

February 8, 2005

## **A Message from Senator Glenn F. McConnell Concerning Government Restructuring**

Dear Members of the Senate Judiciary Committee and Interested Parties:

As we consider government restructuring, we need to focus on the General Assembly's mandate in Article XII, Section 1 of the South Carolina Constitution:

The health, welfare, and safety of the lives and property of the people of this State and the conservation of its natural resources are matters of public concern. The General Assembly shall provide appropriate agencies to function in these areas of public concern and determine the activities, powers, and duties of such agencies.

Today, five restructuring bills (S. 80, S. 99, H. 3150, S. 119, and S. 344) are on the Senate Judiciary Committee's agenda. Our review and discussion of these bills comes after extensive work during the last session in examining how government operates, receiving input on the best use of state-of-the-art systems and technologies, and listening to both the people receiving services and the agencies providing those services. It is crucial in crafting restructuring legislation that we provide: (1) a governmental framework that enhances and benefits consumers, be they individuals or businesses, and (2) services and regulatory functions in a manner that is efficient, effective, and accountable to the people of the State.

I have asked the staff to put together information illustrating the proposals in these bills that will be available to you today and on the General Assembly's website at <http://www.scstatehouse.net/html-pages/citizen.html> (or by going to [www.scstatehouse.net](http://www.scstatehouse.net), clicking on the Citizens' Interest icon, and looking at the information listed under the Senate Judiciary Committee). Also, through this letter, I am providing an overview of the issues before us and a list of recommendations that I charge the members of the restructuring subcommittee to give careful thought and consideration.

### **Department of Administration**

Last session, we developed some very workable solutions for transferring authority to the Governor and creating a new cabinet agency to oversee necessary government processes while still maintaining government-in-the-sunshine with approval through the public forum of the Budget and Control Board. Those proposals are found in S. 80.

I suggest we now hone those proposals by: (1) implementing last year's budget proviso that state-owned and leased property remain in the name of the Budget and Control Board to ensure a continuing policy of accountability and cohesive administration for the use of state properties; (2) consolidating procurement of Information Technology in the Budget and Control Board's Procurement Division to take advantage of existing experience in this area and avoid conflicts of interest for the new Chief Information Officer who must develop policy with the same vendors that will be seeking procurement contracts; and (3) considering the ramifications of wholesale exemption of the institutions of higher education from the Chief Information Officer's authority.

### **Health Agency Restructuring**

The hallmark of our proposal for health agency restructuring, and what I believe to be the impetus for further advances in providing effective and efficient services is implementation, through the renamed Department of Health Oversight and Finance (currently the Department of Health and Human Services) in conjunction with the Office of Research and Statistics, State Budget and Control Board, and in consultation with all state health and human services agencies, of a statewide web-based client management system. This system would: (1) provide full communication between all agencies concerning client services while

February 8, 2005

maintaining compliance with appropriate privacy safeguards; (2) include a tickler file based on protocols for client care to enable agencies to monitor the types, volume, costs, and level service coordination the clients receive; (3) ensure agency accountability by technology via the use of electronic case management; (4) promote more efficient and effective service delivery to consumers, and (5) most importantly, improve service outcomes.

Our proposal in S. 80 is based on the testimony and consensus of opinion we received during last year's debate on restructuring. Some may argue that the consolidation of agencies does not go far enough, but combining the Department of Mental Health, the Department of Alcohol and Drug Abuse Services, and the Continuum of Care for Emotionally Disturbed Children (currently located in the Governor's Office of Executive Policies and Programs) into a new cabinet Department of Behavioral Health represents a sincere, thoughtful effort to provide interconnected agencies a better communicative structure to enhance their services to clients.

### **Other Agency Restructuring**

Numerous recommendations have appeared in bills, government reports, and media accounts for consolidating and streamlining agency structures. I caution you to evaluate other proposals with care, cognizant of the need to avoid potential: (1) conflicts of interest; (2) costly combinations that reduce the number of agencies without increasing or enhancing services; and (3) warehousing of smaller programs within large agencies where necessary voices of advocacy are diminished, leaving constituents unserved.

### **Sunsetting Agencies**

Two bills, S. 99 and H. 3150, propose reinstating a sunset commission. In my opinion, these bills simply seek to revive a costly bureaucracy that we have previously found ineffective. Agencies should be subject to direct evaluation by the General Assembly, which has authority to institute changes if needed. My recommendation is that the General Assembly reclaim this authority pursuant to its constitutional mandate and set up a process by which agency functions and effectiveness are reviewed through the established standing committees of the Senate and House of Representatives that have jurisdiction of the subject matter handled by the agency. The reports of the standing committees regarding each state agency would provide the basis for legislative revisions.

