Crossroads

What are the options to stop the bleeding of jobs?

Some suggest using public money

This is the fourth in a six-part series examining economic development in Oconee County.

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SENECA — At last count, nearly 4,800 workers filed through the One-Stop Workforce Center on Radio Station Road in Seneca last month to apply for unemployment benefits.

The spike in the number of people filing for unemployment in Oconee is staggering. State jobless data show the number of people looking for work has more than doubled from a year ago.

Seneca Workforce Center Director Joyce Smith said a marked slowdown in manufacturing and construction accounts for the lion's share of layoffs.

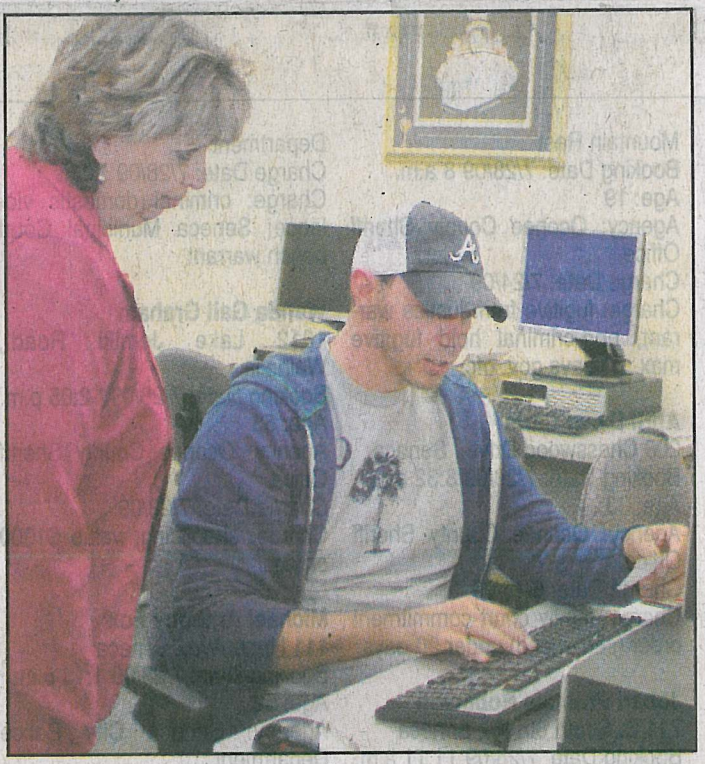
Local stakeholders concerned with the bleeding of manufacturing jobs, which is contributing significantly to Oconee County's 15 percent unemployment rate, are wondering whether public funds earmarked for capital projects, such as a proposed new spec building, would not be better spent to help struggling companies keep from closing their doors and laying off more workers.

The idea gained momentum recently when Greenville-based Michelin North America announced it would provide $1 million seed money for a loan program to new and existing small- and medium-sized companies in the Upstate struggling to stay in business.

Could Michelin's private enterprise initiative for helping companies in financial straits be used as a model by local government to use public funds or a public/private partnership for the same purpose?

Saving Jobs

Peggy Torrey, Deputy Secretary for Workforce Development at the South Carolina Department of Commerce, said state and federal funds are already being channeled through several job-retention programs that are effectively helping companies keep their doors open and workers employed.



Jessica Nelms/Staff

Joanne Johnson, assistant director at the One-Stop Workforce Center in Seneca, helps Chad Roach file for unemployment. Some would like to see Oconee County use public funds to help struggling companies and stop the loss of manufacturing jobs.

Oconee, however, has no formal job retention program and Torrey was unable to cite specific examples of Oconee retention efforts.

That void has prompted some to suggest that the county should do something similar with taxpayers' money to help stabilize its shaky industrial base.

They suggest it could be accomplished by shifting priorities.

For instance, as county leaders weigh whether or not to invest $1.8 million in constructing a new spec building, some suggest that same money should be diverted to saving existing jobs?

There could be as much as $3 million or more in addition to the $1.8 million talked about for the spec building tucked away in reserves that have rolled over from various capital project funds year after year, according to former and current county officials.

County Council Chairman Reg Dexter plans to determine

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Still to come ...

Friday: A different age: Development competition used to be between counties. Now, it's between continents. How have we adapted? How have we done? What might other opportunities be?



Saturday: The Golden Corner Commerce Park: Can the 'hay field' become our industrial Nirvana or is it better suited for something else? What are the options?



exactly how much money is floating in the county's coffers.

"We are going to look at capital funds," Dexter said in a recent interview. "What has been set aside for projects? That's being researched. If we do have funds set aside for a particular project, we have to see that."

Dexter has indicated that information gathered from an accounting of capital funds will help the council make knowledgeable decisions on a possible new spec building and the future of the proposed Golden Corner Commerce Park, which would tie up millions of dollars in taxpayers' money for years if not decades.

Could that money, though, be used to mirror the Michelin effort?

County Attorney Tom Martin said there are no simple or existing answers about whether state law allows for the use of public funds to help private companies in the community?

For the Public Good

"This is virgin territory," Martin said in reply to an e-mail query.

However, he said, theoretically, a county could do something similar to Michelin's initiative as long as a public purpose is structured in the program because tax dollars can go toward public purpose and use.

"That is the key — structuring a program so that the public uses it, not for private gain."

Martin said he is unaware of any county doing it because of the difficulty in defining a program that would be "public purpose" and "public use." He said the General Assembly would likely have to authorize and define such a program through legislation.

The Commerce Department's Torrey gave an example close to home of how public funds were used to keep a long-established manufacturer from relocating to Mexico.

Torrey said a group of public and private entities "came to the table" to keep Associated Fuel Pump Systems Corp. (AFCO) in Anderson, a move that would have siphoned some 400 jobs from the local economy.

"We all put in money," Torrey said of the effort, which included buying new machinery for the company and retraining all of its employees.

On Shaky Ground

Some advocates want the county's money used to establish a trust fund to help struggling businesses ride out the recession and retain jobs.

No one would argue that the need is not great. The list of casualties in Oconee is growing by the day.

Jacobs Chuck, a global leader in the production of precision drill chucks, recently indicated it plans to close its Oconee facility by Oct. 2. The county operation has been home to Jacobs' world headquarters for more than 20 years. Company officials have not said where they plan to relocate, or how many workers in Oconee will lose their jobs.

Just a few months ago, Schneider Electric, which has been manufacturing in Seneca since 1986, announced that by 2010 it will close two of its production facilities and move those operations to Monterrey, Mexico. The company said the move would cost 90 employees their jobs.

US Engine Valve, which had been negotiating a tax-incentive deal with the county to expand, was forced by the bad economy to postpone those talks and announce plans to layoff 80 workers instead.

Signs of recessionary trouble have rippled through the manufacturing community as Square D, Timken, BorgWarner, Sealed Air Corp., Sandvik and others have been forced to lay off or furlough employees.

Although there are signs in the national economy that the recession has bottomed out, experts warn that the climb back to prosperity will not be without pain. Economists are still predicting that positive growth might not be seen until the second quarter of 2010.

They fear that, until then, the unemployment situation could get worse before it gets better in Oconee and other parts of South Carolina. These fears are fueling calls to at least consider job and factory retention programs.