



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE BOX 12267
COLUMBIA 29211

March 13, 2009

The Honorable

Dear :

I write regarding the recently passed stimulus legislation, not only to reemphasize my concerns with both its substance and process, but also to share with you, as fellow executives of our respective states, my decision to seek a waiver for full flexibility of applicable funds to direct toward my state's long-term debt and contingent liabilities.

While the stimulus was well-intentioned, we firmly believe its negative impacts will be felt for generations to come – because we think it's just illogical to issue more debt to solve a problem created in the first place by too much debt. In addition to the unintended fiscal consequences that no doubt await us as taxpayers, and indeed Americans, down the road, I'd also submit that the stimulus bill treads into dangerous waters with regard to the balance between the federal and state governments.

Put simply, we believe this stimulus legislation may in fact be too restrictive on states. At the end of the day, a government closest to the people governs best, and it follows that states themselves and governors like you and I, can make decisions that will protect our states' taxpayers more effectively than can those dictating from Washington, D.C. Just as there is no single answer to many of the policy questions the Founding Fathers granted to states – their "laboratories of democracy" – via the Tenth Amendment, I think there is also room for even more in the way of flexibility for spending these stimulus dollars. Unfortunately, more often than not, federal money sent to the states comes with significant strings attached.

For South Carolina, we've decided to seek a waiver from the Obama administration that would allow us to apportion nearly a quarter of the stimulus dollars headed our way – the Fiscal and Education Stabilization dollars we have discretion over – to paying down our state's ballooning long-term debt and contingent liabilities.

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I am enclosing a letter I sent this week to President Obama requesting the waiver and outlining our rationale behind this decision. If you so desire, I'd welcome you joining me in asking the President for more in the way of flexibility – either informally or in a more formal way – in the very near future.

While the debate over the passage of this stimulus bill is past, I strongly believe the debate over the merits of federalism and the relative flexibility of the states, as well as the proper role of government in our lives and the wisdom of piling debt on top of debt, is far from over. Thank you for your consideration, and please don't hesitate to call if you'd like to discuss this further.

Sincerely,



Mark Sanford

MS/bdf

Enclosure