

Harris Page Smith Memorial Lectures In Local Government

County Government
In South Carolina Today
By William L. McBride

Municipal Government
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By William D. Workman, III

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The Strom Thurmond Institute of Government and Public Affairs at Clemson University established the Harris Page Smith Memorial Lectures in Local Government in 1989 to provide a forum for reviewing and discussing the principal concerns of South Carolina's counties and municipalities. The lectures are presented annually by the presidents of the South Carolina Association of Counties and the Municipal Association of South Carolina. In establishing the lecture series, the Institute is attempting to perpetuate the work of Senator Harris Page Smith through whose encouragement the Strom Thurmond Institute's efforts in state and local government were initiated and to introduce the Clemson University community to continuing issues in South Carolina local government. No South Carolinian of Senator Smith's generation has done more than he to focus attention upon the importance of local government.

Harris Page Smith was elected to represent Pickens County in the South Carolina House of Representatives in 1963. He left the House after election to the South Carolina Senate in 1971 where he served until his death in 1981. During his service in the legislature, he played an active role in calling attention to the needs and concerns of local governments. Upon formation of the Advisory Council on Intergovernmental Relations by Governor Richard W. Riley, Senator Smith was named chairman of the group. Prior to that appointment he chaired the special study committee on alternative sources of revenue for municipal and county governments which called upon Clemson University faculty to provide staff support to the legislature in the form of policy studies.

A native of Easley, Harris Page Smith received his B.S. degree from Davidson College in 1949 and a law degree from the University of South Carolina in 1952. After two years of service in the U.S. Army, he returned home to Pickens County to practice law in 1954. He was active in numerous church, civic, and professional organizations. In 1952 he married Nell Whitley; and they had four children, Sam, Susan, Hugh, and Phyllis.

William L. McBride
President, South Carolina Association of Counties

William L. McBride, president of the South Carolina Association of Counties, is in his eighteenth year as a member of Beaufort County Council. He has served the association as president of its County Council Coalition during 1990-1991.

Councilman McBride currently serves on the board of the Lowcountry Council of Governments and as chairman of the Beaufort County Council's Rules and Procedures Committee. He is the council parliamentarian. He is a resident of St. Helena Island and a member of Wesley United Methodist Church in Beaufort where he chairs the church's Administrative Board.

McBride is employed by the Beaufort County School District as a biology teacher. A 30-year veteran educator, he chairs the Science Department at Beaufort High School. His bachelor's and master's degrees are from South Carolina State College, and he holds a Specialist in Education degree from the Citadel.

William D. Workman, III
President, Municipal Association of South Carolina

William D. Workman, III, president of the Municipal Association of South Carolina, has served as mayor of Greenville since 1983. His career in municipal government began with his election to Greenville City Council in 1981. He served as a trustee of the Greenville County schools for two terms.

Mayor Workman is an appointee to the South Carolina Advisory Commission on Intergovernmental Relations and to the Southern Growth Policies Board. He was a member of Governor Jim Edwards' staff as executive assistant for natural resources and economic development.

Workman is employed by Piedmont Natural Gas as vice president for South Carolina Operations. In his previous position as director of special projects for Fluor Daniel, he evaluated industrial locations for the company. He is a former dean of Allied Health Sciences at Greenville Technical College, a retired Lieutenant Colonel, U.S. Army Reserve, and a Citadel graduate.

He is a Sunday School teacher at Buncombe Street United Methodist Church. He is married and the father of two sons.

Harris Page Smith Memorial Lectures

County Government in South Carolina Today By William L. McBride

Distinguished Guests, Ladies and Gentlemen:

I would first like to thank the Strom Thurmond Institute for hosting this lecture series on local government and inviting the South Carolina Association of Counties to participate. As someone who has been involved in local government for more years than I would like to admit, I remember the contributions of the late Senator Harris Page Smith to the development of home rule local governments; and I believe that it is most fitting that this series bears his distinguished name.

