

2006 State of the State Address

Governor Mark Sanford

Mr. Speaker, Mr. President, Ladies and Gentleman of the General Assembly,

Constitutional Officers and my fellow South Carolinians:

It's an honor to be with you tonight to deliver my view of the State of our State, but before I do I would like to offer a few thank yous, and let me begin with the men and women who serve in our armed forces. We are all Americans, and our country remains at war. Whether you agree or disagree with what is going on in the Middle East, in the last year since I spoke here, thirteen more of our fellow South Carolinians have died in efforts to bring greater freedoms to that part of the world. I don't think we should go on about our business without recognizing what each of them has done. The service and sacrifice of men and women in uniform should serve as a constant reminder to all of us that freedom is not free. Military families bear this cost, and know the price - and so I ask you to join me in honoring Mr. and Mrs. Joe Walker, from here in Columbia, whose son, 1st Lt. Joe Walker, just returned from Iraq and is now assigned at Ft. Benning. The family tradition he continues is extraordinary, begun as his grandfather *and four brothers* simultaneously served in World War Two.

While I am at it I want to thank a few other people as well.

I talk a lot about the inefficiency of our government. How, because of our structure, we spend 130% the U.S. average on the cost of government. How we need to continue what Carroll Campbell began in changing this government structure - whose foundation, mind you, is the Constitution of 1895 - a constitution built around the fear that a black man would be elected governor in Reconstruction South Carolina. A government structure voted into place when women were not allowed to vote, and blacks for all practical purposes could not vote. For our state to be competitive, this structure has to change.

I want to be clear though in that as passionately as I believe this, the faults of our government do not rest with its workers. It rests in its structure, which is in our hands - and so I would ask that you join me in recognizing one such worker who is representative of so many who often times work without recognition. Aaron Joyner is a major at Evans Correctional Institute and has worked quietly but diligently for the past 18 years at corrections.

Similarly, I have spoken and will continue to speak on the need for reform in our education system. Education is the great equalizer in the twenty first century, and I believe that every – not just wealthy folks who can afford the right neighborhood that has a good school – but every parent ought to be able to send their child to the school they believe works best for their son or daughter. Not just the school that is in their zone, or their district, or their bus route, but the school they believe would work best for them. Believing that, and saying that, does not take away from what teachers across our state do every day in the lives of students. And so I would as well ask you to thank Jan

Hammond, an eighth grade teacher at Northside Middle School in Lexington Two, who like so many of her peers, has worked and volunteered in our public schools for the last 29 years. Thank you.

I ask that my cabinet stand and be recognized for their hard work in administering their respective fields of government.

And last but not least, since the former Speaker of the House who so nobly served the state before becoming Ambassador to Canada is with us, I ask you to stand and recognize him and Susan as well.

Thank you for allowing me those introductions.

The State of our State is that we are a state in transition. Thomas Friedman wrote the book, *The World is Flat*, and his premise is that the world has changed in ways unimaginable to my father, and even to me or you, over the last few years. In this new found “flat world,” for the first time in world history a kid in Hampton County is directly competing with a kid in Shanghai, New Delhi or Dublin.

I want you to think about that - it used to be that if you were born in a country like Burma, for all intents and purposes, you were just flat out of luck. You may well have had one of the brightest minds in the world but unless you got a ticket out of the place, there was no way to capitalize on your intellect. Now, with globalization and the Internet,

you can stay right there and export whatever your brain has to offer to the rest of the world. As a consequence, the level of competition in our connected world is at levels never before seen - there are now 6.5 billion people on earth, there are 700 million more folks on earth than there were 10 years ago, and there are projected to be another 800 million over the next 10 years. These numbers dwarf the 4 million people who make our state great, and in essence, they mean another 200 South Carolinas will be added to earth over the next ten years, or looked at yearly there will be another 20 new South Carolinas each year to compete with - in addition to the 6.5 billion people already here.

Although we have been blessed by God in our geography, and we are at the front end of a wave of graying in America that will have profoundly positive implications for this state, things have to change for us to compete successfully in this new world. The question of a State of the State is where do we want to go as a people and have we begun the process of getting there?

Where I believe we want to go - and what got me interested in the governorship in the first place - is to South Carolina being a land of greater opportunity for each one of us in this state and for each one of our children - while at the same time keeping its special sense of place. To South Carolina being a more fertile place to build an idea or a dream into a business - and, therefore, a better place to make a good living and get a great job. To South Carolina being a place where a great education is available to all. To South Carolina being a great place to enjoy a high quality of life with one's family.

