

Title: **Corruption probe darkens state lawmakers' return**  
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## THE GENERAL ASSEMBLY

# Corruption probe darkens state lawmakers' return

## Recent S.C. ethics scandals

BY AVERY G. WILKS  
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- Last month, state Rep. **Jim Merrill**, R-Berkeley, was indicted and accused of using his public office to pocket at least \$1.3 million from outside interest groups.

- In 2014, former S.C. House Speaker **Bobby Harrell**, R-Charleston, resigned and pleaded guilty to spending campaign money on personal expenses. Harrell avoided jail time in a plea deal that required him to tell federal and state authorities about illegal activities of others, including lawmakers.

- In 2013, state Sen. **Robert Ford**, D-Charleston, resigned during a state Senate Ethics Committee hearing into allegations that he misused

- campaign donations. In 2015, Ford entered a guilty plea to charges of misconduct in office and ethics violations, avoiding jail time.

- In 2012, former Lt. Gov. **Ken Ard**, R-Florence, resigned after his indictment on 106 ethics violations. Ard pleaded guilty to seven charges and received five years' probation.

The optimism that typically comes with the start of the S.C. legislative session each January has been overshadowed this year by an ongoing investigation into allegations of State House corruption.

When the General Assembly reconvenes Tuesday, the top issues will include fixing the state's crumbling roads; funding poor, rural schools; and addressing an underfunded pension system.

But the corruption investigation will cast a pall over

Tuesday's proceedings, raising a host of other issues, including:

- Will special prosecutor David Pascoe's probe yield more indictments, following the charges filed last month against state Rep. Jim Merrill?

- Do S.C. lawmakers, who passed two ethics reforms last year, need to toughen the state's ethics laws yet again this year?

- Most importantly, can the public trust legislators to serve them rather than mo-nied special interests, which, in Merrill's case, Pascoe alleges paid the Republican legislator hundreds of thousands of dollars to push their

**SEE RETURN, 6A**

■ A corruption investigation will cast a pall over Tuesday's proceedings, raising a host of other issues, as the SC General Assembly reconvenes.

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## RETURN

agenda?

"Public trust in the State House was already at a

low level and has been for a really long time," said a good government watch-

dog John Crangle, head of S.C. Common Cause.

"It suffered another hit

when Merrill was indicted other indictments as and it may get worse with well."

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### **'WE DID GET SOME IMPORTANT THINGS'**

Two indictments during the past month mean the GOP-controlled General Assembly will start its session without a pair of Republican legislators.

State Rep. Chris Corley, R-Aiken, was suspended after he was indicted on criminal domestic abuse charges after, police say, he punched his wife of 12 years in the face and pointed a 9mm pistol at her in the presence of two of their children. Merrill, R-Berkeley, was suspended after he was indicted on charges of using his public office to pocket at least \$1.3 million from outside interest groups.

S.C. ethics watchdogs say the behavior alleged in Merrill's indictment is not all that unique at the State House. More indictments for similar behavior could be on the way from Pascoe's investigation, they add.

Concerns about the behavior of state officials are not new, dating, most recently, to the second term of then-Gov. Mark Sanford. The Charleston Republican paid a then-record ethics fine for misusing state assets.

However, instances of state officials behaving badly have occurred repeatedly since Sanford's brush with the Appalachian Trail.

Facing criminal charges, a lieutenant governor, speaker of the House and state senator have resigned since 2012.

After years of debate about whether tougher

ethics laws were needed, legislators passed two ethics reform bills last year.

The new laws are positive steps, ethics watchdogs say. But, they add, more should be done this year to strengthen the state's ethics laws.

One of the bills passed last year – which Crangle calls “timid” and “inadequate” – requires S.C. legislators to disclose their private, taxable sources of income and the income of their family members. The idea is the public should know who is paying their part-time legislators so they can judge whether their pay from other sources presents any potential conflicts.

But the new law does not require legislators to say how much money they get from those sources.