This is the fifth year in which a president of the South Carolina Association of Counties has appeared at this lecture series and addressed the question of the status of county government in South Carolina. Past presidents Butch Spires, Ken Huckaby, James McGee, and Belle Kenette in their comments raised the issue of unfunded state mandates to local governments and the need to legislatively address this vexing issue.

In 1989, President Butch Spires noted that "it is simply not fair to the public for the legislature or a state agency to mandate a service requirement and not fund its cost. A mandate can ensure that the responsibility for unpopular property tax increases rests not with the ones responsible for the increase but with the ones who must comply with the mandate. This is not governmental accountability; it is a magic show complete with smoke and mirrors."

In 1990, President Ken Huckaby continued with the theme of unfunded mandates and governmental accountability when he said: "To restore the confidence of the people of South Carolina in their governmental institutions, we must act to correct the mandates problem."

In 1991, President James McGee said: "Unfunded mandates erode the home rule authority vested in county coun-

cil because they deprive the local elected body of the ability to allocate scarce local resources to meet community needs. When the General Assembly dictates a new service program and does not provide the money to pay for it, it is in effect saying to every county and municipal council member that it knows better than we do how to spend local tax revenues.”

And just one year ago almost to this day President Belle Kennette in her address at this lecture series called for action to deal with the unfunded mandates question when she said: “The South Carolina Association of Counties strongly advocates putting an end to the abusive practice of the General Assembly’s enacting new programs and requiring the local governments to raise the taxes to pay for them.”

Again and again, year in and year out, the South Carolina Association of Counties has been the only group of local government officials to call for legislation to address the unfunded mandates problem in South Carolina. Dealing with unfunded state mandates has been a legislative agenda item for the South Carolina Association of Counties since counties were given statutory home rule in the mid-1970s. The association’s Legislative Committee has made mandates its top legislative priority for the past three years.

I am pleased to report to you this afternoon that the hue and cry for legislative action on the unfunded mandates issue was finally answered in the 1993 session of the General Assembly with the passage of Act 157 of 1993. Those of us in county government take pride in this accomplishment because in a strong legislative state like South Carolina, it is no small feat to pass an act which places a limitation on the exercise of the General Assembly’s legislative power.

What did we get? South Carolina’s new unfunded mandates law is modeled after a provision in the Florida constitution. In 1990, Florida voters approved by a 65 percent margin a constitutional amendment to deal with the issue of unfunded state mandates. When it passed, local government officials in Florida claimed that the new law “would

make for much more orderly fiscal planning and help relieve the increasingly onerous burden of paying for state-imposed programs.” They did not believe that the new law would stop the mandate train . . . they did hope, however, that it would at least slow the train down.

South Carolina’s law is statute-based and not of constitutional origin. The South Carolina General Assembly can amend or even abolish it, if they so choose, at their next legislative session. Be that as it may, the definition of state mandate is the same. State mandates are general laws requiring counties or municipalities to spend funds or to take an action requiring the expenditure of funds. State mandates also include general laws which would reduce the authority to raise revenue or reduce the percentage of a state tax shared with counties and municipalities.

The South Carolina unfunded mandates law provides that no county or municipality may be bound by any general law requiring it to spend funds or to take an action requiring the expenditure of funds unless the following two conditions are met: first, the law fulfills a state interest and, second, it is approved by two-thirds of the members voting in the House and two-thirds of the members voting in the Senate. If these two requirements are met, then the General Assembly can still impose unfunded mandates on county and municipal governments.

A simple majority vote in each house is required to pass a mandate if one of the following applies:

- (1) funds have been appropriated in the state budget sufficient to fund the state program;
- (2) a new county-municipal funding source, not available for use by the county or municipality on July 1, 1993, is authorized by the General Assembly. This new funding source can be implemented by a simple majority vote of the county or municipal council;
- (3) the mandated expenditure is required to comply with a law that applies to all persons similarly situated; or,
- (4) it is either required to comply with a federal require-

ment or for eligibility for a federal entitlement.