I am pleased to say that we have begun that process. It has been with starts and stops, at times it has been contentious - both of those things come with change.

On the first point, we have taken very serious steps to improving our business climate. A good business climate means government not spending money it doesn't have, so that you avoid going to taxpayers and businesses to ask for more. Three years ago when I took office we began the budget process \$750 million in the hole, \$155 million of which was an unconstitutional deficit. The deficit has been paid back, most trust funds restored and we asked in the budget I presented a few weeks ago that we finish the job by paying back the last \$278 million remaining. In addressing this, I would single out members like Ralph Norman, Ben Hagood, Nikki Haley - and also our Comptroller General Richard Eckstrom - for the way they walked the walk in watching out for taxpayers in this last year.

I'd also ask very specifically of Hugh Leatherman and Dan Cooper, and your respective committees, that as you put together House and Senate budgets that they include what we believe should be a top priority - closing off and paying off these trust funds.

A good business climate means an executive branch budget that is no longer simply a wish list - but one that lives by the same budgeting rules you do. By producing the first operational executive branch budgets in South Carolina history, we have forever changed the executive branch's level of involvement in the budget process. I recognize that some of my friends in this room do not necessarily view this as the greatest thing, but it has

made a difference. We have saved taxpayers money. The last few budgets have resulted in over \$150 million in savings being adopted - and for that I thank each of you - especially those of you like Greg Gregory, Greg Ryberg and now Speaker Harrell who were also part of the formula that led to those savings being adopted.

In that same vein, we have seen what I believe to be a new level of stewardship over the past few years. For instance, the Port in Port Royal had been sitting for years and costing the state money; it's now being sold. It will bolster economic activity in that little town, produce millions for the state and better the quality of life for South Carolinians by opening new access to the water. Similarly, Bull Street had been sitting for years, while the way we cared for people with mental health issues changed. As a result of the budget hearing process and your help, it is now on course to being developed and will be an economic catalyst for Columbia and the Midlands.

I think a good business climate means a Department of Commerce that is working and focused on jobs that will stay for the long run. The efforts of Bob Faith and his team paid off this year. We have landed \$1.4 billion in new capital investments, which is the best year since 1991. They also recruited 5,200 jobs from new companies and 6,800 jobs from existing businesses, paying an average of more than 30 percent above the state's current per capita income.

A good business climate means not treating small business as the red headed step-child of economic development. As a result of your help and work, we cut the marginal income

tax rate for the first time in South Carolina history. That tax cut was aimed squarely at the job creators in our state, small businesses that are the engines behind most jobs created in this state.

A good business climate means a legal environment that does not scare investment and capital from coming to our state. Thanks again to your work we also passed the first comprehensive tort reform bill - it will make our state more competitive in business and health care, move us off the list of “Judicial Hell Holes,” and I particularly applaud people like Glenn McConnell or Bobby Harrell or Jim Merrill who led on this key measure to help spur the economy in our state.

These kinds of things were what led the executive director of this state chapter of the National Federation of Independent Businesses to say, “This was probably the most historic session for small business in decades.” The State Chamber said it a little differently but basically said the same thing when they said, “Without a doubt, 2005 has been one of the most successful legislative sessions on record, from a business perspective.”

The list goes on: in education we have fully funded base student cost for the first time in five years and funded teacher pay \$300 above the Southeast average. In affecting quality of life, we have together moved things as wide ranging as the campaign finance reform bill and electronic disclosure of campaign reports - absolutely key to letting citizens know where money is coming from in our political process - to for two years now fully

funding the Conservation Bank crucial to open space in a South Carolina with increasingly less of it. We have passed two domestic violence bills that go to the heart of creating a South Carolina where women aren't afraid to go home at night. We have streamlined agencies so they can do more with what they have, and we see it with results that make a difference in people's lives - whether a DNR in its ability to purchase a property like Bonneau Ferry - 10,000 acres of pure South Carolina splendor - or DMV where as a result of reforms wait times have gone from 66 minutes to 15 minutes.

I said in my first State of the State that when the budget recovered we were committed to putting more money for law enforcement. We have and I thank each one of you for the lives that will be saved with those additional troopers on the road.

Finally, in affecting quality of life, we have done a lot for health and wellness in this state - not just with things like a Preferred Drug List, the Medicaid reform waiver, or in offering health savings accounts to South Carolina workers and retirees - but in very personal ways through things like the Family Fitness Challenge that has directly impacted some of the folks with whom I have crossed different sections of our great state. People like Freddy Petersen of Clarks Hill who set for himself a healthy living goal and last time we heard from him had lost 50 lbs., and was still out there getting exercise on his bicycle.