The other new reform gives a revamped, eight-member Ethics Commission the power to investigate allegations against legislators. Lawmakers previously had investigated themselves in what critics said was a buddy-buddy system that protected powerful lawmakers from scrutiny.

The two reforms are positive steps, one ethics watchdog says.

“People underestimate to some extent how useful what we got is,” said Lynn Teague, vice president of the League of Women Voters' S.C. chapter. “We did get some important things.” But, she added, “There's still more that we would like to get done.”

### **ON THE HORIZON**

Possible reforms include:

- Requiring lawmakers to report how much income they receive from the outside sources that they now must disclose, starting in March.

- Eradicating “dark money,” or donations given to organizations that do not have to reveal their donors or how much money they receive. Those groups then use the money to push a political agenda or defeat candidates. Legislators could require those organizations to disclose where that money comes from, allowing the public to learn something about their agenda.

- Putting a deadline in place for the House and Senate Ethics Committees to refer allegations against legislators to the newly empowered state Ethics Commission. Those committees now can indefinitely bury ethics complaints, which are bound in secrecy, Crangle said.

- Strengthening the state's whistleblower law to protect public employees who report ethics abuses from retaliation.

At a workshop last week, state Rep. Mandy Powers Norrell, D-Lancaster, said the state needs to tackle dark-money-fueled groups that pepper S.C. residents with mailers on issues without disclosing their identities or motives.

However, Sen. Chip Campsen, R-Charleston, said legislators, having passed two new ethics laws last year, should wait before proposing more wide-ranging changes.

“We will find some things that need to be changed as it plays out over the next year or two, and then we will probably see some change,” Campsen said. “But, right now, we've created it. Let's see how it works in the real world.”

Campsen said he is not opposed to filing reforms that target specific issues.

Teague agrees with that approach, saying large, all-encompassing omnibus ethics reform bills tend to attract more opponents than piecemeal measures.

“We have found opposition to even the simplest, least offensive-looking ethics bills,” she said. Crangle hopes Lt. Gov. Henry McMaster – set to become governor if Gov. Nikki Haley is confirmed as U.N. ambassador – will push hard on ethics reform to position himself for re-election.

“Knowing legislators after having dealt with them for 30 years now, they do as little as they have to,” Crangle said.

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Merrill



Harrell



Ford



Ard



Title: **Lawmakers promise pain for state workers**  
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# Lawmakers promise pain for state workers

## No raises, higher pension payments will hurt wallets

CASSIE COPE  
THE STATE

The 2017 legislative session, which starts Tuesday, could be one of the worst for state workers since the end of the Great Recession.

State employees — from law enforcement officers to social workers to mental health workers — are unlikely to get a pay raise. At the same time, their paychecks will shrink because they will have to pay more toward their retirement costs.

Low pay and staffing cuts have led to overworked state employees and chaos at embattled agencies — from riots at the state Department of Juvenile Justice to child deaths at the Department of Social Services, said Carlton Washington, executive director of the S.C. State Employees Association.

“Rome is burning,” Washington said. “And none of the folks who are in leadership are sharing with the public that Rome is burning.”

State employees already are unsatisfied with their pay.

A survey of 2,342 members of the State Employees Association found:

### State

Continued from Page 1A

pass a raise in the Republican-controlled Legislature this year. “I’m not as optimistic as I’ve been in years past because of the pension (system’s issues) and other things.”

Part of the problem is that legislators will have less added money to spend this year.

Last year, they had more than \$1 billion in added money to spend.

This year, they will have only about a third of that amount in added money — \$446 million.

Some of the added money will have to go to pay the cost of repairing storm damages from Hurricane Matthew. Other priorities — from the state’s battered roads to underfunded rural schools — also are in line for more money.

### More for retirement

New in that line is the state’s pension system, underfunded by \$20 billion to \$40 billion, depending on which estimate you rely on. Some of the state money that could have gone for workers’ pay raises likely will be go to shore up that retirement system.

