

**From:** Patrick Franks  
**To:** Road, MCS  
**Date:** 6/17/2009 5:12:01 PM  
**Subject:** Calls for 6/17

Trey Gowdy (in MS court)  
[REDACTED]

Rusty DePass (in MS court)  
[REDACTED]  
[REDACTED]

Ashley Landess  
re: Tom Davis  
[REDACTED]

Terrye Seckinger  
Charter School Board (FYI Barbara Neilson confirmed)  
[REDACTED]

Melissa Grundman  
[REDACTED]

Jonathan Burnett  
[REDACTED]

Tom Berringer  
[REDACTED]

Michael Reese  
[REDACTED]

**From:** Patrick Franks <[REDACTED]>  
**To:** <[REDACTED]@gov.sc.gov>, Mark Sanford <[REDACTED]>  
**Date:** 6/16/2009 5:57:58 PM  
**Subject:** Calls for June 16, 2009

Terrye Seckinger  
[REDACTED]

OL Thompson  
[REDACTED]

Bryan McGrath  
Thank you for report  
[REDACTED]

Tommy Wooten @ Hanckel's  
w 843.284.0550

Ed Hunnicutt - musician  
coosaw Thank you  
[REDACTED]

Doug Jones - musician  
coosaw Thank You  
[REDACTED]

Jeff Norwood - musician  
coosaw Thank You  
[REDACTED]

Dan Henderson - audio technician  
coosaw Thank You  
[REDACTED]

Lorrie King  
coosaw Thank You  
[REDACTED]

Mikee Johnson  
w 803-268-1257  
[REDACTED]



**From:** Patrick Franks  
**To:** MCS Road  
**Date:** 6/15/2009 12:37:07 PM  
**Subject:** Fw: More Port Calls for MS today

Patrick K. Franks  
(803)-734-5195

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**From:** Kevin Pazdernik <[REDACTED]>  
**To:** Barton Swaim <[REDACTED]@gov.sc.gov>, Ben Fox <bfox@gov.sc.gov>, First Lady Jenny Sanford <[REDACTED]>, Governor Mark Sanford <[REDACTED]>, Joel Sawyer <jsawyer@gov.sc.gov>, Mark Sanford <[REDACTED]>, Scott English <[REDACTED]>  
**Date:** 6/14/2009 9:45:58 AM  
**Subject:** Sunday Clips 6-14-09

Sunday Clips 6-14-09

Stimulus money's impact debated  
<http://www.thestate.com/local/story/826249.html>

Report: U.S. jobs recovery to be long, slow  
<http://www.thestate.com/local/story/826358.html>

Sen. Knotts writes op-ed slamming Governor  
<http://www.aikenstandard.com/Editorial/knotts-column>

The State editorializes in favor of real tax reform, says its not too late  
<http://www.thestate.com/opinion/story/826528.html>

Otis Rawl op-ed urges legislature to pass proposed tax reform instead  
<http://www.greenvilleonline.com/article/20090614/OPINION/906140304/1016/Otis-Rawl--Tax-reform-will-allow-state-to-better-compete>

S.C. public schools get mixed reviews  
<http://www.thestate.com/local/story/826250.html>

Jim Rex pens op-ed in favor of national academic standards  
<http://www.goupstate.com/article/20090614/NEWS/906129910/1132/OPINION06?Title=Uniform-academic-standards-It-s-logical-to-pursue-a-common-core->

Neal McCluscy opposes national standards initiative  
<http://www.goupstate.com/article/20090614/NEWS/906129908/1132/OPINION06?Title=Uniform-academic-standards-National-initiative-isn-t-the-answer>

Times and Democrat editorializes in favor of Paygo  
<http://thetandd.com/articles/2009/06/14/opinion/doc4a32cdea9a2be385399790.txt>

Officials pinpoint problems during Myrtle Beach area fire...  
<http://www.thesunnews.com/news/local/story/937892.html>

...as Sun News says residents let down by public safety  
<http://www.thesunnews.com/opinion/story/937826.html>

Museum says it lacks funds to keep ship afloat  
<http://www.greenvilleonline.com/article/20090614/NEWS/906140320>

Post and Courier looks at what is next for Noisette  
[http://www.postandcourier.com/news/2009/jun/14/noisettenow\\_lenders\\_have\\_filed\\_m\\_foreclo85983/](http://www.postandcourier.com/news/2009/jun/14/noisettenow_lenders_have_filed_m_foreclo85983/)

S.C. does not regulate summer camps  
<http://www.thestate.com/local/story/826247.html>

Index-Journal editorial calls for discipline support in schools

[http://www.indexjournal.com/articles/2009/06/14/our\\_view/todays\\_editorial/0614%20opinion.txt](http://www.indexjournal.com/articles/2009/06/14/our_view/todays_editorial/0614%20opinion.txt)

Pastides pens op-ed planning "bigger, better" USC  
<http://www.thestate.com/editorial-columns/story/826523.html>

Republican congressional races take shape  
<http://www.thestate.com/local/story/826248.html>

Clemson to get tissue research center  
<http://www.thestate.com/local/story/826259.html>

College of Charleston okays tuition increase  
<http://www.thestate.com/local/story/826260.html>

SC unit heads to Oregon for missile defense test  
<http://www.thetandd.com/articles/2009/06/14/news/doc4a345ef19a7be651660607.txt>  
(AP)

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Kevin Pazdernik

[REDACTED]

Work: (803)734-6801

[REDACTED]

**From:** Kevin Pazdernik <[REDACTED]>  
**To:** Barton Swaim <[REDACTED]@gov.sc.gov>, Ben Fox <bfox@gov.sc.gov>, First Lady Jenny Sanford <[REDACTED]>, Governor Mark Sanford <[REDACTED]>, Joel Sawyer <jsawyer@gov.sc.gov>, Mark Sanford <[REDACTED]>, Scott English <[REDACTED]>  
**Date:** 6/13/2009 8:14:53 AM  
**Subject:** Saturday Clips 6/13/09

Saturday Clips 6/13/09

Sanford stimulus fight nets ETV cash  
<http://www.thestate.com/local/story/825449.html> (AP)

Letter: Sanford stood up for fiscal responsibility  
<http://www.greenvilleonline.com/article/20090613/OPINION/906130312/1004/NEWS01/Sanford-stood-up-for-fiscal-responsibility>

The Sun News editorializes on revenue estimate cuts  
<http://www.thesunnews.com/opinion/story/936954.html>

Gov. Sanford, State and Local Planners to Address Hurricane Plan  
<http://www.wciv.com/news/stories/0609/631391.html>

Straw poll puts McMaster at top  
[http://www.postandcourier.com/news/2009/jun/13/straw\\_poll\\_puts\\_mcmaster\\_at\\_top85930/](http://www.postandcourier.com/news/2009/jun/13/straw_poll_puts_mcmaster_at_top85930/)

Rep. Nikki Haley to bring campaign for governor to Hartsville Monday  
[http://www.scnw.com/scp/news/local/pee\\_dee/article/rep\\_nikki\\_haley\\_to\\_bring\\_campaign\\_for\\_governor\\_to\\_hartsville\\_monday/56768/](http://www.scnw.com/scp/news/local/pee_dee/article/rep_nikki_haley_to_bring_campaign_for_governor_to_hartsville_monday/56768/)

More fed money available for local projects  
<http://www.thetandd.com/articles/2009/06/13/news/doc4a32d37f05935070814882.txt>

Citadel ready to raise tuition; vote set today  
<http://www.thestate.com/local/story/825456.html>

Hella to close York plant, lay off nearly 400 workers  
<http://www.heraldonline.com/109/story/1406437.html>

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Kevin Pazdernik  
[REDACTED]

Work: (803)734-6801  
[REDACTED]

**From:** Albin Johnson  
**To:** MCS Road  
**Date:** 6/12/2009 11:29:11 AM  
**Subject:** test email from IT

Test email from IT - please disregard

---

Albin Johnson  
Director IT Services  
Governor's Office of Executive Policy and Programs  
(803) 734-0291

**From:** Paula Rauch  
**To:** governors\_office\_all  
**Date:** 6/11/2009 11:23:45 AM  
**Subject:** Job Vacancy

The following position is OEPP is now available for applications at: [www.jobs.sc.gov](http://www.jobs.sc.gov)

Claims Examiner II- State Office of Victims Assistance (FTE, Richland County).

Thank You

Paula Rauch  
Human Resources Specialist  
Human Resources  
Office of the Governor  
803-734-0502  
[prauch@oepp.sc.gov](mailto:prauch@oepp.sc.gov)

**From:** Mary Neil Stroud  
**To:** [REDACTED] MCS Road  
**Date:** 6/9/2009 7:45:41 PM  
**Subject:** Tomorrow's schedule

Just noticed that I put the word "tv" instead of the word "radio" for your 7:18am interview with WVOC. It is definitely a radio interview. Sorry for confusion.

\*\*\*\*\*

\*\*\*\*\*

**From:** Patrick Franks <[REDACTED]>  
**To:** Mark Sanford <[REDACTED]>, Mark Sanford <[REDACTED]>  
**Date:** 6/8/2009 11:17:55 PM  
**Subject:** Tomorrow's Schedule

Tuesday, June 09, 2009

**APPOINTMENT DETAILS:**

(8:00 AM - 8:25 AM) Depart for WCSC (SI)  
Brian Corbett [REDACTED]  
(8:25 AM - 8:55 AM) Live TV Interview: Fox and Friends (Fox News)  
(WCSC, 2126 Charlie Hall Blvd., Charleston SC )  
Contact: Joel Sawyer [REDACTED]  
Attire: Coat and tie  
Hosts: Steve Doocy, Gretchen Carlson, Brian Kilmeade Arrive: 8:25am  
Hit time: 8:45am  
Duration: 5 min  
Topic: stimulus suit, etc. -earpiece needed

(9:25 AM - 9:35 AM) 9:27am Live TV Call In Interview: MSNBC (Car)  
Contact: Joel Sawyer [REDACTED] Hosts: Nora O'donald  
Call in #: 212-664-1450  
Call in time: 9:27am  
Hit time: 9:30am  
Duration: 5 min  
Topic: stimulus suit, etc.

(9:45 AM - 10:00 AM) Depart for Denist (SI )  
Brian Corbett [REDACTED]  
(10:00 AM - 10:45 AM) Personal Time: Dr. Eddie White (2928 Highway 17  
North, Mt. Pleasant, SC) Contact: Jan [REDACTED]

(10:00 PM -10:15 PM) Live TV Interview with Greta Van Susteran (Fox  
News) (TBD)  
Contact: Joel Sawyer [REDACTED] Attire: Coat and tie  
Hosts: Greta Van Susteran Hit time: tbd  
Duration:tbd  
Topic: stimulus suit, etc. -earpiece needed

**TASK DETAILS:**

**NOTE DETAILS:**

FYI: 2009 Wachovia Palmetto Tennis Championships

SI Sanford thru 6/27

Patrick Franks  
[REDACTED]  
[REDACTED]





**From:** Patrick Franks <[REDACTED]>  
**To:** <[REDACTED]@gov.sc.gov>, Mark Sanford <[REDACTED]>  
**Date:** 6/8/2009 6:10:46 PM  
**Subject:** Tomorrow's schedule

Schedule for 6/9/2209 plus weeklies.

PKF

**From:** Patrick Franks  
**To:** Road, MCS  
**Date:** 6/8/2009 6:10:44 PM  
**Subject:** Calls for tonight

Dr. Kevin Jones  
[REDACTED]

Jack Burton  
[REDACTED]

John Shadegg  
asst. is Alyssa  
[REDACTED]

**From:** Patrick Franks [REDACTED]  
**To:** [REDACTED]  
**Date:** 6/8/2009 5:55:00 PM  
**Subject:** Fwd: picture

Please show to MS.

**From:** Albin Johnson  
**To:** blackberry\_users  
**Date:** 6/8/2009 4:08:29 PM  
**Subject:** Time for your 3-Month Update

This email is for all Blackberry users. It is recommended you update your Blackberry every 90 days to maximize your phone's operation. You can do this easily by dialing \*228 and hitting 'send', then choosing option #2. That's it! After a few seconds your Blackberry will be updated and will perform better.

If you have any questions please contact Albin Johnson at 734-0291 or respond to this email.

Thank you

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Albin Johnson  
Director IT Services  
Governor's Office of Executive Policy and Programs  
(803) 734-0291

**From:** Mary Neil Stroud <[REDACTED]>  
**To:** MCS Road <[REDACTED]>  
**Date:** 6/7/2009 9:59:47 PM  
**Subject:** tomorrow's schedule

\*Monday, June 8, 2009\*

6:00am FYI: CNN crew arrives SI

SI

\*They will film inside if it is raining

7:10am – 7:45am Live TV Interview: CNN American Morning

SI

Contact: Joel Sawyer [REDACTED] or (onsite) Mchelle Cumbo is  
212-275-7850

Truck op: Charles Neiswenter [REDACTED]  
Camera: David Rust [REDACTED]  
Attire: Coat and tie  
Hosts: Kiran Chetry and John Roberts  
Arrive: 7:10am  
Hit time: 7:30am  
Topic: stimulus suit, etc.  
-earpiece needed

8:08am Call in Radio Interview: WBT with Al and Stacey (Charlotte)

SI

Call in numbers: Primary 704-333-2643 or backup 704-333-2644  
Hosts: Al and Stacey  
Topic: Supreme Court  
Call in: 8:08am  
Hit: 8:10am  
Duration: 5 minutes  
Note: call screener is Charles Jenkin ([REDACTED])  
-MS to connect

8:29am Call in Radio Interview: WSC (Charleston)

Call in numbers: Primary 843-721-6397 or back-up 843-721-8255 or  
843-856-6169  
Host: Kelly Golden  
Topic: Supreme Court

Call in: 8:29am  
Hit: 8:30am  
Duration: 5 minutes  
-MS to connect

3:00pm - 3:30pm Conference Call: Lt. Gov. Gary Herbert (Utah)

SI

Contact: Ashlee work 801-538-1621  
-Patrick to connect

4:35pm – 5:00pm Tentative: Depart for Interview

SI

Bubba Rawl [REDACTED]

5:00pm – 5:30pm Tentative: Live TV Interview: Glenn Beck (Fox News)

WCSC, 2126 Charlie Hall Blvd., Charleston, SC

Contact: Joel Sawyer cell [REDACTED]  
Attire: Coat and tie  
Host: Glenn Beck  
Arrive: tbd  
Hit time: tbd  
Duration: tbd  
Topic: stimulus suit, etc.  
-earpiece needed

Overnight: SI

**From:** Barton Swaim  
**To:** [REDACTED] MCS Road  
**Date:** 6/5/2009 10:10:13 AM  
**Subject:** text of press briefing - Fri., June 5 - Part 2

CONETENTS:

- \*3 editorials on stimulus decision - Reason Magazine Online, Post & Courier, Anderson Independent
- \*2 analysis articles on stimulus decision - The State and Post & Courier
- \*Sources say SPA has pick for CEO post
- \*Greenville News editorializes against payday lending veto
- \*Gov. Sanford chides lawmakers for time spent on designations

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S.C. Supes to Gov. Sanford: You Will Request \$700 Million in Stimulus Spending with a Smile!  
Reason Magazine Online  
Nick Gillespie | June 5, 2009, 7:30am

Republican Gov. Mark Sanford of South Carolina, who vetoed his state's legislature request for federal stimulus funds, must go begging to Washington.

So says the Palmetto State's supreme court:

QUOTE: "South Carolina's Supreme Court ordered Gov. Mark Sanford on Thursday to request \$700 million in federal stimulus money aimed primarily at struggling schools, ending months of wrangling with legislators who accused him of playing politics with people's lives. The nation's most vocal anti-bailout governor had refused to take the money designated for the state over the next two years, facing down protesters and legislators who passed a budget requiring him to. While other Republican governors had taken issue with requesting money from the \$787 billion federal stimulus package, Sanford was the first to defend in court his desire to reject the money."

One argument against Sanford's attempts was that the money would really help struggling schools (have you ever met a school that wasn't struggling?) in heavily minority areas, that his refusal to request stimulus dollars was really a way of punishing black voters who don't vote for him anyway. As the AP notes, that's simply not credible:

QUOTE: "The former congressman objected to the stimulus money on several levels that were consistent with his small government, anti-spending stances. He claims it will devalue the dollar and increase debt. When legislators pushed for the cash, Sanford said they were overstepping their reach into his executive powers."

Sanford also noted that accepting stimulus funds required the states to change various programs, including unemployment benefits, in ways that would put them on the hook for much bigger payouts long after the stimulus dollars dried up. No pol is perfect, that's for damn sure. But Sanford is one of the few, both as a U.S. representative and a governor, who is totally consistent in his calls for lower taxes AND lower spending. He actually asked his state to cut spending by the amount of the stimulus dollars they brought in, which the legislature refused to do.

Matt Welch has been on fire revealing how fake most state spending crunches are: How in virtually every instance, shortfalls are because of massive increases in spending over the past five or more years (typically between 35 percent and 50 percent!), not because of revenue shortfalls. And that most of the cuts that are proposed as a part of a supposed return to fiscal sanity are just B.S.

That's certainly the case in South Carolina, where the state will now be able to access \$350 million for the fiscal year that starts on July 1 (the other half of their stimulus dough will be available in the next FY). As



Fitsnews points out, out of a total spending plan of \$20.7 billion (the second-largest in S.C. history), that means that state agencies can now avoid a whopping 1.6 percent cut in their budgets. Who could ever find budget fat amidst so much freaking blubber? Read a longer analysis of state spending patterns [here](#).

In an era where companies are shedding 10 percent, 20 percent or more of work forces and cutting costs dramatically, the miniscule cuts proposed by state governments go beyond laughable and has become downright insulting.

Watch Reason.tv's take on California's budget crisis and then take a few minutes to Google your own state's revenues and budgets over the past few years. You will be amazed at how closely the basic problem-massive spending increases over and above inflation and population growth-are the problem, not temporary downturns in the economy.

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Merciful end to stimulus fiasco  
Post & Courier editorial

South Carolina's long stimulus-funding nightmare has finally been ended by the state Supreme Court. What a relief for public schools and colleges, and for the taxpayers of the state. They might reasonably have wondered what in the world their governor was doing all these long months, and why.

On Thursday, the court ruled that Gov. Mark Sanford must comply with the legislative directive to take the \$700 million in federal aid, resolving his bitter dispute with the Legislature. The state apparently will be able to beat a July 1 deadline to apply for the money, which will benefit public schools, colleges and law enforcement over the next two years. South Carolina can now join the 49 other states that already have received the money.

The court ruling is viewed by the governor as a further erosion of executive authority in a legislatively dominated state. Certainly the governor has been put in his place regarding this specific allocation, though how it might further apply to the separation of powers isn't evident.

The funding was provided to the states by Congress to deal with the pain of a national recession. Who would have imagined that the governor would actually attempt to block his own state from getting badly needed recession aid?

After all, the money had been allocated by Congress, and South Carolina taxpayers will be helping pay back the debt incurred by the stimulus legislation, whether the state gets its share or not.

Federal District Judge Joseph Anderson seemed to be perplexed about the circumstances of the case, too. At one point during the federal court hearing he invoked the words of famed Charleston Unionist James Petigru, who described South Carolina, following its decision to secede from the Union, as "too small for a republic and too large for an insane asylum."

Judge Anderson said there were no federal cases to provide him guidance in the dispute and sent the lawsuits to the state Supreme Court on Monday.

And the court ruled that state law clearly gives the Legislature the authority to appropriate money and to compel the governor, if necessary, to accept an allocation from the federal government on the state's behalf.

"The duty to execute the Budget, as properly enacted by the General Assembly, is a ministerial duty of the Governor. He has no discretion concerning the appropriation of funds," the state Supreme Court ruled.

The governor's assertion that the dispute underscores the comparative lack of executive power is evident to any observer of South Carolina state government. It's why reform advocates have supported giving the

governor more of the executive authority typically wielded by his counterparts in other states.

There was some expectation that the Legislature would actually extend greater authority to the governor this year, with a long-overdue expansion of the Cabinet system. Instead of working to advance those proposals in cooperation with the Legislature, the governor chose to expend his energy and political capital on a quixotic fight to deny the state its share of stimulus money unless it was used to pay down state debt. And he persisted in that notion long after it was obvious that the idea was going nowhere at the federal or state levels.

The court's explanation that its decision was based on "the application of settled state separation of powers principles" suggests the ruling is something short of groundbreaking.

But if this outcome somehow diminishes gubernatorial authority, don't blame the Legislature or the court. Fault Mr. Sanford's single-mindedness in his zealous pursuit of another lost cause.

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Court rules against Sanford  
Anderson Independent editorial

The curtain has fallen on Gov. Mark Sanford's months-long battle to refuse \$700 million of the \$2.8 billion designated for South Carolina through the American Recovery and Reinvestment Act.

The state Supreme Court ruled Thursday that Sanford has to take the money, noting that under the state constitution and laws "the General Assembly is the sole entity with the power to appropriate funds, including federal funds."

When lawmakers included the money in the budget they sent to the governor's desk, along with a resolution that required Sanford to request the money, he vetoed that portion of the budget. Back in lawmakers' hands, the veto was overwhelmingly and quickly overruled. Almost immediately, that night, in fact, Sanford filed suit in federal court to defend his claim of authority over the money.

About 80 percent of the money is designated to shore up public schools and help local districts avoid further teacher layoffs.

Two pending cases against the governor to force acceptance of the money were also the subject of a filing by his attorneys to move the lawsuits to federal jurisdiction. Those moves were denied and the cases were sent back to the state court.

Sanford's response to that loss was to tell The Associated Press that the court was "in a tough spot" because the legislature appoints justices and also funds the court. It was a not-so-subtle and disappointing comment on the court's integrity.

Members of the court, very properly, did not respond to Sanford's allegations of favoritism. The governor said earlier this week that he would not appeal the court's decision, and that he would withdraw his federal lawsuit if the state court ruled against him.

Thursday's ruling defines that the governor's duty is "to execute the budget as properly enacted by the General Assembly." The court also noted that its ruling "should not be construed as a comment on the policy differences between Gov. Sanford and the General Assembly," but rather is based on state law regarding separation of powers and honoring the rule of law.

Sanford has consistently criticized the stimulus package, an argument not entirely without merit and one espoused by other Republican governors. All, like Sanford, are on the Republican "short list" for the 2012 presidential race. And all, except Sanford, accepted the money for their states without court intervention once the flurry of trying to make themselves stand out from the crowd died down.

We're pleased the legal wrangling is over. But Sanford's last-ditch effort to create further dissension by questioning the court's objectivity seemed suspiciously more like sour grapes than sound governance.

It was beneath him, as an individual and as the governor of our state.

+++++

How loss might affect 'lone-wolf' governor  
By JOHN O'CONNOR and GINA SMITH

The S.C. Supreme Court ruling that Gov. Mark Sanford must accept \$700 million in disputed federal money could have wide-ranging consequences, Sanford said, though lawmakers believe little will change in the often-contentious relationship with the governor.

If lawmakers can force him to accept stimulus money, Sanford asked, what else can they force him to do?

"We really don't have three branches of government," Sanford said Thursday. "We have one."

Over the past six months, Sanford has emerged as the nation's staunchest critic of the federal stimulus package. He is the nation's only governor to go to court over control of the money. Some conservatives think the move has put him among the Republicans who should seek to challenge President Obama in 2012.

Sanford found support from a number of areas in the state. But many S.C. parents and schools expressed anger at his position after schools lost \$400 million this budget year in the midst of the nation's worst-ever recession.

Attorney General Henry McMaster and U.S. Sen. Lindsey Graham came to Sanford's defense Thursday. McMaster - a potential gubernatorial candidate - worried the governor's office was heading toward irrelevancy.

"One could easily see it, in a legal sense, as an assault on the highest office in our state" Graham said in a written statement. But lawmakers said the decision changes nothing, merely affirming the balance of power.

"The governor has as much power as he always had. That hasn't changed," said Sen. Hugh Leatherman, R-Florence, chairman of the Senate Finance committee.

Many, including the Chapin High School senior who brought the suit, were happy school districts would receive \$185 million they say will prevent teacher layoffs.

"I'm very excited that our schools, and our teachers and our educational system will be getting the funds that are so desperately needed here in South Carolina and I'm glad the court case went our way," said Casey Edwards, 18, who graduates Saturday and plans to attend Duke University.

Edwards' attorneys Dick Harpootlian and Dwight Drake denied Sanford's claim they conspired with state lawmakers to bring the lawsuit.

Sanford, who often has found himself at odds with Republican leaders in the General Assembly, said a GOP-controlled Legislature was working with a former Democratic Party chairman to plan the lawsuit.

"If you want to say it's a conspiracy, it's a conspiracy generated over a cup of Starbucks coffee because Dwight and I just got angry over the latest ploy of this boneheaded guy," Harpootlian said.

Lawmakers said they have the ability to set policy and write a budget, which Sanford must enforce when it

becomes law.

"We're clearly within the authority we've always had ... we didn't create this. The constitution is what sets these parameters," said House Majority Leader Kenny Bingham, R-Lexington.

Sanford had hoped state residents would have "a constitutional moment" and push lawmakers to rewrite the constitution to grant the governor more executive authority.

"To a degree, our eyes are already being opened," he said.

But Scott Huffmon, a political scientist at Winthrop University, said Sanford is his own worst enemy for that argument given his opposition to the stimulus.

Voters analyzing the (stimulus) debate would think "it's probably a good thing he didn't have that authority," Huffmon said. "That sort of gives people pause."

Huffmon said Sanford enjoyed more support for restructuring early in his term, but his frequent ideological battles have turned off some supporters.

Bingham said he and the House would still try to work with Sanford, and take each issue on its own. But Leatherman, a frequent Sanford rival, said the governor had no relationship to save.

"He's a lone wolf out there. He does his own thing. I've never seen him long-term try to work with anyone."

+++++

Sanford philosophy a bit murky  
By Brian Hicks  
The Post and Courier

To read more from Brian Hicks, go to: [postandcourier.com/hicks](http://postandcourier.com/hicks)

So, Gov. Mark Sanford vetoed the Legislature's payday lending regulations, a rather mild bill that put minimal requirements on legalized loan-sharking.

That's not surprising — the Gov loves his veto pen. What's interesting is his reason. He said the government did not need to be in the business of dictating personal decisions.

"Boiled down, it is this administration's abiding belief that government's role is not to protect people from their own actions, unless those actions in substantial form impact the lives of others."

Why does the governor always choose the exact wrong example to make a good point? If he's serious about this, perhaps he should right some long-standing wrongs. Say:

--Lift the ban on poker and casinos in South Carolina.

--Repeal the seat belt law.

--Legalize marijuana.

If he doesn't, well, that's kind of hypocritical.

Did we learn nothing?

The payday lending legislation would cap loans at \$550 and require a one-day waiting period between

loans for a borrower's first seven. After that, there would be a two-day waiting period.

Sue Berkowitz, director of the South Carolina Appleseed Legal Justice Center, has been pushing for more regulation, and she characterized the bill as a rather minor victory, a "baby step."

She says Sanford's decision to veto it is ridiculous.

"Did we learn nothing from the mortgage crisis about what happens when we lend money to people who can't pay it back?" Berkowitz says. "It's scary to think this man is supposed to be running the state. He's out of touch with real people."

No, being out of touch with real people would be like threatening to hold up unemployment checks in a state with some of the highest jobless rates in the nation. Or trying to ignore federal requirements on stimulus money — even though it may have been a bad idea — just to make a point.

Like the state is some kind of economics class experiment.

Save yourself

Sanford is actually right. It's not the government's job to save us from ourselves — can't do it anyway. The problem is the government futzes with people when it takes a notion.

Gambling doesn't hurt anybody but gamblers, so quit listening to the mouthy moral minority that doesn't want it here.

Quit fining us for not wearing seat belts when we're only risking our own lives.

For that matter, Berkowitz says, quit inspecting restaurants. If somebody gets food poisoning at a local eatery, well, it's buyer beware. If you want to paint your house purple with pink polka dots, who cares what the neighborhood association thinks? And if you want to buy liquor after sunset, what business is it of anyone else?

That's how they treat payday lending. What's fair is fair.

Of course, the Legislature will likely override Sanford's veto. Which they should because it allows somebody to hurt somebody else. But then they should apply his philosophy generously and strip every law off the books that doesn't hurt anyone else.

If they don't want to be hypocrites.

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SPA has pick for CEO post  
Hapag Lloyd division chief called clear front-runner  
By Allyson Bird  
The Post and Courier

Happy for now, Hassell digs in; Interim SPA chief affirms that this in a temporary job, published 01/31/09

After a nearly five-month search, the State Ports Authority has zeroed in on a choice for its new chief executive: Jim Newsome, president of German-based container carrier Hapag Lloyd's America division.

Though SPA officials would not release any details of the potential hire, sources close to the process said the agency narrowed its list to five candidates, with Newsome as the clear front-runner. If he accepts the position, Newsome's tenure will begin amidst port restructuring discussion at the Statehouse and ongoing negotiations with the SPA's top customer, Denmark-based Maersk Line, which announced plans to depart

the Port of Charleston in December. A month later, then-chief executive Bernard S. Groseclose Jr., who earned a \$264,000 salary, resigned abruptly during a performance evaluation. Port board member John Hassell assumed the position of interim chief executive.

Before Groseclose landed the job in 1996, The Post and Courier filed a lawsuit against the SPA when the agency refused to release the names of six finalists. The agency disclosed the names the day before a scheduled hearing in the case.

Hassell, then chairman of the Maritime Association and a vocal opponent of the SPA's perceived secrecy during the 1996 search, told The Post and Courier in January, "I'll never forget it. It's going to be different."

Reached Thursday afternoon, he deferred to search committee chairman and SPA board member Bill Stern, a Columbia businessman who oversaw the 13-member committee.

Stern said the SPA has not drawn up a contract with a new chief executive and that the board hasn't approved the new hiring. But, he said, they will at this month's board meeting. He said the committee, which paid executive search firm Boyden \$97,500, launched an international search and considered more than 100 applicants. The group narrowed the list to seven people, interviewed five and zeroed in on one person, according to Stern.

He declined to name that person or the other top candidates and said an attorney would consider a Freedom of Information Act request. Stern said the committee members signed confidentiality agreements.

"I want to be as open and transparent as possible, but I also want to get the best individual for the State of South Carolina," Stern said. "The individual that we have now is going to take us to heights we haven't seen."

Bill Rogers, executive director of the S.C. Press Association, said the search committee should make public the documents concerning all applicants under final consideration.

"When these searches are done in secret, it hurts the credibility of the Ports Authority," he said.

Robert New, owner of Charleston Port Services, raised concerns similar to Hassell's during Groseclose's 1996 hiring. This time he worries that the search committee includes only one person who works on the docks and is moving toward a decision without public input.

"I understand the concerns of the Ports Authority, but the flipside of it is should the maritime community know who the finalists are, they might be able to provide feedback helpful to the final process," New said.

Responding to a phone call and e-mail, Newsome declined to comment. A Savannah native, he in January became the first non-German to head Hapag Lloyd's North American operations based in New Jersey just outside of New York City. He previously served 11 years as the company's senior vice president of its Southeast operations based in Atlanta.

Newsome worked as an executive of the former Nedlloyd Lines from 1987 to 1997 and, prior to that, spent a decade with Strachan Shipping Co.

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Greenville News Editorial: Override payday lending veto

Gov. Mark Sanford should have signed a bill that would have imposed some minor restrictions on payday lenders in South Carolina. Instead, it's up to the Legislature to override Sanford's veto of modest controls on an industry that sometimes preys upon South Carolinians who are living on the margins.

In fact, this bill does not go far enough. Previous attempts to regulate this industry were preferable, but all of them have failed. So this bill probably is about as good as it's going to get in terms of payday lending restrictions in South Carolina.

Already, most states and the federal government have regulated this industry. Some states, including Georgia and North Carolina, have banned the practice. It's past time for South Carolina to put the reins on payday lending, as well. The Legislature should override Sanford's veto of these minimal regulations.

Payday lenders offer short-term loans, typically for \$300 or less. The lenders charge fees equal to annual rates that in some cases exceed 700 percent. Some of these lenders prey on people who are out of options, and the loans can create a cycle of debt that ends in financial ruin.

The lenders say they offer a service that's in demand. Yet, although there's no doubt people use payday lenders, there's also room for reasonable regulation of this industry.

Sanford was wrong when he wrote in his veto message that payday lending is not "ripe for government regulation and control at the level put forth in his bill." Limiting payday lending, he wrote, will force consumers to seek out less regulated or even illegal forms of borrowing.

The regulations this bill would place on payday lending would not force the lenders out of business — it simply would ensure the loans aren't being used in a way that perpetuates a cycle of mounting debt that can cause financial catastrophe.

Under this bill, loans would be limited to \$550; consumers would be prohibited from having more than one payday loan outstanding at any given time; a one-day waiting period would be established between loans for the first eight loans, with a two-day waiting period on any loans beyond that; a statewide database would be created to track who is eligible for payday loans.

Such rules certainly will not ruin the payday lending industry.

The proposed limit far exceeds that in previous attempts at regulation, and is above the industry-wide average for payday loans. It makes sense to prevent people from having more than one loan at a time — by definition these loans are small, short-term loans designed for emergencies. The waiting period is essential because it would prevent consumers from repaying a payday loan by taking out another payday loan, an action that creates the cycle of debt that worries many industry opponents and consumer advocates.

Sanford has, to a fault at times, been a rock when it comes to his principled stands against government regulation. This is one of those times. However, the Legislature has the power to override this veto, and it should do that. It should also remember that this bill leaves room for even stricter regulations in the future if these rules prove ineffective.

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Governor chides lawmakers for time spent on designations  
By Sarita Chourey | Augusta Chronicle

COLUMBIA -- The state duck could have waited.

South Carolina Gov. Mark Sanford scolded lawmakers this week for naming official animals instead of solving serious state problems.

Still, the governor let a bill pass into law without his signature, granting various creatures ceremonial state status.

In explaining his decision not to sign the bill, Sanford wrote that "this bill does highlight the ways in which

the General Assembly has missed opportunities this year to tackle the more pressing issues in the state."

He said it is "somewhat perplexing that the General Assembly found time to designate state animals."

Sanford said reforming the Employment Security Commission and eliminating the corporate income tax as a means to create jobs would have been a better use of legislators' time.

Nevertheless, the wood duck is now the official state duck, the northern right whale is the state's migratory marine mammal and the bottlenose dolphin is the official marine mammal, thanks to the passage of H. 3131.

"Some lawmakers do it because they personally have those interests, and some do it for their constituents," said Marion Edmonds, spokesman for the S.C. Parks, Recreation and Tourism.

S.C. Department of Natural Resources officials said official state birds, plants and animals enjoy no special protection. The new symbols are also unlikely to promote a particular state industry or raise the state's tourism profile.

"There is not so much any kind of tourism or marketing promotion, but rather local, regional and state matters of pride," said Edmonds.



**From:** Barton Swaim  
**To:** [REDACTED] MCS Road  
**Date:** 6/5/2009 10:09:47 AM  
**Subject:** text of press briefing - Fri., June 5 - Part 1

CONTENTS:

4 stories on stimulus decision from Greenville News, The State, Post & Courier, AP

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State will seek stimulus dollars  
Governor calls decision 'terrible'; educators hail court ruling  
By David Dykes and Ron Barnett, Greenville News

Gov. Mark Sanford said Thursday he won't appeal a South Carolina Supreme Court decision ordering him to apply for federal stimulus funds that he considered wasteful but that educators said would immensely help the state's schools.

In their ruling, the justices said, "Under the Constitution and laws of this state, the General Assembly is the sole entity with the power to appropriate funds, including federal funds. Therefore, the General Assembly has the authority to mandate that the governor apply for federal funds which it has appropriated."

The governor said that while he was disappointed with Thursday's ruling, he plans to abide by the court's decision and will sign needed paperwork for the stimulus dollars.

"This decision is terrible news for every taxpayer in South Carolina and even more so for future taxpayers who will ultimately bear the responsibility of paying for this so-called 'stimulus' without seeing any benefit from it," Sanford said.

Educators, however, quickly hailed the court decision. They had predicted that hundreds of teachers would lose jobs and colleges would see steep tuition increases without the money.

"The citizens of South Carolina are the real winners today," said Molly Spearman, executive director of the South Carolina Association of School Administrators.

The association said the ruling will pump an additional \$184 million into school districts for the coming school year, plus \$105 million for state universities and other public schools.

The state's highest court ordered Sanford, a Republican, to request the \$700 million in federal stimulus money.

The court's action compels Sanford to follow the lead of the General Assembly, which recently approved a budget using federal stabilization funds and instructed the governor to apply for the money.

Sanford had refused to apply for the funds unless lawmakers agreed to spend an equal amount on reducing the state's debt.

Sanford argued that spending all of the stimulus money would "paper over" and avoid government restructuring that he said was vital to South Carolina's long-term competitiveness.

In addition to its already sizable borrowings, South Carolina has \$20 billion in unfunded "political promises" to state workers and retirees, Sanford said.

Further, he said federal law "clearly gave control" over 10 percent of the state's stimulus money – or \$700 million – to the Governor's Office and he asked lawmakers to go "back to the drawing board" on this year's

budget.

He vetoed provisions of the budget that included the reinvestment act funds. Last month, the General Assembly voted to override the vetoes.

The dispute over whether the state should accept the stimulus money resulted in two lawsuits, and a federal judge remanded the cases to the state Supreme Court.

The court's decision will save about 700 school district jobs across the state, including 500 teaching positions, according to a survey by the state Department of Education.

That means school districts won't have to increase the size of classes as much as they would have otherwise. It also will save a variety of programs that were earmarked for reductions.

"We know that districts were going to be either cutting or shutting down summer school in some cases and after-school programs," state Superintendent of Education Jim Rex told The Greenville News .

The federal money won't save districts from eliminating teaching positions, but it will reduce the need for furloughs and save some teacher training programs, Rex said.

He said it will take about two weeks for the state to get the money, but the positive effects of the ruling – with Sanford's pledge not to appeal it – will begin much sooner.

"I think it will allow districts immediately to start trying to rehire people that have been let go if they've done that or reverse their decisions on (eliminating) some of these programs," Rex said.

The Greenville County School District planned its budget with the expectation the stimulus money would be available.

School board members have tentatively approved a \$444 million budget that includes \$19.5 million in stimulus money.

Phinnize Fisher, the district superintendent, couldn't be reached for comment.

Henry Hunt, superintendent of the Pickens County School District, said,

"We had sort of a contingency plan or fallback plan in case it wasn't approved, and that fallback included having to furlough employees and even look at non-teaching personnel and possible reductions."

Anderson School District 1 officials said they were "elated" with the ruling. "We intend to use the stimulus money to restore some of the cuts Anderson 1 has made, including restoring some of the personnel cuts, and instructional supplies for the classroom," said district spokeswoman Jane Harrison. "The stimulus money will prevent us from making additional cuts."

At issue, said the Supreme Court, was the application of State Fiscal Stabilization Funds under the American Recovery and Reinvestment Act of 2009.

The act, known as federal economic stimulus legislation, was enacted by Congress to create jobs and promote economic recovery.

Lawyers for plaintiffs in the two lawsuits told the Supreme Court that the budget act passed by lawmakers that required Sanford to apply for the funds was valid and not pre-empted by federal stimulus legislation.

Sanford's lawyer, however, told the justices that he believed federal law pre-empted what lawmakers had done.

Since the court ordered Sanford to apply for the stabilization funds, the justices said they didn't need to address whether the state's education chief could apply for the funds on the governor's behalf.

The justices also said their decision "should not be construed as a comment on the policy differences between Gov. Sanford and the General Assembly respecting the wisdom or necessity of South Carolina accepting" the stimulus funds.

"We discharge our duty to honor the rule of law, nothing more," the court said.

Because the General Assembly had overridden the governor's vetoes of budget provisions concerning the stabilization funds, "Those provisions are now law and must be executed by the governor," the justices said. "Accordingly, under South Carolina law, Gov. Sanford is obligated to take the actions required to apply for and accept the SFS funds."

But in his statement, Sanford said, "The Legislature squandered the best chance in a generation to make some much-needed reforms to the antiquated horse-and-buggy form of government that has plagued our state from a cost standpoint and an accountability standpoint for over a century."

"If there's to be any positive from this, it's our hope that people across South Carolina will see just how ill-served they are under our current system of government," he said.

Senate Democratic Leader John C. Land III of Manning praised the Supreme Court's decision.

"For too long we have had to deal with this needless fight simply because of our governor's selfish political ambitions," Land said. "We can now move forward with our state's economic recovery."

Sanford has been mentioned in national political circles as a possible 2012 presidential candidate.

Senate Majority Leader Harvey Peeler, R-Gaffney, said the "brutal fight" over the stimulus funding "has ripped our party apart and allowed the Democrats to take unprecedented steps forward."

He urged the governor and Republicans in the House and Senate to put the issue behind them "and rally around the conservative principles that can lead South Carolina out of these tough economic times."

House Speaker Bobby Harrell said the stimulus debate "has lasted far too long."

"Now is the time to move on and focus on our state's unemployment problem," Harrell said, referring to South Carolina's 11.5 percent jobless rate in April, among the worst in the nation.

"We cannot afford to let another minute pass before our leadership's focus is turned to job creation and retention in South Carolina," Harrell said.

Staff writer John Stevenson contributed to this report.

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S.C. high court orders Sanford to accept money  
By RICK BRUNDRETT

The state's top court ruled unanimously Thursday that Gov. Mark Sanford must apply for the disputed \$700 million in federal stimulus money.

The S.C. Supreme Court also took the rare step of issuing a writ of mandamus, which orders the governor to apply for the money.

Chief Justice Jean Toal and three of the four other justices — Donald Beatty, John Kittredge and John

Waller — said a state law passed last month requires Sanford to apply for the money and doesn't conflict with the federal law providing the stimulus funds.

"Under the constitution and laws of this State, the General Assembly is the sole entity with the power to appropriate funds, including federal funds," the four justices wrote. "Therefore, the General Assembly has the authority to mandate that the Governor apply for federal funds which it has appropriated."

In a separate concurring opinion, Justice Costa Pleicones said state lawmakers complied with an amendment of the federal law — proposed by U.S. Rep. Jim Clyburn in response to Sanford's refusal to accept the money — by adopting a concurrent resolution accepting the funds and passing a law designating how the money will be spent.

"In short, South Carolina has fulfilled all the requirements set forth in federal law to demonstrate that it desires (the federal funds,)" Pleicones said. Sanford contended the federal law gave him final say over the money.

As for issuing the writ of mandamus, the other four justices said that "while we recognize and respect Governor Sanford's sincerely held beliefs concerning (the federal law), those convictions do not alter the ministerial nature of the legal duty now before him."

The justices added that the decision to issue a writ is "an extremely delicate one."

The court issued its 10-page ruling with blazing fast speed, just a day after the justices heard arguments in two lawsuits about the stimulus money and three days after a federal judge transferred the cases back to the court.

In response to a July 1 federal deadline to apply for the funds, Toal announced at the end of Wednesday's hearing that her court would issue a ruling by week's end.

University of South Carolina constitutional law professor Thomas Crocker said Thursday he wasn't surprised by the ruling.

"South Carolina precedents are fairly clear that the Legislature has the power to appropriate funds, and the governor has the duty to spend the funds as directed," he said.

Said Columbia attorney Richard Gergel, who represented the S.C. Education Association in a friend-of-the-court brief, "It was a very predictable outcome of well-settled law."

The Supreme Court previously has issued mandamus writs to force officials to comply with particular laws, Crocker said, though he added it "doesn't happen often."

It's unclear exactly when the last time the high court issued such a writ to a governor, though Thursday's ruling cited a 1939 case involving then-Gov. Burnett Maybank.

Columbia lawyer John Reagle, one of the attorneys representing the S.C. Association of School Administrators, which filed one of the two lawsuits, said Thursday he hoped Sanford would "promptly comply with the court order."

"It's an extraordinary situation," Reagle said. "We are really in dire need of these funds immediately."

S.C. Attorney General Henry McMaster, who represented the state as a defendant in one of the two lawsuits, said the ruling was "well-reasoned." In an earlier written opinion, McMaster said the Legislature, through its budgetary authority, likely could compel the governor to apply for the money.

Columbia attorney Dick Harpootlian, who represented Chapin High School senior Casey Edwards and USC law student Justin Williams, who filed one of the lawsuits, said Thursday Sanford doesn't understand

state history.

"Sanford keeps implying there are three co-equal branches of government," he said. "They are not co-equal in South Carolina. Governors were elected by the Legislature for almost the first 100 years. We've always had some distrust, whether it was of the king or the governor."

In Thursday's ruling, the court said its decision "should not be construed as a comment on the policy differences between Governor Sanford and the General Assembly."

"We discharge our duty to honor the rule of law, nothing more," the court said.

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Sanford loses stimulus fight

Supreme Court ruling says he must accept \$700M

By Yvonne Wenger

The Post and Courier

More teachers will have jobs and children will have better access to early childhood classes, after-school programs and effective literacy interventions after the state Supreme Court said Thursday that Gov. Mark Sanford must accept federal stimulus funds.

Sanford lost a months-long battle when the high court forced him to draw down \$700 million in stimulus money, most of which will go toward South Carolina public schools.

To Sanford, the fight was about democracy and crucial checks and balances in government. But to Lowcountry educators, the protracted battle put the state's most vulnerable in a political fix.

Charleston County schools Superintendent Nancy McGinley said the stimulus funds won't solve the district's budget woes, but the cash does help officials make strategic investments.

"If we believe and invest in this generation of Charleston County students, they will pay us back tenfold," she said. "Let us put our students front and center as we move forward and pass a budget that will zero in on their needs, and those of the teachers who will stand before them."

The recession has left schools struggling after several rounds of budget cuts, and state Superintendent of Education Jim Rex said the stimulus cash will provide relief. The \$700 million will be split between the next two years, including \$184 million that will be divided among the state's 85 district in the coming school year. Colleges and universities will receive \$105 million this year, and \$57 million is designated for law enforcement programs.

"Class sizes were really going to go up next year as a result of these cuts, and many programs were on the chopping block for big reductions: summer school, after-school programs, adult education, athletics, you name it," Rex said. "Courses were being canceled right and left. Students were going to feel a direct impact, and now schools may be able to avoid some of that."

Sanford said he will apply for the money Monday. The state's \$5.7 billion budget goes into effect July 1.

In all, the state will receive \$2.8 billion in stimulus funds for government agencies out of the American Recovery and Reinvestment Act signed by President Obama in February. South Carolina's share could grow to \$8 billion when tax breaks and grants are figured in. The \$700 million was the only disputed portion.

The court's decision reaffirmed that the state only has one branch of government — the Legislature, Sanford said. He fears the decision will have implications on future governors.

For now, though, officials in Dorchester and Berkeley schools were feeling relief.

Dorchester District 2 Superintendent Joe Pye gave kudos to legislators who fought Sanford in his opposition to the money. Pye said it was critical to receive the money following massive rounds of budget cuts in the last year.

Like elsewhere, Berkeley schools will juggle unpaid leave for workers, staff reductions through attrition and program cuts as they draft the final version of their budget.

"The children of South Carolina have won over the political posturing," Berkeley County schools Finance Director Brantley Thomas said.

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SC high court orders Gov. Sanford to request money  
By JIM DAVENPORT  
Associated Press Writer

South Carolina's Supreme Court ordered Gov. Mark Sanford on Thursday to request \$700 million in federal stimulus money aimed primarily at struggling schools, ending months of wrangling with legislators who accused him of playing politics with people's lives.

The nation's most vocal anti-bailout governor had refused to take the money designated for the state over the next two years, facing down protesters and legislators who passed a budget requiring him to. While other Republican governors had taken issue with requesting money from the \$787 billion federal stimulus package, Sanford was the first to defend in court his desire to reject the money.

But he said Thursday he will not appeal the Supreme Court ruling and plans to sign paperwork to request the money Monday.

Educators quickly hailed the court decision. They had predicted hundreds of teachers would lose jobs and colleges would see steep tuition increases without the money, though sharp budget cuts will still take a toll.

"Finally. It took way too long. It was so unnecessary and took so long to do what 49 other states figured out how to do a long time ago, but finally is better than not at all. It will allow districts to immediately begin to reconstitute programs and fill positions they didn't think they could fill," state Education Superintendent Jim Rex said.

While Sanford raised the issue, it was Casey Edwards, a Chapin High School student graduating Friday, who brought it to the state's highest court. She beamed as she told reporters she "was very excited that our schools and our teachers and our education system will be getting the funds that are so desperately needed here in South Carolina."

The stimulus fight has raised the national profile of Sanford, the chairman of the Republican Governors Association, and provoked talk of a 2012 GOP presidential bid. But at home, the episode became a power struggle between Sanford and the Republican-dominated Legislature.

The former congressman objected to the stimulus money on several levels that were consistent with his small government, anti-spending stances. He claims it will devalue the dollar and increase debt. When legislators pushed for the cash, Sanford said they were overstepping their reach into his executive powers.

The unanimous court ruling said the governor had no say in the matter.

"At this stage in the process, the Governor certainly has no discretion to make a contradictory decision on

behalf of the State," the ruling said. "He has no discretion concerning the appropriation of funds."

Sanford on Thursday lamented what he said was a decision that underscores how the little power governors of the state have is ceded to the Legislature.

"In South Carolina, in many ways, we don't have three branches of government. We have only one," he said. "If you put too much power in one place, not many good things happen."

The stimulus money means the state "papered over what was a historic chance to do something about the whole host of programs that could have been reformed or changed," Sanford said. For the most part, Sanford's spending plans translated that into deeper spending cuts, particularly at colleges. Meanwhile, the state "missed the chance to show other states a different way than simply taking this money and spending it."

The Supreme Court's ruling came a day after arguments in two lawsuits filed by students and school administrators. Sanford had tried to get those cases merged in federal court with his lawsuit against the state, which he filed moments after legislators overrode his budget veto. But he lost that battle Monday when a federal judge refused to take those cases.

Sanford had refused to request the \$700 million - the portion of the \$2.8 billion bound for the state that he says he controls - unless legislators agreed to offset state debt by an equal amount. The White House twice rejected that idea, noting the money must be used to help education and avoid job losses.

South Carolina, which had the nation's third-highest jobless rate in April - hitting a state record high of 11.5 percent - cut more than \$1 billion from its \$7 billion spending plan for 2008-09 as tax revenues slumped in the recession.

Sanford's refusal has raised the ire of U.S. Rep. Jim Clyburn, the No. 3 House Democrat, who accused the governor of being a foe of public education. Amid budget cuts and uncertainty over the federal money, districts had told hundreds of teachers they don't have a job in the upcoming school year.

State education officials estimated schools would eliminate 2,600 education jobs, including 1,500 teachers, without the stimulus money.

Clyburn, D-S.C., inserted an amendment in the federal law with Sanford's anti-bailout stance in mind, saying legislators could go around a governor's refusal. While the legality of that was questioned, U.S. District Judge Joseph Anderson on Monday cited it in saying it was clear Congress intended to allow legislators to get around governors who didn't want the money.

**From:** Patrick Franks  
**To:** Road, MCS  
**Date:** 6/5/2009 9:28:40 AM  
**Subject:** numbers and email

Corey Howell  
w 334-393-2843

[REDACTED]  
[REDACTED]

[REDACTED]

**CC:** [REDACTED]



**From:** Joel Sawyer  
**To:** [REDACTED]  
**Date:** 6/4/2009 9:54:39 PM  
**Subject:** PLEASE REVIEW - Piece requested by WaPo

Mark –

Below is a stab at this piece for the Washington Post. They want around 200 words (can be a little more but not much). They will run your piece along with 6-7 others. We don't know who the other authors will be yet. They don't want a 'mini op-ed' with a beginning, middle and end. They're literally just looking for a few quick thoughts about the topic, which is why the two gubernatorial races matter -- what they mean for the GOP, for Obama, etc. I think the below is good...it's basically the RGA piece made to sound a little more like you. The WaPo needs it by tomorrow afternoon.

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Word count: 201  
By Mark Sanford

Many observers have said the upcoming gubernatorial elections in New Jersey and Virginia are either a referendum on the new President, or desperate must-wins for the GOP.

I'd submit that neither school of thought is quite right.

While I've seen a growing anxiety over the President's attempt to solve our economic problems by burying future generations under mountains of debt, I believe these gubernatorial races will ultimately hinge not on national issues, but on voters picking who is best to lead their respective state. In Virginia, where there'll be no incumbent, voters will likely judge the candidates' plans to create jobs and their ideas to solve other challenges there. Meanwhile, the New Jersey race is more likely to be a referendum on Governor Corzine's plan to hike taxes by \$1 billion, than a referendum on President Obama.

What's being overlooked, though, is Democrats needing to win these states every bit as much as Republicans. They currently hold both governorships and all the Senate seats. President Obama carried them just last year. For Republicans, we either begin 2010 no worse off, or our comeback will have begun. I expect the latter, and the real pressure will be on Democrats to prevent it.

Joel Sawyer  
Communications Director  
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**From:** Joel Sawyer  
**To:** [REDACTED]@gov.sc.gov  
**Date:** 6/4/2009 9:52:29 PM  
**Subject:** Piece Requested by the WaPo - PLEASE REVIEW

Joel Sawyer  
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**From:** Joel Sawyer  
**To:** Road, MCS ; Schilz, Jeff  
**Date:** 6/4/2009 3:30:14 PM  
**Subject:** PLEASE REVIEW - Cover letter for Application

Please show to MS after he reviews the press release:

Dear Secretary Duncan,

By order of the South Carolina Supreme Court, I am submitting the attached application for South Carolina's portion of the State Fiscal Stabilization Fund. In doing so, however, I'd offer a few observations.

First, I believe it's important in short form to highlight once again what a monumentally terrible idea the entire so-called stimulus act is, and why in particular utilizing this money as our General Assembly has done is ultimately going to cause more harm than good.

In simplest form, this stimulus represents forcing taxpayers of tomorrow to pay for government services of today. No matter how well-intentioned it may be, borrowing from future generations who have no say in the matter is morally wrong, and strikes me as being akin to the same "taxation without representation" that led to the formation of our Republic more than two centuries ago. We will never solve a problem created by too much debt with still more borrowing, and in fact will exacerbate our problems in the long run by devaluing the dollar, rendering any short-term stimulus moot.

Compounding the problems brought by this destructive federal policy was the way it was implemented by our own legislature. The leadership of our General Assembly – seeking to make a political point and with the blessing of the federal Administration – made base state spending reductions across education and law enforcement agencies and backfilled those reductions with federal stimulus dollars. Put simply, South Carolina will face up to a \$1 billion budget hole when these stimulus dollars dry up. That frightening budget reality is compounded by the fact that having federal money available has provided yet another excuse for our legislative leadership to forestall inevitable changes to our government structure and operations.

We'd all like to have unlimited dollars to fill the very real needs that exist in our state, but we have to do so on both a state and federal level in the context of what is sustainable – because by spending unsustainably, we will only make our problems worse.

Second, I want to be clear that while I'm signing these documents under duress, I have no ability to promise that many of the mentioned conditions and guarantees will indeed be met. For example, this application requires the state to "take actions to improve teacher effectiveness and comply with federal law to address inequities in the distribution of highly qualified teachers between high- and low-poverty schools"; to "establish a longitudinal data system"; and to "comply with all of the accountability, transparency, and reporting requirements that apply to the Stabilization program."

Our General Assembly may or may not choose to meet those conditions at a later date – I have no way of knowing if they will, and no way of compelling them to do so. In reviewing this application, for me it again highlighted the absurdity of ramrodding federal dollars into the states when I suspect more governors than myself have little ability or wherewithal to say with 100 percent certainty that these and other mandates can be carried out.

Finally, I would appeal to you in your capacity as Secretary of Education to look beyond this idea of money being a cure for all that ails education in our country. I join many others in continuing to believe that we have to give children real options for exiting schools that have consistently failed despite more and more money. I would urge you to work toward expanding the establishment of and access to charter schools, and for transferability options under the federal law that expand options not only in the public sector but in the private sector as well. My administration would certainly welcome a chance to work with you on that front, and hope to do so in the near future.

