levels of growth within the B-C-D Region. "Insufficient increases in roadway capacity and lack of road connectivity due to design and geography, together with the commuting patterns, have resulted in peak hour traffic congestion on most corridors in the lower part of the county."<sup>4</sup> The Plan recognized that improved land use and transportation, coupled with an efficient mass transit system could lead to reductions in traffic congestion. In November 2004 Dorchester enacted a local option sales tax dedicated to transportation improvements. CHATS has programmed \$2.5 million per year for Dorchester County sales tax projects.

With regard to water and sewer, Dorchester County is served by four providers of sewer services; yet according to the County's Comprehensive Plan for 2008, "the combined available capacity of wastewater treatment in Dorchester County is currently insufficient to accommodate the expected growth to 2030..."<sup>5</sup> Constrained by capacity issues and environment concerns, and because economic development is such a priority, the County will serve Employment Growth Areas with sanitary sewage before other areas, while the County expands its current capacity.

A 2003 report by the Santee-Lynches Council of Governments comprised of Clarendon, Kershaw, Lee, and Sumter Counties, describes a region with 11 providers of wastewater services and 25 public providers of water services. Most of these, however, were reportedly at or near capacity, thereby threatening their ability to serve expanded industrial development. On the other hand, the region is linked to the rest of the southeast through a network of interstate and aviation systems. The region is within reasonable distance of four interstate highways (I-95, I-20, I-26, and I-77).<sup>6</sup>

A report by the Pee Dee Regional Council of Governments, comprised of Chesterfield, Darlington, Dillon, Florence, Marion, and Marlboro Counties, describes a region with some urban development in the Hardeeville/Darlington/Florence corridor along a system of 4-lane highways that could at least partially support new development. However, scattered development throughout the rest of the Pee Dee places demands on 2-lane highways and farm-to-market roadways. Congestion arising from the area's success at attracting economic and residential growth is among the region's more significant transportation issues. In 2006, Florence County voters approved a one cent local option sales tax for transportation infrastructure. With regard to its water and sewer infrastructure, the area is reportedly served by 36 water systems. Economic growth depends on the improvements in water treatment facilities, water storage impoundments, and service connections and upgrades.<sup>7</sup>

A 2003 study by the Lowcountry Regional Council of Governments comprised of Colleton, Hampton, Jasper, and Beaufort Counties, focused on transportation and the regional challenges posed by unequal patterns of population and economic growth throughout the region. Improved transportation planning was described in this report as a regional "hot" topic for several reasons:

- Growth resulting in congestion especially in areas of Beaufort County
- Imbalance in employment opportunities among the four counties and the amount of inter-county and inter-state commuting that occurs
- Uneven pattern of economic growth and opportunity among the four counties
- Adverse impact of environmental and other quality of life considerations on efforts to widen and/or add new roads.

The region has multiple suppliers of water but the largest is the Beaufort-Jasper Water and Sewer Authority. The report cited the Authority has having sufficient capacity at that time to accommodate growth.<sup>8</sup>

### **Transportation Planning in South Carolina**

South Carolina has approximately 66,252 miles of roadway, of which 29 percent is located in and among the seventeen counties of the I-95 Corridor. Recognizing that a number of factors might influence what occurs by way of construction and maintenance, federal and state laws mandate planning processes by which to guide transportation policy. Planning is done at multiple levels. For example, SCDOT consults with Metropolitan Planning Organizations (MPO's), transportation policy-making organizations created in order to ensure that existing and future expenditures for transportation projects and programs were based on a comprehensive, cooperative, and continuing (3-C) planning process. The role of the MPO includes: establishing a local forum for transportation decision making; evaluating transportation alternatives; developing and updating a long-range transportation plan; developing a Transportation Improvement Program (TIP); and getting the public involved. South Carolina has ten MPO's. A MPO must be designated for each "urban area" with a population in excess of 50,000 as defined by the Bureau of Census to execute federal planning requirements. Whereas MPO's are instruments by which to identify and respond to the transportation needs of urban areas, regional councils of government (COG's) serve that same purpose with respect to rural areas. In 1997, the SCDOT began coordinating with South Carolina's ten COGs to plan rural road improvements. Their role is very similar to the MPO, to allow a public forum for transportation decision making and analyzing the area's long-range transportation needs. The COG'S five-year program is approved by the SCDOT Commission and appears in the SCDOT bi-annual Statewide Transportation Improvement Program (STIP).

In 2007, as part of a larger reform initiative, the South Carolina General Assembly enacted Act 114 which requires the SC Department of Transportation to ensure that transportation projects originate from established priority lists to the extent permitted by federal laws, taking into account the following criteria: financial viability, public safety, potential for economic development, traffic volume and congestion, truck traffic, pavement quality, environmental impacts, alternative transportation solutions, and consistency with local comprehensive plans.

### **Revenue Sources for Transportation Projects in South Carolina**

In addition to federal formula funding and the State's appropriations act, the following represent a summary of key revenue sources that "feed" into the funding stream for transportation projects in South Carolina.

(1) Motor Fuel Tax - South Carolina's primary revenue source for funding transportation infrastructure projects. The tax which was last increased in 1987 is currently 16 cents per gallon. Revenue derived from this source is distributed among the South Carolina Department of Transportation, county transportation funds, the South Carolina Department of Natural Resources, and the South Carolina Coordinating Council for Economic Development, a body established in 1986 by the General Assembly, to coordinate economic development efforts by those state agencies involved in the recruitment of new business and the expansion of current enterprises throughout the state. The state fuel tax accounts for 79.8 percent of the state-generated transportation revenue. When federal and state motor fuel tax revenue are combined, the combined revenue collections account for 88 percent of total transportation revenue collections.<sup>9</sup>

(2) Vehicle Registration and Motor Carrier Fees - Revenues generated from registration and motor carrier fees are distributed as follows. Revenues from registration fees for passenger vehicles, buses, motor cycles, and other specialized noncommercial vehicles are shared between SCDOT (20 percent) and the South Carolina General Fund (80 percent). The South Carolina Transportation Infrastructure Bank receives 100 percent of the revenues collected in fees from commercial trucks, trailers, truck tractors, and farm trucks.

(3) Road Tolls – Tolls, while not used extensively in South Carolina, are used selectively, and represent an option that continues to be discussed by policy-makers.

(5) Special Local Sales Taxes - Counties may add an additional local option sales tax for education, capital projects (to include transportation infrastructure), and transportation projects. Voters must approve this option by referendum.

(8) Debt Financing - The State may issue tax-exempt highway bonds to finance transportation infrastructure. In South Carolina total debt service on all outstanding highway bonds may not exceed 15 percent of SCDOT's expected motor fuel tax revenues.

(9) Grant Anticipation Revenue Vehicles (GARVEES) - GARVEES are pledges of future federal financial transportation funding against debt service on bonds in the same way that states might use motor fuel taxes or other designated revenues to debt service on highway bonds.