Respectfully submitted,



Glenn F. McConnell  
President Pro Tempore of the S.C. Senate  
Chairman of the Senate Judiciary Committee

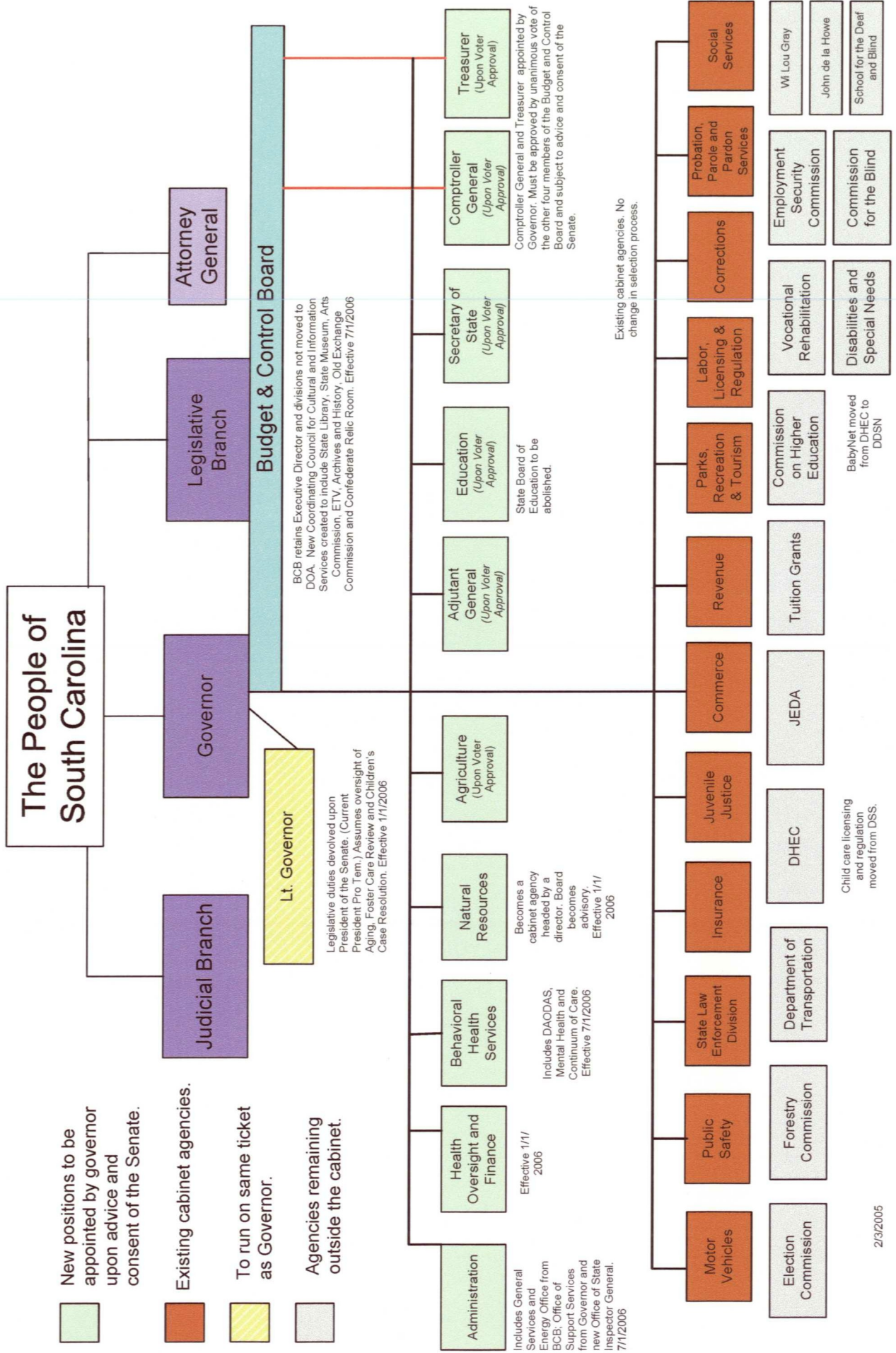
## ARTICLE XII.