We have a better functioning government than we did a year ago – whether as a result of the fuss we had over adding all kinds of unrelated things to a bill in a practice called bobtailing – that ultimately precipitated a court challenge and a change to the way things

had been done, or with the changes the Senate imposed on itself with Senate rules, and here I would give particular credit to Glenn McConnell, Larry Martin, Harvey Peeler and others on the Senate team..

The bottom line for each of you as members of the General Assembly is that we are making a difference in moving toward a South Carolina of greater opportunity, and I want to thank each one of you for your part in this movement.

That is where we are, but tonight is as well about where we go to better the lives of South Carolinians in the next year.

For all that we have gotten done, we still have many miles to go in improving our state. Too many South Carolinians don't have work, or work that fully uses their talents. We still have much more we can do to make our state competitive in the global economy. Education and health care are still not where we need them to be for people to make the most of their lives. I think an accurate characterization of the state of our state today is that we're making real progress, but that we can do more - and doing so means change in fundamental ways.

So this year, I will offer a relatively short list of things that I believe are fundamental to improving our lives and moving us further toward South Carolina being this land of greater opportunity.

I want to call on each and every one of you as members of the General Assembly, not just Republicans...but Democrats as well...to join me in dealing with these fundamental things that can help in making South Carolinian's lives better.

I say that recognizing it is an election year, and many people say not much gets done legislatively in election years, but as in many other areas, that's a place where I don't think we can accept business as usual. The election comes toward the end of the year, not toward the beginning. Though some may see their political role, or their party or their candidate strengthened around election times – with obstructionism or stopping legislation – I don't think it is something the people of South Carolina can afford. Let's not let politics get in the way of making a difference in the lives of our people in this state. Between now and June let's focus on the business at hand - tackling fundamental things.

Last October, America was saddened by the death of civil rights pioneer Rosa Parks. When I talk about doing fundamental things in our state this year, I would point to the example of Rosa Parks for inspiration. A poor seamstress from Montgomery, Alabama, she courageously defied the status quo that surrounded her, and in so doing set off a chain reaction that altered the course of America in fundamentally positive ways. In her autobiography, she wrote, "People always say that I didn't give up my seat because I was tired, but that wasn't true. I was not tired physically, or no more tired than I usually was at the end of a working day. I was not old, although some people have an image of me as being old then. I was forty-two. No, the only tired I was, was tired of giving in." That

attitude changed our country for the better. As she tackled the fundamental principle of civil rights, so, too, should we look to tackle fundamental things in our state.

Most fundamental to every one of our livelihoods is a job. As I said earlier, our state is a state in transition. We have been hit hard as textile jobs have moved to China, India and other places around the world. We have been hit hard by Thomas Friedman's flat world. The good news is that Commerce is now replacing those jobs at record numbers, and at a pay rate 30% above many of the old jobs. We have taken very important steps to improving soil conditions for business so they can better compete.

People from outside our borders seem to be taking notice of these things because they are coming here in large numbers. Our labor force grew by 45,000 last year, and in the last three months alone it has grown by 1.7% - the fastest growth rate in the continental United States. In the short run, labor force growth bumps up our unemployment numbers, but according to Don Shunk of the Moore School of Business in the long run it can mean good things for our economy. It means someone is loading up a U-haul rental trailer and leaving Michigan because they think South Carolina represents greater opportunity. In the short run, that lowers Michigan's unemployment rate and raises ours, but in the long run we will be better off for these folks making South Carolina home.

So that we can speed the rate of job creation for people in our state and people moving here, it is vital we focus on the business soil conditions of our state. Here's why.

During the 1990s, South Carolina had some famous successes in job recruitment, and my predecessors in this office deserve great credit for their efforts. What's remarkable though is how much those successes have been eclipsed by the speed of global competition in just a few years. Thirty percent of all the jobs announced in South Carolina during the 1990's aren't here anymore, and it's a reminder of how challenging Thomas Friedman's flat world really is.

We can't control federal trade policy, we can't control global exchange rates but we can control how competitive our business environment is in South Carolina - which, at the end of the day, will have a major impact in determining whether jobs stay for a little while or a long time. This year, I think there are four more things we can do on the jobs and economy front to make South Carolina more competitive.