Sincerely,

Mark Sanford

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
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**From:** Joel Sawyer  
**To:** Road, MCS ; Schilz, Jeff  
**Date:** 6/4/2009 3:04:45 PM  
**Subject:** PLEASE REVIEW

Press Release for today. Jeff, please show to MS as soon as you can:

**FOR IMMEDIATE RELEASE**

Contact: Joel Sawyer - 803-734-2100 - [jsawyer@gov.sc.gov](mailto:jsawyer@gov.sc.gov)

**Governor Sanford Issues Statement on Supreme Court Verdict**

Columbia, S.C. - June 4, 2009 - Governor Mark Sanford today issued the following statement on the Supreme Court's verdict that he must apply for a disputed \$700 million in stimulus funds, allowing the General Assembly to spend those dollars rather than use them for state debt relief:

"Some very clear handwriting was on the wall with respect to how the Supreme Court would come down on this issue, and while we're not surprised by the verdict we're certainly disappointed," Gov. Sanford said. "This decision is terrible news for every taxpayer in South Carolina, and even more so for future taxpayers who will ultimately bear the responsibility of paying for this so-called 'stimulus' without seeing any benefit from it. The legislature squandered the best chance in a generation to make some much-needed reforms to the antiquated horse-and-buggy form of government that has plagued our state from a cost standpoint and an accountability standpoint for over a century.

"If there's to be any positive from this, it's our hope that people across South Carolina will see just how ill-served they are under our current system of government. What the Supreme Court said today is that a governor elected to represent the interest of four million South Carolinians doesn't matter - the only thing that matters is the will of legislative leadership elected by a few thousand, and the will of the Supreme Court justices elected by and funded by those very same legislators. That's just one of many tragic oddities in our state government, but it's emblematic of the legislative dominance keeping our state from competing in the 21st Century. In our final 18 months in office, we're going to use every tool available to us to highlight some much-needed reforms to our governmental structure, but it's going to take energy and commitment on the part of every South Carolinian who wants to see those changes to help us push them over the finish line."

As Gov. Sanford previously noted, he plans to abide by the Court's decision and will sign needed paperwork to draw down stimulus dollars.

~~###~~

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**From:** Kevin Pazdernik  
**To:** [REDACTED]; MCS Road  
**Date:** 6/4/2009 9:40:23 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (2 of 2)

#### Clemson's tactics in seeking Top 25 ranking questioned

A Clemson University official told a higher education conference in Atlanta this week that Clemson “walked the fine line between illegal, unethical, and really interesting” in pursuing a Top 20 U.S. News & World Report ranking, two national education magazines reported separately on Wednesday.

The remarks by Clemson official Catherine Watt drew “actual gasps from some members of the audience,” reported the magazine Inside Higher Ed. The Chronicle of Higher Education reported that Watt’s presentation was “met with gasps, guffaws, nervous laughter and incredulity.”

Watt said Wednesday that her remarks were taken out of context. A spokeswoman for the university, Cathy Sams, called the comments untrue. And Clemson President Jim Barker said the majority of Clemson’s goals are unrelated to U.S. News ranking criteria.

“The accusation that Clemson, its staff and administrators have engaged in unethical conduct to achieve a higher ranking is untrue and unfairly disparages the sincere, unwavering and effective efforts of faculty and staff to improve academic quality over the past 10 years,” Sams said.

Watt, director of the Alliance for Research on Higher Education at Clemson’s Strom Thurmond Institute of Government and Public Affairs, made her remarks at the annual forum of the Association for Institutional Research in Atlanta.

She formerly served as Clemson’s director of institutional research. The Chronicle of Higher Education reported that Watt said after her presentation in Atlanta that she had left the institutional research office, in part, because of her objections to the direction the university had taken.

Inside Higher Ed reported that Watt told the group that Clemson officials, in filling out the reputation survey forms for university presidents, “rates all programs other than Clemson below average to make the university look better.” She added, reported the magazine, that “I’m confident my president is not the only one who does that.”

Watt, according to the magazine, also described what she called the “more questionable aspects of what we’ve done,” including increasing faculty salaries it reports to U.S. News by about \$20,000 – largely paid for through increased tuition and altering the way it reports the data to U.S. News.

Watt said Clemson folded its benefit payments into the average faculty pay figure it reports to U.S. News that requires the institutional research office to produce several different definitions of faculty pay, the magazine reported.

The magazine reported that Watt clarified her comments after the panel discussion to say that Clemson had added benefits to its faculty salary report to U.S. News after previously having failed to do so as the magazine requires – so the increase came from not double counting or including information that it should not have but from playing catch-up.

Watt, according to the magazine, told the conference that Clemson has pursued the Top 20 ranking to “affect – I’m hesitating to use the word ‘manipulate,’ every possible indicator to the greatest extent possible.” She added, the magazine reported, “It is the thing around which almost everything revolves for the president’s office.”

She also told the conference, according to the magazine, that Clemson has increased the proportion of classes with 20 or fewer students, a key U.S. News indicator, by trying to reduce sections with between 21 and 25 students down to 18 or 19 but let a class with 50 rise to 70.

Some in the audience, according to the magazine, were troubled by Watt’s remarks.

The magazine reported that “many of the administrators and data analysts in the audience were clearly troubled by Watt’s description of Clemson’s approach, especially as she pointed out that the university has grown more exclusive (fewer than 10 percent of its undergraduates are first-generation college students) and has favored ‘merit over access in a poor state,’ sending tuitions rising. ‘To me it’s a little unsettling what you’re doing,’ said one audience member. ‘You had a perfectly good institution’ before.”

Watt responded, according to the magazine, that “we have been criticized for not fulfilling the mission of a public land-grant institution,” adding, “we have gotten really good press. We have walked the fine line between illegal, unethical and really interesting.”

The Chronicle of Higher Education reported the same remark.

Told that "you're pandering" by an audience member who went on to ask how she could justify producing multiple versions of salary data, Watt, Inside Higher Ed reported, responded "to do anything else is not an option." She said she was just following orders when asked by an audience member, according to the magazine.

The Chronicle of Higher Education reported that after the session Watt clarified that Clemson officials aren't directed to do that but she's seen "a couple of surveys myself that had that effect."

She told The Greenville News that she was making a general statement that university presidents would be "inclined" to do so but denied that she said Clemson specifically does that.

Watt told The News on Wednesday that she used Clemson's eight-year leap from 38th to 22nd in the U.S. News' rankings as an example of successful strategic planning in a session on that topic.

Results of Clemson's strategy, such as smaller class size and higher graduation rates, have benefitted students as well as advanced Clemson's ranking, she said.

Responding to the reports about audience reaction to her comments, Watt said participants reacted out of frustration with the lengthy U.S. News survey itself, not at Clemson's strategy.

Robert Morse, director of data research for U.S. News, who was present during the session, said Clemson isn't alone in developing a rankings strategy, only in its transparency in discussing it publicly.

He said the highest and lowest scores on reputational surveys are subtracted as a safeguard, but he doesn't think university officials are downgrading other schools to any "meaningful degree."

The purpose of the rankings is to provide a tool to help students and parents select colleges.

"Our intent is not to produce benchmarks," he said. "We can't control how our information is used."

The Chronicle of Higher Education quoted Morse as saying, "We don't want our rankings to drive the mission of a university," but he stopped short of that in an interview with The News.

"It's up to the citizens of South Carolina to decide if rising in the rankings and the cost has been worth it," Morse said.

Sams said few universities "are willing to be quite so public," as Clemson in its Top-20 mission. It's made the university an "easy target for a misinformation campaign," she said.

Clemson Provost Dori Helms said decisions to enhance faculty resources and student support were made because they "were the right thing to do," not to drive rankings.

"We would not tolerate any efforts to manipulate data, and neither President Barker nor I would manipulate the data in ranking other institutions," Helms said.

Barker, in a statement, said, "I have frequently said that as long as we continue to focus on students and academic quality, the rankings will take care of themselves. And that has been the case."

Clemson Faculty Senate President Bill Bowerman said he hadn't read the reports and declined to comment except to say that Clemson is a better place than when he arrived 10 years ago.

Bill Hendrix, chairman of Clemson's trustees, couldn't be reached for comment, nor could the chairmen of the education committees of the state Senate and House of Representatives.

#### Post and Courier editorializes against payday lending veto

Gov. Mark Sanford vetoed new, fairly weak regulations on the payday lending industry, but for the wrong reasons. Consumers need more protections from the payday lending industry than are offered in the bill that passed the Legislature. The governor would like to provide fewer.

Mr. Sanford said it is not the government's role to protect consumers unless their "actions, in substantial form, impact the lives of others." He also had concerns about privacy issues related to a registry to track loans.

His veto is consistent with his dislike for government interference in business. Generally, that's a reasonable concern, as most people who have ever run a business would attest.

But the payday lending industry is a special case. Left unregulated, the industry preys on consumers by lending money at annualized interest rates of nearly 400 percent.

The legislation in question offers added restrictions but not enough to stem serial lending. It would cap each loan at \$550 and would require borrowers to wait a day between paying off one loan and taking out another. Each \$550 loan has a loan rate of \$15 per \$100 for a two-week period.

While disappointing, Mr. Sanford's veto will likely be overridden by the Legislature, judging from the margins by which it passed the Senate (41-4) and House (102-6).

Payday lending is a significant problem in South Carolina and has been debated by legislators for two



years. The bill Sanford vetoed is a compromise endorsed by the industry, and reluctantly by consumer advocates, who believe its requirement for more loan data could demonstrate the need for stronger regulations.

This is an instance where the evidence clearly shows that more, not less, consumer protection is needed.

#### Coach Frye to receive Order of the Palmetto

In the course of 30 years, Curtis Frye has climbed from high school track coach to collegiate assistant to South Carolina head coach to a spot on the U.S. Olympic coaching staff at the 2004 Summer Games.

But the 57-year-old Frye has settled into a new phase in recent years.

"He's granddaddy Curtis now," Gamecocks throws coach Mike Sargent said recently.

Frye's four young granddaughters will be in attendance Saturday when "Papa" Frye receives The Order of the Palmetto during a ceremony at the Zone at Williams-Brice Stadium.

The award, presented by the governor and considered the state's highest civilian honor, will have a special place in Frye's office, nearly every inch of which is covered with plaques, trophies and framed photos, including several of his granddaughters.

"That's my gang," Frye said. "Can't do without 'em."

A three-time national coach of the year, Frye last year received the Order of Ikkos Medallion, presented by the U.S. Olympic Committee to a coach of an Olympic or Paralympic medalist. Frye was honored for his work with Jerome Singleton Jr., who won silver in the 100-meter dash at the 2008 Paralympics in Beijing. In 2002, Frye received a key to the city after leading his women's squad to a national championship, which remains the only NCAA team title in school history.

Frye said The Order of the Palmetto ranks at or near the top of his list of achievements.

"You always want to be in Hall of Fames. That's as high as you can go," he said. "But when public citizens and others notice you're doing things in your community ... that fits higher than athletics. It fits humanity. That's the impact we all live for."

Sen. John Scott (D-Richland), who is a deacon with Frye at New Ebenezer Baptist Church, nominated Frye for The Order of the Palmetto. He noted Frye's Ikkos Medallion along with his involvement with the U.S. Olympic team and presence on the national track scene.

"This was just a tremendous, outstanding year for coach Frye," Scott said.

Frye joins a short list of coaches who have received the honor, including Frank McGuire, Lou Holtz, Danny Ford, John Kresse and John McKissick.

"Coach Frye has obviously coached hundreds of champion athletes, but he's more importantly served as a mentor and role model for them and many others," said Joel Sawyer, spokesman for Gov. Mark Sanford.

USC assistant head coach Dee Quarles, who has worked for Frye for 12 of his 13 seasons in Columbia, said Frye has high expectations for his athletes. After Quarles was hired, Frye told her he wanted every team member to have a grade point average of 3.0 or higher.

And though the Gamecocks have not reached that goal, Quarles said the men's and women's teams posted GPAs of 3.2 or better this past year.

"I think the thing that bothers him most is when young people are not getting the big picture to life," Quarles said.

#### Kids happy to have won battle of the marine mammals

The cheers were so loud that the students yelling could hear each other in classrooms across the hall. But their project to name the right whale the state marine mammal taught the kids at Alice Drive Elementary School a rough lesson in legislative politics.

A five-month arm wrestle among state legislators over whether to name the whale or the bottlenose dolphin was settled quietly in a compromise between Sen. Phil Leventis, D-Sumter, and Sen. Chip Campsen, R-Charleston, that went to the governor's desk among a last minute flurry of bills. On Wednesday the dolphin was named the state marine mammal — as Campsen had asked in a bill that countered Leventis' bill calling for the whale to be named. The whale was named the state migratory marine mammal.

The compromise was a little bit of last-week-of-school vindication for the disillusioned students, who were stunned to see a yearlong project to name the whale harpooned by the counter bill, then stymied in



committee. But it didn't make up for the disappointment.

"It was amazing, just the thought that one little school going through this big ordeal of naming a marine mammal. When I heard about the compromise I said, 'Uh-oh. We did all this work for nothing.' But at least it got its name," said fifth-grader Saibryn Hyatt.

"We couldn't believe Charleston would do that to us. We worked so hard on it," said fifth-grader Granger Rabon, who took a lead role in the project.

"I just clapped, said fifth-grader Michaela Wrenn, who wrote a letter to state senators defending the kids' bill. "I'm excited that they compromised and they didn't argue any more. I'm happy they gave the whale something."

Campsen introduced his bill after the State Ports Authority balked at language in the bill designating the whale. Ports were in the middle of whale-related controversies, such as a federal ship slowdown rule to protect the right whale during its winter migration into the Southeast.

"My position was driven not by the Ports Authority but by my lifetime experience in the marine ecosystem," Campsen said. He lives on Isle of Palms. "If we're going to have a marine mammal it should be one that is endemic to the state."

The right whale is the mammoth of the Atlantic, a 40-ton, 50-foot-long creature that whalers nearly wiped out in the 19th century. As the legislative tug-of-war yanked away, the critically endangered species had a record breeding year in the Southeast; 39 calves were spotted by aerial surveys. Off South Carolina, 121 individual whales were spotted — nearly a third of the known population.

Meanwhile, back on land, Gov. Mark Sanford let the designations become law without signing the bills when they reached his desk. He applauded the school kids' effort in a letter but said, "this bill does highlight the ways in which the General Assembly missed opportunities this year to tackle more pressing issues facing our state."

Campsen said the issue wasn't very important, but added, "the notion that this somehow blocked other important things from happening is incorrect."

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 6/4/2009 9:40:04 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (1 of 2)

Governor's Daily Press Briefing - Thu., June 4, 2009

Summary:

Supreme Court hears stimulus arguments  
Dwight Drake editorializes against Gov. Sanford on stimulus (NOTE: We will incorporate a response to this in the op-ed that is being drafted)  
Gov. Sanford vetoes ports bill  
Clemson's tactics in seeking Top 25 ranking questioned  
Post and Courier editorializes against payday lending veto  
Coach Frye to receive Order of the Palmetto  
Kids happy to have won battle of the marine mammals

Text of Clips:

Supreme Court hears stimulus arguments

The State:

South Carolina's highest court said three months of debate over \$700 million in federal stimulus money could be settled by Friday.

After more than two and half hours of arguments before the S.C. Supreme Court over who controls the money, Chief Justice Jean Toal announced the court plans to rule in the "next day or two" whether the Legislature can force Gov. Mark Sanford to accept the money.

The court by law has no deadline to rule, though the state faces a July 1 federal deadline to apply for the money. The dispute has roiled since Sanford refused to accept the money without lawmakers paying off an equal amount of debt. In response, lawmakers approved a budget ordering the governor to accept the money and overrode his vetoes, sparking three lawsuits.

The court heard two suits Wednesday, one brought by two Midlands students and another by the S.C. Association of School Administrators. Sanford's suit remains in federal court awaiting a state court ruling. In the standing-room-only hearing, several of the justices, including Toal, expressed doubts about — though they didn't specifically reject — Sanford's position that the federal law gives him control over the money.

"Doesn't it boil down to a big policy disagreement between the governor and the Legislature?" Toal asked Sanford attorney Adam Charnes of Winston-Salem, N.C.

Sanford had his chance during the legislative process to exert his influence and lost the argument, Toal said.

Said Justice Donald Beatty, "Quite frankly, I find most of (Sanford's claims under the U.S. Constitution) not applicable to this situation."

When Charnes contended in another part of the questioning that the state constitution gives Sanford discretion in the application process, Beatty replied, "It doesn't mean he's king."

Charnes said the state constitution gives the governor "supreme executive authority" to decide whether to apply for the federal money. Sanford disagrees with the stimulus plan, Charnes said, and should not be required to sign paperwork that justifies the federal money.

"If he does not believe it's true, the General Assembly can't tell him to lie to the federal government,"

Charnes said. Otherwise, he said, "The governor is nothing more than a robot, and the General Assembly can come in and program the robot any way they want."

Charnes also argued that a 1985 U.S. Supreme Court decision prevents state legislatures from rewriting spending rules attached to federal money.

But Toal turned the argument around, asking if Sanford was trying to change how the money was used by paying off debt. The White House twice told the governor he could not pay off debt with stimulus money, she said, but Sanford was trying to force lawmakers to do so.

S.C. Deputy Attorney General Robert Cook, representing the state in one of the two lawsuits, said the

issue is whether Congress intended to pre-empt state law.

Cook told the justices he didn't believe the federal law pre-empts a state law passed last month requiring the governor to apply for the money. He also said that under prior U.S. Supreme Court rulings, federal law can't override normal state legislative procedures — which gives the General Assembly all budgeting authority — if federal law is unclear.

"All doubt has to be resolved in favor of the state (law)," Cook said.

A decision by the S.C. Supreme Court against the governor would end the long debate.

Sanford said Monday he would not appeal an unfavorable ruling to the U.S. Supreme Court, and that he expected to lose. His office also said the governor would withdraw a related federal lawsuit he filed last month if the state Supreme Court ruled against him.

Attorneys on both sides said after the hearing that they were optimistic, and did not feel the case had been prejudged.

School officials have warned that hundreds of teachers statewide could face layoffs, resulting in larger class sizes, if the state doesn't receive the stimulus money. Lexington 1 has delayed laying off teachers until the case is decided.

About 82 percent of the money is mandated by the federal government for K-12 and higher education programs. The remainder is designated for "government services," including public safety and school repair projects.

The state Legislature has earmarked \$4 million of the first approximate \$350 million for the Judicial Department, which includes the Supreme Court. Most state public safety agencies' budgets were cut, with most of the difference made up by stimulus money.

Dick Harpootlian, attorney for the two Midlands students, said the issue needed resolution.

"The only unanswered question is 'why?'" Harpootlian said of the dispute. "It doesn't make any sense legally or politically."

Post and Courier:

Lowcountry schools could begin to feel a little budgetary relief as early as today if the state Supreme Court rules that Gov. Mark Sanford must step aside and let \$700 million in federal stimulus funds flow into South Carolina.

Chief Justice Jean Toal told a packed courtroom Wednesday that the justices would weigh the arguments presented to them during a two-hour hearing that pitted education advocates against the two-term Republican governor.

The court is expected to make a ruling by Friday, but Toal's comments in court suggested Sanford would be on the losing end of the fight. The chief justice said the case was little more than a policy fight, one that Sanford lost when the Legislature overrode his veto striking the money from the state budget.

"He lost a legitimately engaged-in battle under the constitution of this state and the rest is purely ministerial, is it not?" Toal said.

The governor opposed the stimulus package from the start. He said he believes it will lead to inflation and saddle future generations with debt.

Congress intended for Sanford's role to be merely procedural in making an application to take the disputed \$700 million portion of federal stimulus funds, according to Columbia lawyer Dick Harpootlian. He is a former state Democratic Party chairman and is representing two South Carolina students in one of three lawsuits over the stimulus feud.

The governor's counsel, Adam Charnes, a North Carolina-based lawyer who was executive editor of the Harvard Law Review while President Barack Obama served as the publication's president, said Sanford has the right and responsibility to use his discretion.

Sanford will not draw down the cash, which he argues is the only portion of the stimulus funds that he can control.

The Legislature tried to force Sanford to take the money last month. The governor then sued because he felt lawmakers were stomping all over the balance of power set forth in the state constitution. Education advocates filed two other suits to use the court to settle the dispute.

Sanford told the Legislature he would take the money if an equal amount of state dollars were used to pay down debt. He said that meant lawmakers needed to do a better job setting financial priorities.

Legislative leaders said that wasn't possible because the recession left the state so cash-strapped it would have a hard time operating public schools without the stimulus money. They also stressed that South Carolina taxpayers will be obligated to pay back the money even if the state never sees a dime of it.

The \$700 million in stimulus money would be split evenly between the budget year that begins July 1 and the next one. The money is part of \$2.8 billion designated for state government services, a total that could grow to \$8 billion when factoring in all available tax breaks and grants.

Public schools, colleges and universities are to receive the bulk of the disputed funds, with less than 20 percent earmarked for law enforcement programs. Lowcountry school districts are awaiting the verdict. Charnes, Sanford's lawyer, said in signing off on the cash, the governor would be agreeing to meet a number of federal demands. Taking the money is against his better judgment and to force him to do that would render the governor a robot set to follow the Legislature's direction, Charnes said.

Toal and the other justices tossed hard-nosed questions at Charnes, at the base of which was the governor's discretion. Toal said Sanford had exercised his discretion when he vetoed the budget and the Legislature overrode it. That action triggered an edict for Sanford to take the \$700 million.

#### Greenville News:

A lawyer for Gov. Mark Sanford told the South Carolina Supreme Court on Wednesday that allowing the Legislature to force the governor to apply for \$700 million in federal stimulus aid would turn him into a "robot" at the call of lawmakers.

The comments came during more than two hours of arguments in two lawsuits that ask the justices to declare that Sanford must apply for the funds. Wednesday's hearing packed the Supreme Court's courtroom and was aired statewide on television.

Chief Justice Jean Toal announced afterward that the court would decide the matter, which has gripped state government for months, by the weekend.

Sanford, who has refused to apply for the money unless legislators agree to spend an equal amount on debt, has said he won't appeal the Supreme Court's decision should the justices rule against his position. Lawyers for plaintiffs in the two lawsuits told justices that the budget act passed by the Legislature which requires Sanford to apply for the funds is valid and not pre-empted by the federal stimulus legislation that requires governors to apply for the money.

But Adam Charnes, Sanford's lawyer, told justices that he believes the federal law does pre-empt what legislators have done. He said the state's Constitution grants the governor supreme executive authority and "that has to mean something."

If the court sides with the plaintiffs and against the governor, Charnes said, "The governor is nothing more than a robot and the General Assembly can come in and program the robot to do whatever the General Assembly wants."

Wednesday's arguments were peppered with questions by most of the justices, including Toal, who at one point questioned Charnes about the process in which Sanford vetoed the budget and the Legislature overrode the veto.

"That's where the policy was won and lost," she said, saying the governor had a chance to win the policy battle had he convinced one-third of lawmakers in either chamber during the veto process.

Toal asked if despite arguments about the federal law pre-empting the budget act and whether legislators were violating the state's separation of powers, was the real issue something more basic.

"Doesn't it boil down to a big policy disagreement between the governor and the Legislature as to what this money should be used for?" she asked. She also wondered if Sanford's applying for the funds after the veto process was merely a "ministerial" duty.

Charnes argued it wasn't. He said the governor must fill out the official application for the money and some of the questions call for his judgment and discretion. He noted one asks whether the money will be spent in the best interests of taxpayers, and he said the governor wouldn't be able to answer yes.

"The General Assembly cannot tell him to lie to the federal government," he argued.

Charnes said that if the state Constitution means anything, it grants the governor discretion.

"It doesn't mean he's king," Associate Justice Don Beatty of Spartanburg said.

Dick Harpootlian, a lawyer for two students in one of the cases, told the justices that both the budget act and an amendment by U.S. Rep. Jim Clyburn of South Carolina that allows legislatures to bypass the governor in seeking the money mean Sanford has to obtain the funds.

Other lawyers preferred the justices not rely on the Clyburn amendment, which U.S. District Judge Joseph Anderson said Monday was "inartfully drawn." Toal described it as "very imperfectly drawn."

Speaking against Sanford's position Wednesday were representatives of the South Carolina Association of School Administrators, state Attorney General Henry McMaster and state Education Superintendent Jim Rex, who is listed as a co-defendant with Sanford in one of the suits.

His lawyer told the justices that Rex's staff filled out the application and provided it last month to Sanford. Rex wants the money to come to South Carolina, the lawyer said.

Robert Cook, deputy state attorney general, said he saw nothing in the section of stimulus law being debated that pre-empts the state's budgeting process.

"This is a very extraordinary situation," he told the court.

Sanford took the issue to federal court immediately after the Legislature overrode his budget vetoes. He subsequently removed the two lawsuits argued Wednesday to federal court, but Anderson sent them back to the Supreme Court on Monday to be heard.

Most of the \$350 million appropriated in stimulus funds in the budget goes to schools or colleges and universities. About \$4 million would be used for the state's court system.

AP:

State Supreme Court justices Wednesday picked away at arguments made by Gov. Mark Sanford in his legal fight to reject \$700 million in federal stimulus funds, mainly for schools.

Chief Justice Jean Toal said the case boiled down to a policy fight and that Sanford had already lost that fight when the Legislature overrode his veto and passed a budget law requiring the governor to use the funds.

The arguments came during a hearing on two lawsuits aimed at forcing the governor to take the federal money for schools and colleges during the next two years.

Sanford's lawyers said the lawsuits stood to make the governor into a robot programmed by the Legislature.

South Carolina agencies and programs stand to get about \$2.8 billion from the \$787 billion federal stimulus law during the next two years. Sanford says he alone has the final say on requesting \$700 million of that and would only do that if the Legislature agreed to use it to offset state debt, a proposal that the White House has twice rejected.

Sanford, the chairman of the Republican Governors Association, is the nation's only governor waging a court fight to reject the money.

The stimulus fight has raised his national profile and sparked talk of a 2012 GOP presidential bid.

On Monday, Sanford lost a bid to move the state lawsuits to federal court when a federal judge declined his motion. Sanford said then that he doubted he'd win in state court and would not appeal the Supreme Court's decision.

One of his lawyers said Wednesday he'll obey what the court orders.

Toal said a decision could come by Friday.

"Really doesn't it boil down to a big policy disagreement between the governor and Legislature as to what this money should be used for," Toal said.

She said Sanford lost that fight when the Legislature overrode his veto.

"All he had to have was a third plus one of those present and voting in either house of the General Assembly to have his policy be effectuated. But he lost that battle. ... He lost a legitimately engaged-in battle under the constitution of this state, and the rest is purely ministerial, is it not?"

The governor doesn't believe that the money is being used appropriately and it should instead be used to offset or reduce state debt, Sanford attorney Adam Charnes said.

Toal said that was the issue, not who was in control of the state's spending decisions.

While Charnes didn't dispute the Legislature normally has the power to make spending decisions, he said the \$787 billion federal spending law left it up to the governor to decide when to request the money and how it should be spent.

Charnes said the state constitution makes him "the supreme executive authority in the state." But the lawsuits argue "the governor is nothing more than a robot and the General Assembly can come in and program the robot to do whatever the General Assembly wants." Charnes said if the constitution means anything, it means he has discretion.

"It doesn't mean he's king," Associate Justice Donald Beatty shot back.

Chapin High senior Casey Edwards, who brought one of the suits, had a front row seat with her parents in a court room packed with about 200 people and a crowd watching outside on video monitors.

"I'm just anxiously awaiting that opinion. Hopefully it will go in our favor," Edwards said. "The Legislature obviously has the power to override the veto and so hopefully our governor will acknowledge that and these funds will come to our state in a few months."

Dwight Drake editorializes against Gov. Sanford on stimulus

Several years ago, Gov. Mark Sanford announced plans to visit the lobby of the Legislature in an effort to promote his legislative agenda. This was not surprising in that Gov. Carroll Campbell had done so on his BMW Development Plan and Gov. Dick Riley had done so to promote the Education Improvement Act and, of course, Gov. Jim Hodges had done the same to promote the billion-dollar school bond bill and the Education Lottery.

In a political stunt to point out the "pork barrel" legislation that Sanford opposed, he toured the lobby holding a pig under each arm. Within a few minutes, at least one of the pigs defecated on the opulent and expensive carpet in the State House lobby outside the Senate and House chambers.

After Sanford laughed his way through his press conference and he went back down to the governor's chambers, the press evaporated leaving the mess that Sanford had created to be cleaned up by anonymous hourly paid workers.

The newest mess that Sanford has created is beyond anyone's understanding. It has prompted two students, one from high school and one from law school, to step forward to clean up Sanford's mess once again.

As one of the lawyers who brought the initial suit in the Supreme Court for 18-year-old Casey Edwards challenging the legality of Sanford's efforts to prevent South Carolina students and law enforcement agencies from receiving \$350 million that has been authorized by Congress, I have been repeatedly asked, "Do you understand why the governor is doing this?"

This is money that our schools need desperately. This is money that would prevent schools across the state from eliminating hundreds of school teachers. This is money that would prevent schools across our state from increasing the number of students in each class.

First, he refused to do what all 49 other U.S. governors have done: submit an application to the United States Department of Education to immediately allow the funds to come to South Carolina to assist our children in these difficult economic times.

In reaction to this effort by Sanford, the General Assembly passed a law directing the governor to make the application. Sanford in turn vetoed this provision. The General Assembly overrode the governor's veto by a vote of 93 to 23 in the House of Representatives and by a vote of 34-11 in the Senate.

Sanford then announced that he was not going to abide by the law the Legislature had enacted over his veto. Then we were all treated to the legal spectacle of our Republican governor suing his Republican attorney general in federal court as he escalated his efforts to prevent the funds from helping South Carolinas beleaguered schools. He then asked the South Carolina Supreme Court to allow him to intervene in the student's lawsuit.

Just when observers thought this legal soap opera could not become more weird, removed the Edward and Williams' lawsuit to federal court.

Contrary to the Supreme Courts admonition when they allowed Sanford to intervene that he not attempt to deprive the court of jurisdiction, immediately upon being permitted to join the case, Sanford removed to case to federal court which caused the Supreme Court to cancel last Thursdays hearing which had been set to argue the case. There has been a consistent theme to Sanford's various moves: delay, delay, delay. To add insult to injury, if Sanford succeeds in preventing a decision by the federal deadline of July 1 to apply for the funds, South Carolina's \$350 million will go New Jersey or some other state. There is yet a final insult to South Carolina taxpayers: If Sanford succeeds in keeping these funds from coming to South Carolina, we as taxpayers still have to pay it back. As someone said, "Sanford wants us to make the mortgage payment but he doesn't want us to get the house."

While this bizarre chain of events does appear on the face of it beyond understanding, Sanford's action are completely consistent with his effort of the last seven years to take taxpayer funds away from the public schools. For seven years, he has attempted to take tax dollars away from public schools and give them to private schools through his voucher program.

His efforts to keep the \$350 million away from our public schools are yet the latest chapter in Sanford's assault on our public schools. Every governor who proceeded Mark Sanford — Republican and Democrat alike — fought in their own way to support public education. Sanford's every effort have been in the opposite direction. His current efforts are just another way for him to further his assault on our public schools.

His efforts are damaging to the future of every school child in South Carolina. His efforts undermine attempts to lessen the impact of the current recession. His efforts create uncertainty for thousands of

school teachers who don't know whether they will be employed and teach our children this fall. But his efforts are not really "beyond understanding."

It is relatively easy to understand that Gov. Sanford's latest political stunt is his clearest effort to use the position of his office to assault and undermine public education. What is sad, but poetic justice is that two students have stepped forward to clean up this latest mess.

#### Gov. Sanford vetoes ports bill

In an expected move pitting Gov. Mark Sanford against state lawmakers and business leaders alike, Sanford has vetoed legislation that would restructure the State Ports Authority and, among other provisions, strip him of the authority to remove board members at will.

Sanford, in his veto letter, said the bill "will do little to ensure that the SPA is a well-managed agency and will, in fact, only further entrench our state government in its antiquated structure of control by unelected, unresponsive and unaccountable boards and commissions."

Late last year the SPA's top customer, Danish shipping giant Maersk Line, announced plans to gradually depart Charleston, and then the agency's president and chief executive Bernard S. Groseclose Jr. resigned. Legislation to redirect the SPA followed shortly thereafter.

Sanford suggested that the bill would impede progress on a joint container terminal being developed with the Georgia Ports Authority in Jasper County by strengthening the power of any board members who are resistant to bringing in private capital.

He also pointed out the Senate's dismissal of an amendment proposed by Sen. Mike Rose, R-Summerville, that would have required SPA board members to document contact with public officials, including lawmakers.

"This suggests that while the Legislature is concerned about limiting the governor's role with regard to the SPA, some are perfectly content with the undue influence wielded behind the scenes from the Legislature," Sanford wrote.

Lawmakers will take up the bill again when they reconvene June 16. If the bill receives a two-thirds vote from the Senate and the House, it becomes law.

Sen. Larry Grooms, R-Bonneau, sponsored the bill and said he worries about getting enough Senate votes with some members absent. He said the bill would face few obstacles in the House.

Although Rep. Jim Merrill, R-Daniel Island proposed a different restructuring bill that would dissolve the board and make the executive director a member of the governor's cabinet, he supports the current bill for the changes it requires.

Those include specific qualifications for board members and term reductions from seven years to five, plus an oversight role for the state Transportation Department and the state Commerce Department.

"I don't know how to draw that line between (Sanford) wanting to engage in the philosophical debate and the realities of the fact that we have to run the state and we have to advance our economy," Merrill said.

"We can wring our hands forever when we haven't created one new job."

Otis Rawl, president of the S.C. Chamber of Commerce, said board members would make bolder decisions if they didn't fear possible removal.

"I believe the bill is a little different than what's outlined in his veto message," Rawl said. "We believe the bill takes the politics out of the decision-making process and allows the port to act and react like a business."

SPA officials said little about the gubernatorial veto, just as they have remained mum during the months of legislative discussion.

"The bill contains a number of provisions impacting port governance and management, so the authority has been closely monitoring its progress," said SPA spokesman Byron Miller.

"The General Assembly created the ports authority to serve the state's maritime commerce interests.

That's a legislated mission that the authority takes very seriously, so any changes or new requirements will be implemented thoroughly and aggressively."

Throughout the legislative process, the agency's search for a new chief executive continued. Ron Brinson, a port consultant and former president and chief executive of the American Association of Port Authorities, said a stalled bill reshaping the SPA could translate into a stalled search for a new leader.

"The SPA is working with an executive recruitment firm highly experienced in the maritime business," he said. "It is likely all the lingering issues have been well-explained to the candidates, and once governance

is fully resolved, the recruitment project will likely move more quickly to completion."



**From:** Terri McDonald  
**To:** governors\_office\_all  
**Date:** 6/4/2009 8:30:16 AM  
**Subject:** The June issue of the EIP Direct newsletter is now available on the EIP website. Use the following

The June issue of the EIP Direct newsletter is now available on the EIP website. Use the following link to access the newsletter.

<[http://eip.sc.gov/news/newsletter\\_detail.aspx?view=newsletters&id=193](http://eip.sc.gov/news/newsletter_detail.aspx?view=newsletters&id=193)>

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 6/3/2009 9:33:23 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (2 of 2)

Brian Hicks writes on Sen. Ford's support of school choice

Some guy spotted Robert Ford at the outlet mall the other day, and decided to give the senator a piece of his mind.

"I seldom agree with you," he began ominously, but then went on to praise Ford's efforts to "save" South Carolina children by supporting tax credits for private school tuition.

Ford's been getting that a lot lately.

Two months ago the Charleston Democrat embraced the idea of vouchers — or "school choice" — to help kids in failing schools. Now he can rattle off statistics about the rising cost of public schools, and the price of imprisoning people who don't get a good education and turn to crime.

The senator believes he's a man on a mission. But some in the black community and the NAACP have criticized Ford for aligning himself with the Republicans who have pushed this idea for years. They accuse him of selling out to run for governor, shilling for special interests. And they've said some really nasty things too.

Ford just laughs about it.

"They're going to wake up one morning next November and I'll be governor," he says.

Significant support?

Many people who oppose vouchers consider them a tax credit for rich white people who abandon public education, send their kids to private schools and have the nerve to whine for a rebate as if school taxes were a user fee.

Vouchers would reduce public school funding and, for that reason, most Democrats — and many black leaders — oppose the idea.

Ford used to make the same arguments. Today he says "that's all garbage — those people are going to send their kids to private schools no matter what." He says he's studied the problem for three and a half years, and has found no better way to save some of the poor kids in failing schools.

It seems a good number of folks are on his side. A recent poll of black voters in South Carolina claimed 61 percent agreed with Ford's position — another statistic he quotes regularly.

No matter who agrees with him, he's taking the heat.

Look at his record

Ford thinks a lot of this is personal.

He notes that some black leaders recently commended President Barack Obama for sending a wreath to a Confederate grave on Memorial Day, yet they have long condemned Ford for similar sentiments.

"Lonnie Randolph (the NAACP leader who criticized Obama last week) is the only one who isn't hypocritical," Ford says, "but he's wrong."

Funny thing is, it is Ford's life work that caused him to reverse course on vouchers. One school-choice advocate told him public schools are failing black children, and that threatened to undo all the work Ford has done in the name of civil rights over the past 40 years.

"He said all those times I went to jail are going to be in vain if I don't do something," he says.

Ford has spent his life fighting, even going to jail, for the rights of people who have been neglected or treated poorly by this country.

So question his position on vouchers if you like, but don't ever doubt that his heart is in the right place.

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 6/3/2009 9:33:19 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (1 of 2)

Governor's Daily Press Briefing - Wed., June 3, 2009

Summary:

Gov. Sanford vetoes payday lending, other bills  
Supreme Court to hear stimulus suit today...  
...as Gov. Sanford notes Court being in difficult structural position  
SC economy sees growth in 2008, despite recession  
SC turns the tide on coastal insurance  
Brian Hicks writes on Sen. Ford's support of school choice

Text of Clips:

Gov. Sanford vetoes payday lending, other bills

The State:

Gov. Mark Sanford issued a veto Tuesday to a much-debated payday lending bill that various lawmakers had described as the most important issue to come before the General Assembly this year.

For two years, lawmakers wrangled in heated, emotional debate over the concept of placing greater restrictions on payday lenders, finally reaching a breakthrough on the last day of the 2009 General Assembly session.

Payday lenders, lawmakers and various consumer advocate groups finally came to terms on the legislation, marking the first new regulations to be put on the \$155 million-a-year industry in South Carolina since its 1998 startup.

But Sanford said the new regulations violate his commitment to free market principles.

"There are a number of people who I admire tremendously who I know I will disappoint with this veto," Sanford wrote in a three-page letter explaining his decision, "but it is my hope that in time they see my consistency in pushing for limited government and maximized individual freedom. ..."

Sanford said South Carolinians should be free to make their own financial decisions. He also said he was concerned about the bill establishing a database that tracks loans compromising the privacy of borrowers. As the payday lending debate raged in the General Assembly — amid a roughly \$300,000 cash infusion to lobby lawmakers, their political action committees and other elected officials — Sanford was silent about the issue.

Sen. Joel Lourie, D-Richland, one of the key legislators who pushed for tighter regulations on payday lenders, said he was "very disappointed," but not surprised by Sanford's veto. And he criticized Sanford for also opposing federal stimulus money for education and vetoing an increase in the state's lowest-in-the-nation cigarette tax last year.

"His vision for South Carolina is for ineffective, underfunded schools, for kids buying cheap cigarettes and for unprotected consumers," Lourie said after the veto.

Sanford, he said, once again had put his personal agenda ahead of South Carolinians.

The payday lending bill would limit payday loans to one at a time and establish a database to keep track of the loans. The bill also introduced some other consumer protections, including a right of the borrower to void a loan within 24 hours.

All those innovations were needed, according to consumer advocates and lawmakers who supported the bill, to help end the practice of flipping loans, in which consumers take out a loan to pay off a loan they previously couldn't repay on time.

Lourie said discussions had already taken place Tuesday ahead of Sanford's veto on how to muster an override.

The payday bill, once it was accepted by its staunchest Senate critics, led by Darlington Sen. Gerald Malloy, passed easily in the Senate, 41-4, and overwhelmingly in the House, by a 102-6 vote.

If those margins hold up when the General Assembly returns June 16 to consider Sanford's vetoes, an

override should be easy, Lourie said. Two-thirds of lawmakers in both houses must agree to overturn a Sanford veto.

Payday lender Advance America, based in Spartanburg, said it, too, was disappointed in Sanford's veto. For a year, Advance America, the largest payday lender in the nation, had led a charge to stop regulations the company said were aimed at closing down the business in South by capping interest rates or by tying loans to a borrower's income.

"Advance America understands Governor Sanford's belief that too much government interference in private sector enterprise can lead to overly restrictive regulation," said Jamie Fulmer, public affairs director for Advance America.

"But we are disappointed that he chose to veto (the payday lending bill), which would have provided consumers who choose to use the cash advance product in South Carolina with comprehensive reforms and protections," Fulmer said.

Sanford also vetoed a controversial bill aimed at restructuring the State Ports Authority.

Of 65 bills on his desk, Sanford vetoed 10, signed 42, and allowed 13 others to become law without his signature. Among those was a bill that allows the University of South Carolina to develop and construct a new business school in Columbia's Innovista district.

On the state port bill, Sanford said the result of lawmakers' attempts to improve the way the port's governing body functions actually would slow its change.

"It largely does this by effectively eliminating the governor's ability to use his removal power with members of the board," Sanford wrote in that veto message.

As for USC, Sanford said he approved the university's efforts to establish a new school over his reservations that the school has not adequately utilized existing space within the Innovista District. Nonetheless, Sanford said he hopes the school attracts students from across the country.

#### Herald-Journal

Gov. Mark Sanford on Tuesday vetoed new regulations for the payday lending industry, saying they could force customers to seek credit from "less desirable and more expensive sources" such as pawn shops, Internet lenders and loan sharks.

Sanford also wrote in his veto message that lawmakers focused solely on payday lenders, while ignoring credit card companies and banks.

"It is well known that one of the primary contributing factors to our current economic troubles is too much personal debt arising from unaffordable mortgages and exorbitant credit card purchases; however the General Assembly has not sought to place limits on financial services offered by these credit card issuers and banks," he wrote.

The bill would have limited consumers to one loan at a time and would have raised the maximum amount that could be borrowed from \$300 to \$550. It instituted a one-day waiting period between a customer's first seven loans, and a two-day waiting period for subsequent loans.

It also required lenders to establish a database to track loans, and gave borrowers a one-day grace period to change their minds.

Payday lenders typically charge \$15 for every \$100 borrowed. The industry leader is Spartanburg-based Advance America.

Advance America spokesman Jamie Fulmer said in a statement that the company is disappointed by the veto. He said the bill would have provided additional protections for cash advance customers.

"This bill would significantly impact the way short-term lenders operate in our state. But it also seeks to institute sound regulations designed to help consumers. Especially amid the deep economic downturn in South Carolina, it is critical that hardworking people have as many financial choices as possible, while also having meaningful consumer safeguards in place," he said.

Fulmer said Advance America would continue to work with lawmakers to make sure the bill becomes law this year.

That would require an override when lawmakers return on June 16, something Rep. Keith Kelly said he doesn't expect to be a problem. The Senate approved the bill by a 41-4 vote on the final day of the session, and the House passed it by a 102-6 margin.

"I trust that there will be enough votes to override that," said Kelly, R-Woodruff.

"I think that both the proponents and opponents were heard by the General Assembly, and a compromise that protects consumers was passed."

AP

South Carolina Gov. Mark Sanford vetoed a bill Tuesday meant to place restrictions on the payday lending industry.

The bill would have capped the amount of each loan at \$550. It required a one-day wait between loans for a borrower's first seven consecutive loans, and two days between additional borrowing. It also gave borrowers one day to change their minds and undo a loan.

"Boiled down, it is this administration's abiding belief that government's role is not to protect people from their own actions, unless those actions in substantial form impact the lives of others," Mr. Sanford wrote in his veto letter. He said the recession leaves consumers needing cash to avoid eviction, foreclosure, bankruptcy and having their lights turned off.

Mr. Sanford also said he opposed singling out the payday lending industry when there are other sources for borrowed money that demand greater regulation.

Advocates for regulations on the industry expected the veto and had met earlier Tuesday to make plans for overriding Mr. Sanford's move when the Legislature returns June 16 to take up Mr. Sanford's 10 vetoes.

The Legislature approved the bill on the session's last day two weeks ago with a 41-4 Senate vote and 102-6 vote in the House.

The bill is the best known of 66 bills Mr. Sanford made decisions on Tuesday.

Mr. Sanford also vetoed a bill that would have clipped his authority to remove members of the State Ports Authority board.

Mr. Sanford said that would make the Ports Authority, one of the state's top economic development tools, less accountable to the public and the governor while increasing the Legislature's influence. It "will prove to be disastrous in the long run. ... This bill moves our state one step further toward yet an even more imbalanced political system with the General Assembly imposing its will on what has been the decision-making authority of the executive branch," Mr. Sanford wrote.

He signed into law 42 bills, including one that would allow concealed weapons permit holders to bring a gun onto school property as long as it remained secured in a vehicle.

Mr. Sanford let 13 bills become law without his signature, including one that limits auto manufacturers' ability to force dealerships to move or make major changes or to bar them from selling other automakers' vehicles. Mr. Sanford said he'd ordinarily veto that kind of bill because it interfered with contracts.

"However, we live in a time of anything but normal circumstances given the federal governments' unprecedented level of financial commitment to GM and Chrysler," Mr. Sanford wrote.

Supreme Court to hear stimulus suit today...

The State:

South Carolina's highest court today will wade into the months-long debate about who controls \$700 million in disputed federal aid.

Gov. Mark Sanford said Monday he expects to lose the case. The S.C. Supreme Court previously indicated it would rule that the Legislature controls the money.

The court has scheduled a hearing on two cases for 10 a.m. today. The cases ask the court if the GOP-controlled Legislature can force Republican Sanford to accept the aid.

The governor and his attorneys argue that federal law gives him exclusive control of the money.

Sanford has said he will not request the money unless lawmakers agree to pay off an equivalent amount of state debt. He argues that the money will have a long-term detrimental effect on the state budget and economy.

However, two Midlands students and the S.C. Association of School Administrators argue that state law gives control of the money to the Legislature. The students and schools group maintain that Congress clearly intended to allow legislatures to request the money.

Lawmakers and the state Education Department say spending the stimulus money will allow the state to maintain key services and hundreds of jobs.

The court's ruling could settle the issue. Sanford has said he will not appeal if the court rules against him.

Attorneys provided a preview of the arguments they will make today in court filings.

All parties agree the stimulus law has a key clause: "the Governor of a State desiring to receive an allocation ... shall submit an application."

The law specifies that the governor must apply for and account for the stimulus money, Sanford's attorney

said, adding that federal law would pre-empt a state law allowing the Legislature to apply for the money. The White House Office of Management and Budget agreed governors must apply for the money in a letter to U.S. Sen. Lindsey Graham, R-S.C., Sanford's lawyers add. The attorneys also note cases where state courts ruled the Legislature overstepped its authority and assumed executive control of state money. "There are no cases that hold that the Legislature has the power to compel the Governor to apply for and receive federal funds ... in short, the decision whether to request (stimulus) funds from the Secretary of Education is a quintessential executive function," Sanford's brief concludes.

But Kenneth Childs, attorney for the S.C. Association of School Boards, argued that Sanford is misinterpreting the stimulus law. The state — not Sanford — must request the federal money. And, in South Carolina, the Legislature speaks for the state on spending issues according to state law and legal precedents, Childs wrote.

In his brief, Attorney General Henry McMaster said the court should protect the state Constitution. Case law is clear that lawmakers control the money, he wrote, but the court must decide if the federal Supremacy Clause applies, as Sanford argues.

"Congress cannot, consistent with the Tenth Amendment, use a funding statute, such as this one, to rearrange the State's Constitutional structure," McMaster wrote.

It is unclear when the Supreme Court will rule, but all parties expect a quick decision. The hearings were scheduled hastily this week. The U.S. Education Department has set a July 1 deadline for South Carolina to apply for the money or risk losing the share to other states.

#### Independent-Mail

South Carolina Supreme Court justices will hear arguments Wednesday in two cases seeking to force Gov. Mark Sanford to take \$700 million in federal stimulus money.

According to Brenda Shealy, deputy clerk of court for the state Supreme Court, arguments start at 10 a.m. One of the lawsuits was filed by two students and the other by the South Carolina Association of School Administrators.

"Hopefully we'll get our answers now," said Casey Edwards, one of the students who sued. She is to graduate from Chapin High School next week.

Jim Foster, spokesman for the South Carolina Department of Education, said it was important that the proceedings move quickly.

"We're 30 days away from a new fiscal year," Foster said. "A lot of districts still don't have a budget.

They've been waiting to find out whether they will have that money or not. Many of them have developed two budgets, one with the stimulus money and one without."

Should the justices rule in favor of either petitioner and force Sanford to request the money, it should be available to school districts by mid-June, Foster said.

"If school districts don't have the money in hand, at least they will have the assurance that the money is going to be there," he said.

Foster said state Superintendent of Education Jim Rex had completed all of the paperwork for the state to receive the money in May and had forwarded it to the governor for his signature.

School districts in Anderson County have projected budgets both with and without federal stimulus money. The court's decision will help them determine which budget to approve.

"We hope the ruling will be in favor of public schools and the education of our students," said Wayne Fowler, superintendent of Anderson School District 1. "Due to the fact that we need the budget by July 1, 2009, we are hoping for a quick decision."

In Anderson School District 5, board members will meet June 5 to approve a budget that uses federal stimulus money.

Without the money, Superintendent Betty Bagley said in previous meetings, the district would need to trim an additional \$4 million from its \$83 million 2009-2010 budget.

"I'm grateful that it is back in the state court because I think that is the correct court system for it to be in," Bagley said. "I'm just hoping that the Supreme Court will listen to the arguments and find that the South Carolina Constitution has been upheld and everything has been done correctly."

Without the stimulus money, Bagley said, districts faced budgets based on \$2,023 per student. With the stimulus money, that figure goes up to \$2,323 per student.

Sanford has said he will go along with whatever the state court decides.

"We're not going to carry on with a whole series of legal appeals," he said.



...as Gov. Sanford notes Court being in difficult structural position

#### Greenville News

Lawyers for Gov. Mark Sanford and others filed briefs and sharpened their arguments Tuesday for a pivotal hearing today on the stimulus issue before the South Carolina Supreme Court – as questions were raised about the impartiality of the judicial system.

Sanford, who has refused to apply for about \$700 million in stimulus aid and last week took his case to federal court, believes the justices who will decide the case are “trapped in an incredibly flawed structure,” Sanford spokesman Joel Sawyer said Tuesday.

At stake in the ruling by the justices is not just the matter of \$700 million in stimulus money but whether the Legislature can force the governor to seek the funds and in doing so further weaken an office Sanford and others regard as one of the weakest in the nation.

Sawyer said the Legislature elects the state's judges, including the five justices, who then lobby the Legislature for money.

“What the governor noted yesterday is that you could have five Solomons sitting on that court but they are trapped in an incredibly flawed structure,” Sawyer said.

Ashley Landess, president of the South Carolina Policy Council, a policy research organization, said the fact that the court system will receive \$4 million in stimulus aid if the state receives the money only adds to questions about the system.

“That's not to accuse the judges of anything improper,” she said. “It's not about the people involved as much as it is the system.”

Dick Harpootlian, a lawyer for two students whose case will be one of those argued today, called any implications that the court would be influenced by the \$4 million or by legislators “ludicrous.”

He said someone alleging a conflict of interest must show there is a tie between the justices and the case “unique to them as individuals.”

“The court is not a party to this case,” he said. “They are just one of many agencies that would perhaps receive funds.”

Mark Plowden, spokesman for state Attorney General Henry McMaster, who has openly worried that the end result of the cases could be an erosion of the governor's power, said the Attorney General's Office had no questions about the court's impartiality.

“Attorney General McMaster has the highest respect and confidence in the South Carolina Supreme Court,” he said. “The way our form of state government is structured, the General Assembly appropriates money to all branches of government, the Supreme Court included. We do not believe they are biased by a system they are forced to participate in, which is the appropriation system.”

Chief Justice Jean Toal could not be reached for comment Tuesday.

Despite Sanford's criticism of the system, the justices haven't always favored lawmakers in legal disputes. They have ruled three times in recent years, for instance, that legislators improperly tied unrelated legislation together. And the court sided with Sanford when his service in the Air Force Reserve was challenged, even allowing the governor to address the justices.

Still, Landess said South Carolina's Legislature controls state government and that power raises questions about the ability of the courts to settle legal arguments between the branches of government.

“There is no other state that runs its government the way South Carolina does,” she said. “And there is no way we can be 100 percent sure, at all, that we ever have a fair system of government in the courtroom, in the Statehouse, in the executive branch. There is no way to guarantee what the people really deserve.”

The two cases the justices will hear today were filed in the Supreme Court and then removed last week to federal court by Sanford, who wanted all three cases consolidated because he said they dealt with issues of federal law and federal money. One of the cases was removed by Sanford on the eve of a hearing before the justices.

The governor argues that provisions in the budget passed last month forcing him to apply for the stimulus aid are invalid because the federal stimulus law gives only governors the authority to apply for the money. He also has argued that the provision violates the state's separation of powers.

On Monday, U.S. District Judge Joseph Anderson, while noting it wasn't an easy decision, said it was “appropriate” that the state's Supreme Court hear the cases.

Sanford told reporters Monday that he won't appeal the justices' decision and doesn't plan to continue his stimulus fight if they reject his arguments.

AP

South Carolina Gov. Mark Sanford is questioning whether his own state Supreme Court's justices can be fair as the high court readies for a hearing today on his efforts to block federal stimulus money for schools. Sanford, dealt a legal blow Monday by a federal judge's ruling on two stimulus cases, said he believes he'll lose his case in state court and in part blamed a system that requires justices to be appointed by lawmakers and to lobby legislators for funding.

"I think even where the court case ends up underscores in essence good people trapped in a horrible system," Sanford said Monday.

"We have in this case a Supreme Court that is picked by the General Assembly. They regularly lobby the General Assembly for funding and other things," Sanford said. "You could have five Solomons, but at the end of the day if you had to go to another group to get funded and to give you the goal posts, if you will, for your playing field it would be a very, very tough spot in which to operate."

He backpedaled a step when asked if he was saying the court couldn't rule on the merits of the case or the deck was stacked against him. "I'm not saying that. That's why I'm going to go ahead and proceed with the case," he said.

State Supreme Court Chief Justice Jean Toal declined Tuesday to respond to Sanford's critique of the system she runs. Sanford didn't mention it, but the Legislature called for the court system to get \$4 million from the bailout money.

Robert Wilcox, a University of South Carolina School of Law legal ethics expert, doubts there are conflicts or a biased court awaiting Sanford. "One thing you especially see in cases like this is all the parties rise above that type of concern," particularly on such a serious constitutional issue.

And Sanford's questions about the court's "tough spot" come despite rulings the past six years of Sanford's two-term tenure favoring his positions. When he took office, he won a lawsuit questioning whether he could serve in that office while holding an Air Force Reserve commission. The court has repeatedly ruled against the Legislature for rolling too many issues into bills, an argument Sanford has pushed regularly.

Overall, his record with the court is far better than his predecessor, Democrat Gov. Jim Hodges, who sued to assert his power to fire a board member and won. Hodges lost when the attorney general sued after he tried to direct how money in the budget was spent, a role the state leaves to the Legislature.

"On one occasion, I found them brilliant; on another I thought they fell short of the mark," Hodges said. But he didn't harbor doubts about the court being impartial. "I think they do a pretty good job of trying to decide cases on their merits."

The case Hodges lost is cited repeatedly in the new Sanford lawsuits as demonstrating the power the Legislature has to write a budget and the governor's limited role in executing that law. Once "the Legislature makes a special appropriation, it's very difficult for a governor not to abide by it," Hodges said. "I would be surprised if he prevailed on it."

## SC economy sees growth in 2008, despite recession

South Carolina's economy grew in 2008 in spite of the recession, but economists said the state will continue to face challenges during the next year.

