

State of South Carolina

Office of the Governor

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GOVERNOR

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May 14, 2008

The Honorable Robert W. Harrell, Jr.
Speaker of the House of Representatives
Post Office Box 11867
Columbia, South Carolina 29211

Dear Mr. Speaker and Members of the House:

I am hereby vetoing and returning without my signature H. 4520, R-256.

This legislation would authorize the University of South Carolina (the University) to issue revenue bonds of up to \$125 million for the construction of a new business school facility in the Innovista District.

I very much admire the way in which the University and the Moore School of Business have, in this instance, worked hard to secure an innovative financing stream with the federal government to, in large measure, pay for the facility. Unfortunately, this creative and prudent approach is, in many ways, being drowned out by the larger financial ills that seem to mark the Innovista Project. Just this weekend, the front page of Sunday's edition of *The State* paper highlighted the way in which the two taxpayer-funded buildings were under construction while the two privately-funded research buildings that were expected to be completed last year were still on the drawing boards.

As a consequence, I think it would be worth pausing and seeing if there was not a way to use what's already in place and what the taxpayers have already committed to, in combining the energy behind this business school bill and what's already been started at Innovista. Accordingly, I veto this bill.

I think pausing and allowing for more study has the following merits:

The information that I have seen suggests there is a high probability of large amounts of empty space in the new taxpayer-funded buildings at Innovista. They can certainly be filled by moving folks out of other USC buildings or by offering low enough rates to entice others, or large enough incentives and giveaways to invite still others – but wouldn't this be the perfect time to

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more closely study if there were not complementary ways between the business school and research efforts to use these buildings. Representative Merrill in differing ways has raised some of these concerns, and I appreciate his efforts on behalf of the taxpayer.

Second, this gives us another chance to look at real rates of return on some of the “research” that is being funded by taxpayers in this state. As we both know, Hunley restoration is now being financed by the taxpayers under a program with Clemson. Millions of dollars are going into a new facility and private matching dollars have proven to be an illusion, and, in many ways, this makes sense given that I have yet to see much of a real market for Confederate-era submarine work. The bottom line in this is that I fear that the code word of research is being used to substantially enhance the financial footprint of many of our leading universities – without any safeguards or guarantees back to the taxpayers on whether they will get so much as a return on their money.

Finally, combining ever larger financial footprints and consequent costs is part of the formula to making college out of the financial reach of an increasing number of students. In this regard, combining the infrastructure in place with a project that isn’t working with a well-conceived revenue stream on one that can, could be part of the formula to making USC more affordable. This is especially important as student tuition has already jumped over 44 percent in the last five years alone. South Carolina now ranks number one in the entire Southeast in tuition and fees and number four in the entire country. Concurrently, we are seventh in the country in what we spend on higher ed as a percentage of our budget and number two in the entire Southeast. These numbers suggest it is vital that we try new approaches, so I ask that you sustain this veto so that creative minds there at USC can look at ways of combining efforts for the betterment of its students, Innovista, the Moore School of Business and taxpayers of this state.

For these reason, I am vetoing H. 4520, R-256.

Sincerely,



Mark Sanford