We need to reform our workers compensation system, better our government structure, hold the line on spending and add just a few things at Commerce that, for the most part, we outlined in our budget.

Workers compensation rates in South Carolina are on their way to scaring off business investment and killing jobs in our state. If we do nothing, South Carolina businesses will be saddled with \$350 million in *additional* costs next year - and this is despite their safety efforts that in 2004 were the best in the history of the state. I ask that this year be the year that we reform our archaic workers comp system and second injury fund, and provide another building block for job creation in our state.

The structure of our state government itself is a driver in what happens next in our economy. With a number of legislative colleagues, we have proposed a package that most of you are well-acquainted with, dealing with the appointment of Constitutional officers, health care restructuring and the creation of a Department of Administration.

I thank members of the House for passing a bill allowing voters to determine whether or not they think the Superintendent of Education and the Secretary of State should be part of our cabinet. I'd also thank members of the Senate for the way they started the ball rolling on administrative restructuring. I'd ask both bodies to strengthen these bills as they cross over, because they are about better spending government money, better government service, and in the case of constitutional positions, about making these positions part of the executive branch team and in doing so - strengthening their weight in our political process.

The creation of a Department of Administration is simply asking for what **49** other Governors already have in this country - the ability to actually administer the laws created by the legislative branch. Health care restructuring is about better health services for a whole lot of people in our state who need it. Imitation has been said to be one of the greatest compliments, and in this vein, I would say acting on restructuring this year would be an awfully special way to honor former Governor Campbell who took on the role of South Carolina trailblazer when it came to restructuring.

His widow, Iris, is with us, and I would ask that you stand as a way of thanking Carroll and Iris for what both of them have done for our state.

On spending, we have got to come up with some alternative to having me try to catch-up with Governor Campbell's record of 277 budget vetoes. For some of us, it has been the one area of disagreement on what has otherwise been good working relationships. I have fought, though, because what happens next in government spending will heavily affect our ability to compete with the rest of the world.

Think about it, if you really believe Thomas Friedman is right - that we live in one of the most transformative times in world history. Then wouldn't you want to maximize the part of your economy that will change the fastest? This is not about some crusade that says government is bad and only the private sector is good; it is about speeding the rate of change and recognition of the fact that the private sector can change faster than the public sector.

It is also about common sense notions. Most folks in the country tell me they agree with the principal of "first things first" and that it makes sense to pay off money you borrowed from a reserve account before you begin new spending. They tell me it doesn't make sense to grow government faster than people's ability to pay for government.

On this front I ask just two things. One, as I mentioned earlier, adopt what we laid out in our budget in paying back trust funds and limiting government. Two, going forward let's

let the people decide what they think the appropriate rate of growth ought to be in their government.

I happen to think we are growing too fast since South Carolina is now 130% of the U.S. average in the cost of government, and we rank eighth in the nation in state spending on a per-capita basis. I think one look around the globe or the country shows how economically vibrant low-tax and low-spending countries or states are when compared to high-tax and big-government economies. But as much as I believe that, if you will just allow our voters to decide this issue, and if they then decide they want to grow government at a rate faster than population plus inflation, you won't hear a word from me.

I will live by what the people of South Carolina decide. This is a great way to avoid a lot of fighting and fussing come budget time, and I ask you send to the voters this fall the Taxpayer Empowerment Amendment to limit the growth of our government's spending to population plus inflation.

On both the government restructuring issue and on the taxpayer empowerment amendment, you don't have to agree with me. All I ask is that you let the voters decide. I remember well back in the year 2000 when my predecessor, Governor Jim Hodges, made a strong plea for the state lottery. I opposed the lottery and said so at the time. I know that many of you opposed the lottery, too, but still voted in favor of letting the people decide. Letting voters decide was the right thing to do then, and it's the right thing to do now.

Finally, in improving our economy, I mentioned a few things at Commerce that we, for the most, part outlined in our budget. The one thing I did not outline, that I request Commerce handle for the administration - and work with legislative leaders like Jim Ritchie who has been a great leader in this arena - is a Broadband Conference. To be competitive and thrive in Friedman's new world, it is vital that people living in rural South Carolina have as much of a chance to get on the information highway as people living in our urban cores. Without the ability to get information through the Internet at high speeds, the economic growth of these regions will be locked in at low speeds. I am committed to seeing what the public sector can do to help in leveraging the private sector's investment in this area.

A second fundamental given the times we live in is the overarching importance of a great education. Without a great education you cannot compete in today's world, and on this front I ask of you three things.