Exempted entirely from the application of the unfunded mandates law requirements are several legislative areas: laws relating to the judicial department, education department, criminal laws, election laws, appropriations acts, funding of pension benefits, laws reauthorizing but not expanding statutory authority, and laws having a fiscal impact of less than ten cents per capita on a statewide basis.

Another provision limits the authority of the General Assembly to take away the authority of a county or municipality to raise revenue. Only by a two-thirds vote of those voting in each house, may the General Assembly enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that counties and municipalities have to raise revenues in the aggregate.

How has the Florida anti-mandates constitutional provision worked since its implementation? The Florida Advisory Council on Intergovernmental Relations prepared a report of the impact of state mandates imposed by the 1992 Florida legislature on counties and municipalities. They developed a local mandate analysis procedure pursuant to the provisions of the law and then reviewed all legislation impacting county and municipal government. The report revealed that in the 1992 session of the Florida legislature, thirty-two laws, containing fifty-two provisions with mandates on cities and counties, were enacted.

In addition, the legislature enacted fourteen laws containing eighteen provisions that provide new or expanded revenue sources for counties and municipalities. Most of the mandates were imposed without a two-thirds vote of the legislature because they fell into the exemption category of "insignificant fiscal impact." The conclusion of the report noted that these new or expanded revenue sources, "to some extent, may offset the impact of new or previously imposed mandates on local governments."

Since South Carolina's unfunded mandates act is modeled after Florida's, it seems to me that we could easily

adopt the mandate analysis procedure already in use in Florida to analyze legislation passed by the South Carolina General Assembly. The issue of state mandates to local governments has been one of long-term interest to the South Carolina Advisory Commission on Intergovernmental Relations. This organization conducted one of the most comprehensive studies ever done in the state with regard to mandates. We would encourage the South Carolina Advisory Commission on Intergovernmental Relations to use the Florida mandate analysis procedure as a model for future reports on mandates.

County officials recognize that Act 157 is not the final answer or a cure-all for the mandates issue. We believe, however, that as the 1994 legislative session approaches, counties and municipalities will benefit from the combination of the revised fiscal notes act—a 1991 legislative initiative of the South Carolina Association of Counties—and the new unfunded mandates act. The two laws working together will help to identify and evaluate the costs of mandates as well as help to categorize the different types of mandates passed by the General Assembly. We are optimistic that this will heighten the awareness and increase the sensitivity of members of the legislature and that they, in turn, will be more restrained in their zeal to pass on the costs of state programs to local property taxpayers.

Looking ahead to the new year, we see new challenges that must be faced. Of growing concern is the issue of unfunded federal mandates and their effect on American federalism—the relationship between the federal, state and local governments. In October twenty-seven counties and municipalities across the United States focused attention on the rising tide of costly unfunded federal programs being passed on to state and local governments. These actions by the federal government are disrupting the federalism balance and displacing local decision making with congressional will at the county and municipal level. The South Carolina Association of Counties strongly supports the ef-

forts of the National Association of Counties and other national organizations representing local governments to secure the passage of legislation in Congress to stop the flood of federal mandates to the states and local governments.

At the state level proposals are being floated to repeal the residential property tax for school operations without first identifying alternative revenue sources to replace the loss of an estimated \$180 million. It is entirely conceivable, based upon past experiences of legislative one-upsmanship, that the school taxes may well be repealed, yet no agreement be reached on a new revenue source. This would be devastating to the public educational system in South Carolina. Economic development will surely suffer. Who would invest in a state that will not invest in bettering the educational opportunities of its own people? No one with any sense.