### **Transportation Programs for South Carolina**

South Carolina has devised a number of programs and funding mechanisms with which to respond to transportation needs. Key among those are the following. For each program and/or funding option, a brief description is provided and a listing of the program and/or funding beneficiaries. According to the South Carolina Department of Transportation, between 1998 and 2007 the State spent more than \$8 billion on road projects throughout the State. Total expenditures during this period for the 17 counties along the I-95 Corridor represented 20.8 percent of that \$8 billion. Only Beaufort County was among the top ten counties in road projects during this period. To what extent have the counties along the I-95 Corridor received their "fair share" of the transportation dollar? Granted, the road miles in those counties represent 29 percent of the total road mileage in the state, but it does not follow that they should receive a corresponding percentage of every maintenance or road improvement dollar. In the absence of valid criteria by which to make such a determination, what follows is a description of key measures of transportation activity and data on how the counties and the region as a whole have fared relative to the rest of the state.

#### **1. South Carolina Infrastructure Bank**

The federal National Highway System Designation Act of 1995 (NHS Act) authorized state infrastructure banks as revolving loan funds that states could use for highway and transit programs. South Carolina was one of ten states to pilot this concept and established the South Carolina Transportation Infrastructure Bank in 1997 for the purpose of "providing loans and other financial assistance to government units and private entities for constructing and improving highway and transportation facilities necessary for public purposes including economic development." Eligible projects include highways, including bridges; transit projects with public benefits such as enhancing mobility and safety, promoting economic development, or "increasing the quality of life and general welfare of the public;" and mass transit, including but not limited to monorail and other forms of mass transit. Private entities include private persons or entities who have entered into contracts with a governmental unit to design, finance, construct, and operate a highway, bridge, tunnel, or approach that is within the jurisdiction of the governmental unit. "Major" projects are those exceeding \$100 million in cost. Criteria by which project proposals are evaluated include:

- **Public benefits** –Does the project enhance mobility and safety, promoter economic development; or increase quality of life and general welfare?
- **Financial Plan**-Do the project’s sponsors have a financial plan that describes funding for development, implementation and operation of the project. The Bank requires the Board to give preference to eligible projects which have local support which can include local taxes or fees, grants, tolls, private contributions, donated rights of way, etc.
- **Project approach**-Is there a schedule for implementing the project, including the time of completion

Additional criteria may also be considered, such as innovative solutions in financing, multimodal enhancements, applicant’s proposal to assume maintenance, innovative public/private partnerships and other creative or unique approaches. Infrastructure banks allow states to leverage their existing funds by borrowing and then using the banks revenue to pay the debt service. To that extent, the Infrastructure Bank does not add to the number of dollars a state has, but, instead, allows the state to restructure how to use available resources. ***It is not an additional revenue source.***

The SC Transportation Infrastructure Bank is governed by a board of directors which selects projects using the above cited criteria with special consideration for projects with significant public benefit, strong financial plan, and ***significant local funding participation***. Since its initial authorization the SCTIB has approved approximately \$4.7 billion for projects such as the Arthur Ravenel, Jr. Bridge in Charleston, the Conway By-Pass in Horry County, the Palmetto Parkway in Aiken, and SC 170 widening project in Beaufort. SCTIB is also a major funding source for the South Carolina Department of Transportation’s “27 in 7” Peak Performance Program which seeks to accelerate 27 years of transportation projects within a seven-year period.<sup>10</sup> The bank’s initial revenue came from a onetime earmark of \$66 million from the state’s general fund, one cent from the State’s motor fuel tax and truck registration fees generating approximately \$22 million and 453 million, per year, respectively.<sup>11</sup>

A review of the South Carolina Infrastructure Bank’s annual accountability reports from September 2002, when the Bank began submitting accountability reports, to 2008 reveals that the Bank and the State’s Joint Bond Review Committee approved the following projects for SCTIB funding support. Those undertaken in counties along the I-95 Corridor are in ***bold italics***.

- Horry County RIDE I Project
- Horry County RIDE II Project
- ***Beaufort County Project***
- Cooper River Bridge Replacement Project
- Lexington County Project
- Upstate GRID Project (Anderson, Greenville, and Spartanburg Counties)
- York County Project
- Aiken County Project
- Median Barrier Project
- ***Florence County Project*** (funding was contingent on approval of local option sales tax)
- Cooper River Bridges Demolition Project
- 2006 Charleston County Project
- 2006 Horry County Project
- ***US 17 Widening Project in Beaufort County***
- Mount Pleasant Interchange Project<sup>12</sup>

## 2. Local Government Participation in Financing

In South Carolina 62.5 percent of the roadways miles are in the state system.<sup>13</sup> The remaining 38 percent of roadways in the state are owned and maintained by counties and municipalities. South Carolina local governments have relied on traditional means of financing such as property taxes and parking fees to support transportation expenditures. However, some local governments faced with declining intergovernmental assistance are becoming more creative and assuming more responsibility, such as they can, for financing infrastructure improvements. For example, an option discussed in a 2008 plan for Dorchester County would have the County enact transportation impact fees to raise money from new users for capital improvements of the transportation network. This would be a one-time fee paid by developers for each home or other transportation-generating unit.<sup>14</sup> The County plans to partner with private landowners to provide transportation infrastructure in selected growth areas. This would result in some transportation impact fees. Where feasible, the County would also establish a Tax-Increment Financing (TIF) District to finance road construction. In addition, the following counties have enacted local option sales or use taxes for roads and/or other transportation-related projects: Aiken, Beaufort, Berkeley, Charleston, Dorchester, Florence, Horry, and York.<sup>15</sup> This list does not include counties such as Orangeburg and Sumter whose voters approved a local tax for capital projects that might also include transportation-related items.

## 3. State Maintenance Program-Roadway Resurfacing

The South Carolina Department of Transportation Maintenance Operation is the largest component of the State Transportation Improvement Program. The FY 2008 maintenance budget of \$314,497,880 is allocated as noted in the following table.

**FY 2008 SCDOT Maintenance Budget<sup>16</sup>**

Routine maintenance activities	\$209,847,990
Extraordinary maintenance	\$ 4,223,469
Pavement improvement and preservation	\$ 79,091,421
Maintenance support activities	\$ 1,710,000
Bridge maintenance and replacement	\$ 10,975,000
Maintenance equipment replacement	\$ 8,650,000
Total	\$314,497,880

Source: [http://www.scdot.org/inside/pdfs/state\\_program\\_2008.pdf](http://www.scdot.org/inside/pdfs/state_program_2008.pdf)

In 2008, SCDOT spent \$33.8 million on *road resurfacing*. Of that, 36.5 percent was spent across the 17 counties along the I-95 corridor. The amounts allocated ranged from a high of \$1.7 million in Williamsburg County to a low of \$338,271 in Lee County. Three I-95 Corridor counties (Williamsburg, Florence, and Orangeburg) were among the top ten counties in which road resurfacing dollars were spent. Conversely, four of the bottom ten counties were counties along the I-95 Corridor (Hampton, Bamberg, Calhoun, and Lee). Data in the following tables reflects the expenditures for 2008 from the State Maintenance Program for road resurfacing, ranked from highest to lowest as a percentage of total expenditures. Counties within the I-95 Corridor are shaded.

