

Wm. Weston J. Newton, Chairman
October 1, 2008
State of the County

Good morning everyone,

Once again, it is my privilege to represent County Council and have the opportunity to talk about our County. But before I begin, I would like to introduce my fellow members of Council who are here with us this morning. I would also like to introduce our County Administrator, Gary Kubic.

We were given the assignment to discuss three issues – immigration, transportation and public school funding. The first issue, immigration – Beaufort County is the only political subdivision within our County that has chosen to answer local businesses who argue that it is inherently unfair to them if their competitors can use undocumented workers to win contracts and conduct business without any ramifications or negative consequences. County Council agreed. The challenge was to create an ordinance that was constitutionally sound, fair and just. The drafting of the Lawful Employment Ordinance took several months of legal review and study. Public hearings were held on the proposed legislation. The result was an ordinance passed by Council on December 27, 2006. Its foundation rests in federal law which forbids the hiring of unauthorized aliens, and it requires the use of random business license audits to verify that employers complete the federal employment form commonly referred to as the I-9.

As part of the County Business License Program and the Lawful Employment Ordinance, the County hired Advance Point Global, an independent firm, to perform on site inspections of our local businesses to insure compliance of the Federal I-9 requirements and to verify gross revenue declarations used in the business fee calculations. As of September 30, 600 audits have been completed. Again, the Lawful Employment Ordinance requires I-9 compliance. It means that all employers who pay employees using regular payroll methods must have on file a correctly executed I-9 form. Each I-9 form requires the presentation of identity documents to establish their legal right to work in the United States.

So what does our report card look like? Revenue first.... The vast majority of the 600 audited businesses are accurately reporting their gross revenue proceeds generated in the unincorporated Beaufort County. However, we have discovered some instance where businesses have under-reported their gross receipts. In these cases, our Business License Department and the non-compliant business work together to recalculate and collect the accurate amount due. The second half of the audit inspection is I-9 compliance. Our findings are varied. We have businesses that do not have I-9 on file. We have businesses that have I-9's, but are deficient in establishing an employee's legal identity, they are carelessly executed with essential information missing, unsigned, undated, or untimely. Advance Point Global at the end of each audit discusses all deficiencies with the client and attempts to resolve all deficiencies for every employee or agrees to a timeline in

which all omissions will be corrected. Examples of our findings include I-9's with social security numbers that have never been issued, social security numbers of individuals who are working in another part of the United States, retired or dead. Some I-9's contain interesting birth dates when the candidate is about twenty years old and the documents presented have a date of birth information indicating a date of birth in the fifties. Again, the I-9 only requires the employer to attest that the documents appear to be valid; our findings suggest that all too often candidates for employment may be misrepresenting themselves.

Recently, the Sheriff and the Immigration and Customs Enforcement Agency (ICE) have partnered to become the first in the state to have a 287 (G) Task Force. This task force will identify unlawful immigrants who commit crimes here in Beaufort County. County Council supported funding for the training and installation of the National Enforce/Identification System in our County. This system allows local officers, for the first time, to engage in the identification and possible deportation of illegal aliens. There are only 8 ICE agents in the entire state and now 4 of them are here in Beaufort County.

Recently, the Sheriff has requested the opportunity to review our Business License Audit information. This exchange of information has just started. For now, we will continue to enforce our ordinance and pursue audits until we complete an audit for each business license issued.

Transportation – Each year I discuss with you our transportation achievements and goals for the future. I am happy to report that our recent roadway improvements both north and south have improved our resident's ability to move about our County. And yet there is plenty more to do...

It seems like the Bluffton Parkway improvements have been here for quite a while. Most people forget that it was only nine months ago that we announced the completion of the Buckwalter improvements. These two projects, the Parkway and Buckwalter, are viable additions to our roadway matrix. The Bluffton Parkway and the Buckwalter improvements are working, congestion is less, traffic safety has improved, and storm evacuation times are better. Our commitment is to keep going, to complete our Sales Tax Roadway Program, to build what we promised and to expand our vision for even greater possibilities here at home and also with our neighbors. Right now, we are about to spend three hundred million dollars for roads. It is a combination of sales tax dollars, impact fees, federal earmarks, and state allocations. It is not enough to complete all County projects, so we have decided to ask the State Infrastructure Bank for an additional eighty-six million to help get the job done.

Nevertheless, this network of roads is still incomplete if we do not pursue extending it from the Bluffton Parkway to I-95. Public Safety, commerce and tourism remains a priority for Beaufort County and this extension well serves each of them. As a first step, Beaufort County Council worked hard to get this extension project formally recognized by LCOG so that it may be eligible for state and federal funding. It will remain as part of our long term goals. I am concerned that we may be losing ground as our federal funding problems are focused upon

bail-outs instead of transportation. The extension of the Parkway to I-95 now more than ever may be a local struggle without much help ahead from state or federal resources.

Funding Education – School funding is a perpetual headache. We have been urging, lobbying, begging and threatening the state for the past few years trying to change flawed funding formulas. During the past 5 years educational funding under the Education Finance Act method has dropped in Beaufort County from approximately \$8 million to nothing, nada, zero.

We are, simply put, a donor county. This past year I formed the Beaufort County Education Taxation Team to investigate the inequities in the state's school funding system. Most of the state assembly thinks we are nothing but a rich county capable of paying for everyone else and our own at the same time. It fails to recognize it fashioned legal opportunities for industrial development by allowing fee in lieu of taxes and shifting more onto Beaufort County. Like Greenville, that does not make any sense. We have told the state repeatedly and you've heard me complain about it many times – that approximately 50% of our students are eligible for free or reduced lunches. You have heard me say here that the average wage in Beaufort County is below that of the nation, the state and even neighboring Jasper County. The myth is associated with our high property values that promotes the perception that our county can buy its way out of everything. Remember Greenville – the State permitted a fee instead of property taxes for businesses so they appear to have less assessable property. As a result receive more state educational dollars. We call it the State Tax Fairness Doctrine! And beware, some parts of the Property Tax Reform are creating some interesting effects – the use of sales tax instead of property tax for funding school operations with its cap may indirectly prove to hurt us again if state sales tax projections do not materialize. Keep in mind that Beaufort County has a significant number of non-resident home owners who are required under the new law to shoulder the cost of school operations. As a result, many have switched and now declare these properties as their primary residences. The overall effect is less dollars generated and more strain on the non-owner occupied properties.

So we once again look inside our house to help fund our schools. The County has begun negotiating payment provisions in new residential development agreements to help new school construction. Councilman Stu Rodman was appointed last year to a state-wide task force on Education Funding Reform led by the South Carolina Superintendent of Education. We hope Councilman Rodman's participation in this group will help get Beaufort County's message to Columbia and influence change.

Maybe it will lead to a new and equitable formula that combines EIA and EFA funds and distributes the money on a per student basis across the state – minus some local revenues to level the playing field for poor counties. In addition, there should also be some statewide uniformity in millage rates for school taxes. But while we wait we hope for change and we prepare for other new unsettling challenges. The decline of property values, foreclosures, overcrowding in our jail, recession, a flat economy...nevertheless our cup is still half full.