



SOUTH CAROLINA GENERAL ASSEMBLY

# Legislative Audit Council

March 2025

## A LIMITED REVIEW OF THE S.C. AERONAUTICS COMMISSION



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# Legislative Audit Council

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**A LIMITED REVIEW OF THE  
S.C. AERONAUTICS  
COMMISSION**

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# Introduction and Background

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## Audit Objectives

Members of the General Assembly asked the Legislative Audit Council (LAC) to conduct an audit of the S.C. Aeronautics Commission (SCAC). Our audit objectives for this audit were to:

- Review the structure of the S.C. Aeronautics Commission and determine if alternative structures could achieve efficiencies.
- Review the S.C. Aeronautics Commission's administration of grants and contracts for outside services.
- Review meetings of the S.C. Aeronautics Commission to determine compliance with law and best practices.

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## Scope and Methodology

The period of our review was generally calendar years 2020 through 2024, with consideration of earlier periods, when relevant. To conduct this audit, we used the following sources of evidence:

- Interviews with SCAC staff, interested parties, staff of other South Carolina state agencies, and staff of similar agencies in other states.
- Other states' websites.
- SCAC's financial information.
- Federal and state laws and regulations.
- Meetings of the S.C. Aeronautics Commission.

Criteria used to measure performance primarily included state law, the practices of other states and the federal government, and principles of good business practices. We also researched ongoing legal proceedings regarding our audit's topic and found none directly related to the scope of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on those audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on those audit objectives.

S.C. Code §2-15-50(b)(2) requires us to review the effectiveness of organizations, programs, activities, or functions to determine if they should be continued, revised, or eliminated. We did not conclude from this audit that the S.C. Aeronautics Commission should be eliminated. However, we have a number of recommendations for improvement.

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## Background

S.C. Code §13-1-1010 establishes SCAC within the State Fiscal Accountability Authority (SFAA), with the provision that SFAA is to provide SCAC with administrative support. Prior to this legislation in 2012, SCAC was established as a stand-alone agency in 1935. With amended legislation, SCAC had been placed within the S.C. Department of Commerce in 1993 and then within the State Budget and Control Board in 2009.

SCAC consists of eight commissioners. Seven of the commissioners represent commission districts; commission districts correspond with South Carolina's seven congressional districts. The seven commissioners from the commission districts are elected by the state legislative delegations of the congressional districts. An eighth, at-large commissioner is appointed by the Governor, with the advice and consent of the Senate, and serves as chairman of the commission upon confirmation by the Senate.

S.C. Code §13-1-1080 provides that the commission shall nominate no more than one qualified candidate for the Governor to consider for appointment as the executive director of SCAC staff. Upon appointment by the Governor, the executive director of SCAC staff serves at the pleasure of the commission.

All commissioners must serve for a term of four years that expires on February 15 of the appropriate year, unless appointed to serve a second term, and commissioners are limited to two consecutive terms. Aside from requiring that SCAC oversee the operation of the Division of Aeronautics (i.e., the staff of SCAC), state law does not provide a mission statement for SCAC. The mission of SCAC, as developed by SCAC itself, states:

Fostering air and economic development by overseeing the safety and development of the state's public use airports, by providing safe and reliable air transportation for state government and business prospects; and by providing aviation education opportunities.



SCAC's responsibilities include, among other things, maintaining two airplanes owned by the state, a Beechcraft® 2018 King Air 350i (seats up to nine passengers) and a 1983 Beechcraft King Air C90-1 (seats up to seven passengers). SCAC, with the approval of the SFAA and the Joint Bond Review Committee, purchased the King Air 350i airplane in August 2024 and is working towards selling the older aircraft it replaced, a 1990 Beechcraft King Air 350. Once both the 1983 and 1990 models are sold, SCAC also plans to replace the 1983 model airplane in an effort to modernize the state's aircraft fleet.

SCAC uses the airplanes to provide flight services within the normal course of business to state agencies and other governmental bodies within the state. Authorized flights also include athletic recruiting by institutions of higher learning on a reimbursement basis, and medical transportation, if agreements are entered into and payment is made to the state. SCAC also provides airport maintenance programs for publicly-owned, general aviation airports in the state—services which are contracted with vendors through a public, competitive-bidding process.

During FY 23-24, there were 61 general aviation airports and 6 commercial service airports in South Carolina. However, because 9 of the general aviation airports were privately owned, there were 52 public use, publicly-owned airports in the state in FY 23-24. A general aviation airport is defined as an airport for public use that does not have scheduled service or has scheduled service with less than 2,500 passenger boardings each year. A commercial service airport is defined as a publicly-owned airport that has at least 2,500 passenger boardings each calendar year and receives scheduled passenger service.

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## Administrative Support for SCAC

In November 2022, SCAC, SFAA, and the S.C. Department of Administration (Admin) entered into a memorandum of agreement for Admin to provide administrative support to SCAC and to pay for janitorial services for SCAC's office building. Based on the agreement, SCAC pays Admin an annual fee of \$20,000 for human resources' administrative support and reimburses Admin for the payment of janitorial services through interdepartmental transfer.

From FY 09-10 through FY 15-16, Admin provided administrative support to SCAC at no cost to SCAC. After FY 15-16, SCAC had not used shared services until the agreement was signed in FY 22-23. Admin stated it does not historically track its annual cost for providing SCAC administrative support.

However, upon our request, Admin calculated its annual cost allocation for administrative support for SCAC to be \$81,744 for FY 24-25, allocated as follows:

\$32,362	Budget (40%)
\$23,844	Finance (29%)
\$11,321	Procurement (14%)
\$14,217	Human Resources (17%)

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## State Aviation Fund

In compliance with S.C. Code §55-5-280, all monies received from the licensing of airports, landing fields, or funds for aviation grants, the tax on aviation fuel, all aircraft property taxes (after FY 21-22), and other licensing fees must be paid into the State Treasury and credited to the State Aviation Fund. In FY 21-22, state law stipulated the first \$1,250,000 of revenue from aircraft property taxes was to be directed to the state's general fund, and any excess over that amount was to be directed to the State Aviation Fund. S.C. Code §55-1-7 states that all fees and fines assessed by SCAC must be deposited into the State Aviation Fund.

State law limits the use of funds from the State Aviation Fund. S.C. Code §55-5-280(C) states:

The State Aviation Fund must be solely used for:

- (1) Maintenance and repairs of the division's aircraft; or
- (2) Maintenance, rehabilitation, and capital improvements to public use airports, which may include use as matching funds for FAA Airport Improvement Grants, provided that those airports receiving grants meet the requirements set forth by the division.
- (3) The State Aviation Fund must not be used for operating expenses of the division.

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## Grants Offered by SCAC

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SCAC offers seven types of airport development grants to eligible recipients for the development of publicly-owned, public use airports. SCAC also offers educational grants to education organizations, non-profit organizations with an education mission, and airports for the promotion of aviation and aerospace education. SCAC provides matching funds for the airport development grants, but may fund educational grants up to 100%.

The airport development grants, including matching percentages, offered by SCAC include:

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**AIRPORT IMPROVEMENT PROGRAM (AIP) STATE MATCH GRANT**

5% to general aviation airports included on the National Plan of Integrated Airport Systems, referred to as the NPIAS. The NPIAS consists of approximately 3,400 airports that make up the national airport transportation system and are eligible for FAA grants.

**TERMINAL BUILDING DEVELOPMENT GRANT**

50%, maximum of \$500,000, to general aviation NPIAS airports.

**STATE/LOCAL AIRPORT DEVELOPMENT GRANT**

60% to general aviation, NPIAS airports to cover capital project costs not covered by the FAA but are determined to be in the public interest.

**STATE/LOCAL AIRPORT MAINTENANCE GRANT**

For publicly-owned, general aviation airport projects that do not meet the level of the FAA's program (generally grants in excess of \$10,000):

- 75% NPIAS airports
- 80% FAA Unclassified or non-NPIAS airports

**NON-NPIAS AIRPORT DEVELOPMENT GRANT**

80% to publicly-owned, non-NPIAS airports.

**SECONDARY RUNWAY REHABILITATION GRANT**

90% for secondary runways at general aviation airports, which are not typically funded by the FAA.

**COMMERCIAL SERVICE AIRPORT ENTITLEMENT GRANT**

100%, maximum of \$500,000 in a two-year period based on the fiscal year, which is an annual allotment of entitlement funds to pay for development or maintenance expenses.

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The educational grants offered by SCAC can be used for the purchase or reimbursement for materials, equipment, hardware, software, signage, or supplies that directly support a defined aviation or aerospace educational program. However, the funds may not be used for staff salaries.

Grant applications must be submitted to SCAC two weeks before the next scheduled SCAC meeting. SCAC staff review the grant applications and make recommendations to the commission. Ultimately, SCAC is responsible for approval of the grants. A representative for each airport or other organization requesting a grant must be in attendance, either in person or remotely, to be considered for a grant award.

# Agency Structure

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## Organizational Structure

South Carolina is one of only eight states in the U.S. where aeronautical services are not organizationally placed within the respective state's Department of Transportation (DOT). We reviewed the organizational structure of aeronautical services in South Carolina and other states. We found:

- Forty-two states have their aeronautical services placed within the states' DOTs, leaving only eight states that do not.
- South Carolina and Virginia are the only Southeastern states that do not have their aeronautical services placed within the states' DOTs. However, there are differences in the board structure.
- South Carolina received less grant funding from the Federal Aviation Administration (FAA) for FY 23-24 than most of the other Southeastern states.
- No guidance in our research from the federal government on how states should structure their respective aeronautical services.
- Most stakeholders did not express a strong interest in placing SCAC within the S.C. Department of Transportation (SCDOT).
- No significant cost savings were identified regarding moving SCAC within SCDOT.
- Three Southeastern states, including North Carolina, participate in the State Block Grant Program through FAA, but participation does not increase grant funding. North Carolina is currently reassessing its participation in the program.
- SCAC's mission is not defined in state law.
- Administrative support functions for SCAC are contracted to the S.C. Department of Administration.
- S.C. Code of Regulations has not been updated to reflect the current organizational structure of SCAC, as codified in the S.C. Code of Laws.

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## Aeronautical Services in Other States

Our audit request asked us to describe how other states structure their versions of SCAC and whether alternative structures could increase efficiencies and accountability. We reviewed publications issued by the National Association of State Aviation Officials (NASAO), an organization that represents the aviation interests of the states and the public before federal policymakers, to determine how other states have structured their aeronautical services. All 50 states in the U.S. are members of NASAO. We also reviewed the websites for the other seven states where aeronautical services were not placed within the states' DOTs and an additional four Southeastern states were selected for comparison.

Forty-two states have aeronautical services placed within their respective state’s DOT. Only eight states, including South Carolina, do not have their aeronautical services placed within their DOT. South Carolina and Virginia are the only Southeastern states that do not have their aeronautical services placed within the states’ DOTs. As shown in Chart 2.1, we also compared the number of employees for those eight states.

**Chart 2.1: States without Aeronautical Services Placed within Their DOTs, and Number of Employees in 2024**

STATE	NUMBER OF EMPLOYEES
South Carolina	11
Arkansas	5
Connecticut	55
North Dakota	6
Oklahoma *	16
Oregon	16
Rhode Island	98
Virginia **	37

\* Oklahoma’s Secretary of Transportation has administrative oversight of the agency.  
\*\* Virginia’s Secretary of Transportation has administrative oversight of the agency.

Source: LAC analysis of NASAO website, websites for states’ aeronautical services, and LinkedIn

In South Carolina, SCAC is placed within the State Fiscal Accountability Authority (SFAA) under S.C. Code §13-1-1010 and operates with fewer employees than some of its counterparts. According to a 2019 S.C. House Legislative Oversight Committee Report, SCAC is unaware of why it has not been placed within SCDOT.