**Ranking of State Maintenance Expenditures,  
As Percentage Spent in Each County Relative to Total Expenditures, 2008**

County	Dollars	Percent of Total Dollars
Williamsburg	1,656,166	4.9
Florence	1,340,872	4.0
Lexington	1,329,642	3.9
Richland	1,265,853	3.7

Charleston	1,198,276	3.5
Greenville	1,142,210	3.4
York	1,126,690	3.3
Orangeburg	1,122,405	3.3
Horry	1,048,908	3.1
Berkeley	934,700	2.8
Colleton	901,572	2.7
Aiken	890,875	2.6
Laurens	844,472	2.5
Spartanburg	837,447	2.5
Darlington	832,360	2.5
Beaufort	788,401	2.3
Anderson	771,622	2.3
Kershaw	723,427	2.1
Lancaster	692,016	2.0
Chesterfield	678,984	2.0
Sumter	676,903	2.0
Newberry	652,207	1.9
Abbeville	634,425	1.9
Jasper	626,647	1.9
Marlboro	625,649	1.9
Cherokee	611,072	1.8
Oconee	602,539	1.8
Clarendon	596,000	1.8
Edgefield	585,728	1.7
Greenwood	575,506	1.7
Georgetown	559,782	1.7
Dillon	556,903	1.6
Chester	517,033	1.5
Saluda	490,914	1.5
Marion	490,093	1.4
Dorchester	487,992	1.4
Fairfield	483,259	1.4
Pickens	482,357	1.4
Barnwell	473,879	1.4
Hampton	467,093	1.4
Union	453,575	1.3
Bamberg	441,881	1.3
McCormick	434,561	1.3
Allendale	423,023	1.3
Calhoun	403,525	1.2

Lee	338,271	1.0
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Source: [http://www.scdot.org/inside/pdfs/state\\_program\\_2008.pdf](http://www.scdot.org/inside/pdfs/state_program_2008.pdf)

When looking at the same data in terms of the number of road miles in each county as reported by the South Carolina Budget and Control Board, the ranking appears much different. Eight of the top ten counties are within the I-95 Corridor. Maintenance expenditures for 2008 for Williamsburg County ranked highest with \$1,248 per road mile. Once again, counties within the I-95 Corridor are shaded.

County	Total Expenditure	Road Miles	Dollars/Road Mile
Williamsburg	1,656,166	1,327	1,248
Jasper	626,647	654	958
Beaufort	788,401	881	895
Marlboro	625,649	838	747
Florence	1,340,872	1,891	709
Colleton	901,572	1,347	669
Allendale	423,023	642	659
Darlington	832,360	1,270	655
Charleston	1,198,276	1,919	624
Calhoun	403,525	651	620
Edgefield	585,728	950	617
Abbeville	634,425	1,030	616
York	1,126,690	1,832	615
Dillon	556,903	914	609
Georgetown	559,782	920	608
Barnwell	473,879	828	572
Bamberg	441,881	777	569
Hampton	467,093	839	557
Laurens	844,472	1,526	553
Lancaster	692,016	1,251	553
Cherokee	611,072	1,110	551
Newberry	652,207	1,237	527
Clarendon	596,000	1,132	527
Union	453,575	875	518
Lexington	1,329,642	2,571	517
Fairfield	483,259	942	513
Greenwood	575,506	1,132	508
Chester	517,033	1,042	496
Kershaw	723,427	1,471	492
Marion	490,093	1,013	484
Berkeley	934,700	1,938	482
Saluda	490,914	1,060	463
Lee	338,271	744	455
Sumter	676,903	1,510	448

Orangeburg	1,122,405	2,505	448
McCormick	434,561	974	446
Richland	1,265,853	2,870	441
Dorchester	487,992	1,110	440
Horry	1,048,908	2,493	421
Chesterfield	678,984	1,798	378
Oconee	602,539	1,600	377
Aiken	890,875	2,372	376
Greenville	1,142,210	3,225	354
Pickens	482,357	1,464	329
Anderson	771,622	2,736	282
Spartanburg	837,447	3,041	275

#### 4. “C” Fund Program

This program began in 1946 as a way in which to pay for paving “farm to market” dirt road in the state system. Revenue for the “C” program comes from a 2.66-cent per gallon user fee on gasoline sales. The money is credited to the County Transportation Fund and apportioned as follows:

- 1/3 according to the ratio of county land area relative to total land area in the State
- 1/3 according to the ratio of county population relative to total population of the State
- 1/3 according to the ratio of rural road mileage in the county relative to the total rural road mileage in the State<sup>17</sup>

Decisions about how to spend the county allocation are made by the County Transportation Committees whose members are appointed by the county legislative delegations. “C” funds may be used for construction, improvements or maintenance on the state highway system; local paving or local road improvements; street and traffic signs; sidewalk construction; drainage improvements; and other road and bridge projects. From 1998-2007 “C” funds comprised just 3.4 percent of the total transportation spending. For the 17 counties along the Corridor, “C” funds represented 6.2 percent of the total amount of all road project dollars spent in the region. During this period the I-95 counties completed a total of \$102,949,320 worth of “C” Fund projects, an amount representing 38 percent of the \$272,766,565 in “C” Funds allocated by all the counties over that that period. Four of the top ten counties leading in “C” Fund project spending are within the I-95 Corridor: Orangeburg, \$25,851,746; Florence, \$11,646,325; Dillon, \$11,002,816; and Bamberg, \$9,764,094. Marion County was among four counties reportedly having no “C” Fund projects during this period.<sup>18</sup> Among the counties relying most heavily on “C” funds during this period: Orangeburg, Dillon, Calhoun, Bamberg, and Hampton.

#### 5. Deficient Bridges

Data on deficient bridges reported as part of the South Carolina Indicators Project suggests that approximately 24 percent of the state’s bridges are structurally deficient.<sup>19</sup> An Associated Press inquiry published during the Summer, 2008 found that of the state’s 20 most deficient bridges, three of which are found in Orangeburg, Sumter, and Beaufort Counties, only one of the 20 had seen major repair over the previous year. The article cited a cash shortage of sorts occurring because State lawmakers and the Governor have been reluctant to shift money for road and bridge improvements and because they resist raising the state’s 16 cents per gallon gas tax.