The S.C. Chamber of Commerce is proposing that legislation be introduced to limit local government spending or to cap local government revenues or to do both—limit spending and cap revenues. In support of this proposition for South Carolina local governments, the chamber cites a study that says that more than forty-three states have adopted some type of local government expenditure limit or tax limit. Our response ought to be to give local governments in South Carolina alternative revenue sources so that they do not have to depend so heavily on local property taxes. We would urge the General Assembly to study carefully these issues. We would further urge the tax limitation and spending limitation groups to join our efforts to get the U. S. Congress to pass unfunded mandates legislation and to help us actively oppose legislative attempts in our General Assembly to pass on to local governments the costs of state programs without adequate funding.

To these issues I hasten to add to the list other items of unfinished business that the General Assembly needs to revisit in the 1994 session.

Following the State Supreme Court's decision in the Bailey case, the costly burden of providing adequate legal defense

services to those who cannot pay for it has fallen on the counties. It has now become commonplace for a court to order a county to pay \$65 to \$150 thousand to defense lawyers to handle the case of an indigent in a capital criminal case. Add to this the increased costs of providing legal defense services in noncapital criminal cases and the amount of money totals in the millions of dollars.

We maintain that the defense of indigents is a state responsibility and duty. The state is shirking its responsibility and unloading this cost on county property taxpayers. We would urge the General Assembly to revisit this issue and to pass legislation to establish a statewide public defender system funded with state revenue sources.

Finally, we would call on the General Assembly to revisit the "C" funds road program. In 1992 the S.C. Supreme Court in the Tucker decision knocked down the requirement that the county's legislative delegation approve the expenditure of "C" funds. In 1993 the General Assembly attempted to fix this by creating local transportation committees which would be appointed by the delegation.

This new scheme is fraught with problems. The attorney general has issued an opinion to the effect that county and municipal officials cannot be appointed to serve on the local transportation committee because it would constitute dual office holding. In addition, a lawsuit has been filed challenging the appointment of the committee by the delegation, and we must now await the outcome. Also, the state highway department has made known its desire to take this money away from local paving programs and to use it as match money to obtain more federal highway funds. We would urge the General Assembly to return the "C" fund road money to local control for use in local paving and road maintenance programs.

In closing I again wish to express my appreciation to the Strom Thurmond Institute for holding this forum for the discussion of issues important to local government in South Carolina. Thank you.

Harris Page Smith Memorial Lectures

City Government In South Carolina Today

By William D. Workman, III

It is good to be with all of you today. And it's good to be here at Clemson University again. Clemson is emerging as one of the central aspects of the future economic development in the state of South Carolina. Let the record reflect that I will be glad to endorse and second the comments that were made by my colleague, the president of the county association. His explanation of what we're up against in trying to find the revenue to deliver needed services certainly should be supported by all of us in local government and by the citizens who expect their governments to be able to maintain an adequate level of services. The transfer of responsibility for paying for what must be done has started at the top; and when it comes down to us, it has gone as far as it can go. So if there's anything we can do together to change that situation, we in fact will do it.

I want to take a little different approach from the municipal perspective. I speak to you as the mayor of the city of Greenville, but also as a 15-year veteran of economic development activity around the United States, particularly involving community studies that indicate where industrial and commercial investments will be made. I will transfer that into what needs to be taking place in South Carolina so that local government can function, local citizens can prosper, services can be provided, and a good quality of life can be made available for all of us.

My company, Fluor Daniel, has sent me to over 400 different cities and counties across America in the last 15 years to do studies on the nature of those communities. My purpose was to see that when we got there to build a construction project or participate in the industrial life of that place, we would not receive too many unpleasant surprises. I want to share with you this afternoon some of what I have learned about what makes a place work and what we ought

to be doing in South Carolina, particularly at the local governmental level, to make our lives better in the future.

It is clear in my mind that of all the conflicting priorities that confront local government the over arching responsibility is that of prosperity for the people. Without this, nothing else happens. There are cities around the world that are covered with sand and can't be found except by very sensitive satellites that were once centers of commerce and industry, filled with hundreds of thousands of people who thought their city would be successful into the future. Because of natural and man-made disasters, whether they were earthquake, flood, famine, conquering armies, or simple abandonment, these places are now gone and deserted.