Four states—Connecticut, North Dakota, Oregon, and Rhode Island—have established their aeronautical services as separate agencies. North Dakota and Oregon established standalone state agencies. Connecticut’s Airport Authority operates as a quasi-public agency. Rhode Island’s Airport Corporation, formed in 1992 after transferring management of state-owned airports from the state’s DOT, operates as a self-supporting corporation and does not receive state tax funding. We also found Arkansas’ Department of Commerce has administrative oversight for its aeronautical services, while Oklahoma’s and Virginia’s secretary of transportation have administrative oversight in those states.

We also found differences in how board members/commissioners are selected in South Carolina and Virginia. In South Carolina, seven of SCAC's commissioners are elected by the state legislative delegations of the congressional districts, with an eighth, at-large commissioner being appointed by the Governor, with the advice and consent of the Senate (see *Background*). In Virginia, members of the Virginia Aviation Board, are appointed by the Governor to represent seven defined geographic regions of the state, in addition to the chairman. The Virginia Aviation Board establishes financial assistance programs; sets policies to guide funding programs; promotes and develops safe aviation practices; and allocates funds for capital improvements projects.

As shown in Chart 2.2, a review of the Southeastern states shows South Carolina is relatively in line with its counterparts of similar population in the total number of airports in the state. However, South Carolina received less grant funding from FAA for FY 23-24 than most of the other Southeastern states. In SCAC's response to the preliminary draft, SCAC noted that based on the number of airports and given the absence of a large hub airport in South Carolina, the state's FAA funding level does not appear to be abnormally low.

**Chart 2.2: Overview of  
Southeastern States,  
FY 23-24**

STATE	TOTAL FAA GRANT FUNDING	GENERAL AVIATION AIRPORTS	COMMERCIAL SERVICES AIRPORTS	TOTAL NUMBER OF AIRPORTS	STATE POPULATION IN 2020 *
Florida **	\$591,129,458	87	19	106	21,538,187
North Carolina ^	\$300,203,719	62	10	72	10,439,388
Georgia ^	\$189,804,241	97	8	105	10,711,908
Alabama	\$178,445,672	72	6	78	5,024,279
Kentucky	\$142,478,400	53	5	58	4,505,836
Virginia	\$124,391,149	56	9	65	8,631,393
Tennessee ^	\$86,251,016	77	6	83	6,910,840
Mississippi **	\$75,217,503	65	8	73	2,961,279
South Carolina ***	\$70,655,796	61	6	67	5,118,425
Maryland	\$40,531,508	31	3	34	6,177,224
West Virginia	\$37,820,809	17	7	24	1,793,716

NOTE: States shown in light blue do not have their aeronautical services placed within the state's DOT, unlike the other states listed.

- \* Population data obtained from the U.S. Census Bureau's website.
- \*\* The state agency did not respond to LAC's request. Airport data was obtained from the respective agency's website, representing current data, which may or may not have been the same during FY 23-24.
- \*\*\* Of the 61 general aviation airports, 9 are privately owned and 52 are public use, publicly owned.
- ^ Participants in FAA's State Block Grant Program, described below.

Source: LAC analysis of state agencies, state agencies' websites, FAA's website, and U.S. Census Bureau's website



## SCAC's Employee Expenses

SCAC's employee expenses, which include salaries and fringe benefits, have been approximately \$1.1 million for each of the last five years, FY 19-20 through FY 23-24, as shown in Chart 2.3. SCAC's 11 employees are in the following divisions:

4 positions	Administration
4 positions	Flight Staff
3 positions	Airport Development Staff

**Chart 2.3: SCAC's Employee Expenses, FY 19-20 – FY 23-24**

DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Salaries	\$824,767	\$817,037	\$824,908	\$776,621	\$789,462
Fringe	\$326,360	\$326,797	\$326,651	\$317,889	\$359,928
<b>TOTALS</b>	<b>\$1,151,127</b>	<b>\$1,143,834</b>	<b>\$1,151,559</b>	<b>\$1,094,510</b>	<b>\$1,149,390</b>

Source: SCAC

In contrast, North Carolina's aviation division included 26 employees in FY 23-24, which has since been increased. As of October 2024, North Carolina's aviation division, within its DOT, had 39 employees across 5 areas, as noted below:

5 positions	Administration of the Division of Aviation
13 positions	Innovation and Statewide Programs
4 positions	Finance and Grants
10 positions	Airport Development
7 positions	Aviation Services

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## Structure of the FAA

The Federal Aviation Agency, the predecessor to the Federal Aviation Administration (FAA), was created as an independent agency in 1958. In 1966, the U.S. Congress authorized a cabinet department that combined major federal transportation responsibilities into one agency. In 1967, FAA became one of several modal organizations within the new federal DOT. Currently, FAA remains part of the U.S. DOT.

We found no guidance from FAA or other government agencies directing states on how to structure their respective aeronautical services. However, it is clear the U.S. Congress found it best to place such services within the federal DOT, as has been the case for over 50 years.

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## Structure in Other States

We reviewed and compared practices in other states to SCAC. As noted previously, the majority of states have aeronautical services placed within their states' DOTs. However, we found differences in the established structure.

### **North Carolina**

North Carolina's aviation division within its DOT is organizationally structured as a separate division under the deputy secretary for multimodal transportation. The deputy secretary reports to the chief operating officer, who reports directly to the secretary of transportation.

### **Georgia**

Georgia has its state aircraft fleet managed by the Georgia Aviation Authority, which is separate from the maintenance of airports handled by Georgia's DOT. Georgia Aviation Authority also assists the state in economic development. However, Georgia's Aviation Program within its DOT provides assistance with airport development and aviation planning.

### **West Virginia**

West Virginia established a Division of Multimodal Transportation Facilities within its DOT with a dedicated aeronautics section. In 2022, legislation transferred the Aeronautics Commission's property, funds, and agency rules to the state's DOT. The legislation eliminated the Aeronautics Commission and combined its responsibilities with those of the State Rail Authority, Division of Public Transit, and the Public Port Authority into the Division of Multimodal Transportation Facilities.

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## Advisory Boards

Some Southeastern states utilize the aviation expertise offered by advisory boards to assist the states' DOTs with aviation-related matters. The role of an advisory board is to help an organization make informed decisions. The members of the advisory board are typically not paid, have no voting rights, and cannot make financial decisions on behalf of the organization.

Tennessee has a five-member advisory board that assists in policy planning and changes to the state airport system plan. Florida has 18 airport representatives serving in an advisory capacity for its Aviation System Plan, a long-term aviation planning process to assess aviation demands in the state. Georgia has a Research Advisory Committee to vet projects recommended by technical advisory groups, aiming to improve its DOT operations.

Although Virginia does not have its aeronautical services within its DOT, Virginia established the Governor's Aerospace Advisory Council to provide advice on policy and funding priorities for aerospace economic development, workforce training, and educational programs. The council suggests strategies to attract and promote aerospace growth and development in Virginia. The council consists of legislative members, citizens, university representatives, aerospace company representatives, and others.

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## Stakeholders' Views

We reached out to multiple stakeholders, including SCAC's current commissioners, airport officials in the state, and the South Carolina Aviation Association, to obtain their views on SCAC and potentially restructuring SCAC within SCDOT. Generally, the stakeholders expressed satisfaction with SCAC. Of the commissioners, two members were definitively against restructuring SCAC to be within SCDOT. However, some commissioners voiced concerns about potentially restructuring due to aeronautical services being lost in such a large agency as SCDOT. One stakeholder stated, based on experience with other states' aviation services, placement under a state's DOT as a separate entity has been the best placement. Of note, the South Carolina Aviation Association, a private association of aviation professionals (including airport representatives), which partners with SCAC and promotes aviation growth through airport development and safety, is neutral on SCAC's potential restructuring. The stakeholders we interviewed or who responded to our inquiry had no complaints about SCAC's staff, and many were complimentary of them.

Having an advisory board dedicated to aeronautical services may help to ensure a focus on aviation is maintained, should the General Assembly amend state law to restructure SCAC within SCDOT. An advisory board consists of a group of experts who fill a knowledge gap in an organization but have no governance responsibilities. Should the General Assembly determine restructuring SCAC within SCDOT would be in the best interest of the state, having a dedicated aeronautics advisory board may help to allay the main concern of the stakeholders about placement within such a large agency.

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## Input from SCDOT

We spoke with a senior SCDOT official who stated that, should the General Assembly restructure SCAC to be within SCDOT, administrative costs would be roughly the same. The official noted that it would not result in a significant increase in SCDOT's workload. The official pointed out that SCDOT would have to adjust to working with FAA but did not express concern about it being a major issue. Budget wise, the official noted SCDOT already works with a big budget, so adding in a smaller agency's budget would not be a problem.

The senior SCDOT official noted, should the General Assembly place SCAC within SCDOT, the funding for SCAC would be separate from the highway fund. Also, SCDOT noted it would not want a separate aeronautics commission within SCDOT, emphasizing that policy decisions should be made by a single body, which would be the SCDOT Commission. The official stated SCDOT would require little to no additional funds beyond SCAC's current budget if the General Assembly were to place SCAC within SCDOT. This would not result in significant cost savings should SCAC be placed in SCDOT, but it would not appear to result in increased costs.

A SCDOT report includes aviation as part of its multimodal transportation plan. The 2014 report, *South Carolina Multimodal Transportation Plan – Charting a Course to 2040*, prepared for SCDOT by a separate engineering and construction firm, includes aviation-related data summarizing the five-year needs for the state's airports.

The aviation-related data had been obtained from SCAC. This report shows that aviation is a mode of transportation considered in a multimodal plan and already included in SCDOT's planning.

## FAA’s State Block Grant Program

Under FAA’s State Block Grant Program (SBGP), FAA provides funds directly to the participating states, who are then tasked with prioritizing, selecting, and funding airport improvement projects at small airports, along with performing FAA’s oversight role. If a state does not participate in the SBGP, FAA has the responsibility for these duties and provides funding to the recipient upon FAA’s approval of submitted projects. Participation in the SBGP does not increase the grant funding amount a state receives. North Carolina, Georgia, and Tennessee are the only Southeastern states participating in the SBGP. The other states currently participating are:

Illinois	Pennsylvania
Michigan	Texas
Missouri	Wisconsin
New Hampshire	

The FAA Reauthorization Act of 2018 authorized up to 20 states to participate in the SBGP. However, only ten states currently participate in the program. The program stipulates that participating states assume responsibility for administering Airport Improvement Program (AIP) grants at airports classified as “other than primary,” which includes general aviation airports. Each of the participating states is responsible for determining which locations receive funding, submitting an implementation plan, and reporting on subawards.

In March 2020, the National Association of State Aviation Officials (NASAO) issued a document listing 25 benefits of FAA’s SBGP. The document was directed to state DOTs, perhaps acknowledging that the majority of states have placed aeronautics services within DOT. The benefits of the SBGP included, among other things, that general aviation development can be conducted on a statewide basis versus individual applications to FAA; investments can be made by the agency with the best firsthand knowledge of the state’s airport system and related development needs; and the AIP approval process can be streamlined through reduced paperwork. Another benefit noted by NASAO was that state DOTs have expertise in areas that would be helpful to the program, such as environmental, labor compliance, construction, and research knowledge.

Of note, North Carolina has participated in the SBGP since the program's inception in 1989 but the state is currently reassessing its participation in the program. North Carolina's officials informed us their evaluation of the SBGP involves four key areas—administrative funding, unfunded mandates, training, and staffing. The officials stated because the SBGP does not include administrative funding for oversight of the program, the state is basically administering the program for free, which becomes challenging as the federal government adds more requirements and the state has to add more staff and resources to oversee the program.