#### Infrastructure Program - Water and Sewer

South Carolina local governments have access to multiple funding sources for water and sewer projects at both the federal and state levels. However, for immediate purposes data were collected from the four

programs administered through the Office of Local Government (OLG) of the Budget and Control Board, three of which are loan programs and a fourth, a grant program and the federal Community Development Block Grant Program. No attempt is made here to evaluate the selection process for the loan and grant programs or the extent to which any of the programs' features, including, for example, the interest rates charged and/or any matching requirements affect the ability of any community to take full advantage of these programs. OLG serves as a source of financial and technical assistance to local governments and other public entities in providing water, sewer, and related infrastructure facilities necessary for economic development, environmental protection, and public health. They include:

- Clean Water State Revolving Fund (CWSRF) –This is a federally capitalized loan program for the construction of sewer facilities with financing in the form of long-term, low-interest loans for the construction of publicly owned wastewater treatment facilities. It is capitalized by the Environmental Protection Agency (EPA) under the Clean Water Act and a required a state match. Loan interest rates may vary depending on the borrower and the purpose for which the loan is to be used.
- Drinking Water State Revolving Fund (DWSRF) - Initiated in 1997, this program provides long-term low-interest loans to assist public water systems finance the cost of facilities necessary to achieve or maintain compliance with the Safe Drinking Water Act (SDWA). It is capitalized by EPA under the Safe Drinking Water Act and a required state match.
- State Infrastructure Revolving Fund - State capitalized loan fund for the construction of water and sewer facilities that are too small for, or are not eligible for, the CWSRF or the DWSRF.
- Budget and Control Board Grant Program – State funded program which provides grants to local governments for the construction of publicly owned water and sewer infrastructure related purposes.

Each loan program has unique eligibility requirements and interest rates for various size systems. A summary of dollars for each of the seventeen counties along the I-95 Corridor from 1999-2008 appears in the following table. Note that 11 counties have received nothing from the loan programs. Given the anecdotal evidence of need documented in the 1997 study, it is clear, that, for the most part, the more distressed counties within the I-95 Corridor have not been receiving much in the way of financial support from these major loan programs.

**Water & Sewer Infrastructure Investment in I-95 Corridor Counties - 1999 to 2008**

County	Loan Programs			BCB Grant Program	Total
	CWSRF	DWSRF	SIRF		
Bamberg				421,142	421,142
Beaufort	56,416,546	20,811,320	480,481	25,000	77,733,347
Calhoun				147,500	147,500
Clarendon				727,482	727,482
Colleton	3,459,914		378,153	244,376	4,082,443
Darlington	213,600			505,000	718,600
Dillon			370,000	470,100	840,100
Dorchester				298,100	298,100
Florence		11,452,295	4,062,403	2,483,669	17,998,367

Hampton				571,770	571,770
Jasper	876,001			1,000	877,001
Lee				652,875	652,875
Marion				821,300	821,300
Marlboro				1,114,366	1,114,366
Orangeburg				866,310	866,310
Sumter				1,139,330	1,139,330
Williamsburg				1,095,900	1,095,900
Total	60,966,061	32,263,615	5,291,037	11,585,220	110,105,933

Source: Office of Local Government - State Budget & Control Board, December 2008.

### Community Development Block Grant Program (CDBG)

In preparing this paper a request was made to the South Carolina Department of Commerce to retrieve current and historical data on CDBG awards by year, recipient, and purpose. Award data were only readily available for 2008. Thus, no additional data exists with which to analyze the extent to which the 17 counties along the I-95 Corridor, for example, have been able to utilize this funding source compared to the success of other counties outside the region, or relative to other funding sources. Of the 59 awards for which data are available, 25 went to counties along the Corridor. However, those awards went to 11 of the 17 counties in the region, and 17 of the 25 awards went to 5 counties: Florence, Hampton, Marion, Dorchester, and Marlboro. Seventeen awards were for water and/or sewer-related projects.<sup>20</sup>

### Summary

The preceding is a discussion of road and water and sewer infrastructure along the I-95 Corridor. Infrastructure needs for this region and the state were originally captured in the 1997 study which, while certainly dated, nonetheless represents the most thorough statewide attempt thus far, to measure the state's needs across a wide variety of infrastructure requirements. With regard to transportation the state has a thorough planning process that allows local governments through regional actors to identify and coordinate their needs as that change in response to population and economic development patterns. Local and regional economic development plans allow local governments to review and update the status of their transportation and water and sewer requirements, and, where available, such documentation was used in preparing this paper. Detailed reports of expenditures and loan and grant awards for transportation, as well as water and sewer were reported. Those reports speak to the major funding sources for infrastructure in South Carolina other than the general appropriations act itself. With regard to transportation, every county has benefited to some degree from state expenditures over the 10 year period that ended in 2007. That does not mean that every need was met to the satisfaction of every actor in the region or that the dollars expended were necessarily targeted at what some might argue were the most egregious problems facing the county or region. However, it is clear that significant sums have flowed into the region for transportation and that a few of the counties in the Corridor have tried to supplement other spending with additional "C" fund dollars and additional financing instruments

The situation with regard to water and sewer is more potentially problematic. A more thorough analysis of the loan programs available though the Budget and Control Board is required to determine if the procedures and/or the application requirements prohibit many of the more distressed counties from participating. However, it is clear that many counties in the region have not benefited from the loan programs. To the extent that awards from these programs tend to follow the more well-

established areas in the region, the findings of the 1997 infrastructure study are reinforced, and state policies might have to be modified to target dollars more directly to the more financially distressed, areas of the state. That, of course, begs a series of political questions which, while certainly real and compelling, are beyond the scope of this paper.

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<sup>1</sup> *South Carolina Infrastructure Study: Projections of Statewide Infrastructure Costs, Savings, and Financing Alternatives 1995-2015*. (1997). A report prepared for the State Budget and Control Board and the Advisory Commission on Intergovernmental Relations.

<sup>2</sup> *Ibid.*, p.17.

<sup>3</sup> Waccamaw Regional Council of Governments. (2007) *Comprehensive Economic Development Strategy*. Georgetown, SC.

<sup>4</sup> Dorchester County Council (2008). *Dorchester County Comprehensive Plan 2008*. Document prepared with the assistance of the Berkeley-Charleston-Dorchester Council of Governments, p.3-7.

<sup>5</sup> Dorchester County Council (2008). *Dorchester County Comprehensive Plan 2008*. Document prepared with the assistance of the Berkeley-Charleston-Dorchester Council of Governments, p.2-3.

<sup>6</sup> Santee-Lynches Regional Council of Governments. (2003). *Santee-Lynches Regional Infrastructure Plan*. Sumter, SC.

<sup>7</sup> Pee Dee Regional Council of Governments (date unknown). *Planning Implications of Alternative Development Patterns on Infrastructure and Existing Planning Policies*. Florence, SC.

<sup>8</sup> Lowcountry Regional Council of Governments. (2003). Transportation and Community and System Presentation Pilot Program. Regional Plan for the Lowcountry. Yemassee, SC.

<sup>9</sup> The Strom Thurmond Institute. Clemson University. (2003). *Transportation funding Options for the State of South Carolina 2003-2022*. Transportation Funding Series, Special Report No. 3.

<sup>10</sup> Young, Richard. (2008). *Transportation Infrastructure: An Overview of Highway Systems and South Carolina's Position and Status*. Institute for Public Service and Policy Research. University of South Carolina . Working Paper, p. 16.