### FUNCTIONS OF GOVERNMENT

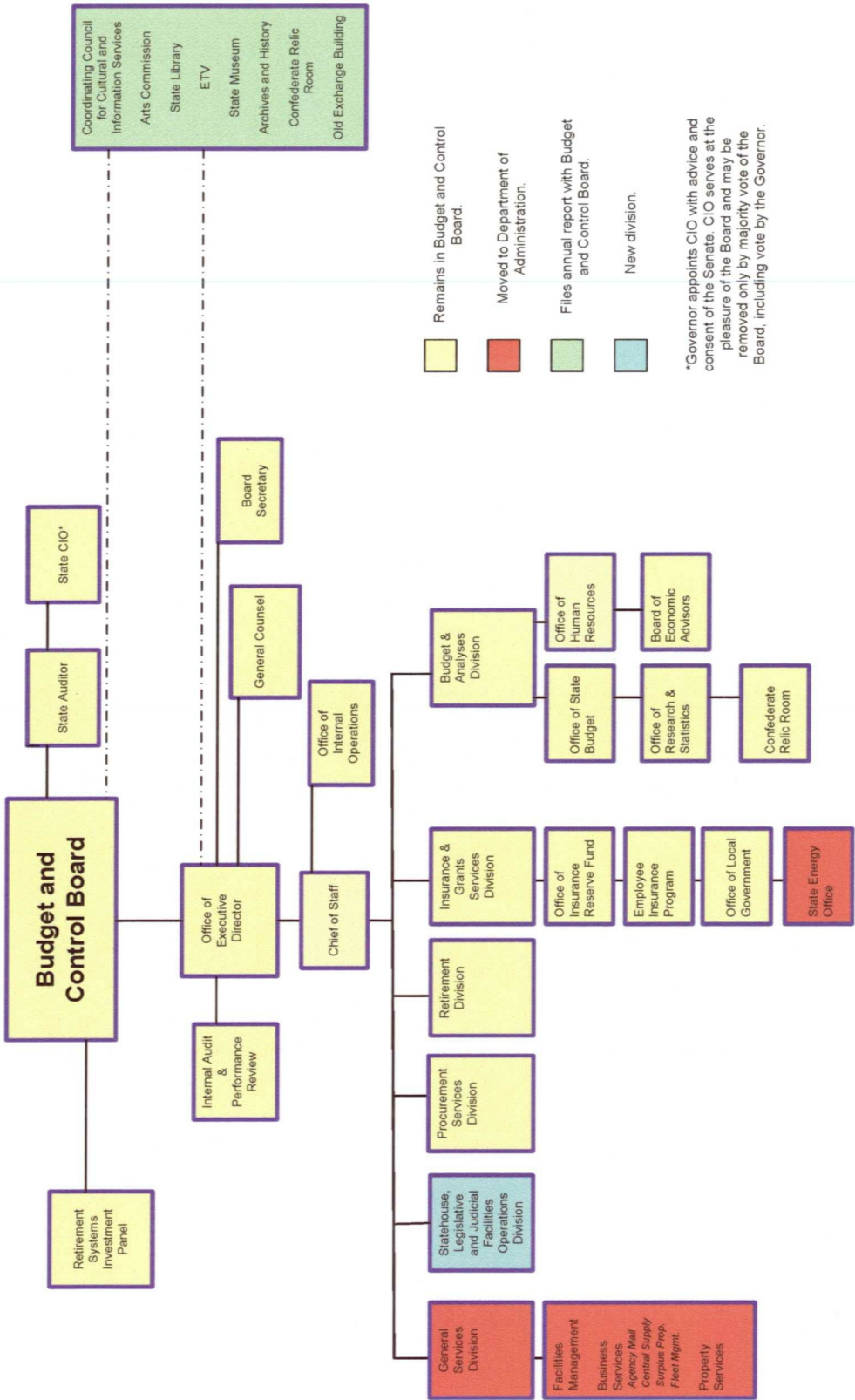
**SECTION 1.** Matters of public concern; General Assembly to provide appropriate agencies.

The health, welfare, and safety of the lives and property of the people of this State and the conservation of its natural resources are matters of public concern. The General Assembly shall provide appropriate agencies to function in these areas of public concern and determine the activities, powers, and duties of such agencies.

