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Date: 4/29/2014 3:42:42 PM
Subject: Fwd:

Begin forwarded message:

From: "Mayer, Doug" <DougMayer@gov.sc.gov>
Date: April 29, 2014 at 3:39:15 PM EDT
To: "Soura, Christian" <ChristianSoura@gov.sc.gov>

South Carolina State University is a South Carolina treasure. It has educated tens of thousands of our students, served at the heart of our communities, and is truly part of the fabric of our state's history.

Unfortunately, the crisis at South Carolina State University has reached the tipping point, with accreditors on-site and vendors threatening legal action if they are not paid for services they rendered so many months ago.

Following the university's announcement in January that it expected to close the current fiscal year with a shortfall of more than \$13 million, the Inspector General and other state officials initiated a review of SC State's financial situation. Although the final results of these reviews are not yet complete, the risk that SC State could be placed on probationary status – or worse lose its accreditation as a university – means that the time has come for action.

South Carolina cannot afford to lose SC State – it is far too important to our state, our identity as South Carolinians, and most importantly, the education of our future leaders. For this reason, today, I will ask the Budget and Control Board to authorize a loan of up to \$6 million in order to guarantee that SC State will be able to make essential debt service payments and also satisfy the vendors who have waited the longest to be rightly paid.

This is not an action I take lightly, but I believe that immediate action is required in order to assure the university's students and their families, the businesses who deserve to be paid for their honest work, and the accreditors in whose hands SC State's fate rests, that the State of South Carolina will support SC State as it continues to resolve these problems.

However, let me be clear: I am not offering a blank check. The problems with SC State's administration are long-standing, and I am not willing to help right this ship without assurances in place that we will not be back in this very same place somewhere down the road.

In order to receive state assistance, SC State must accept a thorough review of its past and current purchases and also agree to use a portion of the loan to obtain expert advice on improving its financial and operational practices.

The university and its affiliated foundations must also bolster their anti-nepotism and conflict of interest policies and agree to open their books for public review. I am committed to helping the university through these challenging times, but only if the institution agrees to adopt meaningful reforms as well.

The loan I will propose next week is not a silver bullet. SC State's board of trustees must play a central role in developing an all-encompassing solution, and they must do so working with state officials and the local, alumni, and university communities. Ultimately, the General Assembly must act through the

budget process to supply SC State with the resources – and the oversight – it needs in order to once again focus on its core mission. In the meantime, my proposal is designed to give SC State's new leadership time to develop a plan for the university not just to survive, but to thrive.

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