We asked SCAC why South Carolina does not participate in the SBGP and were told by an SCAC official there were challenges involved in the SBGP that outweigh the benefits. The official stated SCAC has considered participation in the SBGP in the past, as recently as 2016, and determined the greatest challenges to participation in the SBGP were staffing and financial needs, which would have increased since then. The official explained:

- SCAC would need to hire additional staff, including three to four project managers and one airport planner to accomplish the extra duties required by participating in the SBGP. The official also explained SCAC recently experienced difficulty in filling specialized roles, which require specific education and certification, as the pool of applicants was limited. Thus, it would expect the same hiring challenges for these additional roles.
- The SBGP requires participating states to cover many of the administrative costs and to take on the oversight role of FAA at general aviation airports. Also, no extra federal funding is provided to those participating states for airport development. Therefore, SCAC determined the administrative costs would not be a justifiable expense to pass on to taxpayers.

It is apparent that participation in the SBGP involves benefits and challenges. A formal analysis may be helpful to ensure all aspects of the program have been considered to ensure whether or not participation in the SBGP would be in the state's best interest.

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## S.C. Code of Laws and Code of Regulations

SCAC's mission is not specifically defined in state law. A 2018 report from the S.C. Senate Transportation Oversight Subcommittee noted that SCAC's mission is not defined in state law and that SCAC developed its own mission statement. We reviewed state law and found SCAC's mission remains undefined in statute.

SCAC developed the following mission statement:

Fostering air and economic development by overseeing the safety and development of the state's public use airports, by providing safe and reliable air transportation for state government and business prospects, and by providing aviation education opportunities.

According to information from the S.C. House Legislative Oversight Committee, an agency's mission answers the question, "What is the agency to accomplish?" Currently, SCAC's mission statement does not address its responsibilities for grant management. It would be beneficial to have SCAC's mission clearly defined in state law, particularly with SCAC being established within another state agency, currently SFAA. In SCAC's response to the preliminary draft, SCAC noted that, should the General Assembly codify a mission statement for SCAC, input from SCAC's commissioners and agency staff should be solicited to ensure the mission statement does not add responsibilities beyond SCAC's current funding capacity.

Additionally, administrative support is being contractually provided to SCAC by the S.C. Department of Administration, a different agency than indicated in state law (see *Background*). Chapter 3 of the S.C. Code of Regulations for SCAC has also not been updated to reflect that the S.C. Department of Commerce no longer has administrative oversight for SCAC. To eliminate potential confusion, S.C. Code of Laws and the S.C. Code of Regulations should accurately reflect the organizational structure of each state agency.

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## Recommendations

1. The General Assembly should consider codifying a mission statement for the S.C. Aeronautics Commission, clearly defining what the agency is expected to accomplish.
2. The General Assembly should consider updating the S.C. Code of Laws to reflect the agency providing administrative oversight of the S.C. Aeronautics Commission.
3. The S.C. Aeronautics Commission should propose an update to the S.C. Code of Regulations to accurately reflect the organizational structure of the S.C. Aeronautics Commission.

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## Chairman Appointment Process

The S.C. Code currently provides for an indefinite term for the position of the at-large commissioner/chairman of the S.C. Aeronautics Commission (SCAC), who is appointed by the Governor, even though all other commissioners are term limited. The current chairman of the S.C. Aeronautics Commission has served in that capacity since 2011. Although the Governor who appointed him left office in 2017, the chairman has served in a holdover capacity ever since. This scenario does not allow for direct legislative input regarding the at-large commissioner/chairman beyond the initial appointment.

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## Current Law

S.C. Code §13-1-1050 provides for the selection of the SCAC commissioners. Seven of the commissioners are elected by the legislative delegation of each congressional district to a four-year term and can be appointed to a second consecutive term. However, S.C. Code §13-1-1020 allows for the appointment by the Governor of one commissioner, upon the advice and consent of the Senate, from the state at large. Per S.C. Code §13-1-1050, the at-large commissioner/chairman shall serve as chairman of SCAC. Additionally, the at-large commissioner/chairman shall serve at the pleasure of the Governor.

The current at-large commissioner/chairman of SCAC was appointed by the previous Governor on May 19, 2011. Although the previous Governor's term ended in 2017, the at-large commissioner/chairman has continued to serve in a holdover capacity. As a result, there has not been legislative input regarding the at-large commissioner/chairman beyond the initial appointment even though the General Assembly significantly changes membership over time. The current process may keep potentially valuable perspectives from new commissioners from joining SCAC.



Legislative changes could allow for greater accountability regarding the at-large commissioner/chairman position. Such changes could include allowing the Governor to appoint an at-large commissioner but setting term limits (e.g., 4 years), requiring a newly-elected Governor to appoint a commissioner with the advice and consent of the Senate, and allowing other commissioners than the at-large commissioner to serve as chairman.

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## Recommendations

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4. The General Assembly should consider amending S.C. Code §13-1-1050 to provide for a term certain for the at-large commissioner/chairman of the S.C. Aeronautics Commission.
  5. The General Assembly should consider amending S.C. Code §13-1-1050 to require a new Governor to appoint the at-large commissioner with the advice and consent of the Senate.
  6. The General Assembly should consider amending S.C. Code §13-1-1050 to allow for commissioners other than the at-large commissioner to serve as chairman.



# Grants and Finance

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## Airport Development Grant Compliance

We reviewed whether SCAC ensured compliance with the airport development grant funding requirement in state law and found that SCAC has done so. We also reviewed whether SCAC is ensuring compliance with the agency's own policies, and found that of the ten policy requirements selected for review:

- SCAC has ensured compliance with five requirements.
- SCAC has not ensured complete compliance with three requirements.
- SCAC needs improvement to ensure compliance with one requirement.
- We were unable to determine compliance with one requirement.

While most areas of non-compliance did not appear to be widespread, SCAC should improve its grant oversight practices to ensure that state funds are used appropriately and maximize the value of the state's investment in airport development.

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## Sample Methodology

For our review of grant projects, we used a stratified random sample to ensure that we selected a variety of projects throughout the scope of our audit period (January 2020 through August 2024). We did this by grouping each grant project by the calendar year in which the project was approved. Then, two projects were randomly selected from within each group.

In total, of the 218 grant projects approved during our audit scope, 10 were selected for the sample. The ten projects included grants awarded to seven different airports. While the sample size is not large enough for the results of the review to be extrapolated to the entire grant population, the results highlight potential issues with grant compliance.

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## Compliance with State Laws

Title 55 of the S.C. Code, which governs aeronautics in the state, only contains one requirement for airport sponsors (i.e., the owners or controllers of an airport) related to SCAC grants, and we found that SCAC appears to be ensuring compliance with the state law requirement. The requirement, which can be found in S.C. Code §55-5-73, requires all airports in the state to have an airport layout plan and construction plan approved by, and on file with, SCAC at the time a request for state funding is made. When asked for the airport layout plans for all the airports in our sample, SCAC provided a copy for each airport.

## Compliance with SCAC Policies

SCAC’s Airport Development Policies and Procedures Guide provides several requirements for airports to receive state grant funding. We selected ten of the requirements for review.

**Chart 3.1: SCAC’s Compliance Status with Ten SCAC Policies**

POLICY	COMPLIANCE STATUS
<b>INCLUSION ON SC STATEWIDE AVIATION SYSTEMS PLAN</b> SCAC’s policies and procedures require an airport to be included in the South Carolina Statewide Aviation Systems Plan to be eligible for state funding	<b>COMPLIANT</b> All seven of the airports in our sample are included in SCAC’s Aviation System Plan, which was last published in 2018.
<b>BE PUBLICLY OWNED AND OPEN TO THE PUBLIC</b> SCAC’s policies and procedures require an airport to be publicly owned and open to the public to be eligible for state funding.	<b>COMPLIANT</b> According to SCAC’s Aviation System Plan and the FAA’s National Plan of Integrated Airport Systems, all seven of the airports selected in our sample are public airports.
<b>PROJECT WORK MUST BE FOR PUBLIC USE</b> SCAC’s policies and procedures require all project work that is state funded to be available for public use.	<b>COMPLIANT, but clarification needed.</b> One project in our sample noted that only 75% of the space that would be expanded using grant funds would be available for public use. According to SCAC, the other 25% of the space was for an airport manager’s office. Since the airport manager is a public employee serving a public need, SCAC says it considers the entire project to be for public use. We believe SCAC’s rationale is sound, but clarification of “public use” is needed in the agency’s policies since it is not currently clear.
<b>SUBMISSION OF GRANT APPLICATION</b> SCAC’s policies and procedures require an airport to submit an application to receive state grant funding.	<b>COMPLIANT</b> All ten projects in our sample submitted an application to SCAC.

**Chart 3.1 (Continued)**

POLICY	COMPLIANCE STATUS
<p><b>MAINTAIN UP-TO-DATE AIRPORT LAYOUT PLAN OR CAPITAL IMPROVEMENT PLAN</b>            SCAC’s policies and procedures require an airport to maintain an up-to-date airport layout plan and five-year capital improvement plan for airports that are in the FAA’s National Plan of Integrated Airport Systems.</p>	<p><b>INCONCLUSIVE</b>            We asked SCAC for the current airport layout plans for all airports included in our grant sample, and SCAC provided a copy for each airport. However, some of the plans do not appear to have been updated in many years, with the three oldest plans dating back to July 2001, March 2005, and March 2006.</p> <p>Neither federal law nor state law requires airport sponsors to update airport layout plans within a specified timeframe. Nonetheless, the FAA Central Region Airports Division’s Airport Sponsor Guide states that airport layout plans “become ‘out-of-date’ when they:</p> <ul style="list-style-type: none"> <li>• Do not adequately provide for future needs,</li> <li>• Do not conform with current airport design standards,</li> <li>• Do not accurately reflect existing features,</li> <li>• Do not reflect airport and critical land use changes which may affect the navigable airspace or the ability of the airport to expand.”</li> </ul> <p>Furthermore, an airport layout plan “that has not been ‘updated’ for several years is usually deficient in all four aspects.”</p> <p>According to SCAC, the age of airport layout plans, alone, is not a fair measure of compliance. The FAA has denied funding for airport layout plan updates if there are not enough changes to warrant the expense of updating the plans. Instead, ‘pen and ink’ changes may be made to reflect current conditions in the plans. We were unable to verify whether the airport layout plans for the airports in our grant sample reflect the current conditions.</p>
<p><b>COORDINATE WITH SCAC BEFOREHAND IF UNCLASSIFIED OR NON-NPIAS</b>            SCAC’s policies and procedures require all National Plan of Integrated Airport Systems (NPIAS) unclassified and non-NPIAS airports to coordinate with the grant program manager before requesting grant funds.</p>	<p><b>COMPLIANT</b>            There was only one grant in our sample that was approved for an airport that was NPIAS unclassified, and SCAC provided documentation showing that the airport coordinated with SCAC before submitting a grant application.</p>