The state's gross domestic product increased 0.6 percent last year to \$127 billion, the U.S. Bureau of Economic Analysis reported. That was on par with the national average of 0.7 percent, said Clifford Woodruff, a BEA economist.

Economists who pay attention to South Carolina said the results were unexpected.

"It's a little surprising given the deterioration we've seen in the other economic data for the state," said Mark Vitner, senior economist for Wachovia in Charlotte. "Things are not as universally bad in the Carolinas as they appeared to be. There's no doubt we're in an extremely challenging period, and the Carolinas are going to continue to be challenged for the next 12 to 18 months."

The gross domestic product is the total value of all goods and services produced in a state and is an indicator of a state's overall economic well-being. It includes everything from cars built at factories to electricity sold to other states to the amount local governments spend to pave roads.

In 2008, South Carolina lost production in construction, manufacturing and the financial sector. But other job sectors held steady or grew enough to keep the state's economic engine churning.

"When you put it in a pot and stir it, you pretty much get GDP growth," said Bruce Yandle, economics professor emeritus at Clemson University.



Still, South Carolina ranked 46th in a category that charts standard of living.

The state's 2008 per capita GDP was \$28,364 — one of the nation's lowest.

In South Carolina, the per capita GDP slipped because of the state's population growth, Vitner said. The 1 percent slide from 2007 did not worry economists, but several years of drops would be a problem.

"When GDP per capita declines it means growth is not paying for itself," Vitner said. "People don't have enough money to cover their bills."

One way to change that trend is continued growth in sectors that make and produce expensive products. South Carolina made gains in that effort in 2008, said Angel Earle, a senior research analyst at the S.C. Department of Commerce.

For example, the professional and technical services category grew 0.42 percent in 2008. And utilities grew 0.28 percent, the fastest rate in the nation, the BEA reported.

"The BlueCross BlueShields of world have increased as far as their contributions to the GDP in South Carolina at a faster rate than other states," Earle said.

In other words, a high-tech computer firm charges more for its services than a garment factory makes for its T-shirts. Therefore, the high-tech firm would contribute more toward the overall gross domestic product, she said.

"Those industries that are creating that work force have increased at a higher rate than the rest of the country," Earle said.

That's the kind of growth South Carolina needs to improve its per capita ranking, she said.

"Growth in those industries will bring the change you want," she said.

#### SC turns the tide on coastal insurance

South Carolina's coastal homeowners have to work harder to find the right insurance policy since a crisis two years ago that left 30,000 without coverage — but at least now they can get a policy.

"It's a good thing; there's options," said Scott Richardson, S.C. Insurance Department director, who promoted a "free market solution" to the crisis in late 2006. Consumers now have a wider range of choices, he said.

And they have more companies competing for their business, which could result in lower rates. The state has attracted 14 new home insurance companies in the past year and a half since enacting legislation that relies heavily on tax credits — and is being held up as a model for other coastal states dealing with the crisis.

Insurers started dropping policies in late 2006, after Hurricanes Katrina and Rita devastated the Gulf Coast. They were worried about surviving another catastrophic hit.

That put many coastal homeowners in a bind and left state governments scrambling to come up with a solution.

South Carolina's answer was the Coastal Omnibus Act, which enticed insurers to enter the state's market and write policies along the coast, Richardson said.

Many states, especially Florida, got heavily involved in the insurance industry, making it hard for companies to operate there and make a profit, said Ray Farmer, assistant vice president for the American Insurance Association's Atlanta regional office.

"South Carolina's legislation is kind of unique to the rest of the country," Farmer said. "It keeps the free market at work and relies on that instead of state-funded programs."

Several other states are now pulling from South Carolina's plan to mold their own reform acts, Farmer said.

The plan gives tax incentives to homeowners to make their homes stronger, for example, by reinforcing roofs and putting shutters on windows, Richardson said.

"That's the real answer in the long run to the whole coastal situation," he said. "We've got 50 years of houses that have been built along the coast, some of them built well, some of them not so well."

That draws in insurers, who have less risk because of sturdier homes. But the companies also get tax breaks for writing wind policies in new coverage areas, for example, Richardson said.

The legislation stemmed the tide of coastal insurers looking for an exit in South Carolina; in fact, Richardson said the state did not lose any insurers because it acted so quickly.

He said larger companies are still looking to pare back their risk along the coast, but the small- to medium-sized companies that have come in are helping to fill the gap. The 14 new companies that have entered the market will result in tens of thousands of new policies eventually, Richardson said.

"The increased competition helps keep rates stable," said Allison Dean Love, executive director of the S.C. Insurance News Service, an industry group.

Richardson said the biggest challenge his office faces, though, is getting consumers to understand the changes that have taken place. Richardson said five years ago, a homeowner could get 10 insurance quotes and not see a 5 percent price difference.

Now, they can choose from a range of prices, coverage options and deductibles.

"Take a look around and find the insurance company that's right for you," said Love. "A lot of times people don't take the time to do that," especially when they have been with a company for a long time.

"Now that there are more choices, they really need to do their homework."

**From:** Patrick Franks  
**To:** [REDACTED] Road, MCS  
**Date:** 6/2/2009 4:59:01 PM  
**Subject:** Calls for 6/2

Randy Cooper  
[REDACTED]

Travis Propes  
[REDACTED]

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 6/2/2009 9:47:20 AM  
**Subject:** Governor's Daily Press Briefing Text of Clips - Other Articles

Governor's Daily Press Briefing - Tue., June 2, 2009 - Other Articles

Summary:

Post and Courier editorializes on Gov. Sanford's announcement  
Aiken Standard editorializes in favor of Judge Anderson's ruling  
Scoppe editorializes in favor of McMaster on stimulus fight  
Many applicants show up for few teaching jobs  
Trey Gowdy announced candidacy for U.S. House

Text:

Post and Courier editorializes on Gov. Sanford's announcement

Gov. Mark Sanford's decision Monday to accept whatever the state Supreme Court rules on the disputed federal stimulus money could mean that this contentious issue is actually nearing an end. It also could mean that the state will get its fair share — \$700 million — over the next two years.

That would be good news for public schools and colleges, and for law enforcement, all of which have recession-related funding woes and are eligible for the funding. The money was provided by Congress to alleviate revenue shortages experienced across the nation.

A federal district judge sent two stimulus lawsuits to the state Supreme Court on Monday, saying he didn't see any federal issues to be resolved. The governor has insisted that he, and only he, has the authority to request the congressionally allocated money. He wanted the money used to pay down the state debt, a plan rejected by the White House and, in a modified form, by the state Legislature.

The Legislature has included the disputed stimulus money in the budget for the next fiscal year.

The S.C. Supreme Court will likely expedite its ruling, and if favorable to the Legislature, the issue should be decided well in advance of a July 1 deadline to apply for the money.

Mr. Sanford's decision to seek a ruling in federal court was an indication that he expects the state court to rule against him on this issue.

It may be premature to call the case, but the governor's concession appears to say finally that he's not willing to be the Grinch to public education in South Carolina.

Aiken Standard editorializes in favor of Judge Anderson's ruling

The ruling of U.S. District Court Judge Joseph Anderson to return two stimulus fund-related lawsuits to the S.C. Supreme Court is good news for the people of the state.

Judge Anderson ruled on Monday that the lawsuits were under the purview of the State Supreme Court and not under federal jurisdiction as Gov. Mark Sanford had insisted. With the state's high court ready to take on the cases quickly, the matter of accepting federal stimulus money for the state may be settled soon.

Regardless of which way the court rules, knowing exactly what is ahead for the state budget will benefit the people of South Carolina. Entities like Aiken County's Board of Education will know for sure how much money to expect from the state and federal governments. The Aiken Board adopted a budget that did not include stimulus funds. Other school boards across the state, however, included the federal money as part of their calculations for the school year upcoming.

It is past time for the political bickering between the governor the Legislature to stop. They have both done a disservice to the people of South Carolina who are suffering enough with challenging economic times.

A speedy decision by the Supreme Court, along with Gov. Sanford's decision not to appeal the ruling, should give the state a clear picture of where it is for the 2010 budget and where the governor and Legislature stand in relation to one another.

### Scoppe editorializes in favor of McMaster on stimulus fight

BACK IN 2004, Henry McMaster took the unorthodox step of siding with the plaintiff who was challenging the constitutionality of a hodgepodge bill that legislative leaders said was crucial to our state's economic development.

In doing so, he introduced a new concept to South Carolina: The job of the attorney general is first and foremost to defend the South Carolina Constitution, and when a law is unconstitutional, that means you have to willingly lose the lawsuit on behalf of the state. It's similar to the idea (also too infrequently practiced) that prosecutors are supposed to make sure that justice is done, even if that means they lose a case.

It's not an unconventional idea; in fact, there is no moral or professional justification for any other approach. It's just one we hadn't seen much in our state.

But while Mr. McMaster's Life Sciences non-defense defense was unexpected, it was an easy move from a purely political perspective: He was siding with a very popular governor, against an unpopular Legislature, in a case that was sure to be either ignored or supported by the general public. In fact, the main thing legislators could manage in response was to blubber that he was playing politics by siding with Gov. Mark Sanford, who also had been highly critical of the practice of "bobtailing" in general and the Life Sciences Act in particular.

The politics are anything but easy today, as Mr. McMaster finds himself playing the pivotal role in the tug-of-war between the Legislature and a governor who, while tumbling in popularity among the general public, still is widely popular among the hard-core Republicans who will decide whether Mr. McMaster gets to carry the party mantle into next year's gubernatorial election.

The cynic might say — as Mr. McMaster's former partisan nemesis Dick Harpootlian bizarrely did after the attorney general filed a response that was largely supportive of his lawsuit against the state — that the result is a tepid response. But a closer reading of the court documents shows that the attorney general is being anything but tepid in handling a case that he and the governor call a crucial constitutional challenge to the powers of the governor's office. He has in fact left little doubt where he comes down on the question of whether the Legislature can force the governor to seek federal stimulus funds — and it is, once again, on the side of the state constitution.

It would be nice to live in a world where there is nothing remarkable — and certainly nothing praiseworthy — about an elected official taking a consistent, principled stand. Unfortunately that is not the world in which we live, and so I think it's important to take note of the professionalism and integrity that Mr. McMaster has thus far demonstrated in a case that could help determine not only whether he becomes governor but also how much authority he has if he does.

I feel compelled to state very clearly that this is not an endorsement of Mr. McMaster's gubernatorial campaign. Though I hope not, it would not surprise me terribly if — freed from the constraints he feels as an officer of the court — a Gov. McMaster morphed back into the irresponsible political hack he was back when he ran the state Republican Party and Mr. Harpootlian ran the Democratic Party. One of the challenges we face in the 2010 campaign is determining how likely that is to happen.

I'm sure my critics will say I support Mr. McMaster's position because I think our state should accept the federal stimulus funds that we'll pay for whether we get them or not. But I actually would prefer that the governor of South Carolina had more authority — in which case, we likely would have a very different type of person living in the Governor's Mansion today, making this whole case moot. More significantly, whatever you might want the outcome to be, the fact is that Mr. McMaster is the only person who has put forth a legal argument in this dispute that makes any sense.

Mr. McMaster was thrust into the stimulus fight in March, when Senate President Pro Tem Glenn McConnell requested an attorney general's opinion on whether the Legislature could request \$700 million in federal funds that Mr. Sanford refused to request except under his own terms, which conflict with federal law.

His opinion, which was widely misinterpreted early on by practically everyone as saying it couldn't, has pretty much driven the debate since then. In it, he spelled out what the Legislature needed to do in order to claim the money, and explained why chances were good (although not certain) that the state Supreme Court would side with the Legislature — which it all but did in a non-opinion opinion dismissing Mr. Harpootlian's first lawsuit as premature.

The Legislature did precisely what Mr. McMaster suggested, and today Mr. McMaster is the named defendant in both the case filed by Mr. Sanford in which the governor seeks to avoid having to request the

funds and the case filed by Mr. Harpootlian that seeks to force the governor to request the funds. The court filings and legal arguments so far have been about which court should hear the cases, not about the merits. But sprinkled through Mr. McMaster's filings are several clear indications that he's not backing down from his analysis that while federal law appears on its face to require that funding requests come from governors, in fact the Legislature was perfectly free to pass a law requiring him to make that request.

In one motion in which there really was no need to spell out the state's legal argument, the attorney general went out of his way to make the point that the federal law could be read not as empowering governors to request the money but rather as empowering the "State" to request it through the governor. He went on to note that "South Carolina has a representative government whose citizens speak through enactments of the General Assembly."

Whether he likes that fact or not is irrelevant; it's clearly true.

In the Life Sciences bobtailing case back in 2004, Mr. McMaster put forward the nuanced argument that essentially became the state Supreme Court ruling, which has led to a string of successive bobtailing cases that are going farther than most people realize to rein in the power of the General Assembly. If, as is widely expected, the court rules against Mr. Sanford in the stimulus cases, he will have put forward the argument (and strategy) that reduces the authority of the governor's office, not legally but effectively, by emboldening the Legislature.

In both cases, Mr. McMaster will have strengthened our state's constitution, by giving it the defense it deserves, regardless of the political ramifications.

#### Many applicants show up for few teaching jobs

Crystal Bailey of Easley was an English teacher at a Pickens County high school in 2008.

Now, she works as a gas station attendant.

Monday, the 32-year-old Clemson graduate stood in long lines with hundreds of other educators at South Carolina's only statewide job fair for teachers, hoping for a job. The ongoing fight in S.C. over a \$350 million slice of stimulus money Gov. Mark Sanford has refused to tap will have an impact on how many teachers find work.

"If I get a job outside of the Upstate, I'll be moving by myself. My parents have agreed to let my (three) children live with them for a while," Bailey said. "It's not how I want it to be, but I need to go where there's a job."

The odds do not look good.

Fewer than half of the state's school districts attended this year's job fair, put on annually by the S.C. Center for Education Recruitment, Retention and Advancement.

Nearly 1,300 attendees from 43 states, including Hawaii and Alaska, competed for 310 teaching jobs. Districts have eliminated positions because of budget cuts brought on by a national recession. Uncertainty over whether local schools will get federal stimulus cash also has put pressure on job seekers. Schools are hoping for the money but preparing as if they will not get the cash infusion.

Bailey and many of the other attendees do not qualify for about half of the jobs.

Forty-two percent of the openings this year were in three areas: math, science and special education. South Carolina and states around the nation have a hard time finding teachers in these three areas every year.

"We compete with business and industry when trying to hire math and science teachers," said Gayle Sawyer, CERRA's director.

Meanwhile, lack of administrative support and loads of paperwork keep the turnover rates for special education teachers through the roof.

"We do twice the work of a regular educator," said Joanne Stintzman-Zeidler, a special education teacher who stood in line with Bailey and others, waiting to talk with the Williamsburg County school district recruiter. Williamsburg is one of the state's poorest counties, and its school district typically has trouble attracting teachers.

While Zeidler, 54, has taught special education students for the past 15 years in Maryland and Florida, she does not feel like a sought-after professional.

"I don't have a job yet, and I've been looking and looking," said Zeidler, who hopes to relocate to South Carolina from Baltimore.

Behind Zeidler in line, Brian Glen, 24, adjusted his glasses and listened intently.

"I'm a first-year teacher, and I'm going up against these experienced teachers with master's degrees. I'm in trouble," said Glen, who just graduated from USC.

Glen recently spent a day and a half calling about 60 of the state's 85 school districts. Only four were hiring teachers certified, like Glen, to teach elementary education.

His luck was running low Monday, too.

When he got to the front of the line, Williamsburg had filled all its interview spots.

"I used to work part time in a jewelry store," Glen mused. "Maybe I'll go back into the jewelry business."

Trey Gowdy announced candidacy for U.S. House

Moments after 7th Circuit Solicitor Trey Gowdy announced Monday he will seek the 4th Congressional District seat in 2010, incumbent Bob Inglis called on him to take a leave of absence or accept partial pay while running.

It seems the serious business of high-stakes politicking has begun.

"Boy, that didn't take long," Gowdy said. "I can promise Mr. Inglis this: My family comes first, and my job comes second. I don't think anyone can question my dedication to my job."

Gowdy, who is in his third term as solicitor, announced his candidacy while standing under a tree in his front yard surrounded by his wife, Terri, and their children, Watson and Abigail. In making the announcement, Gowdy told how his parents grew up in poverty. His maternal grandfather dropped out of school after sixth grade, he said, but made sure that Gowdy's mother completed her education.

He said he decided to run for Congress because he's concerned about the country's direction and "what kind of America we're passing on to my children and grandchildren."

"Our country is at a crossroads," Gowdy said. "... If we are going to reclaim the America and reclaim the vision that in one generation enabled me to go from sixth-grade dropout to even having the chance to serve in the U.S. Congress, we're going to have to change the vision and change the course we're on. And to change the vision, I think we have to change the voices."

Gowdy called Inglis a "very fine man" that he has supported in the past. He said there would be ample time over the next 12 months leading up to the Republican primary to spell out the policy differences between the two.

Inglis, who is in his third consecutive term and sixth overall, said in a statement that in these tight budget times "it doesn't seem right to keep your full-time pay when you're going to be doing part-time work."

"Both times I ran for Congress while practicing law, my law firm paid me only on the basis of production. That's the way it works in the private sector; it should work that way in the government sector. Trey should either take a leave of absence or turn in time sheets for part-time pay."

Gowdy said Inglis was off base in assuming he would be working part time. He said he has two murder cases scheduled for trial in the next two months, and two death-penalty cases set to be tried before the primary.

Gowdy called Inglis' demand the "incumbency protection plan." He said Inglis was singling him out and asking him to do something Inglis didn't do in 1998 when he sought higher office.

"Did Bob Inglis resign from the House of Representatives when he ran for U.S. Senate in 1998?" Gowdy said. "Did he call on (U.S. Rep.) Gresham Barrett to resign while he runs for governor? Did he call on Lindsey Graham or Jim DeMint to resign when they ran for U.S. Senate while they were congressmen? I think the answer to all of those questions is no."

Many observers considered Gowdy a lock to run for state attorney general. Current Attorney General Henry McMaster is considered one of the frontrunners in the governor's race, although he has not yet formally announced his candidacy.

Gowdy said he considered a bid for AG, but that he "didn't feel led to run" for that seat.

A crowded field

Gowdy is the fourth announced challenger for the seat Inglis holds.

The field already includes Christina Jeffrey of Spartanburg, who campaigned for the state House District 32 seat in 2008, Air Force veteran Jim Lee and Duke's Sandwich Co. owner Andrew Smart.

State Sen. David Thomas and former Greenville County GOP chairman Steven Brown are said to be mulling entering the race.

Greenville GOP consultant Chip Felkel said Gowdy brings something to the table none of the other announced challengers have: Experience winning elections.

"He's certainly been out in the public more than the others," Felkel said.

"I guess the biggest thing he brings is that he is perceived to be someone who can bring Spartanburg votes into the mix."

Felkel said the crowded field plays in Inglis' favor. And he questions whether moderate Republicans are as disenchanted with Inglis as some challengers believe.

"Some of the activist people are upset with Bob over this or that," Felkel said. "... But I don't get the sense that the average man on the street has the level of discontent as some of the activists do."



**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 6/2/2009 9:47:15 AM  
**Subject:** Governor's Daily Press Briefing Text of Clips - Lawsuit Articles

Governor's Daily Press Briefing - Tue., June 2, 2009 - Lawsuit Articles

Gov. Sanford won't fight Supreme Court decision on stimulus

The State:

Gov. Mark Sanford said Monday he would not — win or lose — put the state through a protracted legal fight over control of \$700 million in stimulus money. It is a signal the dispute over the federal aid might be ending soon.

Sanford made the announcement after he received a major legal setback in federal court.

A federal judge ruled Monday that two lawsuits asking the state to determine whether Sanford or state lawmakers control the disputed money should be decided by the S.C. Supreme Court. Sanford wanted the lawsuits heard in federal court.

He acknowledged Monday it is likely he will lose the battle when the S.C. Supreme Court hears the cases Wednesday morning. If that happens, Sanford would withdraw his pending federal lawsuit.

"We will not attempt to exercise those appeals," Sanford said of his legal options. "Whatever decision (the S.C. Supreme Court) makes, we will live by.

"It looks like we will be bound to spend that money."

Sanford has refused to accept the money unless lawmakers pay off an equivalent amount of state debt.

Lawmakers included the money in their recently approved budget and ordered Sanford to apply for the funds, sparking three lawsuits, including one filed by the governor.

Monday's federal court hearing focused mainly on technical and procedural questions.

Sanford had asked a federal judge to decide if all three suits belonged in federal or state court. His attorney Adam Charnes argued the state could be sued because it was a "nominal" defendant in the case, or a party with no responsibility or fault.

But U.S. District Judge Joe Anderson rejected those arguments, and ruled that two suits, one brought by a pair of Midlands students and another by the S.C. Association of School Administrators, should be decided by the S.C. Supreme Court.

State Attorney General Henry McMaster, who is representing the state in the students' suit and is a defendant in the federal suit, took the position that the U.S. Constitution prevents Sanford from suing the state in federal court.

"I think he made the right decision," McMaster said, noting Anderson took no position on the cases' merits, leaving those decisions to the state court. "It's a question of states' rights.

Some legal experts think Sanford faces long odds in state court. The state Supreme Court in 2002, for example, ruled that then-Gov. Jim Hodges violated the separation-of-powers clause in the S.C.

Constitution by asking — without legislative approval — certain colleges and universities to return money from a special fund to help balance the budget.

With the S.C. Supreme Court quickly scheduling a hearing for both cases Wednesday, the months-long dispute could be settled before a July 1 deadline to request the money.

"The people of South Carolina, we believe, will get the hundreds of millions we need to move forward," said Dick Harpootlian, attorney for students Casey Edwards and Justin Williams, who filed one of the suits.

Superintendent of Education Jim Rex agreed, noting school districts have put their budgets on hold while the dispute has lingered. The money — about \$350 million in each of the next two budget years — could be here two to three weeks after S.C. submits its paperwork, the agency said.

"At this point, every day counts," Rex said in a statement. "But if they know the money is coming, they won't have to eliminate as many positions. They can avoid their worst-case scenarios."

But McMaster, who is a possible 2010 Republican gubernatorial candidate, worried a South Carolina Supreme Court decision would "erode the (governor's) powers almost into irrelevance."

Sanford said he was concerned about setting a legal precedent, but decided it was better to wait until a court orders him to accept the federal money.

Then, Sanford said, referencing a conversation with state Sen. Tom Davis, a longtime friend and former

chief of staff, state residents will "be awakened" to the extent of legislative control in South Carolina. Sanford noted the court is elected by lawmakers and must lobby the General Assembly occasionally. The whole situation, he said, makes the case to restructure state government to grant governors more executive power.

"If you're already naked, you're naked," Sanford said of requesting the money just to head off a court ruling. "The question is how you make it real to the average guy."

AP:

A federal judge dealt a major blow Monday to Gov. Mark Sanford's monthslong fight to stop South Carolina from taking \$700 million in federal stimulus money, and the governor said the battle may be nearing an end.

"It looks like we will be bound to spend that money," Sanford told reporters. "I would say that would be a very plausible outcome given the foreshadowing that's been done today."

The Republican with possible presidential aspirations has railed against President Barack Obama's \$787 billion bailout package, penning op-eds for national publications and appearing on television talk shows. But he's dealt with protests at home, where educators have predicated massive teacher layoffs without the money for already cash-strapped schools.

The state Supreme Court is scheduled to hear arguments Wednesday in lawsuits filed by two students and the South Carolina Association of School Administrators that seek to force Sanford to take the cash. U.S. District Judge Joseph Anderson on Monday rejected Sanford's efforts to get those suits into federal court.

"Hopefully we'll get our answers now," said Casey Edwards, one of the students who sued. She is to graduate from Chapin High School next week.

Sanford said he'll go along with whatever the state court decides. He had sued state Attorney General Henry McMaster in federal court after the legislature overrode his veto of a budget that required him to accept the \$700 million over two years. The judge made no decisions on that case, but Sanford said he'll drop it if he loses the state Supreme Court fight.

"We're not going to carry on with a whole series of legal appeals," he said.

Kershaw County Schools Superintendent Frank Morgan said the news brought an "overwhelming feeling of relief. This has been such a long, long, long process. ... I think we've put a lot of good people through a lot of stress and anxiety that I'm not sure was necessary."

His district stands to get about \$2 million of the \$185 million slated to go schools around the state.

The news came the same day that thousands of would-be teachers packed a job fair where districts were only hiring 300 educators.

State Education Superintendent Jim Rex was glad there'd be no more legal delays.

"We need to resolve this fiasco in a way that doesn't hurt kids. Every other state and governor is getting this done, and we need to get it done here, too," Rex said in a prepared statement.

Sanford has refused to request the \$700 million he controls unless it's used to offset state debt. The White House twice rejected that approach.

Sanford thinks the federal stimulus law will devalue the dollar and saddle generations with debt. Judge Anderson was no fan of it either, saying it was poorly written. But he noted it was clear Congress intended to allow legislators to get around governors who didn't want the money, citing the role that U.S. House Majority Whip Jim Clyburn, D-S.C., played in amending it.

Dick Harpootlian, the Columbia lawyer representing the students, said Sanford's legal efforts had amounted to delay tactics.

And Anderson noted the odd nature of the whole affair, quoting James Petigru, a former state attorney general who remarked when South Carolina seceded from the Union in 1860 that it was too small to be a republic and "too big to be an insane asylum."

Sanford noted the outcome likely weakens the powers of a governor's office that's already one of the weakest in the nation. Sanford's limited role involves a Cabinet, appointments to boards, vetoes and whatever he can do with bully pulpit of the office.

He could have requested the money and avoided a court decision that could mean reduced powers. But he said one of his advisers dismissed the idea, saying "if you're already naked, you're naked. Just call an ace an ace and don't try to pretend something is there that isn't there."

Wall Street Journal:

South Carolina Gov. Mark Sanford, who defied his own state to reject federal stimulus funding for his struggling government, lost a pivotal decision in federal court and said he now expects to be ordered to request the money.

A federal judge on Monday returned to the state Supreme Court two lawsuits demanding that the governor accept roughly \$700 million in federal aid. The state's high court is scheduled to take up the lawsuits on Wednesday.

The Republican governor suggested the state court likely will bow to the wishes of state lawmakers, who have ordered him to take the money. "Here we have a Supreme Court picked by the General Assembly," the governor said. "It looks like we will be bound to spend that money." He said he would abide by the court's ruling.

Mr. Sanford, the only governor to take his opposition to the bailout funding to court, said his best hope had been before a federal judge "because it's federal money and the federal prerogative, we believe, was given to the governor" to decide whether to accept the funds.

The state's legislature says the money is vital to avoid mass layoffs of teachers and other cutbacks. The U.S. Dept. of Education recently set a July 1 deadline for governors to apply for the so-called fiscal stabilization funds, which are slated to be used for education and public safety, among other things.

Mr. Sanford argues that only he, not the legislature, has the authority to apply for the stabilization funds. He also disputes the validity of the July 1 deadline, saying it contradicts a 2010 deadline set in the stimulus bill.

The state has accepted other stimulus funding, but Mr. Sanford has said in the past that he would apply for the \$700 million only if the state used an identical amount of money to pay down its debt. Altogether, including the \$700 million, South Carolina stands to get \$2.8 billion in stimulus funds.

The fight comes amid speculation that the governor is positioning himself for a 2012 presidential run. Mr. Sanford's critics accuse him of trying to curry favor with conservatives nationally who have opposed the stimulus program.

"I believe politically he's already moved beyond the state of South Carolina," said Glenn McConnell, a fellow Republican and president of the state legislature, who wants to request the \$700 million. "He's moved into the national arena."

Joel Sawyer, a spokesman for the governor, said his boss has "no plans" at the moment to run for president.

Last week, Mr. Sanford filed a federal suit against the state's attorney general, Henry McMaster, arguing that the state legislature violated federal law by ordering the governor to accept the stimulus money.

Although Mr. McMaster is a defendant in that suit as a representative of the state, the attorney general voiced support for Mr. Sanford, saying that the legislature, by attempting to order the governor to take the money, might be intruding on the governor's authority.

"I have grave concerns that the results of these cases may weaken the governor's office to the point of potential irrelevancy," Mr. McMaster said.

Mr. Sanford said that if he loses the state court cases, he will drop his federal suit against the state.

In his ruling Monday, Judge Joseph Anderson Jr. rejected the governor's bid to move the suits to federal court, saying the governor didn't prove his claim that the state is unable to preside over the cases.

Attorney Dick Harpootlian, who represents students who filed one of the suits, said the ruling "means this can be resolved quickly so that the people of South Carolina, we believe, will get the hundreds of millions of dollars they need."

New York Times:

Gov. Mark Sanford of South Carolina, who has refused to accept \$700 million in federal stimulus money, was dealt a major blow on Monday when a federal judge said two lawsuits seeking to require him to take the money should be heard in state court. The legislature has ordered Mr. Sanford to request the money, most of which would pay for education, but he has refused.

In a news conference after the ruling, Mr. Sanford said he would accept whatever decision the state court made, and acknowledged that he faced long odds in a state with a notoriously weak governorship and several previous court rulings that favor the legislature's authority over the governor's.

"It looks like we will be bound to spend that money," Mr. Sanford said.

Molly Spearman, the executive director of the South Carolina Association of School Administrators, which filed one of the lawsuits against the governor, applauded the announcement.

"Thank goodness for the people of South Carolina," Ms. Spearman said. "He's realizing that he's going to

lose and there's no reason to try and delay this any longer."

Judge Joseph Anderson of Federal District Court did not rule on a third lawsuit, filed by Mr. Sanford against the legislature, which argued that accepting the money would increase state spending to a level that would be unsustainable when the stimulus money runs out in two years.

The lawsuit contends that only governors can decide whether to accept the money in question.

In March, Mr. Sanford, a Republican who vocally opposed the Obama administration's stimulus plan, said he would not accept the \$700 million unless the legislature agreed to use the money to pay down debt. Legislators scoffed, saying it would be impossible to pay down debt and still maintain the financing required to qualify for the stimulus plan.

Instead, the Republican-dominated legislature passed a budget that included the \$350 million the stimulus would have brought this year. Mr. Sanford vetoed that part of the budget, but the legislature overrode his veto.

Mr. Sanford's critics say he has used his opposition to the stimulus package to boost his national profile for a presidential run while South Carolina suffers from the nation's second-highest unemployment rate. Mr. Sanford has appeared several times on national television and written opinion articles complaining that the package is fiscally irresponsible.

Although he is not running for re-election, he has run an advertisement in South Carolina in which he explained why he did not want the money, saying, "The easy thing isn't always the right thing."

But Mr. Sanford, the only governor to reject such a large portion of stimulus funds, has said his refusal to take the money has more to do with his desire to strengthen the state executive branch.

"This is not about the vetoes, and this is not about the stimulus," he said in a news conference when he filed his lawsuit. "If you allow the legislative branch to come in and usurp power that's been granted through a federal law, where are we in terms of balance of power in this state?"

Post and Courier:

Gov. Mark Sanford said Monday that after waging his fight against the federal stimulus package for four months, he will let the state Supreme Court have the last word. The justices scheduled a hearing Wednesday morning to ultimately decide if South Carolina will receive the cash.

If the high court rules against Sanford, the money would begin flowing to public schools, law enforcement programs and colleges and universities on July 1. The money is to be split evenly between the next two fiscal years.

Sanford said he wouldn't be surprised if he lost the court battle. But if he wins, it is less clear what would happen with the disputed \$700 million. That money could be divided among other states, and public school officials warn that fewer teachers will be in the classrooms at the start of the new school year.

"I think you need to decide in every debate where you stop, and our stopping point is, when the Supreme Court rules, we will abide by whatever they decide," Sanford said.

The two-term Republican governor is by many measures the country's most outspoken critic of the \$787 billion American Recovery and Reinvestment Act that was signed by President Barack Obama in February.

South Carolina's share is \$2.8 billion, which could grow to \$8 billion when tax breaks and grants are included. Sanford maintained that he could only reject \$700 million, the portion set aside for education and law enforcement spending in the next two state budgets. The governor said, though, that he would accept the cash on one condition: The Legislature must apply an equal amount of state dollars toward debt.

Sanford is adamant that spending the stimulus cash at the state and federal level will create a worse economic situation in the future. He argued that the state could fund its core government services, such as public schools, adequately if lawmakers were more responsible with money.

After cutting more than \$1 billion from government agencies in the last year, legislative leaders said Sanford's position was not realistic.

The White House twice refused Sanford's debt proposal. The Legislature also dismissed the idea and attempted to force Sanford to take the money, which in turn spurred litigation.

Earlier Monday, a federal judge said the state Supreme Court was the appropriate venue to resolve the dispute. U.S. District Judge Joseph Anderson Jr. sent two of three stimulus lawsuits back to the state's high court.

The third suit was filed by Sanford against Attorney General Henry McMaster, in his official role to enforce the laws of the state. The governor asked the court if the Legislature overreached in its attempt to force him to take the money, and upset the balance of power in the state.

Sanford said he would drop that suit if he loses in state court. A hearing in the federal case is not expected until after a decision is returned on the state suits.

If he does lose, Sanford said he hopes residents will better see the problems with the state's 1895 constitution.

"We continue to believe that this issue is fundamentally about the balance of power and separation of powers in our state, and our hope is that however it turns out it will serve as a reason for more people to make their voices heard about the outdated and bizarre government structure in South Carolina," Sanford said.

Senate leader Glenn McConnell, R-Charleston, said that the governor's assertion proves that he is more interested in power than the merits or demerits of the stimulus cash.

"This is a power hunt," McConnell said. "It validates my opinion that he was in the federal courts looking for them to legislate from the bench to rewrite the South Carolina Constitution."

Sanford press secretary Joel Sawyer said the governor is only interested in creating more coequal branches of government. The Legislature's control over South Carolina's governance is undeniable, and if McConnell believes the current system is working, then he is kidding himself, Sawyer said.

"Senator McConnell's life in politics has been about preserving and increasing power for the Senate; we see where it's gotten South Carolina," Sawyer said.

Superintendent of Education Jim Rex, a Democrat, said he is pleased that Sanford won't prolong the court battle if the Supreme Court rules against him.

The state Department of Education estimates, based on district surveys, that about 2,600 jobs, including 1,500 classroom teaching positions, will be eliminated next year unless the state receives the first \$350 million installment of the stimulus cash. If the money is available, 700 jobs could be saved, including 500 teaching positions.

Lowcountry districts anticipate avoiding layoffs by not replacing staff that retires or quits at the end of the school year.

"We need to resolve this fiasco in a way that doesn't hurt kids," Rex said. "Every other state and governor is getting this done, and we need to get it done here, too."

#### Greenville News:

A dispute between legislators and Gov. Mark Sanford over accepting \$700 million in federal stimulus aid could end this week if the South Carolina Supreme Court rules against him, Sanford said Monday.

His comments came shortly after the justices scheduled a hearing for Wednesday to listen to arguments on two stimulus lawsuits.

U.S. District Judge Joseph Anderson on Monday decided that the lawsuits, which had been removed last week by Sanford to federal court, should more properly be heard before the state's Supreme Court. He didn't take any action on a suit filed by Sanford in federal court, which argues that the Legislature is improperly trying to force him to take the money.

Sanford told reporters Monday that he won't continue his fight if the Supreme Court rules against him in the other two cases and won't appeal. One case was filed by two students against the state, asking the justices to declare that the Legislature can accept and spend the money. The other was filed by school administrators against Sanford and state Superintendent of Education Jim Rex.

"We continue to believe that this issue is fundamentally about the balance of power and separation of powers in our state, and our hope is that however it turns out it will serve as a reason for more people to make their voices heard about the outdated and bizarre government structure in South Carolina," Sanford said.

"Legislative dominance in our state costs all of us in very real terms for the way it breeds duplication and waste. If we ever want to be competitive as a state in the 21st Century, it starts with having a 21st Century government structure."

Resolving the issue this week would help officials meet a July 1 deadline for states to apply for the money. Supporters of the stimulus had said they believed Sanford was using federal court because the process there would take longer and might run past the deadline.

Sanford's statements Monday pleased Rex, who had argued for months that the state should take the money to help reduce teacher layoffs because of budget shortfalls.

"It's gratifying to hear that the governor doesn't plan to delay a resolution by filing an appeal," Rex said. "We need to resolve this fiasco in a way that doesn't hurt kids. Every other state and governor is getting this done, and we need to get it done here, too."

Sanford removed the two other cases because he said the primary issues were ones of federal law and involved federal money. The governor has refused to apply for about \$700 million in federal stimulus aid available over two years unless legislators agreed to spend an equal amount on debt. Legislators have ordered him to apply in a section of the budget and also included \$350 million of stimulus aid in their spending plan.

After legislators overrode his vetoes on the budget, Sanford took the issue to federal court, then removed the state lawsuits hoping all three could be consolidated before a federal judge.

But lawyers in the cases that Sanford moved to federal court told Anderson in a courtroom packed with lawyers and state employees that their clients never consented to the move and their suits involve state issues that should be heard by the South Carolina Supreme Court.

"We do not think we are here properly," said Bob Cook, arguing on behalf of state Attorney General Henry McMaster. "It's very clear this case needs to go back."

Adam Charnes, a Winston-Salem, N.C., lawyer representing Sanford in the hearing, argued that the predominant issues in the cases were of federal law, that the federal stimulus bill gives only governors the discretion to apply for the aid. He also argued that while the state didn't consent to the switch, it didn't need to because it was only a "nominal" party in the case. The plaintiffs were clearly after the governor in their legal actions, he said.

He also began arguments on the merits of the case itself, showing Anderson giant depictions of the federal law and noting that the official application for the aid requires the governor or his representative to sign seven times.

Anderson observed that an amendment crafted by U.S. Rep. Jim Clyburn of South Carolina whose intent was to give legislatures the power to bypass any governor refusing to accept it was "inartfully drafted" because its scope appeared to be limited to certification, the first step in getting the money.

Charnes argued that the law must be read according to its language, not its intent.

"It's not up to the court to rewrite statutes," he said.

However, Sanford's foes in court said Congress' intent was clearly to bypass the governor and that in any case the issue before the court was whether the cases belonged in state court.

"If the governor had not removed this case last Wednesday, we would not be here today," argued Dick Harpootlian, a Columbia lawyer representing the students, including a Chapin High School senior headed in the fall to Duke University.

Anderson said while the answer as to whether the two state cases should be tried in federal court is "far from clear," he was sending them back to the Supreme Court, an "appropriate" jurisdiction.

McMaster said afterward the question at the heart of the matter – whether a state legislature can force a governor to seek federal money even when the federal law involved requires the governor to apply for the aid – is a novel one.

"We can't find anything like this anywhere else in the country," he said.

#### Independent Mail:

A federal judge has sent back to the South Carolina Supreme Court two lawsuits over federal stimulus money.

Motions in the cases were heard Monday in Columbia before U.S. District Judge Joseph Anderson.

Both lawsuits, one filed by the South Carolina Association of School Administrators and one filed by two South Carolina students in state court, seek to force Sanford to accept \$700 million in federal stimulus money to help cover revenue shortfalls.

Sanford had asked Anderson to combine the two lawsuits with one he filed in federal court challenging a law by the South Carolina General Assembly that ordered Sanford to seek the money.

Sanford already has refused to abide by the lawmakers' order that he seek the money within five days.

But Sanford said he won't drag out the legal battle.

Sanford told reporters Monday that he wasn't optimistic the court would side with him. He said that if he loses the Supreme Court cases he will drop his federal lawsuit against the stimulus money.

In all, South Carolina agencies and programs stand to get up to \$2.8 billion over two years from Washington.

State Sen. Kevin Bryant, R-Anderson, said it was now up to the courts.

"The Supreme Court has the final say," he said. "What I want to know is do the courts have the power to decide where the funds are spent? Who is supposed to appropriate the fund?"

Bryant said some lawmakers were discussing whether some of Sanford's vetoes previously over-ruled by

the legislature could be brought to the floor again.

Other lawmakers applauded the court's response.

"This decision was critical for a quick resolution of the stimulus cases," said state Sen. John C. Land III, D-Manning.

"South Carolina cannot afford to wait much longer for an answer on whether or not we should accept our own tax dollars. I'm optimistic that the South Carolina Supreme Court will do the right thing and require Gov. Sanford to accept the money."

**From:** Patrick Franks  
**To:** MCS Road  
**Date:** 6/1/2009 8:17:40 PM  
**Subject:** 206-234-3450

[REDACTED]

Patrick K. Franks  
(803)-734-5195

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**From:** Joel Sawyer  
**To:** Road, MCS  
**Date:** 6/1/2009 4:10:34 PM  
**Subject:** PLEASE REVIEW - Release for Today

#### Governor Sanford Won't Appeal S.C. Supreme Court Decision

Columbia, S.C. – June 1, 2009 – After a federal judge today sent two stimulus lawsuits back to the state Supreme Court, Governor Mark Sanford said he would not make any state or federal appeals of whatever is decided by the state's top court, and will carry out whatever their decision is regarding a disputed \$700 million in federal stimulus funds.

Governor Sanford had sought to use state dollars equal to about 10 percent of stimulus funds South Carolina was slated for in order to pay down state debt, so that future generations – those who will ultimately pay the bill for the so-called "stimulus" spending – would receive some benefit from the government services of today being paid for with the tax dollars of tomorrow. Instead, the General Assembly forced the governor to apply for the funds, and spent them without any corresponding debt relief or accompanying reform to state government.

Two state suits had been filed seeking to force the governor to apply for the federal funds. The governor had sought to have those claims consolidated with his own and have all three heard in federal court. With the federal judge sending two suits back to state court today, the state Supreme Court will almost certainly make the final ruling in the case.

Gov. Sanford noted that if the case is decided against him, he hopes that it serves as a wake-up call for fixing South Carolina's outdated government structure.

"We continue to believe that this issue is fundamentally about the balance of power and separation of powers in our state, and our hope is that however it turns out it will serve as a reason for more people to make their voices heard about outdated and bizarre government structure in South Carolina," Gov. Sanford said. "Legislative dominance in our state costs all of us in very real terms for the way it breeds duplication and waste. If we ever want to be competitive as a state in the 21st Century, it starts with having a 21st Century government structure."

~~###~~

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**From:** Joel Sawyer  
**To:** Road, MCS  
**Date:** 5/29/2009 3:34:02 PM  
**Subject:** PLEASE REVIEW - Davenport Response

Please see below. Questions are in bold, answers in plain text:

Need clarification on the lawyers' working pro bono on the stimulus litigation. The firm's co-chairman says he won't dispute MS's description. But I read somewhere guess that that may only apply to Foster's work, not all of Kilpatrick Stockton's. - The governor addressed this last week. Yes, only Foster is pro-bono, and there may be other costs incurred to the firm, in which case they have agreed to represent us at a substantially reduced rate. And, did gov ask Foster or did Foster volunteer to handle this? - The governor had no personal contact with anyone from the firm regarding the case until this week. We had a conference call that included the governor on Monday -- prior to that, it had all been handled on a staff level. Follow The Money shows \$14,500 and some change coming from the lawyers at that firm handling the case. Have they benefited from those donations? How did MS get to know these folks? They handled some Jasper port stuff, but not sure if gov had a connection earlier. - We looked at a number of firms before deciding on Kilpatrick-Stockton. For example, we contacted Haynesworth, Sinkler and Boyd but they were conflicted out due to their representation of several school districts. We also contacted Willoughby and Hoefer, but they were conflicted out because they had already given advice to the House of Representatives on this case. The firms we looked at were vetted by the governor's in-house counsel. There are a limited number of firms, usually larger firms, that would have the capacity and expertise that we would need to handle of case of this type. Based upon their familiarity with the federal law issues related with the stimulus and the fact that they've done work for us in the past on the Jasper Port issue, staff recommended Kilpatrick-Stockton to the governor, which he agreed to. His only caveat was that whoever we chose, that we work to get as much of the work as possible done for free, which we did. I am not going to get into the business of trying to prove a negative, and I would urge you not to take that approach in your reporting, as the above question does. Above are the reasons we hired Kilpatrick-Stockton, period -- please don't get into a refrain of 'The governor's office denied this and the governor's office denied that.' In that same vein, in looking at those larger firms, you would be hard pressed to find one whose attorneys haven't given to a number of candidates over the years, as individuals or as a firm. So to that end I would urge against taking a myopic view of the governor's representation. Nelson-Mullins and Nexsen-Pruet frequently have business before the state, and their attorneys have given thousands to state officials. Not only that, but those firms also engage in lobbying efforts before the General Assembly. Nelson Mullins -- the same firm Dwight Drake works for -- represented the governor on the Workers' Comp case. The House and Senate passed a budget just weeks ago that included an appropriation to pay legal bills for Sowell, Gray, Stepp, representing the legislature in the Abbeville case. It would be worth checking to see if attorneys at that firm have donated to any legislators or other state officials. I think you even told me yourself that Harpootlian is a maxed contributor to McMaster -- who Harpootlian just sued. John Foster with the firm confirms he flew gov candidate MS around in first campaign. Was that work disclosed by the gov's campaign as in kind contribution? - Yes, it was reported as a \$1,300 in-kind contribution. Also, can the insurance reserve fund be used if the governor initiated the action? Sponhour says the fund generally only used in defense. While MS was sued in the school admin action, he sued McMaster and volunteered to enter the Edwards case. Sounds like that's tough to sort out. - We believe the IRF can and will be used to cover any cost overruns. In the past, the IRF has agreed to cover costs in similarly situated lawsuits. Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
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**From:** Paula Rauch  
**To:** governors\_office\_all  
**Date:** 5/29/2009 9:40:33 AM  
**Subject:** Job Vacancies

The following positions in OEPP are now available for applications at: [www.jobs.sc.gov](http://www.jobs.sc.gov)

1. Case Manager/Administrative Assistant-Guardian ad Litem (Full-time/Time-Limited, Oconee County).
2. Data Coordinator I-Office of Economic Opportunity (Full-time/Temp-Grant, Richland County).
3. Auditor III- Office of Economic Opportunity (2 full-time/Temp-Grant positions, Richland County).
4. Fiscal Analyst II-Office of Economic Opportunity (2 full-time/Temp-Grant positions, Richland County).
5. Program Coordinator I-Office of Economic Opportunity (3 full-time/Temp-Grant positions, Richland County).

Thank you

Paula Rauch  
Human Resources Specialist  
Human Resources  
Office of the Governor  
803-734-0502  
[prauch@oepp.sc.gov](mailto:prauch@oepp.sc.gov)

**From:** Barton Swaim  
**To:** [REDACTED]jsawyer  
**Date:** 5/28/2009 6:08:46 PM  
**Subject:** [REDACTED]

[REDACTED]

Barton Swaim  
Office of Gov. Mark Sanford  
(803) 734-5258 desk  
[REDACTED]

**From:** Patrick Franks  
**To:** [REDACTED] MCS Road  
**Date:** 5/28/2009 5:30:12 PM  
**Subject:** Barry MacLean's #

[REDACTED]

Patrick K. Franks  
(803)-734-5195

\*\*\*\*\*  
\*\*\*\*\*

**From:** Joel Sawyer  
**To:** Franks, Patrick  
**Date:** 5/27/2009 2:57:44 PM  
**Subject:** SHOW TO MS ASAP

Patrick -

Please show these to MS as soon as possible. Below is a release, and a letter to the Supreme Court

**RELEASE:**

**Governor's Counsel Removes Second Case to Federal Court**

Columbia, S.C. – May 27, 2009 – Counsel for Governor Mark Sanford today removed the second of two actions regarding a disputed \$700 million in stimulus funds to federal court.

The governor was made a respondent today in the suit – originally filed by former S.C. Democratic Party Chairman Dick Harpootlian and former video poker operative Dwight Drake – and after consideration filed to remove that suit to federal court as well, because it primarily deals with federal law.

Yesterday, the governor's counsel filed to remove the S.C. Association of School Administrators suit to federal court. On Friday a federal judge will receive briefs and on Monday will hear arguments on whether to keep that case in federal court.

The governor's counsel is hopeful that the federal court will also consider on an expedited basis whether to keep the Harpootlian-Drake suit in its purview as well.

The governor said he holds the S.C. Supreme Court in the highest regard and means no slight to this Court in removing the Edwards case. His counsel believes that consolidating the three cases involving federal law in one forum will mean that the issues will be decided quickly.

"This issue is one that needs to be decided quickly because of the very legitimate questions it raises about the balance of power and the separation of powers in South Carolina, and we're pleased that all signs are pointing toward an expedited resolution," Gov. Sanford said.

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**LETTER**

The Supreme Court of South Carolina  
Columbia, SC

Re: Edwards v. South Carolina

May It Please the Court:

As the Notice we filed today states, this case has been removed to the Federal District for South Carolina. I wish to explain our action and to make clear that we mean no disrespect to this Court in removing.

When we reviewed the Edwards case, it became clear to us that the Governor ought to be a party to that case to defend the interests of his office. We further concluded that, since two actions involving the same issues were in federal court, the case ought to be removed. Judge Anderson has scheduled a hearing on jurisdiction on Monday, June 1, so the federal issues may be expected to be quickly resolved.

The Governor has asked me to make it particularly clear that he holds the Court in the highest regard and means no slight to this Court in removing the Edwards case. We submit that consolidating the three cases involving federal law in one forum will mean that the issues will be decided quickly.

Respectfully,

John W. Foster

Joel Sawyer  
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**CC:** Road, MCS

**From:** Joel Sawyer  
**To:** [REDACTED] Road, MCS  
**Date:** 5/26/2009 6:51:21 PM  
**Subject:** UPDATED VERSION - Review this instead

#### Governor's Counsel Will Move to Intervene in State Supreme Court

Columbia, S.C. – May 26, 2009 – Counsel for Governor Mark Sanford today said they will move to intervene in a state court case regarding a disputed \$700 million in stimulus funds, after the Supreme Court this afternoon released its schedule for hearing the case.

The state Supreme Court today said it has accepted original jurisdiction over the suit -- originally filed by former S.C. Democratic Party Chairman Dick Harpootlian and former video poker operative Dwight Drake – and will hear oral arguments on Thursday. This expedited timeline now makes it appropriate for the governor to intervene, which was initially decided against before these developments.

Earlier today, the governor's counsel filed to remove the S.C. Association of School Administrators suit to federal court. On Friday a federal judge will receive briefs and on Monday will hear arguments on whether to keep that case in federal court.

"This suit is about the fundamental balance of power between the Executive and Legislative branches of South Carolina government, and given the state Supreme Court's expedited handling of this matter we believe it will make sense to intervene based on these developments," Gov. Sanford said.

-###-

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**From:** Joel Sawyer  
**To:** [REDACTED]: Road, MCS  
**Date:** 5/26/2009 6:23:03 PM  
**Subject:** PLEASE REVIEW

Governor's Counsel Will Move to Intervene in State Supreme Court  
HEARING SCHEDULE FOR HARPOOTLIAN-DRAKE SUIT  
GIVES NEW WINDOW FOR INTERVENING

Columbia, S.C. – May 26, 2009 – Counsel for Governor Mark Sanford today said they will move to intervene in a state court case regarding a disputed \$700 million in stimulus funds, after the Supreme Court this afternoon released its schedule for hearing the case.

The state Supreme Court today said it has accepted original jurisdiction over the suit -- originally filed by former S.C. Democratic Party Chairman Dick Harpootlian and former video poker operative Dwight Drake -- and will hear oral arguments on Thursday. This expedited timeline creates a new opportunity for the governor to intervene as a defendant, which was initially decided against before these developments.

Earlier today, the governor's counsel filed to remove the S.C. Association of School Administrators suit to federal court. On Friday a federal judge will receive briefs and on Monday will hear arguments on whether to keep that case in federal court.

"This suit is about the fundamental balance of power between the Executive and Legislative branches of South Carolina government, and given the state Supreme Court's expedited handling of this matter we believe it will make sense to intervene based on these developments," Gov. Sanford said.

~~###~~

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**From:** Barton Swaim  
**To:** [REDACTED]  
**Date:** 5/25/2009 8:30:06 AM  
**Subject:** text of Memorial Day press clips

CONTENTS:

- \*Gov. Sanford to let bogus 'deadline' pass
- \*Despite faltering economy, legislature does little on economic development
- \*Consolidation of Dorchester County school districts back on radar

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Sanford to let stimulus request deadline pass  
The Associated Press

South Carolina Gov. Mark Sanford won't heed a deadline to request federal stimulus cash.

Sanford has until Monday to request \$700 million that the state can use during the next two years mostly to help public schools.

But Sanford spokesman Joel Sawyer says the budget law requiring that is unconstitutional and the governor will ignore the rule.

Another deadline looms Tuesday. The state Supreme Court has told Sanford and other to have papers filed in lawsuits filed there that try to force Sanford to request the cash.

Sawyer says those cases are without merit and the whole issue should be fought in federal court where Sanford has filed a lawsuit.

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Jobs bills lacking despite high jobless rate  
By GINA SMITH, The State

Despite South Carolina's third- highest-in-the-nation jobless rate and a recession that has hit the state's economy hard, very few economic development or job bills were introduced during the just concluded legislative session.

Left on the legislative table Thursday, when lawmakers headed home, were:

- A bill by Senate Majority Leader Harvey Peeler, R-Cherokee, to give tax credits to employers who hire the unemployed. The bill lost its luster after the state Board of Economic Advisors said the bill would cost the state's budget \$132 million next year.

"I said, 'If there's a better idea, then let's jump on it,'" Peeler said. "But let's try something. Let's get something going."

- A resolution by state Sen. John Scott, D-Richland, to create a bipartisan study committee to develop solutions to the state's economic crisis. Despite 36 sponsors, the bill never made it out of a Senate committee.

"There is no excuse for this not getting out," Scott said. "These folks could be working right now to find new ways to help this state."

House Speaker Bobby Harrell, R-Charleston, points the finger at a fellow Republican, Gov. Mark Sanford, for the lack of response to the crisis.

Traditionally, the executive branch and state Department of Commerce work to recruit industry to the state and advise the General Assembly on what legislation is needed, Harrell said.

"I have been incredibly surprised to see our unemployment rise and our governor's interest not increase," Harrell said, adding Sanford has far more economic development tools than past governors who served when the state's jobless rate was below

the national level.

Sanford's toolbox includes a \$7 million "deal-closing fund" created in 2006 to entice large companies to the state.

But the Department of Commerce and Joel Sawyer, Sanford's spokesman, point their fingers at the GOP-controlled Legislature.

They say it has not funded the deal-closing fund for the past two years and the Department of Commerce has taken big budget hits.

They say the burden falls on Harrell for failing to push key legislation through the General Assembly that would have lessened the recession's grip on the state.

"Even things that (Harrell) said he was in support of didn't make it to (the governor's) desk," Sawyer said, referring to the elimination of the corporate income tax and restructuring the Employment Security Commission.

"These would have simultaneously grown existing businesses and brought new business to South Carolina," said Commerce chief Joe Taylor, a Sanford appointee.

Taylor also said he would have liked to see property reassessments capped at 15 percent at the point of sale. Advocates say that controversial bill, which did not pass this session, could help revive flagging home sales.

Harrell spokesman Greg Foster said, while the House speaker supports restructuring the Employment Security Commission, "it won't create one new job in South Carolina."

Other legislators have complained Sanford's Commerce Department is ineffective, failing to land the big job-creating companies that other S.C. governors have attracted to the state.

#### 'NO MAGIC SOLUTION'

While the politicians point fingers, Don Schunk, research economist at Coastal Carolina University, said South Carolinians should not look to state leaders to provide short-term fixes to the economic downturn.

"There is no magic solution, no magic bullet that states can implement to help their economies short term," Schunk said.

"They can't go out and borrow a bunch of money like the federal government can to jump-start their economy."

But some legislators say any possibility of aiding the state's economy evaporated in the fight, now headed to court, between Sanford and lawmakers on whether to accept disputed federal stimulus money.

That fight backlogged the legislative calendar, they say.

"It was stimulus, stimulus, stimulus all session," said House Minority Leader Harry Ott, D-Calhoun. "Everything got bogged down and overshadowed by the feud within the Republican Party (over whether to accept stimulus funds)."