# Senate Bill 80 Restructuring Plan

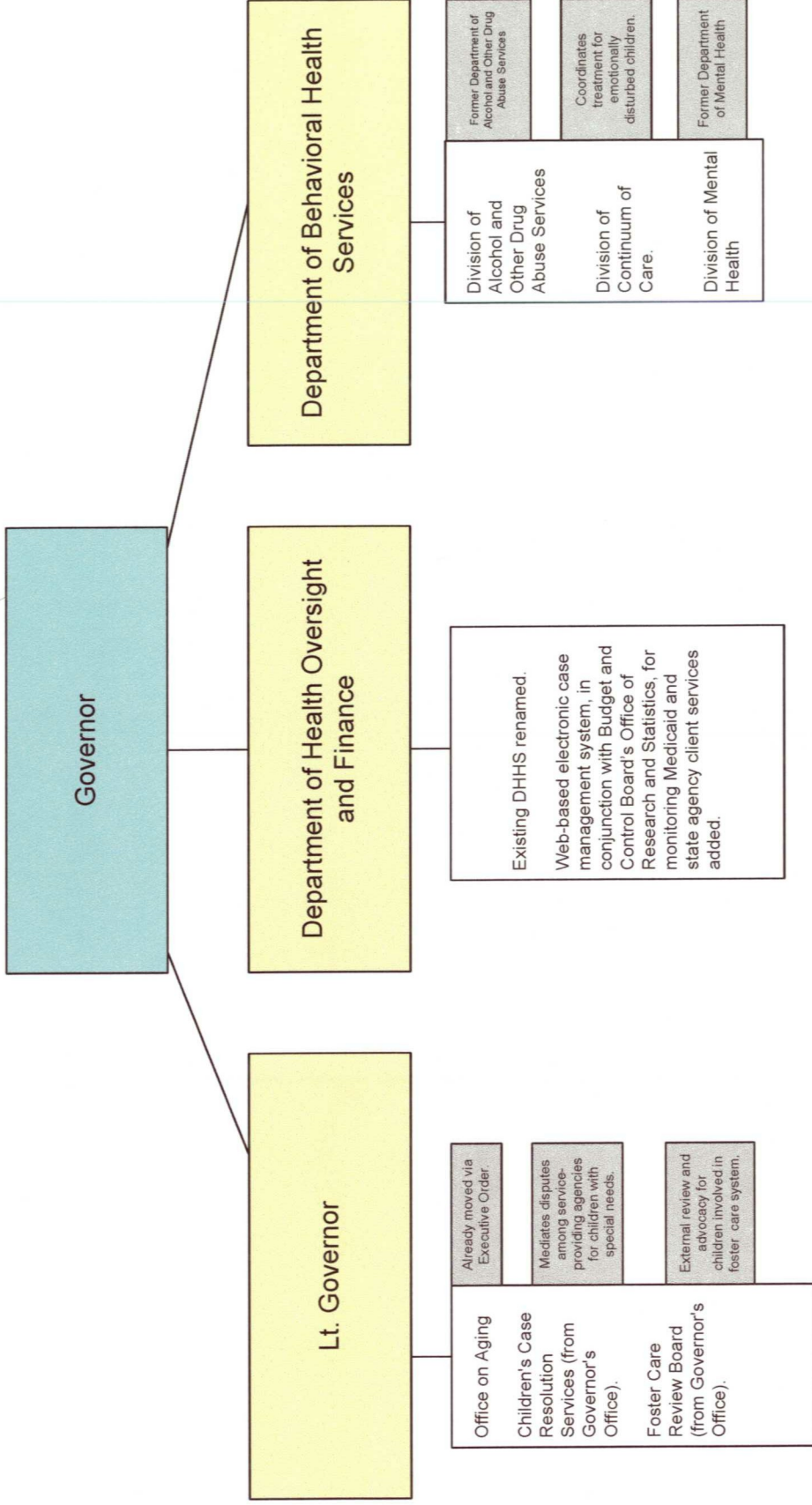


# Senate Bill 80 Restructuring Plan for the Budget and Control Board

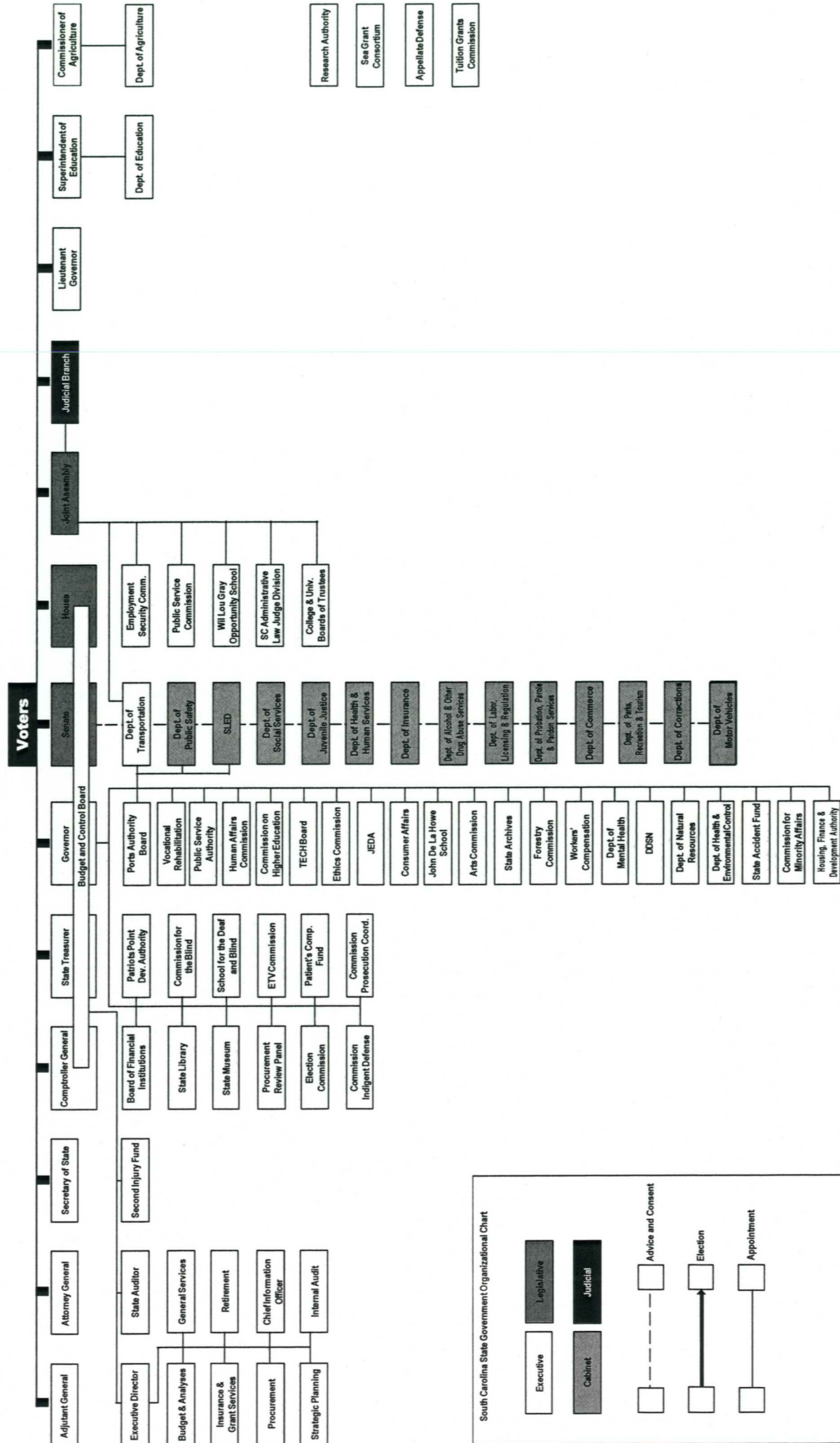


Coordinating Council for Cultural and Information Services  
 Arts Commission  
 State Library  
 ETV  
 State Museum  
 Archives and History  
 Confederate Relic Room  
 Old Exchange Building

# Health Agencies Under Senate Bill 80 Restructuring Proposal



# Current Structure of State Government



South Carolina State Government Organizational Chart

Executive: [White box]  
 Cabinet: [Grey box]  
 Legislative: [Dark grey box]  
 Judicial: [Black box]

[White box] - [White box] (dashed line) = Advice and Consent  
 [White box] - [White box] (solid line with arrow) = Election  
 [White box] - [White box] (solid line) = Appointment

Prepared by the S.C. Budget and Control Board  
1/2004



From *Governing's*  
February 2005 issue

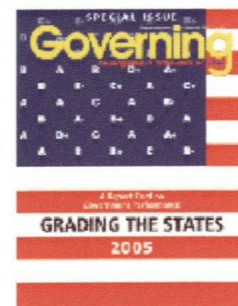
**Introduction**

**THE GOVERNMENT PERFORMANCE PROJECT**  
**Grading the States '05**

# South Carolina

**B** To say South Carolina has some infrastructure problems is to put it mildly. The state's roads are the most underfunded in the land and, partially as a result, the fatality rate is the nation's third-highest per mile. Problems are particularly acute on the 25,000 miles of secondary roads that aren't eligible for federal aid. "We're lagging further and further behind," says Elizabeth Mabry, director of the Department of Transportation.