**Chart 3.1 (Continued)**

POLICY	COMPLIANCE STATUS
<p><b>BE COMPLIANT WITH GRANT ASSURANCES</b> SCAC’s policies and procedures require an airport to be compliant with state and federal grant assurances (i.e., the requirements agreed to by the grant recipient and grantor) or have a waiver on file to be eligible for state grant funds.</p>	<p><b>NOT COMPLIANT</b> We selected three state grant assurances that were found in each of the ten airport development grants for review.</p> <p>The first grant assurance we reviewed requires airport sponsors to “begin accomplishment” of the grant project no later than one year from award of the grant offer. When reviewing the files of the grants included in our sample, we found no evidence that one of the grant projects had started within the required timeframe. After conferring with SCAC, who subsequently contacted the grant recipient about the status of the project, we were informed that the project was completed over 18 months earlier. SCAC had failed to follow up with the airport sponsor to ensure compliance within the required timeframe and the sponsor had not submitted any requests for reimbursement.</p> <p>The second grant assurance we reviewed requires the airport sponsors to have a qualified resident inspector, independent registered professional engineer, architect, or construction manager to ensure quality control and certify to SCAC that work and materials comply with plans and specifications. According to SCAC, most projects are under the supervision of each airport’s consulting engineer; however, we found one construction project funded with a grant that appears to have been mainly completed by county employees. It is unclear whether any of the county employees were professional engineers, architects, or construction managers.</p> <p>While the entire project was a relatively minor conference room addition, SCAC should clarify whether a resident inspector or other professional is always needed. We also found three instances where airport sponsors did not sign the certification line for reimbursement requests that attest that all materials and work performed complied with the contract documents provided to SCAC. SCAC has since added the certification of materials and work performed to the list of items it reviews for compliance whenever a grant recipient submits a request for reimbursement.</p> <p>The third grant assurance requires the airport sponsor to obtain an audit that complies with the Single Audit Act of 1984 and provide a copy of the report to SCAC. We did not find any audit reports in the grant project files. An SCAC official said that the agency stopped requesting the documents at some point in the past. The official also said that the audit requirement mirrored an FAA requirement that has since changed, and the agency would update the audit requirement to reflect new FAA language that states that the FAA <i>may</i> require an audit.</p>
<p><b>NO OUTSTANDING FINANCIAL OBLIGATIONS</b> SCAC’s policies and procedures require an airport to have no outstanding financial obligations to SCAC unless there is an open grant underway.</p>	<p><b>NEEDS IMPROVEMENT</b> We reviewed SCAC’s accounts receivable transactions for each airport sponsor included in our grant sample and found that SCAC only issued one grant offer to an airport sponsor that had an outstanding amount due at the time the grant offer was made. The outstanding amount due was \$122 but took 211 days from when the customer invoice was issued for the airport sponsor’s payment to be applied. Upon further review, we found that the airport sponsor’s original payment was lost in the mail; therefore, it doesn’t appear that SCAC issued a grant offer to the airport sponsor under poor judgment. Nonetheless, SCAC needs improvement to ensure that accounts receivable invoices are paid sooner than 211 days.</p>
<p><b>PROCUREMENT COMPLIANCE</b> SCAC’s policies and procedures require airports to conduct project procurement in accordance with the sponsor’s and/or state’s procurement regulations.</p>	<p><b>NOT COMPLIANT</b> We did not review the procurement of goods or services for the grant projects included in our sample, but we verified whether each project had a signed affidavit of non-collusion, which prospective bidders for a project attest that submitted bids are free of collusion. We found that SCAC did not request an affidavit for one project that should have had one. SCAC has since added the affidavit of non-collusion document to the list of items it reviews for compliance whenever a grant recipient submits a request for reimbursement.</p>

**Chart 3.1 (Continued)**

POLICY	COMPLIANCE STATUS
<p><b>REIMBURSEMENT REQUIRED DOCUMENTATION</b> SCAC’s policies and procedures require airport sponsors to submit four pieces of documentation whenever a grant reimbursement request is made: a request for reimbursement cover sheet, a tabulation, a proof of project cost, and a proof of payment.</p>	<p><b>NOT COMPLIANT</b> Of the ten airport development projects included in our sample, only seven had submitted a grant reimbursement request. Of those seven projects, we found that SCAC did not obtain all proof of project cost or proof of payment documentation for one of the projects.</p>

Source: LAC review of SCAC Airport Development Policies and Procedures Guide and analysis of SCAC compliance with policy requirements

## Recommendations

7. The S.C. Aeronautics Commission should clarify in its Airport Development Policies and Procedures Guide what acceptable “public use” is for projects that are funded with state grants.
8. The S.C. Aeronautics Commission should update its Airport Development Policies and Procedures Guide to clarify when updates to airport layout plans are necessary.
9. The S.C. Aeronautics Commission should verify with airport sponsors the status of grant projects 11 months after the award of the grant offer was made to ensure that grant projects will have started before the one-year project start deadline, if the agency has not confirmed that the projects have already started.
10. The S.C. Aeronautics Commission should ensure that all certifications provided by the airport sponsor attesting to the quality of goods purchased and services procured are signed before releasing grant funds.
11. The S.C. Aeronautics Commission should revise grant agreements to clarify when a construction project is so minor that a qualified resident inspector, professional engineer, architect, or construction manager is not necessary for airport sponsors to successfully complete the project.
12. The S.C. Aeronautics Commission should review the status of accounts receivable invoices at least every month to ensure that invoices are not outstanding for over six months.
13. The S.C. Aeronautics Commission should ensure that all grant projects that must be competitively bid have prospective bidders sign affidavits of non-collusion.
14. The S.C. Aeronautics Commission should ensure that all airport sponsors submit all four pieces of required documentation with each grant reimbursement request before releasing grant funds.

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## No Evidence of Grant Funding Bias

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### Overview

We reviewed airport grant data and airport operation data to determine if SCAC commissioners' home airports were approved for a disproportionate share of grant funding and found no evidence of bias.

Eleven different individuals served as commissioners at some point from January 2020 through August 2024. For the purposes of our analysis, we defined "home airports" as any airport located in commissioners' home counties, airports where a commissioner was employed, or airports where a commissioner previously served on the county airport commission. The 11 commissioners' home airports included 13 airports in total.

To determine if any preferential treatment was provided to commissioners' home airports, we conducted two analyses. The first analysis looked at the total amount of state funding approved for each public-use airport in the state, and the second analysis looked at the amount of state funding approved per airport operation (i.e., combined number of arrivals and departures). For both analyses, we focused solely on funding approved during the commissioners' time in office between January 2020 and August 2024.

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### Analysis of Approved State Funding

Initially, when looking solely at the total amount approved for each public-use airport in South Carolina, it appeared that home airports of commissioners may have received a disproportionate share of grant funding. Of the 11 commissioners who served for any amount of time between January 2020 and August 2024, six commissioners' home airports were within the top 5 recipients of approved grant funds while those commissioners were in office.

However, the results do not tell the full story because nearly all commissioners' home airports include commercial service airports, which receive entitlement grant funds not available to non-commercial service airports. Commercial service airports also received substantial special grant funding allocations in recent state budgets: \$52 million in FY 22-23 and \$21.5 million in FY 23-24. These special allocations by the General Assembly account for the vast majority of grant funds approved by SCAC during those fiscal years and heavily skewed the results of the analysis.



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## Analysis of Approved State Funding per Operation

When comparing the amount of state funding approved for each commissioner’s home airport to the home airport’s total operations (i.e., arrivals and departures) from January 2020 through August 2024, only two commissioners’ home airports were among the top five airports receiving funding while those commissioners were in office. Both commissioners’ home addresses are in the same county, as well. Therefore, it does not appear that SCAC is providing a disproportionate share of state funds to commissioners’ home airports when comparing the funding amount to the number of airport operations.

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## Education Grant Compliance

We reviewed how SCAC ensures compliance with education grant funding requirements in its draft policies. We found that of the five policy requirements selected for review, SCAC has ensured compliance with all but one requirement regarding ineligible expenses.

Specifically, SCAC approved grant reimbursements for multiple expenses that are explicitly listed as ineligible in the agency’s draft policies. Formalized policies, that are adhered to by SCAC, are needed to ensure that education grant funds are only used for eligible expenses.

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## Sample Methodology

For our review of grant projects, we randomly selected 1 of the 22 education grant projects that were approved from January 2020 through August 2024. While the sample size is not large enough for the results of the review to be extrapolated to the entire grant population, the results can still highlight potential issues with grant compliance.

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## Compliance with SCAC Policies

There is nothing in the S.C. Code of Laws or S.C. Code of Regulations that allows SCAC to approve aviation education grants. However, Proviso 87.5 in the FY 24-25 state budget, which has also appeared as a proviso in state budgets dating back to at least FY 10-11, allows SCAC to use funds appropriated for aviation grants “for aviation education related programs including, but not limited to, educating young people about careers in the aviation industry and/or the promotion of aviation in general.”

As noted in *Promulgation of Aviation Grant Regulations*, Proviso 87.5 requires SCAC to promulgate regulations for the aviation grant program, but the agency has not done so. Since there are no requirements in state law or state regulations for education grants, we asked SCAC if it had any policies specific to education grants. An agency official stated that SCAC was formalizing education grant policies. While the policies are brand new, SCAC is currently using informal draft policies. From the policies we were provided, we selected five requirements to determine whether SCAC is ensuring compliance with its own draft policies.

**Chart 3.2: SCAC’s Compliance Status with Five SCAC Draft Policies**

POLICY	COMPLIANCE STATUS
<p><b>GRANT RECIPIENT IS AN EDUCATION INSTITUTION OR NON-PROFIT ORGANIZATION</b>            SCAC’s draft policies limit education grant funding to education institutions, such as public and private schools, and 501(c)(3) non-profit organizations that have established aeronautical education programs or promote STEM education in South Carolina.</p>	<p><b>COMPLIANT</b>            The recipient of the grant we reviewed is a 501(c)(3) non-profit that educates youth about aeronautical science and provides aviation training.</p>
<p><b>GRANT IS TO IMPROVE OR EXPAND AVIATION-RELATED CURRICULA, FACILITIES, OR EQUIPMENT</b>            SCAC’s draft policies state that SCAC will provide “[f]inancial support for education institutions to improve or expand aviation-related curricula, facilities, or equipment.”</p>	<p><b>COMPLIANT</b>            The application from the grant recipient noted that the education grant funding would provide free flight and ground instruction for students and grow educational curriculum, among other things.</p>
<p><b>GRANT RECIPIENT COMPLETED AN EDUCATION GRANT APPLICATION AND SUBMITTED THE REQUIRED DOCUMENTATION</b>            SCAC’s draft policies require three pieces of documentation to be submitted during the application process: a completed application form, a personal statement or project proposal, and a detailed budget plan and program description.</p>	<p><b>COMPLIANT</b>            We verified that the grant recipient from our sample had submitted all three pieces of required documentation.</p>
<p><b>GRANT RECIPIENT SUBMITTED REQUESTS FOR REIMBURSEMENT AND PROVIDED SUPPORTING DOCUMENTATION</b>            SCAC’s draft policies require grant reimbursement requests to be submitted with the final grant reimbursement request detailing the use of the funds.</p>	<p><b>COMPLIANT</b>            The grant project in our sample submitted two grant reimbursement requests at the time we scanned in the project’s files and all supporting documentation for the expenditures were present.</p>

**Chart 3.2 (Continued)**

POLICY	COMPLIANCE STATUS
<p><b>INELIGIBLE EXPENSES WERE NOT REIMBURSED WITH GRANT FUNDS</b> SCAC’s draft policies list 11 types of expenses that are ineligible for grant funding.</p>	<p><b>NOT COMPLIANT</b> While the following expenses were not prohibited by a formal SCAC policy at the time the grant was awarded, the following expenses are listed as “not eligible for grant funding” under SCAC’s draft education grant policy and SCAC informed us that these expenses will no longer be permitted under the new policy:</p> <ul style="list-style-type: none"> <li>• Salaries and wages SCAC reimbursed the grant recipient \$952 for “Admin Pay” for a contract employee. While the supporting documentation notes that the contract employee helped run education events for the grant recipient, the documentation also shows the contract employee charging for normal administrative duties, such as drafting emails, creating social media posts, and answering website questions. In its grant application, the non-profit organization requested to use grant funds to pay a contract employee ten hours per week for the entire year; therefore, SCAC knew that grant funds would be used to subsidize the cost of the non-profit’s normal administrative expenses.</li> <li>• Any expenses incurred before or after the grant period SCAC reimbursed the grant recipient \$8,876 for expenses that occurred before the grant agreement was executed. Additionally, while the grant recipient noted in its grant application that the program dates for the grant project were August 1, 2024 through July 31, 2025, the grant recipient still requested reimbursement for expenses that incurred as early as February 17, 2024.</li> <li>• Scholarships, stipends, or tuition reimbursement In its application for the education grant, the grant recipient in our sample stated that it would use grant funds to fund ten scholarships for students interested in flight instruction. While we did not find evidence that the grant recipient had submitted a request for reimbursement of scholarships, SCAC approved the total amount the grant recipient requested in its application.</li> </ul>

Source: LAC review of SCAC’s draft education grant policy and analysis of compliance with policy requirements

We conclude that SCAC’s list of ineligible expenses is reasonable. The grant that we randomly selected showed that SCAC will be subsidizing ordinary administrative expenses for a non-profit for the entire year, not just for a single project. The lack of guidance in state law and state regulations and the lack of formalized policies on education grants likely contributed to SCAC allowing the ineligible expenses. It is important for SCAC to formalize policies related to education grants to ensure requirements are clear and are applied consistently across grant recipients.

