

**From:** Katherine Veldran <kveldran@gmail.com>  
**To:** Veldran, KatherineKatherineVeldran@gov.sc.gov  
**Date:** 8/23/2016 11:10:15 AM  
**Subject:** Fwd: Agenda Meeting Approvals

---

----- Forwarded message -----

**From:** Tim Pearson <tcpearson@gmail.com>  
**Date:** Tue, Aug 23, 2016 at 11:00 AM  
**Subject:** Re: Agenda Meeting Approvals  
**To:** David Glaccum <david.glaccum@gmail.com>  
**Cc:** Swati Patel <sspatel16@hotmail.com>, Rob Godfrey <robertsgodfrey@gmail.com>, Katherine Veldran <kveldran@gmail.com>, Austin Smith <austinmsmith@gmail.com>

ok so in your opinion does that bolster our argument or undermine it? how will it be perceived by those who pay attention to this kind of stuff?

On Tue, Aug 23, 2016 at 10:57 AM, David Glaccum <david.glaccum@gmail.com> wrote:

In part, yes. They are going to talk about the reduction in surplus revenue, and discuss the new baseline growth which will be less than the \$1 billion the state has enjoyed over the last two years.

They are then going to talk about how aggressive the economy would have to grow to meet current appropriations (which could happen but it may be tough), and send some caution to agencies that they may need to find mid-year savings if the growth does not catch up to the earlier projections (likely only very small amounts of savings, if any, but he does want agencies to start thinking about the future).

Simplified version: growth still likely to be very strong (\$400-500 million) but not as strong as they have been, and therefore the State needs to be prepared.

On Tuesday, August 23, 2016, Tim Pearson <tcpearson@gmail.com> wrote:  
is he going to mirror what Eckstrom said?

On Tue, Aug 23, 2016 at 10:25 AM, Swati Patel <sspatel16@hotmail.com> wrote:

We found out yesterday that Frank Rainwater plans to send a press release on Thursday to announce the expectations of lower revenue estimates this year. We thought it would be better to act ahead of that announcement.

---

**From:** Tim Pearson <tcpearson@gmail.com>  
**Sent:** Tuesday, August 23, 2016 10:20 AM  
**To:** Rob Godfrey  
**Cc:** David Glaccum; Katherine Veldran; Swati Patel; Austin Smith  
**Subject:** Re: Agenda Meeting Approvals

If it's going to be a big news day otherwise why don't we wait a few days?

On Aug 23, 2016, at 10:08 AM, Rob Godfrey <[robertsgodfrey@gmail.com](mailto:robertsgodfrey@gmail.com)> wrote:

We will likely leak this letter today unless y'all have objections. In the afternoon.

Rob Godfrey  
803 807 7144

On Aug 18, 2016, at 12:54 PM, David Glaccum <[david.glaccum@gmail.com](mailto:david.glaccum@gmail.com)> wrote:

Attached are two documents: 1) a draft letter from Governor Haley to Agency Directors explaining the need for the Budget Reduction Analysis (we can change this name if anyone would like); and 2) a draft memorandum that would be sent out from the EBO stating similar things. I am also working on the actual instructions, i.e., what information we want included and in what format it should be submitted, but that is just technical so I figured I would send these over for review and comment while I work on that.

You will notice highlighted parts in the memo referencing agency exemptions. Per our emails yesterday, I am fine removing these from the document and applying across the board.

Thank you and I welcome the feedback.

DMG

On Wed, Aug 17, 2016 at 2:50 PM, Tim Pearson <[tcpearson@gmail.com](mailto:tcpearson@gmail.com)> wrote:  
Gotcha.

On Wed, Aug 17, 2016 at 2:50 PM, David Glaccum <[david.glaccum@gmail.com](mailto:david.glaccum@gmail.com)> wrote:

I got the idea from North Dakota. They recently had to do this for real (required 10% budget cuts) due to revenue shortfalls and poor economic performance, but carved out corrections, medicaid, and education. Because ours is a planning document, it can apply across the board, which I support.

On Wednesday, August 17, 2016, Tim Pearson <[tcpearson@gmail.com](mailto:tcpearson@gmail.com)> wrote:

just out of curiosity, why would we exempt any agency? even if we won't go there for cuts, isn't it beneficial to have them provide us with what they think they could cut if necessary?

On Wed, Aug 17, 2016 at 2:16 PM, David Glaccum <[david.glaccum@gmail.com](mailto:david.glaccum@gmail.com)> wrote:

On the first: I have a draft letter and instructions ready. Just going to circulate for input, so next week is definitely doable. I currently have the reduction set at 3%, and I have carved out Corrections, Education, Medicaid, and DSS (encouraging that they still work on budget savings where possible but not required to supply the full analysis). This exceptions list could be narrowed or removed if y'all think best, but these are agencies we would likely not look to for cuts in the face of a deficit.

On the second, yes it could be ready by next Month; I am working on a draft now. Since I sent the email yesterday, I have found a current proviso that already requires some other funds reporting. I find this extremely beneficial because we can cite to it as work already done by the agency, and we are simply

asking the agency use the work they have already done to identify fees and fines that can be reduced and/or eliminated. Also, I believe this helps us push back on flak and likely help find allies that have gotten that proviso in the budget.

