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REMARKS BY GOVERNOR DICK RILEY
BEFORE A JOINT SESSION OF THE
104TH SOUTH CAROLINA GENERAL ASSEMBLY

STATE OF THE STATE ADDRESS

JANUARY 14, 1981

FOR RELEASE AT 7:00 P.M.

Madame President, Mr. Speaker, Members of the Joint Assembly,
Fellow South Carolinians:

This week marked the beginning of a legislative session of unusual difficulty and unusual responsibility.

We convene during troublesome times, times when people are concerned about their government, concerned about their economy, concerned about their future. They're worried about inflation, about the high cost-of-living, and about making ends meet on a day-to-day basis.

The author Peter Drucker calls these "turbulent times," and in his most recent book, he writes, "A time of turbulence is a dangerous time, but its greatest danger is a temptation to deny realities."

Tonight, as we acknowledge these turbulent times, I ask you to join me in identifying and addressing the realities of South Carolina in the 1980's.

Let's look at the realities of a corrections system which is too crowded, too expensive and too important to the safety and security of our state to ignore;

Let's look at the realities of serious new criminal activity in our state which threatens our citizens and requires tougher, more effective statutes;

Let's look at the realities of controlling governmental growth with broad, fundamental statements of constitutional principle, and not with the kind of detailed provisions which weaken the very purpose of the constitution;

Let's look at the realities of managing government better, not just because times are tougher, but because it's the right way to do it;

Let's face the realities of reapportionment with a spirit of partnership that will help resolve this difficult issue in the best interest of our state;

Let's look at the realities of a public school system which is working and which needs continuing support as the very cornerstone of this state's future;

Let's look at the realities of an economic growth strategy which has reaped benefits for all South Carolinians, and which can be enhanced to reach even more people in the future;

For two years you and I have worked as partners on behalf of the people of this state, and I appreciate the progress which has been made during that time. Now, as we enter this year of special challenges, I ask that we work together even more effectively, with special priority attention to three items: 1) corrections reform and criminal justice; 2) controlling governmental growth through sound constitutional action; and 3) better management of government.

CRIMINAL JUSTICE

First, let's talk about corrections and rehabilitation, and - as many of you are aware - our systems are in a serious state of overload.

Because of stiffer sentences, because of improvements in law enforcement, because of a more effective court system - and for many other reasons - our prisons are overcrowded and our probation and parole system is overtaxed to an absolutely critical stage.

Let's examine the facts. South Carolina has more people in prison than any other state in the nation on a per capita

basis. Our prisons are filled fifty percent beyond capacity, and inmate population is overloading the system of holding parole hearings.

The caseload for parole and probation officers is so high that some judges in this state have told me they're reluctant to hand down probationary sentences where they would ordinarily do so. In other words, the system is so crowded that its very effectiveness is being impaired.

Next, let's look at the price we're paying. Between 1970 and 1980, the annual cost of operating our corrections system increased from \$7.8 million a year to \$55.2 million for the current year. That's an increase of 600 percent, and that's faster than the growth rate for either education, or health or human services. If something isn't done to curb the present growth trends over the next ten years, we'll need a new prison every two years at a construction cost of about 20 million dollars apiece.

So I come to you tonight in the interest of sound criminal justice, in the interest of public safety and security, and in the interest of controlling the cost of government. Let's face realities, and let's do something about our corrections and rehabilitation system.

It's my opinion that the first step toward a solution is in building the kind of community services which can guarantee an alternative to incarceration that's safe, that's effective, and that's cost-efficient. I'm talking about parole, probation and other programs in which persons can serve time under responsible supervision away from institutions. It's less expensive for the state; it's less expensive for families whose breadwinners go to prison; and it gives us a better chance to convert a criminal into a productive, law-abiding citizen.

Such a first step, however, will require action on your part, and I recommend the following:

1. The present Probation, Parole and Pardon Board should be strengthened and reoriented into a Board of Parole and Community Corrections, with a clearly-defined mission to provide safe and effective alternatives to incarceration;
2. The Board of that agency should be expanded from the present seven to nine members, authorized to operate in three-member panels. Additionally, the position of Commissioner of Paroles and Pardon should be established so that the Board could conduct more hearings and remain current with its schedule. As the system develops, parole

hearings should be held up to 90 days prior to the first eligibility date, to allow adequate time for transition into a community environment. No inmate should serve - nor should this state pay for - a single day of institutional time beyond what is required by law.

3. As its earliest priority, this department should take whatever steps are necessary to strengthen its community activities, including better programs of intensive supervision, rehabilitation and residential services.
4. As community supervision becomes a safer and more viable alternative to institutional time, there should be an impact on sentencing practices. In that regard, I recommend that future inmates who exhibit good behavior become eligible for parole after serving one fourth, and not one third, of their sentences. In addition, I request the creation of a legislative committee which would work with the Supreme Court committee in the study of sentencing practices in the state.
5. As we strengthen community corrections for adults, we should do likewise for juveniles. As a step toward eliminating duplication of critical services, I recommend the

transfer of the present Youth Bureaus from the Department of Youth Services to the Department of Juvenile Placement and Aftercare.