The bottom line is there just is not enough added money to start fixing the retirement system and give state workers an across-the-board pay raise, said state Rep. Bill Herbkersman, R-Beaufort, who chairs the House budget panel that considers pay raises.

As a result, many state employees will see their pay checks shrink in 2017 — as they pay higher retirement costs.

Starting July 1, workers will contribute 9.16 percent of their paychecks for their retirement pension, up from 8.66 percent.

The agencies that employ those workers — including taxpayer-funded state agencies, school districts and local gov-

» 82 percent disagreed their pay was fair when compared to similar positions outside of state government.

» 81.6 percent disagreed their salary is fair for “the duties, responsibilities and education required” for their position.

» 58.5 percent said they have worked an additional job to supplement their income.

Last year, lawmakers approved the largest pay raise in a decade for state employees — a 3.25 percent increase. But, in four of the last 10 years, state employees did not get a raise.

State Sen. Darrell Jackson, D-Richland, said he plans to push for a pay raise this session, which must be approved as part of the state budget.

“We need to do everything we can to make sure that we take care of what I call the most precious resource that state government has — and that’s state employees,” Jackson said.

However, Democrat Jackson says it will be a heavy lift to

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ernments — also will pay more of their employee’s retirement costs: 12.06 percent of a worker’s salary, up from 11.56 percent this year.

Lawmakers could change state law so state workers and agencies contribute even more.

State Rep. Jeff Bradley, R-Beaufort, who sits on a legislative panel reviewing the pension system, said that committee is trying to find a solution that is palatable for employees and their agency employers.

But, he added, “Everybody has got to contribute to the solution. It’s not unilateral in the pain.”

### Staffing woes

Some state agencies say they already are feeling pain.

In the aftermath of the Great Recession, the Department of Mental Health closed its Harden Street nursing home facility, Fewell Pavilion, that housed up





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to 132 residents. That building sat empty for seven years and now serves as storage.

At Mental Health's still-operating health care facilities, including nursing homes and hospitals, the agency struggles to retain its nursing staff because of competition from the private sector.

The turnover rate among nursing staff at the Department of Mental Health — which operates hospitals, nursing homes and community mental health centers — was 22 percent in the state's fiscal year that ended June 30, according to the agency.

In part, that is because the pay for those workers lags behind the private sector.

The annual average salary for a registered nurse in South Carolina is \$61,110, according to the Bureau of Labor Statistics.

The average salary for registered nurses who work for Mental Health is almost \$8,000 a year less — \$53,504, according to the agency. Nurses at community health care centers fare even worse, averaging \$49,065 a year.

"The wages paid by state agencies are, generally less, than what are paid by private employers," said Mental Health spokesman Mark Binkley. However, "employee benefits for government employees — such as paid leave, health care insurance and retirement — have been historically, generally, better than what is offered by private employers."

However, that is no longer the case, a reality that is making it harder for the state agency to hire and retain workers. Mental Health listed 41 openings for nurses on the state's jobs website Friday.

To fill the gaps in staffing, nursing staffers at Mental Health now must work overtime. The agency also contracts out some of its work, Binkley said.

"We're having to use overtime or contract labor to a much greater extent than we would otherwise want to."

### Fewer workers, more residents

Part of the problem is fewer state workers serving even more South Carolina residents.

"You've got more state employees doing more work than we had a couple of decades ago," said state Sen. John Courson, R-Richland, adding increased use of technology accounts for some of the state job losses.

Across state government, agencies have almost 8,000 fewer employees than

two decades ago.

But those fewer workers are serving almost 1 million more residents.

Full-time, state-funded employees peaked at 42,298 in the budget year 1999-2000, according to state revenue data. At the time, South Carolina had a population of 4 million, according to U.S. Census Data.

Full-time employees dropped to 34,444 in the budget year that started July 1 — although the state now has almost 5 million residents, according to census estimates.

"What's going on is not the fault of state employees or retirees," said the Employee Association's Washington.