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## Recommendations

15. The General Assembly should consider codifying the ability for the S.C. Aeronautics Commission to use the State Aviation Fund for aviation education programs.
16. The S.C. Aeronautics Commission should immediately formalize its policies on education grants.
17. The S.C. Aeronautics Commission should publish its education grant policies, once formalized, on the agency website so it is clear to education grant recipients what expenses are ineligible for reimbursement.
18. The S.C. Aeronautics Commission should verify the eligibility of a grant recipient's expenses before issuing grant reimbursements.
19. The S.C. Aeronautics Commission should note any project-specific exceptions to its education grant policies in the grant agreement for each education grant project.

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## Promulgation of Aviation Grant Regulations

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Despite there being a state budget proviso since FY 10-11 requiring SCAC to promulgate regulations for the aviation grant program, the agency has not yet done so. SCAC published a notice of drafting in the State Register and drafted regulations for the aviation grant program in 2022 but withdrew the proposed regulations after another set of proposed regulations on the airport land use program received pushback from multiple groups. The lack of regulations for the aviation grant program could lead to issues in the future as the number of grants and amount of grant funds administered by SCAC grows.

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## State Budget Proviso

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Proviso 68D.8 in the FY 10-11 state budget states:

The Aeronautics Commission shall promulgate regulations establishing the grants program that, at a minimum, address: (1) priorities among improvements qualifying for grants; (2) an airport selection process to ensure an equitable distribution of funds among eligible airports; and (3) the criteria for distribution of funds among eligible airports.

The same language was included in a proviso in the FY 09-10 state budget but required the executive director of the Budget and Control Board to promulgate the regulations. Neither the executive director of the Budget and Control Board nor the Aeronautics Commission promulgated the required regulations even though the same promulgation requirement has continued to the current state budget (Proviso 87.5).

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## Proposed Regulations Withdrawn

According to SCAC, the agency started the process of promulgating regulations for the aviation grant program in 2021. After completing the draft regulations, a notice of drafting was published in the State Register on July 22, 2022 and copies were provided to leadership in the General Assembly.

SCAC's proposed regulations encountered pushback, however, from a business coalition in the Upstate, individuals in Greenville, and the General Assembly. Along with promulgating regulations for the aviation grant program, SCAC was also attempting to promulgate regulations for the airport land use program. The business coalition took issue with the airport land use regulations, which it claimed "would have usurped local control over land use and planning in a radius around the state's airports." No opposition to the aviation grant program regulations was noted. According to SCAC, there was no pushback on the aviation grant program regulations from the General Assembly. Nonetheless, SCAC decided to "defer" all of the proposed regulations.

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## Recommendation

20. The S.C. Aeronautics Commission should immediately begin promulgating regulations for the aviation grant program that satisfy Proviso 87.5 in the current state budget.

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## Standard Practices in State Aviation Grant Programs

We reviewed aviation grant practices in six neighboring Southeastern states to determine what standard practices exist for grant approvals and grant oversight. When comparing SCAC's current practices to the identified standard practices, we found that SCAC implemented almost all the standard practices found in neighboring Southeastern states. However, improvement can be made to SCAC's grant approval process by clarifying when expenditures made prior to a grant offer will be eligible for reimbursement. Providing clarification can help SCAC ensure that only projects that truly need grant funds receive them, and quality control standards are met.

The six neighboring Southeastern states whose grant approval and grant oversight practices were reviewed include: Alabama, Florida, Georgia, North Carolina, Tennessee, and Virginia.

## Grant Approval Process

Of the six standard practices identified for the grant approval process, we found that SCAC implemented five and has not implemented one.

**Chart 3.3: SCAC’s Implementation Status of Grant Approval Process Standard Practices**

STANDARD PRACTICE	SCAC’S IMPLEMENTATION STATUS
<p><b>MAINTAIN A GUIDE/MANUAL/HANDBOOK FOR GRANT PROGRAMS</b> All neighboring states have a guide, manual, handbook, etc. for grant programs available to public airports in the state.</p>	<p><b>IMPLEMENTED</b> SCAC has an Airport Development Policies and Procedures Guide that is publicly available through the agency’s website.</p>
<p><b>CLEARLY DEFINE MATCHING RATIOS FOR GRANTS</b> All the neighboring states list the percentage of grant funding the state will match, but some states, such as Florida and Virginia, do a better job than the other states.</p>	<p><b>IMPLEMENTED</b> SCAC’s Airport Development Policies and Procedures Guide clearly notes the matching ratios for each type of grant the agency makes available to airports.</p>
<p><b>REQUIRE AIRPORT SPONSORS TO MAINTAIN AN AIRPORT IMPROVEMENT PLAN</b> Nearly all neighboring states require airport sponsors to maintain an airport improvement plan or participate in the state’s airport improvement plan as a condition of receiving grant funds.</p>	<p><b>IMPLEMENTED</b> SCAC’s Airport Development Policies and Procedures Guide requires projects to be on an airport’s capital improvement plan in order to be considered for a grant.</p>
<p><b>HAVE AN ESTABLISHED TIMETABLE FOR GRANT APPLICATIONS</b> Alabama and Florida have timetables for the grant application cycle and Georgia and Tennessee have deadlines for when applications must be submitted.</p>	<p><b>IMPLEMENTED</b> While there is not a firm deadline for application submission, SCAC’s Airport Development Policies and Procedures Guide has a defined period for when SCAC will coordinate future projects.</p>
<p><b>IMPLEMENT A PROJECT PRIORITY RATING SYSTEM FOR PROJECT APPLICATIONS</b> Alabama, Georgia, North Carolina, Tennessee, and Virginia all provide details on how projects will be rated or ranked for priority grant approval; however, Alabama, Georgia, North Carolina, and Virginia are the most detailed. These four states use a point rating system to assign each project a numerical value to determine a project’s priority.</p>	<p><b>IMPLEMENTED</b> SCAC has a priority rating system for capital improvement projects that assign point values to projects based on project type, airport classification, and other relevant factors.</p>
<p><b>MAKE EXPENDITURES MADE BEFORE GRANT APPROVAL INELIGIBLE FOR REIMBURSEMENT</b> Florida, Georgia, and Virginia do not allow work completed on projects prior to the issuance of a grant agreement or a notice to proceed to be eligible for reimbursement. Alabama “will not accept grant requests for construction projects started prior to the date of the request. Also, ALDOT will not enter into a grant agreement to pay for a project that is started prior to the date of the grant agreement entered into between the airport sponsor and ALDOT.” North Carolina only warns that “[a]ny work completed prior to [a notice to proceed] is done so at risk for reimbursement.”</p>	<p><b>NOT IMPLEMENTED</b> According to an SCAC official, the agency will allow airports to start “eligible” projects prior to a grant offer being made. A couple of examples include projects for emergency repairs and land acquisition. The SCAC official explained that land acquisition projects can be affected by variable market conditions, extended timelines, and legal complexities and emergency repair projects are critical for safety and operational concerns. We agree that these two types of projects should be able to proceed before formal grant approval based on the agency’s rationale, but the agency needs to clarify in its policy when expenditures before grant approval will be ineligible for reimbursement.</p>

Source: LAC analysis of state aviation practices in Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee, and Virginia

### Standard Practice Not Implemented

While the agency’s rationale for allowing certain projects to be reimbursed for expenses that were incurred prior to a grant offer is sound, the agency should formalize the ban and exceptions to the ban in its policies. As noted in *Airport Development Grant Compliance*, we reviewed a sample of ten airport development grant projects. Among the ten projects, one involved an emergency repair that was completed before SCAC made a grant offer to the airport sponsor. A potential issue with allowing reimbursement of expenditures made before grant approval is SCAC’s reduced ability to ensure quality control standards are met.

### Grant Oversight Process

Of the four identified standard practices for grant oversight, we found that SCAC has implemented all of them.

**Chart 3.4: SCAC’s Implementation Status of Grant Oversight Process Standard Practices**

STANDARD PRACTICE	SCAC’S IMPLEMENTATION STATUS
<p><b>STATE AVIATION AGENCY ENTERS INTO GRANT AGREEMENT/CONTRACT WITH AIRPORT SPONSORS</b> Florida, Georgia, North Carolina, Tennessee, and Virginia all enter into grant agreements/contracts with airport sponsors for various project types when providing state funded financial assistance.</p>	<p><b>IMPLEMENTED</b> In our sample of SCAC grant projects, we found that SCAC had entered into a grant agreement for every project.</p>
<p><b>AVIATION GRANT FUNDS ARE ISSUED ON A REIMBURSEMENT BASIS</b> Alabama, Florida, Georgia, North Carolina, and Tennessee all award aviation grants where the grantee incurs a cost for the grant project that is later reimbursed by the state. Reimbursement commonly occurs after the state verifies the project cost is eligible by reviewing supporting documentation.</p>	<p><b>IMPLEMENTED</b> SCAC grants are reimbursement grants, and the agency requires grant recipients to submit proof of project cost and proof of payment with each request for reimbursement.</p>
<p><b>AIRPORT SPONSOR IS REQUIRED TO SUBMIT STATUS REPORTS</b> Florida requires status reports to be submitted with project invoices, Tennessee requires status reports to be submitted quarterly, and Virginia requires “regular progress reports, with reporting details to be decided during the scoping for each project.”</p>	<p><b>IMPLEMENTED</b> SCAC has three different grant agreements depending on the project type. Grant agreements for construction and planning &amp; design projects require grant recipients to provide copies of all construction progress reports and completion documents. Education grant agreements require grant recipients to provide close-out reports “documenting the satisfactory completion of each activity included with the scope of the Project.”</p>
<p><b>STATE AVIATION AGENCY CONDUCTS SITE VISITS OF GRANT FUNDED PROJECTS</b> Florida and Tennessee both note that staff make regular site visits to project sites to ensure grant conditions are met and Georgia and Virginia have staff that conduct a final inspection before construction projects can be closed.</p>	<p><b>IMPLEMENTED</b> While there is not a requirement for site visits to be conducted for SCAC grants as there is for aviation grants in other states, SCAC states that it makes periodic site visits, usually during construction progress meetings. Documentation was supplied by SCAC showing attendance at construction progress meetings across several years.</p>

Source: LAC analysis of state aviation practices in Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee, and Virginia



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## Recommendation

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21. The S.C. Aeronautics Commission should clarify in its policies when expenditures made prior to the commission approving a grant application are eligible or ineligible for reimbursement.