6. In making these recommendations, I recognize that the national trend is toward total consolidation of corrections services. I have decided it is best not to go that far at this time. Instead, I am asking the State Reorganization Commission to conduct a thorough review and report back in two years as to how effectively our stated goals are being achieved.

In making these proposals to you, I am aware that you created an Earned Work Credit Program two years ago at the Department of Corrections which has already saved this state 3.4 million dollars in operational costs, and 13 million dollars in capital expenditures. The recommendations I make to you tonight would go even further in saving money.

Based on current trends and estimates, these recommendations could save as much as 45.2 million dollars in operating costs during the next ten years, and would reduce by over 30 million dollars the capital building needs of the system. In these days of tight budgets and limited dollars, that's money that could - and should - be put to more productive use for the people of this state.

A better corrections system, of course, is part of a better overall criminal justice system, but there are other problems that continue to plague our state. It's a matter of great concern to all of us that this state has become a primary point of entry for the smuggling of marijuana and other illegal drugs. The property losses from arson and burglary have risen rapidly in the last year, and are approaching \$100 million in South Carolina. Illegal dealing in gold, silver and other precious metals is the sinister by-product of these activities.

As a matter of utmost priority for the public safety and security, and in support of the dedicated men and women in law enforcement, I ask that we initiate an all-out legislative counter-attack on these crimes, including new laws that will stiffen penalties, clarify the nature of the crimes, and improve the overall effectiveness and coordination of law enforcement activities.

Finally, let's direct our attention again to the victims of crime. They're often overlooked in our efforts to guarantee fairness to defendants, and that's not right. Last year you set up a program of restitution for victims of property crimes; this year let's initiate a similar program for personal injury victims of violent crime. I recommend that you establish a victim compensation program, tightly-controlled, and adminis-

tered by the Circuit Solicitors of this state. Funds to operate this program and to expand our community corrections program would be paid by the criminals themselves, through a fee collected at the time of their sentencing.

These proposals on criminal justice represent a comprehensive approach to the realities of our overcrowded corrections system. It is not enough simply to demand more law and order, unless we're willing to strengthen the entire system to accommodate it. Putting more and more people in prison isn't the answer; nor is de-populating prisons without safe and effective alternatives. I thus present these initiatives as a package of components which are dependent upon each other to make our criminal justice system more effective.

CONTROLLING GOVERNMENTAL GROWTH
THROUGH SOUND CONSTITUTIONAL PRINCIPLES

There is strong belief that safeguards should be provided in our State Constitution against excessive spending and growth of government. Out of a deeply-held conviction that our Constitution should be a statement of broad, fundamental principles, I do not believe a spending limitation should be addressed in isolation, with lengthy, detailed statements not appropriate for Constitutional purposes.

Other provisions dealing with our fiscal policy are spread throughout the Constitution in too much detail. This has caused numerous questions of ambiguity and inconsistency. Therefore, I propose a comprehensive Article to the Constitution addressing in clear, simple statements the fundamental principles of fiscal policy including the following:

1. That the state maintain a balanced budget from revenues;
2. That state spending should be limited, and should not grow faster than the state's economy;
3. That state borrowing should be limited so that we never spend more than five percent of our general revenues in any year for debt service;
4. That state employment should be limited, and should not grow faster than the population of the state;
5. That a Reserve Fund of three percent be maintained, not to exceed 60 million dollars, and that it be used only for covering operational deficits.

As I indicated, some provisions are already in place in one form or the other. Others have been extensively debated in this General Assembly. As properly drawn and as sound principles, these proposals will give this state the strongest Constitutional statement of fiscal responsibility in this country. But as one

who worked long and hard with some of you in modernizing the 1895 State Constitution, I will strongly resist amending that document with a laborious recitation of details which serve only to weaken the Constitution and undermine its basic respect and authority.

MANAGEMENT OF GOVERNMENT

Whatever controls may be placed on the size of government, it's up to us to guarantee maximum productivity from the tax dollars available, and that means the exercise of good management.

As a basic step in that direction, the budget as presented to you by the Budget and Control Board addresses three important management objectives.

First, it presents our spending program up front, in a straightforward manner. Items which in the past inappropriately found themselves reserved for the Supplemental Bill, now are included in the General Appropriations Bill.

Second, it clearly defines the state's priorities and allocates the funds accordingly. While it provides increases in such

priorities as education, aid to subdivisions, state employees and human services, it also reduces programmatic spending in other areas.

Third, it provides for a seven percent reduction in funding for personnel positions. I view that reduction as not simply a measure to balance the 81-82 Budget, but as a mechanism to control the size of government. More importantly, it represents the kind of tough management discipline which we must establish in the long-term best interest of state government.

In addition, I call your attention to two other important items. Capital expenditures today require a major outlay of general revenues for debt service each year. In the last ten years, that debt service has grown from 22.4 million dollars annually, to 78.6 million dollars this year; and that's more than we spend on the entire corrections and parole systems. We need to be restrained, not just within constitutional and statutory limits, but by the sound discipline of good management. Capital borrowing leads not only to governmental growth, but it diverts funds away from needed services for the people of our state.