"The General Assembly has been driving the ship and they have refused to pay employees a competitive wage, they have refused to staff state government at an appropriate level and, now, the chickens are coming home to roost."

### KEY DATES

#### FOR THE S.C. LEGISLATIVE SESSION THAT STARTS TUESDAY

##### Tuesday

First day of session

##### Wednesday

Gov. Nikki Haley delivers her last State of the State speech

##### Feb. 20

S.C. House Ways and Means committee begins its budget deliberations.

##### May 11

Last day of the regular session

### NEW THIS YEAR

#### A shorter session

Last year, lawmakers approved shortening the regular legislative session by three weeks. That means the last day of the regular session will be May 11. Lawmakers can approve returning for a special summer session to handle specific topics, including bills that are in joint conference committees, any vetoes by the governor and the state budget.

#### New Senate rules

State senators have agreed to change some of their rules, including making it easier to end time-consuming filibusters, used to talk bills to death. During a December organizational session, senators also approved eliminating "minority reports" — a mechanism that senators use to block bills even though they have won approval in committee. Senators also made it so that high-priority proposals — so-called "special order" bills — will be debated earlier in the legislative day.

### 4 KEY ISSUES IN 2017

#### Road repairs

With anti-tax Gov. Nikki Haley on her way out the door, lawmakers could renew their push to increase the state's 16.75-cent-a-gallon gas tax to pay to repair the state's crumbling roads and bridges.

Lawmakers have not increased the gas tax, the second-lowest in the nation, in nearly 30 years. The money is one of the state's primary ways to pay for road and bridge repairs.

Last spring, lawmakers approved a bonding plan to pay for some road repairs, promising to return in 2017 and come up with a long-term solution.

However, soon-to-be-Gov. Henry McMaster has not publicly said whether he would approve a

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gas tax increase.

#### **School funding**

Last spring, legislators failed to pass Haley's proposal to borrow money to help poor school districts build and renovate schools.

Lawmakers could revive that borrowing plan in 2017 as part of an effort to address the S.C. Supreme Court's ruling that the state has not done enough for poor, rural schools.

#### **Fixing the state pension system**

S.C.'s pension system for state and local government workers is underfunded by at least \$20 billion.

As a result, legislators are expected to approve charging state workers and their employers – state and local government agencies, including schools – more for their pensions.