<sup>11</sup> *Ibid.*

<sup>12</sup> South Carolina Transportation Infrastructure Bank. *Annual Accountability Reports* (for 2002-2008) submitted annually to the South Carolina General Assembly.

<sup>13</sup> South Carolina Indicators Project. <http://www.ipspr.sc.edu/scip/transport/trans.asp>

<sup>14</sup> Dorchester County Council (2008). *Dorchester County Comprehensive Plan 2008*. Document prepared with the assistance of the Berkeley-Charleston-Dorchester Council of Governments.

<sup>15</sup> South Carolina Association of Counties. [http://www.sccounties.org/client\\_resources/services/Research/LocalOptionTaxes.pdf](http://www.sccounties.org/client_resources/services/Research/LocalOptionTaxes.pdf)

<sup>16</sup> South Carolina Department of Transportation. (2008). State Program. Columbia, SC. [http://www.scdot.org/inside/pdfs/state\\_program\\_2008.pdf](http://www.scdot.org/inside/pdfs/state_program_2008.pdf)

<sup>17</sup> <http://www.scdot.org/doing/Cprogram.shtml>

<sup>18</sup> <http://www.scdot.org/doing/tenyearhcp.shtml>

<sup>19</sup> South Carolina Indicators Project. <http://www.ipspr.sc.edu/scip/transport/trans.asp>

<sup>20</sup> South Carolina Department of Commerce. 2008 CDBG Award List. Correspondence from Lisa Kalsbeck to author dated December 18, 2008.

# **Appendix D: Job Trends**

# Finding a Pathway to Better Jobs

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*January 2009*

## Executive summary

- The I-95 Corridor had a small net gain of jobs from 2000 to 2007, but it was the result of large gains in three counties. The Corridor's other 14 counties lost jobs.
- Job growth did not keep up with the working-age population in the I-95 Corridor since 2001, driving unemployment rates higher than the rest of the state.
- Average pay for all jobs in the I-95 Corridor outpaced inflation from 1997 through 2007, but the increase was lower than the nation and the rest of South Carolina.
- Corridor households lost 8 percent of their average income from 2000 to 2005-2007 after inflation, about twice the U.S. decline.
- Income among white households in the Corridor rose 25 percent from 2000 to 2005-2007, while African American household income fell 16 percent.
- White households in the Corridor earned 91 percent of the U.S. average for 2005-07, while African American household income in the Corridor was 73 percent of U.S. income.
- Announcements tallied by the S.C. Department of Commerce and showing each company's name show new and expanding companies have pledged investments and jobs proportionate to their job bases from 2000 to 2007.

South Carolina's I-95 Corridor stretches from Federal Reserve Chairman Ben Bernanke's hometown of Dillon, just south of the border from North Carolina, to Bluffton, a haven for retirees near Georgia. Its 17 counties encompass a land area about the size of Maryland with about as many people as Montana.

Despite gains in the 1990s, the I-95 Corridor's nearly 1 million residents have continued to earn less and encounter unemployment at a greater rate than residents elsewhere in South Carolina – a state that has one of the nation's lowest income levels and highest unemployment rates. The income gaps are especially wide for African Americans.

While South Carolina's income gap stretches back more than a century, its high unemployment rate is a product of the new millennium and reflects a fundamental shift in the state's economy. From 1976 through 2000, South Carolina's average annual jobless rate exceeded the nation's in only four of the 25 years. In each of the eight years since, South Carolina's jobless rate has exceeded the nation's. Jobless rates for the Corridor have been higher than the average for other S.C. counties.

By late 2008, unemployment was swelling across the state and nation. The I-95 Corridor's unemployment rate was 9.6 percent in November 2008, while the rest of the state's jobless rate was about 8 percent and the U.S. rate was 6.5 percent before seasonal adjustments. While the Corridor's labor force showed little growth, the

number of people unemployed stood at about 41,000 in November 2008, about 12,000 more people than a year earlier.

## Rising jobless rates

*Unemployment rates in South Carolina have remained above the U.S. average since 2001, with even higher rates in the I-95 Corridor.*

	1990	2000	2007	Nov. 2008*
I-95 Corridor counties (17)	5.8%	4.6%	6.8%	9.6%
Rest of S.C. counties (29)	4.6%	3.3%	5.6%	8.0%
S.C. total	4.9%	3.6%	5.9%	8.3%
U.S.	5.6%	4.0%	4.6%	6.5%
SOURCE: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics.				
*NOTE: The average annual unemployment rates for 2007 matched the non-seasonally adjusted rates for November 2007 for the I-95 Corridor and the rest of South Carolina. The statewide and U.S. 2007 averages were a tenth of a percentage point higher than those reported for November 2007.				

S.C. Commerce Department tallies show total announced jobs and investments in the I-95 Corridor in numbers close to its proportion of the state's job base, which is about 18 percent of total jobs. From 2000 to 2007, companies announced plans for \$4 billion in investments in the Corridor out of \$22 billion pledged statewide.

Investments pledged for the Corridor in this decade were about the same as pledged from 1992 to 1999, after adjusting for inflation. New and expanding companies disclosed plans from 2000 to 2007 for 19,000 new jobs in the Corridor, about 19 percent of total job pledges.

Nevertheless, the region has suffered from meager net job growth and persistently high unemployment. Total non-farm jobs grew at a rate of 2 percent per

year in the 1990s in the Corridor, South Carolina's other 29 counties and the nation. The growth slowed sharply from 2000 to 2007, but especially in the I-95 Corridor. County-level data from the U.S. Bureau of Labor Statistics show average yearly job growth was 0.2 percent in the Corridor for the decade's first seven years, compared with 0.7 percent for the rest of the state and 0.6 percent for the nation.

Of South Carolina's net gain of 71,100 jobs over the seven-year span, only 3,400 jobs were in the I-95 Corridor – about 5 percent of the state's net gain.

The disparity continues into the Corridor. The decade's overall job growth is the product of only three of the 17 counties: Beaufort, Dorchester and Jasper. The other 14 counties lost jobs in the period. The worst job losses were in Marion County, which started the decade with 11,900 jobs and had 8,700 jobs seven years later. The county faced the prospect of more job losses as 2008 ended with the bankruptcy filing by Blumenthal Mills, a 220-employee upholstery fabric mill in Marion.

### **Racial disparity**

The I-95 Corridor covers more than a third of South Carolina, and is home to more than a fifth of its population. The area has the highest concentration of African Americans in South Carolina – about one third. The Corridor was two-thirds black in 1900 – a time when blacks made up 54 percent of the rest of the state's population. The majority position of African Americans ebbed away with waves of out-migration from the late 1800s through the post-World War II period

U.S. Census data released in December 2008 reveals the Corridor continues to lag the rest of South Carolina and the nation in jobs and income, with especially deep rifts in those measures between white and African American residents.

The Census Bureau’s latest American Communities Survey shows a substantial wage gap between black household income for 2005 through 2007, compared with the national average. For white households there was almost no gap. White S.C. households both in the Corridor and outside it were on par with the \$50,000 per year median income for all Americans for the three years ending in 2007.