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School district merger idea rekindles

Consolidating Districts 2 and 4 long has been sensitive issue involving race, money and power

By Diane Knich

The Post and Courier

Talk of merging Dorchester County's two school districts, an idea that over the years never seems to move forward yet never seems to go away, again is circulating among school board members and residents.

Consolidation long has been a controversial issue, with the lower and upper parts of the county divided by race, money and power. District 2, a suburban area with a school population of 22,000 predominantly white students, is growing rapidly and has 21 schools. District 4, a rural area with a predominantly minority population, serves about 2,600 students in five schools.

Leaders in District 4, however, expect enrollment to grow in the next five to 10 years along with business development near the intersection of interstates 95 and 26.

District 2 Superintendent Joe Pye raised the issue publicly this month at a school board meeting when he mentioned the idea of resuming consolidation discussions with representatives from District 4. Pye said he brought up the matter in response to a request from some school board members who had discussed it with state Sen. Mike Rose, R-Summerville.

Pye said he knows that merging the districts is a sensitive issue for many people and that there is no hidden agenda. If the

two districts were to merge at some point — a change that could take several years even if both districts agree to it — everybody would have to be a player, he said. He doesn't want anybody to get the impression that District 2 is trying to take over the smaller District 4.

Gail Hughes, one of the District 2 board members who supports starting discussions on consolidation, said the move could benefit both districts.

District 4 could benefit from having access to District 2's resources, reputation and larger pool of teacher applicants, Hughes said. And District 2, which has many overcrowded school buildings, could benefit by using space available in District 4's schools. The merger also might allow both districts to pool some resources to expand vocational programs, she said.

She also said that some District 4 school board members have told her they want to discuss consolidation.

Rose said he neither supports nor opposes the merger. "I'm always looking for ways to improve services to children and to cut

costs," he said. But he's unsure if consolidation would accomplish those goals. He'll listen to the school leaders'

recommendations on the issue, he said, but is growing tired of consolidation discussions that stir up ill will and don't go anywhere.

Kenneth Jenkins, chairman of the District 4 school board, said he and other board members are willing to

discuss the merger.

"Nobody is against consolidation, but we want all board members and the community on board." Many upper-county residents are wary of such discussions, he said.

"Folks out here see Summerville as the big fish and we could easily be consumed." He thinks residents could change their stance if they are included in the discussions as equals and from the beginning.

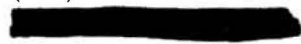
He said a lot of previous discussion on merging the districts included a lot of talk about money and not about children.

Some state officials, including Gov. Mark Sanford, have said the state could save money and that districts would run more efficiently if some of the state's smaller school districts merged with larger ones within their respective counties.

But Sanford press secretary Joel Sawyer said consolidation remains a politically sensitive issue. Consolidation is a legislative decision, he said. But a House bill sponsored this year by Rep. Kenneth Kennedy, D-Greeleyville, that would require counties to have only one school district hasn't moved forward, Sawyer said.

During Sanford's years in office, only one consolidation has occurred, Sawyer said. That was last year when two districts in

Sumter County merged. He said the merger happened because both districts strongly supported it.

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Legislative session ends with virtually no goals accomplished

SC Legislature: As GOP bickers, little gets passed

By Robert W. Dalton  
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Call it the state Legislature's lost year.

While lawmakers wrestled with budget woes and jousted with Gov. Mark Sanford over his refusal to accept \$700 million in federal stimulus funds, many big-ticket items were pushed aside. Among the issues left on the table were proposals for spending limits, a cigarette tax increase, voter ID, a 24-hour waiting period for a woman to receive an abortion, point-of-sale legislation aimed at spurring the real estate market and government restructuring.

"Our year-end report might fit on an index card," said Rep. Harold Mitchell, D-Spartanburg. "My first year we got more done in one month than we did this entire session, and we did it with heavy debates."

There was plenty of finger-pointing for the lack of progress. Mitchell gave most of the blame to a rift between members of the Republican Party.

"People are finally realizing that the Club for Growth people are wanting to go way, way to the right," Mitchell said.

Senate Majority Leader Harvey Peeler, R-Gaffney, said a split in the Republican caucus made a difficult year even more challenging.

"Half of the caucus loves Mark Sanford and half does not," Peeler said. "I'm going to stop short of saying the governor is a toxic asset to the Republican Party, but for somebody to be so skinny, he sure is a heavy load to carry."

Sanford spokesman Joel Sawyer said the Republican senators who vote with the Democrats are the real "toxic asset."

"There are so-called Republicans in our state Senate who could make Arlen Specter blush," Sawyer said.

Peeler said the back-and-forth over the stimulus money prevented the Legislature from focusing on more important issues - such as attacking the state's unemployment rate. A bill he sponsored to give tax credits to companies that hired unemployed workers cleared the Senate, but stalled in the House.

"There was some concern about the fiscal impact," Peeler said. "But you can't put a price tag on getting people off the unemployment rolls."

Peeler said the Senate also spent too much time debating a joint resolution reaffirming the state's rights under the 10th Amendment. Sen. Lee Bright, R-Roebuck, was the primary sponsor, although Peeler signed on as a co-sponsor.

"If you want to point at one legislative issue that gummed up the works, that was it," Peeler said. "It's discouraging that Sen. Bright insisted on that. We attempted some amendments that would have made it more palatable to the body, but it was all or nothing with him."

Bright said the proposed changes, however, made the resolution unpalatable to him - including one, he said, that would have given the state the "right" to accept the stimulus funds. He said some senators wanted to "pass a watered-down bill and declare victory."

"Senator Peeler is the majority leader, and nothing was accomplished," Bright said. "If he wants to blame the failure to move one bill that was introduced Feb. 12 on a freshman senator, that's his prerogative."

While Peeler and others contended the 10th Amendment resolution carried little weight, Bright said it was crucial.

"States have the power to come together and suspend the federal government, and I think they need to know that we know we have that right. Power is taken if it's not asserted," he said.  
Payday lending bill

Bright also said the reason the priority items didn't make it through was because many of his fellow Republicans caved easily. He said a prime example was the bill to regulate the payday lending industry (which passed in a rush on the final day).

"There was a strong filibuster (by opponents), but not once did anybody collapse on the floor," Bright said. "We could sit there for two or three days, but nobody could stand there and talk for two or three days. ... We just don't have the political will. We roll over if it gets inconvenient for us."

Sen. Glenn Reese, D-Boiling Springs, said he was taking the lack of movement in stride. He said anything that wasn't dealt with this year would be waiting when the Legislature reconvenes in January.

"I don't get too frustrated," Reese said. "The state survived last year and the year before; it will survive this year until we get back."

But Sawyer said Sanford was disappointed that items lawmakers said they agreed with him on didn't make it to his desk. Chief among those were spending limits and government restructuring.

"The bottom line is they said they were going to get these things done," Sawyer said. "They didn't, and they need to be held accountable."

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Gridlock rules in General Assembly

As session draws to a close, lawmakers have little to show for their efforts  
Leroy Chapman, The State

State lawmakers finished a shortened session last week, failing to address an ambitious agenda that in January promised to expand health care, restructure state government and reform voting.

The deepening national recession, which resulted in a \$1 billion reduction in state revenue and record unemployment, had lawmakers scrambling to find ways to reshape state government around an infusion of federal stimulus money meant to soften the recession's impact.

At the close of the session, lawmakers can point to new regulations on the payday lending industry as their signature accomplishment.

The General Assembly will return June 16 to deal with nonbudget vetoes by Gov. Mark Sanford and bills that passed both chambers with differences that need to be resolved.

Chief among them is a bill that would establish a state Tax Realignment Commission. The 11-member commission would review the state's tax exemptions —about \$2 billion a year — recommending which should be kept and which should be eliminated.

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Sanford vs. Legislature likely to result in landmark decision

BY BARBARA S. WILLIAMS

Sunday, May 24, 2009

The impassioned stimulus fund showdown between Gov. Mark Sanford and the Legislature took an unprecedented turn last week, straight into federal court. No question the governor has a better chance of winning there than he would in a S.C. Court where precedent seems against him.

While the facts vary, Sanford isn't the first governor in this state to run into the Legislature's legal superiority. Indeed, according to one expert, there are several instances where governors, including Olin Johnston and Burnet Maybank, were mandated by state courts to perform a legislatively imposed ministerial duty.



In those instances, the legal remedy was what's known as a writ of mandamus, which was the court's way of telling the governor that in this state, at least, he has to follow legislative dictate. That can be, and has been, as explicit as requiring him to appoint a legislative nominee or call a special school trustee election. Or as one legal expert noted, it can be as general as requiring the Department of Revenue, which is under the governor's control, to collect legislatively approved taxes. But until a few weeks ago, there was nothing in state law that said the governor had to accept federal stimulus money. Indeed, the attorney general agreed that under the new federal law, the application for those funds was at the governor's discretion. That was before the Legislature passed a budget that included \$350 million of those dollars and mandated that the governor ask Washington for the funds. Further, the budget bill gave the governor a five-day deadline to apply for the first phase of the fiscal stabilization money and another 30 days to ask for the second phase. In his federal lawsuit filed late last week, the governor contends that mandate not only violates the federal law that gives him the exclusive discretion to request that portion of the stimulus funds but is in conflict with the state's constitutional separation of powers provision. A number of legal experts could recall no other instance in the state's long history where the governor took on the Legislature in federal court. While the attorney general is named as the defendant, that's a technicality. In fact, the suit is a continuation of the bitter battle between this governor and the majority of the House and Senate.

His complaint includes the argument that the state Legislature doesn't have the power to change the terms of a federal law or to require him to agree to certain federal educational mandates that are attached to the federal grant. It also anticipates that a previous state lawsuit to require him to apply for the funds, which the S.C. Supreme Court found premature, would be reinstituted. That suit was filed in the state Supreme Court late Friday, and the chief justice quickly ordered the attorney general to respond no later than noon Tuesday. The governor is asking the federal court to tell the attorney general not to attempt to legally enforce the Legislature's deadline.

With legal battles now on two fronts, one key question is which court will act first. Let's suppose the S.C. Supreme Court quickly decides that the governor must follow the Legislature's directive. According to legal experts, there are states where the judicial branch is prohibited from forcing the governor to carry out certain executive branch duties. But that hasn't been the case in strong legislative states and South Carolina is among the strongest. Sanford doubtless would dispute the validity of such a decision and argue his right to await a federal ruling.

If a federal court does stand aside while the state's high court rules, that could be bad news for the governor. Some experts believe this is the kind of issue federal courts like to leave to a state's political process. Conversely, if a federal judge concluded that a state's legislature's control of a governor's executive powers is an unconstitutional violation of the separation of powers that would, indeed, be big news.

Confrontations among and within the various branches of state government are by no means peculiar to South Carolina, but the experts note those issues generally are resolved by political compromise rather than court mandate.

There is little expectation that can happen in this instance. The animosity between the legislative and executive branches has long passed that point. Regardless of the outcome of Sanford's unprecedented appeal to the federal courts to rein in the Legislature, legal experts say the outcome will be a landmark decision. The only hedge is a possibility that the state court will find that an amendment by Congressman James Clyburn does give the Legislature the power to apply for the funds. Absent that, the end political result of a ruling on this conflict between the legislative and executive branches will either affirm the strength of the legislative hand or give some comfort to the proponents of restructuring who want to give the governor more control.

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Scoppe: A closer look at Sanford v. McMaster  
By CINDI ROSS SCOPPE  
Associate Editor

THE MOST obvious thing to say about Gov. Mark Sanford's lawsuit is that he filed it in federal court because everybody knows he will lose in the state Supreme Court. That is not — as one reporter implied in a question to the governor on Thursday — because of any home cooking. It's merely because the court already made it clear, when it dismissed a premature lawsuit on the same conflict, that the Legislature is fully within its rights to pass a law ordering the governor to request federal stimulus funds — as Henry McMaster had spelled out in his earlier attorney general's ruling.

The most striking thing about the suit is how little it reads like a typical lawsuit, and how much it reads like a news release — from the very first sentence, where it refers to “massive new federal spending” to its repeated references to “Governor Sanford” instead of the usual “plaintiff” to completely irrelevant (from a court's perspective) explanations of why Mr. Sanford has taken the political position he has on the \$350 million in federal funds that the Legislature has ordered him to request. I'll leave you to ponder the implications of that: Is it because the suit is nothing more than a publicity stunt? Is it because it's an act of desperation? Or perhaps both — a desperate attempt to extend his 15 minutes of fame?

The most extraordinary thing about the suit is what it is that Mr. Sanford is ultimately requesting.

The suit asks a federal judge to strike down the state law ordering him to request the money — that is, to stop him from being forced to act. But Mr. Sanford already has said he's not going to act. And since Mr. McMaster hasn't run to the microphones — a la Craigslist — and declared that he's about to prosecute the governor for refusing to obey the law, there's nothing for a federal judge to stop.

There will be something for a federal judge to stop only once our Supreme Court orders the governor to request the funding. (That is almost certain to happen, but it can't until a “ripe” lawsuit is filed.)

So if Mr. Sanford prevails, he will get a federal order that invalidates a direct order by our state Supreme Court. That strikes me as a rather strange request for a man who believes (as do I) that federal courts shouldn't go around telling states what to do and who has built his career around putting

principles such as this ahead of such practicalities as winning.

The most important thing to say about the lawsuit from a practical perspective is that it's highly unlikely to succeed — or even to tie up the funds, as legislators and other critics of the governor are breathlessly warning.

In the first place, a languishing lawsuit does nothing to prevent our state from receiving federal funds; Mr. Sanford will have to obey the state Supreme Court unless or until a federal judge issues an injunction. And he won't get an injunction unless a judge believes he's likely to win the suit.

But the suit might very well be thrown out, because federal court rules generally require a plaintiff to demonstrate personal injury — for instance, that the law will cause him to lose his job or his property. Mr. Sanford claims no such personal injury in his suit, and it's hard to imagine where he could come up with one.

If the suit isn't thrown out of court, it is practically inconceivable that any federal judge would be willing to consider the claim that the Legislature has violated the separation of powers clause of the state constitution, which is fully half of Mr. Sanford's claim and accounted for far more than half of the arguments he made at the news conference he called to explain his suit.

That leaves a federal judge to ponder the claim that the state law ordering Mr. Sanford to act is preempted by the federal law that he says gives governors complete discretionary authority over whether to apply for federal stimulus funds. Don't hold your breath on that one.

Outside of California, federal judges are loathe to find that state laws are preempted by federal laws unless 1) the federal law clearly says that it pre-empts state laws to the contrary or 2) the state law conflicts with some overriding goal of the Congress.

In this case, as one constitutional law expert who has studied the federal law told me, there's nothing in the federal law to indicate that the Congress was doing anything more than picking a handy point person in each state when it required governors to sign the letter requesting funds. Indeed, the federal statute refers to the steps to be taken by "the Governor of a State desiring an allocation." That suggests that it is "the State" that is "desiring" funding, with the governor merely acting on behalf of "the State." From the courts' perspective, there is no clearer statement of a state's desires than its laws.

Finally, let's assume that a federal judge gives Mr. Sanford precisely what he asks for: an order "enjoining the Attorney General from enforcing Part III, Section 1 of the General Appropriations Law" — that is, the proviso ordering him to act. He still might be forced to request the funding. In its order dismissing the premature lawsuit last month, our state Supreme Court essentially said that the Legislature didn't even have to pass the law directing the governor to act — it merely had to include the federal funds in the state budget, and the governor would be forced to ask for them.

It'd be a shame for this suit to be decided on such a technicality. But I sort of doubt it'll come to that.

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#### P&C editorializes against Gov. Sanford's lawsuit

Gov. Mark Sanford has decided to drag out the fight over the stimulus money in federal court, leaving hundreds of cash-short schools and colleges further in the lurch. It can only be hoped that his lawsuit will be resolved in favor of the state in time to obtain the stimulus funding.

And if it is resolved in favor of the state, the governor will be the loser. It would serve him right for his wrongheaded approach on the recession aid, totalling \$700 million over the next two years.

Mr. Sanford's proposal to have the money used to pay down state debt was rejected by the White House as not allowed by federal law. Legislators refused to advance the governor's counterproposal to take the money if they would agree to pay down debt by a like amount of state money.

Legislators recognize that public schools badly need the extra money. State-supported colleges and law enforcement also are eligible for a portion of the funds and could use the help, too. Because of falling state revenues, the Legislature recently passed a budget that is \$1.4 billion less than that approved last year.

But the governor would rather stand on what might be described as the principle du jour. First he insisted that accepting the money would be fiscally irresponsible. Now he contends that the dispute has precipitated a constitutional crisis threatening the authority of the state's executive branch.

Meanwhile, the state reportedly has until July 1 to take the money or risk losing it to other states. And S.C. taxpayers will be paying back their share of the debt incurred by the federal stimulus appropriation whether the state gets its \$700 million or not.

The Legislature takes the position that it has the authority to appropriate state funds and, in this instance, to compel the governor to apply for them. That position is bolstered by an attorney general's opinion, which concluded that "precedents of our Supreme Court ... have required the executive to 'faithfully execute' any state law or appropriation enacted by the General Assembly relative to the expenditure of state or federal funds."

The governor's lawsuit essentially portrays him as a victim of legislative overreaching. But Mr. Sanford not only precipitated this crisis, he has repeatedly declined opportunities to beat a reasonable retreat from an untenable position.

Public schools need the recession aid. The Charleston County School District has made major cuts because of revenue shortfalls that the federal stimulus money is designed to mitigate, and more furloughs and a millage hike are anticipated for the next school year. Other districts face the same situation across the state.

Those difficulties are compounded by the third-highest jobless rate in the nation, and continued budget woes are anticipated at the local and state

levels.

Considering those difficulties, the governor's continued obfuscation appears, at best, out of touch. At worst, it looks like self-serving posturing to extend a crisis that has gained him national attention as a political maverick.

Who knows how the governor's latest play will play out on the national stage?

But from a South Carolina perspective, there is something simply preposterous about our governor suing our state to stop it from getting its fair share of federal money in the wake of America's steepest economic slide in more than half a century.

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Greenville News editorializes against Gov. Sanford's lawsuit

No matter how he tries to spin this, Gov. Mark Sanford will bear the entire blame if South Carolina loses out on about \$350 million that should be headed to this state to shore up the upcoming budget. The governor is spinning with full force to try to put this blame on the state Legislature. The spin won't work because the governor is wrong.

He's wrong about who will be responsible if local school districts have to fire more teachers. He's wrong about who will be responsible if colleges have to close classes or jack up tuition. And he's wrong about who will be responsible if South Carolina has to eliminate prison guards, close prisons or take other actions that will jeopardize public safety.

Sanford has the ability, on behalf of this state, to request about \$700 million, divided equally over the next two years, in federal stimulus funds designed expressly to plug holes in this state's budget in vital areas such as education and public safety. The federal law stipulates how this money can be spent.

Sanford asked the Obama administration not once, but twice, for a waiver to allow him to use South Carolina's budget stabilization funds to pay down this state's debt. Not once, but twice, the waiver was refused and Sanford was reminded of the specifics of the federal law.

South Carolina's Legislature is far from perfect, and some spending excesses can be found in the 2009-10 budget. But the Legislature, exercising its constitutional authority, approved an almost \$6 billion budget that uses about \$350 million, this year's share of the federal stimulus funds, for the appropriate purposes.

The governor, exercising his constitutional power, vetoed almost the entire state budget, including the part that spends the federal stimulus money for education and public safety. The Legislature quickly overrode the governor's vetoes in these key areas.

State lawmakers, not wanting to see South Carolina's share of federal stimulus funds disappear into thin air (and most likely end up in another

state) included in the state appropriations bill a requirement that the governor request the \$350 million in federal funds designated for our state. Whether they have the authority to do this is unclear, and it could take months, maybe years, to get a final answer to that question.

What seems apparent from the governor's federal lawsuit challenging this legislative action is this: He opposes the federal stimulus funds, he doesn't want them coming to this state, and as he candidly admitted in his lawsuit, he will not apply for those federal funds unless state legislators agree "to use an equivalent amount of state funds to pay down state debt."

The governor, not the Legislature, is seeking a dangerous expansion of constitutional power here. This state's governor does not have the authority — nor should he — to write the annual budget. And he cannot lay claim to moral superiority over the Legislature because it refuses to go along with his scheme to circumvent the law that specifies how federal stimulus money must be spent.

The federal law giving a state's governor the authority to request stimulus funds makes sense from a practical standpoint. It gives this ability to one person — a state's chief executive — and that keeps the process tidy and the strings of accountability straight. South Carolina's governor, however, has used this opening as a grand stage for his battle with a Legislature dominated by his own party — and at a time when Republicans across the nation are starting to check out possible candidates for the 2012 presidential race.

South Carolina residents are the ones who will suffer. Classrooms will be more crowded. More teachers will lose their jobs. College courses will be tougher to get into. Public safety will be diminished. Unless, of course, Mark Sanford decides to put the needs of this state's residents ahead of his power struggle with state lawmakers.

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Sun News editorializes against Gov. Sanford's lawsuit

The Sun News has long commended Gov. Mark Sanford for his fealty to fiscal conservatism, while decrying his preference for principles and theory over the practicalities of real-life governance. This week, as he and the state legislature head to federal court over the use of \$350 million in federal stimulus money to shore up next year's shrunken budget, we continue to shake our heads.

Last week, the governor vetoed the \$5.7 billion state budget on what he identified as two main objections. First, he said lawmakers taking the federal \$350 million should have also found ways to pay down "an equal amount of state debt" - much as he says a family would apply part of a bonus check to paying off its own debt load. Second, the governor argued that in the present fiscal crisis the budget missed an opportunity to permanently restructure government and eliminate waste.

Both arguments, we believe, sound fine on paper but are fundamentally at odds with this year's reality. First, the S.C. legislature must pass balanced budgets, so there is none of the deficit spending that so many find troubling in the federal government. The debt that South Carolina owes is

bonded debt, much like a family's home mortgage, and lawmakers should not be accused of saddling future generations with debt any more than should parents who buy a house on a 30-year mortgage.

Secondly, South Carolina's government has been restructured by the fiscal crisis - it is much smaller. Last year's state budget started at \$7 billion, a figure that fell repeatedly through the year to keep the budget balanced as revenue projections were revised downward.

Finally, accepting the money this year does not automatically create a \$350 million hole in the budget two years down the road when the money runs out, as Sanford claims. Likewise, rejecting the stimulus money will not solve any problems - it will simply set the state farther back this year by \$350 million, without two years to plan for it.

Again, we applaud the governor's zeal against wasteful spending, and in this debate, neither his attention to detail in the budget nor the legislature's willingness to work with him on cost control should be overlooked. His overall rejection of the budget was accompanied by 47 line-item vetoes, and the legislature agreed on about a third of them. We should also note, in the governor's favor, that he allowed two critical local allocations he has stricken in the past: \$1 million for planning the route of the proposed Interstate 73, and \$10 million in match money for tourism marketing.

But his overall stance holds consistent with his years of general intransigence. His budget vetos, in essence, seem to equate all government spending with wasteful spending, and amid calls for restraint, he finds relatively little actual pork to criticize: He identifies \$2.7 million in waste in a \$5.7 billion budget - all ideas worthy of debate, but none worth condemning the entire enterprise of government.

The governor's veto message disdainfully lectured lawmakers that the budgetary shortfalls would never have existed had they been listening to him all along. If he instead exercised more effective leadership of a legislature controlled by his own party - working with legislators to pass reforms instead of alienating them - he might now be able to claim a greater legacy for the state than a prolonged veto contest.

The governor's suit is based on the premise that the legislature has no authority to force him to do anything. As South Carolina beseeches a federal judge for the resolution to this embarrassing saga, The Sun News wishes the legislature did not have to try.

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McConnell vs. Sanford, Round 2

Senate President Pro Tempore Glenn McConnell's criticism of Gov. Mark Sanford has become sharper.

McConnell was just a tad hot Thursday, after his fellow Republican, Sanford, sued in federal court to block the state from accepting \$700 million in federal stimulus money.

A tad hot?

Make that steaming angry.

Trampling on state's rights? Hypocrisy? Irresponsible? Imperiling the state's future prosperity — with a press stunt — for his own political gain?

Yep, that would be about it.

"This case is about his power. The governor wants more of it, and he's willing to trample over states' rights to get it," McConnell said in a press release.

Warming to the task, McConnell added: "For seven years, Governor Mark Sanford has worked tirelessly to increase his power and the scope of South Carolina's executive branch of government. ... Never before have I witnessed such hypocrisy as I did (Thursday) when Governor Sanford asked a federal judge to usurp South Carolina's rights."

McConnell said he disagreed with the stimulus law, but that debate, he added, is over.

"It's fiscally irresponsible to let South Carolina tax dollars go to other states while we struggle to fund education and public safety," McConnell wrote. "Governor Sanford's move may ensure that our tax dollars will be caught up in legal proceedings for what could be up to two years. He may have finally found a way to send our tax dollars to New Jersey, New Hampshire and Michigan."

Fully engaged, McConnell called Sanford's suit "an irresponsible move that tramples on the South Carolina Constitution and the future prosperity of our taxpayers."

Then he really cut loose: "South Carolinians need to know that Governor Sanford has already politically left this state, sometimes physically, but always mentally. This is just another press stunt to put him on the front page of the Wall Street Journal and in front of Fox News cameras. Governor Sanford's presidential aspirations and hunger for power are so strong that he is willing to put South Carolina's future at risk. This lawsuit is a gift that keeps on giving — giving the governor out-of-state headlines and giving South Carolinians uncertainty and discord."

Spent, McConnell concluded, "Sadly, I believe that the end result of this lawsuit may be that on July 1, the people of South Carolina will be left with nothing but the bill."

#### ROUND 1

It was the second time in a week that McConnell, the libertarian fan of the Confederacy, has attacked Sanford, South Carolina's version of Ron Paul.

McConnell rejected a bid by Sanford for passage of a bill that would put the state's Employment Security Commission under his control by characterizing Sanford's management skills and job-creation record as poor.

Sanford fired back, saying McConnell was dodging important questions about an insolvent unemployment trust fund.



"I've seen many times in the Senate your extraordinary ability to divert attention from a given question while skillfully directing sharp rhetoric at those who disagree with you," Sanford wrote.

Whew.

Sounds like McConnell, who's from Charleston, won't be invited to Sanford's Sullivan's Island beach house this summer.

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Sanford, Gingrich target Dems' policies  
By WAYNE WASHINGTON  
wwashington@thestate.com

It was supposed to be a health-care forum.

But those gathered in the Richland Room of the Columbia Metropolitan Convention Center Thursday were treated to a Democrat/Barack Obama policy beatdown, courtesy of former U.S. House Speaker Newt Gingrich and Gov. Mark Sanford.

The men, both potential Republican presidential candidates in 2012, strolled toward the Richland Room together, pausing briefly to chat amiably as cameras clicked.

In the room, they sat on chairs on a raised stage under a banner that read: "Creating a 21st-Century Intelligent Health System in South Carolina."

Sanford alluded to his ongoing battle with the General Assembly.

"Today has been a very busy day on a couple fronts with a small lawsuit," he said, drawing laughs.

Speaking about health care, the governor said, "I don't know exactly what the future holds."

He and Gingrich then went on to elaborate on some things they said the future could hold, if Democrats get their way.

Specifically, they said:

- "Obamacare" is bad policy that would grow too much and would eventually have to be cut — Sanford
- Democrats want to trick people into supporting a government health care plan that will eventually become a national health care plan — Gingrich
- Key Democratic lawmakers, when they aren't engaged in turf battles, want socialized medicine, which the American people strongly oppose — Gingrich

The former speaker said "they" want bureaucrats to control the health care decisions of Americans. "They believe you're stupid and bureaucrats are smarter," Gingrich said.

Sanford and Gingrich did have high praise for each other.

Sanford, who served in Congress when Gingrich was speaker, said: "He has one of those towering intellects."

Gingrich on Sanford: "He has a lot of fans around the country in places like the Wall Street Journal and places like Rush Limbaugh and Sean Hannity, where he would get a very good reception if he wanted to move to become a national figure."

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Veto override gives Bauer security detail

By Tim Smith  
CAPITAL BUREAU

COLUMBIA -- Lt. Gov. Andre Bauer's state-provided security detail has once again escaped the budget ax, but officials with the State Law Enforcement Division said they may move ahead with plans to use volunteer state constables in the detail.

The detail, which has been the subject of controversy since it was first placed in the budget in 2007, was briefly threatened when the House voted 58-58 Wednesday to sustain Gov. Mark Sanford's veto of a budget proviso providing the security.

But Bauer later entered the chamber and began lobbying members to change their vote, members said.

"He just said, 'Do you think I ought to be out late at night doing the job of lieutenant governor without some type of detail?'" recalled Rep. Eric Bedingfield of Mauldin.

Bedingfield, who voted to side with the governor and oppose the detail, declined to switch his vote. But others agreed to change theirs.

Some said they switched after some of those opposed to the security detail poked fun at Bauer and a program he supports that provides blankets for the elderly.

"I was a little upset about the remarks made on the floor," said William Whitmire, a Walhalla Republican.

Rep. Roland Smith, an Aiken County Republican, said he also was offended by the remarks but switched his vote because Bauer produced receipts showing he had paid for the security detail and Smith thought the money came out of Bauer's own pocket.

After the House agreed later to reconsider the matter, it voted 85-29 to override the veto. The Senate, over which Bauer presides as president, agreed, overriding the veto 38-8.

The proviso requires that SLED provide Bauer a security detail in the event the Legislature didn't create a capitol police force, which it didn't.

But unlike the past two years, the proviso does not provide money to Bauer's office to pay for the detail. Jennifer Timmons, a SLED spokeswoman, said her

agency was still studying the proviso to determine who is responsible for paying the security team.

Bauer's office was provided \$90,000 in each of the previous two years by lawmakers to pay for security but as of February had not paid any of that to SLED. Bauer then offered \$11,500 of his office funds, but SLED's director said at the time the amount was "not fair and reasonable."

Frank Adams, spokesman for Bauer, said the lieutenant governor subsequently agreed to pay SLED in four installment amounts for security and has one left to pay.

He referred questions about the security detail, including the amount that has been paid, to SLED, explaining that SLED officials had asked Bauer and his staff not to publicly discuss the matter anymore.

Timmons said Bauer has paid SLED \$58,000 in lieutenant governor's office funds thus far and has agreed to one more payment of \$17,000.

"We are still moving forward with the possibility of having the constables protect him," she said.

SLED Director Reggie Lloyd suggested the constables earlier this year, after disagreeing with the amount of money Bauer wanted to pay for his security detail. Bauer agreed.

"In view of the very tight budgetary situation we all are in, I feel we must pursue quickly the option of using volunteer constables," Bauer replied.

Constables are appointed by the governor but are approved, regulated and monitored by SLED. They can assist law enforcement agencies under the agencies' supervision and with prior approval of SLED.

The security detail for the lieutenant governor has drawn criticism in the past from Gov. Mark Sanford and some legislators, who said security is not provided to other constitutional officers, such as the attorney general. Sanford initially opposed a security detail for himself but relented.

In his veto message, Sanford said he thought the money could be better used for core functions of the Office on Aging, which is located in Bauer's office, such as Meals on Wheels.

"We also have concerns as to whether the lieutenant governor's office will reimburse SLED for the security services mandated under this proviso," Sanford wrote. "During tough budget times like these, we believe that SLED should be focused on its essential role of law enforcement rather than subsidizing the personal security of the lieutenant governor."

House Speaker Pro Tempore Harry Cato of Travelers Rest voted both times not to provide the security detail.

"I was looking for areas in which I could agree with the governor and that was one of them," Cato said. "I do think down the road we really need to figure out how we're going to handle that. I do believe the lieutenant governor needs security. I just don't know we're handling it the right way right now."

Bedingfield said that Bauer's predecessor and Bauer himself went without security for a total of 12 years.

"It wasn't until some things were brought to light about some previous indiscretions Andre had that they were worried about reinstating the security detail," he said. "And I just didn't view it as an expense that was necessary."

Bedingfield was referring to episodes in which Bauer was stopped by troopers twice for speeding, including once in a state car going 101 mph. He did not receive a ticket.

After Bauer, also a pilot, was injured in a plane crash in 2006, legislative supporters argued that he needed a security detail to transport him safely to events.

**CC:** Joel Sawyer <[jsawyer@gov.sc.gov](mailto:jsawyer@gov.sc.gov)>

**From:** Barton Swaim  
**To:** [REDACTED]  
**Date:** 5/23/2009 9:23:38 AM  
**Subject:** text of Saturday press clips

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- \*Gov. Sanford refuses to enforce unconstitutional law on stimulus
- \*Lawsuits seek to force governor's hand on stimulus (5 stories)
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SC gov won't abide by law requiring federal cash  
By JIM DAVENPORT  
Associated Press Writer

South Carolina Gov. Mark Sanford will ignore a new state law forcing him to ask for \$700 million in stimulus cash to ease school budget problems, his spokesman said Friday, days before a deadline to take the money.

The Republican's plan to continue balking at the bailout came as pressure mounted on him to take the cash, which critics say is needed to avoid teacher layoffs and college tuition increases. Two students filed a lawsuit Friday with the state Supreme Court intended to force Sanford into action. An hour later, school administrators and principals sued there, too.

But Sanford spokesman Joel Sawyer said the governor can't be forced to take the cash. Sanford sued in federal court this week after the Legislature overrode his vetoes, effectively giving the governor five days to request the money.

"We view it as an unconstitutional act. We have no intention of enforcing an unconstitutional act," Sawyer said Friday.

Lawmakers said the governor should finally request the money to help shore up the state's newly approved \$5.7 billion spending plan, and send \$185 million to public schools and \$100 million to colleges.

"The natural course of action would be that the governor goes ahead and does what this law instructs him to do and that's to draw down the money," said Senate Finance Committee Chairman Hugh Leatherman, R-Florence.

Sanford's lawsuit is against state Attorney General Henry McMaster, who likely will enforce the law.

McMaster has until June 10 to respond. He learned Friday that he'll have to respond by Tuesday to the state challenge. McMaster spokesman Trey Walker said McMaster is not taking sides in the policy dispute.

He is "sworn to protect the Constitution of the state of South Carolina," Walker said. That "does not assign him a position" on the policy.

McMaster will defend the state against the lawsuit filed by Chapin High School senior Casey Edwards and University of South Carolina law school student Justin Williams. They asked the Supreme Court to hear their arguments directly and set a deadline of Tuesday for McMaster to respond.

The lawsuit updates one that Edwards filed last month but that the court said was premature. It asks the justices to decide that the Legislature can request money under the \$787 billion stimulus law on its own. If it doesn't do that, the lawsuit asks the court to declare that Sanford must obey the state law requiring him

to seek the money.

Edwards did not immediately respond to a message left on her father's cell phone. Columbia lawyer Dick Harpootlian is handling the case, but deferred questions to Columbia lawyer Dwight Drake, who represented Edwards in the first case.

The deadline isn't as much of a factor as July 1, the last day states have to request the money from the U.S. Education Department, Drake said.

Lawyers expected Sanford to ignore the deadline. "And we weren't going to wait around for that five days to pass," Drake said.

Sanford wasn't named as a defendant in the students' lawsuit. But the South Carolina Association of School Administrators named him and Education Superintendent Jim Rex in its lawsuit. It says Rex wants the money, but can't get it without Sanford's agreement to request it.

The court ordered Sanford to file a response by noon Tuesday.

Sawyer said that case is equally without merit.

But Molly Spearman, the association's executive director, said the stakes are high for school districts and children. School districts already have eliminated teaching jobs and refused to renew contracts.

"We feel like we've got to do what we've got to do to represent the children of this state," Spearman said.

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High court to rule on fate of stimulus  
Lawsuits seek to force Sanford to accept money  
By JOHN O'CONNOR  
joconnor@thestate.com

The South Carolina Supreme Court will consider two lawsuits that ask if Gov. Mark Sanford must obey a state budget that requires him to accept a disputed \$350 million in federal stimulus money.

One lawsuit was filed on behalf of Chapin High School student Casey Edwards — whose first suit was rejected last month — and University of South Carolina law school student Justin Williams.

The South Carolina Association of School Administrators filed the second suit Friday for school districts in line to receive stimulus funds.

The S.C. Supreme Court signaled it wants to move quickly on the cases, setting a noon Tuesday deadline to file responses.

On Wednesday, Sanford asked a federal court to invalidate the budget rule requiring he accept the money by a Tuesday deadline. Sanford accused lawmakers of usurping his authority, and said he needed to make a stand for future governors.

Sanford has refused to accept the \$350 million in each of the next two budget years unless lawmakers pay off an equivalent amount of debt. Lawmakers have said they cannot afford to pay off that much debt and that refusing the money could mean hundreds of teachers and others could lose their jobs and state services will be cut.

The debate has waged for months, with both sides yet to back down.

Sanford spokesman Joel Sawyer said the governor will not comply with the budget. Sawyer said the suits belong in federal court.

"The General Assembly can not rewrite federal law to its whim," Sawyer said.

Columbia attorney Dwight Drake, who is speaking on behalf of the students who filed suit, said Edwards' and Williams' claim is similar to the one filed in April. The suit asks the court to decide if the federal law allows the General Assembly to request the money, or if they can compel Sanford to spend the money.

Drake said lawmakers have not rewritten federal law, but required Sanford to follow the process and apply for the money.

The Association of School Administrators case names Sanford and Superintendent of Education Jim Rex as defendants, since both must request the stimulus money.

The suit asks the court to consider whether Rex has the authority to request the federal money.

"We regret doing it," said executive director Molly Spearman. "We're running on such a short time line."

Both sides expected the South Carolina high court to move faster than the federal courts. Attorney General Henry McMaster has until June 10 to respond to Sanford's federal suit.

"It appears the court wants to resolve this quickly," said McMaster, the defendant in the Edwards case. McMaster said his office was still working on a response.

"It may moot the federal case if the issues are resolved in the state court," he said.

McMaster said he would uphold the law and not choose sides in the debate.

House Majority Leader Kenny Bingham hoped the months-long debate might be resolved quickly. He noted a July 1 deadline to request money from the U.S. Education Department. After that date, S.C.'s education money could be sent to another state.

"This needs to be resolved. This needs to be settled as quickly as possible," Bingham said of the balance-of-power issues Sanford raised. "We all need to stay inside those lines of authority, whatever they are."

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Second stimulus suit filed  
BY JOHN O'CONNOR  
joconnor@thestate.com

Columbia attorney Dwight Drake has filed a lawsuit asking the South Carolina Supreme Court to require Gov. Mark Sanford to accept a disputed \$350 million in federal stimulus money included in the budget for the year beginning July 1.

The suit is again filed on behalf of Chapin High School senior Casey Edwards and a second plaintiff, University of South Carolina Law School student Justin Williams, has been added, Drake said.

Drake said the suit asks the court to determine if lawmakers met the intent of the federal law by passing a resolution requesting the money, and if the Legislature's authority to appropriate money means they can require Sanford request the money. The suit also asks the court to hear the case immediately.

The S.C. Supreme Court rejected an earlier, similar suit because lawmakers and Sanford still had an opportunity to resolve the dispute. Now that the Legislature has approved the money in its budget, Drake

believed the court would hear the case.

Sanford filed a suit in federal court Wednesday asking for an injunction against a budget requirement that he apply for the federal funds.

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Students take stimulus plea to Supreme Court

State's chief justice orders quick response due to 'urgency' of case

By Tim Smith Capital Bureau tcsmith@greenvillenews.com

COLUMBIA — Two students, including a high school senior who asked the South Carolina Supreme Court last month to decide the stimulus issue, filed a petition Friday asking the justices to allow the Legislature to seek and accept \$700 million in stimulus money.

Chief Justice Jean Toal immediately responded, ordering a response from the state no later than noon on Tuesday "because of the urgency of this matter."

The filing came a day after Gov. Mark Sanford took the issue to federal court, arguing that the Legislature usurped the governor's power by passing a budget with a provision that forces him to apply for the money.

The Republican governor for months has told lawmakers he won't seek the stimulus money, part of \$2.8 billion in stimulus aid available to the state over two years, unless lawmakers agree to spend an equal amount of state revenue on debt.

Supporters of the state accepting the money argued that Sanford's suit was a delay tactic, meant to drag out the issue past a July 1 deadline for each state to apply for the money. Sanford's spokesman has denied that and said the governor doesn't believe the July 1 date is a valid deadline.

"We don't believe the suit has any merit," said Joel Sawyer, Sanford's spokesman. "The General Assembly does not have the right to rewrite federal law to its whim, and we believe the governor's position will ultimately prevail."

He said Sanford's staff was still studying the 171-page filing to determine if the governor would intervene.

The petition asks the Supreme Court to take the case directly without waiting for a lower court to hear the matter due to the approaching July 1 deadline and because the issues are matters of law and not factual disagreements.

Education officials have said this week that the uncertainty surrounding the stimulus funding is causing some teachers to panic and some school systems to decide the money isn't coming and to craft budgets that include not hiring back some teachers for next year.

Friday's petition is filed against the state of South Carolina. Sanford's suit is filed against State Attorney General Henry McMaster because he enforces the state's laws.

The plaintiffs in Friday's filings are Casey Edwards, a Chapin High School senior, and Justin Williams, a third-year law student at the University of South Carolina. The addition of Williams could remove a past objection that Edwards would be out of South Carolina's school system and unaffected by the stimulus by the time the budget year started in July.

Edwards, 18, told reporters in April when she filed her request the first time that she was initiating the suit because all students in the state "deserve a high-quality education."

The Supreme Court then declined to hear the case, ruling it was premature since the Legislature had not yet adopted its budget or appropriated the stimulus money. Legislators took the words as a green light to



include \$350 million in the disputed stimulus in the budget. They also included a section forcing Sanford to apply for the money.

The governor has argued that only he can ask for the money, despite an amendment to the federal legislation which allows state lawmakers to bypass governors in seeking the money if their governors refuse.

Friday's petition asks for a declaration by the court that the Legislature can apply for and distribute the disputed stimulus money or that the governor must do whatever is necessary to appropriate the money.

"Indecision regarding the funds impairs the ability of South Carolina's public schools to create a budget of schools across the state including all elementary, secondary and post-secondary students in the state of South Carolina," the petition states.

"More importantly, the indecision impedes the ability of South Carolina's schools to provide an adequate education to their students, including the petitioner."

Friday's petition was filed by Dick Harpootlian, a former chairman of the state Democratic Party and a former chief prosecutor for Richland and Kershaw counties. Dwight Drake, the second lawyer who filed the case in April, isn't listed on the petition Friday because his firm once represented the governor and wants to be sure there is no conflict of interest, Drake said.

Sanford is being represented in his federal lawsuit by a Columbia attorney at no charge, Sanford told reporters.

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School administrators sue Gov. Sanford  
By Liz Carey, Independent-Mail  
May 22, 2009

COLUMBIA — South Carolina school administrators hope a suit filed in South Carolina Supreme Court will force Governor Mark Sanford to accept federal stimulus money.

The suit filed by the South Carolina Association of School Administrators, requests the court order Sanford to comply with the state budget by applying for funds to be distributed to school districts, universities and other state agencies.

Sanford has said that he would only request the \$700 million of the \$8 billion in stimulus money headed to South Carolina, if he could apply that money to state debt.

The White House has twice denied his request.

Legislators passed a budget in early May that required Sanford to apply for the money within five days of the budget becoming law.

Sanford vetoed that portion of the budget, but legislators voted Wednesday to over-ride his veto.

Following the legislature's move, Sanford filed suit that night in federal court calling the legislature's actions unconstitutional.

John Tindall, president of the administrators' association and superintendent in Clarendon District 2, said without the money districts would be forced to terminate teachers, increase class sizes and weaken the schools' ability to provide a quality education.

The school administrators' suit also names South Carolina Superintendent Jim Rex as a party. The suit

calls on the court to authorize Rex to apply for the funds.

"Our organization deeply regrets that we have to go to these drastic measures to receive funding that our students and citizens deserve," Tindall said. "We know that Jim Rex wants to deliver these funds to school districts but cannot due to the Governor's refusal to request the money."

Also Friday a Chapin High School senior re-filed her lawsuit trying to force the state to request federal bailout money intended to prevent colleges from raising tuition.

Casey Edwards' lawsuit was thrown out by the state Supreme Court last month as premature. The re-filed suit adds University of South Carolina law student Justin Williams as a plaintiff.

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Two lawsuits filed against Sanford over stimulus dollars  
May 22, 2009 11:51pm, WIS

COLUMBIA, SC - A Chapin High School senior has refiled her lawsuit trying to force the state to request \$700 million in federal bailout money intended to aid struggling public schools and prevent colleges from severely raising tuition.

Casey Edwards' lawsuit was tossed by the state Supreme Court last month as premature. It was refiled Friday and added University of South Carolina law student Justin Williams as a plaintiff.

South Carolina Association of School Administrators have also filed suit against the governor and state Superintendent Jim Rex.

Molly Spearman, spokesperson for the SCASA, says the group hates using such a "drastic measure, but time is of urgency."

"Because by July 1 at 4:30, the stimulus funds have to be drawn down," said Spearman. "Unless that's done by July 1, South Carolina will be paying for the funds. Those funds will be used to educate students in other states."

Spearman believes if they win the lawsuit, the court will require Sanford to accept the money.

"If the governor refuses to do that he will be in defiance of state law," said Spearman.

Spearman believes the state supreme court will make a ruling by next week.

The lawsuit also mentions Superintendent Jim Rex as a defendant, but only as a legal technicality. Rex has consistently urged Sanford to accept the stimulus funds.

In fact, Jim Foster from the Department of Education says Rex signed the application for the federal dollars Friday evening. Now all that's needed is Sanford's signature.

"Dr. Rex would like Governor Sanford to go ahead and end this. To sign the document to apply for the money. So we can start drawing down this money. So that schools can reap the benefit of it and our law enforcement agencies can get help too," said Foster.

The lawsuits come the same week that state legislators passed a law requiring the governor to request the money. Gov. Mark Sanford says he won't take the cash and he's filed a federal lawsuit saying lawmakers don't have the authority to make him do it.

The Supreme Court responded in lightning quick fashion by issuing an order late Friday afternoon which

tells the state it has until noon Tuesday to file its reply to the petition.

In fact, the high court says the state must have copies in hand by that time.

Meanwhile, Joel Sawyer, spokesman for Gov. Sanford issued a statement saying that he believes the governor's position will prevail.

Joel Sawyer says the bottom line for the governor is that the general assembly cannot re-write federal law.

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South Carolina lawmakers pass eleventh-hour port restructuring bill

By Molly Parker, Charleston Business Journal

Published May 22, 2009

As House and Senate lawmakers forward a port restructuring bill to Gov. Sanford, he says he's likely to veto the measure. The lawmakers closed the legislative session without transferring rail ownership, and Norfolk Southern says Promenade property in Charleston is a no-go for an intermodal facility.

House and Senate lawmakers signed off on a port restructuring bill on Thursday that sets resume qualifications for members of the S.C. State Ports Authority board and that imposes new requirements on the agency.

But the bill, before its eleventh-hour passage, was stripped of controversial language that would have transferred a rail line running onto the former Navy base in North Charleston to S.C. Public Railways. Lawmakers have instead punted that issue to the courts.

Sanford is expected to veto the bill, but it passed overwhelmingly — with veto-proof majorities — in both chambers.

Among its tenets, the bill mandates the sale of the SPA's Daniel Island property by 2013 and the Port of Port Royal property by 2009.

Under the measure, if sales are not finalized by these deadlines, the properties revert to the state Budget and Control Board, which would take over responsibilities for selling them.

As to the SPA board, the bill says the nine members appointed at large by the governor must have experience in one or more of a list of fields, such as international commerce and shipping, finance and economics, engineering or law. It also establishes that the Commerce Department secretary and Department of Transportation chairman, or their representatives, are to sit on the board as nonvoting members.

"We were trying to force communication between DOT and Commerce with the State Ports Authority board," said State Sen. Larry Grooms, R-Bonneau. "Had we had that in the first place, we would not have the issues we now have with rail in North Charleston."

Grooms was referencing a memorandum of understanding the S.C. State Ports Authority entered into with the city of North Charleston in 2002, in which the SPA agreed that any rail access to its terminal under construction on the former Navy base would remain exclusively to the south end.

North Charleston Mayor Keith Summey is adamant that the promise be upheld and has threatened a legal fight if attempts are made to operate intermodal trains through the Noiset Co.'s property.

The SPA put the state in a tough spot, Grooms said, because railroad executives and state officials now believe that adding railroad access through the northern end of the property is the only way to provide

equal access for both of the region's Class 1 railroads to the Port of Charleston's customers.

CSX has near-dock access to the terminal from the south end and is considering building a new intermodal facility on the Macalloy property. But it has no plans to share its line with Norfolk Southern — nor can it be forced to do so. Both railroads currently operate intermodal facilities in North Charleston, in the vicinity of Meeting Street and Goer Drive.

Recently, leading Senate lawmakers, including Grooms, asked Norfolk Southern officials to study a plan that local developer Robert Clement put forward. It called for the creation of an intermodal facility on the Promenade property in Charleston, near the Columbus Street and Union Pier terminals.

Grooms said Norfolk Southern responded in a letter this week that the railroad company does not view the Promenade property as a viable option for an intermodal facility.

"Norfolk says it will not work no matter how you twist and turn it," Grooms said.

The bill calls for the Budget and Control Board to approve any transfer of ownership of the rail line that currently runs onto the base. The Charleston Naval Complex Redevelopment Authority and the Noisette Co. are currently involved in a legal dispute about who owns it. Grooms said the outcome of that case will establish the Legislature's next steps.

"There was a perception the state was trying to roll over the city of North Charleston and take something from them, but that's not the case," Grooms said. "If the city has title to those rail lines and sold those to Noisette, than that's what happened. On the other hand, if those rail lines belong to the state, we need to sit down and negotiate how we are going to handle the situation moving forward."

The portion of the bill that drew Gov. Mark Sanford's ire strips the governor of his ability to remove any member from the board at will.

"We're still reviewing the bill, but we're almost certainly going to veto it," Sanford spokesman Joel Sawyer said. "This bill is about putting the Senate in control of the ports, and, as a result, is going to make our ports less responsive to the needs of our state, and ultimately less competitive."

The bill, S.351, also would require the authority to create a searchable transaction database of all expenditures of more than \$100, and establishes a 10-member oversight committee charged with reviewing the annual performance of the SPA's executive director, and the agency as a whole.

SPA spokesman Byron Miller said the authority has "closely monitored" the progress of the bill and will implement any changes "thoroughly and aggressively."

Lawmakers handed the governor this measure on the last day of session after months of legislative wrangling. It was prompted by Maersk Line's announcement late last year that the shipping company planned to pull out of Charleston in 2010.

Pat Barber, the owner of the Superior Transportation trucking company and an activist in the local maritime industry, said it seems the General Assembly missed the point by adding "ridiculous amendments" that have nothing to do with creation of a viable port.

"They've used the port as an example of the power struggle that exists in Columbia and the egomania that exists in Columbia, and they've done nothing to enhance our port's ability to compete in the international marketplace with this bill," he said.

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CC: jsawyer

**From:** Kevin Pazdernik <[REDACTED]>  
**To:** Governor Mark Sanford <[REDACTED]>, <[REDACTED]@gov.sc.gov>  
**Date:** 5/17/2009 9:02:40 AM  
**Subject:** Summary and Text of Clips - May 17, 2009

Sunday Clips - May 17, 2009

Summary:

Sunday Clips - May 17, 2009

SC GOP holds convention, elects Floyd.  
McConnell refuses to listen to Sanford on ESC  
Budget saga will likely continue  
The State calls on Sanford to veto wasteful spending in budget, just not the stimulus money  
Post and Courier calls to keep stimulus battle out of the courts...  
...as CBS News does story on student who filed stimulus lawsuit promising to sue again  
Independent Mail editorializes in favor of taking stimulus money  
Guest op-ed calls Sanford "quintessential Republican" for taking a stand he believes in  
Scoppe says Sanford changed the budget debate, for the worse  
Ex-official: Senior Shield not viable (AP)  
Craigslist CEO asks why SC AG targets his site (AP)  
Lawmakers transfer control of rail line

Text of Clips:

SC GOP holds convention, elects Floyd.

The State

State Republicans elected Spartanburg businesswoman Karen Floyd to head the party at a state convention that underscored the divisions facing the GOP as it prepares for 2010 elections.

Floyd, who was unopposed, was elected unanimously. She said her 2006 loss running for state Superintendent of Education had motivated her, as well as national Democrats who had her seeing red.

"I have hope and excitement and a vision for our great party," Floyd told the convention crowd.

But during speeches by state officials, party divisions were clear about what it means to be a Republican after several losing national cycles.

Gov. Mark Sanford listed lawmakers in the General Assembly who stood with him to oppose accepting some federal stimulus money. Sanford does not want to take a portion of the federal money unless the state pays off an equivalent amount of debt.

If your lawmakers weren't named, Sanford urged, then call them.

But U.S. Sen. Lindsey Graham followed with a fiery speech that drew jeers from the crowd.

Graham told the crowd there was nothing wrong with any conservative, and he wanted to build an open party that could win in Pennsylvania and Connecticut, as well as South Carolina.

"You're a hypocrite!" one man yelled.

"I'm a winner, pal," Graham shot back. "Winning matters to me. If it doesn't matter to you, there's the exit sign."

"Ron Paul is not the leader of this party," Graham said, prompting a few jeers. Some people yelled, "Yes, he is!"

"I'm not going to give this party over to people who can't win," Graham finished, drawing most of the crowd to its feet.

But U.S. Sen. Jim DeMint, who followed Graham, said he'd rather have 30 senators who stand on principle than 60 who have none.

Attorney General Henry McMaster also inched closer toward officially entering the governor's race, asking the crowd to consider him for the position. Other candidates used the event to lay out their plans if they win.

U.S. Rep. Gresham Barrett and Furman University political scientist Brent Nelsen both focused on jobs and putting state residents back to work.

Lexington state Rep. Nikki Haley talked up education reform, while state Sen. Larry Grooms promised not to compromise his values for convenience.

The convention also served as a farewell for outgoing chairman Katon Dawson, who has served for seven years.

During his term, the party raised more than \$19 million and won 80 percent of races in which they fielded a candidate. Dawson thanked the convention for allowing him to serve and encouraged a new Republican revolution.

"Let's begin an era of Republican renewal," Dawson said, quoting late former President Ronald Reagan. "Let's renew today our determination."

#### Post and Courier

After seven years, the state Republican Party has a new leader: Karen Floyd. Floyd was elected Saturday to replace outgoing Chairman Katon Dawson. She faces a challenge to keep the party strong in South Carolina as the GOP wavers throughout the country, now ranks as the minority party in Congress and lost the White House in November.

In Dawson's parting words, he said to the crowd of about 1,500: "It is time again for a Republican revolution, and we need you to lead that charge in South Carolina."

Floyd said it is not enough to talk about the sanctity of life, the party must protect life from conception to natural death. She said it is not enough to support the right to bear arms, the party must ensure that the public has the ability to purchase ammunition.

Likewise, she said it takes actions to strengthen education through choices and improve the economy by overhauling the tax code.

"I am asking you to join the activist army for the South Carolina Republican Party," Floyd said. "We are the party of life, liberty and the pursuit of happiness."

Floyd of Spartanburg is a past chairwoman of Spartanburg County Council and a former prosecutor and chief magistrate. She runs a marketing and public relations company, Palladian Group.

In 2006 Floyd lost the race for state superintendent of education to Democrat Jim Rex by the smallest margin in state history.

Dawson did not seek re-election. He came within about a dozen votes of becoming the Republican National Committee chairman in January.

Saturday's gathering, held at the Columbia Metropolitan Convention Center, also served as a rallying cry. GOP candidates for governor and lieutenant governor in 2010 each had their turn at the microphone, as well as the state's Republican constitutional officers and congressional delegation.

U.S. Sens. Lindsey Graham and Jim DeMint took the stage to discuss where the party is headed nationally.

Graham spoke about what divides and unites the party, such as the movement by some members from Republican to Libertarian ideals. To protect the country, outlaw abortion, uphold the Second Amendment and cut taxes, the

party must stay intact, Graham said.