It takes constant attention on the part of the people of a region to maintain a level of activity that creates prosperity or the optimum use of people, resources, and time. It is essential to create an economic mainstream that is wide enough and deep enough for all people to be a part of, rather than just a select few. The process of transferring economic prosperity into an improved quality of life for all people is a critical component of anything that can be termed good governance. In these quality of life issues, first and foremost is safety. People come together for economic reasons and for mutual protection. Any community, city or county that loses sight of its principal responsibility to maintain public safety has lost sight of the reason for its existence.

The creation of decent living conditions, the creation of a population that's educated and aware, the creation of a system that will care for the helpless, that will shrink dependency and increase self-reliance are also important. Those programs will lead then to prosperity, the increase of the tax base, jobs, increasing retail trade, downtown areas that are flourishing, and decent employment so young people will be able to stay in their home state.

Jane Jacobs in her excellent work, *The Economy of Cities*, observed that poverty has no causes. It's prosperity that has causes. If you wish to have poverty, all you have to do

is nothing. It will be there. If you want prosperity in a location, positive actions must be taken to create the conditions and create the prosperity. Ms. Jacobs also says: "Economies that do not add new kinds of goods and services but continue to repeat only old work do not expand much nor do they by definition expand." Which is another way of saying that if you see the Third World nations as your competition, you will resemble them yourself.

South Carolina should not seek to compete at the low end of worldwide global economic wage scales. We've got to be successful at the high end. We've got to be known for high value added in manufacturing and commerce, for high quality, high productivity, and high responsiveness to customers. It is through that approach that we can create a strong economic future for ourselves. The only choice is between high skills in the work force—to include college educated and beyond—high skills or low wages. There's no alternative.

Let me tell you the foundations of a good economy: a capable and motivated work force, sound physical infrastructure, well-managed natural resources, the presence of universities and other research facilities, and a system of regulation at the governmental level that makes sense, that's stable and can be predicted, and a system of capital and technical assistance that is easily obtained. Fiscal stability and quality of life round out the foundations of a strong economy. Let me bring this a little closer to governance at the local level.

There's an ancient law in economic development that says: development will follow infrastructure. Infrastructure includes transportation, electricity and gas, telecommunications, water and sewer, air and sea transportation—the basic things that are required in order for commerce and industry to be carried on, much less to flourish. That law is true; business and industry development does follow where those ingredients can be found.

But today, in the eighties and nineties and beyond, there

is a new overlay of infrastructure that is becoming more and more important. Something called "knowledge infrastructure" needs attention. That infrastructure ranges all the way from superior telecommunications based on fiber optic as well as copper cable, the presence of computers at all levels of education, the presence of computers and computer-driven manufacturing in all sorts of manufacturing endeavors, libraries that are stocked, replenished and new, cultural amenities that appeal to the spirit as well as the mind, and the ability to move information in any number of forms rapidly and without error.

For a community to have prosperity at the local level or the state level, it must be about a process that focuses on its basic infrastructure and its knowledge infrastructure. A community must know itself. It must analyze itself, determine its strengths and weaknesses against the requirements that can be found useful on a world-wide global economy. And its attitudes toward growth are included in this. You may have seen in the newspaper that in Hilton Head, they are saying enough growth. They wish to close the door. That possibility is there. The outcome, I think, is going to be grim for those folks because no city and no county in the state of South Carolina has within its own borders all that it needs for economic prosperity.

Let me tell you very quickly what the basic ingredients are. I've gone across the country and really had to do a lot of academic sort of study. I can tell you very quickly what the ingredients of the good places to live are and the ingredients of the sorry places to live are. Successful communities, without exception, have a notion of what they are, a vision of what they want to be. Successful communities, without exception, have a sense of community; people feel like they belong to a place. And that belonging extends to all members of the community, not just to the few.