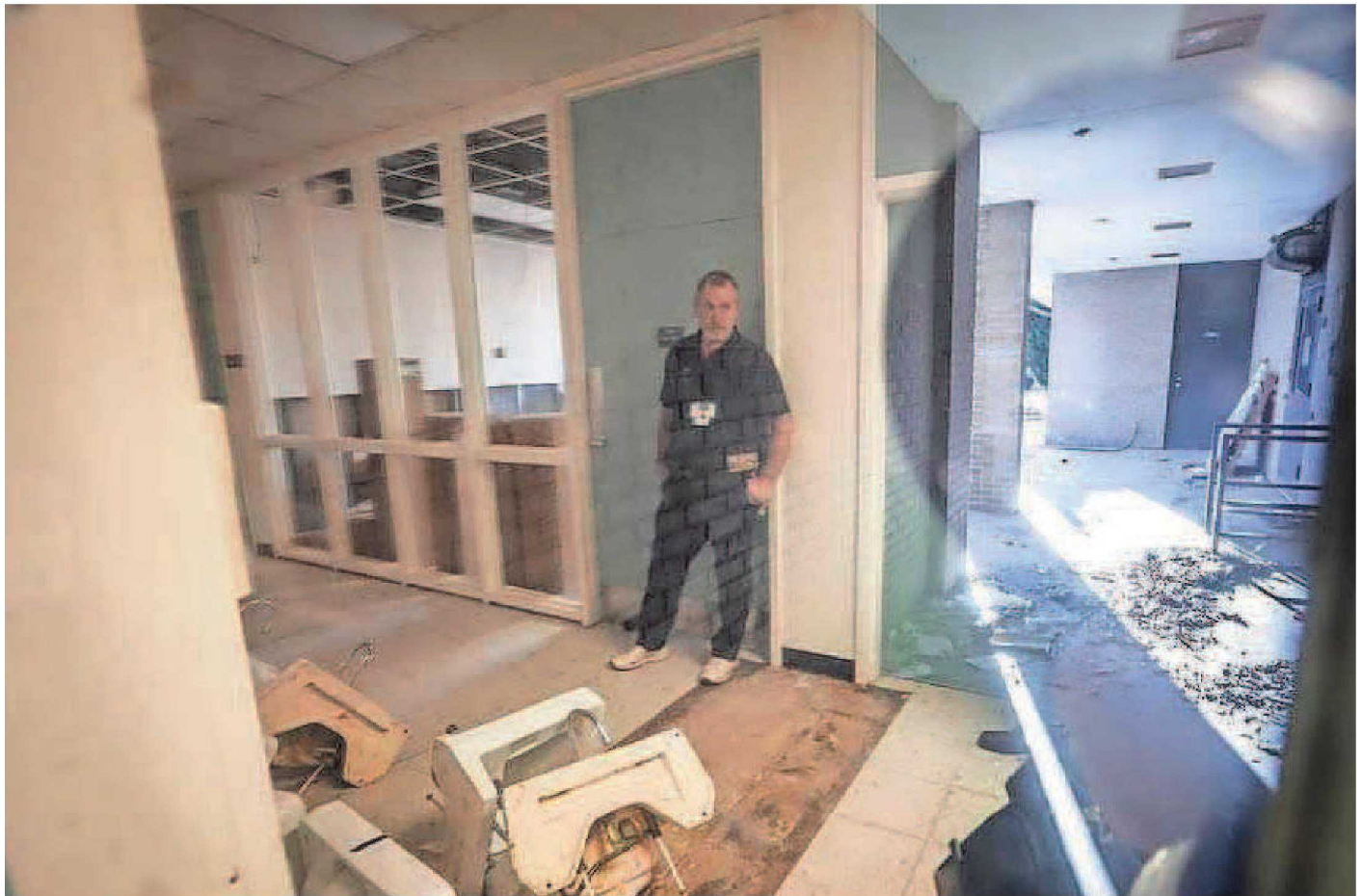
However, that will make up only part of the deficit, caused, in part, by poor management of the pension fund, high fees and a smaller state work force.

#### **Looming investigation**

In December, special prosecutor David Pascoe indicted state Rep. Jim Merrill, R-Berkeley, on charges of ethics law violations and misconduct in office.

Pascoe's State House corruption probe is ongoing and more indictments are expected.

The probe stems from an investigation into former S.C. House Speaker Bobby Harrell, R-Charleston, who pleaded guilty in 2014 to spending campaign money on private uses.



MATTWALSH/THE STATE

In the aftermath of the Great Recession, the S.C. Department of Mental Health closed its Harden Street nursing home facility Fewell Pavilion that housed up to 132 residents. The agency struggles to retain its nursing staff because of competition from the private sector.

Title: **Lawmakers discuss ideas to improve state DDSN**  
 Author: TIM SMITH TCSMITH@GREENVILLENEWS.COM  
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# Lawmakers discuss ideas to improve state DDSN

TIM SMITH

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COLUMBIA - Some lawmakers favor placing the state Department of Disabilities and Special Needs in the governor's cabinet while others say they want to see more legislative oversight of the state's disabilities agency.

A week before the Legislature returns to Columbia to begin a new two-year session, lawmakers interviewed by *The Greenville News* offered different ideas concerning DDSN but most say they want to see improvements at the agency.

"It clearly needs to be different than it is currently," said Sen. Nikki Setzler, leader of Senate Democrats.

Last month, Sen. John Scott, a Columbia Democrat, prefiled a bill to move DDSN into the governor's cabinet, saying the move is necessary to

improve the care and accountability for the state's vulnerable adults.