"I don't want to be in a Republican club where we all feel good about what we say to each other and the Democrats run the country," Graham said. "I want to be in a party that matters to this country. I want to win where we're losing."

DeMint, who will be up for re-election in 2010, said he would rather have 30 Republicans in the Senate who believe in limited government, free markets and free people than 60 Republicans who do not stand by their beliefs. When the Republicans had the majority in Congress, they lost their way, he said. "What we're doing here today is fighting for the very essence of who we are as a country," DeMint said.

First District U.S. Rep. Henry Brown of Hanahan said he intends to run for re-election. He had a hard-fought victory in November over Charleston businesswoman and philanthropist Linda Ketner.

Ketner came within about 14,000 votes of winning, and so far four potential Republican challengers have surfaced.

In his brief remarks Saturday, Brown said he has the seniority, the experience, the commitment and the connections to serve South Carolina better in Congress than a newcomer.

"Our job is now to be the eyes and ears of American taxpayers, to let voters know what is really going on so they can do what it takes to stop it," Brown said. "We are going to make the Democrats fight for every inch of ground."

#### McConnell refuses to listen to Sanford on ESC

The rift between Gov. Mark Sanford and fellow Republicans remains wide if a recent exchange between him and Senate President Pro Tem Glenn McConnell is any indication.

Earlier this month, Sanford made a final request that lawmakers put the state's Employment Security Commission under his leadership.

McConnell, citing Sanford's poor track record in creating jobs in South Carolina, rebuffed the governor's appeal in a letter obtained by The State last week. McConnell described Sanford's seven-year governorship as a source of problems for the state, rather than solutions. He called the governor a headline grabber, bent on misleading the public in order to create the image of being a reformer.

#### SANFORD'S PITCH

If the agency is not reformed soon, Sanford wrote in a May 6 letter, employers in the state inevitably will face a tax increase.

Taxpayers already are facing a \$1 billion debt by the end of the year that the state must repay to the federal government. The state has borrowed federal money to pay state residents' unemployment benefits.

The state recently borrowed \$20 million more from Washington to pay unemployment benefits for May, Sanford said.

"For that reason, I ask you to take one last attempt at pushing the Employment Security Commission change this session," Sanford's letter read. After extensive hearings on the Employment Security Commission's broke trust fund, used to pay unemployed worker benefits, legislation to make the agency Cabinet-level died in the House this year.

South Carolina has the third-highest jobless rate in the country.

#### McCONNELL'S RESPONSE

McConnell criticized Sanford for being weak on job creation, a duty of the state Commerce Department, and for other failures of leadership.

"Recent experience with another Cabinet agency, the Department of Social Services, has proven that placing an agency under your direct supervision is hardly a pathway to success," McConnell wrote.



"There are continuing problems with DSS which have cost our taxpayers nearly \$80 million in fines paid to the federal government over the past decade, a fact you did not mention in your letter," the letter stated.

McConnell was citing a long-unresolved problem with DSS' computer system that oversees the state's child-support system and has drawn federal fines. Placing the Employment Security Commission under the governor's direction would not reduce the debt or save in unemployment benefits, McConnell said.

#### Budget saga will likely continue

It's the last week of South Carolina's legislative session, and lawmakers have a sizable list of unfinished business, ranging from a 50-cent cigarette-tax increase to payday lending restrictions to election reforms.

"It's going to be bottleneck," said Rep. Kenneth Hodges, D-Green Pond.

"There will be lots of bills left on the table."

But at least one major problem has seen some progress: Last week, the General Assembly sent a \$5.6 billion state budget to Gov. Mark Sanford, which includes \$350 million in disputed federal stimulus funds for the fiscal year beginning in July.

The Senate approved it 32-14, and the House passed it 95-18.

The Republican governor has repeatedly refused to accept the money unless an equal portion is used to pay down the state's debt.

"The governor has until 12 o'clock Tuesday to veto the budget, so we'll certainly be dealing with that perhaps as early as Wednesday," Mr. Hodges said.

"I do believe even if it is vetoed, the sentiment of the House and Senate will be to override the governor's veto," the Beaufort County legislator added.

Mr. Sanford's office has been releasing "Waste of the Day" statements targeting specific budget areas, such as state-run golf courses and traffic control at college football games.

Many observers predict the matter of the disputed stimulus money -- \$700 million over two years -- will be settled in court.

The State calls on Sanford to veto wasteful spending in budget, not just the stimulus money

WHEN GOV. MARK Sanford went after security at the State House garage, high mileage reimbursements and a couple of other individual spending items in the state budget last week, House Speaker Bobby Harrell accused the governor of focusing on the small stuff and ignoring "the economy and what really matters." That's true, but the same could be said of the Legislature.

Although most of the legislative energy during this year's budget debate has been wasted on Mr. Sanford's quest to keep the state from using federal stimulus money to stimulate the state's economy, the fact is that Mr. Sanford wouldn't have any examples of questionable spending to criticize if the Legislature hadn't put them in the budget.

Their presence in no way justifies Mr. Sanford's position on stimulus funding, but that doesn't mean they should be condoned, or ignored. Which brings us to the governor's budget vetoes.

Mr. Sanford has been cagey about what he's going to do with the spending plan the Legislature sent him Wednesday. Will he veto individual lines in the budget or veto the entire thing?

The pragmatist might say veto the whole thing and be done with it, since it seems clear that the Legislature will overturn nearly all (if not all) of his vetoes. That's certainly more efficient.

But unlike many of his principled and/or calculated gestures, vetoing budget items that he considers inappropriate, unwise or wasteful is not tilting at windmills.

The reason our constitution allows the governor to veto individual items in the budget (which he cannot do with other bills) is that the budget contains too many items for anyone to be aware of all of them, and it is the one bill that must pass each year. This means legislative leaders can ram through pretty much anything they want in the budget. And it creates a logrolling playground: Everybody else votes for Rep. X's pet project because Rep. X will vote for their pet projects. When criticized for supporting Rep. X's pet project, everybody else will say, "I opposed it, but I had no choice but to vote for the budget." Too big to fail.

The only way to break up this quid pro quo arrangement is for someone to force a vote on questionable items. The line-item veto gives the governor that role.

So veto away, Mr. Sanford. But not just the stimulus money — the Legislature should overturn those vetoes. Veto the Legislature's attempt to overrule your Commerce Department and keep wasting money on state aircraft. Veto the higher mileage reimbursements that were approved last year in the face of high gas prices (that is, if there's a way to do this). Veto that ridiculous gun-tax holiday the House rushed back into law after the Supreme Court struck it down. Ditto the expanded energy-efficiency tax breaks the House slipped in at the last second. Try once again to let the Highway Patrol stop subsidizing college football games with their free traffic-control service. And strike whatever else you think ought to go.

We won't agree with all of your vetoes, and you might lose on every one of them. But you still will do the state a service by giving legislators the opportunity to vote against those items that they might have felt railroaded into voting for. Unlike a lot of what you've been doing during this budget debate, that is your job.

Post and Courier calls to keep stimulus battle out of the courts...

Gov. Mark Sanford is considering legal action in response to the Legislature's challenge of his authority on disputed federal stimulus funds. And it's possible the governor's intransigence will force legal action by the Legislature.

Please, spare us the courtroom drama.

State taxpayers don't need to be paying for the governor's lawyers to take on the Legislature's lawyers in an effort to halt public money from being used for South Carolina's public schools and colleges.

The governor bears responsibility for the absurd drama that has overshadowed his legitimate program for government economy, accountability and restructuring this legislative session. It's time he put an end to this farce.

In this instance, Mr. Sanford has heightened his visibility on the national political stage while attempting to use \$700 million in federal recession aid to pay down debt. His plan has been repeatedly been rejected by the White House and the Legislature.

Back in the real world, public schools still badly need their share of that money, which would be allocated over the next two years. Schools, for example, could have used an assurance that the extra funds would be available so that they could better determine staffing levels for the next school year. But the deadline for next year's teacher contracts passed last week.

State colleges badly need funds to help ease the pain of cuts in programs

and personnel required by the state budget shortfall. Colleges saw an astounding 25 percent of their state funding disappear this year, the largest drop in the nation.

State law enforcement could use the money, too. The head of the State Law Enforcement Division — a member of the governor's Cabinet — said his agency faces "Armageddon" without additional funding. Stimulus money could provide some of that assistance.

As has often been pointed out, the money in question already has been allocated by Congress to South Carolina. If the state doesn't use it, the money will be returned to Washington and distributed to other states.

Meanwhile, the taxpayers of South Carolina will have to help pay off the debt incurred by congressional stimulus funding just as if they had actually benefitted from it.

A recent South Carolina attorney general's opinion suggests how the final act would play out in court. It notes that earlier "precedents of our Supreme Court ... have required the executive to 'faithfully execute' any state law or appropriation enacted by the General Assembly relative to the expenditure of state or federal funds."

That conclusion was echoed in the S.C. Supreme Court's refusal to hear a lawsuit by a public school student challenging the governor. The court said the action would not be ripe for judicial consideration "unless or until the General Assembly has taken, as it is authorized to do, measures to appropriate the funds at issue."

Last week, the Legislature appropriated the "funds at issue" as the court says "it is authorized to do."

The governor now has the opportunity to selectively veto line items in the budget, and the Legislature can then override or sustain them. Let the completion of the normal budget process bring down the curtain on the stimulus drama.

Please, no more histrionics.

...as CBS News does story on student who filed stimulus lawsuit promising to sue again

At this point, most 18 year olds would be coasting through their last weeks in high school.

But Casey Edwards is taking Governor Mark Sanford all the way to the state Supreme Court over the governor's refusal to accept federal stimulus money - some \$700 million in aid for South Carolina's schools.

"The fact that we're going to turn down money when we desperately need it, really bothered me," Edwards said.

Over the past year, Edwards and her friends have been working to improve impoverished schools along South Carolina's I-95 - a stretch of rural districts known as the Corridor of Shame, reports CBS News correspondent Jeff Glor.

Bud Ferillo made a documentary about the issue, "Corridor of Shame: The Neglect of South Carolina's Rural Schools."

"The school systems are suffering deeply, some of those schools are a hundred years old, or more," Ferillo said.

Edwards was inspired by this documentary to raise money for East Elementary in Dillon, one of the neediest districts in the state, where 93 percent of the kids live below the poverty line.

"She raised 10 grand, took it over to that school two hours from here and gave it to them for Christmas," Ferillo said.

"It was like an answer to a prayer," said Bobbie Walters, the principal of East Elementary.

The school used the money to purchase a copier, an important piece of equipment to a school that can't afford new books.

"We use the copier to do all of our work sheets, letters to parents, tests, quizzes just about everything that we do," Waters said.

Other schools featured in the documentary are in even worse shape.

"I saw classrooms that are unsafe, that are unhealthy, sewage backing up in hallways, crumbling paint, ceilings that were falling in," Ferillo said.

That's why Edwards is challenging the governor, a fiscal conservative, who says he would accept the federal stimulus money, only if the legislature used it to pay down state debt.

In a statement, the governor told CBS News he's "looking out for school children who will be forced to pay back the so-called stimulus bill."

It's an argument Edwards doesn't buy.

"When the federal government is offering money to our state, I didn't understand why we were going to turn that down," Edwards said.

South Carolina's legislature has voted to accept the money, but the governor is expected to veto the bill.

"If the governor turns down the request for money for education, I will take this case back to the Supreme Court," Edwards said.

The governor has until midnight Tuesday to decide.

#### Independent Mail editorializes in favor of taking stimulus money

It seemed like manna from heaven: an extra \$700 million over the next two years to shore up our sagging state budget. In a year of massive budget cuts, double-digit unemployment and decreased revenues resulting from a combination of the economy and consumers' fears about the economy, it sounded like just the ticket to help South Carolina get back on track.

Gov. Mark Sanford sees the prospect as a temptation from a place that he considers less saintly — Washington, D.C. Sanford doesn't want the \$700 million unless the legislature uses it to pay down debt. That, too, sounds like a good idea, a practical idea, one we've adopted in our own homes, paying off a bill with the Bush stimulus check instead of spending the money. Sanford has made no secret of his opinion of the stimulus package.

Other governors expressed similar views, all — coincidentally or not — considered to be on the GOP's "short list" for 2012. But they have all conceded the point while South Carolina is still mired in power plays.

One of Sanford's objections is that the money will only be coming our way for two years. And our General Assembly has on occasion evidenced that its favorite way to fund ongoing projects is by money that only comes around one time. We've surely made some wrong turns in money matters over the years, the most famous in our minds being lawmakers' decision to swap supporting schools with property taxes for an increase in the sales tax.

They almost simultaneously lowered other taxes (most notably the automobile tax) and the result is a state with a budget system that relies too heavily on one means of support. When revenues go down ... well, you know that story.

Another objection is that he has repeatedly stressed (and rightly so) that spending must be cut, not money borrowed, to create a more stable financial picture. The legislature has held up its end of the bargain on that score, cutting the budget by almost \$1.5 billion in less than a year.

It's not that we think the General Assembly has an easy job. They don't.

Neither does the governor.

The continued fights between the two branches are surely frustrating on both sides. (On some occasions, we've thought that some of the disagreements were more for show than substance, just to prove who's really in charge — in both camps.)

All that being said, what we're left with now is a \$5.6 billion budget (remember, just 10 months ago it was \$7 billion), that is on the governor's desk, that requires him to accept the stimulus money and use it to retain teachers and law enforcement officers and avoid closing prisons. By the resolution on that point, lawmakers seem to be shoring up their arguments in preparation for court. Sanford maintained, as recently as during his May 7 visit to Anderson, that if it takes 18 months of fighting with the legislature about stimulus money, he will — even though he also told Rotarians during that visit that “it would be incredibly stupid to spend a year and a half fighting over what to do with that money.”

Meanwhile, unemployment isn't going away and not too much new business is coming to South Carolina and long-time businesses are closing or laying off workers or cutting back on spending. And nobody is happy.

We don't play favorites. We've disagreed with numerous legislative actions over the years, and some lawmakers on an individual basis. We've made no secret of our views on some of the governor's projects, especially those that represent a detrimental impact on public education. No one branch is always right, no one branch is always wrong. That's the nature of legislation and administration.

This time, however, lawmakers are in the right. They want to use the money not to fund new projects or programs but to shore up old obligations: schools and public safety.

Washington has similar ideas about the stimulus money, ideas it communicated to Sanford on two separate occasions. Paying down debt is not an option. The stimulus money is supposed to do what its name implies, stimulate the economy and supplement budget cuts to education and public safety to keep people in their jobs.

And that's what should be the guiding principle here: Not who's in control but what's best for the people they're all responsible for serving.

In our view, that would be accepting — and using — the stimulus money to aid our state and its people in getting through what has so far been a devastating recession.

Guest op-ed calls Sanford "quintessential Republican" for taking a stand he believes in

There has been much discussion lately about Governor Mark Sanford's resistance to accepting federal stimulus money. In the face of enormous public and political pressure, the governor has accepted these funds but will exercise considerable authority in determining who gets it. For the purposes of this letter, I am not interested in whether or not this was the right thing to do.

I am more concerned with how the governor's opponents have characterized his decisions. Gov. Sanford's rivals have accused him of political posturing. Ignoring the vehement protestation against the governor's actions, I find this interpretation lacking. While the cynic in me is willing to acknowledge that there might have been an element of posturing to Gov. Sanford's resistance, it seems highly unlikely that this was his only, or even a major, motivator.

His month-long battle against the federal stimulus, however, is much more readily explained by taking a look at his ideology and his record both as governor and as a congressional representative. Gov. Sanford is perhaps the most ideologically consistent politician in contemporary American politics. Since entering the political arena in 1994, Gov. Sanford has been the quintessential Republican; at least, he has been what the quintessential Republican should be. By this I mean Gov. Sanford has sustained an

unwavering faith in free enterprise and the free market while also endorsing socially conservative measures. He is not quite a libertarian, but he has the general ideological bent of Ron Paul when it comes to the economy without the gold standard baggage.

A cursory glance at a website like [ontheissues.org](http://ontheissues.org) demonstrates how consistent Gov. Sanford's ideology is. In fact, the only inconsistency in his voting over the past 15 years is on affirmative action in college admissions. While in Congress in 1998, Gov. Sanford voted against ending preferential treatment by race in college admissions, but in 2002 he said that affirmative action was acceptable in state contracts but not in colleges. A closer examination of his voting history in Congress might reveal a few more inconsistencies, but I would wager any additional irregularities would still be far less than the typical congressman.

Regardless, Gov. Sanford's commitment to fiscal conservatism and government accountability is astounding. Gov. Sanford has repeatedly supported term limits (for example, he imposed one on himself while a representative to Congress), a balanced budget and lower taxes, as well as pushing for choices for citizens in education. Therefore, if we view Gov. Sanford's struggle against the federal stimulus through the lens of his voting record and his statements as a congressman and governor, it is clear that his position derives from his sincere belief in his ideals.

Whether or not the governor is right is another matter. That is not the point I want to make. Agree or disagree, Gov. Sanford is not taking a stand for political attention. He is taking a stand because he believes it is right. And, after all, isn't that the important thing?

Scoppe says Sanford changed the budget debate, for the worse

THE STATE budget bill that lawmakers sent to the governor last week never was going to be pretty, not in a year when state tax collections came up \$1 billion short and aren't projected to recover in the coming year. But it's much uglier than it had to be, and it was created through a process that was much uglier than usual.

It includes, as Gov. Mark Sanford and his allies have noted, several items that are at best far less essential than the teachers who will be laid off and the prison guards who won't be hired and the staff that won't be provided to help our courts operate smoothly.

It actually blocks some cuts that agencies had determined they could make without jeopardizing their missions.

It ignores virtually all of the good ideas the governor has put forward for saving money (though not much as he projects) through agency consolidations and other efficiency measures.

And there is no justification for the secret way the final version was put together, with Senate Finance Chairman Hugh Leatherman and House Ways and Means Chairman Dan Cooper (certainly with Speaker Bobby Harrell's blessing if not active involvement) reaching their own private agreement over a long weekend on how to change the just-passed Senate bill, and presenting their 550-page version of that new budget to House members on Tuesday for a vote within hours, followed by a final Senate vote the following day. This left no time for legislators to review the document and understand what it did and didn't contain, let alone for any sort of public input.

In normal years, that combination of abuses of substance and process would have drawn a near-universal cry of condemnation from editorial writers across the state. We would have skewered the Legislature for unwise spending and shutting the public out of the process. We would have argued that even though the badly spent money made up only a tiny, tiny fraction of the

budget, it was more important than ever this year that every single dollar be put to its best use.

But Mark Sanford took all those objections off the table. Made them irrelevant, or at least so relatively insignificant as to not be worth our energy or ink. By clinging to his anti-pragmatic, effects-be-damned position that our state will not accept its share of federal stimulus funds unless they are used to not stimulate the economy, he shifted the political debate from "How will the Legislature cut spending?" to "Will the Legislature be able to bypass the governor?"

Much as reviving an economy in a tailspin takes precedence over paying down long-term debt, making sure our state gets the federal money that state taxpayers will have to pay for even if it instead goes to California takes precedence over nit-picking legislative spending decisions — the bad ones of which total far less than the \$350 million the governor wants only on his terms.

For all the governor's harping over bad legislative decision-making, Mr. Sanford's anti-stimulus media blitz has given the Legislature a pass — and virtually eliminated any chance of getting those "reforms" he wants. It reminds me of what he's done to the public education debate: By denying the progress our schools are making, grossly exaggerating their failures and bringing in a secretive libertarian, shutter-the-schools money machine — complete with outrageous campaign donations and incessant, dishonest, over-the-top claims against legislators who dare to oppose its efforts to pay parents to take their kids out of public schools — he has virtually shut down the nascent efforts to make real improvements in the public schools. He has made those of us who had been working for years to correct the very real problems in our schools almost afraid to talk about them, because we know our words will be twisted in an attempt to bolster the assault on public schools.

Ah, you say, but the Legislature wasn't willing to make smart spending decisions in the past, when the governor wasn't playing chicken with federal funds and the conversation actually was about smart spending and responsible budget-writing.

True enough. But there's no reason to believe, as Mr. Sanford declares, that "Taking all the stimulus money forestalls reforms that in many cases are long overdue in South Carolina." The Legislature simply is not going to be bullied into making the structural changes Mr. Sanford wants — most of which it should make.

There was, however, a possibility that lawmakers might have worked harder to ferret out the wasteful spending that remains in the budget, that they might have accepted some of his efficiency ideas, that they might not have retaliated against his agencies' efforts to target their spending cuts, and that they might have had an open budget debate, where lawmakers at least had the opportunity to review what they were voting on before they voted on it. But through his brinkmanship, Mr. Sanford ensured none of that would happen.

Ex-official: Senior Shield not viable (AP)

A former director of a state agency that helps the elderly says the lieutenant governor's office is spending too much money on a program to prevent fraud against senior citizens.

Former Office on Aging Director Curtis Loftis Jr. said the Senior Shield program was created by Lt. Gov. Andre Bauer for political reasons. Loftis told Bauer's chief of staff, Jim Miles, the anti-fraud effort wouldn't work, The Greenville News reported Saturday.

"I repeatedly warned Jim Miles about deep flaws in his Senior Shield

business model and that his plan was sure to be expensive and of little importance to seniors," Loftis said. "I argued Senior Shield would be a private organization that would always be dependent on state employees and taxpayer subsidies."

Miles said Loftis, whose agency was under the lieutenant governor's office, is a "disgruntled former employee."

Loftis said he left the agency in July, in part because of problems with the program.

Twenty businesses in South Carolina have signed up for Senior Shield since it was created last November.

The program is a free online directory of businesses checked by the program to verify they are legitimate, licensed and insured, without any criminal history or pattern of consumer complaints.

Businesses or professionals pay a fee, starting at \$125 annually, to apply and pay for the verification. Employees also can be checked, at an annual fee of \$40 a worker.

The program has spent \$85,000 given to it by the state Office on Aging to cover startup costs. Bauer has said that money will be paid back.

Miles said it is too early to call the Senior Shield program a failure.

"It will work in time, as soon as businesses realize that it is a smart marketing move for them to make and is the only game in town," Miles said.

"There is nothing else available that protects seniors from scams and frauds. Nothing."

Bauer, who is considering a bid for the Republican nomination for governor next year, wouldn't talk about the specifics of Loftis' criticism, but encouraged anyone with complaints to come to the Office on Aging's Advisory Council meetings and suggest improvements.

"We have thousands upon thousands of complaints every year," he said. "I haven't come up with the cure-all to stop senior fraud from happening. I'd welcome any suggestions."

#### Craigslist CEO asks why SC AG targets his site (AP)

Craigslist CEO Jim Buckmaster pointed out Saturday there are plenty of places in South Carolina other than his Web site to find prostitution ads and obscene photos, saying in a blog that he wants to know why the state's top prosecutor is targeting his company.

South Carolina Attorney General Henry McMaster has threatened to prosecute Craigslist executives for aiding and abetting prostitution if an ad on the Web site leads to a prostitution case in South Carolina.

In the post on his company's blog, Buckmaster linked to a publication in Greenville he said has a larger number of adult ads and more explicit content than his Web site. He later updated the post to point out a publication in Charleston that listed 19 adult ads on Friday.

In contrast, Buckmaster said the Greenville "adult services" portion of his site has had one ad for the past three days with a photograph of a completely clothed person, while the recently closed "erotic services" section had eight ads, none of which had obscene texts or nude pictures.

McMaster's office did not return a phone message left Saturday.

Buckmaster said no one would consider suing or conducting a criminal investigation into either traditional publication.

"But if for whatever reason you were so motivated, would you target a venue with 9 PG-13 rated ads, or one with 250 XXX rated ones?" he asked on his blog.

Earlier this week, Craigslist pledged to eliminate its "erotic services" category and screen all submissions to a new "adult services" section before



being posted. New postings in the "adult services" category will cost \$10. McMaster, a Republican who plans to run for governor of South Carolina in 2010, has met with Craigslist attorney Bart Daniel of Charleston, who explained the change. But the attorney general said Friday his office still planned to monitor the site closely. Craigslist came under closer scrutiny last month after a Boston-area man was accused of fatally shooting a woman who placed an ad on the site. Police believe 22-year-old Philip Markoff may have been involved in other crimes against women who also posted ads on Craigslist. Some reports have suggested he was targeting victims to pay gambling debts.

#### Lawmakers transfer control of rail line

State lawmakers this past week gave approval of transferring property rights of a controversial railroad line in North Charleston to a division of the S.C. Department of Commerce, the Charleston Regional Business Journal reported.

The exchange of railroad ownership to Commerce from the Charleston Naval Complex Redevelopment Authority — the state entity created to divvy out the land when the Navy base closed — is called for in a one-paragraph amendment tucked inside the budget bill.

The redevelopment authority is currently in a legal battle with the Noiset Co. over who has rights to the track and the land underneath it.

Noting it is a "very big budget bill," Gov. Mark Sanford's spokesman, Joel Sawyer, said told Charleston publication the governor is "not ready to weigh in on specific provisos yet." The budget bill requires Sanford's signature to become law.

Commerce wants the rail line so that S.C. Public Railways has the option of operating an intermodal facility on the former Navy base property and running a rail line through the northern end of the former base — something Mayor Keith Summey opposes and promises to fight in the courts. S.C. Public Railways also says ownership is necessary because it uses the line currently to serve customers on the former base.

"Access from the north exists today," Jeff McWhorter, president of S.C. Public Railways, told the Business Journal. "This just provides ownership of the rail line to S.C. Public Railways of a line we've been operating on since the mid-'90s."

Sen. Larry Grooms, R-Bonneau, sponsored the amendment. He said previously that the purpose is to preserve the state's right to run rail out of the north, in case a compromise cannot be brokered allowing Norfolk Southern and CSX equitable access via rail lines to the south of the SPA's new container terminal.

Orangeburg County has landed squarely in the middle of the conflict over use of the north end of the base property. Summey this past week sent a letter to Orangeburg County development officials protesting the county's request that the federal government provide \$278 million for an intermodal facility at the former base — a proposal that includes running trains through the north end.

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Kevin Pazdernik

[REDACTED]

Work: (803)734-6801

[REDACTED]

**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]>@gov.sc.gov>, Barton Swaim <bswaim@gov.sc.gov>, Ben Fox <bfox@gov.sc.gov>, First Lady Jenny Sanford <[REDACTED]>, Governor Mark Sanford <[REDACTED]>, Joel Sawyer <jsawyer@gov.sc.gov>, Scott English <[REDACTED]>, Tim Pearson <[REDACTED]>  
**Date:** 5/17/2009 9:02:40 AM  
**Subject:** Sunday Clips - May 17, 2009

Sunday Clips - May 17, 2009

SC GOP holds convention, elects Floyd.

<http://www.thestate.com/local/story/790329.html>

[http://www.postandcourier.com/news/2009/may/17/floyd\\_new\\_head\\_state\\_gop82655/](http://www.postandcourier.com/news/2009/may/17/floyd_new_head_state_gop82655/)

McConnell refuses to listen to Sanford on ESC

<http://www.thestate.com/politics/story/790324.html>

Budget saga will likely continue

[http://chronicle.augusta.com/stories/2009/05/17/met\\_524240.shtml](http://chronicle.augusta.com/stories/2009/05/17/met_524240.shtml)

The State calls on Sanford to veto wasteful spending in budget, just not the stimulus money

<http://www.thestate.com/opinion/story/790577.html>

Post and Courier calls to keep stimulus battle out of the courts

[http://www.postandcourier.com/news/2009/may/17/end\\_stimulus\\_drama82646/](http://www.postandcourier.com/news/2009/may/17/end_stimulus_drama82646/)

as CBS News does story on student who filed stimulus lawsuit promising to sue again

<http://www.cbsnews.com/stories/2009/05/16/eveningnews/main5019731.shtml>

Independent Mail editorializes in favor of taking stimulus money

<http://www.independentmail.com/news/2009/may/17/use-money-dont-subject-citizens-needless-lawsuit-o/>

Guest op-ed calls Sanford "quintessential Republican" for taking a stand he believes in

<http://www.aikenstandard.com/Editorial/cook-letter2009-05-16T21-30-39>

Scoppe says Sanford changed the budget debate, for the worse

<http://www.thestate.com/scoppe/story/790571.html>

Ex-official: Senior Shield not viable

<http://www.thestate.com/local/story/790316.html> (AP)

Craigslist CEO asks why SC AG targets his site

<http://www.thestate.com/statewire/story/790037.html> (AP)

Lawmakers transfer control of rail line

<http://www.thetandd.com/articles/2009/05/17/news/doc4a0d8a18e6c3b448649103.txt>

Times and Democrat says rail line plan puts Orangeburg on the hot seat

<http://www.thetandd.com/articles/2009/05/17/news/doc4a0d96dade770450949667.txt>

The State highlights Sanford on Hardball

<http://www.thestate.com/politics/story/790318.html>

Cap report - Stimulus and Unemployment  
<http://www.thestate.com/local/story/790325.html>

Sun News says restoration of tourism funds ends need for Myrtle Beach  
tax increase  
<http://www.thesunnews.com/opinion/story/902901.html>

Sun News columnist unhappy with education decisions of Sanford and Obama  
[http://www.thesunnews.com/news/columnists/issac\\_bailey/story/903101.html](http://www.thesunnews.com/news/columnists/issac_bailey/story/903101.html)

Greenville teachers prefer furloughs over bigger classes  
<http://www.greenvilleonline.com/article/20090516/NEWS01/90516011/1004/NEWS01>

SC Sierra Club chair's op-ed calls for no new nuclear waste in SC  
<http://www.thestate.com/editorial-columns/story/790578.html>

Herald Journal, Herald editorialize in favor of easier voting  
<http://www.goupstate.com/article/20090517/ARTICLES/905171038/1128/OPINION?Title=Voting-easily-honestly>  
<http://www.heraldonline.com/opinions/story/1347357.html>

Op-eds discuss government role in health care  
[http://www.goupstate.com/article/20090517/NEWS/905159943/1132/OPINION06?Title=Universal-health-care-We-must-recognize-the-human-toll-of-this-reform-\(Sen.\\_DeMint:\\_Private\\_enterprise\)](http://www.goupstate.com/article/20090517/NEWS/905159943/1132/OPINION06?Title=Universal-health-care-We-must-recognize-the-human-toll-of-this-reform-(Sen._DeMint:_Private_enterprise))  
<http://www.goupstate.com/article/20090517/NEWS/905159940/1132/OPINION06?Title=Universal-health-care-Private-enterprise-can-t-fix-our-ailing-system>  
(Marion doctor: Government)

Op-ed argues national taxes are too low  
[http://www.scnow.com/scp/news/opinion/op\\_ed/thom\\_anderson/article/taxes\\_cant\\_remain\\_lower\\_than\\_expenditures/50731/](http://www.scnow.com/scp/news/opinion/op_ed/thom_anderson/article/taxes_cant_remain_lower_than_expenditures/50731/)

Morning News nearly endorses Ken Ard for Lt. Gov.  
[http://www.scnow.com/scp/news/opinion/editorials/article/voters\\_should\\_take\\_close\\_look\\_at\\_ken\\_ard/50728/](http://www.scnow.com/scp/news/opinion/editorials/article/voters_should_take_close_look_at_ken_ard/50728/)

Coastal Carolina nettled by enduring finance issues  
<http://www.thesunnews.com/news/local/story/903121.html>

Bike rally contests keep fans coming back each year  
<http://www.thesunnews.com/news/local/story/903135.html>

S.C. welcome centers roll out the red carpet for visitors  
<http://www.independentmail.com/news/2009/may/16/sc-welcome-centers-roll-out-red-carpet-visitors/>

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Kevin Pazdernik

Work: (803)734-6801

**From:** Joel Sawyer  
**To:** [REDACTED] Road, MCS  
**Date:** 5/12/2009 6:03:18 PM  
**Subject:** PLEASE REVIEW ASAP

#### Governor Sanford Issues Statement on Budget Passage

Columbia, S.C. – May 12, 2009 – Governor Mark Sanford today issued the following statement after the House passed its \$5.6 billion budget plan with little deliberation:

"Given the fact that legislators were just given a few hours to review this budget before voting on it, we don't know everything that's in it, but there are a number of things we do know," Gov. Sanford said. "One, being asked to vote on the budget in such a short amount of time isn't fair to the people expected to vote responsibly on it, and it's a disservice to the people they represent. Two, we know that the state is going to be in a \$700 million hole two years from now and \$450 million next year when the choices being put off today come home to roost. Three, by not dedicating any of the stimulus dollars to debt relief as we've said, this budget does nothing to help our state weather an economic storm that is far from being over. That being said, I'd give real credit to those in the House who voted for an alternative that would have been a far more constructive starting point in this conversation about debt repayment."

-###-

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

**From:** Mary Neil Stroud  
**To:** [REDACTED] Road, MCS  
**Date:** 5/12/2009 5:34:59 PM  
**Subject:** tomorrow's schedule

Below is tomorrow's schedule for your reference. Once you get on the road/check in tomorrow, I will make sure you are connected with policy re: the Joe Biden call.

Mary Neil

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**Wednesday, May 13, 2009**

1:40pm Phone Call: Vice President Joe Biden

Office/Car

Contact: Ashley [REDACTED]

Topic: recovery act implementation

Call in: 202-757-5146

Pin: 9924

Participating: VP Biden, MS, Gov. Henry (Oklahoma), Gov. Richardson (New Mexico), Gov. Barbour (Mississippi), Gov. Parkinson (Kansas), Gov. Lingle (Hawaii)

-Patrick to connect

2:30pm - 2:45pm Meeting with Scott and Jeff

Office

Topic: Military Commanders Meeting

3:00pm - 3:15pm Visit with new law clerks and intern

Office

Contact: Elizabeth Mausser [REDACTED]

Attire: Coat and tie

4:00pm - 4:20pm Meeting with Ben and Joel

Office

Topic: Thursday's RGA Teletown Hall meeting call

4:30pm FYI: LBB Swimming Merit Badge Test

Mansion

Contact: Gus Dixon work 803-255-9491

5:00pm - 5:30pm Tentative: Live TV Interview: Fox Business Channel

Location TBD, Columbia, SC

Contact: Joel Sawyer [REDACTED]

Attire: Coat and tie

Topic: stimulus/economy

-earpiece needed

5:35pm - 5:50pm Depart for WLTX

Columbia, SC

Sidney Rainwater [REDACTED]

5:50pm - 6:15pm Live TV Interview: J.R. Berry with WLTX

WLTX, 6027 Garners Ferry Rd, Columbia, SC

Contact: Joel Sawyer [REDACTED]

Attire: Coat and tie

Hit time: 6:00pm  
Interviewer: JR Berry  
Topic: budget

FYI: Legislative Softball Game sponsored by BCBS  
Capital City Stadium, Columbia, SC

FYI: Curry Hagerty's last day

**From:** Elizabeth Mausser  
**To:** [REDACTED] [REDACTED]@gov.sc.gov  
**Date:** 5/8/2009 4:33:06 PM  
**Subject:** Cig Tax Letter - deadline

The deadline is Tuesday morning (May,12th) for this letter.  
Thanks,  
Elizabeth

**CC:** English, Scott; Fox, Ben

**From:** Terri McDonald  
**To:** governors\_office\_all  
**Date:** 5/8/2009 2:41:25 PM  
**Subject:** Tobacco Use Surcharge

Please see the attached memo regarding a surcharge for tobacco users who are enrolled in health insurance. It is important to submit your forms in a timely matter in order to avoid being charged the \$25.00 surcharge. If you have any questions please call me a 734-0442.

Thanks  
Terri



**From:** Elizabeth Mausser <[REDACTED]>  
**To:** <[REDACTED]>  
**Date:** 5/4/2009 5:15:12 PM  
**Subject:** Calls for 5/4 & Tom Davis update

Keith Munson - [REDACTED]  
 Guerry Green - [REDACTED]  
 Rep. Nikki Haley - [REDACTED]

I also spoke with Tom Davis ([REDACTED]) and he said that he hasn't forgotten about your letter. He will be in a closing until 6:00pm tonight and will email the cleaned up letter to your comcast account tonight.

Thanks,  
 Elizabeth  
 [REDACTED]

**CC:** <[REDACTED]@gov.sc.gov>

**From:** Paula Rauch  
**To:** governors\_office\_all  
**Date:** 5/1/2009 4:27:24 PM  
**Subject:** Job Vacancies

The following positions in OEPP are now available for applications at: [www.jobs.sc.gov](http://www.jobs.sc.gov)

1. Investigator II-State Office of Victims Assistance (Full-time/Temporary Grant, Richland County).
2. Case Manager-Guardian ad Litem (Part-time/Time-Limited, Dorchester County).

Thank You

Paula Rauch  
Human Resources Specialist  
Human Resources  
Office of the Governor  
803-734-0502  
[prauch@oepp.sc.gov](mailto:prauch@oepp.sc.gov)

**From:** Barton Swaim  
**To:** [REDACTED] MCS Road  
**Date:** 5/1/2009 10:33:37 AM  
**Subject:** text of press clips - Fri., May 1, 2009

CONTENTS:

- \*Gov. Sanford talks stimulus in Florence
- \*Florence Morning News Editorial recaps Sanford interview, says stimulus position step in wrong direction
- \*Challenges loom in fight on stimulus
- \*Swine Flu cases confirmed in SC (2 stories)
- \*The Obama effect: A Clyburn on FCC?

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SANFORD DEFENDS STIMULUS STANCE IN FLORENCE

Florence Morning News

S.C. Gov. Mark Sanford defended his stand on the use of stimulus funds to pare down the state's debt Thursday during a Florence Kiwanis Club meeting.

But state legislators think differently and intend to force Sanford to request \$350 million in federal stimulus cash. On Thursday, the Senate sent a \$5.7 billion spending bill back to the House that uses federal cash to spare public schools from deeper budget cuts and parents from larger college tuition increases.

The issue is likely to go to court.

Sanford has opposed the \$787 billion stimulus package since before President Barack Obama signed it in February.

State agencies and programs stand to see \$2.8 billion from the stimulus law during the next two years, mostly from schools. Sanford reiterated Thursday he won't request \$700 million of that, which boils down to \$350 million yearly.

"As much as I disagree with the stimulus package from its onset, we've moved past that, given the fact that it passed and is the law of the land," Sanford said. "As to how we employ those monies, we've said that carving out 10 percent to pay down debt would put South Carolina in a stronger economic position and a stronger financial position. And it would put us in a much stronger position going forward to make more money available to teachers, for health care and other core government services."

Sanford said the essence of the debate is whether we're going to change some things that have long needed changing in South Carolina.

"Wouldn't it be prudent to set a little money aside to pay down debt?" he questioned. "Wouldn't that put us in a better spot 24 months from now?"

"What I submit to all of you is I think there is a reasonableness to where we're coming from. From a standpoint of not digging yourself a big financial hole, from the standpoint of shoring up debt, and from the standpoint of keeping the pressure in the pressure cooker so that you can make political changes that aren't going to be made when times are good. It seems to me that this is what the stimulus debate is all about."

Meanwhile, Senate Finance Committee Chairman Hugh Leatherman said, "The stakes were way too high with that \$350 million stimulus money this year and \$350 million next year to take a chance."

The Senate plans to put \$185 million of stimulus cash into public schools to help spare teachers' jobs. It

also puts \$100 million into colleges. The balance mostly goes to law enforcement and prison agencies.

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#### FLORENCE MORNING NEWS RECAPS STIMULUS TALK, EDITORIALIZES AGAINST GOV. SANFORD'S POSITION

Is Gov. Mark Sanford putting his political aspirations above the needs of South Carolina school children?

The question clearly burns the potential 2012 Republican presidential candidate to the core as he sidesteps calls to accept \$350 million in stimulus funds.

Speaking to the Kiwanis Club at the Florence Country Club on Thursday, Sanford said he's being portrayed as someone who "hates teachers and kids" because he's refusing stimulus money. He wants the state legislature to pay down debt by an equal amount before taking the federal cash.

"Nobody in their right mind would think I, or anybody else, is going to try to intentionally do something to harm a young child in this state," the governor said in an interview with the Morning News. The governor is taking an unpopular stance and has been experiencing the fallout from negative television ads lambasting him. Critics have convinced the public the money will save jobs, provide a better education and keep parents from paying hefty tuition increases.

And legislators have voted to force the governor to take the money, setting up a legal showdown between the executive and legislative branches.

The "food fight in Columbia," as the governor described it Thursday in his speech, has not been a grandstanding effort by the governor. He could have given up the fight months ago if were wishy-washy on the subject. He's not. We think he's sincere in cutting the size of government in the state. "This is Santa Claus out of the sky from Washington, D.C.," he warned Thursday. "I am being told things will be better in two years. Take the money. What if things are not better? I believe we have to prepared for the worst. Hope is not a plan."

Sanford reportedly shed a single tear in an interview with Newsweek magazine about the stimulus, an incident that underscores his passion for his principles. Reporter Andrew Romano says it happened as Sanford referred to the "silent majority" who agrees with him on the irresponsibility of stimulus spending.

The governor, in our opinion, is not going to change his mind until the State Supreme Court determines who has the authority to accept the cash, the governor or legislature. Sanford has come too far as the self-proclaimed guardian against wasteful spending to turn back now.

In reality, it is time for the governor to reach a consensus with legislators and use the stimulus money to prevent deep cuts in funding for schools and prisons.

If South Carolina declines to use the money, another state will pick it up in a heartbeat. Or Washington will figure out another way to spend it. That means South Carolina taxpayers will be saddled with repaying the federal debt without the benefit. About \$2.8 billion will funnel into South Carolina agencies and programs as a result of President Obama's stimulus package over two years. Sanford has said he will not request \$700 million (\$350 million annually) of the \$2.8 billion.

"The stakes were way too high with that \$350 million stimulus money this year and \$350 million next year to take a chance," Senate Finance Committee Chairman Hugh Leatherman, R-Florence, said after the budget passed with a veto-proof 31-12 vote.

State government in South Carolina needs to be tighter and reorganized on many fronts. But should Sanford be making the point amid the worst economic crisis since the Great Depression?

"People want their own tax dollars back in the state of South Carolina and that's what they're doing," Sen.

Vincent Sheheen, D-Camden, said. "We're doing what the people out there need right now." The \$350 million will be used to save teacher jobs (\$180 million) and delay college tuition increases (\$100 million). The rest would go to law enforcement and prisons.

If the \$350 million stays in Washington, South Carolina gets no benefit. If the legislature cuts the budget \$350 million to appease the governor, it would negate the stimulus funds and defeat the purpose of the money.

"If you won the lottery and set aside the money to pay down your mortgage and credit cards, you would be praised for it," Sanford said.

The stimulus money is like winning the lottery. But as one person said Thursday in questioning the governor about his lottery analogy, paying off the car and credit cards is useless if the house is on fire. Until the economy improves, we need the stimulus cash to provide a bridge to better times. The decision has nothing to do with political aspirations. It has everything to do with what's right for state schools and taxpayers.

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#### CHALLENGES LOOM IN FIGHT ON STIMULUS

Jim Davenport, AP

South Carolina legislators will either be heading to court or overriding an anticipated veto to force Gov. Mark Sanford to request \$350 million in federal stimulus cash.

During the next couple of weeks, the House and Senate will develop a compromise version of the budget and send it to Sanford, who has a record of issuing hundreds of vetoes and of vetoing the entire budget.

South Carolina agencies and programs stand to see \$2.8 billion during the next two years from the \$787 billion federal stimulus law. Sanford controls about \$700 million of that, or \$350 million yearly.

Sanford has spent weeks on TV and writing to newspaper opinion pages explaining his view that the money should be used to reduce state debt, an idea that the White House has twice rejected.

The budget the Senate sent to the House on Thursday forces the issue. It requires Sanford to "take all action necessary and required by" the stimulus law to secure funds legislators included in their spending plan.

Sanford supporters howled. If that stands, "we could go around the governor on just about anything," said Sen. Greg Ryberg, R-Aiken.

The move raised questions about too much power being concentrated in the Legislature's hands, said Sen. Tom Davis, R-Beaufort, a former Sanford chief of staff.

Issues about spending the cash, turned away by the state Supreme Court last week as premature, now are likely to be back before a court.

**Tax System Study:** A bill designed to overhaul South Carolina's tax system and get rid of some tax exemptions received approval Thursday, though both Democrats and Republicans acknowledge the weakened bill may prove ineffective.

The House approved the measure 67-30. It needs a perfunctory vote before returning to the Senate.

The bill creates a 17-member, unpaid group dubbed the South Carolina Taxation Realignment Commission to study the state's tax system and issue a report by March 15, 2010, with recommended

changes. The commission can continue to make suggestions before dissolving by Jan. 1, 2011.

**HEALTHY FOODS IN SCHOOLS:** Healthy foods in schools: A South Carolina bill banning high-sugar, high-fat foods from being sold to students in school cafeterias and vending machines has received key approval.

The House approved the measure Thursday. An automatic vote today will send it to the Senate.

Democratic Rep. Bakari Sellers of Denmark said he hopes that giving students only healthy choices in school will help curb the rise of childhood obesity.

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#### SWINE FLU CASES CONFIRMED IN S.C. Greenville News

The Centers for Disease Control in Atlanta have confirmed that 10 cases of swine flu exist in South Carolina.

Until today 10 cases related to a Newberry student trip to Mexico had been listed as "probable" pending confirmation through CDC testing.

Altogether, 109 confirmed cases are reported by the CDC in the U.S., and they include one death. The United States Government has declared a public health emergency in the United States.

The state Department of Health and Environmental Control on Wednesday issued a health alert saying that hospitals should test all patients being admitted for acute respiratory illness with fever for influenza A virus infection. Specimens from hospitalized patients testing positive for influenza A virus should be sent to the state public health laboratory for influenza subtype testing, the alert states.

Evidence for benefits from treatment in studies of seasonal influenza is strongest when treatment is started within 48 hours of illness onset, the alert stated.

The antiviral drugs are Tamiflu and Relenza. National health officials have said adequate supplies should be available through physicians and pharmacies, at least in the short term.

DHEC has said the state has backup supplies of 400,000 courses of treatment and is expecting another 500,000 from federal authorities within a few days.

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#### SWINE FLU CONFIRMED IN OTHER STATES AP National

Hundreds of schools scattered around the country closed as the nation's swine flu caseload passed 100 Thursday, and U.S. authorities said they eventually could produce enough vaccine for everyone if necessary — but that shots couldn't begin until fall at the earliest.

The outbreak penetrated more than a dozen states and even touched the White House, which disclosed that an aide to Energy Secretary Steven Chu apparently got sick helping arrange President Barack Obama's recent trip to Mexico but that the aide did not fly on Air Force One and never posed a risk to the president.

An estimated 12,000 people logged onto a Webcast where the government's top emergency officials sought to cut confusion by answering questions straight from the public: Can a factory worker handling

parts from Mexico catch the virus? No. Can pets get it? No.

And is washing hands or using those alcohol-based hand gels best? Washing well enough is the real issue, answered Dr. Richard Besser, acting chief of the Centers for Disease Control and Prevention. He keeps hand gel in his pocket for between-washings but also suggested that people sing "Happy Birthday" as they wash their hands to make sure they've washed long enough to get rid of germs.

It is safe to fly, U.S. officials found themselves stressing after Vice President Joe Biden got off-message Thursday. Biden said he'd discourage family members from flying or even taking the subway. The White House insisted the vice president meant to say he was discouraging just nonessential travel to Mexico, the hardest-hit area.

"It is safe to fly. There is no reason to cancel flights," Transportation Secretary Ray LaHood said. Not just planes but "all modes of transportation are safe in America," he added.

But anyone with flu-like symptoms shouldn't be traveling anywhere unless they need to seek medical care, the same advice that doctors give during the winter when regular flu kills 36,000 Americans each year.

So far U.S. cases are fairly mild for the most part, with one death, a Mexican toddler who visited Texas with his family.

Still, the U.S. is taking extraordinary precautions, including shipping millions of doses of anti-flu drugs to states in case they're needed, but the World Health Organization said Thursday there were no immediate signs that warranted declaring a Phase 6 pandemic.

The Health and Human Services Department said late Thursday the government was buying 13 million treatment courses of anti-flu drugs to replenish the U.S. strategic stockpile and help fight the swine flu outbreak. The U.S. on Thursday also began sending 400,000 treatment courses of the drugs to Mexico to help against swine flu there.

A key concern is whether this spring outbreak of swine flu will resurge in the fall.

Remember, CDC's Besser cautioned, not every pandemic is like the disaster of 1918. "There are some pandemics that look very much like a bad flu season," he said.

The CDC confirmed 109 cases Thursday, and state officials confirmed 24 more. Cases now are confirmed in: New York, Texas, California, South Carolina, Kansas, Massachusetts, Indiana, Ohio, Arizona, Michigan, Nevada, New Jersey, Delaware, Colorado, Georgia, Minnesota and Virginia.

Also Thursday, Mexico's top medical officer voiced optimism that swine flu has slowed in the nation hardest hit by the virus, but the WHO cautioned there is no evidence the worst of the global outbreak is over.

Mexican Health Secretary Jose Angel Cordova told The Associated Press new cases have leveled off and the death rate has been nearly flat for several days. He said the next few days would be critical in determining whether the virus was truly on the decline.

"The fact that we have a stabilization in the daily numbers, even a drop, makes us optimistic," he said. "Because what we'd expect is geometric or exponential growth. And that hasn't been the situation. So we think we're on the right track."

The health ministry, which earlier said 168 people were believed killed by swine flu in Mexico, on Thursday would only confirm 12 of those deaths and would not say how many were suspected.

In hopes of avoiding confusion, the WHO announced it will stop using the term "swine flu," opting for the bug's scientific name, H1N1 influenza A. Obama administration officials have also pointedly referred to the

virus as H1N1 in recent days.

Switzerland and the Netherlands became the latest countries to report infections. Canada, New Zealand, Britain, Germany, Spain, Israel and Austria also have confirmed cases.

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#### THE OBAMA EFFECT: A CLYBURN ON FCC?

James Rosen, McClatchy

President Barack Obama plans to nominate House Majority Whip Jim Clyburn's daughter to a seat on the Federal Communications Commission, a powerful agency that regulates issues ranging from TV profanity to broadband Internet access.

Mignon Clyburn, the eldest of the Columbia Democrat's three daughters, is a Charleston native who has served on the South Carolina Public Service Commission since 1998.

Obama's promotion of Jim Clyburn's daughter — which the Senate must confirm — would further strengthen the president's relationship with a key congressional ally who helped move his \$787 billion economic-stimulus plan quickly through the House in February.

"She is very competent and accomplished, someone of whom I am very proud," the congressman said.

Aides to Clyburn said he had not spoken with Obama about the FCC post for his daughter.

Mignon Clyburn, who holds a degree in banking from the University of South Carolina, declined to comment.

Jim Clyburn, the third-most powerful member of the U.S. House, stayed neutral in South Carolina's key Democratic presidential primary in January 2008.

Clyburn, though, later backed Obama over then-U.S. Sen. Hillary Clinton, helping sway other "super-delegates" to the party's nominating convention. Clyburn has since developed a close relationship with Obama and several of his top aides.

A senior Obama administration official said Thursday the president's relationship with Jim Clyburn was a factor in his choice of Mignon Clyburn as an FCC commissioner, but her more than decade-long experience as a state utilities regulator was decisive.

Among other responsibilities, the S.C. Public Service Commission sets utility rates and grants operating permits to power plants.

Mignon Clyburn's pending FCC nomination continues a tradition of presidents giving executive posts to relatives of powerful South Carolina politicians.

President George W. Bush chose Strom Thurmond Jr., son of the late U.S. senator, as U.S. attorney for the state in 2001.

Current U.S. Attorney Walter Wilkins is the nephew of former S.C. House Speaker David Wilkins. He was named to the post last year by Bush.

Obama stopped short of nominating Mignon Clyburn to the FCC seat, which carries an annual salary of \$153,200, a 54 percent raise from her current yearly pay of \$99,400.

If confirmed, Mignon Clyburn would get the new, third, Democratic seat on the FCC.



Congressional aides said Clyburn's formal nomination could be delayed by a dispute between powerful Republican senators.

Under federal telecommunications law, three FCC commissioners can belong to the president's political party, while the other two commissioners must be members of the opposition party.

Though Obama formally nominates all FCC commissioners, the law thus limits him to naming three fellow Democrats to the oversight agency.

Senate Minority Leader Mitch McConnell of Kentucky and Sen. Kay Bailey Hutcherson of Texas, senior Republican on the Senate Commerce Committee, are pushing different candidates to fill one of two open GOP slots on the FCC.

By Senate tradition, Democratic and Republican nominees move forward in tandem, so Obama may wait to forward Mignon Clyburn's name to the Senate until the Republicans have settled on their preferred candidate.

Obama would name Mignon Clyburn to fill the remaining partial terms of two Republican appointees of President George W. Bush who left the FCC after Obama's election.

If Obama names Clyburn to replace Kevin Martin, Clyburn would serve through June 30, 2011, when she would become eligible for appointment to a full, five-year term.

Clyburn would serve until June 30, 2012, if Obama chooses her to fill the FCC slot left open by the departure of Deborah Tate.

Republican U.S. Sens. Lindsey Graham and Jim DeMint declined Thursday to commit to voting for Mignon Clyburn's confirmation.

DeMint sits on the Senate Commerce Committee, which will hold confirmation hearings.

"We look forward to discussions with Ms. Clyburn," said Wesley Denton, a DeMint spokesman.

**From:** Paula Rauch  
**To:** governors\_office\_all  
**Date:** 4/28/2009 3:06:38 PM  
**Subject:** Internal Job Vacancy

The following position in OEPP is now available for internal applicants only. Please see the attached vacancy announcement for more information.

1. County Coordinator- Guardian ad Litem (Full-time/Time-Limited, Oconee County).

Thank You

Paula Rauch  
Human Resources Specialist  
Human Resources  
Office of the Governor  
803-734-0502  
prauch@oepp.sc.gov

**From:** Patrick Franks <[REDACTED]>  
**To:** Mark Sanford <[REDACTED]>, <[REDACTED]@gov.sc.gov>  
**Date:** 4/27/2009 1:43:06 PM  
**Subject:** Calls for Mon. 4/27

1. Dan Grover

\*I will bring this up with you, but he is available before 3pm and after 5pm\*

[REDACTED]

2. David Posek re: Bob McAlister

[REDACTED]

3. John Sununu

home office: 603-890-1630

[REDACTED]

**From:** Barton Swaim  
**To:** [REDACTED] MCS Road  
**Date:** 4/24/2009 10:25:32 AM  
**Subject:** text of non-fire related coverage - Fri., Apr. 24, 2009

CONTENTS:

- \*Subcommittee hears from school choice advocates
- \*Budget fight delayed for a week
- \*Letter writer praises Gov. Sanford's stand on stimulus
- \*Feds say SC harbor pilot bill could harm right whales
- \*Sens. Graham, McCain push for rebates from Yucca site

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PUBLIC, PRIVATE SCHOOLS HAVE THEIR SAY  
Senators hear from both sides on choice, tax credit debate  
By GINA SMITH, The State

Col. Nathaniel Green goes hat-in-hand to businesses in Summerville, asking them to sponsor students who can't afford the \$6,800 annual tuition at his private military academy .

His students are 45 uniform-clad boys, most of whom have been kicked out of public schools.

They can succeed, Green said, but they must be taught in a military-style manner public schools cannot teach. And their parents deserve state tax credits to offset his private school tuition.

Thursday, parents, teachers, education leaders and others clashed over whether a controversial tax credit proposal would help more of the state's students succeed, especially students who are poor, have learning disabilities or disciplinary problems.

"We're losing our young men in this state," said Green, who runs Eagle Military Academy in Summerville. "Some kids just need a different approach, a different environment to achieve."

Robin Dease of Columbia also knows some students need more intensive, specialized teaching. She believes public schools are best able to provide it.

When Dease's son, Quaylan, was born with cerebral palsy, the doctors told her he was a vegetable and she should keep her expectations low.

But Richland 2, the school district Quaylan has attended since he was 3, and district teachers like Jane Massey have convinced Dease her son can be a productive member of society who can hold down a job.

At Spring Valley High School, Massey helps Quaylan with his socialization skills, his speech and job skills.