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## Use of State Aviation Fund

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We reviewed SCAC's use of the State Aviation Fund in FY 23-24 and found that the agency has been charging expenditures to the fund that do not appear to be allowable per state law. SCAC has taken a broad interpretation of allowable uses of the State Aviation Fund, and additional review is needed to ensure compliance with state law.

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## Restrictions on Expenditures from the State Aviation Fund

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State law limits the use of funds from the State Aviation Fund. S.C. Code §55-5-280(C) states:

The State Aviation Fund must be solely used for:

1. Maintenance and repairs of the division's aircraft; or
2. Maintenance, rehabilitation, and capital improvements to public use airports, which may include use as matching funds for FAA Airport Improvement Grants, provided that those airports receiving grants meet the requirements set forth by the division.
3. The State Aviation Fund must not be used for operating expenses of the division.

Proviso 87.5 in the FY 24-25 state budget, which has also appeared as a proviso in state budgets dating back to at least FY 10-11, is similar to S.C. Code §55-5-280(C) but adds education-related programming as an allowable use of the State Aviation Fund. The proviso specifically states:

The funds appropriated for Aviation Grants...shall be credited to the State Aviation Fund within the Division of Aeronautics for the following purposes:

1. To allow the maximization of grant funds available through the Federal Aviation Administration for capital improvement projects;
2. For maintenance projects of general aviation airports;
3. For aviation education-related programs including, but not limited to, educating young people about careers in the aviation industry and/or the promotion of aviation in general.



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## Questionable State Aviation Fund Expenditures

While state law appears to provide for limited use of the State Aviation Fund and prohibit SCAC from using the fund for operating expenses, we found that SCAC charged the following expenditures to the State Aviation Fund in FY 23-24:

\$10,008	Attorney fees—legal work on land use issues near an airport.
\$492	Voice network—monthly AT&T bills.
\$105,373	IT contractors—website development, hosting, and maintenance.
\$10,165	Purchase of capital assets—purchase of a drone.

When asked for justification for these categories of expenditures, SCAC asserted that “maintenance...includes operational utility and operational safety to ensure that the facility is safe and functional. This includes airspace preservation in the vicinity of the airport, maintaining clear approaches to the runways and monitoring development encroachment all of which can do damage to an airport’s safety and utility.”

While maintaining a safe and functional airport is critical, we believe SCAC’s interpretation of allowable expenditures is questionable. Expenditures, such as attorney fees, appear to be more of an operational expense, in nature. Due to the questionable nature of the expenditures, an outside audit of SCAC’s use of the State Aviation Fund would be beneficial to ensure that the agency is complying with state law.

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## Recommendation

22. The General Assembly should consider defining “maintenance” in S.C. Code §55-5-280 to clarify what types of airport maintenance expenditures are eligible for reimbursement from the State Aviation Fund.
23. If the General Assembly does not define “maintenance” in S.C. Code §55-5-280, the S.C. Aeronautics Commission should request that the Office of the State Auditor conduct a compliance audit of the State Aviation Fund.



# Other Issues

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## Use of Outside Counsel

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Our audit requestors asked us to review the S.C. Aeronautics Commission's (SCAC) use of outside counsel. We found:

- From FY 19-20 through FY 23-24, SCAC incurred \$169,870 in legal fees by outside counsel.
- Issues related to the hiring of an executive director resulted in significant legal expenses.
- Changes to the appointment process for the executive director of SCAC could allow for greater transparency and accountability.

Pursuant to the audit request, we reviewed SCAC's use of outside counsel to determine if counsel was employed and paid in accordance with state law. SCAC contracts with a local attorney for legal services. In the past five fiscal years, the outside counsel charged a total of \$169,870. S.C. Code §1-7-170(A) states:

A department or agency of state government may not engage on a fee basis an attorney at law except upon the written approval of the Attorney General and upon a fee as must be approved by him.

We found that SCAC has complied with state law by obtaining the approval of the Attorney General for the services of outside counsel and by obtaining approval for the attorney's fee. The fees charged by the attorney were \$150 per hour for FY 19-20, FY 20-21, and FY 21-22, and \$180 per hour for FY 22-23 and FY 23-24. These billable hourly rates correspond to the S.C. Attorney General's rates for an attorney with ten or more years of experience for those respective years.

The website of SCAC's outside counsel notes that outside counsel has practiced aviation law for over 30 years. SCAC's outside counsel has made presentations on aviation law and has published articles regarding aviation law.

However, issues related to the search for an executive director of SCAC in FY 22-23 resulted in thousands of dollars in potentially avoidable legal fees. We reviewed invoices of work conducted by outside counsel from FY 19-20 through FY 23-24. These invoices were obtained from the S.C. Department of Administration and the S.C. Enterprise Information System (SCEIS). Over those five fiscal years, outside counsel charged \$169,870, which averages \$33,974 per fiscal year.

**Chart 4.1: Legal Fees Charged by  
Outside Counsel,  
FY 19-20 – FY 23-24**

FISCAL YEAR	AMOUNT CHARGED FOR LEGAL FEES BY SCAC OUTSIDE COUNSEL
FY 19-20	\$12,653
FY 20-21	\$21,795
FY 21-22	\$26,829
FY 22-23	\$76,400
FY 23-24	\$32,193
<b>TOTAL</b>	<b>\$169,870</b>
<b>AVERAGE PER FISCAL YEAR</b>	<b>\$33,974</b>

Source: S.C. Department of Administration and the  
S.C. Enterprise Information System (SCEIS)

In four of the five years reviewed, total legal charges were under \$33,000. An exception was FY 22-23, in which charges were \$76,400.

It is difficult to categorize every fee charged. However, our examination of invoices and other research we conducted allowed us to generally categorize some areas of work performed by the outside counsel. Focusing on FY 22-23 and FY 23-24, we estimate that other categories include:

- \$57,289 spent on regulation development. SCAC began the process of promulgating regulations for the aviation grant program and for compatible land use. (For more information on regulations, see *Promulgation*.) However, the compatible land use regulations were opposed, and SCAC decided to defer the proposed regulations.
- \$9,567 spent on litigation and land use issues. SCAC often advises airports and local governments on compatible land use issues near local airports, and several invoice items reflect that aspect.
- \$6,786 spent on policy and legislative matters. This includes items such as analyzing proposed legislation, communications with stakeholders, and briefing commissioners on such matters.
- \$6,601 spent on preparation for and attendance at commission meetings. Outside counsel often provides legal advice to SCAC at commission meetings.

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## Executive Director Appointment

Following the resignation of the previous executive director of SCAC in September 2022, an interim executive director was named in October 2022. The interim director was appointed as the permanent executive director in July 2023.

S.C. Code §13-1-1080(A)(1) sets forth the process for the hiring of SCAC's executive director and states:

The commission shall nominate no more than one qualified candidate for the Governor to consider for appointment as executive director.

During the most recent candidate search process, the commission nominated the interim executive director for the position. Also, during the search process, a member of the General Assembly recommended a different individual be appointed as executive director. SCAC's outside counsel sent a letter to the member of the General Assembly in which he stated that the law allowed for only one candidate to be nominated. Ultimately, in May 2023, SCAC nominated the interim executive director to serve as the permanent executive director.

However, in addition to sending a letter of nomination to the Governor, SCAC's commissioners sent the Governor a separate letter, signed by all commissioners, critical of the member of the General Assembly and the other candidate in May 2023. According to the member of the General Assembly, SCAC did not discuss this letter with the member of the General Assembly before sending it.

Additionally, a commissioner expressed regret to us regarding signing the letter. This commissioner noted that he/she first saw the letter at an SCAC meeting. This commissioner also stated that he/she felt rushed to sign the letter and did not feel there was sufficient time to review the letter's claims.

The letter resulted in significant expenses charged to SCAC by outside counsel. Due to lack of detail in invoices, attorney client privilege, and split expenses, it is not possible to determine the precise cost and specific work of outside counsel. However, we estimate that payments to outside counsel directly related to the letter were at least \$4,383. According to a commissioner, outside counsel's expenses were to protect the interests of SCAC as well as the member of the General Assembly. The commissioner maintains the commission never intended to politically harm the member of the General Assembly.

A commissioner noted that outside counsel wrote a white paper that was sent by a commissioner to the legislative delegation of one of the SCAC districts in February 2024. This paper criticized the member of the General Assembly. A commissioner stated that the white paper was meant as talking points for the commissioners. However, the white paper stated that it had been prepared to "...provide interested parties with facts and background information..."

It is critical to the reputation of SCAC that such incidents be avoided in the future. In addition to being potentially detrimental to SCAC's mission, such incidents can result in avoidable legal expenses which could be better spent on fulfilling SCAC's mission.

SCAC does not appear to have a communications policy regarding its relationship with the General Assembly and its members. Had SCAC directly communicated with the member of the General Assembly prior to sending the letter to the Governor, thousands of dollars in legal expenses might have been avoided. A communications policy that generally requires SCAC to directly address concerns with members of the General Assembly as opposed to addressing those concerns with third parties could improve SCAC's relations with the General Assembly and avoid unnecessary expenses.

It is concerning that a commissioner felt time pressure to sign the letter in question. When presented with important matters, members of the commission should be given time to review those matters prior to commission meetings. Also, using agency resources to write a white paper that focuses primarily on political rather than policy matters is a questionable practice, which can be detrimental to the agency.

A commissioner told us that SCAC has worked hard to repair its relationship with the member of the General Assembly. The commissioner stated that the relationship is good now and expressed hope for future cooperation.

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## Executive Director Appointment Law

Another potential way to avoid such incidents in the future could be to amend state law to allow for the General Assembly to have a greater say regarding the hiring of SCAC's executive director. Several state agencies have directors who are approved with the advice and consent of the Senate. For example, the South Carolina Secretary of Transportation is appointed by the S.C. Department of Transportation Commission with the advice and consent of the Senate. Similarly, the director of the Department of Natural Resources is appointed by the S.C. Department of Natural Resources Board with the advice and consent of the Senate.

Also, several state agencies have directors who are appointed by the Governor with the advice and consent of the Senate. Those agencies include but are not limited to:

- S.C. Department of Social Services
- S.C. Department of Revenue
- S.C. Department of Labor, Licensing and Regulation

Incorporating the General Assembly in the approval of the executive director of SCAC could allow for greater accountability and transparency, which could reduce the risk of future controversy. Additionally, this would grant the General Assembly, which allocates funds to SCAC, additional oversight over those funds. Also, amending state law to allow greater flexibility in nominating an executive director could allow for an expanded candidate pool.

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## Recommendations

24. The S.C. Aeronautics Commission should develop a communications policy that generally requires the agency and its commissioners to directly address concerns with members of the General Assembly instead of addressing those concerns with third parties.
25. The S.C. Aeronautics Commission should provide commissioners with documents requiring their approval prior to commission meetings.
26. The General Assembly should consider amending state law to allow the General Assembly to have a greater say in the nomination and confirmation process of the executive director of the S.C. Aeronautics Commission, such as allowing for the advice and consent of the S.C. Senate and/or allowing for greater flexibility in nominating candidates for executive director.

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## **S.C. Aeronautics Commission Meetings**

Pursuant to the audit request, we reviewed minutes and/or recordings of meetings of the S.C. Aeronautics Commission (SCAC) beginning in January 2020 through August 2024. We were asked to determine whether improper political activity was conducted during the meetings; specifically, whether there were discussions about electoral challenges to members of the General Assembly.

We reviewed meeting minutes from January 2020 to August 2024. In addition, we viewed all available recordings of SCAC meetings from November 2022 to October 2024 (24 hours' worth of video), and we attended two SCAC meetings in 2024. SCAC does not have recordings of meetings prior to November 2022. We also asked all eight current and three former commissioners and others who attended executive sessions whether electoral challenges to members of the General Assembly were discussed in meetings.