On Wednesday, August 17, 2016, Tim Pearson <[tcpearson@gmail.com](mailto:tcpearson@gmail.com)> wrote:

I think both budget actions are very strong.

My sense is we should put the number of the potential reduction somewhat on the low side (I don't know what that number is, but based on Eckstrom's release and the numbers you present below, 3% seems appropriate to me) so that it won't be easily dismissed as unrealistic and give our opponents the ability to dismiss the action, and the responses we get back, as simply a political ploy. When would the new instructions be ready to go? Ideally, we could send them next week and then release to the press - that way not too much time will have passed from Eckstrom's announcement, which is the perfect thing for us to piggy back on.

The other funds Executive Order is also very solid. What is the timeline? Can we release it sometime after labor day, during a time where there's not much other state news? Also, would be helpful if we can bring in some legislative allies on the front end so that when it goes out, they are prepped to say positive things about it. Some of the conservative guys in the senate have been railing about other funds for years.

On Tue, Aug 16, 2016 at 3:54 PM, Rob Godfrey <[robertsgodfrey@gmail.com](mailto:robertsgodfrey@gmail.com)> wrote:

Shore.

On Tue, Aug 16, 2016 at 3:52 PM, Tim Pearson <[tcpearson@gmail.com](mailto:tcpearson@gmail.com)> wrote:

thanks will respond in more detail but Rob, can someone from your shop pull a sampling of the press and editorial coverage of Deal's executive order on convictions?

On Tue, Aug 16, 2016 at 3:50 PM, David Glaccum <[david.glaccum@gmail.com](mailto:david.glaccum@gmail.com)> wrote:

Tim - we met with NRH today covering budget and criminal justice items. Below are the items she approved. The two budget items are things we plan to get out sooner rather than later, and the "ban the box" hiring policy is an item we will roll out as part of the larger inmate-to-work things we are doing with DOC. I appreciate your thoughts on these items.

### **Budget**

#### **1. Planning for Future Economic Downturns**



*Action Item:* Issue an addendum to our budget instructions (sent out July 25) asking that each agency submit an additional form describing how the agency would absorb or offset a 3% (or 5%, 7%, etc.) reduction in general funds, highlighting specific programs they would recommend for funding reduction or elimination.

*Supporting Information:*

- ☐ Coming out of the 2008 recession, and the associated budget cuts, South Carolina's General Fund appropriations have rapidly risen:
  - 2008-2009 General Fund (pre-recession): \$6.736 billion
  - 2009-2010 General Fund (post-recession): \$5.714 billion
  - 2011-2012 General Fund (1<sup>st</sup> year in office): \$5.454 billion
  - 2016-2017 General Fund (most recent budget): \$7.579 billion
- ☐ Unfortunately, these times of rapid revenue growth cannot be sustained, and are already showing signs of slowing.
- ☐ Yesterday (August 15), the Comptroller General issued a press release highlighting this exact problem, stating "leaner times...appear to be emerging" based on a lower than expected revenue growth resulting in a \$10.3 million "new revenue" shortfall.

## 2. Other Funds Report

*Action Item:* Issue an Executive Order or EBO Memorandum directing all our agencies (or all government) to produce an accounting of Other Funds dollars, including statutory/regulatory authority for fee, what the fee is meant to cover, original implementation date and amount, last increase/decrease, and current amount.

*Supporting Information:*

- ☐ Similar to General Funds, Other Funds have substantially increased over the past 5 years.
  - 2011-2012 Other Funds (1<sup>st</sup> year in office): \$8.011 billion
  - 2016-2017 Other Fund (most recent

budget):

\$10.398 billion

- ☐ Other funds span many agencies and cover various items, ranging from DMV fees, to court fines, to college tuition, to the gas tax.
- ☐ In the past, agencies have been asked to complete an Other Funds “survey” with the most recent being in 2013.
- ☐ Fees and fines are often just another form of taxation, and it may be a good time agencies (especially our agencies) review how they collect other funds, for what purposes, and whether the item can be reduced or potentially eliminated.
- ☐ Governor Larry Hogan has made this a priority and, over the past two years, has reduced hundreds of fees saving taxpayers hundreds of millions of dollars over the next five years.

### **Small Criminal Justice Reform**

#### **1. Ban the Box Hiring Policy**

*Action Item:* Issue an Executive Order directing our agencies to limit the use of criminal history in making hiring decisions, with exceptions for sensitive governmental positions.

#### *Supporting Information:*

- ☐ As many as one in three Americans has some form of criminal record (either for an arrest or a conviction).
- ☐ In many cases, a criminal record is an obstacle to obtaining employment, and can be used as a reason to dismiss an applicant, especially in situations where multiple applicants have applied for the same position.
- ☐ While it is understandable that some criminal convictions should disqualify applicants for certain kinds of jobs, for many jobs the conviction is not relevant to the job sought, and employer may not take into account how recent the conviction or whether there were any extenuating circumstances.
- ☐ In 2015, Governor Nathan Deal issued a ban the box executive order for his agencies.

DMG

David M. Glaccum

(843) 817-1613

--

Rob Godfrey

803.807.7144

--

David M. Glaccum

(843) 817-1613

--

David M. Glaccum

(843) 817-1613

--

David M. Glaccum

(843) 817-1613

<Letter to Agency Directors re Budget Requests (v.02).docx>

<MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES (v.03).docx>

--

David M. Glaccum

(843) 817-1613