"These great teachers, like Ms. Massey, that's what parents are looking for," Dease said. "I've checked and private schools can't provide what (Quaylan) needs. Quality programs are what parents want and need, like those offered in the public schools."

For 2½ hours, a panel of senators listened to more than 40 speakers and considered a bill that would give tax credits ranging from \$1,000 to \$4,900 to parents who home school, send their children to a private school or send their children to a public school for which they are not zoned.

Variations of the tax credit proposal have come before the General Assembly for the past five years without success. But a tough economy is adding new oomph to the fight.

Enrollment at Green's military academy has shrunk to 45 students from 120 students because of the troubled economy.

"If parents had a tax credit, (my school) would fill up over night," he said.

But public schools, already reeling from \$297 million in state budget cuts, say private schools should not get state money on the backs of S.C. public schoolchildren who number more than 600,000.

"Taking away money from public education will only hurt the students I teach and love," said Massey, Quaylan's teacher.

State Superintendent of Education Jim Rex told senators private schools are not accountable to parents as are public schools and can refuse to accept students.

"If your child has bad grades, or if your child has had discipline issues in the past, your child can be denied admission (to a private school,)" Rex said. "In fact, your child can be denied admission for any reason whatsoever. The private school you choose doesn't have to choose you."

Bob Dawkins, headmaster of the private Newberry Academy in Newberry, said he has the toughest type of accountability.

"If we do not provide accountability, our parents will leave us," he said.

The panel of senators is expected to vote on the tax credit plan sometime next week.

The panel also will consider a proposal, backed by Rex, to increase school choice within public schools. The measure would require all school districts to offer single-gender programs, Montessori programs, charter schools or other types of choice within two years.

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#### SENATE SNIPS LOCAL BUDGETS \$50 MILLION

Cutting police and fire departments will allow state to use money for prisons, education, health care  
By JOHN O'CONNOR, The State

The S.C. Senate approved cutting \$50 million from local governments Thursday, part of the debate to balance a \$5.7 billion state spending plan.

Lawmakers were divided over the measure, which passed 23-19, because of the impact on such local services as police and fire departments and libraries. Cutting local government aid will allow budget writers to use that \$50 million for such state services as prisons, health care and education. The House included a similar \$50 million cut in its budget approved last month.

To compensate for the cut, Sen. Mike Rose, R-Dorchester, said the state should free local governments from mandated programs and give them more flexibility and freedom to raise and spend revenue.

"We know there is going to be cuts at the local level," Rose said. "I just think it's the fair thing to do, the right thing to do, the home-rule thing to do."

Senate Finance Committee chairman Hugh Leatherman, R-Florence, noted that local government has been spared from the \$1.1 billion in mid-year budget cuts so far, and other sections of the budget provide funding for libraries and other local services.

Local aid is determined by a formula, he said, and cities and counties have benefited from fast-growing revenues in past years.

"We sent more money back to local government than was ever needed for the mandates," Leatherman said.

The Senate adjourned, agreeing to finish the budget next week. That allows time for supporters of an alternative budget, written by Sen. Greg Ryberg, R-Aiken, and Sen. Tom Davis, R-Beaufort, to prepare amendments for their plan.

The Ryberg-Davis budget is meant as a way to break a deadlock with Gov. Mark Sanford over whether he will accept \$350 million in federal aid for the budget that begins July 1. Ryberg and Davis set aside \$200 million for debt, a step toward the \$350 million Sanford has asked lawmakers to pay off.

The House also took a step toward compromise Thursday, approving a bill that would create a panel to trim \$350 million from state spending in exchange for accepting the federal money.

Sanford spokesman Joel Sawyer said if budget cuts and restructuring are important, then they should be approved now.

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#### TAKING MONEY NOW HINDERS SOLVENCY LATER

By William Walling, The Sun News

For one, I am proud that South Carolina has a governor with the understanding of what loaned or given money does to the future of our children and grandchildren. The natural reaction to any gift offered is to take it and not worry what the future brings due to the responsibility of maintaining that gift giving in the future.

A perfect example is the idea of "every person deserves a house to live in," in which homes were moved into knowing there was not sufficient funds being generated to keep up the payments. The greed of the lenders as well the buyers with their newly inflated vision of what kind of house was needed puts them in position of personal bankruptcy. As one person on TV during the inauguration aptly stated, "They are going to pay for my mortgage and buy my gasoline." Once one is on the take, it becomes easier to ask for more.

Individuals and now corporations are caught in the same trap and look to the government to save them and enable them to continue to live as if financially sound. Suggestions made to have meetings with employees and offer negotiations either before or after bankruptcy would have gone a long way in solving the problems. The airlines proved the results of such negotiations.

Each and every one who forgot to live within their means now is willing to take on offered loans and/or gifts and not worry who is left for the paying of the loans at today's values with future devalued dollars in the future. Why devalued? Because the U.S. is printing money of paper with ink, with only the cost of the materials used, without creating or maintaining the dollar's value.

When you exceed your ability to stay solvent, people and governments get edgy and want their bonds paid off. Corporations, seeing this as an opportunity, are offering to buy their bonds back early at deep discounts to reduce their indebtedness and thereby increase their asset value so they can continue to borrow at the lowest cost. They should have done that before they took their bonuses and gave in to the unions to protect their own interests.

The explanation [of his decision to refuse part of the stimulus money] by Gov. Mark Sanford was concise and exacting. He knows the money taken now will cost much more to pay back and the responsibility will fall on those that grow up to pay that debt they did not incur.

Let's give credit where it is due. There does not seem to be too many willing to give up the freebies that become burdens to someone else. My thanks to Sanford for the thorough review and strength to stand

straight.

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## S.C. HARBOR PILOT BILL COULD HARM RIGHT WHALES, FEDERAL REGULATORS SAY

By Seanna Adcox, AP

Federal regulators say harbor pilots in South Carolina are trying to skirt a new boating speed limit designed to protect endangered right whales by supporting legislation that would give them law enforcement duties.

But the pilots insist they are equally committed to protecting the whales, which migrate up and down the East Coast — often into port shipping lanes — and that the two issues are being unfairly lumped together.

The state House gave final approval Thursday to a bill giving the harbor pilots the status of law enforcement. It will soon head to the desk of Gov. Mark Sanford, whose spokesman said he had not yet studied the bill.

Under the federal rule, which went into effect in December, law enforcement is exempt from an 11 mph speed limit on boats longer than 65 feet. South Carolina' 19 harbor pilots contend the designation would legalize what they've done for years — calling in threats, transporting officers and assisting in drills — despite current state rules that confine them to piloting.

"We're the only agents anywhere authorized to board ships in international waters ... and board every one of them," said John Cameron, a spokesman for the Charleston Branch Pilots' Association and a retired Coast Guard captain. "We're second to none to detect anomalous behavior."

But officials with the National Oceanic and Atmospheric Administration — which issued the speed rule in an attempt to protect the 300 or 400 right whales in existence — question the motive.

"It's a novel approach from my perspective to try to get around the rule," said David Cottingham, chief of NOAA's marine mammal and sea turtle conservation division. "It's the only state I'm aware of trying to do something like this."

Legislators say the seasonal rule — in effect Nov. 1 to April 30 along South Carolina's shores — puts the Charleston port at an economic disadvantage with other ports, where shorter boats allow pilots to more quickly board and bring in ships.

The waters off Charleston's port are shallow for miles, and 75-foot-long harbor boats are needed to go about 15 miles into the open sea to meet incoming vessels and guide them in, officials say.

"We're going to side with the harbor pilots," said Rep. Jim Merrill, R-Charleston. "Our federal government is again trying to apply a blanket approach to solving issues."

The extra time it takes Charleston pilots to board the ships, estimated at one to three hours, could cause ships to take their business elsewhere, said House Judiciary Chairman Jim Harrison. He noted the Charleston port — once the East Coast's second-busiest — has slipped behind competition in Georgia and Virginia.

"It's a critical economic issue in our state," the Columbia Republican said after the House unanimously approved the measure.

State conservation advocates say protecting an endangered species should not depend on economic whims.

Cottingham says the harbor boats are not legitimate law enforcement craft because they are not owned by

the state. Also, he said, the exemption is intended for situations such as active pursuits, or search and rescue operations.

The federal rule also exempts vessels needing to stay above 10 knots for safety reasons, thanks to input from the Charleston pilots, the Coast Guard, and others.

Cameron said Charleston's pilots will operate at a safe navigational speed while offshore. Boarding ships safely, stepping from one craft to another on a rope ladder amid ocean waves, could call for topping 10 knots, he said.

In some conditions, going too slowly in the narrow dredged channel could lead to a "ship going aground and spilling oil to the environmental detraction of right whales or anyone else," Cameron said.

Since 1990, more than 50 right whales have died along the eastern seaboard, with 22 due to ship strikes and 6 due to entanglement with fishing equipment. Between 2001 and 2005, the death rate because of ship strikes and entanglements averaged more than three a year, according to federal records.

But Cameron said there's no record of a right whale strike by a Charleston harbor pilot. "We're in no way saying the fact we've never hit one means we never will hit one, but we're pleased we have the best record on the East Coast," he said.

With the seasonal rule nearing its end for South Carolina's shores, NOAA officials say it will be next year before they decide how to deal with the issue.

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#### GRAHAM, MCCAIN PUSH 'REBATES' FROM FUND FOR NUCLEAR WASTE SITE

They try 'use it or lose it' approach to stalled project in Nevada  
By JAMES ROSEN, McClatchy

WASHINGTON - U.S. Sen. Lindsey Graham, backed by 2008 Republican presidential candidate John McCain, introduced legislation Thursday to provide "rebates" from a \$30 billion fund to build the stalled Yucca Mountain nuclear-waste repository in Nevada.

Because South Carolina has more nuclear reactors than most states do, its residents have contributed a disproportionately large share - more than \$1.2 billion - to the Nuclear Waste Trust Fund for developing the Yucca repository.

Graham criticized President Barack Obama for his decision to mothball the Yucca project, which the federal government has been developing for two decades over intense opposition from Nevada politicians, environmentalists and other groups.

"No one should be required to pay for an empty hole in the Nevada desert," Graham said. "The decision by the Obama administration to close Yucca Mountain was ill advised and leaves our nation without a disposal plan for spent nuclear fuel or Cold War waste."

His fellow Republican from South Carolina, Sen. Jim DeMint, is a co-sponsor.

The \$3.5 trillion budget Obama sent Congress on Feb. 26 slashed funding for developing the waste repository 100 miles northwest of Las Vegas.

Senate Majority Leader Harry Reid, a Nevada Democrat and key congressional ally of Obama, has vowed to block any bid to build the waste site deep under Yucca Mountain.

Obama campaigned against the Yucca repository during his White House run, promising to explore



alternatives that have long eluded state and federal governments.

"Secretary (Steven) Chu has made it clear that nuclear energy needs to be part of our energy mix," Dan Leistikow, a U.S. Energy Department spokesman, said in response to Graham's measure. "He will be appointing a blue-ribbon panel of scientists and other experts to develop a thoughtful, responsible and comprehensive solution to our waste storage needs."

The Graham bill, cosponsored by McCain and seven other Republican senators, would require Obama, within 30 days of its passage, to "certify that Yucca remains the preferred choice to serve as the federal repository for spent nuclear fuel and defense-related nuclear waste."

Dozens of states have waste in temporary storage at nuclear power plants. South Carolina, Washington, Idaho and several other states have large amounts of additional waste at massive federal complexes that built nuclear weapons during the Cold War.

Utility consumers have been paying monthly surcharges to help finance the Yucca repository, contributing more than \$30 billion over the last decade.

Under the Graham measure, if Obama didn't certify Yucca within 30 days, power utilities would start getting "rebates," with the requirement to pass on three-quarters of the refunds to their customers and use the remainder for plant upgrades.

The Graham bill also would mandate separate federal payments of up to \$100 million a year to states with nuclear-weapons waste, starting in 2017, when the Yucca central repository had been scheduled to start accepting it.

The rebates would go to utilities and residents in the 31 states with nuclear power plants.

Utilities already have won \$1 billion in court judgments against the federal government because of its failure to honor contracts that promise to begin moving the nuclear waste to the Yucca storage site in 1998.

In addition to McCain of Arizona, co-sponsors of Graham's bill include DeMint and Sens. Mel Martinez of Florida, Richard Burr of North Carolina, Saxby Chambliss and Johnny Isakson of Georgia, James Inhofe of Oklahoma, and Susan Collins of Maine.

**From:** Barton Swaim  
**To:** [REDACTED] MCS Road  
**Date:** 4/24/2009 10:25:29 AM  
**Subject:** text of fire-related press coverage - Fri., Apr. 24

There is a huge amount of coverage of the fire, obviously. Below are the five most relevant. They are from The State, USA Today, the AP, Post & Courier, and the Sun News.

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#### HORRY COUNTY BLAZE CONSUMES 79 HOMES

Mix of forest and people make area ripe for fires

The State

By Sammy Fretwell

Many people reacting Thursday to the wildfire in North Myrtle Beach found themselves asking one question over and over: How could this have happened here?

An abundance of flammable plants and a flood of new residents are turning parts of Horry County into some of the most vulnerable spots in South Carolina for property damage from forest fires.

Since the early 1990s, large sprawling development projects have spilled inland from Myrtle Beach, across the Intracoastal Waterway and into once sparsely populated thickets of pine trees, oily plants and peat-filled bogs.

Among the development projects that have sprung up are Carolina Forest, Grande Dunes, Pelican Bay and Barefoot Resort. Collectively, they are home to thousands of new residents in Horry County.

The westward reach of resort-style development into Horry County has been fueled by new roads and bridges that made a once-remote area more easily accessible. Both Grande Dunes and Barefoot Resort, for instance, have bridges that span the Intracoastal Waterway to serve home sites and golf courses.

So many houses so close together can hinder firefighting, the S.C. Forestry Commission says.

It's harder to start backfires to try to stop a blaze when there are many homes nearby.

While new homes and golf courses have mowed down thousands of acres of forests, plenty of forest remains. And that land is full of plants that catch fire easily and smolder for long periods, despite the best efforts of firefighters, say experts with the Forestry Commission and the U.S. Fish and Wildlife Service.

State forester Gene Kodama said vegetation in Horry and Georgetown counties is similar to chaparral bushes that have ignited and contributed to big Western wildfires. Coastal areas south of Myrtle Beach and Georgetown - Charleston, Edisto, Beaufort, Hilton Head - have fewer thickets of waxy, flammable plants, forest and plant experts said Thursday.

Plants found west of Myrtle Beach include gall berries, swamp cyrillas, wax myrtles and fetter bush plants. Some of these forested areas are so thick a person can't walk through them, Kodama said.

"When they ignite, there is so much oil in there that they burn very hot," Kodama said. "They create a very intense flame."

That means a fire can be harder to extinguish, he said. Even when the flames are doused, fires can smolder for weeks because of peat that underlies the plants.

Ironically, many of these areas are the unique Carolina bays and other types of wetlands. But they dry out during parts of the year, leaving a tinderbox of vegetation that burns easily.

Kodama said western Horry and Georgetown counties traditionally have more wildfires than many other parts of the state.

Ron Osborne, the state's emergency management director, said the increase in development and forest fires concerns him. Osborne called this week's fire in Horry County one of the worst in South Carolina in nearly two decades.

"It's significant," Osborne said. "To my knowledge, in the last 15 to 17 years, we've not had this many homes impacted from forest fires."

The fire started west of Myrtle Beach near S.C. 90 and S.C. 22, likely from someone burning refuse, the Forestry Commission says. The blaze had grown large enough Thursday to create its own wind, which quickens its pace across the landscape, Kodama said. It was burning most intensely near Barefoot Resort west of North Myrtle Beach.

Jack Walker, planning director for the city of Myrtle Beach, said wildfires have raged regularly in Horry County for decades, but they're noticed more these days because so many people have moved across the waterway.

"It's about impossible now to have a fire (of) over 1,000 acres and not get close to a neighborhood," he said. "A lot of this development has occurred since the late 1990s."

Walker remembers one of the state's worst forest fires in 1976 was notable, but had little impact on people. Other than residents of then-tiny Conway and Loris, there was not much else in western Horry County.

"It went wild, but there was no one out there" to threaten, he said.

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#### CALM WINDS LIMIT SPREAD OF S.C. WILDFIRE OVERNIGHT By Larry Copeland and Oren Dorell, USA TODAY

MYRTLE BEACH, S.C. — Firefighters say calm winds overnight allowed them to hold steady against a wildfire that has burned 31 square miles near one of South Carolina's busiest tourist areas.

State Forestry Commission spokeswoman Holly Welch said early Friday that there was no indication that additional homes had burned in the overnight hours.

The blaze that started Wednesday west of Myrtle Beach has destroyed about 70 homes and damaged about 100 others.

#### PHOTO GALLERY: Flames rage in coastal South Carolina

Welch said 30 firefighters manned containment lines overnight. Officials estimated late Thursday that the blaze was about 50% contained. It was expected to intensify and move north, away from the busiest stretch of beach hotels. Winds could reach speeds close to 15 mph by the afternoon, with some higher gusts, the National Weather Service reported.

It's the worst wildfire in South Carolina since 1976.

About 2,500 residents were forced to flee, according to Todd Cartner, spokesman for Horry County Fire Rescue.

"The winds have picked up and keep changing direction, and that just makes it more difficult today," he

said.

On Thursday, Welch said crews had successfully used plows to hold off a portion of the blaze but noted that the situation could worsen if winds were to start blowing today in an unexpected direction.

"While we think we have things secured, that could all go out the window tomorrow," she said.

Much of the damage was at Barefoot Landing, a sprawling complex of houses, condos and golf courses separated from the main route through Myrtle Beach by the Intracoastal Waterway.

Amanda Horton, 23, was crying and fearing the worst Thursday evening. Authorities had allowed some residents to return to the Barefoot Resort but were still blocking access to her street in the hardest-hit area.

"The two houses next to my house were completely destroyed when we checked on it earlier," she said. "The siding on my house was melting."

Myrtle Beach and its satellite communities, in what is called the Grand Strand, anchors the state's \$16 billion annual tourist industry, drawing college students for spring break and families who fill miles of motels and hotels in the summer.

"Myrtle Beach is our chief tourist destination," said Joel Sawyer, spokesman for Gov. Mark Sanford. "Tourism is the state's No. 1 industry."

Sanford declared a state of emergency Thursday, saying "this has already proven to be a devastating event for Horry County, and it isn't over."

North Myrtle Beach Councilman Terry White said the damage is unprecedented for the city, which straddles the Intracoastal Waterway and boasts 15,462 residents and million-dollar vacation homes on the Atlantic Ocean beach.

Kathy Kuhn, 42, who has lived in Barefoot Resort for six years, returned to find her house untouched, but her parents were not so fortunate, she said.

"My mom didn't even get out with her glasses," Kuhn said.

"She started the car, and before she could even go back in the house the flames were between her and the house."

A few miles south along the coast, people were unaffected. Hotel managers, who offered vouchers to evacuees, said they could not even smell the smoke.

The largest fire in South Carolina history also took place in Horry County and burned 30,000 acres in 1976, said Russell Hubright of the state forestry commission.

He said that this fire "could approach that," because of 15 to 20 mph winds forecast for Friday.

The area's difficult terrains make it too dangerous to cut a fire break close to the blaze with heavy machinery.

"A fire this intense — you're talking 130-foot to 150-foot flames — that kind of fire you can't be near it," Hubright said. "It's just too hot."

Much of the blaze has run through the Lewis Ocean Bay Heritage Preserve, a 9,383-acre wildlife preserve where the soft, organic soil can trap heavy machinery firefighters use to cut fire breaks. When dry, the soil can catch fire.

"They can smolder and fires can start in many cases for weeks after the main fire's been put out," Hubright said.

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# S.C. WILDFIRE BURNS HOMES NEAR POPULAR BEACH AREA By BRUCE SMITH, The Associated Press

NORTH MYRTLE BEACH, S.C. (AP) — A coastal wildfire spread early Thursday toward one of the busiest tourist stretches in South Carolina, burning dozens of homes and forcing hundreds to flee in the middle of the night. No injuries were reported.

Police banged on doors to awaken residents as strong winds pushed the blaze through a wooded swath toward the Barefoot Landing development, a sprawling complex of houses, condominiums and golf courses separated from the main route through Myrtle Beach by the Intracoastal Waterway.

"It was like something out of a movie," said Danielle Prater, 25, of Charlotte, N.C., who woke her aunt and uncle at 1:30 a.m. after seeing flames several feet high racing through a neighbor's back yard. "I ran and got them and we got out of there as fast as we could."

Officials hoped the waterway would act as a natural firebreak to protect more populated areas closer to the beach. State fire officials said as many as 40 homes had been damaged or destroyed. North Myrtle Beach spokeswoman Nicole Aiello said only that 40 homes were damaged and the extent of that would not be known until later in the day.

About 2,500 people in a four-mile stretch on the western side of the waterway were told to leave their homes overnight, Aiello said. Shelters were set up at North Myrtle Beach City Hall and the House of Blues, where about 50 people watched a television over the bar looking for news updates. Outside, a white haze settled and the acrid smell of smoke was pervasive.

"What we have on is what we got away with," said Sherlene Pinnix, 63.

A cause of the fire, which started a day earlier in a wooded area west of the beach, had not been determined. Officials said more than 8,000 acres had been scorched by early Thursday morning, with the flames jumping highways and sending walls of smoke over tourist attractions as 30 mph gusts pushed it toward the ocean. Winds were expected to be weaker Thursday.

Adding to the problem were heavily vegetated patches called Carolina Bays that caught fire and fueled the blaze. Tropical downpours are often needed to extinguish such fires, said state Forestry Commission spokesman Scott Hawkins.

"Once you get a fire in a bay, it's very, very hard to put out," he said.

The area is the anchor of the state's \$16 billion tourist industry, drawing college students for its low-cost spring break and families who fill miles of budget beachfront hotels along the coast from Memorial through Labor Day. Tens of thousands of golfers visit each year, and some of the region's courses are among the most highly regarded in the nation.

Just off the coast, subdivisions and golf courses have been carved from forest and swamps over decades and the area remain prone to wildfires that spring up in the woods and scrub. Some 30,000 acres burned in 1976.

On Wednesday, gray-white smoke engulfed the restaurant row between Myrtle Beach and North Myrtle Beach. It looked like a winter fog, with car headlights and neon signs peeking through the haze. Several miles west of the tourist strip, 15 people gathered in a church shelter set up when their subdivision was

threatened.

At a shelter set up Wednesday when the fire threatened a subdivision, Jo Hillman, 52, joined her husband, Chuck, and 13 other people at a shelter set up at the Tilly Swamp Baptist Church about midway between Conway and North Myrtle Beach.

As a prayer meeting went on inside, Jo Hillman and her husband recalled the tense moments as the fire started spreading.

"First they said 'You've got 15 minutes.' Then they said 'Get out now,'" said Jo Hillman, 52.

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## GRAND STRAND ABLAZE

'Like I was right in the middle of hell'

By Tony Bartelme, The Post and Courier

**NORTH MYRTLE BEACH** — Wind-whipped wildfires continued to march across the Grand Strand area Thursday, charring nearly 20,000 acres, destroying or severely damaging about 170 homes and blanketing some the area's popular tourist attractions with an ashy haze.

Helicopters land in nearby ponds, scooping up water and taking it to the flames near the leading edge of one of the wildfires in North Myrtle Beach. The helicopter video was shot from the 14th floor of a condominium building near Barefoot Landing, overlooking the Barefoot Resort. [Watch »](#)

It was the state's biggest wildfire in three decades, consuming some 31 square miles over two days. But so far no deaths or serious injuries have been reported.

Horry County officials on Friday morning released an early estimate of nearly \$8.3 million in damages so far.

As the sun set Thursday, coastal winds were pushing flames toward the northeast in a line roughly parallel to the Intracoastal Waterway. No rain is in sight.

But calm winds overnight allowed firefighters to hold steady against the flames.

There was no indication that additional homes had burned in the early morning hours Friday, said Holly Welch, a spokeswoman for the state Forestry Commission.

"It's looking really good so far," Welch said. "We had a really calm night, there wasn't a whole lot of wind."

About 30 firefighters manned containment lines overnight and were able to reinforce some of them, she said.

Welch said the blaze was about 50 percent contained early Friday but noted the picture could darken with the slightest change in the weather.

"Where we think we have things secured, that could all go out the window," she said.

[Photo Gallery](#)

## Myrtle Beach Wildfire

A coastal wildfire that started in a wooded area west of the North Myrtle Beach area has burned more than 19,600 acres and destroyed about 70 houses and damaged 100 more. Wind gusts of 30 mph pushed the flames toward the ocean, with the flames jumping highways and sending walls of smoke over tourist attractions. The wildfire has forced the evacuation of an estimated 2,500 people.

More than 2,500 people were evacuated Thursday, with some taking refuge during the day at the House of Blues. Some fled in the middle of the night as the fires raced through subdivisions west of the Carolina Bays Parkway. Dean Shepherd, who lives in Barefoot Resort, woke up to a red glow.

"It looked like I was right in the middle of hell," he said. "Fire was exploding and embers were flying everywhere." He looked across the street and saw that his neighbor's house was on fire. "I banged on the door and woke them up." They escaped with some medicine and clothes.

Some Barefoot Resort homeowners returned home Thursday evening while a few miles north police ordered people in 30 other homes to leave. Officials said they feared shifting winds overnight could push the flames farther inland toward other neighborhoods.

So far, the fires have destroyed 69 houses and damaged 100 more, officials said. Gov. Mark Sanford declared a state of emergency for Horry County. State forestry officials were still investigating the cause of the fire.

More than 100 firefighters used backhoes and bulldozers to cut firebreaks and put out hotspots as a Black Hawk helicopter swooped down to ponds to pick up water and dump it on nearby flames. "We have the resources. We need to get a weather break," said William Bailey, public safety director for North Myrtle Beach.

Update: Thursday night

The 10 p.m. update from Emergency Management Division of The Office of the Adjutant General.

The fires created a wide white wall of smoke from Myrtle Beach to North Myrtle Beach in areas where pine forests mix with sprawling new subdivisions, such as Barefoot Resort and the Farm at Carolina Forest.

At one point the fires spread toward the exclusive Grande Dunes resort, shooting embers across the four-lane Carolina Bays Parkway and starting brush fires by the golf course.

The fires were confined to areas west of U.S. Highway 17, so most of Myrtle Beach's attractions, hotels and other tourist destinations were open for business, though bits of ash wafted onto people's cars parked at beachwear stores miles away, and beachgoers could see a massive plume of gray smoke curling far out into the Atlantic.

North Myrtle Beach Mayor Marilyn Hatley even managed to promote the area while announcing the number of homes destroyed. "Certainly come on to the Grand Strand area and enjoy yourself," she said.

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#### MYRTLE BEACH AREA FIRE EXPECTED TO TURN NORTHWARD, THREATEN HOMES

Day's blaze surprises by night, leaving wake of destruction

By Robert Morris, The Sun News

Today's weather could increase the challenge for firefighters trying to control the wildfire that roared through thousands of acres in the Myrtle Beach area.

Management of the blaze likely will become more difficult in the afternoon when an unusually strong sea breeze is expected, according to meteorologist Ron Steve from the National Weather Service in Wilmington, N.C.

The track of the fire is expected to turn to the north this afternoon and threatened many homes in the Poplar community near S.C. 90, according to Paul Whitten, Horry County public safety director.

"This fire is not done ... we have several days to go," Whitten said.

Firefighters kept busy during the night trying to keep flames from jumping fire lines cut by the Forestry Division crews to slow its progress. Crews spent the night responding to a few reports of fire restarts, but none that got out of hand, officials said.

"We had success in several areas," Whitten said.

Firefighters also started a controlled burn off International Drive near S.C. 31 to burn away some fire fuel. Holly Welch spokeswoman for S.C. Forestry Commission said crews responded quickly the flare ups to keep them spreading or jumping the fire lines.

Steve said the lack of wind will cause smoke from the fire to remain near the ground today and could make travel difficult for some motorists. During the night police responded to reports that visibility on some roads was low, but no new road closures were announced.

Steady wind speed is expected to be about 15 mph during the afternoon today with gusts reaching about 25 mph, Steve said. "That could cause problems with the fire," he said.

Fueled by waxy undergrowth and unpredictable winds, wildfires across a large swath of inland Horry County destroyed dozens of homes and displaced thousands of residents Thursday, leaving a smoky scar across the sky, scorch marks across the land and fears of more destruction to come.

The fires could burn for days, officials said, but conditions for fighting them were expected to improve Thursday night. Those same conditions - low wind and high humidity - will make for a Friday filled with dense smoke and fog, officials warned.

"You could not see your hand in front of your face," said Chief Gary Alderman of Horry County Fire Rescue.

The fire was 50 percent contained Friday morning, according to Holly Welch, spokeswoman for the Forestry Division.

Heavy smoke just after midnight made driving difficult in areas around S.C. 90 near S.C. 31, where visibility in spots was about 50 yards.

Firefighters from S.C. Forestry Division and about 10 from Horry County Fire Rescue, concentrated their effort in an area roughly east of S.C. 22 and North of S.C. 31, Welch said.

Several small fires were reported and quickly addressed, she said, but there were no changes in the direction or size of the fire, she said.

Firefighters expect today to get help with water drops from helicopters and airplanes, Welch said.

The blaze began early Wednesday afternoon near S.C. 90 and International Drive but unleashed the brunt of its fury overnight, when it savaged about 70 homes in North Myrtle Beach's Barefoot Landing area near S.C. 31 and S.C. 22. On Thursday, steady winds fanned the flames back along Watertower Road and toward S.C. 90 to the northeast as firefighters moved throughout the day, trying to contain the blaze as best they could.

No injuries were reported Thursday, but preliminary counts showed 2,500 people evacuated, and hundreds spent the night at shelters around the area.

The cause of the fire remained undetermined on Thursday, but one man was ticketed for letting a debris fire get out of his control. Officials stressed that the incident could yet be unconnected to the larger blaze.

Fifty other fire stations from South Carolina and 10 from North Carolina are in the area and helping to



control the blaze, Alderman said.

### Evacuations

Many residents went to bed Wednesday night thinking they were safe, only to be awakened by officials in the middle of the night. Nick Gentile, 64, a Barefoot Resort resident, said he left his home around 2 a.m.

"They came around with a police car with a loudspeaker," he said, still wearing his blue-plaid pajamas. "You always read about stuff like this, but you never know when you are going to be in it."

By morning, the damage to Barefoot Resort homes west of the Intracoastal Waterway in North Myrtle Beach appeared catastrophic. Sixty-nine homes were confirmed destroyed by late Thursday, according to Mayor Marilyn Hatley. Twenty-seven homes suffered severe damage, and eight vehicles have been destroyed, she said.

Ten homes on Swift Street in Barefoot Resort were destroyed, leaving only washers and dryers on the foundations, while several other homes have serious damage to the siding. At one home, the flames burned so intensely that the aluminum rims on a car melted onto the driveway.

At least seven homes burned to the ground on Club Course and six more on Windy Pines. At another Windy Pines home, the fire had destroyed a car but melted only the siding on one side of the home.

In addition to the 69 homes destroyed, the blaze damaged 100 others and consumed more than 19,000 acres of land. Multiple other subdivisions - including Pelican Bay, Wakefield, Summerfield and the Glade - were evacuated, though some reopened Thursday.

Shelters were opened for evacuees throughout the day as students were let out of North Myrtle Beach schools. Area businesses offered help from free hotel rooms to pet boarding, while tourism officials issued a statement reassuring tourists that the Grand Strand remains open for business.

Horry County authorities opened a command center at the M.L. Brown building in Conway, while the S.C. Forestry Commission staged their crews from the Solid Waste Authority building on S.C. 90.

State Representatives Alan Clemmons and Tracy Edge flew over the area Thursday afternoon and toured it through the evening. Gov. Mark Sanford declared a state of emergency for Horry County and planned to visit today.

"This has already proved to be a devastating event for Horry County, and it isn't over," Sanford said Thursday.

### Combustion

The fire's longevity was blamed partially on the terrain. Under the pines of the circular Carolina bays throughout the area is a dense layer of evergreen shrubs - wax myrtle, gallberry and others - that bear leaves covered in volatile oils, said Coastal Carolina University biology professor James Luken.

When lit, those chemicals burn like petroleum, he said.

"When it starts to burn, there's no amount of water you can put on it that puts it out," Luken said. "You can't get them put out until you get a drenching rain put on it."

Such wildfires are not exactly fought - they are contained, said S.C. Forestry Commission officials. Plows and bulldozers dig trenches around the burning area to cut it off, and firefighter crews and helicopter water dumps are only for the most critical areas - where the flames are about to jump a fire line, for example, or threaten a home.

"You don't really fight these with water," said Scott Hawkins, a commission spokesman. "It's really about getting a line around it, and knowing it's going to get bigger before you get a line around it."

The true danger comes when the wind picks up, Hawkins noted, as it did Wednesday night. Many homes destroyed in Barefoot Resort were not consumed by a moving wall of flame, but sparked by wind-borne embers.

Fire is a natural part of the land, Luken noted - a 30,000-acre blaze scorched the same general area in 1976. Over time, the undergrowth builds back up but is a threat if development occurs nearby.

"We live in a fire-prone ecosystem," Luken said. "These ecosystems are meant to burn every 15 or 20 years."

Around the edges

Used to the wildfire cycle, many homeowners around the edge of the blaze spent Thursday hosing down their homes, trying to protect against the flying embers.

Larry and Alan Morton were calm as they sat late Thursday afternoon in plastic lawn chairs outside Larry Morton's doublewide mobile home, sipping something cool and wet as they watched the fire creep through the dense woods bordering his property off Long Bay Road.

They had no plans to evacuate despite thickening smoke and ashes that came down around them.

"We've been through it before," Larry Morton said, recalling hosing down the roof of his home as flames danced along the edge of his property.

For residents of the area, keeping an eye on the storm Thursday was like watching a hurricane move up the coast and trying to determine where it would make landfall.

But the fire's progress was capricious, seeming to move first one way and then the other as the wind shifted directions throughout the afternoon.

Deciding which house to save and which to let burn is tough for firefighters, said Justin Gibbins, battalion chief of Horry County Fire Rescue as he watched small flames from one edge of the fire creep toward a group of mostly mobile homes on Strawberry Road, a short distance down S.C. 90 from Price's house.

Such decisions came fast and furiously Wednesday night as the fire raced across Horry County and through Barefoot Resort so fast that one bulldozer operator had to bury himself in the earth to keep from getting burned, and a driver hauling a backhoe had to abandon both as the fire rolled over him.

"No fireman wants to make those decisions," he said. "I can help these people, but I can't help those people."

The house at the end of the road was easy to save, Gibbins said. It was built of concrete block and had a clear lot, and firefighters halted the fire at the yard's edge.

The next one toward S.C. 90, a mobile home, wasn't such a sure thing.

Gibbins instructed a fire crew to let the flames burn through a small field of dry grass brush and as much of the small trees and bushes hugging one side of the house before they moved to the next spot.

Such decisions don't come easy, he said.

"The first hour and a half of this fire," Gibbins said, "that was as bad as I've ever been through."

One man ticketed

As investigators searched for a cause to the blaze, one man was ticketed Thursday for failure to notify the S.C. Forestry Commission about an outdoor burn and letting the fire spread to another's property, Hawkins said.

The man's name was not immediately available.

Forestry Commission officials later said that the fire was a routine debris burn that was started over the weekend and was put out the same day, but then rekindled on Wednesday.

Horry County Councilman Bob Grabowski said the blaze consumed the man's home that day.

"Were they the cause of the fire? We don't know that yet," Hawkins said. "There is further investigation needed. Yes, that burn caused a fire, but it doesn't mean it caused the [S.C.] 31 fire we are here to discuss today."

Wednesday night's humidity bottomed out at 35 percent, allowing the flying embers long lives aloft. Thursday night was expected to be much more humid, above 80 percent, and much better for fighting fires, said National Weather Service meteorologist Ron Steve. At the same time, Steve predicted a dense blanket of fog and smoke across the Grand Strand on Friday morning, as the overnight humidity traps the smoke from the wildfires close to the ground. "Without the wind, there's nothing to take the smoke up and out," Steve said.

About 35 firefighters continued to work through the night, and with no rain in sight for days, no estimates were available when the fire might be under control.

"It's a big fire," Hawkins said. "It may get worse before it gets better."

**From:** Emily Pease  
**To:** Road, MCS  
**Date:** 4/23/2009 3:09:51 PM  
**Subject:** Talking Points for Call with Napolitano

Call to Secretary Napolitano

- Purpose of call - alert the Secretary that we are planning to seek a Fire Management Assistance Declaration today due to the severity of the wildfires in the northeast part of South Carolina that have been burning out of control since yesterday afternoon - April 22, 2009. The letter seeking assistance will go to Valerie Rhodes and Major Phil May with FEMA Region IV.
- A Fire Management Assistance Declaration will allow FEMA and the Governor to enter into a cost-sharing agreement, in which FEMA will pay 75% of the all fire response costs some of which include firefighting equipment and supplies, labor costs, emergency work (evacuations and sheltering, police barricading and traffic control, arson investigation) and state emergency operations center.
  - o To be eligible for grants under the Fire Management Assistance Program, the total eligible costs must exceed roughly \$250,000. We expect to reach this amount.
- Background of Severity of the Fire: We have declared a State of Emergency for Horry County because, as of this morning, over 15,000 acres have been burned, with 2,500 residents evacuated, 140 homes have been destroyed and/or sustained damages. There is a great potential for the fire to spread to other populated areas.
  - o County and municipal assets have been utilized and mutual aid agreements have been implemented.
  - o We have designated Ronald C. Osborne as the State's Authorized Representative to FEMA and other agencies as needed.

**CC:** Swati Patel

**From:** Joel Sawyer  
**To:** Ellenberg, Jack; [REDACTED]  
**Date:** 4/23/2009 10:09:06 AM  
**Subject:** Governor needs to call me on my cell

Please have MS call me on my cell when he gets a minute. It isn't an emergency, but needs to happen sooner rather than later.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

**CC:** Road, MCS

**From:** Kevin Pazdernik  
**To:** [REDACTED]; MCS Road  
**Date:** 4/23/2009 9:57:39 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (2 of 2)

Study: Utility overstated need for coal plant

Santee Cooper underestimated the cost of building and operating a coal-fired power plant near Florence in justifying the need for the facility, a new study says.

The utility did not properly account for the looming expense of carbon dioxide pollution, which could cost rate payers up to \$168 million by 2015, according to the report by a nationally known energy and environmental research firm.

Synapse Energy, of Cambridge, Mass., prepared the study for the S.C. Coastal Conservation League, a vocal opponent of the coal plant. Synapse's report is the first in-depth study by experts that examines state-owned Santee Cooper's justification for the plant.

Santee Cooper officials say their research was thorough and the plant is needed.

The Synapse report says Santee Cooper's plan to build two 600-megawatt coal-fired units is financially risky, unnecessary and results from "a flawed planning process." It notes new coal-fired power plants are becoming potentially harder to finance.

"We have identified serious weaknesses and biases ... that call into question" Santee Cooper's decision, the report says.

Santee Cooper's fight to build the coal-fired power station has been at the forefront of attention in South Carolina for nearly two years. The company, which serves about half the state's 4 million residents, says it needs at least one of two proposed coal-fired units so the company can meet future energy needs.

A coalition of environmental groups says the utility can supply power through conservation programs and alternative energy. They have complained that the state Department of Health and Environmental Control never studied the need for the plant.

Coal plants release toxic mercury, which can pollute fish in nearby rivers. They also produce greenhouse gases, like carbon dioxide, which contribute to global warming.

Santee Cooper spokeswoman Laura Varn said the company stands by its plan to build the coal plant near Kingsburg along the Great Pee Dee River.

"This report is Monday morning quarterbacking," she said. "We know for sure the need for the plant is a reality. It is the most economical decision, and it meets or exceeds all state and federal environmental standards."

The 36-page Synapse report says Santee Cooper's project is contrary to what is happening in other states. About 80 coal-fired plants have been shelved or put on hold because of their environmental impact and construction costs, the study says.

Synapse's study questions whether Santee Cooper's projected demand for power is accurate in light of the slumping economy. It notes four main problems with Santee Cooper's justification for the facility:

- The company used unusually low construction costs for the coal plant, which makes it easier to justify. Santee Cooper estimates the cost of two units would be \$1.22 billion to \$1.24 billion. But four new plants in other states Synapse studied range in price from \$1.27 billion to \$2.23 billion.

- The company did not fully address how energy efficiency might reduce the need for a coal plant. Santee Cooper has said it has a vibrant energy efficiency program.

- The company used inflated natural gas prices, which make a stronger case for a coal plant. A natural gas plant is less polluting. Santee Cooper wrongly assumed that federal regulation of greenhouse gas emissions would substantially increase natural gas prices.

- Santee Cooper did not fully consider the anticipated cost of releasing carbon dioxide. Releasing 4 million tons of carbon dioxide each year from just one plant would cost at least \$56 million and as much as \$168 million in 2015, the report said. The company based its estimates on the expected per-ton costs of carbon dioxide credits.

The federal government is expected to impose new rules to limit carbon dioxide. Utilities that exceed the limit might have to buy credits from industries that are under the limit. If both units are built in Florence County, they would release about 8 million tons of carbon dioxide a year.

Varn said the company considered carbon dioxide costs, but didn't elaborate.

Synapse spent eight months examining Santee Cooper's justifications for the plant, including documents

provided by Santee Cooper and other public records.

Report author David Schlissel has engineering degrees from MIT and Stanford and about three decades of experience. Schlissel, whose company's clients range from attorneys general to public utility commissions, said conservationists did not have a say in the report's conclusions.

The study, which cost \$50,000 to \$75,000, was paid for by the Rockefeller Foundation for the Coastal Conservation League.

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 4/23/2009 9:57:35 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (1 of 2)

Governor's Daily Press Briefing - Thu., Apr. 23, 2009

Summary:

State Senate debates alternative budget  
Wildfire destroys homes near popular beach area  
State Supreme Court declines to hear suit on stimulus funds  
Sens. Ryberg & Davis budget op-ed runs picked up  
The State editorializes support for school choice as "bailout for private schools"  
Study: Utility overstated need for coal plant

Text of Clips:

State Senate debates alternative budget

Greenville News:

Accusations flew across the Senate floor Wednesday as debate opened on an alternative budget plan that its supporters argued is more responsible than the one passed last week by the Senate Finance Committee.

"I think it is a better blueprint from which to work," said Sen. Tom Davis, a Beaufort Republican who along with Sen. Greg Ryberg of Aiken is pushing the alternative budget.

But critics of the plan, including Sen. Hugh Leatherman, chairman of the Senate Finance Committee, poked holes in the proposal. Leatherman and others described as "hard-hearted" the plan's elimination of numerous health-care and other program line items.

Davis said funding for the programs isn't being eliminated. He said agency directors will be given the flexibility to decide how to spend the funds.

President Pro Tempore Glenn McConnell said he doesn't trust giving that much authority to one person, especially if the agency director answers to the governor.

The plan by Ryberg and Davis would spend more money than the Finance Committee plan on public safety agencies, Davis said, and generate \$200 million to apply toward the state's loans to the federal government for unemployment benefits.

The additional money, Davis said, comes through restructuring savings, cell phone and administrative reductions and by using more money from increased federal funds caused by a change in Medicaid match requirements. Leatherman argues the alternative plan cannot use that much of the money on non-health care agencies.

Some Senate critics Wednesday called the Davis-Ryberg plan "voodoo economics" or labeled its supporters as the "governor's allies," since Davis is a former chief of staff to Sanford and the group used staff help in Sanford's office to craft the plan.

Davis criticized the Senate Finance Committee plan for its use of federal stimulus funds Sanford has refused to apply for, and also for its reliance on increased tax enforcement to generate more money.

The State:

QUOTE OF THE DAY

"You have to say 'governor's allies' as many times as you can because the press is in the room and they have to pick up on that. I understand that. That's how the game is played."

— Sen. Tom Davis, R-Beaufort, criticizing the Finance Committee budget Senate lawmakers are debating on the floor. Davis was one of two senators who offered an alternative budget to avoid large cuts in education and other spending by tapping Medicaid funding.

Republicans on opposite sides of balancing the state budget with federal stimulus money dominated the first day of Senate budget debate, and little progress was made.



Senators were split on whether to accept the budget committee's \$5.7 billion spending plan, or an alternative budget that was offered in committee but received no vote.

Proponents of the alternative budget argue it could settle the dispute between lawmakers and Gov. Mark Sanford over federal stimulus money by paying down debt while still funding core government functions. Sanford has said he will not accept the money unless lawmakers pay off an equivalent amount of state debt.

"We offered it as a way to move forward and not decimate public safety and corrections and K-12 education," said Sen. Greg Ryberg, R-Aiken, one of the plan's co-authors.

Sen. Tom Davis, R-Beaufort, said he objected to the budget committee plan that expects increased tax enforcement to add \$48 million to state coffers.

"I don't want to pass a budget that hopes on (tax) collections," Davis said.

Davis and Ryberg pushed hard Wednesday to receive a vote on their plan. Davis eventually took to the floor to counter what he called misinformation about the alternative budget, which relies heavily on using Medicaid money for other uses.

Sen. Hugh Leatherman, R-Florence and chairman of the budget committee, noted there was no written authority from the federal government to spread Medicaid money throughout the state budget, as Davis and Ryberg wanted. Davis said that other states had balanced their budgets with health care money.

"To me the question of how much Medicaid money can be used for other purposes is very clear,"

Leatherman said, noting that the committee budget funded the agency at agency director Emma Forkner's recommendation. "If we take all of that money, (then) she doesn't have the money to pay (vendors)."

The debate turned testy at times, with lawmakers even objecting to suspending rules to allow finance committee staffers on the floor. Traditionally finance staff members work with members on the floor during the week.

As a compromise, the Senate agreed to extend budget debate into next week to allow supporters of the alternative budget to prepare amendments.

#### AP Brief:

Legislators return for a second day of debate on a \$5.7 billion spending bill that proposes spending an extra \$350 million in federal stimulus money.

Thursday's debate comes after the state Supreme Court refused to take a case tied to Gov. Mark Sanford's refusal to request the stimulus cash. He says he wants that money used to offset state debt but the White House has twice refused that idea.

Legislators were encouraged that the court's order made it clear that they can put the stimulus money in the budget. But it remains unclear how or if they can force Sanford to seek the money.

Sanford's allies tried unsuccessfully Wednesday to force a three-day delay in considering the budget so they'd have more time to prepare an alternate spending plan.

#### Wildfire destroys homes near popular beach area

##### AP:

A coastal wildfire spread early this morning toward one of the busiest tourist stretches in South Carolina after destroying more than three dozen homes.

No injuries had been reported in the fire that started Wednesday afternoon west of Myrtle Beach, but officials said gusty winds were making the situation worse.

The fire jumped a state highway near North Myrtle Beach and destroyed about 40 homes early Thursday, said Scott Hawkins, a spokesman for the South Carolina Forestry Commission.

In North Myrtle Beach near the North Carolina state line, officials began evacuating about 2,500 people in a four-mile stretch west of Highway 17, city spokesman Nicole Aiello said.

Shelters were set up at North Myrtle Beach City Hall and the House of Blues at Barefoot Landing, she said.

The blaze jumped the busy six-lane Coastal Bays Parkway on Wednesday, stopping not far from the Intracoastal Waterway. Firefighters were expecting the waterway to act as a natural firebreak, protecting the larger city of Myrtle Beach.

A gray-white smoke had engulfed restaurant row between Myrtle Beach and North Myrtle Beach on Wednesday evening. It looked like a winter fog, with car headlights and neon signs peeking through the haze.

Tourists watched the smoke move over the tree line at the Cane Patch driving range, where one of the holes on the par-3 course was on fire Wednesday night, said cashier John Paulhus.

"We can see the smoke clearly from here," he said. "A lot of them have come in and inquired about it. I think it's more curiosity than anything else."

A cause has not been determined for the fire that began around noon in woods about six miles east of Conway, Horry County Fire Rescue spokesman Todd Cartner said.

The fire had spread into several Carolina Bays, geographic structures full of organic material that fuel the blaze. Tropical downpours are often needed to extinguish the burning peat, Hawkins said.

"When a bay starts burning, they burn for a long, long time," Hawkins said.

Jo Hillman, 52, joined her husband, Chuck, and 13 other people at a shelter set up at the Tilly Swamp Baptist Church about midway between Conway and North Myrtle Beach.

As a prayer meeting went on inside, the couple recalled the tense moments as the fire started spreading. "First they said 'You've got 15 minutes.' Then they said 'Get out now,'" Jo Hillman said.

The Sun News:

At least 40 homes have been destroyed by fire overnight and Gov. Mark Sanford today issued a State of Emergency for Horry County, authorities said.

Most of the homes were located in the Barefoot Resort, which is located behind Barefoot Landing. About 2,500 people have been evacuated in the North Myrtle Beach area, west of the Intracoastal Waterway, according to Nicole Aiello, city spokeswoman.

A thick, gray smoke and ash has been reported over most of North Myrtle Beach this morning.

An estimated 8,500 acres have been burned in the blaze that started Wednesday afternoon, but that number ``will probably grow this morning," according to Scot Hawkins, spokesman for S.C. Forestry Commission.

Approximately 200 people are registered in a shelter at the North Myrtle Beach Aquatic Center, according to Angela Nicholas, spokeswoman for the Coastal South Carolina Chapter of the American Red Cross.

Nick Gentile, 64, a Barefoot Resort resident said he left his home around 2 a.m.

"They came around with a police car with a loud speaker," he said, still wearing his pajamas. ``You always read about stuff like this, but you never know when you are going to be in it."

Several residents headed to the North Myrtle Beach Fitness and Aquatic Center with their pets in tow, but left that shelter after learning they couldn't keep their pets there.

"There wasn't anyone left when they told us we couldn't have animals," said Sharon Slater of North Myrtle Beach.

Many residents are keeping their pets in their vehicle or walking them outside The House of Blues.

"Let's hope it's over and we can get back in our houses," said Marjorie Sherra, a resident of Barefoot resort. ``Neighbors banged on our door."

Twenty six residents are registered at a shelter at the House of Blues with more people set up in the parking lot, she said.

Pets are not allowed at Red Cross shelters, Nicholas said.

A shelter at Tilly Swamp Baptist Church in Conway was closed this morning and residents are allowed back in their homes.

The American Red Cross has requested a mobile kennel unit to come to the North Myrtle Beach Aquatic Center, Aiello said. It is not known when the shelter will open.

Stephen Keebler, a meteorologist for the National Weather Service in Wilmington, N.C., said winds will blow from the west at 6 to 7 miles per hour this morning, before shifting from the northwest around midday.

The relative humidity in the area was at 50 percent at 7:21 a.m. and expected to drop to 26 percent around 3 p.m., he said.

At least 40 homes in Horry County have been destroyed by fire overnight, authorities said.

Most roads north of Robert Grissom Parkway are closed. That includes S.C. 90 from the Hillsborough community to S.C. 22; S.C. 22 from S.C. 90 to U.S. 17; and S.C. 31 from Robert Grissom Parkway to S.C. 9, according to Todd Cartner, Horry County Fire Rescue spokesman.

All Horry Schools are open this morning, but busses might have delays, according to Teal Britton, spokeswoman for Horry County Schools.

**WIS/WMBF-TV:**

The fire that consumed thousands of acres of land Wednesday night has moved north into North Myrtle Beach, burning dozens of homes in its wake.

Firefighters and emergency crews began evacuating some 2,500 North Myrtle Beach residents after flames spread to the Barefoot Resort area and consumed 7,000 to 8,000 or more acres of land.

Emergency management has set up an official information line for those affected by the fire and concerned citizens at 843-915-5150. The line will provide evacuation status information and will let residents know when evacuation orders have been lifted.

Officials with North Myrtle Beach and Horry County Fire Rescue, as well as the South Carolina Forestry Commission, says between 30 and 50 homes have been burned in the fires across the county.

No injuries have been reported so far.

Forestry Commission spokesman Scott Hawkins says while conditions are better than they were Wednesday and overnight, it's expected to worsen around noon. The commission has fresh fire crews out now, and estimates more than 8,000 acres have burned.

Horry County Schools spokeswoman Teal Britton says all schools will operate on a normal schedule, but some buses on affected routes could be delayed.

North Myrtle Beach Mayor Marilyn Hatley will be holding a press briefing at 9 a.m. Thursday in the back parking lot of the House of Blues, which overlooks Barefoot Resort. The Mayor will report updated information on the fire situation that has been occurring in North Myrtle Beach since the early morning hours.

There are three Red Cross shelters open in North Myrtle Beach for anyone evacuated from their homes:

- \* North Myrtle Beach Aquatics & Fitness Center (Red Cross)

1100 Second Ave. South

- \* House of Blues (Red Cross)

4640 Highway 17

- \* Barefoot Church (Red Cross)

701 Main St.

- \* Thirsty Turtle (Pet Friendly)

9668 N. Kings Hwy.

Pets are not allowed in the Red Cross shelters, however, arrangements are being made with Horry County Humane Society to bring in a mobile trailer with individual cages to house pets.

As of 7 a.m., there were approximately 200 people registered in the shelter at the Aquatics Center and 26 at the House of Blues with dozens more milling around in the parking lot area.

Horry County Fire Rescue spokesman Todd Cartner says that flames over 150 feet tall were being reported, and that no more evacuations were in effect in Horry County, but emergency crews are on standby.

The fire began spreading to the Barefoot area around 2:30 a.m. Roads are closed down between Highway 31 and parts of Highway 9, as well as Highway 22 in all directions. Watertower Road is also closed.

Power is out at Alta Surf Apartments off River Oaks Drive. Horry County Fire Rescue Crews are on the scene, and say people are leaving the apartment area should exercise caution as traffic lights are out at the intersection of International Drive and River Oaks Drive.

The blaze that originated near Highway 90 and Woodlawn Drive destroyed one home and has jeopardized a number of others, according to Cartner.

Scott Hawkins with the South Carolina Forestry Commission says the fire is only 25 percent contained and has spread onto the Waterway Hills Golf Course and the first hole at the Grande Dunes Golf Club. Smoke and emergency crews are describing the scene as "extremely dangerous."

Fire crews from all over the Grand Strand and Pee Dee have arrived on scene to help assist rescue teams from the Grand Strand.

Earlier Wednesday, the Woodlawn and Serenity Place subdivisions were evacuated as the fire came too close for comfort for a number of residents. For those displaced, the American Red Cross has set up a temporary shelter for assistance at the Tilly Swamp Baptist Church, located at 4619 Highway 90. That shelter was closed at 7 a.m. Thursday after the Woodlawn subdivision evacuation was lifted.

The fire had died down around 11 p.m. Wednesday, and crews were hoping for a calm night. The evacuation of the Woodlawn subdivision was lifted around 11:15 p.m. Wednesday.

In addition to evacuations, the South Carolina Highway Patrol has closed down a large stretch of Highway 90 from East Cox Ferry Road to Old Reaves Ferry Road, in addition to Highway 31 from Robert Grissom

Parkway to Water Tower Road.

South Carolina typically sees an average of 5,000 to 6,000 wildfires per year, consuming some 30,000 acres.

The largest fire in state history was in Horry County in 1976, when 30,000 acres burned.

State Supreme Court declines to hear suit on stimulus funds

Greenville News:

The South Carolina Supreme Court this afternoon denied a high school student's legal petition for the court to determine whether the Legislature can bypass Gov. Mark Sanford in accepting \$700 million in federal stimulus funds but left the door open to hear the case if the Legislature appropriates the money. State Attorney General Henry McMaster had argued that the case was not yet legally "ripe" for court review because some action had to be taken, either the Legislature appropriating the money or passing a resolution to accept it.

The justices today agreed.

"We find this action is not ripe and appropriate for judicial determination unless or until the General Assembly has taken, as it is authorized to do, measures to appropriate the funds at issue," the court said in its order denying the petition "at this time."

Dwight Drake, one of the student's Columbia lawyers, said he believes the order is "good news."

"The Legislature was going to have to appropriate the funds before they could get to the schools anyway," he said. "Some people in the Legislature had argued the Legislature could not appropriate the funds. The court order says they can appropriate the funds."

