June 14, 2007

The Honorable Robert W. Harrell, Jr.
Speaker of the House of Representatives
Post Office Box 11867
Columbia, South Carolina 29211

Dear Mr. Speaker and Members of the House:

I am hereby vetoing and returning without my approval H. 3239, R-128.

This legislation permits the South Carolina Employment Security Commission to use federal funding to acquire land in Spartanburg County to replace two existing buildings with a new facility.

A long held belief of this administration is that we should run government more like a business, making decisions that focus on the bottom line and doing all we can to improve the quality of the services we provide our clients. From this perspective, H. 3239 falls short on two counts.

First, H.3239 represents activities that focus more on administration at the expense of getting people back to work, the core mission of the Employment Security Commission. If enacted, H.3239 provides for the Employment Security Commission to use $500,000 in federal funds through the Reed Act to acquire land for a new building. Currently, the two Employment Security Commission Spartanburg offices combined contain 10,000 square feet of office and frontline service space. The agency intends to replace these facilities with a new structure providing approximately 16,000 square feet of office capacity. This would be perfectly reasonable if demand for their services was expected to rise dramatically and there were not other ways of providing this service. This is not the case.

Based on internal OneStop usage reports for the Spartanburg County Employment Security Commission offices, there is not a projected increase in traffic consistent with the plans for this building. Furthermore, the unemployment rate for the Upstate region served by these facilities has declined from 8.3 percent in the Spring of 2006 to 5.9 percent in April 2007.

During more prosperous periods in which we have declining unemployment rates, it’s tempting to use cash reserves to fund activities that are only marginally tied to improving the effectiveness of the unemployment services provided in the Upstate Workforce Investment Act Region. However, this approach can prove short-sighted when the economy quiets and those dollars are needed to provide services to the unemployed.

The funds used in H.3239 represent a much larger building campaign through which the Employment Security Commission is building new facilities across the state drawing down funds from a federal disbursement provided to shore up the Unemployment Insurance Trust Fund. Since the 2002
disbursement of $110 million, more than 11 percent of the state’s Reed Act cash account has been committed to buildings that have been completed or are on the drawing board.

Second, H.3239 encourages the Employment Security Commission to continue offering service based on a 20th century model that is rapidly becoming less relevant in the 21st century economy. At a time when more and more services can be offered online, the Employment Security Commission is building in anticipation of the continued use of a centralized approach. Lost in this approach is the opportunity to leverage both new technology, other governmental agencies and the growing list of private sector providers that can offer most, if not all of the services the Employment Security Commission performs.

In this regard, H.3239 discourages three governmental entities – the Department of Commerce, the Technical and Comprehensive Education system and the Employment Security Commission – from combining the use of the federal, state and local funds they receive to streamline funding in a more targeted effort to better serve their shared client base. Within minutes of the current Employment Security Commission location, there is a OneStop and a technical college campus. We believe the Employment Security Commission should be working more closely with those entities to co-locate or utilize available space rather than sinking funds into a new structure.

Furthermore, this is an example of the need for better coordination of workforce programs in this state into a single, accountable agency. Much like the Department of Transportation, the Employment Security Commission does not have a direct line of accountability back to the people. Like DOT Commissioners, Employment Security Commissioners are elected to terms by the General Assembly and, thereby, are insulated from the voting public. That 11 percent of Reed Act funds that is going toward a building campaign should be cause for concern by the members of the General Assembly who put these Commissioners in office. This administration has advocated for a more unified and accountable workforce plan to be implemented that would reduce unnecessary administration such as this and dedicate more of those dollars back to the core mission of putting people to work.

For these reasons, I am vetoing H. 3239, R.128.

Sincerely,

Mark Sanford