Based on our review, we could not find evidence that any discussions of electoral challenges to members of the General Assembly were made during SCAC meetings. However, we found that SCAC may not be in full compliance with the S.C. Freedom of Information Act (FOIA). Specifically, SCAC has possibly not provided the necessary specificity regarding reasons for going into executive session at SCAC meetings.

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## **Meeting Discussions**

SCAC meetings usually take place at its headquarters near the Columbia Metropolitan Airport. The open sessions of the meetings are open to the public, and the meetings are also available for online remote viewing and participation. The meetings include the commissioners, the director of SCAC, and other SCAC employees.



SCAC meetings generally include:

Financial and budget reports, which discuss issues such as fuel sales tax revenues, airline property tax revenue, the budget overview, and amount of funds available for new grants.

Consideration of grants. SCAC grants generally go to projects at general aviation and commercial airports as well as education grants. Grants are discussed and voted upon by SCAC.

Updates from the flight department regarding activities relating to the SCAC's two planes.

The director's report, in which the executive director discusses SCAC activities and issues affecting SCAC.

District reports, in which commissioners describe activities relating to aeronautics in their districts.

Executive session. Pursuant to FOIA, public bodies may enter executive session (which is closed to the general public) for certain purposes. SCAC has entered into executive session at some of its meetings for the receipt of legal advice and personnel matters, which are covered by FOIA.

We did not personally observe improper political activity relating to a member of SCAC advocating for electoral challenges to sitting members of the General Assembly. Our observations included watching public sessions of meetings on video and in person. We also attended an executive session in May 2024.

We asked all eight current commissioners, three former commissioners, and others who attended executive sessions at SCAC meetings whether electoral challenges to members of the General Assembly were discussed during SCAC meetings. All of those individuals stated that they had not witnessed an electoral challenge to a member of the General Assembly discussed in meetings. One commissioner noted that, when a hint of political discussion arises, it is quickly stifled. According to an official at the S.C. Ethics Commission, advocating for an electoral challenge to a member of the General Assembly during a meeting of a state board or commission would likely have violated S.C. Code §8-13-765, which prohibits the use of government resources to advocate for political campaigns.

## Possible Non-Compliance with the Freedom of Information Act

We found that SCAC may not have fully complied with FOIA regarding its announcements of executive sessions. Specifically, the SCAC used vague, “catch all” reasons for entering into executive session, while FOIA requires announcements for executive session to include greater specificity.

S.C. Code §30-4-70 allows public bodies to enter into executive session for certain reasons, including provision of legal advice and certain personnel matters. Executive sessions are closed to the public. Before going into executive session, S.C. Code §30-4-70(b) requires agencies to vote on going into executive session, and the presiding officer of the meeting shall announce the specific purpose of the executive session. “Specific purpose” is defined as a description of the matter being discussed, but the code notes that the identity of the individual being discussed in a personnel matter does not need to be disclosed.

Examples of potential FOIA non-compliance at SCAC meetings include:

March 2023	A motion was made to go into executive session for the purpose of legal discussion, but the nature of the legal discussion was not specified in the announcement.
May 2023	A motion was made to go into executive session for personnel discussion and legal advice. However, the personnel discussion and the nature of the legal advice were not specified in the announcement.
November 2023	A motion was made to go into executive session for the purposes of legal advice and contract discussions. However, the nature of the legal advice and the contract in question were not specified in the announcement.
January 2024	Outside counsel was asked if there was a need to enter into executive session for legal advice. Outside counsel said that there was. A motion to go into executive session for the purpose of receiving legal advice was approved by SCAC, but a specific purpose regarding the nature of the legal advice was not announced.
March 2024	A motion was made to enter into executive session for the purpose of receiving legal advice, but a specific purpose regarding the nature of the legal advice was not announced.
May 2024	A motion was made to go into executive session for the purpose of legal counsel, but a specific purpose regarding the nature of the legal advice was not announced.

Some court opinions and an opinion of the S.C. Attorney General offer some clarity regarding the specific purpose provision of FOIA. For example, in the 2014 case of *Brock v. Town of Mount Pleasant*, the S.C. Court of Appeals held that the specific purpose provision of FOIA was not met by the Town Council, stating:

...the actions taken were not consistent with the announced purpose. Announcing it would discuss 'legal matters' or obtain 'legal advice' on a particular issue was an insufficient announcement when Town Council obtained individual attorneys for 'all lawsuits now and in the future' as a result of the executive session discussion.

In the 2015 case *Donohue v. City of North Augusta*, the Supreme Court of South Carolina held that the announcement of an executive session for a "proposed contractual matter" did not satisfy the specific purpose requirement. Additionally, a 2023 S.C. Attorney General opinion stated:

Our opinions have long concluded that announcement of an executive session through a generalized purpose such as "personnel matters" or "employment matters," [] are not in compliance with FOIA's requirement that a 'specific purpose' of the executive session must be announced.

Ensuring adherence to the specific purpose provisions of FOIA can allow for the general public and aviation community to be informed of the activities of SCAC, which can help increase accountability and public trust. Additionally, adherence to FOIA can help ensure that SCAC does not face potential litigation. It should be noted that only a court of law can adjudicate compliance with FOIA.

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## Recommendation

27. The S.C. Aeronautics Commission should ensure compliance with the S.C. Freedom of Information Act at its meetings by announcing a specific purpose for its executive sessions.



# Agency Comments

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Appendix  
Agency Comments

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Henry D. McMaster  
GOVERNOR

Gary W. Siegfried  
EXECUTIVE DIRECTOR

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**Aeronautics Commission**

Delphin A. Gantt, Jr.  
CHAIRMAN

Anne Esposito  
DISTRICT 1

Denise Bryan  
DISTRICT 2

Skeets Cooper  
DISTRICT 3

Terry Connorton  
DISTRICT 4

Charles "Doug" Barnes  
DISTRICT 5

Marco Cavazzoni  
DISTRICT 6

Christopher Bethea  
DISTRICT 7

March 14, 2025

K. Earle Powell, Director  
Legislative Audit Council  
1331 Elmwood Avenue, Suite 315  
Columbia, SC 29201

Re: A Limited Review of the S.C. Aeronautics Commission

Dear Director Powell,

We appreciate the opportunity to review and respond to the findings and recommendations outlined in the recent Limited Review of the S.C. Aeronautics Commission (Aeronautics). Our agency is committed to transparency, accountability, and continuous improvement in our operations to ensure the highest level of service and compliance with state regulations.

We recognize the importance of this audit in enhancing efficiency, fiscal responsibility, and overall effectiveness in our oversight of aeronautical programs and infrastructure. We take the findings seriously and have carefully reviewed the recommendations provided. This response outlines our agency's perspective on the audit's conclusions, the steps we have already taken to address key issues, and our plan for implementing further improvements.

We value the Legislative Audit Council's role in promoting good governance and look forward to continued collaboration to strengthen aviation services and safety across South Carolina.

Before addressing the comments and recommendations, I would like to recognize the hard work and dedication of the Aeronautics staff. The report recognized that S.C. Aeronautics operates with fewer employees than other state aeronautical agencies. Our staff members wear a number of different hats and all are vital to the ongoing work of the agency.

We have experienced fairly significant staff turnover in the last year, especially in the Airport Development department which has been a major challenge. Finding qualified individuals to fill these positions was difficult, driving home the importance of staff retention as a key focus over the upcoming years.

Besides staffing replacement, there are other significant challenges faced by the agency and our aviation sector in South Carolina. The largest of these is the lack of adequate funding.

The lack of adequate funding for airports in South Carolina presents significant challenges for both Aeronautics and the airports themselves. Many of the state's airports, particularly smaller general aviation airports, rely heavily on state and federal funding for maintenance and capital improvements. However, limited financial resources often result in deferred maintenance, outdated infrastructure, and a reduced ability to accommodate growing aviation demands.

This lack of investment not only affects airport operations and safety but also hinders economic development, as businesses and industries depend on reliable air transportation. Without increased financial support, South Carolina risks falling behind neighboring states in aviation infrastructure, limiting its ability to attract business, tourism, and investment that rely on a strong and modern airport system.

Another side effect of the lack of adequate funding is a hangar shortage at South Carolina's airports affecting both general aviation and commercial operations. With increasing demand for aircraft storage, many airports face long waiting lists for available hangar space, forcing aircraft owners to either store their planes outdoors—exposing them to weather-related damage—or seek space at airports in neighboring states.

This shortage not only discourages private and corporate aircraft owners from basing their operations in South Carolina but also limits the potential for aviation-related business growth. The lack of available hangar space can deter investment in flight schools, aircraft maintenance businesses, and other aviation services, ultimately restricting economic development.

Addressing this issue is challenging due to funding constraints and the need for coordinated planning between state, federal, and local entities. Without strategic investment in hangar infrastructure, South Carolina risks losing aviation-related revenue and economic opportunities to neighboring states with better-equipped facilities.

While we acknowledge the challenges facing our agency and the aviation sector in South Carolina, we remain committed to addressing the findings of this audit and implementing necessary improvements where appropriate. The recommendations outlined in the report provide valuable guidance, highlighting both our agency's strengths and areas where we can refine our efforts. We recognize the need to enhance certain processes and are eager to take meaningful action to improve our operations, strengthen policies, and advance aviation services across the state. Below, we provide our responses to each of the audit recommendations, detailing our implementation plans and identifying areas where further collaboration may be necessary.

## **Response to Audit Recommendations**

### **Recommendation 1**

We acknowledge the recommendation regarding the codification of a mission statement and supports efforts to clarify and formalize the agency's role and objectives. While the Commission currently operates under a mission focused on promoting aviation safety, supporting airport development, and enhancing the state's aeronautical infrastructure, the mission does not mention one of the agency's most important functions, aiding airports through the grant



program. The Commission stands ready to collaborate with the General Assembly to develop a mission statement that accurately reflects its responsibilities and the state's broader aviation goals.

### **Recommendation 2**

We acknowledge the recommendation regarding the need to update the S.C. Code of Laws to accurately reflect the agency providing administrative oversight of the S.C. Aeronautics Commission. Clarity in statutory language is essential to ensuring that roles, responsibilities, and oversight functions are well-defined and aligned with the agency's current structure and operational practices.

### **Recommendation 3**

Aeronautics recognizes that maintaining up-to-date regulations enhances transparency, improves governance, and ensures clarity in our operational framework.

In response to this finding, the Commission will conduct a thorough review of the existing regulatory language to identify necessary updates that align with the agency's current structure and responsibilities. We will work collaboratively with the appropriate legislative and regulatory bodies to propose revisions that accurately reflect our organizational framework.

### **Recommendation 4**

South Carolina Aeronautics recognizes that establishing a term limit for the at-large chairman could enhance leadership accountability. However, the current framework has provided Aeronautics with stable leadership. We believe any change should carefully balance the benefits of stable leadership terms with the desire to adjust to changing aeronautical priorities within the Governor's office and the state.

### **Recommendation 5**

We understand the audit's recommendation to require that a new Governor appoint the at-large commissioner with the advice and consent of the Senate, as this could increase transparency and bipartisan oversight. While we see merit in bolstering oversight, we also emphasize the need for a process that is both efficient and responsive, so that Commission leadership does not experience a lapse. It may be valuable to include a mechanism to address interim appointments should there be a vacancy at the Chairman level.

### **Recommendation 6**

Allowing commissioners other than the at-large commissioner to serve as chairman is an idea that South Carolina Aeronautics believes has benefit. A leadership structure that taps into the diverse expertise and perspectives of all commissioners can foster more innovative and comprehensive decision-making and assist with leadership continuity. We support exploring statutory amendments that would provide for such flexibility.