McMaster responded saying the order gives Sanford and the Legislature time to resolve the matter "free of any extraneous complications."

The State:

South Carolina's highest court has decided not to hear a case asking the court to decide who — Gov. Mark Sanford or the Legislature — controls a disputed \$700 million in federal stimulus money.

Until lawmakers vote to spend the money, the court wrote in a unanimous 5-0 decision, the court did not want to rule on a "hypothetical or abstract dispute."

"We find this action is not ripe and appropriate for judicial determination unless or until the General Assembly has taken, as it is authorized to do, measures to appropriate the funds at issue," the court wrote. "Until that time, there is no real and substantial controversy upon which this Court can render a declaratory judgment."

The Senate on Wednesday began floor debate of its \$5.7 billion spending plan. Lawmakers, state agencies and school districts have said not including the money in the budget that begins July 1 will result in layoffs and reductions in services. The House included the money in its budget approved last month. Sanford has said he will not accept the money unless the state pays off debt equivalent to the \$700 million in federal aid.

Attorneys for Casey Edwards, the 18-year-old Chapin High School senior who filed the case, said the court's decision left open the possibility of a future suit after the Legislature votes to spend the \$350 million — the share of federal money for the next budget year.

"The important words in this order are 'at this time,'" said Dwight Drake, who along with former state Democratic Party chairman Dick Harpootlian, is representing Edwards. Drake said the decision notes that lawmakers have the authority to appropriate.

"The court seemed to welcome a refile — it's a clear signal for the General Assembly to continue along its process."

The court decision backed the arguments of Attorney General Henry McMaster, who earlier this week said it was too early to decide the case. McMaster said the court's decision still allows for a compromise outside of court.

"I am pleased that the Supreme Court agreed with our position that this lawsuit was premature," McMaster said in a statement. "This decision allows the governor and the Legislature to resolve the issue free of any extraneous complications."

Sanford spokesman Joel Sawyer said the court decision confirms their belief the governor has authority over the money.

Left unresolved by the court was McMaster's argument that Edwards, a senior, does not have standing to

sue because she will graduate before budget cuts take effect. Drake said the decision's silence on the issue means Edwards could sue.

Lawmakers opened budget debate Wednesday, with proponents of an alternative plan to the one approved last week by the Senate Finance Committee, presenting their plan on the floor.

That plan would tap a federal expansion of state health care funds to pay off \$200 million in unemployment loans and bolster agency budgets. Senate Finance Committee chairman Hugh Leatherman, R-Florence, noted federal rules may not allow the alternative budget.

Leatherman agreed the court's ruling gave encouragement to lawmakers. He said he would push to include the federal money in the state budget. Senate President Pro Tempore Glenn McConnell, R-Charleston, worried the state still might face a federal lawsuit because the stimulus bill gives the governor authority over the money. But the attorneys who filed the case said it leaves open the possibility the court could decide the issue later.

#### Sens. Ryberg & Davis budget op-ed runs picked up

The Senate is debating a budget this week that cuts law enforcement, cuts public education, funds health care with one-time money and lays waste to almost every other agency in South Carolina.

The budget, which was approved last week by the Senate Finance Committee, fires hundreds if not thousands of teachers, releases some unknown number of prisoners and takes troopers off the road.

Purveyors of the carnage offer two excuses for the devastation —the economic downturn and the accompanying revenue decline, and the \$350 million in federal stimulus money that Gov. Mark Sanford has certified but not yet requested.

The authors of this budget even wrote and passed a mythical "Part III" that uses the stimulus money, sort of like dangling the jail-house key in front of the condemned.

The terrible tragedy of the budget lies not, however, in the threatened layoff of teachers and troopers but in the simple and undeniable truth that the entire scenario is unnecessary.

The budget reflects both poor math and a complete absence of prioritization along with a shameful cynicism that pits one group of South Carolinians against another and attempts to pit them all against the governor.

It does not have to be this way. We do not have to accept the portents of doom from government. There is another option.

We developed over the past two weeks an alternative budget that accomplishes four things that we believe should be the priorities for government.

- First, our budget, coupled with recent flexibility legislation, sends \$2.57 billion straight to schools to use any way they want. Schools have never received more money for classroom funding.

No teachers need lose their jobs. None.

- Second, our budget prioritizes public safety. The Department of Public Safety receives more than \$3 million more than the current year, which allows it not only to operate at full capacity but also to add 75-100 new troopers.

We increase funding to the Department of Corrections by more than \$50 million, which means that no prisons will close, no prisoners will be released and its years-old operating deficit is eliminated. (The Finance Committee budget continues the deficit spending just as in Washington).

All other public safety agencies receive increases in their funding over the current year to ensure that government fulfills its responsibility to protect the public.

- Third, our budget restores the 7 percent that was cut this year from all agencies with health-care functions. The Department of Health and Human Services, the primary provider of Medicaid services, receives an increase of more than \$200 million in recurring money. This money will be there next year and the year after that and the year after that.

- Our budget lastly, but by no means least, sets aside \$200 million for debt reduction. South Carolina will owe by the end of this year nearly \$1 billion in loans to cover unemployment benefits payments; \$200 million is a start on paying that back.

There is no magic behind our budget. We simply use existing revenue wisely and prioritize. We also capture common-sense savings that Gov. Sanford has promoted for years. For example, we save nearly \$18 million by closing TERI positions.

We fund our priorities and repay debt without one dime of the \$700 million Gov. Sanford wants to put toward debt relief. That money might be used for K-12 education enhancement, other government

programs or, as we would prefer, additional debt repayment.

We presented this common-sense alternative to the Senate Finance Committee. It was fully detailed and certified as balanced by the State Budget Office. The committee chairman denied us even the chance to vote on it.

We will present this fiscally responsible alternative to the full Senate, where the rules require at least an opportunity to vote on it. We urge you to call your senator and ask him to consider the alternative to what even the chief proponent of the Finance Committee budget labeled "Armageddon."

It does not have to be this way. You can replace despair and defeat with responsibility and fairness. Call today.

The State editorializes support for school choice as "bailout for private schools"

GOV. MARK SANFORD opposes federal bailouts for banks.

He opposes federal bailouts for auto manufacturers.

He opposes federal bailouts for state governments — and particularly, or so it seems based on his actions, for public schools.

But the biggest cheerleader for a plan for the state of South Carolina to bail out private schools is — you guessed it — Mark Sanford.

Of course that's not the way he portrays it. Mr. Sanford and the other people at the State House who want to give income tax credits to parents who send their children to private schools say their goal is to make our public schools better — by forcing them to compete with the private schools that are allowed to cherry-pick their students. They say they want to rescue children from failing public schools, even though their plan will not provide one penny of support to the overwhelming majority of students who attend underperforming schools, unless private individuals or groups decide to pay their tuition in return for a tax break of their own.

But listen to the private schools that have stepped up their lobbying for the legislation: They say they need tax dollars to survive. As The State's Gina Smith reported Monday, Christian schools — the most consistent supporters of the tax-credit plans — have seen their enrollment drop from 16,000 a decade ago to 13,000 today, and they're worried that attendance is about to drop even more because of the recession. The parents who already send their kids to private schools say they need a tax break in order to keep sending them there. Sort of like the banks and the Big Three.

It's no surprise that the schools and parents speak honestly about their goals rather than spinning out high-minded explanations that are unrelated to reality.

You won't hear them saying that tax credits will create competition that will make public schools better.

That's not their primary concern. And it's unrealistic to boot. The studies are at best mixed on whether pouring tax money into private schools gives public school officials an incentive to do a better job; usually, when they fail to do a good job, it's because they don't have the right tools — be it aggressive administrators or top teachers or parents who prepare their children for school and insist on excellence. Some private schools do argue that tax credits will rescue children from inadequate public schools, and it's possible that they believe that. But they won't. A third of the people who file state income tax returns (the people whose children are most likely to attend the worst schools) would get no benefit from the tax credits because they don't pay any income taxes. (Two-thirds of filers pay less than \$800.) The only way most parents would benefit is if people who do pay income taxes decide to claim a tax deduction of their own by donating money for scholarships — and if their children happen to meet the criteria and receive the scholarships.

It's easy enough to understand why struggling schools and struggling parents would look to the government for a bailout; after all, everybody else seems to be getting one. But it's important that we not allow ourselves to be deceived into believing that these tax credits represent anything more than that. And it's important that our lawmakers reject them — if not for the damage they could do to our public schools, then simply because our state cannot afford to get into the bailout business.

**From:** Tim Pearson  
**To:** [REDACTED] MCS Road  
**Date:** 4/22/2009 10:38:17 AM  
**Subject:** State Journal Register Response

Gov--

The Illinois paper that yesterday ran the Roberts' column ran one today from Donna Brazile (CNN analyst and former Gore Campaign Manager) that also hits you on the stimulus. I've updated our piece so that it'll work as a reponse to both pieces. The draft response and the Brazile column are pasted below.

Tim

Response to Steve and Cokie Roberts and Donna Brazile, State Journal Register (Springfield, IL)  
Draft by Tim  
Word Count: 793

One thing I've found throughout my time in public life is when those who disagree don't want to engage in a debate on the merits, the first place they turn is to your motives. So we've seen twice in these pages recently, with columns by Steve and Cokie Roberts and Donna Brazile that ascribe my decision to use to a portion of South Carolina's stimulus dollars to pay down debt to some other motivation. They happen to be wildly off the mark, and I'd like to take a few moments to outline why the course I'm advocating makes the most sense for our state.

Although there is a great temptation to expand my rationale to include what I believe to be the disastrous long-term consequences for our nation in spending money we don't have — and in issuing yet more debt to solve a problem that was created by too much debt — I will stick with why I believe the Obama administration's package doesn't work for South Carolina.

A few facts first: This year our state government is spending \$20 billion and next year we will spend \$21 billion — without the stimulus money we have debated over the past few weeks. Education spending, the principle policy criticism in both columns, will increase by 3.5 percent. In the current economic climate I know of few businesses or individuals who are receiving a 3.5 percent raise. Nor do these numbers strike me as the sort that fit with the either the chaos notion being pushed in South Carolina by my political opponents or the "larger classes and fewer teachers" outcome suggested by the Roberts'.

Common sense dictates that when you're in a hole, it's vital you stop digging. Requiring our state to spend beyond its means for the next 24 months to be eligible for all the stimulus funds guarantees that South Carolina will dig itself a \$740 million financial hole. Who helps us then? Do we raise taxes, and thereby weaken our competitiveness relative to other states and countries — or do we just summarily end programs for some of the neediest of our state? Or are we to plan on yet another round of stimulus windfall from Washington in two years — again, with money we don't have? I don't know the answer to these questions, but I do know the \$740 million budget hole created would be the largest such hole in state financial history.

Our grandparents' notion of moderation in all things is especially important when one considers the financing of a state. More than \$8 billion of total stimulus effort is projected to come to South Carolina in the form of direct government payments and reduced federal taxes. We've proposed taking about 10 percent of this and applying it to paying down state debt. If a family won a lottery, setting something aside to pay down the mortgage or the credit cards would be viewed as prudent.

Why should it be any different for a state, particularly if as in South Carolina's case we are fourth in the entire nation in the percentage of our budget that goes not to teachers or health care, but to debt repayment? Eleven percent of every dollar in yearly revenue goes to paying down debt, and we have \$20 billion on top of that in unfunded long-term political commitments. Paying these funds down would give us greater financial latitude, when the federal gravy train ends in 24 months, to offer more in the way of governmental services. In fact, it would pay dividends in the first two years alone of \$162 million that would be saved in debt service and could go to government service.

Finally, spending all this money relieves the political pressure to make reforms essential to South Carolina being more competitive in the global economy – and in turn offering more employment and “stimulus” to the national economy. Political forces rarely embrace hard changes, and they never embrace change when new money allows for the possibility of bypassing it. General Motors recently took billions with the promise of reform, but not surprisingly it didn’t make the changes vital to its competitiveness over the long run. Now, just months later, GM has come back to the federal government, hat in hand, asking for another handout and again making those same promises. The debilitating thing about federal money is the change it forestalls and the same holds true when it comes to running a state.

The easiest of all things would be for me to take and simply spend all of Washington’s well-intended stimulus efforts – the reality is this money runs out in twenty-four months and I’m out of office in about eighteen – but that would guarantee opportunities lost that I don’t think our state can afford.

<http://www.sj-r.com/opinions/x360589385/Donna-Brazile-What-are-these-GOP-governors-thinking>

Donna Brazile: What are these GOP governors thinking?

Those who live in a governor’s mansion should not throw stones. Better, they should not ask their constituents to eat cake while they cross the country delivering speeches to their favorite political groups, attempting to tie down political endorsements to run for president in 2012. Meanwhile, their constituents suffer through this global economic crisis.

They remind me of this old song that I can’t get out of my head.

Over and over, when I hear conservative GOP governors such as South Carolina’s Mark Sanford, Louisiana’s Bobby Jindal and Alaska’s Sarah Palin making excuses for rejecting billions in stimulus money designated primarily for health care, education and public infrastructure projects, all I hear is Steve Miller.

“Go on, take the money and run.  
Go on, take the money and run.”

With teachers facing layoffs, mounting job losses, personal bankruptcy filings rising, millions of Americans relying on food stamps, schools failing — especially in states like South Carolina — how Sanford, Jindal or Palin say anything other than “thank you, please keep it coming” to the federal government is beyond me.

Instead, Sanford is now running ads defending his position, paid for by a nonprofit into which he funneled more than \$100,000 from his conference bank account. With one of the highest high school dropout rates in the country, and the highest only a few years ago, can you think of a better way to spend nonprofit money?

When Sanford runs for president in 2012, I want all the high school students who dropped out during his tenure as governor to send him a bill for their wages lost due to never having received a high school diploma. Dropout rates are tied to education funding and the quality of the overall school system. Three years from now, how many more will have been lost who could have been saved with \$700 million?

What they are all doing is playing the old political game of trying to position themselves in a crowded 2012 Republican primary field.

Instead, why don’t they all see a face on every dollar bill — not a president’s, but a child’s? Turn down all the money you want for building nuclear plants or clear-cutting trees or refurbishing your offices. Don’t turn down money for our kids.

Which brings to mind another song:

“I believe children are our future, teach them well and let them lead the way.”



Listen up, Sanford, Jindal and Palin, Whitney Houston was singing that just for you.

Well, you have to admit that Palin and Jindal got the message. It took them awhile, but at least they've flip-flopped to the right side of the issue. As formerly vocal opponents of stimulus funds, both are now singing a different tune. As was to be expected.

Palin is slow to read the political winds. A candidate focused on political expedience, she determines her stance based on how they're blowing. But she's always late. Just one step behind the curve.

Palin should thank Jindal for shifting the spotlight from her hypocrisy to his. He caused such a stink over funds allocated for transportation spending, calling them simply "wasteful." Now, he will request a slice of the pie to fund the development of a rail service connecting New Orleans and Baton Rouge. As a Louisiana girl myself, I concur that there is nothing wasteful about facilitating environmentally friendly transportation options between two major cities.

It's as good of a decision as his choice to reject \$9.5 million for health care is bad. Who are these governors who think turning your back on kids and sick people is the right thing to do?

Palin, Sanford and Jindal are jockeying for position. That's all. This isn't about their states not needing the money offered — there's no question that they need it. It isn't about serving constituents. If it were, all three would take as much as they can get. But instead of doing the right thing, they're doubling down on the favored strategy of Republicans these days and turning themselves into the epitome of the party of no!

I wish they would all get out of their public mansions and sit with the people who could use some help.

Donna Brazile is a political commentator for CNN, ABC and NPR, a contributing columnist to Roll Call and former campaign manager for Al Gore.

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 4/22/2009 9:39:43 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text

Governor's Daily Press Briefing - Wed., Apr. 22, 2009

Summary:

'Chaos Budget' set for debate today  
Ryberg bill goes after tax cheaters in legislature  
Scoppe editorializes in favor of debt  
Probe finds seven unlicensed troopers  
Herald blames Gov. Sanford for cut after school program  
SPA awards contract for new terminal wall

Text of Clips:

'Chaos Budget' set for debate today (AP)

A \$5.7 billion, bare bones budget that could force prison closures, teacher layoffs and cut deeply into most state agencies is set for debate by South Carolina lawmakers today.

The expected floor debate is the highest profile political venue so far for a spending plan Gov. Mark

Sanford has branded a "chaos budget" that legislators worry will bring hundreds of teacher layoffs.

Schools, colleges and an array of agencies from police and prisons to libraries and schools for the state's most gifted students are pinning hopes on \$350 million in federal stimulus cash that Sanford has refused to request.

State agencies and programs stand to get \$2.8 billion through the \$787 billion federal recovery law during the next two years. Sanford controls about \$700 million, or \$350 million each year, and insists that money be used in a way that pares state debt. The White House twice rejected that proposal.

A handful of Sanford allies tried to reach a compromise on that front last week. They called for spreading federal Medicaid matching money throughout the budget and for imposing some of Sanford's proposed budget cuts. Their goal was to free up money to pay down federal cash borrowed to cover the state's unemployment system checks. Their plan got nowhere.

Sen. Greg Ryberg, R-Aiken, who pushed that proposal, said the top issue is "whether or not we're going to park extra money in health care or we're going to take care of basic services like SLED, Corrections and education," Ryberg said.

Senate Finance Committee Chairman Hugh Leatherman repeatedly rejected efforts to move about \$200 million from the Department of Health and Human Service's budget. He said the agency needs to have cash on hand to cover operating costs closely linked to the state being able to draw down federal Medicaid money that's become a key part of the budget.

"The don't need that much," said Ryberg.

Last year, Sanford was sharply critical of legislators as they tapped that agency's reserves to prevent deep budget cuts in other health care agency budgets.

Now, Sanford's staff is reviewing the budget and finding plenty of problems. For instance, \$503,000 is diverted from the Department of Public Safety, which is fretting firing troopers, for a newly created Capitol Police force. That new agency, approved by the Senate and pending in the House, is the product of Sanford refusing to allow his Cabinet agency's officers to guard Statehouse checkpoints and oversee a new security system.

They have money for "perimeter security at the Statehouse and no money for any at our medium and maximum security prisons," Sanford spokesman Joel Sawyer said.

Prisons are running a deficit in the current budget year approaching \$46 million. On Tuesday, Sen. Mike Fair, R-Greenville, introduced a bill that set the stage for the state to close prisons and free some inmates, a politically unpopular process that Sanford would be responsible for ordering.

That deficit and one at the Department of Juvenile Justice flow from \$1.1 billion in budget cuts since July that have torn through agency spending plans with the recession. Without the federal stimulus cash, the

typical state agency will have lost nearly a quarter of its budget.

Some closest to Sanford and his Cabinet take the biggest cuts of all. For instance, Governor's Mansion operations stand to emerge from the budget losing half of its budget, or more than \$342,000 since July. Meanwhile, the Insurance Department loses nearly half of its budget, or \$2.4 million, and the Commerce Department loses nearly 60 percent of its state dollars, or \$8.1 million.

But the problems spread far beyond agencies headquartered in Columbia to county seats around the state.

Sen. Mike Rose, R-Summerville, introduced a bill Tuesday that attempts to give counties and cities flexibility in dealing with reductions in their state aid. With the reductions they've already seen this year, the budget would leave them \$69 million short on paying for services that range from police and fire to emergency medical operations.

They are "terrified that in this budget we're going to cut aid to subdivisions and they're going to be left with mandates to fund state programs," Rose said.

Leatherman said counties have flexibility already and that the budget is full of pain and tough choices. "We're getting beat up by every group because we didn't fund this, we didn't fund that."

Ryberg bill goes after tax cheaters in legislature

Greenville News:

State tax auditors are looking at the cases of at least 11 unidentified members of the South Carolina House of Representatives who didn't file tax returns for at least one year during the last decade, the state Department of Revenue told The Greenville News on Tuesday.

Twelve House members haven't filed returns for at least one year from 1999 to 2007, and the agency believes 11 of them should have, spokeswoman Adrienne Fairwell said. She said three of the legislators owe a total of \$21,044 in back taxes.

"They are all in an audit process and we don't divulge what we do in our audit," she said. "But certainly we are attempting to collect the funds as we would for any taxpayer in South Carolina."

One state senator owes \$1,299 in back taxes and is paying them through an installment agreement, she said.

In response to a state Freedom of Information Act request by The Greenville News for the identities of the legislators, Fairwell said the agency couldn't divulge names because the law specifically forbids releasing such information.

House Speaker Bobby Harrell said he was surprised to hear about members not filing returns and said the tax agency should pursue the cases "vigorously."

"DOR ought to investigate this like they do for any other instance like this, except they should hold legislators to a higher standard," he said. "I think DOR knows who they are and they should pursue it vigorously."

Harrell said he didn't plan to address the House about the issue from the podium, preferring to let the agency handle the matter.

The legislators' failure to file tax returns was disclosed Tuesday when Sen. Greg Ryberg, an Aiken Republican who chairs the Senate Labor, Commerce and Industry Committee, took to the Senate floor just before adjournment to introduce legislation that would forbid any person from holding state legislative, elected or gubernatorial-appointed office if they haven't filed a state tax return or paid their taxes as required by law.

He later labeled the delinquent legislators "tax cheats."

"The idea that some members of the General Assembly hold the laws of this state in so little regard that they simply ignore them when they find them inconvenient, offends me and every other decent South Carolinian," Ryberg said.

However, Sen. Phil Leventis, a Sumter Democrat, said sometimes things aren't what they seem to be when it comes to tax allegations. He said a relative once was accused by the IRS of not paying enough taxes and the agency attached her checking account. Months later, he said, they determined she was right and returned her money and interest, though she didn't get an apology.

He said he would object to the legislation unless Ryberg could produce names of legislators who hadn't filed returns.

"A bill like this puts all of us under a cloud," he said, standing under an umbrella at the podium. "It's raining on us."

Joel Sawyer, spokesman for Gov. Mark Sanford, applauded Ryberg's legislation. "Public officials need to be held to a higher standard," he said.

Mark Plowden, spokesman for state Attorney General Henry McMaster, said no official has presented information about the legislators to the Attorney General's Office.

He said the Department of Revenue prosecutes individuals under the attorney general's authority, so typical tax cases aren't referred to McMaster. Plowden said if there was a perceived or demonstrated conflict of interest, McMaster's office could prosecute cases statewide.

AP:

Citing a report that shows a dozen House members failed to file income tax returns, a state lawmaker filed three bills to bar tax scofflaws from South Carolina public offices.

"The idea that any member of the General Assembly would hold the laws of this state in so little regard that they simply ignore them when they find them inconvenient truly offends me," Sen. Greg Ryberg, R-Aiken, said Tuesday.

The bills would prevent anyone from being on a ballot for the Legislature or local office or from holding an office the governor appoints if they fail to file an income tax return or to pay taxes in full.

Ryberg cited a report from state Revenue Department Director Ray Stevens that said a dozen House members did not file income tax returns between 1999 and 2007, even though they appeared to have sufficient income and were old enough to require filing. The records showed all senators had filed returns. There was no data that "conclusively establishes an obligation to file," Stevens wrote.

His report continued, "However, based on income sources and income amounts documented by the department's existing files, 11 of the 12 House members are presumed to have a duty to file."

Meanwhile, the report cited four lawmakers who owed unpaid individual income taxes: one senator who owed \$1,299 and three representatives who owed a combined \$21,044.

Ryberg's statistical references brought an immediate backlash from Sen. Phil Leventis, D-Sumter, who took to the floor with an umbrella, opened it and criticized Ryberg for putting a cloud over every legislator by not naming names. "It's raining on us," Leventis said.

He said it sounded like the late U.S. Sen. Joe McCarthy saying, "I have in my pocket a list," a tactic McCarthy used to make allegations about communists at the U.S. State Department.

"Senator McCarthy never made that list public," Leventis said.

"Give us names. Give us a list. If you don't have names and you don't have a list, then withdraw this measure," Leventis said, noting citizens have the power to bring legislators to ethics committees for investigation of breaking laws.

"First of all, I don't have a list. All I've got is a number," Ryberg said. "And I don't think I have to provide a list to you or to anybody."

Ryberg said he wanted to know if South Carolina had problems like those that bedeviled some of President Barack Obama's Cabinet nominees, including Treasury Secretary Timothy Geithner. His nomination was questioned when reports surfaced that he failed to pay some self-employment taxes earlier in the decade.

"I wanted to make sure we didn't have the Geithner syndrome in South Carolina," Ryberg said. "It's where you think it's all right not to file your tax returns or pay your taxes."

Revenue Department spokeswoman Adrienne Fairwell said she could not release the names of legislators who were supposed to file but had not done so.

House Speaker Bobby Harrell said he was aware of the Revenue Department statistics but did not know which legislators were involved. He said the Department of Revenue "ought to pursue anybody and everybody who hasn't paid their taxes whether they're a legislator or not."

Harrell said he didn't think legislators were getting special treatment. "And if I found out that it was the case, I would insist the Department of Revenue, if anything, hold legislators to a higher standard."

Fairwell said the agency was "certainly" pursuing information on the legislators' tax situation.

Scoppe editorializes in favor of debt

Mark Sanford would have loved my parents. They taught me to avoid debt at all costs. I bought my first car with cash. I did take out a college loan, but I paid it all off before interest charges started accruing. I didn't get my first credit card until I had been out of college two years, and I always paid off the entire bill.

We put down 20 percent on our house, and at the height of the refinancing craze a decade ago, we refinanced not to pull money out but to shorten the term of the mortgage.

It was around that time that I sat down for the first time with a stock broker. I was taken aback initially by his answer to my question about paying off the rest of the mortgage: Don't do it, because your rate of return in the market is higher than the interest rate on the mortgage. Granted, he has a bias toward stock purchases, but he was making an important point about debt.

Which brings me to Gov. Sanford's campaign to use federal stimulus funds to pay down state debt. The latest iteration of his proposal — to repay money the state has borrowed from Washington to pay unemployment benefits — fails my stock broker's test, since the feds aren't even charging us interest yet. (They don't want states to start paying back money as long as they need it to meet this obligation.)

But that plan arose as the governor and his allies grasped for new ideas after questions were raised about his claims that our state has the nation's fourth-highest rate of debt payments as a share of tax revenue, spends nearly 11 percent of our annual tax revenue on debt payments and "has another \$20 billion in unfunded, long-term political promises for pensions and other liabilities."

Lawmakers have looked askance at these claims for some time, and over the weekend, journalists from the Upstate and the Lowcountry took a look at them. Their conclusions were similar to the one I often reach when I dig into the governor's statistics: Be careful about taking them at face value.

The first two claims come from the American Legislative Exchange Council, which incidentally on the same page rated South Carolina as having the nation's 18th best economic performance and 20th best economic outlook for 2009. The numbers make for interesting apples, but they have little to do with the oranges that go into how well state taxpayers can afford the debt, which is what we owe on the outstanding bonds the state issues in order to get around a constitutional prohibition on borrowing.

The first thing that jumped out at me about the ranking is that it doesn't use such standard measures as debt on a per capita basis or based on income or wealth or gross state product, but rather on tax collections. So in some ways it's an inverse measure of a state's frugality: The lower your taxes, the worse you're going to rank.

But the main thing that makes the ranking meaningless in this context is that it is not limited to the \$2.3 billion in state "general obligation" debt that taxpayers are legally obliged to repay. It's mostly revenue bonds, which are repaid by specific streams of revenue, such as student loan repayments and hospital revenues. It includes Santee Cooper's bonds, which are paid by Santee Cooper electricity customers in much the same way that SCE&G customers repay that company's debt, as well as the bonds that individual school districts sell for school construction.

The 11 percent figure is baffling, and the report's explanation that its debt numbers are drawn from Census data doesn't help a lot. Under Mr. Sanford's budget, our state would pay \$190 million in the coming year on bonds/debt repayment. That's just 3 percent of the \$5.7 billion general fund budget; if you work from the larger "total" state budget figures Mr. Sanford likes to cite, it drops to less than 1 percent. The only way I can figure that ALEC came up with 11 percent is by counting all of the state and local bonds (and Santee Cooper, college and other bonds), but calculating the number as a percentage of only state revenue.

The \$20 million in "unfunded, long-term political promises" that Mr. Sanford refers to is not included in the ALEC calculations, because it's not "debt" in the way most people think of it. It is the amount the state has to set aside, as a result of new federal accounting rules, to pay for all the medical insurance and other benefits that it will have to pay to all current state retirees as well as all current state employees once they become retirees. Every state is struggling to comply with this questionable policy.

According to the bond rating agency Moody's, which gives our state a top rating that lets us sell bonds at low rates, South Carolina's debt per capita is lower than 37 other states; our debt to personal income ratio is lower than 35 other states.

"He continues to harp that we've got to pay down debt, and yet we're one of nine states with a triple A credit rating in the whole country," Senate Finance Chairman Hugh Leatherman told me last week. "I think what's telling is the comments by the rating agencies."

Standard & Poor's cited our state's "tightly controlled debt issuance guidelines" and "historically conservative stance toward debt issuance" in giving us a top bond rating. Moody's noted that "State debt levels remain low."

Even Comptroller General Richard Eckstrom told The Greenville News' Tim Smith that the figures distributed by the governor's critics were accurate, and noted that our annual debt repayments are declining as our debt declines. He said the different pictures of the state's debt come down to "one's

personal comfort level with debt.”

True enough. But the different numbers appear to come down to one's personal comfort level with misleading statistics.

#### Probe finds seven unlicensed troopers

Seven Department of Public Safety law enforcement officers have been suspended without pay for working while their driver's licenses were suspended, agency director Mark Keel said Tuesday. DPS launched an investigation into suspended licenses after The State newspaper filed a Freedom of Information Act request April 3 for driving records for Senior Trooper John D. McGaha and reported McGaha's license had been suspended several months earlier.

McGaha was suspended and three other state troopers, two State Transport Police officers and a Bureau of Protective Services officer, were suspended less than a week later.

Three others who had been suspended for the same reason — two troopers and one State Transport Police officer — have been reinstated after a preliminary investigation, Keel said.

In each case, an officer's license was suspended for failing to pay property taxes or for operating a vehicle without insurance, Keel said.

Cases officers made while their licenses were suspended could be jeopardized, he said.

“It's probably one of the greatest concerns that I have,” Keel said. “Cases could be dismissed. I'll be talking to the solicitors in the jurisdictions that are affected.”

The seven officers will remain on suspension pending the outcome of internal investigations, which could take 30 days, Keel said.

Punishment for an officer could range from a letter of reprimand to being fired.

“During my 30 years in law enforcement, I can't say I've ever had to address anything like this,” Keel said. “It's a serious matter, and I'm not gonna tolerate it.”

The license checks could go beyond the DPS. Keel said he is telling the state's police chiefs and sheriffs this is something “we need to check.”

The suspensions came after DPS assigned nine of its employees to do internal Department of Motor Vehicles record checks April 7 on more than 1,000 officers working for the S.C. Highway Patrol, State Transport Police and Bureau of Protective Services.

It is against the law and against agency policy to drive with a suspended license.

Investigators found officers worked with suspended licenses for lengths of time ranging from four days to three months.

The earliest case was in 2002, and the most recent continued into this year. None was working while under suspension at the time of the check, said Keel, who was sworn in last June.

“From my understanding, probably the majority occurred before I was here,” he said.

While Keel said he will not tolerate officers working while under suspension, they are dealing with some of the same economic struggles others are.

“In this economy we're living in, some people have a problem paying their bills,” Keel said.

None of the suspended officers came forward after McGaha's case was publicized.

Keel would not release the suspended officers' names, saying “it would prejudice and bias the officer until we know all the facts.”

Of the three officers reinstated, Keel said they shouldn't have been suspended.

For example, one officer wrecked his pickup truck, the insurance company paid him for it and took the title to the truck, sold it in North Carolina, then he received a motor vehicle tax bill, DPS spokesman Sid Gaulden said.

The officer threw the bill out because he didn't own the vehicle, Gaulden said.

For those found at fault, punishment will be consistent, Keel said.

Keel, Patrol Col. Kenny Lancaster, and other top officials spent part of Tuesday in Chester County, talking to about 70 troopers about moving on from the agency's disciplinary issues. Keel said he is talking with every trooper in the state about the agency's “discipline problem.”

Lancaster replaces Col. Russell Roark, whom Gov. Mark Sanford ousted last February along with Keel's predecessor, James Schweitzer.

Sanford said Schweitzer and Roark, who are white, should have fired a white trooper who used a racial slur and threatened to kill a fleeing black suspect during a 2004 Greenwood County traffic stop.

Three other troopers since have been charged with federal use-of-excessive-force violations.

One was acquitted; another pleaded guilty and is awaiting sentencing; and a third was charged, but was allowed to apply to a pre-trial diversion program that would clear him of his charge.

On March 28, Senior Trooper McGaha, of Horry County, was stopped by a fellow trooper on I-20 in Kershaw County, cited for traveling 131 miles per hour in a 70-mph zone, then put on suspension for three days.

Acting on a tip, The State checked his DMV records to find his license previously had been suspended for more than 2½ months.

Keel said he checked McGaha's 10-year driving record before talking to The State for a story, but the suspension didn't show up on the record.

That's because McGaha's license had been reinstated after he was late paying property taxes on a vehicle, Keel said. If the offense had been a moving violation, it would have been on the record, Keel said. Driver's license checks are conducted annually on people driving state vehicles. But Keel said he wasn't aware of this glitch. DPS's investigation had to go further, and look at internal DMV records, to find the suspensions.

The DMV is working on computer programs that periodically would notify the Department of Public Safety when there is activity on an employee's driver's license.

For instance, if an employee received a speeding ticket, it would generate an electronic or paper report to go to DPS, DMV chief of staff Jimmy Earley said. DPS will be a pilot program.

"Hopefully, we can hammer out a process where any activity on those driving licenses we can report back to DPS," Earley said. "It may be something that other agencies could use in the future."

#### Herald blames Gov. Sanford for cut after school program

The cancellation of the Rock Hill school district's after-school program for elementary students will affect hundreds of local families in a direct way. If the seriousness of the educational funding problems faced by the state had not been apparent for some local residents, this should be an eye-opener.

School district officials had hinted this week that the Challenger after-school program might be cut. That was confirmed Tuesday when officials announced the program would end after June 4.

The move is part of an effort to compensate for revenue reductions of more than \$6 million this school year. Superintendent Lynn Moody said that by ending the Challenger program, the district would save \$75,000 in annual scholarships to the program as well as the costs of a part-time payroll person, utility expenses during holidays and the summer, use of instructional supplies and liability expenses.

Moody said savings would be more than the cost of keeping two teachers in the classroom. She said the district would work closely with the YMCA, Boys and Girls Clubs and private after-school care providers to offer different options to parents now using Challenger.

"The core business of Rock Hill schools is on teaching and learning," Moody said in a prepared statement. "To provide every student with a highly qualified teacher and avoid increasing class size, we must reduce or eliminate a number of programs that enrich or supplement our core business. With budget losses of more than \$6 million this school year, we will be looking at all programs and support staff positions."

In other words, this is not likely to be the only painful cut in services made by the district. Unfortunately, this cut will affect hundreds of working-class families who have relied on the Challenger program to provide safe after-school care for their children in an environment where they can get help with homework from qualified teachers.

Parents pay \$55 a week for a child to attend the program, but reduced rates are available for children from families eligible for free and reduced-price lunch. While some after-school care providers offer scholarships, parents may have a hard time finding a provider that charges \$55 a week or less.

The global downturn in the economy is the primary cause of decreased state funding for education. But Act 388, the property tax reform act of 2006, clearly exacerbated the pain now being felt by school districts across the state.

The act abolished most homeowner property taxes formerly used for school operations and replaced them with the proceeds from a new penny sales tax. Revenues for school districts were well short of meeting needs even before the worst of the recession hit, and, as conditions worsened, sales tax revenues have continued to slide.

Gov. Mark Sanford has added insult to injury in his stubborn refusal to accept \$700 million in federal stimulus money — \$350 a year over the next two years — which would be aimed almost entirely at helping school districts weather the recession. While stimulus funds would not replace all the money needed to

meet local needs, it would alleviate the pain to a significant degree.

The Challenger program is not likely to be the only program on the chopping block. Some teachers are almost certain to lose their jobs, and classroom sizes are likely to grow as a result of the need to economize.

We hope the Challenger program will be restored when the economy improves. While it might not be an essential part of the district's mission in the eyes of district officials, it certainly is a valuable supplement to that mission and a benefit to families struggling to provide a safe and enriching place for their children to stay after school.

Meanwhile, concerned South Carolinians should continue to pressure Sanford to abandon his dogmatic opposition to accepting stimulus funds and do what he can to help the state get through this economic ordeal. Residents also should demand that state lawmakers follow through on plans for a comprehensive overhaul of the state's tax system.

Act 388 has been a disaster for education in this state. The Legislature needs to reinstate a fair and effective way to pay for education and other essential state needs no matter what the economic climate.

#### SPA awards contract for new terminal wall

The S.C. State Ports Authority at a Tuesday board meeting awarded a \$55 million contract for a containment wall at its new terminal under construction at the former Navy base.

Cape Romain Contractors out of Wando will partner with Cashman out of Quincy, Mass., to build the structure along the Cooper River. SPA officials said eight companies bid on the project, which begins in June and should take 15 months.

The Charleston Metro Chamber of Commerce's Center for Business Research determined the project will support 720 local jobs and provide a more than \$78 million impact to the area.

Construction begins with dredging about 880,000 cubic yards of material, installing steel pipe and sheet pile and constructing a rock berm. The new, 280-acre terminal will increase the Port of Charleston's container capacity by 50 percent and should open in 2014.



From: Benjamin Fox <[REDACTED]>  
To: MCS Road <[REDACTED]@gov.sc.gov>  
Date: 4/21/2009 4:51:38 PM  
Subject: Re: e-alert / twitter Tuesday

Here are Joel and my edits - making it simpler:

+++++

E-alert Draft II

Dear Friends,

Given the South Carolina Senate plans to pass their version of the budget this week, I thought it important to write and ask that you urge your state Senator to vote for responsible spending that funds core government services and pays down debt.

Now is the time to make your voice heard for a few reasons.

One, when you're in a financial hole, it's time to stop digging – and if the all of the stimulus money is simply spent on growing government, it guarantees South Carolina will be in a \$740 million hole when the federal money dries up.

Two, when you get a financial windfall, it's prudent to go back to our grandparents' notion of putting some money away for a rainy day. The stimulus represents the mother of all lotteries for states, which is why we're pushing to pay down debt just as a family in the same situation would be wise to pay off their car loan or mortgage.

Three, reforms often don't come when times are good. If we don't hold back some stimulus money for debt relief, there's no incentive for the legislature to help us reform the broken way our government operates.

This is a rubber-meets-the-road moment, and I'd ask once again, if you agree with us on making reforms long overdue in our state and using some of this financial windfall to pay down state debt, that you contact your respective Senator and urge them to vote likewise.

Thank you for your time, and for your continued efforts in fighting the good fight. Take care,

Mark

+++++

2009/4/21 MCS Road <[REDACTED]@gov.sc.gov>

>

> This idea is done though I would get Joel to simplify message

>

> Give in simple form the five reasons there is a simpler way to do this

>

> Go back to about not debt or teachers but reform and how you get the money there while concurrently

shoring up financial position

>

>

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> \*\*\*\*\*

> \*\*\*\*\*

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> -----Original Message-----

> From: Benjamin Fox <[REDACTED]>

> To: MCS Road <[REDACTED]@gov.sc.gov>

> Creation Date: 4/21 4:05 pm

> Subject: e-alert / twitter Tuesday

>

> Governor:

>

> The full Senate's taking up their "chaos budget" today - with a vote likely

> tomorrow (Wednesday, Apr22). What about sending out an call-to-action

> e-alert today telling people to urge their Senators to vote for a budget

> that pays down debt? I'll paste a draft alert at the bottom of this email,

> and attach it as well.

>

> If this doesn't rise to the mass e-alert level, or if you want to hold your

> powder until we've got a creative tea party mash-up video, I still think we

> should post something senate budget-related on facebook and twitter (4,000+

> friends and 250+ followers respectively) today. Ready to go as soon as we

> hear from you. Thanks,

>

> Ben

>

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> ++++++

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> \*April 21 Budget E-alert Draft\*

> By Ben

>

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> Dear Friends,

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>

> Given the South Carolina Senate plans to pass their version of the budget

> this week, I thought it important to write and ask that you urge your state

> Senator to vote for responsible spending that funds core government services

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>

> Some in the Senate are saying that's not an option \* and instead are

> peddling fear and exaggeration via their so-called "chaos budget" that

> decimates law enforcement and fires teachers.

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>

> The truth is, a responsible and prioritized budget that pays down debt using

> stimulus dollars and doesn't gut education, law enforcement or health care  
> can indeed be written. Senators Greg Ryberg and Tom Davis proposed an  
> alternative budget last week that we believe provides a good starting point  
> for just this task.  
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>  
>  
> Unfortunately, budget boss Senator Leatherman chose to make a political  
> point by pushing a ridiculously irresponsible budget that pulls troopers off  
> the road, hobbles our economic development agencies in a time when we need  
> jobs the most, and does close to nothing to combat the growing mountain of  
> debt facing current and future South Carolinians.  
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>  
> We continue to believe that if South Carolina used just 10 percent of the  
> stimulus money headed our way to pay down debt, in two years we would be  
> able to spend, cut taxes or invest even if the federal government can no  
> longer provide more money. In fact, paying down education debt would free up  
> over \$168 million in debt service over the first two years and save roughly  
> \$125 million in interest payments over the next 13 years \* similar to the  
> idea that paying off a family's mortgage early frees up money for other uses  
> now and in the future.  
>  
>  
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> This is a rubber-meets-the-road moment, and I'd ask once again, if you agree  
> with where I'm coming from on the wisdom of using some of this financial  
> windfall to pay down state debt, that you contact your respective  
> Senator and urge them to vote likewise.  
>  
>  
> Thank you for your time, and for your continued efforts in fighting the good  
> fight.  
>  
> Take care,  
>  
> Mark  
>  
>

**From:** Benjamin Fox <[REDACTED]>  
**To:** <[REDACTED]@gov.sc.gov>  
**Date:** 4/21/2009 4:05:47 PM  
**Subject:** e-alert / twitter Tuesday

Governor:

The full Senate's taking up their "chaos budget" today - with a vote likely tomorrow (Wednesday, Apr22). What about sending out an call-to-action e-alert today telling people to urge their Senators to vote for a budget that pays down debt? I'll paste a draft alert at the bottom of this email, and attach it as well.

If this doesn't rise to the mass e-alert level, or if you want to hold your powder until we've got a creative tea party mash-up video, I still think we should post something senate budget-related on facebook and twitter (4,000+ friends and 250+ followers respectively) today. Ready to go as soon as we hear from you. Thanks,

Ben

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\*April 21 Budget E-alert Draft\*  
By Ben

Dear Friends,

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Some in the Senate are saying that's not an option – and instead are peddling fear and exaggeration via their so-called "chaos budget" that decimates law enforcement and fires teachers.

The truth is, a responsible and prioritized budget that pays down debt using stimulus dollars and doesn't gut education, law enforcement or health care can indeed be written. Senators Greg Ryberg and Tom Davis proposed an alternative budget last week that we believe provides a good starting point for just this task.

Unfortunately, budget boss Senator Leatherman chose to make a political

point by pushing a ridiculously irresponsible budget that pulls troopers off the road, hobbles our economic development agencies in a time when we need jobs the most, and does close to nothing to combat the growing mountain of debt facing current and future South Carolinians.

We continue to believe that if South Carolina used just 10 percent of the stimulus money headed our way to pay down debt, in two years we would be able to spend, cut taxes or invest even if the federal government can no longer provide more money. In fact, paying down education debt would free up over \$168 million in debt service over the first two years and save roughly \$125 million in interest payments over the next 13 years – similar to the idea that paying off a family's mortgage early frees up money for other uses now and in the future.

This is a rubber-meets-the-road moment, and I'd ask once again, if you agree with where I'm coming from on the wisdom of using some of this financial windfall to pay down state debt, that you contact your respective Senator and urge them to vote likewise.

Thank you for your time, and for your continued efforts in fighting the good fight.

Take care,

Mark

**From:** Tim Pearson  
**To:** [REDACTED]@comcast.net; MCS Road  
**Date:** 4/21/2009 11:32:14 AM  
**Subject:** Steve and Cokie Roberts Response Column

Gov--

Attached and pasted below is the response column to Steve and Cokie Roberts' piece in the State Journal-Register in Springfield, IL. Pasted below that is a link to and the text of their original column.

Tim

Response to Steve and Cokie Roberts column, State Journal Register (Springfield, IL)  
Draft by Tim  
Word Count: 784

One thing I've found throughout my time in public life is when those who disagree don't want to engage in a debate on the merits, the first place they turn is to your motives. So we see with Steve and Cokie Roberts, who ascribe my decision to use to a portion of South Carolina's stimulus dollars to pay down debt to some other motivation. They happen to be wildly off the mark, and I'd like to take a few moments to outline why the course I'm advocating makes the most sense for our state.

Although there is a great temptation to expand my rationale to include what I believe to be the disastrous long-term consequences for our nation in spending money we don't have — and in issuing yet more debt to solve a problem that was created by too much debt — I will stick with why I believe the Obama administration's package doesn't work for South Carolina.

A few facts first: This year our state government is spending \$20 billion and next year we will spend \$21 billion — without the stimulus money we have debated over the past few weeks. Education spending, the principle policy criticism in the Roberts' column, will increase by 3.5 percent. In the current economic climate I know of few businesses or individuals who are receiving a 3.5 percent raise. Nor do these numbers strike me as the sort that fit with the either the chaos notion being pushed in South Carolina by my political opponents or the "larger classes and fewer teachers" outcome suggested by the Roberts'.

Common sense dictates that when you're in a hole, it's vital you stop digging. Requiring our state to spend beyond its means for the next 24 months to be eligible for all the stimulus funds guarantees that South Carolina will dig itself a \$740 million financial hole. Who helps us then? Do we raise taxes, and thereby weaken our competitiveness relative to other states and countries — or do we just summarily end programs for some of the neediest of our state? Or are we to plan on yet another round of stimulus windfall from Washington in two years — again, with money we don't have? I don't know the answer to these questions, but I do know the \$740 million budget hole created would be the largest such hole in state financial history.

Our grandparents' notion of moderation in all things is especially important when one considers the financing of a state. More than \$8 billion of total stimulus effort is projected to come to South Carolina in the form of direct government payments and reduced federal taxes. We've proposed taking about 10 percent of this and applying it to paying down state debt. If a family won a lottery, setting something aside to pay down the mortgage or the credit cards would be viewed as prudent.

Why should it be any different for a state, particularly if as in South Carolina's case we are fourth in the entire nation in the percentage of our budget that goes not to teachers or health care, but to debt repayment? Eleven percent of every dollar in yearly revenue goes to paying down debt, and we have \$20 billion on top of that in unfunded long-term political commitments. Paying these funds down would give us greater financial latitude, when the federal gravy train ends in 24 months, to offer more in the way of governmental services. In fact, it would pay dividends in the first two years alone of \$162 million that would be saved in debt service and could go to government service.

Finally, spending all this money relieves the political pressure to make reforms essential to South Carolina being more competitive in the global economy – and in turn offering more employment and “stimulus” to the national economy. Political forces rarely embrace hard changes, and they never embrace change when new money allows for the possibility of bypassing it. General Motors recently took billions with the promise of reform, but not surprisingly it didn’t make the changes vital to its competitiveness over the long run. Now, just months later, GM has come back to the federal government, hat in hand, asking for another handout and again making those same promises. The debilitating thing about federal money is the change it forestalls and the same holds true when it comes to running a state.

The easiest of all things would be for me to take and simply spend all of Washington’s well-intended stimulus efforts – the reality is this money runs out in twenty-four months and I’m out of office in about eighteen – but that would guarantee opportunities lost that I don’t think our state can afford.

<http://www.sj-r.com/opinions/x360587549/Cokie-and-Steve-Roberts-Sanford-s-bet-a-political-loser-but-he-still-makes-it>

Cokie and Steve Roberts: Sanford’s bet ‘a political loser,’ but he still makes it

MYRTLE BEACH, S.C. - Gov. Mark Sanford is making a big bet. He’s wagering that he can win the Republican presidential nomination in 2012 by infuriating almost everyone in his home state of South Carolina.

A two-term governor who has to leave office at the end of next year, Sanford has never hidden his national ambitions. Even as a young congressman, he must have had the largest Christmas list in Washington, sending out countless cards featuring his impossibly blonde, handsome family.

His latest bid for attention is his decision to reject \$700 million due the state under the federal stimulus bill. That money is marked mainly for education, but Sanford says it reflects wasteful government spending and he will use it for only one purpose - to pay down the state’s debt. The Obama administration has replied forcefully: Use it for education or not at all. So the stalemate continues.

South Carolina’s unemployment rate is 10.4 percent, second only to Michigan. Half-finished buildings and for-lease signs are blossoming here like the dogwoods that are just starting to flower. Tourism, Myrtle Beach’s biggest industry, had a good Easter weekend, with cars from New York, Ohio and Michigan crowding local parking lots. But Mayor John Rhodes still warns of an “extremely tight year” ahead for this resort town.

So even Republicans are angry with their governor. Sen. Lindsey Graham said of the federal outlay, “We can refuse to accept it, but we cannot refuse to pay it back” in the form of taxes down the road. “Based on that dilemma, I believe it is in South Carolina’s best interests to apply for these funds. They will do some good.”

Even Sanford admits that his stance is “a political loser” around here. So why is he taking it? The answer is actually a simple one: the character of Republican primary voters. By standing up for fiscal sanity, and against a Democratic president, he reasons, he will appeal to the hard-line conservatives who dominate the party’s nominating process.

In effect, Sanford is making the same bet as Republican leaders in the House, who did not provide a single vote for the stimulus package. Their strategy is also clear: Oppose everything Barack Obama does, take no responsibility for the economy, hope he fails, and run on the slogan “It’s his fault” next year. Moreover, goes this calculation, by opposing federal spending, Republicans can return to the old-time Reaganite religion of smaller government and lower taxes.

Will the strategy work? It did for Reagan, but that was almost 30 years ago. In 2008, 34 percent of Americans called themselves conservatives while 44 percent chose the “moderate” label, and 60 percent

of them voted Democratic. So can Republicans recapture the center, which decides elections, by becoming more conservative?

It doesn't make sense, but the GOP continues to defy basic political arithmetic. One example: Former Congressman Pat Toomey is set to challenge Sen. Arlen Specter of Pennsylvania in the Republican primary next year. Toomey and other right-wingers crucify Specter, one of three GOP senators to back the stimulus bill, as a moderate heretic. But that's precisely why he can win statewide. Pennsylvania Democrats would love to see Toomey win. They would have a hard time beating Specter, a five-term veteran, but they would probably thrash Toomey, just as they ousted orthodox conservative Sen. Rick Santorum in 2006.

Which brings us back to Sanford. Like Toomey, he thinks the flight of moderates from the Republican Party will enhance his chances in a primary. Maybe so, but a party that appeals only to straight-edge conservatives in the general election is doomed to defeat, at least outside its Southern base, and even here it's in trouble.

Voters might favor "small government" in the abstract, but in practice, they want the services and protections government provides, particularly in hard economic times. And the stimulus money Sanford rejects is a perfect example of that.

Neighboring Georgetown County would get \$2 million of the \$700 million in question. The state legislature has already mandated a 2 percent cut in education spending this year and, without the federal money, the county will face "significant layoffs," says superintendent Randy Dozier. School board chairman Jim Dumm told the Coastal Observer that Sanford should "stop posturing and run for the presidency next year, not this year on the backs of schoolchildren."

Maybe Sanford and his fellow Republicans can win votes by boasting they supported larger classes and fewer teachers in the nation's schools. But don't bet on it.

Cokie and Steve and Cokie Roberts can be reached at [stevecokie@gmail.com](mailto:stevecokie@gmail.com).



**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 4/21/2009 10:02:31 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text

Governor's Daily Press Briefing - Tue., Apr. 21, 2009

Summary:

Sens. Davis and Ryberg op-ed separates budget fact from fiction  
McMaster: Stimulus lawsuit flawed, premature  
Small amount of debt repayment included so far in budget  
Augusta Chronicle editorializes in favor of Haley transparency bill  
Scoppe editorializes on stimulus, government efficiency  
Cokie Roberts pens op-ed opposing Sanford on stimulus

Text of Clips:

Sens. Davis and Ryberg op-ed separates budget fact from fiction

The Senate Finance Committee (SFC) passed a budget last week that guts law enforcement, guts public education, funds health care with one-time money and lays waste to almost every other agency in South Carolina.

The SFC budget fires hundreds if not thousands of teachers, releases some unknown number of prisoners, takes troopers off the road and cuts funding for health care.

Purveyors of the carnage offer two excuses for the devastation. They point first to the economic downturn and the accompanying revenue decline accompanying.

They point next to the \$350 million in stimulus money that Governor Sanford currently holds (yes, it is in South Carolina and will not go to New Jersey or California) in an account as money that would "ease the suffering" of the cash-strapped agencies.

The authors of the SFC budget even wrote and passed a mythical "Part III" that uses the stimulus money as if dangling the jailhouse key in front of the condemned.

The terrible tragedy of the SFC budget lies not, however, in the layoff of teachers and troopers and the denial of health care but in the simple and undeniable truth that the entire scenario remains unnecessary.

The SFC budget reflects both poor math and a complete absence of prioritization along with a shameful cynicism that pits one group of South Carolinians against another and attempts to pit them all against the governor.

It does not have to be this way. We do not have to accept the portents of doom from government. There is another option.

We developed over the last two weeks an alternative budget that accomplishes four things that we believe are the priorities for government.

First, our budget, coupled with recent flexibility legislation, sends \$2.57 billion straight to schools to use any way they want. Schools have never received more money for classroom funding.

No teachers need lose their jobs - none.

Second, our budget prioritizes public safety. The Department of Public Safety receives over \$1 million more than last year which allows for not only operation at full capacity but also the addition of 75-100 new troopers.

We increase funding to the Department of Corrections by over \$50 million which means that no prisons will close, no prisoners will be released and that its years-old operating deficit is eliminated (the SFC budget continues the deficit spending just like they do in Washington).

All other public safety agencies receive increases in their funding over last year to ensure that government fulfills its responsibility to protect the public.

Third, our budget restores the 7 percent cut of last year to all agencies with health care functions. The Department of Health and Human Services (DHHS), the primary provider of Medicaid services, receives an increase of over \$125 million in recurring money. The DHHS money in our budget will be there next year and the year after that and the year after that.

The SFC budget funds DHHS with approximately \$450 million in one-time money that will fall by more

than half next year and disappears completely in January 2012. This type of one-time money funding put us in the predicament we face now. We need to stop the madness.

Our budget lastly, but by no means least, sets aside \$200 million for debt reduction. South Carolina will owe by the end of this year nearly \$1 billion in loans to cover unemployment benefits payments. \$200 million is a start on paying that back.

We do not fund our budget priorities with either a money tree or a secret gold mine. We simply use existing revenue wisely and prioritize. We also capture common sense savings that Governor Sanford has promoted for years. We save, for example, nearly \$18 million by closing TERI positions.

We fund our priorities and repay debt without one dime of stimulus money. The stimulus money can be used for K-12 education enhancement, other government programs or, as we would prefer, additional debt repayment.

We presented this common-sense alternative to the SFC. It was fully detailed and certified as balanced by the State Budget Office. The committee chairman denied us even the chance to vote on it.

We will present this fiscally responsible alternative to the full Senate where the rules require at least an opportunity to vote on it. We urge you to call your senator and ask them to consider the alternative to what even the chief proponent of the SFC budget labeled "Armageddon."

It does not have to be this way. You can replace despair and defeat with responsibility and fairness. Call today.

McMaster: Stimulus lawsuit flawed, premature

The State:

A Chapin High School student's lawsuit to compel Gov. Mark Sanford to tap \$700 million in disputed federal stimulus money is flawed and premature, said S.C. Attorney General Henry McMaster.

But McMaster, who is representing the state in the suit, also said in a response filed Monday that he did not object to the S.C. Supreme Court taking up the suit without it going through lower courts.

That court, having signaled a sense of urgency about the state's financial fight, now must decide whether to jump in and resolve the battle between Sanford and the General Assembly.