First, given Judge Cooper's recent decision, let's take a complete inventory of what, where and how we spend money in early childhood education. I have long been a proponent of early childhood education, but that does not mean I believe in attempting to be all things to all people on this front. In this vein, let's use the private sector's capacity, let's focus the finite resources we have in this state to the programs that produce the best outcomes - and let's direct them toward the people for whom it will make the biggest

difference. I think we need to do these things before going to the taxpayer asking for more money.

Two, I ask you pass charter school legislation that would make it easier for groups of teachers and parents to come together and create new public schools. One size never fits all, God makes every child unique in the way they learn, and I think it makes a whole lot of sense to have more choices in our educational system that fit with the diversity of different kids in our state. I believe the charter school bill would be an important step in this direction.

Finally, great colleges do you no good if you can't afford them. In our state, rising tuition costs at many of our public universities are nearing a point where a college education moves beyond the reach of many South Carolina families. After in-state tuition increases of 51% at Clemson and 39% at USC in just the last three years alone, our schools have the highest in-state tuitions in the Southern region and among the top five in the entire nation. It costs as much as \$4,000 per year more for a South Carolinian to attend our leading state universities than it costs Georgians or North Carolinians to attend theirs.

We spend 17% of our overall state budget on higher education compared to a national average of 10.5%, and we have the second highest percentage of a state budget committed to higher education in the entire Southeast. Our problem is that we do not have a coordinated higher ed system, and, as a consequence, we have an expensive higher ed system. We have islands of coordination and on this front, I'd praise Ray Greenberg at

MUSC for his leadership in working collaboratively on the pharmacy program with USC. We need more of this, so I'm asking you once again to place a cap on tuition increases at \$250 above the Higher Education Price Index, which last year was 3.5%. These caps are about forcing a long-needed conversation on coordinating our university system - and, as a consequence, yielding more affordable tuitions at state universities. Tying tuition increases to higher ed inflation will consequently unleash a lot of creative effort in ending inefficiency and duplication in our system.

Finally, the third fundamental I would like to touch on tonight is the quality of one's life in South Carolina. We get an education, we get a job, but then we live this thing called life. I think as policymakers we should do things that enhance those 50-60-70 years between school and our trip to see the good Lord.

We have focused a lot on health because it will have a huge impact on the quality of every one of our lives. On this front, I ask that you help Robbie Kerr in his ability to enact our Medicaid waiver now pending before the federal government because better care for South Carolina's Medicaid population hangs in the balance.

We have talked a lot about how not getting run over by a drunk driver is basic to quality of life in South Carolina. On this, let's quit talking and fix it.

We have talked a lot about open space and have even proposed another \$10 million for timberland acquisition because a high quality life in my book means glimpses of the

South Carolina so many of us grew up with and means some alternatives to more buildings and more traffic in some of the more congested parts of our state.

But tonight let me throw out two other aspects to what I would define as a high quality life in our state. I think for those 50 to 70 years we have, if you are living at your home or your farm you shouldn't be forced to sell it by the government - or have the land taken from you by a government agency.

In fact, there are few things more fundamental to South Carolina living than the places we live. When I lived in New York, people would ask, "what do you do" as their way of identifying you; here we ask, "where are you from." We have a unique sense of place as a part of our identity as South Carolinians, and those places are being threatened in two ways.

First, last June, the United States Supreme Court reached a decision that basically said that local governments can use the power of eminent domain to take private property from one landowner and give it to another. This broke new ground. Never before have the courts said a city could bulldoze a private home or community in order to give the land to a private developer.

Justice Sandra Day O'Connor wrote, "Today the Court abandons a long-held, basic limitation on government power. Under the banner of economic development, all private property is now vulnerable to being taken and transferred to another private owner, so

long as it might be “upgraded.” The fallout from this decision will not be random. The beneficiaries are likely to be those citizens with disproportionate influence and power in the political process, including large corporations and development firms. As for the victims, the government now has license to transfer property from those with fewer resources to those with more. The Founders cannot have intended this perverse result.”

The good news is that the *Kelo* decision does not mandate anything. It gives local governments the right to expand their eminent domain powers. We have the ability to prevent this and I would ask that we do so. On this point, I want to thank Bobby Harrell, Glenn McConnell and others in leadership who were a part of our conversations that came in the wake of the Supreme Court decision, and I want to commend our present South Carolina Supreme Court for the way this court has ruled on these matters. While addressing this, we should also take a close look at condemnation authority generally.

