

Public Cost of Training Boeing Workers Far Higher Than Projections

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By Rick Brundrett - The Nerve

When S.C. lawmakers in 2009 first approved massive taxpayer-backed funding for aerospace giant Boeing to build an assembly plant in North Charleston, the state estimated it would spend nearly \$34 million over 15 years for worker training.

But over the past 10 fiscal years, the state has spent \$58.3 million – an approximately 70% hike over original projections – to train Boeing workers through the S.C. Technical College System’s “readySC” program, according to information provided this week by the college system to The Nerve.

The average per-worker training cost to the state also jumped significantly, from about \$8,950 as initially estimated to approximately \$12,100 – a 35% increase.

In an email response this week to The Nerve, Technical College System (TCS) spokeswoman Kelly Steinhilper said the readySC program trained 4,831 Boeing workers from fiscal 2012 through last fiscal year, noting that employees on average participated in “30 classes over multiple phases and years.” The state’s original projections covered training for 3,800 workers.

The \$58.3 million in training costs over the 10-year period included “instructor salary/benefits, equipment and consumable supplies and materials for training,” Steinhilper said. Currently, 53 readySC staff are “assigned to the Boeing project,” she said, with training provided at Boeing’s plant site or Trident Technical College’s Aeronautical Training Center in North Charleston – an \$80 million facility that opened in 2019.

To put the \$58.3 million into some context, it’s more than the entire current budgets of about 60 state agencies or divisions, state budget records show. In comparison, revenues last year for the Chicago-based Boeing totaled about \$58.2 billion, company records show – nearly \$26 billion more than this fiscal year’s entire state budget.

From fiscal years 2016 through 2020, lawmakers designated a total of more than \$43 million for the readySC program out of state general and surplus funds, budget records show.

Effective Jan. 1 of this year, Boeing agreed to begin paying the TCS for worker training, according to documents provided recently to The Nerve by the S.C. Department of Administration under the state Freedom of Information Act.

Those records show that the TCS was authorized to receive about \$1.9 million from Boeing in the last half of fiscal 2021, which ended June 30, and another nearly \$5 million for this fiscal year.

“The State of South Carolina and Boeing have been partners for the last 10 years during which time readySC has provided training for all Boeing production employees under a contractual

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Committee made when Boeing first began production in the State,” according to other-fund authorization requests by the TCS to the Department of Administration. “Consequently, readySC now has a highly skilled staff specializing in training of aircraft production employees.”
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The TCS requests, the latest of which was dated July 12 and approved on July 20 by Brian Gaines, director of the state Executive Budget Office, said Boeing will pay the TCS for “all costs incurred to provide this training.” Steinhilper said Boeing is “paying the personnel costs associated with that (readySC) staff.”

Boeing has more than 7,500 workers in South Carolina and about 160,000 worldwide, according to the S.C. Department of Commerce’s website.

The Nerve [launched](#) publication in January 2010 with a week-long investigative series on the Boeing incentives package, conservatively estimating that the cost of all taxpayer-backed freebies totaled at least \$500 million. The true cost to taxpayers likely will never be known in part because of [state privacy laws](#) protecting companies receiving certain incentives.

Incentives goodie bag

Of the state and local incentives offered to Boeing since 2009, state bonds collectively make up much of the taxpayer cost. The general obligation bonds sold to benefit Boeing will cost taxpayers a total of \$483.3 million, including \$119.3 million in interest, through June 2025, according to information provided this week to The Nerve by the S.C. Treasurer’s Office.

In a special session in October 2009, lawmakers rushed through an incentives package for Boeing that included approval of an initial \$170 million in bonds under a section of the S.C. Constitution that allows legislators to disregard debt ceilings.

Other taxpayer-backed goodies provided to Boeing under a 20-year state incentives agreement provided to The Nerve in 2010 by the Department of Commerce included:

- State corporate income-tax credits of \$2,500 for every new full-time employee for five years because the assembly plant near Charleston International Airport is located in a designated “multi-county” industrial park.
- An unknown dollar amount in sales tax exemptions on the purchase of construction materials, computer equipment and fuel for test flights of 787 Dreamliner planes.
- A \$5 million state grant to Charleston County for site preparation.

In addition, Charleston County at the time offered Boeing a number of incentives, including, according to county agreements:

- A 30-year, fee-in-lieu-of-taxes (FILOT) agreement that fixed the property assessment rate for the 1.2-million-square-foot plant at the 4% residential rate instead of the standard 10.5%

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rate for industrial property and also locked in the millage rate for the period.

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- Special source revenue credits, which equal 50% of the FILOT payments, over 15 years.
- An exemption from paying personal property taxes for 10 years on two large cargo transport planes at the site.

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Boeing had two existing North Charleston facilities before constructing the 11-football-field-size 787 Dreamliner assembly plant, which started operating in June 2011. In addition, Boeing in 2014 broke ground on a 256,000-square-foot airplane paint hangar, and in 2015 opened a propulsion engineering and assembly facility in North Charleston, according to Commerce's website.

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