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Date: 6/21/2016 8:24:56 AM
Subject: FW: S.C. State seeks halt to Funneling (Post and Courier) June 5, 2008

Some problems never really go away....

From: Pitts, Ted
Sent: Monday, April 01, 2013 8:56 AM
To: Baker, Josh; Soura, Christian
Subject: FW: S.C. State seeks halt to Funneling (Post and Courier) June 5, 2008

S.C. State seeks halt to 'funneling'

Lawmakers have used school to direct funds to favorite charities

Author(s): The Post and Courier **Date:** June 5, 2008 **Section:** LOCAL & STATE

South Carolina **State** University's Board of Trustees wants **state** lawmakers **to** stop using the school **to** channel tax dollars **to** their favorite charities. Board Chairman Maurice Washington said at a board retreat in Charleston Wednesday that the board will ask its lawyer whether it can legally adopt a policy prohibiting the practice.

The group was responding **to** a Post and Courier investigation that ran in the newspaper on Sunday. The analysis revealed that South Carolina legislators used the **state's** public universities **to** quietly channel nearly \$2 million in tax dollars **to** their favorite charities during the past three years. Some legislators sent the money **to** nonprofit groups with which they have direct ties. That includes Rep. David Mack, D-North Charleston, who sent \$700,000 through **S.C. State to** a nonprofit where he works and receives money. It also includes Sen. John Matthews, D-Bowman, who sent \$350,000 **to** a charity where he is a nonvoting member of the group's board of directors and his wife is the board's vice chairwoman.

Matthews also sent another \$150,000 through **S.C. State** for a "historical analysis study on African American wealth creation," although much of that money has not yet been spent.

The lawmakers' decisions **to** place money in **S.C. State's** budget for other groups "weren't done in consultation with university officials," Washington said in an interview Tuesday.

When the board first learned during a budget presentation at its retreat in June 2007 that money was being passed through the university, "We thought it was a little weird," Washington said. "It didn't seem like an appropriate thing for us **to** be involved with."

Board members asked former President Andrew Hugine and John Smalls, the university's senior vice president for finance, "**to** end the practice," Washington said.

Smalls said Tuesday that he doesn't have any choice but **to** pass on money that legislators place in the university's budget for other organizations. "These are legislators. This was passed by the General Assembly," Smalls said.

The newspaper's analysis looked at seven of the **state's** largest institutions of higher learning and found that lawmakers funneled money through five of them: Clemson University, Francis Marion University, South Carolina **State** University, the University of South Carolina and Winthrop University.

Here's how it works: **State** legislators take money from the **state** budget and tuck it into universities' **state** appropriations, sometimes without the schools' knowledge. The universities then hand over that money **to** the charities.

Among the universities surveyed, the largest amount of money, \$1.2 million, was passed through the budget at **S.C. State**.

Smalls said the funds show up as specific items in the university's budget. "We didn't request them," Smalls said. "They kind of appeared."

Smalls said when such items appear in the university's budget, he does nothing until "the appropriate legislator calls."

Then he asks the legislator **to** send a letter that includes the name and address of the receiving agency, a tax identification number and a budget. After he receives the information, he said, he sends the money.

"If money is put in your budget for a purpose," Smalls said, "I don't know what **to** do about it. The ideal is not **to** put it in there."

When lawmakers funnel money, he said, they "put the agency in a very precarious position. These tend **to** be legislators who are very supportive **to** the institution."

Roger Leaks, an alumnus and member of the university's Board of Visitors, which is different from the Board of Trustees, said some alumni he's talked **to** in the past few days have said they wish the university could stop the practice and use the money on campus.

The university has many needs, he said, especially **to** improve the poor condition of many older buildings on which maintenance has been delayed.

"The way I see it," Leaks said, "if the money comes into the university, it should be used by the university, not diverted somewhere else."

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ON THE WEB

To read Sunday's story on lawmakers **funneling state** money through colleges and universities, go **to** Charleston.net.

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