The second part of this is this fundamental notion of ownership because key to any capitalistic society is the principle of actually owning things - and the largest thing most people own is their home or their farm. The quality of many people’s lives would be diminished if, through no fault of their own, they were forced to sell something they prized because the government around them is growing. Let’s be clear on this, property taxes have grown rapidly as government has correspondingly increased its spending - and what people from a lot of corners across our state have said is that it is time for this to stop.

So on this I first applaud the work of the House and the Senate for its focus on property tax reform. I also want to thank the many taxpayer groups around this state for the way they have been unrelenting in their focus, friends like Leneu Seigling who every time I see him brings this up.

As we enter this debate, I want to lay out a few markers on where this administration is on providing tax relief to property owners. We think this can be the year of property tax relief, and we believe this issue warrants a full discussion of all the options in how we might do so.

One) We believe any swap of sales taxes for property taxes should be either revenue neutral or a net tax cut. If, in the name of reducing property taxes, we end up in fact raising taxes, then I will be forced to veto the bill.

Two) Changes in the sales tax should ideally be more comprehensive than just a one or two penny increase. We should take the opportunity to look at exemptions that are not serving their purpose. On the same front, we ought to look at the code itself and the way it is, or is not, enforced by local government. As an example, back home on the coast I know of a lot of folks whose lands are taxed at agriculture rates, though the land is in fact development land owned by developers - not farmers.

Three) We should keep one eye carefully focused on what we have been about as an administration from the beginning - our competitive position in the world and how

favorable our climate is for business in this state as it competes with the rest of the world. While we believe the income tax is the most harmful to economic activity, we have said for years that all taxes are not equal, and taxing investment is worse than taxing consumption. We, therefore, have no problem swapping real estate taxes for sales taxes as long as we look carefully at both implications and offsets - so that we do not erode our business climate.

Four) Let's be open to giving more tools to local governments as one option in dealing with this problem. This does not have to be a top down solution; it could be bottom up. This could make particular sense given the way that growth and real estate taxes are a profound problem in some parts of our state and not that significant in other areas. If we offer this option, we need to give local government the ability to look over the long term at what is causing real estate taxes to rise, and impact those root causes driving our property taxes upward. If we don't, we will be back at the drawing board a few years from now looking at this issue again. In 1998, the homestead exemption was supposed to take care of the property tax issue and it didn't because root causes were not dealt with.

At the local level, one of our problems is that growth doesn't pay for itself in this state - that means when 1,000 new folks move from Ohio or New Jersey into our state, people who have been living in this state for years or generations have to pay for the new school for the new folks moving into town.

In high growth areas of our state, people have connected growth with, indeed, paying for the new folks' school, dealing with added traffic, and losing their favorite deer stand or fishing hole - and so they fight it. It shouldn't be this way; our growth should be sustainable, and, therefore, embraced. This fight is driven by the simple question of who pays for growth, the people who already paid for it once or the new folks causing the need for expansion in the school or road. Impact fees have been employed in Florida and other high growth states, and I'm not averse to looking at this option in this debate.

Five) Let's be sure to align cost with benefit. If the state takes over the funding of local schools, we believe it is important to align or cap the growth rate of spending in those local schools. If we did not do this, there would be every incentive to add programs and facilities with the belief that Columbia, not local people, would be footing the bills for these expenditures. The opposite holds true as well and calls for a review of state mandated spending on counties.

Before I end tonight, there is one final fundamental thing that I want to put on the table based on a number of conversations with friends. It's a sensitive area, but in keeping with the spirit of Rosa Parks, worth submitting for your consideration. In the State of South Carolina, just about 30% of our citizens are African-American, and yet only about 10% of the judges in our state are African-American. Rightly or wrongly, there is a perception in parts of our state that at times there are different standards of justice - or, at other times, feelings that our government is not committed to the principle of diversity. I don't believe either of these perceptions true - but would ask the General Assembly to make

real efforts this year to increase the number of African-Americans appointed to the bench so that we extinguish this perception in our state. There are exceedingly capable folks out there, and once again in keeping with Ms. Parks' spirit, let's not wait another year to address this fundamental and important matter.

In closing – my simple hope and my prayer is that as we deal with these and other issues – as well as each other this year – that we would live and walk Micah 6:8: Doing with justice that which we are charged to do, embracing with mercy all affected by what we do, and most of all walking humbly with each other and those we serve in this state.

I look forward to working with each of you this year. Thank you and good night.