### **Recommendation 7**

Aeronautics will modify the Airport Development Policies and Procedures Guide to clarify the definition of "public use". This will help airport sponsors better understand project eligibility rules under the Aeronautics grant program.

### **Recommendation 8**

In response, Aeronautics will undertake a thorough review and revision of the Airport Development Policies and Procedures Guide with the following key actions:

- **Clarification of Airport Layout Plan Update Triggers:**  
The revised guide will clearly define the specific circumstances that necessitate an update to an airport layout plan. The criteria will include, but are not limited to:
  - Major changes in runway or taxiway configurations.
  - Significant expansions or modifications of terminal facilities.
  - Alterations to safety areas or critical infrastructure that affect operational capacity or compliance.
- **Ongoing Review and Continuous Improvement:**  
Recognizing the dynamic nature of airport development and FAA regulations, the revised guide will include provisions for periodic review of airport layout plans to confirm that they are current.

### **Recommendation 9**

To address the audit finding, Aeronautics will enhance its grant monitoring process with targeted, time-bound verification steps. The following implementation measures are recommended:

- **Establish a Tracking System** to include an 11-month checkpoint for each awarded grant.
- **Follow up Procedures.** If a sponsor fails to confirm project initiation by the 11-month deadline, initiate follow-up process involving direct contact.
- **Staff Training and Communication:** Train relevant staff on the new monitoring procedures and the use of the tracking system. Clearly communicate the requirement and timelines to all airport sponsors at the time of the grant award.

### **Recommendation 10**

Aeronautics has modified its Grant Reimbursement Request Checklist, adding the requirement that materials certification be signed before release of grant funds. Additionally, Airport Development staff has been instructed on the importance of these certifications in ensuring quality control. Staff will communicate with airport sponsor so that they understand the requirement.

### **Recommendation 11**

To address the audit finding and align with state objectives, we recommend the following implementation measures for revising grant agreements:

- **Define “Minor” projects:**
  - Establish specific thresholds—such as project cost limits, scope, or type of work (e.g., routine maintenance or small-scale repairs)—that classify a project as minor.
  - Include examples on what constitutes a minor project (e.g., limited pavement patching, minor lighting upgrades, minor building renovations or additions) versus modifications that require professional oversight.
- **Standardize the Evaluation Process:**

- Create and require airport sponsors to submit a standardized minor project declaration form. The form will include details about the project scope, estimated costs, and the rationale for qualifying as a minor project.
- **Training and Communication:**
  - Organize training sessions for airport sponsors to familiarize them with the new criteria, documentation requirements, and the overall evaluation process.

### **Recommendation 12**

As a result of the case identified in the audit, Aeronautics Finance Director had proactively implemented a process of weekly reviews of the status of receivables. Finance staff will continue to monitor receivables and is committed to collecting payments in a timely and efficient manner.

### **Recommendation 13**

Aeronautics has modified its Grant Reimbursement Request Checklist, adding the requirement that the Certificate of non-Collusion be fully executed by the winning bidder before release of grant funds. Additionally, Airport Development staff has been instructed on the importance of this certificate in ensuring that projects are bid in a fair and transparent manner. Staff will communicate with airport sponsors so that they better understand the requirement.

### **Recommendation 14**

Airport Development staff has been instructed on the importance of collecting all required documentation to ensure compliance with grant policy before releasing grant funds.

### **Recommendation 15**

Aeronautics acknowledges the recommendation and is committed to assisting the General Assembly in codifying the Agency's aviation education program. The aviation sector faces a critical shortage of skilled professionals, including pilots, aircraft mechanics, and air traffic controllers. Our aviation education program plays a vital role in addressing this workforce gap by informing and inspiring students to pursue careers in these fields.

### **Recommendation 16**

Aeronautics acknowledges the recommendation and has taken proactive steps to formalize its policies on education grants. A draft education grant policy has already been developed and is currently under review. The Commission expects to finalize and approve the policy in the coming months.

This policy will establish clear guidelines for grant eligibility and application procedures, ensuring transparency and consistency in supporting aviation education initiatives. We remain committed to fostering educational opportunities that address workforce shortages in the aviation sector and will continue working diligently to implement a structured and effective grant program.

### **Recommendation 17**

Education grant policies will be posted on the agency website when finalized.

### **Recommendation 18 and 19**

Aeronautics acknowledges the recommendation and as discussed under Recommendation 16, has taken proactive steps to formalize its policies on education grants. The formalization of education grant policy will provide the provisions necessary to verify eligibility of grant recipient's expenses before issuing reimbursements.

Additionally, the Commission recognizes the importance of transparency and consistency in grant agreements. Any project specific exceptions will be noted in the grant agreement.

### **Recommendation 20**

Aeronautics acknowledges the recommendation and will begin work on promulgating regulations immediately.

### **Recommendation 21**

Aeronautics acknowledges the recommendation and will clarify grant policies to explain when expenditures made prior to grant application and approval are eligible for reimbursement. As previously discussed, we expect two types of expenditures to be eligible for reimbursement: emergency repairs and land/easement acquisition.

### **Recommendation 22 and 23**

The audit identified certain expenditures that were deemed ineligible under State Aviation Fund (SAF) rules. However, most of these expenditures were related to airport safety maintenance, which we believe qualifies them as eligible under SAF guidelines.

Airport safety is a core responsibility of state aeronautical agencies. The Aeronautics Division's mission statement explicitly includes overseeing airport safety, aligning our mission with the mission of many other state aeronautical agencies across the country.

Supporting airports in maintaining safe operations has been a long-standing practice at Aeronautics. Projects such as aerial survey, tree clearing, safety area grading, wildlife hazard management, airfield lighting maintenance, and instrument approach upkeep are all critical safety-related initiatives that fall within this category.

Maintaining safe and secure airports is essential for preserving public confidence in air travel, preventing accidents, and ensuring the safety of communities near airports. A strong focus on airport safety also enhances economic growth, disaster readiness, and the overall advancement of the aviation industry.

Below, you will find additional context regarding the expenditures identified in the audit.

#### **1. Attorney Fees**

The attorney fees allocated to the SAF were incurred to address airport-specific land use issues and development concerns that could have compromised airfield safety. Legal assistance was essential for Aeronautics to effectively manage incompatible development near airports. Our attorney provided critical guidance and helped develop mitigation measures that protected not only the airport but also the Agency and the State from potential legal exposure.

Because these fees were directly related to an airport-specific matter essential to maintaining airport safety, they were deemed by the Commission to be eligible for funding under the SAF. However, if this expenditure is determined to be ineligible, an alternative funding source will need to be identified, as South Carolina's growing population is driving a significant increase in these types of issues.

## 2. IT and Communication Infrastructure

**Voice Networks:** The voice networks were all linked to the Automated Weather Observation System (AWOS), an on-airport weather station that provides real-time meteorological data. This system is essential for flight safety and is required for the airport's instrument approach procedures. These costs were recently transferred to the airports as their share in maintaining the AWOS systems, so Aeronautics is no longer paying for this expense. Previously, this expense was considered eligible for funding due to its direct connection to maintaining airport safety.

**IT Contractors:** The contractor associated with this expenditure maintains the Aeronautics Compatible Land Use Evaluation (CLUE) tool, a specialized online tool used to monitor and mitigate incompatible land encroachment near airports. Their work directly supports airspace integrity and land use compatibility, which aligns with the Aeronautics mission to maintain airport safety.

## 3. Equipment for Airspace Safety

The drone used by Aeronautics is not for routine agency administration but for inspecting airspace obstructions, such as tree growth and other encroachments, to maintain clear airport approach paths. This proactive safety measure is essential for flight safety. If we agree that helping airports maintain clear flight paths is a recognized priority within Aeronautics' mission, this expense should be considered programmatic and align with SAF's intended use.

## 4. Website Development

Upon review, I was initially unaware that website development costs were allocated to the State Aviation Fund. This decision was made under previous leadership, who deemed the website mission-critical for managing airport maintenance and grant programs. While a significant portion of the website supports these initiatives, allocating the entire redevelopment cost to the State Aviation Fund does not appear fully justified. A more appropriate cost distribution should have been considered.

## Conclusion on Recommendation 22 and 23:

Except for website redevelopment costs, these expenditures are directly linked to the maintenance and safety of South Carolina's airports. We believe they align with SAF's intended purpose, supporting essential Aeronautics functions and assisting airport sponsors in fulfilling their maintenance and safety obligations.

- Regarding **Recommendation 22:** Aeronautics welcomes the opportunity to collaborate with the General Assembly to clarify the definition of maintenance to include airport safety, ensuring these expenditures are explicitly defined as eligible under SAF guidelines.
- Regarding **Recommendation 23:** The Aeronautics Commission supports the request for a compliance audit should the General Assembly choose not to clarify Aeronautics' role

in airport safety maintenance. The Commission is committed to complying with Title 55 and spending tax revenue in a manner that is appropriate and consistent with state law.

#### **Recommendation 24**

The S.C. Aeronautics Commission acknowledges the audit finding and recognizes the importance of direct and transparent communication with members of the General Assembly. We regret any unintended consequences of our previous communication and affirm that the intent was never to criticize the General Assembly member or their recommendation. The purpose of the letter was to inform the Governor about the Commission's inability to nominate the candidate while also expressing concerns about potential risks if certain information became public. The Commission recognizes that more direct engagement with the General Assembly member would have been beneficial, as noted in the audit findings.

To enhance communication and transparency, the Commission has developed a draft communications policy outlining clear guidelines for addressing concerns directly with the General Assembly. This policy is currently under review to ensure it effectively supports accountability and collaboration. The Commission is committed to finalizing and implementing this policy in the coming months to strengthen relationships with legislative stakeholders and prevent similar issues in the future.

#### **Recommendation 25**

The S.C. Aeronautics Commission acknowledges the finding and is committed to ensuring that commissioners receive all necessary documents requiring their approval in advance of commission meetings.

Current Agency practice is to send meeting agendas and relevant documents to commissioners at least **three to five business days** before each meeting to allow for thorough review and discussion. Moving forward, Aeronautics will ensure that items requiring more in-depth review are sent out well in advance of Commission meetings.

#### **Recommendation 26**

The S.C. Aeronautics Commission acknowledges the audit recommendation regarding the nomination and confirmation process for the executive director. The Commission remains committed to transparency, accountability, and collaboration with the General Assembly to ensure effective leadership in advancing aviation initiatives across the state.

We recognize the importance of a structured and balanced appointment process and stand ready to assist the General Assembly in evaluating potential legislative amendments. Our priority remains ensuring that the executive director selection process supports the continued growth and efficiency of aeronautics in South Carolina while maintaining alignment with industry best practices and state governance needs.

We welcome further discussions on this matter and will provide any necessary information or expertise to aid in the decision-making process.

This concludes our comments on the Legislative Audit Council's Limited Review of the S.C. Aeronautics Commission. The audit report provides valuable insights into the agency's

operations, highlighting both strengths and areas for improvement and we thank you for the effort that went into this report.

By addressing the recommendations outlined in the report, the agency can enhance efficiency, transparency, and overall effectiveness in fulfilling its mission. We think the audit also demonstrates that Aeronautics faces a shortage of funding, which impacts its ability to fully implement programs, maintain infrastructure, and address workforce shortages in the aviation sector. We look forward to working with the General Assembly to address this vital need.

The staff and Commissioners of South Carolina Aeronautics look forward to moving ahead, securing adequate funding, alongside a continued commitment to accountability and best practices. This will ensure that Aeronautics not only meets regulatory expectations but also serves the public interest more effectively.

Sincerely,



Gary W. Siegfried, PE  
Executive Director  
South Carolina Aeronautics





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