## **Income gap in black and white**

*Income among white households in the I-95 Corridor was 91 percent of the U.S. average for 2005-07, while African American household income in the Corridor was 73 percent of U.S. income.*

<b>Area description</b>	<b>Average household income, 2005-2007</b>	
	<b>White</b>	<b>Black</b>
I-95 counties (14 of 17)	\$ 65,539	\$ 32,825
Rest of S.C. counties (26 of 29)	\$ 64,814	\$ 37,410
United States	\$ 71,729	\$ 45,164

SOURCE: U.S. Census Bureau, American Community Survey, 2005-2007. Income is adjusted for inflation to equal 2007 dollars.

Median income for black households in the Corridor was about \$25,000 a year – half that of their white neighbors. Half of African American households in the Corridor also lagged median income of black households elsewhere in South Carolina (about \$30,000) and the nation (\$33,400). Only one in five black households in the Corridor earned \$50,000 a year.

## Losing ground

*Average household income fell 8 percent after inflation in the I-95 Corridor from 2000 to 2005-2007, after rising 16 percent in the 1990s. The decline for black households was much steeper than for white households.*

Area description	Change from 1990 to 2000		Change from 2000 to 2005-2007	
	White	Black	White	Black
I-95 counties (14 of 17)	14%	-4%	25%	-16%
Rest of S.C. counties (26 of 29)	11%	-4%	14%	-12%
United States	10%	-3%	15%	-9%

SOURCE: U.S. Census Bureau, American Community Survey, 2005-2007. Income is adjusted for inflation to equal 2007 dollars.

The racial gap explains the income lag for all Corridor residents compared with households in the rest of the state and the nation. Total median income in the Corridor was about \$40,000 per year, compared with \$45,000 for other S.C. residents and \$50,000 for all U.S. households.

Beaufort and Dorchester county's median income was slightly higher than the nation's, but the coastal counties also had the widest income gaps between white and black households. Among white households, 61 percent in Beaufort County and 60 percent in Dorchester County had income above the U.S. median. Among black households, only 25 percent in Beaufort County and 31 percent in Dorchester County earned more than the U.S. median.

Total non-farm employment growth in the I-95 Corridor and the rest of South Carolina grew abreast at about the same 2-percent-per-year pace in both the 1980s and 1990s, exceeding population growth. When statewide employment hit a peak in 2000, the Corridor had about 324,600 jobs and the rest of the state had 1,424,600 jobs.

Job growth for the two areas diverged after the 2001 recession. The Corridor lost about 4,800 jobs from 2000 to 2002, a job loss rate of 0.7 percent per year. During the economic recovery from 2002 to 2007, it gained 8,200 jobs, gaining at a rate of 0.5 percent per year. The Corridor gained a net 3,400 jobs from 2000 to 2007, a growth rate of 0.2 percent per year.

Jobs in the rest of the state recovered more robustly from 2000 to 2007. The state's 29 non-Corridor counties lost about 35,400 jobs from 2000 to 2002, and gained back 103,000 jobs over the next five years. The net job gain for the 29 counties was 67,600 from 2000 to 2007, a growth rate of 0.7 percent per year, slightly exceeding the nation's growth rate of 0.6 percent per year.

Amplifying the job changes were shifts in population growth rates. The Corridor's population was growing an average of 1.2 percent per year in the 1990s and 0.8 percent per year from 2000 to 2007. The rest of the state's population growth rate moderated from 1.6 percent in the 1990s to 1.5 percent in this decade.

### **Coping with manufacturing losses**

Manufacturing losses were widespread in South Carolina from 2000 to 2007, with both the I-95 Corridor and other S.C. counties losing about 25 percent of their jobs. The toll was 17,700 jobs in the Corridor and 67,600 in other S.C. counties.

Nationally, manufacturing jobs fell 9 percent.

More than half the factory jobs lost in South Carolina in this decade were in textile mills and sewing shops. In the 1990s, losses in textiles were mostly offset by gains in automotive and other industries. In this decade, non-textile industries have lost nearly as many jobs as they gained in the 1990s.

The loss of manufacturing jobs has a significant dampening effect on average wages because average manufacturing pay is far higher than wages in the state's prevailing service industries.

## Manufacturing losses

*Textiles and apparel accounted for more than half of South Carolina's manufacturing job losses in this decade. Many of the jobs were lost in the I-95 Corridor.*

	Number of employees			Change	
	1990	2000	2007	1990-2000	2000-2007
Textiles and apparel	136,000	83,200	31,600	(52,800)	(51,700)
Other manufacturing	213,100	250,100	218,100	37,000	(32,000)
Total manufacturing	349,100	335,100	249,600	(14,000)	(85,500)

SOURCE: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

Manufacturing jobs in the Corridor paid an average of \$44,097 in 2007, up 7 percent from 2002. Manufacturing jobs in the rest of the state paid an average of \$45,330 in 2007, up 2 percent from 2002. In 1980 and 1990, manufacturing pay in the Corridor was 71 percent of the U.S. manufacturing average. The Corridor's wage

differential stood at 79 percent in 2007, compared with 85 percent for the rest of the state.

Service jobs in the Corridor paid an average of \$27,192 per year in 2007, up 1 percent from 2002 after inflation. In the rest of the state, service jobs paid \$32,030 in 2007, up 2 percent after inflation.

### **Textile jobs disappear**

The closing of textile mills and garment shops in this decade is greeted in this decade with a sense of inevitability, even as their disappearance profoundly hurts communities, not only eliminating a major source of income, but also breaking another link that had bound generations. Pay in textile mills has long been regarded as poor, but for residents where textiles have been major employers the alternatives often provide even less pay.

Consider Dillon County, one of the most impoverished areas of the Corridor, and where over half its jobs have disappeared since 2002. Textile mills – spinning and weaving – employed just over 1,000 people in Dillon County in 2002, or 11 percent of all jobs. By 2007, textiles employed less than 500 people.

A textile job in Dillon County paid an average of \$27,100 a year in 2007, about 75 percent of the average for all textile workers in South Carolina and 76 percent of the average wage for all S.C. workers. Average 2007 pay in Dillon County was

\$30,500 for workers in manufacturing outside textiles and \$24,200 in services and other non-manufacturing jobs.

Unifi Inc. bought the assets of 355-employee Dillon Yarn Corp. for \$65.2 million in January 2007. By mid-year, it closed the plant and moved much of its yarn texturizing equipment to Yadkinville, N.C. Some of the plant's jobs would be counted in the BLS' average for 2007. In late 2008, Mohawk Industries closed its yarn spinning plant in Dillon, putting 137 people out of work.

Mohawk Industries' shutdown of its yarn plant in Dillon in 2008 inflicted the common damages of other major closings, but it was notable in that it followed major investments to expand operations in neighboring Marlboro County, adding 300 jobs and spending \$70 million to install machinery to make polyester and nylon filament yarn at its new Oak River North Site. The company also has about 650 employees at its original Oak River Site, which opened in 1957.