Also good management means the installation of good orderly systems, and I recommend to you the concept of a Consolidated

Purchasing Code such as developed by the State Reorganization Commission as a major step toward modernizing the business practices of state government.

In addition to these three areas of priority attention - criminal justice, governmental growth and constitutional stability, and strong management of government - I call your attention to other realities of the 1980's which we must address this year.

I'm talking about a basic strategy of this state - a strategy which has provided that public education and economic growth are the two major components around which we will build the future of this state.

That's where we have traditionally exerted our major effort, and that's where we are reaping measurable benefits today.

In public education, we see evidence of improving test scores and better preparedness in the first grade as proof that we were right in strengthening kindergarten and early childhood education, and funding the Education Finance Act.

But we see evidence far beyond money and test scores. We see all across this state thousands and thousands of parents, volunteers, community leaders, students, teachers and administrators

rallying behind the public schools, and providing something money itself could never accomplish. To maintain this momentum - which is frankly contrary to what we see happening elsewhere in the country - let's add a third year of phased-in funding to the Education Finance Act this year, and let's continue efforts to improve programs and systems in early childhood development.

In terms of economic growth, we again see a South Carolina success story in progress. At a time when investment capital has been drying up around the country, our state has experienced its finest two years in history, with three billion dollars invested in new and expanded industry, creating over 35,000 new jobs spread across all 46 of our counties.

That's proof that the free enterprise system - and not governmental growth - is the best means of providing new jobs for a growing population in this state. Now, I ask you to take two further steps which can enhance that strategy:

1. I propose the enactment of an investment tax and jobs credit program as incentive for firms to locate businesses and create jobs in the state's underdeveloped counties;

2. I request that you allocate \$20 million in capital improvements for this state's fine Technical and Vocational education systems to replace outmoded equipment, and to purchase training equipment for high technology needs. This request comes at the recommendation of my Task Force on the Economy and is consistent with TEC's Design for the 80's Program.

Next, I call your attention to the growing concern about the proper coordination of children's services in this state. There are many agencies of government involved in many programs to assist children in this state, but programs and money are not enough. If we're going to get the job done, we've got to work better together. I therefore propose two steps toward achieving that goal: 1) the development of a Children's Policy for the state and the adoption of a comprehensive Children's Code of Laws; and 2) the establishment of a Children's Coordinating Cabinet to bring about more cooperation among the agencies of this state.

Let me emphasize that if these steps do not bring about the desired and necessary results on behalf of the children of this state, I will not hesitate to bring to you my recommendations for structural changes if they are needed.

As another issue of major legislative priority this year, I recognize your lengthy work and concern over a new Appellate Court

for the state. This year, I recommend the establishment of a Court of Appeals, created with a broad and fundamental Constitutional base within the unified court system, and implemented through detailed statutory provisions.

Legislative priorities this year should also include the following items, which I recommend to you at this time:

- The enactment of a local option sales tax of one-half of one percent to be adopted at the local level only in conjunction with a rollback of the ad valorem property tax;
- Adoption of legislation which would modify the present Automobile Reinsurance Facility with a system to reduce the burden of good drivers subsidizing the rates of high-risk drivers;
- Continuation of our commitment to energy conservation and the development of alternative energy sources;
- Enactment of a revised Probate Code for the state to modernize the present system, and to extend particular assistance to the elderly;

- Enactment of a provision amending the current laws on public transportation.

These issues I bring to your attention as priority matters for your consideration this year. But as we address the needs of these turbulent times, we must recognize the realities elsewhere which influence us here.

Many people believe that there will be efforts in Washington to delegate increasing responsibilities to the state level, and that's a change we welcome.

But reduction in federal authority means reduction in federal dollars as well, and that's a part of the realities we must recognize.

But we must also realize that in turbulent times, the fundamentals of government have to be managed, and managed well, and that's the commitment I ask of you tonight. Let's deal with the fundamentals of basic governmental needs, and the fundamentals of controlling our government and managing it well.

Let's provide for the fundamental investments we must make in the future of this state; and let's deal with the basic needs of those who look to the state for relief and assistance.



But, above all, let's deal with another fundamental part of this state, which goes further to the heart and spirit of South Carolina. Let's recognize also that across this nation there are those who would create turbulence in human affairs, and would sow the seeds of bigotry and hatred in our midst. And let us face those realities, confront them, and reject them as being utterly unwelcome and unacceptable in the South Carolina of today.

If ours is a state limited in its material wealth and resources, there is no poverty of spirit, nor is there any deprivation of such treasures as clean air, clean water, natural beauty and a wholesome living environment.

As we face the tough decisions of this year, then, let it be with the knowledge that whatever we may lack in financial resources we have the human spirit, the strength of character, and the moral toughness to withstand the turbulence, and convert the realities of today into the foundations for a greater tomorrow.

Thank you.