



STATE OF SOUTH CAROLINA
THE SENATE
COLUMBIA

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May 14, 2009

The Honorable Mark Sanford
Governor of South Carolina
State House
Columbia, South Carolina 29201

Dear Governor Sanford:

I received your letter of May 6, 2009 concerning the reforms of the Employment Security Commission you have called for. Thank you for asking me to share my views with you.

Governor, I have profound respect for the office you hold and have always attempted to deal with you in a spirit of good will and cooperation. However, I continue to be disappointed by your relentless attacks on the General Assembly and especially by your willingness to disseminate misleading information to the public in order to advance your image as "a reformer."

Time and again, you have failed to address problems in a constructive manner and proactively work with the legislature to find solutions for the problems our state faces. For seven years now, on issue after issue, you have chosen to make headlines rather than to make headway and to create problems rather than to solve them. The Employment Security Commission (ESC) is just the most recent example.

You are well aware that the leadership of the Senate is fully prepared to enact reforms to make that agency more efficient. What your letter fails to point out is that making the ESC a cabinet agency, as you have proposed, would not reduce debt or save a single dollar in unemployment benefits. Unemployment compensation is like an insurance policy and when you are eligible for

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the benefit, you are entitled to it. Governor, you cannot reduce the flow of benefits to those who are eligible and have lost their jobs through no fault of their own by administrative action by cancelling the contract.

The reason the cost of unemployment benefits has skyrocketed in recent years is because so many South Carolinians have lost their jobs in the recession. Our State has the third highest jobless rate in the nation. And the solution to that crisis is for South Carolina to do a better job in economic development, which is a cabinet responsibility of your office.

Recent experience with another cabinet agency, the Department of Social Services (DSS), has proven that placing an agency under your direct supervision is hardly a pathway to success. There are continuing problems with DSS which have cost our taxpayers nearly \$80 million dollars in fines paid to the federal government over the past decade, a fact you did not mention in your letter.

Reluctantly, I must also inform you that a number of leaders in business and government are growing weary of the constant barrage of political attacks and controversies that have plagued the relationship between your office and the state legislature. Many are beginning to wonder whether those controversies are intended to draw attention away from the administration's inability to compete effectively with other states in economic development.

There is no question that rising unemployment is one of the most critical issues we face in South Carolina today. However, your proposal to make the ESC a cabinet agency would not create a single job or reduce the heavy cost of unemployment benefits to the businesses and taxpayers of South Carolina.

To answer your question directly, I am strongly opposed to higher business taxes to pay for unemployment benefits. And I am certain the leadership of the General Assembly shares my opposition.

I can also assure you that the business community is well-aware that the best way to avoid future taxes is for our State to find a way to create new jobs for the hard-working South Carolinians who are suffering during this tragic recession. And that is where we must place our focus.

Governor, once again, let me stress that the leadership of the General Assembly is willing to work with you to turn around our ailing economy. We are in a very competitive national and international battle for economic development, and we need to use incentives and every tool

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at our disposal to attract new jobs to South Carolina. To that end, we must employ creative strategies to make our State the most attractive place for businesses to prosper.

South Carolina is blessed with incredible resources. We have a good labor environment, hard-working people, a well-positioned port, and access to inexpensive and available sources of energy. Those advantages need to be energized, developed, and communicated to the nation and to the world. I urge you to make that your focus during the final months of your administration.

The public relations war you have been waging against the General Assembly, even with members of your own party who have tried to work with you, is simply not productive. While the attacks you have launched may have been intended to build your national image as a reformer, in the final analysis, the work of a true reformer is measured not by words or TV ads or by press releases but by what he or she has been able to accomplish in the arena of public service or for the people he or she represents.

There is still time for us to work together to serve the people of South Carolina. A good first step would be for you to reconsider your position on federal stimulus funds. Most Republicans (you and I included) were opposed to the federal stimulus legislation. But now that the legislation has become law, most people are well-aware that those funds belong to our State's taxpayers at a time when we badly need revenue for education, public safety, and health care.

If you do not apply for South Carolina's share, our funds will eventually go to other states and our taxpayers will still be obligated to pay them back. So once again, I urge you to reconsider your position before it's too late.

As a final point, regardless of our occasional differences which have been well-publicized, we do agree on most issues, a fact that is sadly lost in the current atmosphere of confrontation and controversy.

Again, thank you for your letter and for your attention to this response. With warmest personal regards, I am

Sincerely,

A handwritten signature in cursive script that reads "Glenn F. McConnell". The signature is written in black ink and is positioned above the printed name.

Glenn F. McConnell