The agency currently is governed by a commission, which is appointed by the governor with the advice and consent of the Senate. The commission hires the executive director.

Management of the agency, which oversees the care of tens of thousands of South Carolinians with intellectual disabilities, autism, brain or spinal injuries, has long been a political issue as governors have attempted to grapple with problems at DDSN. Former Gov. Mark Sanford in 2009 asked the majority of DDSN commissioners to resign following a critical audit of the agency by the Legislature's watchdog agency. Former Sen. David Thomas of Greenville once called DDSN "the worst-run

agency in the state."

But interest in more recent months has surfaced following articles in *The Greenville News* detailing allegations of abuse and neglect of vulnerable adults, audits of local disabilities boards detailing financial problems in some counties, problems with a private provider that has prompted DDSN to freeze admissions three times, a lack of participation in medications training by DDSN providers and delays in addressing recommendations in years-old audits by the Legislative Audit Council.

Scott is not alone in wanting the agency to be moved under the governor's direct control.

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## DDSN

Continued from Page 1A

Sen. Harvey Peeler, a Gaffney Republican who chairs the Senate Medical Affairs Committee, also supports the idea.

On Thursday, Senate Majority Leader Shane Massey told *The News* he agrees with the cabinet proposal, saying he generally favors such a move for many agencies.

"The Legislature tries to control a lot of executive agencies," he said. "Look, I think most people across the state think the governor is responsible for DDSN anyway. I think if you're going to be governor, you ought to let the person be governor and control the executive branch. And the Legislature needs to do a better job of oversight, making sure they are following the laws and doing everything appropriately."

He said moving DDSN would produce better accountability and "overall it's a better structure." But he said the Legislature has to conduct oversight without micromanaging the agency.

House Speaker Pro Tempore Tommy Pope said he is not as convinced moving

the agency will improve its performance.

"We're always placing into the governor's cabinet for accountability purposes," he said. "If we're going to have accountability, I think that could be a positive thing. The concern I have is when I've talked to people at DDSN, they tell me that certain components are running better than DJJ, DSS or DHEC (all cabinet agencies). So I think it can be a positive but we need to figure out what's actually going on there first."

Setzler said the cabinet idea is one possibility, but "I think we need to get in there and look at it."

Rep. Gilda Cobb-Hunter, second vice chairwoman of the House Ways and Means Committee, likes the idea of increased oversight for the agency.

"I'm not one who believes that putting stuff under executive control is the answer," she said. "I look at agencies that have been under the executive branch now that are problematic, like DHEC, like DSS. I think what would be a better approach is to not simply move it under the executive branch but look at some kind of oversight

legislatively. Is that not what these oversight committees are supposed to be doing?"

The House Oversight Committee is scheduled to decide next week which agencies it will examine this year. DDSN is among the candidates for months-long legislative scrutiny.

"Either we believe in a concept or we don't," Cobb-Hunter said. "And we said two years ago the concept of legislative oversight is important so we created this committee to do that, to look at state government and agencies. Let's see if that will

work and what comes out of that process as a result. There may be some things they will uncover that will address the issues that have been raised."

Scott's bill would require that the agency, which is now governed by a seven-member commission appointed by the governor, be overseen instead by a director appointed by the governor, with the advice and consent of the Senate.

The director could then hire and remove any employee at the agency, under the bill, while the commission would be-





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come an advisory board.

DDSN serves the disabled through a system of regional centers, private providers and county disabilities agencies. It employs more than 2,100 workers full time and another almost 9,000 are employed in the agency's provider network. The agency's current budget totals \$729 million, most of which is federal money.

Scott told *The News* in August that he planned to file the bill just as he did during the past legislative session, saying he believes change was needed.

Last month, he said there have been more questions raised since then about deaths and injuries as well as spending by the agency. He said he believes the agency has failed to take responsibility for incidents with vulnerable adults.

Scott pointed to articles in *The Greenville News* as evidence of the problems that remain with the agency. He also cited the recent remarks of the board's chairman, Bill Danielson, who criticized senators for questions posed to the agency's director at a hearing last year.