Some of the 300 jobs Mohawk is adding might not be counted as textile jobs. BLS industry codes for textiles don't include manufacturers of polyester, nylon and other synthetic fibers. These large plants are classified in the chemicals segment, and county-level data is sparse, because of disclosure limitations. These large, capital-intensive plants became important employers and builders of tax bases in rural counties after World War II, and expanded into the 1970s. Pay was significantly higher than in the textile industry, and most other manufacturing areas. In the past decade, chemical companies have gotten out of the business of making filament yarn

or its chopped version which is sold to yarn spinners. Much of that business has been taken up by the largest synthetic fiber consumers, particularly big carpet makers, such as Mohawk and Shaw Industries.

The Corridor's largest remaining synthetic fiber or resin producers are Eastman Chemical's 500-employee polyester resins plant in Calhoun County and Nan Ya Plastics' 860-employee polyester fiber plant in Florence County.

Eastman Chemical's Sandy Run plant in Calhoun County began making polyester for textiles, but has morphed into a facility that makes the starting material – polyester resin pellets. In the last two decades its primary customer has been makers of plastic soft drink bottles, but it is expanding production of a proprietary version of its polyester that can be used to make high-grade polyester for packaging.

Wellman was one of the Pee Dee's largest employers for decades. It began operations in the Florence County town of Johnsonville in the early 1950s. By the mid-1990s, Wellman employed more than 2,300 people in Florence and Darlington counties. About 1,700 people worked at its Johnsonville complex, making polyester and nylon, much of it from recycled soft drink bottles and other materials. It also owned a 550-employee polyester plant in Darlington.

The company filed for bankruptcy in February 2008, and by late 2008 it was shutting down its Darlington plant and had sold its Johnsonville plant to an investment group. The Johnsonville plant, which had employed 1,700 people in the mid-1990s, had only 163 workers when it was sold in October 2008. The buyer, an

investment group led by J.H. Whitney & Co., said it planned to expand employment and invest \$3 million at the site.

### **Automotive jobs stalling**

South Carolina's automotive-related industry boomed in the 1990s as German car maker BMW opened its assembly plant in Spartanburg County. Since 2000, that growth has stalled, and the automotive parts sector has declined.

Robert Bosch closed a brake plant in Sumter that had employed about 800 people at the start of the decade, and in late 2008 was soliciting buyouts among its 2,100 workers in Dorchester County. The Corridor lost about 500 jobs when Federal-Mogul closed piston plants in Orangeburg and Sumter from 2003 to 2005. The company later opened a 200-employee brake pad plant in Orangeburg, and has about 700 employees at a sealing systems plant in Summerton, which is among Clarendon County's largest employers.

The I-95 Corridor's largest employer in the broader transportation equipment sector is Honda's Florence County plant, where about 1,600 workers make all-terrain vehicles and watercraft. The Japanese auto maker has invested more than \$130 million at the Timmonsville site in the past 10 years.

### **Housing: Missing the boom, sharing the bust**

The housing boom provided much of the state's job growth during most of this decade. While the ensuing housing slump was more dramatic on the coast and other hot markets, its effects were felt inland with layoffs of workers in construction, mortgage banking services and building products manufacturers.

Construction employment peaked in this decade in 2006 both in the nation and in South Carolina, and both in residential and industrial subsectors. The years 2002 and 2003 were the trough for the state and the nation.

The surge in construction jobs bypassed the Corridor during the housing boom. The Corridor gained 1,000 construction jobs from 2002 to 2007. The 5 percent gain compares with a 12 percent gain for the rest of the state and 13 percent for the nation.

Moreover, the Corridor's meager construction gains were uneven: Eight counties gained about 2,800 jobs, while nine counties lost 1,800 jobs. The biggest gains were Jasper County, which added nearly 1,200 jobs, and Dorchester County, which added nearly 800 jobs. The most significant declines were Darlington County's loss of more than 500 jobs, down 35 percent, and Orangeburg County's loss of more than 700 jobs, down 42 percent.

Beaufort County employed 5,600 people in construction in 2007, about 240 fewer than in 2002. But the county's peak in construction was 2005, when 6,600 people were working in construction in the county, accounting for 11 percent of its total jobs.

Construction jobs paid an average of \$36,100 in the Corridor and \$39,200 in the rest of the state in 2007, both up 7 percent from 2002 after inflation. Average U.S. pay for construction was \$46,800, up 4 percent.

The effects of the housing slump began showing up in manufacturing layoffs by late 2008. In December, New Millennium Building Systems closed its 70-employee joist fabrication plant in Florence and Roseburg Forest Products shut down its 100-employee waferboard plant in Holly Hill. Roseburg officials said they would reevaluate the closing by mid-2009.

And the foreclosure crisis is expected to cost Florence 770 jobs with one of its largest service employers, Washington Mutual, which was bought by JPMorgan Chase in September 2008. The Washington Mutual mortgage processing center employed 1,150 people in 2007, but JPMorgan Chase said in December 2008 it will cut the workforce to 380 by the end of 2009.

### **Seeking better services**

Like the rest of the country, new jobs in services have replaced lost factory jobs in most parts of the I-95 Corridor. Service jobs grew 9 percent in the Corridor, adding 15,392 jobs from 2000 to 2007, overcoming job losses in manufacturing.

The most dominant services are stores and offices that provide services for people living nearby. These services can be expected to grow more or less in step with

an area's population. Many of the sectors with the fastest job growth offered the least pay: retail, fast food and hotels.

However, the most economic benefit comes from companies that, like manufacturing, open offices in an area because of its workforce. One of the best examples is Monster Worldwide, which provides a Web site that is free for job seekers but collects a toll from employers. In 2008, the Maynard, Mass.-based company announced plans to invest \$28 million and bring 750 jobs over five years through building a customer-service facility in Florence County. Monster.com planned to employ 350 people when it completes its office in 2009.

The Florence office is part of Monster Worldwide's plan to pull 400 call center jobs out of India, saying it can better train employees to provide better customer service in the United States. Art O'Donnell, executive vice president for customer service, told investors Nov. 13: "We have a work force that we can invest in and continue to train," allowing the workers to take on a broader range of tasks.

### **New opportunities in transportation**

Another critical service sector for the I-95 Corridor is transportation and warehousing, especially with predictions that more goods will bypass West Coast ports and be routed through the Southeast.

Unfortunately, BLS restrictions designed to protect information about individual employers means that its Quarterly Census of Employment and Wages

discloses information for only 23 of the state's 46 counties, comprising about 80 percent of employment.

For the 10 disclosed counties in the Corridor, transportation and warehousing employed 5,500 people in 2007, essentially unchanged from 2002. For the 16 disclosed non-Corridor counties, the sector employed 35,700 people in 2007, a 10 percent increase from 2002. The sector grew 8 percent nationally.