To be sure, the degree of difficulty here is particularly high. Only a small handful of other states have more roads to take care of, and a disproportionate number in South Carolina are narrow and poorly lit two-lane roads that wind their way through rural counties. Repairs tend to be done in reaction to major problems, and as a result may be more costly in the long run than regular maintenance would be. "The chip seals we're doing today should have been done five years ago," says Don Freeman, the state highway engineer. "We're using Band-Aid approaches, not preventive maintenance."



The seriousness of the infrastructure problem is doubly disconcerting because the state government here does many things quite well. The state has an outstanding personnel system, with flexible hiring and innovative recruitment, including a new coordinated approach that tracks down hard-to-find health care workers, and a workforce plan that is one of the best in the country. Financial management is also handled very well. Agencies generate detailed accountability reports for the legislature that provide meaningful performance measurement data. Even the beleaguered Transportation Department does a good job of evaluating the condition of its assets and works well with contractors and with local communities.

The bottom line is that South Carolina's government does well at tasks that don't require huge sums of money. When money is an issue, the results aren't so good. For roads and bridges, the revenue system is at the heart of

Strength  
  Mid-level  
  Weakness

**Money** B+  
**Long-Term Outlook** ○  
●



the issue. Infrastructure is short-changed because the state's low gas tax hasn't been raised since 1987, when it went up 3 cents. The state relies on its gas tax for 89 percent of total recurring state transportation dollars, compared with 49 percent for other states in the region. So it's no surprise that drivers in many South Carolina counties are risking their lives when they travel.

Well, then, isn't it time for a little tax increase? Maybe, but Governor Mark Sanford is making frugality his middle name. When repairs were needed on the governor's mansion, Sanford moved his wife and four sons into the pool house rather than expend any money for additional living expenses. In the past year, his office has blasted state spending policies, claiming that South Carolina government costs 29 percent more to run than the national average. These figures have been widely challenged. A study by the state's Office of Economic Research says government administrative costs are nearly a quarter less than the national average, and that the same is true for spending on public safety, environment and housing.

Sanford has been eager to reorganize the state government to increase executive power, which has historically been weak. One of the obstacles to his proposed reforms may be that the state's current, if unusual, managerial systems have worked so well. Its unique Budget and Control Board is a relatively independent management agency, where many senior staffers have been on the job for more than a dozen years. It is chaired by the governor but includes the separately elected comptroller, treasurer and two legislators. While technically it's an executive branch agency, it provides assistance to both the legislature and executive, and the legislature has given it increased authority and responsibility over the years. One particularly critical benefit: Since the legislature has grown to trust the budget board, it has permitted it to pilot programs without approval. This has given South Carolina a reputation as an innovative state — especially in

<b>Budget Process</b>	
<b>Structural Balance</b>	○
<b>Contracting/Purchasing</b>	○
<b>Financial Controls/Reporting</b>	●
<b>People</b>	A-
<b>Strategic Workforce Planning</b>	●
<b>Hiring</b>	●
<b>Retaining Employees</b>	○
<b>Training and Development</b>	●
<b>Managing Employee Performance</b>	●
<b>Infrastructure</b>	C+
<b>Capital Planning</b>	○
<b>Project Monitoring</b>	○
<b>Maintenance</b>	●
<b>Internal Coordination</b>	○
<b>Intergovernmental Coordination</b>	●
<b>Information</b>	B
<b>Strategic Direction</b>	○
<b>Budgeting for Performance</b>	●
<b>Managing for Performance</b>	●
<b>Program Evaluation</b>	○
<b>Electronic Government</b>	○

- **Population (rank):** 4,012,012 (26)
- **Average per capita income (rank):** \$26,132 (42)
- **Total state spending (rank):** \$20,009,040,000 (22)
- **Spending per capita (rank):** \$4,876 (19)
- **Governor:** Mark Sanford (R)
- **First elected:** 11/2002
- **Senate:** 46 members: 19 D, 27 R
- **Term Limits:** None
- **House:** 124 members: 50 D, 74 R
- **Term Limits:** None

human resources.



**For additional data  
and analysis, go to:**

<http://results.gpponline.org/southcarolina>

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