Danielson said during a commission meeting that he was speaking for himself, not the agency or commission but was unhappy with the Senate hearing, describing some of the questions to DDSN's director as "intolerable."

"It was an embarrassment to our executive director," he told *The News* last month. "She'll never say that. But I'll say that. To sit there and some of the insinuations and the direct questions, I found appalling, frankly."

The chairman of the panel then, Sen. Thomas Alexander, a Walhalla Republican, said none of his questions were inappropriate or improper and were not intended to be.

Danielson said in August when asked about Scott's bill that the agency would work with whatever model lawmakers decided best.

"That goes without saying," he said. "There are benefits to both the cabinet model and the commission model. In either model, both the governor and the Legislature are involved in deciding the leadership."

Asked last month about Scott's bill, Chaney Adams, press secretary for Gov. Nikki Haley, said, "the governor believes more accountability would be a good thing for DDSN."



Title: The Sun News of Myrtle Beach on Molly Spearman, South Carolina's elected superintendent of education  
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### **The Sun News of Myrtle Beach on Molly Spearman, South Carolina's elected superintendent of education**

Molly Spearman, South Carolina's elected superintendent of education, has no illusions about her job being on the state ballot and, in fact, she supports making the position appointive and part of the governor's cabinet.

Spearman, a former legislator and before that a classroom music teacher and assistant principal, has joined Gov. Nikki Haley in urging legislators to support legislation setting up a statewide referendum. The S.C. Constitution makes the education superintendent elective, so voters' approval is necessary to change the position to appointive.

In 2014, South Carolina voters approved amending the constitution to take the adjutant general off the ballot. South Carolina continues to popularly elect more positions than other states. The commissioner of agriculture, for example, is still elected. Only 13 states elect a superintendent of education.

The Haley-Spearman letter came prior to the governor being chosen ambassador to the United Nations by president-elect Donald Trump. This appointment is subject to U.S. Senate approval, which is expected. With that, Lt. Gov. Henry McMaster will become governor for the remaining two years of Haley's term.

The letter to lawmakers points out the current divided leadership structure: "Instead of moving the state forward with a common vision for education priorities, this divided leadership structure can result in incompatible positions, a lack of coordination and fragmented accountability for failures in our Pre K-12 education system." The superintendent oversees the 82 school districts in the state and a \$2.4 billion budget.

In the past, governors and education superintendents have been of different political parties. Gubernatorial candidates may address "education on the campaign trail, but they have very little power to make any of it happen," says Sen. Chip Campsen of Charleston. Campsen has legislation to place the question before voters. This year the House approved a joint resolution for a referendum, but it was blocked in the Senate.

"It is time," Spearman says. "Discussions have been going on for more than 50 years. We've debated it a long, long time."

Currently, no qualifications are required for superintendent candidates, and qualifications would be added for an appointed superintendent, as well as Senate approval, which might be helpful in passing legislation in 2017. The General Assembly has long held the lion's share of power, and legislators typically don't want to give the governor more power.

It is indeed time for this modest piece of reform in governance, and we urge area legislators to support placing the question on the ballot.

Title: **Haley nominated for U.N. Ambassador**

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## Haley nominated for U.N. Ambassador

*Jerry E. Halmon*  
Staff Reporter

On November 23, 2016 it was announced that Bamberg native and South Carolina Governor Nikki R. Haley is President-Elect Donald J. Trump's pick for U.N. Ambassador. Haley, is the daughter of Indian immigrants and the nation's youngest governor at 44. Haley became the 116th Governor of South Carolina. She represented Lexington County in the South Carolina House of Representatives. Haley is the first women to serve as Governor of South Carolina.

On November 4, 2014 Haley was re-elected to a second term as Governor. A term that will expire on January 9, 2019.



Photo - J. Halmon

**SC Governor Nikki R. Haley was recently selected by President Elect Donald J. Trump to be U.N. Ambassador .**