And it's primarily the responsibility of collective political leadership to make the sense of community happen, to develop the vision, and to include all people in the planning

of the community. It has great implications for us in South Carolina. Successful communities also have evidence of pride and place. Attention is paid to keeping the community clean, to keeping the infrastructure functioning. If a store is vacant, board it up. If the plywood rots off the front, replace it. The grass needs to be cut. These little things allow someone to say: "The people that live here have some sense of dignity and self-respect; therefore, I'm willing to locate my hundred million dollar plant here because these are good people."

If that evidence of local pride and self-respecting dignity are lacking in a community, how can one expect someone to invest, to put his money at risk in that location? A person cannot.

There are too many communities in South Carolina still expecting some magic wand to touch them and to bring the good things to them when they care not about what they look like or what their place resembles.

All successful communities in this country have a sense of global awareness. They understand how they fit into the global economic scheme of things. Since the beginning of recorded history, there have been waves of economic energy that roll around the globe. It is useless to stand in the face of them. What has to be done is to learn to ride the waves as you would at the beach.

What's common about troubled communities? Complacency (it's good now, it's always going to be good), a cliquish or elitist group running things or trying to run things, very narrow focus on the needs and issues of the day, a resistance to change, and worst of all, a blindness to each other. If you have five minutes to spend in a location and want to get some notion of what it is like, go downtown to see how people relate to each other on the street. Are they speaking to each other, showing dignity and self-respect to each other, or is there friction and animosity between age groups, between the races, between the sexes as people simply go about their daily lives.

One last comment, I think, is useful in trying to understand how communities work; and again a role is played specifically by the local elected officials. We're all creatures of strong emotions, we often see things differently, and we frequently have difficulty communicating. You need to recognize that in terms of attracting investment, jobs, and industry and commerce to a region, one thing that's looked at so carefully now is how a place manages its conflict. Every time an issue in a community is dealt with in terms of win or lose, like in an athletic contest, a football game, or basketball game or in an election to see who can get the most votes, the fabric of that community is weakened. Then it gets harder and harder to put together a team of people who can make good things happen in that place. The issues that come up in a community must be viewed as things to be managed over time. People have to go back to find the common ground and to go forward together. If the barriers among people are the focus in a community, that community does not have much of a future.

Cities also need to be aware of the role downtowns play in the life of a community. Downtowns across America and around the world, but more in America than otherwise, are having difficulties finding economic success. But it's the downtowns of this state and this nation that define a region, that provide the personality center, the mental center, the cultural, art and historic center, the financial and legal center, and many times the housing center. They provide an urban stew of folks getting along and having different things going on at different times. It gives citizens a sense of well being to be a part of such places. A university campus is a good example of this kind of center. People live in close proximity, going about different pursuits, trying to get along, and having things that they can call their own whatever they happen to be. A way of living is created which makes it worthwhile to participate in community life.

Everyone has to make a decision at some point about staying in or leaving a place. It is in places focused on the

things that bring people together rather than on the barriers that keep people apart that people can find the good life. In such places people can get along. These are the places of which it is important to be a part. Local governments, cities, counties, school boards, and special purpose districts have direct and important roles to play in the creation of community life in every place. The responsibility of those of us who hold public office is enormous. It transcends in importance the passage of a budget; it transcends in importance the hiring of administrators and managers. It is our responsibility to provide the leadership which brings about the vision of place that people can feel good about, take pride in, and seek to have others come be a part of. That attitude makes governance possible, that attitude helps the community exist and grow, and that attitude gives us a chance to grow together as a people and to create a better way of life for us all. Thank you so much, and God bless you.

The Strom Thurmond Institute of Government and Public Affairs sponsors research and public service programs to enhance civic awareness of public policy issues and improve the quality of national, state, and local government. The Institute is a privately funded, nonpartisan, nonprofit, tax-exempt organization affiliated with Clemson University. The views presented here are not necessarily those of the Institute or Clemson University. Copies of this publication can be obtained from The Strom Thurmond Institute, Box 345130, Clemson University, Clemson, South Carolina 29634-5130. Telephone: 803 656-4700.

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