Dubai World, a company owned by the royal family of Dubai, part of the United Arab Emirates, announced plans in late 2007 for a sprawling warehouse and light manufacturing complex beside I-95 in eastern Orangeburg County. The most promising aspect of the logistics hub is that it depends on long-term changes in world shipping patterns that are expected to bring a larger share of goods through the Southeast's two largest ports – Charleston, S.C. and Savannah, Ga. Another factor inspiring confidence is leadership. Dubai World has a long track record of completing major port and logistics facilities around the world.

Chuck Heath, Dubai World's managing director, said in September 2007 company marketing studies showed would draw at least \$600 million in investments and employ 5,500 people on the site by 2015. But Heath said the number of jobs created will also depend on the economy. "What if we have a global recession?" he said.

In November 2008, company officials scaled back forecasts in a meeting with more than 500 government and business leaders, saying the site is expected to draw

\$340 million in investments for facilities on the site that will employ 3,065 people by 2020. They expect another 2,200 support jobs will be created indirectly outside the 1,300-acre complex. The \$600 million investment was possible – perhaps by 2032, they said.

Regardless of short-term economic conditions, there remain questions about economic impact. One question is the extent to which the logistics hub will create new jobs beyond relocating them within the region. Another is how much the jobs will pay.

Measuring the economic impact will be more challenging than a traditional investment by companies building new manufacturing plants. In those cases, the company typically invests its own funds and hires workers directly, allowing policy makers to compare the resulting jobs and pay with government tax breaks or grants.

The hub is being built on a real estate development model. The Dubai company will invest its own funds to erect buildings, leasing them to other companies expected to hire most of the site's workers.

Dubai World officials have said they expect workers will earn prevailing wages for the area. In the 10 Corridor counties with disclosed employment and pay, transportation and warehousing jobs paid an average of \$35,566 in 2007, up 13 percent from 2002. Pay in 2007 for transportation and warehousing jobs was \$36,702 in 10 non-Corridor counties and \$42,618 for the nation.

The biggest factor that makes the Orangeburg County site favorable is the expectation of larger volumes of imports arriving on the East Coast, rather than the West Coast. More goods are expected to be flowing from India and Pakistan to the United States through the Suez Canal, and more goods from the Far East are expected to bypass the West Coast and use the Panama Canal, once a \$5 billion widening project is completed in 2014 that will allow today's larger ships to pass.

The Southeast is better equipped to handle the port growth because of congestion in the ports and highways of the Northeast. It also has a faster-growing population than the Northeast. What is of critical interest to South Carolina policy makers is of little importance to Orangeburg: whether the goods land in Charleston or the rival port of Savannah, Ga., 100 miles south. Also mattering little for Orangeburg, but consuming much interest, is whether a port will be built in Jasper County that might supplant traffic on the other side of the Savannah River going to the Port of Savannah, which is 15 miles further from the mouth of the river and requires constant dredging to keep it open. In concept, such a port might have tremendous benefits for South Carolina in general and the I-95 Corridor in particular. In reality, it is a mammoth undertaking of certain high costs and uncertain completion.

The greatest threat to South Carolina and Georgia's position in the new trade order is to the north, in Norfolk, Va., where the state has invested heavily in rail improvements. South Carolina officials are considering ways they might enhance the state's rail network.

The I-95 Corridor has had several strategic investments over the past 20 years. One of the most notable was Roche's construction of a pharmaceutical plant near Florence in the early 1990s. The plant employs only about 300 people, but its cumulative investments top \$600 million and Roche's presence has become an icon for the region's potential.

Orangeburg County officials also consider Dubai World's plans for its logistics hub iconic. It provides the Corridor also has an opportunity in the coming decade for major increase in warehouse and transportation jobs that could raise incomes for a broad swath of working families, and offset much of the region's loss of manufacturing jobs.

Also promising are investments by large companies with well-known brands. In Florence County, H.J. Heinz Co. is building a frozen foods plant and Monster.com is hiring for an in-coming call center. In Calhoun County, Starbucks is building a coffee roasting plant, even as the economy has forced it to close about 10 percent of its stores nationwide. Old stalwarts of the region, such as Eastman Chemical, have also adapted and dug firmer foundations in the region through heavy investments, even as they cut their workforces.

The heavy price paid in the last two decades of losses in textiles provides at least one advantage: The sector has become so small that further job cuts will have diminishing impact on the region's economy. The key will be to find the next

employers like Heinz, Starbucks and Monster.com that believe their reputations and investments in the region are a good bet for prosperity.

## Notes on sources

This report examines changes in jobs and their pay for the I-95 Corridor compared with South Carolina's other 29 counties and the nation as a whole. This requires combining county-level data for the Corridor's 17 counties. The most detailed and timely source for jobs and wages is BLS' Quarterly Census of Employment and Wages (QCEW). Revised figures for the full year of 2007 were released in October 2008.

Most time comparisons in this report use the years 1990, 2000 and 2007. The years 1990 and 2000 were relatively prosperous, both preceding minor recessions. They are also Census years, allowing a deeper look at household and economic indicators at the county level.

The year 2007 is obviously the most recent full year for most data, made especially rich by the Census Bureau's American Community Survey (ACS) release in December 2008 of data mirroring the 10-year Census. The 2007 ACS provides data for small areas with populations of at least 20,000, extending its reach to 40 of the state's 46 counties. In previous years, the ACS data threshold of 60,000 people confined the survey to only 22 of the 46 counties. The 2007 ACS encompasses 14 of the 17 counties in the Corridor and 26 of the 29 S.C. counties outside the Corridor. The detail is allowed by combining estimates for a three-year period from 2005 through 2007. The three-year period is useful because it roughly matches the period when South Carolina and the nation had recovered from the 2001 recession.

In some cases, other years will be used. For example, historic comparisons of county-level data on narrowly defined jobs and wages is difficult before 2002 because a shift in industry classifications in the Quarterly Census of Employment and Wages. (QCEW), released by the U.S. Bureau of Labor Statistics. Comparing 2002 with 2007 tends to show more growth in jobs because 2002 was the job trough for most S.C. counties in the wake of the 2001 recession. But using this five-year comparison also allows a look at jobs at the more concrete, understandable levels, such as textile mills, restaurants and grocery stores.

The make-up of the I-95 Corridor includes three counties that are strongly tied to coastal growth – Beaufort, Dorchester and Jasper. With the development since the 1970s of Hilton Head Island as a resort destination and home for the wealthy, Beaufort County has grown to have one of South Carolina's highest per-capita incomes. Bluffton, the mainland town a bridge away from Hilton Head, was one of the state's fastest-growing towns in this decade. Once-tiny Jasper County has benefited from the growth of its neighbors – Beaufort to the north and Savannah, Ga., to the south.

Dorchester County, along with Berkeley and Charleston counties, make up the Charleston metropolitan area. Dorchester County stretches about 60 miles east-to-west with I-95 crossing its rural, western end near the county seat at St. George. The population center is on the eastern end adjoining Charleston County, and has been rapidly extending westward. Colleton County, the setting for Pat Conroy's novel, "The Prince of Tides," has its population center near Walterboro, on its western end, while its coast is narrow and sparsely populated.