Sanford has refused to tap \$700 million scheduled to be paid to the state over two years to help schools and law enforcement cope with budget cuts. The governor wants lawmakers to agree to spend an equal amount to pay down debt before he draws down the federal money.

McMaster said the weeks-long impasse is an active public policy debate that still could work itself out. It is not yet a full-blown legal dispute between the legislative and executive branches, he said.

"There is still time for (the) governor and Legislature to act," McMaster said.

McMaster also said the suit is flawed because:

- The student, 18-year-old Casey Edwards, lacks standing in the case. Edwards is about to graduate, and her education won't be harmed by South Carolina not accepting its portion of the stimulus.
- State lawmakers cannot go around Sanford to accept the money; such an act might violate the 10th Amendment.

But McMaster also said lawmakers could pass a law that requires spending the money, which would force the governor's hand.

Sanford spokesman Joel Sawyer said attorneys advising the governor do not agree with that reading of McMaster's response. "I think the filing is ambiguous on that," Sawyer said.

Attorneys for Edwards declined comment on McMaster's court action.

Lawmakers, meanwhile, are in a quandary over what to do.

The Senate, which included \$350 million of the stimulus money in its 2009 budget proposal, is set to begin discussing that spending plan Wednesday. Lawmakers seemed to welcome the court's possible intervention.

"The buck stops at the Supreme Court," said Republican Majority Leader Sen. Harvey Peeler, R-Cherokee, who said lawmakers are seeking clarity on what to do next.

"That's what we're looking for," he said. "It would sure be nice if the Supreme Court ruled."

Local school districts counting on stimulus money to balance their budgets have 24 days — until May 15 — to offer contracts to teachers for the next school year. The state's fiscal year ends June 30; the budget lawmakers are debating will begin paying for state government July 1.

Senate Minority Leader John Land, D-Clarendon, said that while other states are recovering from the national recession with the use of the federally mandated stimulus money, South Carolina is "stuck."

He blamed Sanford.

"My hope is that the court will decide that the Legislature can bypass Sanford so thousands of teachers and police officers won't lose their jobs," Land said.

AP:

A student's lawsuit seeking to force the state to use federal stimulus money for education is flawed, premature and attempts to give Washington an unconstitutional amount of power, South Carolina's attorney general said Monday.

The state "cannot be coerced into accepting funds," Attorney General Henry McMaster said in a court document.

The filing came in response to a lawsuit Thursday by 18-year-old Casey Edwards, a Chapin High School senior who wants the S.C. Supreme Court to force the use of \$700 million in federal education cash that the governor refuses to spend on schools.

The Supreme Court has yet to decide whether it will consider the case.

McMaster said he did not oppose the lawsuit being considered by the high court, but questioned whether Edwards was a proper plaintiff because she is graduating and would not be affected by Gov. Mark Sanford's decision.

Education officials have said hundreds of teachers will lose jobs without the money spent as Washington intends, and teachers across the state are being told they won't be rehired without it.

"The case is premature, and the proper parties may not be there," McMaster said in an interview.

The law firm handling Edwards' case did not immediately respond to messages seeking comment.

State agencies and programs stand to receive \$2.8 billion in federal money over the next two years, and Sanford controls a total of \$700 million, or \$350 million in each of the next two fiscal years. The Republican governor has said he will not request that money unless it is used to reduce or offset state debt, plans which the White House has twice rejected.

McMaster said because the legislature is still wrestling with its spending plan for the year, the case was filed too early.

"The larger question, or another question, is the prematurity of the case," McMaster said.

Part of the lawsuit also questions whether the legislature can take the money if Sanford does not.

McMaster says that Congress did not and cannot pave the way to compel South Carolina to take the money. It reiterates an opinion he issued last month that said a provision inserted in the stimulus law by U.S. House Majority Whip James Clyburn, D-S.C., did not give state lawmakers the ability to trump decision of their governors.

Greenville News:

State Attorney General Henry McMaster, responding Monday to a lawsuit brought by a high school student to allow the Legislature to accept federal stimulus funds, said the student may not have proper legal standing and her lawyers may not have included all the proper parties.

But McMaster said he doesn't object to state Supreme Court justices hearing the suit brought by the 18-year-old student.

Gov. Mark Sanford has refused to apply for \$700 million of \$2.8 billion in stimulus money available to the state over two years unless lawmakers first agree to spend an equal amount on state debt.

The House included a year's worth of the money -- \$350 million -- in its budget plan, and the Senate Finance Committee has as well. The Senate is expected to begin debating the budget this week.

The stimulus bill requires governors to apply for the type of funds Sanford has refused to accept.

However, an amendment to the legislation by U.S. Rep. Jim Clyburn of South Carolina allows legislatures, by passing a concurrent resolution, to request the funds if their governors don't.

Because the suit is filed only against the state, not specifically against the Legislature or the governor, only McMaster's office is involved at this point in defending against the suit.

McMaster argued that the Legislature has neither passed a concurrent resolution about the issue nor appropriated the \$350 million, both acts that he said are the legal triggers required for a court to review the issue.

"The timing now simply may not be right to shift issues from public policy debate to the courtroom," he wrote.

Lawyers for the student acknowledged last week when the case was filed that timing in the case might be an issue because the Legislature hasn't yet passed a budget. Legislators would like to settle the issue

soon to give school leaders and agency officials guidance on how much money will be in their budgets. Teacher contracts statewide are supposed to be completed in coming weeks.

McMaster wrote that Clyburn's amendment giving legislatures the power to bypass governors who don't accept the money isn't authorized in South Carolina.

While the Clyburn Amendment calls for legislatures to pass a concurrent resolution, McMaster said such a resolution in South Carolina is only used for congratulatory statements and has no force of law. A joint resolution does, but isn't specified in the Clyburn amendment, he said.

"This lawsuit is not ripe, and the Clyburn Amendment does not authorize bypassing South Carolina's constitutional processes," McMaster wrote.

Even if it was the proper resolution, McMaster wrote, Congress does not have unlimited power when it comes to states' rights.

"Conditions for receipt of federal funds must be unambiguous, and the state cannot be forced into accepting funds," the attorney general argued.

McMaster told reporters Monday that the Legislature must pass a budget with the money in it and get past any vetoes before the issue can be properly reviewed by the courts.

The attorney general also argued that Casey Edwards, the Chapin High School senior who filed the request, may not have proper legal standing because the funds at issue would go for the next school year, when she no longer will be a high school student. McMaster wrote that the petition should also include the governor and Legislature, since their powers are being debated in the case.

A budget plan passed by the Senate last week cuts most agencies by 13 percent, some of which would be restored by a supplemental budget section that appropriates the \$350 million, if the state receives the \$700 million in stimulus.

The leader of Senate Democrats on Monday said he hopes the Supreme Court acts quickly.

"We cannot afford to wait much longer," Sen. John Land, a Clarendon County lawyer, said in a statement.

"While other states are already on the road to recovery, we've been stuck because of Mark Sanford's inaction. My hope is that the court will decide that the Legislature can bypass Sanford so thousands of teachers and police officers won't lose their jobs."

The governor has argued that nightmarish budget scenarios presented by Senate budget writers are exaggerated to create public pressure against him.

#### Small amount of debt repayment included so far in budget (AP)

South Carolina Senate budget writers have made a slight concession to Gov. Mark Sanford's insistence that lawmakers cut the state's debt.

The Senate Finance Committee last week approved a budget that spent \$6 million on redrawing voting district lines, a process required by law and tied to the U.S. Census. But the budget the committee sent to the printers Monday redirected \$3.5 million of that to covering retiree costs, an area that Sanford considers a major state debt.

Sanford has insisted budget writers repay debt before he'll request \$700 million over two years in federal stimulus cash.

"It's a small step in the right direction," Sanford press secretary Joel Sawyer said. "We hope it means the Senate is willing to look at debt repayment, but obviously the governor is looking for a far larger commitment on that front."

The change came less through senators taking action than it did from a recalculation of what was needed. In an e-mail, Senate Clerk Jeff Gossett, the chamber's top budget aide, said he had miscalculated a spending request from President Pro Tem Glenn McConnell for reapportionment.

In an April 8 letter, McConnell, R-Charleston, asked Senate Finance Committee Chairman Hugh Leatherman, R-Florence, to put \$223,220 into the budget for the fiscal year that begins July 1, with at least \$615,595 needed during the next three fiscal years to cover redrawing district lines. But McConnell didn't spell out how much he expected to spend on lawyers and other legal expenses. Traditionally, the House and Senate get about the same amount for that work.

"The expectation is we're going to be dragged into court" over how the lines are drawn, McConnell said Friday.

With the \$5.7 billion budget heading to senators' desks, there's a chance the budget could be debated as early as Wednesday.

### Augusta Chronicle editorializes in favor of Haley transparency bill

About the only way to find out how South Carolina legislators vote on a particular issue, apparently, is to sit beside them.

For people who don't have that kind of time on their hands, 41 U.S. states require their legislatures to have recorded votes in at least one legislative chamber. Four other states, including Georgia, require recorded votes on revenue bills.

But in South Carolina and just four other states - all in New England - lawmakers are not required to vote on the record when passing bills. In the Palmetto State, lawmakers usually vote by voice. No record, no transparency - just an "aye" or "nay."

It should be blindingly obvious: Citizens who elect leaders to represent them should know how those leaders vote in shaping public policy.

The people want to know how Senator Smith or Representative Jones voted on a spending bill or anti-crime legislation. The people need to know.

But that cornerstone of public accountability is pitifully lacking in the South Carolina Legislature.

Why are South Carolinians robbed of something so basic - to know how their elected state officials vote? No reason is good enough.

State Rep. Nikki Haley, R-Lexington, has been pushing H. 3047, the Spending Accountability Act, which would require that all South Carolina legislative votes be on the record. You won't find many other bills this session that are more commonsense and straightforward.

A subcommittee of the House Ways and Means Committee convenes today in Room 521 of the Blatt Building in Columbia at 2:30 p.m. The first item on the agenda is hearing H. 3047. It must pass this committee if it is to advance to a full House vote for approval.

South Carolinians should not be further deprived of accountability and transparency from their legislators. This bill must pass.

### Scoppe editorializes on stimulus, government efficiency

MY COLUMN last week on the cost of efficiency generated two interesting questions that are worth exploring because they help explain why the governor's proposal to reject federal stimulus money if it isn't used to pay down debt is so badly off track.

The first was from someone who clearly did not like what I wrote but couldn't refute my logic, and so tried to paint me a hypocrite: "Hey, Cindi ... what did you do with the stimulus check that you received last year ... did you spend it to stimulate the economy or did you pay bills (pay down your debt)? If it was the latter then surely you must realize the result of your action may have been the laying off of hundreds of teachers, loss of jobs and whatever?"

Since my only debt is my mortgage, I did spend the money. But if my answer had been the one my reader smugly assumed it was, it would have strengthened the argument that reducing government spending will plunge us deeper into recession.

The things that individuals do in the private sector produce great technological, social and economic advances and cannot be replaced by a government, as the failed 20th century experiments in communism demonstrated. But there are some things that individuals simply cannot do: Build and maintain our highways. Operate a system of justice. Defend our country. Halt an economic free fall.

What stimulates an economy is more purchases, which create more jobs, which allow more people to make more purchases. Or perhaps it starts with more jobs. But whether chicken or egg, the principle is fairly straightforward. The reverse also is true, which was the point of my column last week: No matter how worthy a goal efficiency in government is, the fact is that unless you reinvest the savings in the government (more on that in a moment), efficiency means fewer people employed by the government. And fewer people employed by the government produces the opposite of stimulus every bit as much as fewer people employed in the private sector.

The only way to get the economy moving in the right direction before it is "naturally" ready to do so is by injecting a significant amount of cash into it. And the government is the only entity that is both big enough to do that and also capable of considering not just how its actions affect itself but also how they affect the economy.

Now, there is a legitimate debate about whether the long-term disadvantages of the Congress taking on so much debt outweigh the short-term gain of reviving our economy more quickly than would happen

naturally. But that has never been the question facing Gov. Mark Sanford and the General Assembly. The Congress already decided to borrow money and give it to the states. The question is whether our state will accept the money and use it to avoid massive layoffs or let some other state get that benefit.

The second question generated by last week's column was sincere, but it revealed how two very different concepts are being confused in this debate. "What are the odds that our political system will reduce jobs, cut costs and increase efficiency when times are robust?" Kenneth Siegfried asked, in a note we ran as a letter to the editor. "I have to give that possibility no chance. So the underlying question remains, if not now, when?"

The first concept involves the amount of state spending. Mr. Siegfried is right in believing that there is no chance the Legislature will reduce spending or employment when the economy is robust. If those reductions are your goal and if achieving them is more important to you than the negative effect that will have on our state's economy (and, perhaps, on your own private-sector job), then you would want to turn down the federal money.

But here's where the false choice comes in: It is by no means a given that turning down the money will result in our government becoming more efficient.

In fact, our lawmakers have made it clear that if they have to reduce spending, they will do it in a way that actually makes government less efficient: They will reduce spending so much in some agencies that the people left behind can't do their jobs. Imagine, for instance, cutting all the money to buy gas for Highway Patrol troopers; the troopers would be then a complete waste of money. It would be better to shutter some agencies and spend what would have gone to them on the remaining agencies.

But lawmakers have no intention of doing that. They have never actually proposed it, and they will not — not because they are evil or spiteful (although the latter is, to some degree, why they will not accept those few proposals from the governor that actually could improve efficiency), but because the modus operandi of legislatures in general and of this Legislature in particular is incrementalism. It is treating everyone the same, or as nearly the same as possible, so that no one gets angry about being singled out for especially bad treatment. That is why the first option for spending cuts is always across-the-board cuts.

The opposite, by the way, is also true: Government can be more efficient without costing less. If, for instance, we could eliminate some overhead by combining agencies, and use the savings to hire enough prison guards to keep the prisons safe, we would have a more efficient government that costs the same. That is what we should have done long ago. It is what we should do now. But this is one of the great tragedies of our state: It is what the Legislature will do only when it is good and ready — and not a moment before.

Cokie Roberts pens op-ed opposing Sanford on stimulus

Gov. Mark Sanford is making a big bet. He's wagering that he can win the Republican presidential nomination in 2012 by infuriating almost everyone in his home state of South Carolina.

A two-term governor who has to leave office at the end of next year, Sanford has never hidden his national ambitions. Even as a young congressman, he must have had the largest Christmas list in Washington, sending out countless cards featuring his impossibly blonde, handsome family.

His latest bid for attention is his decision to reject \$700 million due the state under the federal stimulus bill.

That money is marked mainly for education, but Sanford says it reflects wasteful government spending and he will use it for only one purpose — to pay down the state's debt. The Obama administration has replied forcefully: Use it for education or not at all. So the stalemate continues.

South Carolina's unemployment rate is 10.4 percent, second only to Michigan. Half-finished buildings and for-lease signs are blossoming here like the dogwoods that are just starting to flower. Tourism, Myrtle Beach's biggest industry, had a good Easter weekend, with cars from New York, Ohio and Michigan crowding local parking lots. But Mayor John Rhodes still warns of an "extremely tight year" ahead for this resort town.

So even Republicans are angry with their governor. Sen. Lindsey Graham said of the federal outlay, "We can refuse to accept it, but we cannot refuse to pay it back" in the form of taxes down the road. "Based on that dilemma, I believe it is in South Carolina's best interests to apply for these funds. They will do some good."

Even Sanford admits that his stance is "a political loser" around here. So why is he taking it? The answer is actually a simple one: the character of Republican primary voters. By standing up for fiscal sanity, and against a Democratic president, he reasons, he will appeal to the hard-line conservatives who dominate

the party's nominating process.

In effect, Sanford is making the same bet as Republican leaders in the House, who did not provide a single vote for the stimulus package. Their strategy is also clear: Oppose everything Barack Obama does, take no responsibility for the economy, hope he fails, and run on the slogan "It's his fault" next year. Moreover, goes this calculation, by opposing federal spending, Republicans can return to the old-time Reaganite religion of smaller government and lower taxes.

Will the strategy work? It did for Reagan, but that was almost 30 years ago. In 2008, 34 percent of Americans called themselves conservatives while 44 percent chose the "moderate" label, and 60 percent of them voted Democratic. So can Republicans recapture the center, which decides elections, by becoming more conservative?

It doesn't make sense, but the GOP continues to defy basic political arithmetic. One example: Former Congressman Pat Toomey is set to challenge Sen. Arlen Specter of Pennsylvania in the Republican primary next year. Toomey and other right-wingers crucify Specter, one of three GOP senators to back the stimulus bill, as a moderate heretic. But that's precisely why he can win statewide.

Pennsylvania Democrats would love to see Toomey win. They would have a hard time beating Specter, a five-term veteran, but they would probably thrash Toomey, just as they ousted orthodox conservative Sen. Rick Santorum in 2006.

Which brings us back to Sanford. Like Toomey, he thinks the flight of moderates from the Republican Party will enhance his chances in a primary. Maybe so, but a party that appeals only to straight-edge conservatives in the general election is doomed to defeat, at least outside its Southern base, and even here it's in trouble.

Voters might favor "small government" in the abstract, but in practice, they want the services and protections government provides, particularly in hard economic times. And the stimulus money Sanford rejects is a perfect example of that.

Neighboring Georgetown County would get \$2 million of the \$700 million in question. The state legislature has already mandated a 2 percent cut in education spending this year and, without the federal money, the county will face "significant layoffs," says superintendent Randy Dozier. School board chairman Jim Dumm told the Coastal Observer that Sanford should "stop posturing and run for the presidency next year, not this year on the backs of schoolchildren."

Maybe Sanford and his fellow Republicans can win votes by boasting they supported larger classes and fewer teachers in the nation's schools. But don't bet on it.



**From:** Kevin Pazdernik  
**To:** [REDACTED]; MCS Road  
**Date:** 4/20/2009 10:00:38 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text

Governor's Daily Press Briefing - Mon., Apr. 20, 2009

Summary:

School choice set for renewed push  
Tea Parties show some at a boil  
Republicans looking for national swing, starting with governor races  
Attorney general filing due in stimulus challenge

Text of Clips:

School choice set for renewed push

Small private schools that charge tuition of \$2,000 to \$3,000 a year could be setting the stage for one of the most aggressive "school choice" pushes yet in South Carolina.

After three failed school choice bills in the past four years, the schools — increasingly racially diverse, organized and outspoken — are backing the latest tax credit plan for parents who send their children to private schools.

Their fight will take center stage Thursday when a panel of senators considers the Education Opportunity Act. That proposal would give tax credits to parents who send their students to private schools, or a different public school or who home-school.

A decade of slipping enrollment and the economic recession are lighting a fire under the smaller private schools, those with enrollments of about 200 students and less and tuition of \$2,000 to \$3,000 a year.

The schools say they have space for more students and, they add, the proposed tax credits would cover tuition for most students.

"We have capacity, and we welcome new students," said Huey Mills, president of the S.C. Association of Christian Schools, which represents between 12,000 and 13,000 students, down from 16,000 a decade ago.

The tax credit plan could drive up enrollment.

"We're all holding our breath," said Mills, who is advising his 85 member schools to prepare two budgets for next year — one with their current enrollment and one with a 10 percent cut due to hard economic times.

Public schools, reeling from state budget cuts, say the bill will siphon off money they desperately need.

They anticipate eliminating about 1,600 jobs to offset state budget cuts, according to a recent survey.

"It's unconscionable, in my view, to cut money from public schools when we're already being cut to the bone," said Frank Morgan, superintendent of the Kershaw County School district, which will eliminate more than 30 jobs and cut programs before next school year.

THE NEW FACE OF SCHOOL CHOICE?

Critics of the tax credit plan say it will benefit primarily parents who already have their children in private school, partially offsetting tuition, which can soar past \$15,000 a year.

They also question whether private schools — some started as whites-only segregation academies — truly are accepting of diversity and would admit many public school students or operate in depressed areas.

The state Department of Education also says it's unlikely that many S.C. families who live in poverty will be able to use the tax credits.

"South Carolina's struggling public schools are nearly all in high-poverty communities," said Jim Foster, Education Department spokesman. "The kids get free transportation to and from school. They get free breakfasts and free lunches at school. Their fees are waived. Their field trip costs are waived.

"Tax credits won't help these kids attend private school, even if they meet the admission requirements.

And if they somehow get a scholarship that pays every dime of their tuition, how do they get to school?

Who pays for their breakfast and lunch? How do they get home in the afternoon? Who pays the additional



costs that public schools currently pick up?"

Shonda Simpkins, who runs a private Christian school for girls on 45 acres in rural Edgefield, says poor families will take advantage of the credits.

Most of the students at ShadeTree Academy for Girls are African-American, as Simpkins is.

They come from poor homes. Some have been abused or abandoned or are struggling with other problems in their lives, said Simpkins, who said she too grew up in a troubled home.

Corporate and private donations pay for her school. Students can't afford the \$5,500-a-year tuition.

Simpkins said she's part of a growing group of people of color who back the bill. State Sen. Robert Ford, an African-American Democrat from Charleston, is one of the bill's lead sponsors.

"We don't know how long we can depend on private investors and corporations because of the state of the economy," said Simpkins, who says her Christian-based approach helps her students in ways public schools cannot. "We're giving hope and investing in South Carolina. I think our parents should be supported in that (with tax credits)."

#### THE MONEY QUESTION

Many of these smaller private schools contend the bill is a financial win-win for private and public schools.

"How can it hurt the public schools when they are left with money even after children leave?" said Chad Connelly, board chairman of Newberry Academy, a private school with 249 students but space for about 100 more. Tuition is about \$3,000 per year. "Both sides will win if this passes."

Under the bill, when a child leaves a public school and opts for a private one, half of state education dollars would continue to go to the public school district — even though the child no longer attends that district.

But public school advocates say the proposal would hurt.

"Say four kids leave a public school (to attend a private one)," said Debbie Elmore, spokeswoman for the S.C. School Boards Association. "You haven't eliminated the need for a teacher and principal, the buses to transport students. You haven't eliminated the lights and the heat that have to be cut on.

"All of the overhead costs are still there. You haven't reduced your costs. What you have done is eliminated some of the revenue the school would have received for those four students."

#### Tea Parties show some at a boil

Months of a contracting economy, rising unemployment and growing federal spending appear to have energized conservatives in a way no Republican presidential candidate could.

Those who helped turn out and turn on the crowds that flocked to Tea Party protests in Charleston and across the country now will have to find a way to take the next step.

In other words, will the "fed up" sentiments of these people translate into meaningful political change?

"If I had to say it in a sentence, I would say Republicans are seizing on Tax Day to send the message that the loyal opposition isn't rolling over and playing dead," University of South Carolina political science professor Blease Graham said. "They got shut out in the congressional vote, but they didn't get shut out in the shouting match."

Amanda Moore, who served as U.S. Rep. Ron Paul's campaign coordinator in South Carolina, was

among the crowd of about 2,500 people who gathered on the U.S. Customhouse steps Thursday.

She said the protest was less directed at President Barack Obama than at the status quo — one shaped in part by former President George W. Bush's eight years in office.

"President Bush was not our ideal president, even as conservatives, we were not happy with his administration and certainly our economic stability was at free-fall while he was there," she said. "This is not a Democrat versus Republican thing or vice versa. It's 'this is where we're at folks.' We need to get together and look at the policies that have failed. Capitalism hasn't failed. With all the regulations we've had in place, we haven't had capitalism for quite some time."

But Ronald Middleton of James Island said the protests amount to partisan posturing by those frustrated that their candidate lost last year.

"With as much as this man (Obama) is trying to do and has put on the plate, I have not talked to a person yet that has voted for him and has started to criticize him or anything else," he said. "All the people I've talked to, we are still overjoyed."

Despite Obama's campaign pledge to try to unite the country, Graham said, his ability to do that has eroded by the end of his honeymoon period — something all new presidents eventually face — and by lingering economic woes.

"What happened in November and December is ancient history, and people are rewriting political affiliations now," Graham said. "This tax and spend issue could be the one issue that refocuses Republican unity. It certainly gives them a common opponent. It was surprising to me how widespread this Tea Party thing was. ... This thing has spread to people who are ordinarily comfortable with their jobs. The white collar service economy is really getting hit here. It isn't like losing factory jobs to a foreign country that's been the case before."

Part of the conservatives' frustration is that, for the first time since 1993, they don't have a congressional majority or president to represent their side of the debate.

"Now it's like they're bulldozing over us," Moore said. "It's frightening because we don't need America to become a socialist country."

But Obama backers such as the Rev. Sandra Kearsse, one of the ministers at Canaan Missionary Baptist Church, are not as frustrated.

Kearsse organized a grass roots meeting Saturday to try to find solutions to the nation's problems, such as North Korea's nuclear plans and government waste.

"Ever since 2000, ever since we've gotten into this new millennium, it has been quite a journey — bumpy and crazy and — I don't want to say it because I love President Bush because he sent me a lot of presents and letters — but everything was mismanaged," she said. "Sometimes, we need to let time, which is on our side, take its course. Give this man an opportunity to straighten out the barrage of messes."

State Rep. Chip Limehouse, R-Charleston, dropped by the Tea Party early and thought it was an excellent way for conservatives to get their message out.

"And the message from conservatives is we're all sick and tired of spending money in Washington that we don't have and there's going to be a huge bill attached to all of this," he said. "The repo man is going to come in the form of Chinese bankers. We're putting ourselves in a huge debt situation. ... At some point, the Democrats have to let go of George Bush and say, 'OK, this economy is the Obama economy.'"

But the more things change, the more they stay the same. Graham said Bill Clinton's 1992 campaign slogan still fits the challenge facing Obama: "It's the economy, stupid."

"Whatever future we can lay out here, in six months or a year, if the economy really improves, then the Obama administration will get sterling marks," he said, "but if there continues to be a malaise or increasing hardship, then he is going to get increasing criticism."

Republicans looking for national swing, starting with governor races

Will 2009 be another 1993 for the Republicans?

South Carolina Gov. Mark Sanford, chairman of the Republican Governors Association, thinks so. Sanford argued in a recent interview that there are "lots of parallels" between the GOP victories in New Jersey and Virginia in the early 1990s and governor's races in those two states this November.

In New Jersey in 1993, Christine Todd Whitman (R) knocked off Gov. Jim Florio (D); in Virginia, former congressman George Allen (R) defeated former state attorney general Mary Sue Terry (D), who began the race as a heavy favorite.

Taxes played a significant role in the Democrats' defeats. Whitman ran hard against the \$2.8 billion income tax increase during the Florio administration, while Terry ran away -- unsuccessfully -- from the tax increases during the first year of Bill Clinton's presidency.

Those twin victories were the first stirrings of a Republican revolt against Clinton and the Democratic-controlled Congress that led to the 1994 wave election that saw the GOP claim majorities in the House and Senate.

Sanford -- along with Mississippi Gov. Haley Barbour, who will head the RGA next year -- believe a similar set of circumstances is shaping up this fall, with voters ready to send a signal of their distaste for the rapid government expansion in the early days of Barack Obama's presidency.

"These races are going to turn on policy," predicted Barbour, who added that the Republican candidates would be running on lower taxes and less government.

In New Jersey, the RGA has already begun to label Gov. Jon Corzine (D) a tax-raiser -- using his proposed budget to make the case that the Democrat wants to increase taxes by \$1 billion. Former U.S. attorney Chris Christie is the likely Republican nominee against Corzine.

The race in Virginia remains largely unformed, as three Democrats -- former Democratic National Committee chairman Terence R. McAuliffe, former state delegate Brian Moran and state Sen. Creigh Deeds -- are competing in the June 9 primary for the right to take on former state attorney general Bob

McDonnell (R) in November.

Polling in each race suggests that Republicans are correct to be optimistic. Christie and Corzine are in a virtual dead heat, while McDonnell holds single-digit leads over his potential Democratic opponents. National polling, however, seems to show that voters are largely pleased with Obama's economic policies. In a recent Washington Post-ABC News survey, six in 10 said that they approved of the job Obama was doing with the economy and 64 percent expressed confidence that his proposals would turn the economy around.

There's no question that what happens in Virginia and New Jersey this fall will be closely scrutinized by strategists for indications of the electorate's mood heading into 2010. Whether those signs point to a repeat of 1993 or a rerun of 2001 (when Democrats won the governorships of New Jersey and Virginia) remains to be seen.

#### Steering the GOP

Speaking of the (potential) Republican revival, there are any number of politicians seeking to guide the party back into majority status. Here's a top five:

5. Eric Cantor: The Virginia Republican is rapidly emerging as the most influential member of Congress on the GOP side. Over the first 90 days of the Obama administration, Cantor has become the president's lead critic -- not an insignificant task, given the number of ambitious Republicans looking to claim that role. And in conversations with any number of other national politicians -- Jeb Bush, Mitt Romney -- they always mention that they are talking to Cantor on a semi-regular basis. Did we mention that the guy raked in nearly \$1 million in the first three months of the year? Impressive on all fronts.

4. Newt Gingrich: Ask Republicans who they think should have a bigger role in the party over the next two years and they name the former House speaker. Gingrich is a man of ideas (not all of them good) for a party sorely lacking in them and also enjoys a national profile that allows him to advocate for where he believes the party needs to go. The big question surrounding Gingrich: Will he spend the next several years using his policy smarts to fuel a presidential run, or will he dedicate his time to reshaping the GOP in a less public role?

3. Mark Sanford: Whether you think the anti-tax tea parties staged last week were a success or a failure, they did reveal that there is a vocal segment in the GOP's conservative base that is fed up with government spending. Sanford is positioned to become the voice of that element. (Sanford told The Fix recently that he stayed up until 12:30 a.m. watching all the tea-party coverage. "I think something is going on out there," he said.) If he can rally that populist rage over the next few months, he could become a very potent force in 2010 and beyond.

2. Haley Barbour: He has two gifts. First, he is beloved by almost everyone in the Republican Party and is regarded broadly as one of the GOP's leading strategic minds. Second, as one of the creators of modern lobbying, Barbour knows he can't run for president -- a position that makes him the perfect neutral arbiter in policy fights in the near term and kingmaker in advance of 2012.

1. Mitt Romney: The former Massachusetts governor is the complete package. A tremendous fundraiser, he also has business credentials that allow him to speak intelligently and forcefully about the economy -- the No. 1 issue for most Americans right now. Romney will move to seize the high ground (from a policy perspective) on health care over the coming months and is likely to be Obama's leading critic when Congress takes up the legislation in the fall. Romney's Achilles' heel: He is still a little too stiff and programmatic. He needs to find the common touch if he wants to stand against Obama in November 2012.

#### Attorney general filing due in stimulus challenge (AP)

Attorney General Henry McMaster is expected to have arguments filed about why the Supreme Court should referee a challenge in South Carolina's fight over federal stimulus money.

The Supreme Court told McMaster he has a 1 p.m. Monday deadline for his first response.

A Chapin High School student getting help for free from a couple of the state's best known Democratic lawyers filed a lawsuit Thursday asking the court to decide whether the Legislature can seek federal stimulus cash that Gov. Mark Sanford has insisted be used to reduce state debt. The White House twice rejected that idea.

McMaster said Thursday he was pleased the Supreme Court would address the lawsuit quickly but that legislators and the governor had more time to work out disagreements.



**From:** Barton Swaim <[REDACTED]>  
**To:** MCS Road <[REDACTED]>, Mark Sanford <[REDACTED]>  
**Date:** 4/19/2009 7:14:51 AM  
**Subject:** text of Sunday press clips

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- \*The State breaks down politics of the stimulus fight
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Dems betting on Sanford backlash  
Foes hope stimulus fight still fresh in 2010  
By JOHN O'CONNOR, The State

S.C. Democrats hope Gov. Mark Sanford is on voters' minds when they head to the polls in November 2010.

Sanford won't be on the ballot. The two-term Republican governor is barred by state law from running again.

But Democrats hope voters remember Sanford — specifically, his high-profile opposition to accepting \$700 million in federal stimulus money and his Christmas-week threats to halt unemployment payments to more than 200,000 jobless S.C. workers — and hold it against his fellow Republicans.

"Mark Sanford is hurting his own party," said Trav Robertson, a Democratic campaign adviser. "There's no question about it whatsoever."

With the governor's race 18 months away, candidates are lining up to succeed Sanford. The process of narrowing the field will get under way a year from now, in June 2010, when voters choose Democratic and Republican nominees. Political observers say Republicans, post-Sanford, still will hold a strong political edge.

To win a statewide election, a Democratic candidate has to find a special issue — one-term Democratic Gov. Jim Hodges tied his campaign to a lottery for education — while, at the same time, the Republican candidate has to implode, turning off conservative voters.

Sanford has admitted his anti-stimulus position is a political "loser." However, Sanford says a "silent majority" of voters back him. Wednesday's gathering of about 3,000 people in Columbia to protest government spending — particularly the stimulus — is evidence of that, he said.

But recent polls suggest most South Carolinians disagree with Sanford's position.

A Crantford and Associates poll, conducted for the S.C. Democratic Caucus, found 53 percent of those surveyed disapproved of Sanford's effort to reject the stimulus money.

A poll by Richard Quinn and Associates, known for its work for Republican candidates, found much the same thing. The Quinn poll, which surveyed only Republican and independent voters, found 52 percent of Republicans and 66 percent of independents said Sanford should accept the federal stimulus money after a brief explanation of both sides of the issue.

#### 'HE'S NOT LISTENING'

Some onetime Sanford supporters clearly are unhappy with the governor, who has won national attention for his anti-stimulus position. (Last week, for instance, Republican National Chairman Michael Steele named Sanford as one of seven GOP standard-bearers.)

Lisa Matthews is one of those former Sanford supporters.

The Kershaw County teacher was part of a 1,000-person rally at the State House earlier this month urging Sanford to accept the stimulus money. With the money in doubt, so is Matthews' job next year as an in-school-suspension teacher.

"Up until this recent decision, I thought he was doing a good job," said Matthews, who twice voted for Sanford. "I'm just thinking he's not listening to the people who elected him."

Instead, Matthews thinks Sanford, a potential 2012 Republican presidential candidate, is thinking about himself more than the state.

But will those feelings last?

"You would think, on the face of it, that Democrats would use this effectively," said University of Virginia political scientist Larry Sabato. "That crosses boundaries. It certainly attracts some independents, some swing voters."

But while Sanford's legacy may give Democrats some help, South Carolina's demographics still favor Republicans.

"All things being equal, the GOP nominee can overcome that in South Carolina," Sabato predicted. Other issues — such as the economy — could be a higher priority for voters 18 months from now, he said.

For an early indicator of whether anti-GOP backlash could be in the offing for South Carolina, Sabato said to keep an eye on Virginia's elections this year.

There, the Virginia House of Delegates voted to reject federal money to expand unemployment benefits on a party-line vote — Republicans for rejecting the money, Democrats for accepting it.

#### 'HE'S APART FROM THE REPUBLICAN PARTY'

Robertson, who advises S.C. Democrats, says that party could benefit most from an anti-Sanford, anti-GOP backlash in Legislative races. He points to an upcoming special election to fill a State House seat in Cherokee County as a possible litmus test.

GOP adviser Richard Quinn says the stimulus debate could be a non-issue by 2010 — quickly forgotten if the state gets the money.

Veteran GOP political consultant Rod Shealy of Lexington County says the public's view of President Barack Obama is more likely to impact voter choices.

"If things are good, you re-elect the party in the White House," he said.  
"If things are bad, you toss out the party in the White House."

Shealy also stated an opinion shared by many state politicians — Sanford, a political loner who has fought his own GOP-controlled Legislature for six years, is not really closely identified with the state Republican Party. As a result, Democrats will not be able to hang Sanford around the necks of his fellow Republicans, many say, as Democrats did with President George W. Bush last fall.

"He's apart from the Republican Party," Shealy said. "I frankly think a lot of that (anti-Sanford sentiment) could play itself out in the primary."

Chip Felkel, a GOP consultant in Greenville, downplayed any lingering Sanford influence on the gubernatorial race.

"Ultimately, I think that race is going to be about the nominees," he said.  
"Right now, it's irrelevant."

Matthews, the Kershaw County teacher who once supported Sanford, is a case in point.

Matthews said her disappointment with Sanford is unlikely to spill over to other Republican candidates. "I don't know if that would dissuade me from voting Republican," she said.

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A dagger for the GOP?  
[The State's breakdown of stimulus fight]

The stimulus mess

A look at the key players, stakes and likely outcomes of the fight over \$700 million in federal stimulus money slated for South Carolina

Key players

Gov. Mark Sanford: Sanford, a Republican, is standing firm on his refusal to tap \$700 million in federal stimulus money unless lawmakers devote an equal amount to paying down debt.

Sanford twice asked the White House if he could spend \$700 million of \$2.8 billion coming to South Carolina state government to pay down state debt instead of its intended use — for education, health care and other budget needs. He twice was denied.

Sanford, a public-schools critic, has not stood in the way of stimulus money for unemployment benefits, roads and bridges and energy efficiency.

Sen. Hugh Leatherman: Leatherman, the Senate's top budget writer, has shepherded a \$5.7 billion spending plan for the state for next year to the Senate floor. That bill protects education and health care, but cuts most other state agencies by more than 13 percent — leading agency heads to predict dramatic cuts in service.

Leatherman, a fellow Republican but Sanford foe, has been the lawmaker who has been the most vocal in challenging Sanford. He refused to allow an alternative budget — proposed by Sanford allies — to come to a vote over concerns it may not make legal use of federal aid.

Law enforcement: Despite the fact that they work for Sanford, some state law enforcement officials have been vocal about the negative impact of not including federal stimulus money in their agencies' budgets.

Department of Public Safety head Mark Keel said he will have to lay off troopers. Those who remain on the job will have little time to patrol. Instead, they will constantly be responding to accident calls.

SLED Chief Reggie Lloyd said his agency will have to trim lab staff, agents and other officers.

State prisons chief Jon Ozmint has not bucked his boss. But as the specter of closing prisons, releasing inmates early and cutting staff comes to the public's attention, Ozmint could be faced with deciding whether to be loyal to Sanford or speak up for Department of Corrections employees. They complain that cost-cutting in prison operations puts them at physical risk.

What's at issue?

Leatherman and lawmakers say thousands of teachers will be laid off and more than 3,000 prison inmates released unless the state accepts and spends the stimulus money.

Sanford and his allies dispute that claim and put together a plan that pays off about \$200 million in state debt.

What's next?

A lawsuit was filed in state court Thursday, and the S.C. Supreme Court seems ready to quickly decide the case. However, the attorneys who filed the suit said there is no guarantee a court decision will settle the issue.

Meanwhile, lawmakers are moving ahead with plans to spend the disputed money.

How will this be resolved?

1. Sanford will tap the stimulus money because the courts force his hand. Otherwise, the governor is unlikely to back down, and lawmakers have bristled at handing him anything that might be seen as a victory.

2. Sanford will not tap the stimulus money because, emboldened by groups supporting him, Sanford has decided that the issue, despite his protestations otherwise, is a political winner for him, especially if he



harbors ambitions for higher office. Nonetheless, to prevail the governor likely will need a court to back his position.

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End state's budget crisis  
Post & Courier editorial

Gov. Mark Sanford has decried as "a politically driven press spectacle" a lawsuit by a Chapin High School student who's seeking to break the impasse over \$700 million in federal stimulus money. That barb isn't aimed at 18-year-old Casey Edwards, bless her heart, but at the two Democratic lawyers who have taken up the cudgels on her behalf.

Of course, Gov. Sanford's position on the stimulus funding has been likened by Democrats and even some Republicans to a politically driven press spectacle aimed at raising his standing in the 2012 Republican Party presidential sweepstakes.

The pleasures of political theater may be lost on many South Carolinians who'd prefer to see essential services maintained with money that has been allocated by the Congress for that purpose.

Attorney General Henry McMaster observed last week, "The governor and Legislature still have time to resolve the issue prior to the end of the legislative session."

Well, good luck. On Thursday, the governor sharply criticized Senate budget writers for failing to make necessary budget cuts, while he refuses to release millions in federal funds that would ease the budget crisis.

As House Speaker Bobby Harrell explains in a column on our Commentary page today: "The resulting budget cuts this philosophical rejection would translate into could be the firing of 2,000 to 5,000 teachers, 700 prison guards being let go, three or four prisons closed and 3,400 convicted felons released on the streets."

Meanwhile, more details emerged last week over what the loss of stimulus money would mean to state government. For instance, Department of Social Services Director Kathleen Hayes said \$15 million in cuts projected for her agency would result in the loss of 1,000 jobs. That's because many DSS officials are paid with state and federal funds.

As Senate budget writers scramble to cobble together a budget without stimulus funds, it won't be lost on the governor's adherents that the committee agreed to tighten the screws on tax scofflaws in an effort to make up for some needed revenue.

While Gov. Sanford's position has concentrated the Legislature's attention on the budget situation, there are limits to what the state can do to make up for the loss of revenue caused by the economic downturn. There are limits to what can be squeezed out of public schools, colleges and law enforcement during a major recession.

But there apparently aren't limits to the governor's willingness to hold to

his position. He appeared at a Tax Day rally in Charleston last week to again defend his adamant stance.

Mr. Sanford has repeatedly made the point that the stimulus plan will place a great burden on future generations who will have to pay the debt.

Speaker Harrell also opposed the stimulus proposal approved by Congress. But he makes the reasonable point that the stimulus bill "is now the law," and adds, "Our children will have to pay back this money regardless."

The state is facing two fiscal crises. One is caused by the recession, and the other is caused by the governor's unwillingness to allow the state to use the federal stimulus money as designated by Congress.

The governor can't fix the economic situation, but he can still do something about the stimulus funding. The state's taxpayers should insist on it.

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Differing debt totals fog debate on stimulus  
Sanford sees massive tab; others say state owes less than its neighbors  
By Tim Smith, Greenville News

COLUMBIA -- For months, Gov. Mark Sanford has said the only way he would accept \$700 million in federal stimulus money is if lawmakers agree first to pay an equal amount on state debt.

That debt has been incurred over the years for building or improving schools, colleges and universities, highways, building projects and economic development.

Examples in the Upstate include a graduate school and data center at Clemson University and Interstate 85 improvements near BMW.

South Carolina's "unfunded political promises," as Sanford calls the state's long-term liabilities, are "treacherous" and in need of addressing. He wrote to President Barack Obama that the state's debt is "57 percent above the Southeastern average."

Legislators, however, argue the state has no problem with debt and in fact its debt position is among the best in the nation and is one of the reasons the state has earned a AAA credit rating. The Senate Finance Committee's staff said the state ranks fourth-lowest in general obligation debt in the Southeast.

Who is right? And what is the debt that the governor and legislators are debating?

State Comptroller General Richard Eckstrom said both sides have their points, and he shares the governor's concern for keeping debt low.

"It comes down to one's personal comfort level with debt," Eckstrom said. "I think the governor is one who feels the less debt the better. I would adhere to that philosophy. I don't think anyone is saying the state has an illegal amount or an unconstitutional amount. It's just that the state has a huge amount of debt."

According to Eckstrom's latest Popular Annual Finance Report, the state had \$8.1 billion in total bonds and notes outstanding as of June 30, 2008, the total of all types of debt. However, only about \$2.3 billion of that was for general obligation debts, bonds backed by the full faith, credit and taxes of the state.

Other types of debt, such as revenue bonds, are backed not by the state's taxing power and General Fund but by dedicated revenue streams, such as student loans, mortgages from the state's housing authority and user fees.

The state's total debt, as well as its general obligation debt, according to Eckstrom, is decreasing.

So are its debt payments, now about \$190 million from the General Fund, down from more than \$200 million the prior year.

But Sanford argues that those debt payments -- like a high monthly mortgage -- are robbing the state of money it could be putting to better use. He would like to use the stimulus to pay off school facilities bonds and research university infrastructure bonds, for instance.

"This would immediately free up over \$162 million in debt service in the first two years and save roughly \$125 million in interest payments over the next 13 years," the governor wrote to the White House earlier this year, "which could then be directed toward other educational purposes -- just as paying off a mortgage early frees up the typical monthly payment for other uses."

Joel Sawyer, his spokesman, said the American Legislative Exchange Council ranks the state the fourth-highest in the nation in debt payments as a share of tax revenue.

However, the Senate Finance Committee this week took issue with some of the governor's numbers and issued its own to paint a very different picture.

The committee's staff said the state ranks fourth-lowest in general obligation debt in the Southeast, and its per capita general obligation debt is 45 percent less than North Carolina's and 48 percent less than Georgia's.

In fact, according to the committee, the state has only reached 56 percent of its constitutional limit on annual debt payments. About 52 percent of its general obligation debt will be paid off in five years, 91 percent in a decade, according to the panel's staff. The state hasn't issued general obligation bonds in at least seven years, officials said.

Senate Finance Committee Chairman Hugh Leatherman, Sanford's nemesis on the stimulus and spending issues, says the state is "fiscally conservative."

Sawyer said of the Finance Committee's numbers, "You can cherry-pick anything to make it look how you want it to look."

State Treasurer Converse Chellis, a former legislator, said the differences in debt numbers are because those Sanford uses aren't limited to general obligation debts.

"The information he is including comes from the U.S. Census Bureau, that includes other entities, such as the Tobacco Authority Bonds, the Ports Authority, Santee Cooper bonds," he said. "All those bonds have some type of revenue stream to pay for them."

South Carolina, he said, is in the bottom third of states in general obligation debt.

"We wouldn't have that AAA credit rating if we weren't in the best third in the nation," he said. "It's unfortunate that the numbers are being skewed to mislead everyone about what our debt is."

Eckstrom said officeholders should look at all the state's debt and that just because the state can borrow more doesn't mean it should.

General obligation debt is only part of the picture, Sanford argues. A rising unemployment rate combined with an insolvent unemployment fund is projected to leave the state with about \$700 million owed to the federal government by the end of the year, a liability that could double next year.

Sanford's Senate allies proposed putting about \$200 million toward that debt, which they hoped would coax the governor into applying for stimulus aid. Leatherman and the committee declined.

An even bigger issue for the governor is the state's unfunded liabilities for its retirement system, what Sanford calls its \$20 billion in "political promises."

These are projected benefits for retirees and current workers compared to the system's funds on hand. Sanford has long pushed lawmakers to dedicate more to paying down those liabilities and recently proposed some of the stimulus be used for that purpose. The state Budget and Control Board took no action on his suggestion.

Chellis said the state has a plan to pay down the retirement system's liability. But Eckstrom said the liability grows each year.

"That's not a very effective plan," he said.

Sawyer said the state's retirement system is less than 70 percent funded to meet its potential benefit expenses, which amounts to more than \$22 billion in unfunded liabilities.

"When you look at the state in its totality, we have some very serious liabilities looming for the next generation," he said.

"A lot of people like to say, 'We have to pay for the stimulus, so we ought to take the money.' But it's not us paying for the stimulus. It's our kids, our grandkids and probably their kids as well. So our point is if we are going to put future generations on the hook for the stimulus, they ought to get some sort of dividend in the form of debt repayment."

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Ford defends turnaround  
Senator says there's no hidden motive in his push for private-tuition tax

credits

By Yvonne Wenger, Post & Courier

When state Sen. Robert Ford says he is a community developer molded in the footprints of the Rev. Martin Luther King Jr., not everyone believes it.

And in recent weeks when the Charleston Democrat became the new face for "school choice" in the state, some black leaders and public school advocates began whispering about a hidden motive that could put poor, minority children in jeopardy.

The matter of school choice — a nebulous phrase traditionally used to promote the use of tax dollars toward private school tuition — has been evolving in South Carolina for the past six years. It is so polarizing that it is described as the downfall of public education and the only way to revolutionize it.

The basic rhetoric places many well-to-do white Republicans on the side of school choice, and in lockstep opposition stand Democrats who represent South Carolina's urban and rural poor.

So last month, when Ford, who is black, mailed out 450,000 fliers that picture a dejected-looking black boy sitting on a wooden school desk with his head in his hands, the senator stepped right into a fire storm.

'I have no choice'

Ford, who is running in the 2010 race for governor, is accused of doing the bidding of wealthy school choice supporters. He works full-time as a state senator and says he lives off a modest state retirement and reimbursements for his legislative work.

He argues he is not in it for the campaign cash, but the financiers behind the state's school choice movement have deep pockets and throw campaign contributions behind candidates and legislators who pledge to support the cause, including adding several \$1,000 checks to Ford's recent re-election.

School choice supporters also have spent big bucks on television ads that indirectly favor certain candidates. Adding up specific amounts or tying down a total that the school choice network contributes is difficult because of limited information required on campaign disclosure forms, such as out-of-state addresses listed with only a name.

Ford made a splash in late March with his decision to champion new legislation to grant tax credits, not vouchers, toward private school tuition. The bill also would set up a scholarship fund through charitable donations to help children with poor parents get out of failing public schools, a 180-degree turn from his previous position.

After Ford's change of position, a racially diverse group of public education advocates, including leaders of the National Association for the Advancement of Colored People, gathered in downtown Charleston to protest the school choice legislation. S.C. Superintendent of Education Jim Rex organized a group of black leaders a few days before the rally in Charleston to respond to Ford's bill.

Some have aimed personal accusations at Ford, and in some cases he has responded with equally charged words.

Ford did acknowledge that in his last election he accepted money from associates of Howard Rich, a New York multimillionaire. He can be traced to the center of a network of wealthy, out-of-state campaign contributors who have poured money into South Carolina races for years to further the school choice debate. Rich helped pay for the 450,000 brochures Ford recently sent to voters, but Ford has not taken any campaign contributions directly from Rich.

The senator says he has only one motivation for supporting school choice and political donations don't play into it:

"As a human being, as a man and as a civil rights advocate and as a Christian, I have no choice but to try and save these children," Ford said.

#### Fending off criticism

In addition to the rally in Charleston that drew more than 50 people and the response by black leaders organized by Rex, Ford engaged in a flurry of accusatory e-mail exchanges with local school choice activists and people who called themselves his friends.

Ford was told that he had his facts wrong.

They told him his school choice legislation would be devastating to the most vulnerable children whose parents might not earn enough to even claim a tax credit and certainly not enough to be able to make up the difference between the credit or a scholarship to cover expensive private schools.

Rep. Chip Limehouse, a Charleston Republican who is white, said that in all his years of supporting school choice he never has had to withstand the personal assaults that Ford faces. Limehouse said he thinks that is because those who resist change see the movement gaining a foothold now that someone of Ford's background has joined the cause.

"They realize if they don't do something to stop Ford and other African-American leaders see the wisdom of this, the tide is going to change," Limehouse said.

#### Finances revealed

Ford offered personal information about his life in an attempt to fend off what he says are insinuations that he's benefitting monetarily from his new position on school choice.

At the bottom of one news release about the controversy, Ford wrote: "P.S. I have not received one red cent from Howard Rich for personal use."

Although Ford said his friends tell him to ignore his critics because "if you get in a kicking contest with a jackass, you're going to lose every time," he says he feels compelled to show that he lives off of an annual income of \$48,000.

Most of the money comes from a pension he earned for his 30-plus years of

service as an elected official. He could take the pension or his Senate salary. He selected the pension.

The pension is supplemented by \$1,000 a month each senator gets for legislative work in a district that is designed to cover the cost of travel, club memberships or anything that they do to help stay in contact with their constituents.

Ford lists his occupation as community developer, previously having worked as a field worker for the United Methodist Church. He also worked as a car salesman. As a young man, Ford, now 60, served on the staff of Martin Luther King Jr. He is a life-long bachelor.

Ford went one step further in defending himself in an attempt to remove any suspicions about his connection with wealthy school choice supporters. He sent an e-mail that breaks down how much money he spends on his new car, a white Buick Lucerne, and his flashy wardrobe: his monthly car payment is \$190 for 60 months, and his suits cost an average of \$100 each with \$49 for a shirt.

"A vast majority of my neckties come from 319 King, the average price is \$150; it's the necktie that makes the suit look great!" he wrote.

Ford said his campaign contributions do not dictate his service to his constituents, and he noted that he does not raise the amount that other senior senators do. Often times Ford has less in his campaign chest than his opponents.

For last year's general election, Ford had a high balance of \$58,000, which went in part to pay back a negative balance from his primary election. He has an outstanding campaign loan worth \$35,000 and has about \$3,500 in contributions for his gubernatorial run.

During his re-election last year, Ford said many of his out-of-state donations were a result of a letter former President Bill Clinton wrote for him. The senator campaigned hard for Hillary Clinton when she ran in the Democratic primary.

State Ethics Commission Director Herb Hayden, who did not speak about Ford's situation specifically, said campaign donations must be used for campaign-related expenses, and every dollar raised must be accounted for on an expense sheet. If a candidate does not spend all of the money, the balance can be used in future campaigns, returned to contributors or donated to a charity or the state general fund, Hayden said. Campaign disclosure forms are scrutinized by the Ethics Commission and available for public review.

#### Joining school choice

In late February, Larry Marchant, president of the Palmetto Policy Group, a legislative affairs lobbying firm, introduced Ford to Rich, the wealthy New York businessman and school choice advocate, for the first time at a 76ers basketball game in Philadelphia. Instead of being vilified, Ford said Rich should be viewed as a crusader and a good Samaritan who wants to help South Carolina schools become competitive in a global marketplace.

The meeting came about three years after Ford said he began his own investigation of what school choice might offer. Ford said he's been traveling to other states, including Georgia, where public schools are only part of the education system.

Ford said it is time to try something new in South Carolina, where more than 30 public schools are listed among the 100 worst schools in America. Too many children suffer in failing schools, Ford said.

While Ford's change of position has stunned some in South Carolina, he is not the first black Democrat to advance school choice nationally.

Georgia Rep. Alisha Thomas Morgan, a black Democrat who represents part of Cobb County, spoke recently to South Carolina legislators at the Statehouse.

Morgan championed legislation in Georgia similar to what Ford is sponsoring in South Carolina, and she said it was a hard-fought battle to get the plan into law and persuade legislators to open their minds. Many, especially black legislators afraid of what could happen to poor minority children, tune out any talk of school choice, Morgan said.

Like her legislation in Georgia, Morgan said, Ford's proposal works to provide scholarships to children whose parents could not make up the difference between a tax credit and the tuition for a local private school.

"When you listen to what the bill actually does and have an open mind then I think you understand the possibility here," she said. "You can look at other states and see that it has not dismantled public education."



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**Date:** 4/19/2009 7:13:30 AM  
**Subject:** Sunday press clips

Herald-Journal says tea parties' message clear: Government too big, too expensive

<http://www.goupstate.com/article/20090419/ARTICLES/904191013/1128/OPINION?Title=Return-to-responsibility>

Dems think Gov. Sanford's stance on stimulus improves their chances

<http://www.thestate.com/local/story/755228.html>

<http://www.thestate.com/news-extras/story/755236.html>

The State breaks down the politics of the stimulus fight

<http://www.thestate.com/news-extras/story/755224.html>

Harrell's op-ed picked up

<http://www.thestate.com/editorial-columns/story/755327.html>

[http://www.charleston.net/news/2009/apr/19/uneven\\_sanfordout\\_touch\\_withsouth\\_caroli79232/](http://www.charleston.net/news/2009/apr/19/uneven_sanfordout_touch_withsouth_caroli79232/)

<http://www.goupstate.com/article/20090419/ARTICLES/904191004/1132/OPINION?Title=Sanford-is-telling-South-Carolinians-to-eat-cake->

Post & Courier urges Gov. Sanford to end standoff and take stimulus funds

[http://www.charleston.net/news/2009/apr/19/end\\_states\\_budget\\_crisis79255/](http://www.charleston.net/news/2009/apr/19/end_states_budget_crisis79255/)

Some claiming SC debt numbers not that high

<http://www.greenvilleonline.com/apps/pbcs.dll/article?AID=2009904190318>

School choice foes hitting Sen. Ford with only line of attack: Howie Rich connection

[http://www.charleston.net/news/2009/apr/19/ford\\_defends\\_turnaround79250/](http://www.charleston.net/news/2009/apr/19/ford_defends_turnaround79250/)

Sun News runs pro and con on adding to sales tax to fund tourism

<http://www.thesunnews.com/opinion/story/866579.html> (con - editorial)

<http://www.thesunnews.com/opinion/story/866402.html> (pro - Brad Dean)

Payday lending likely to be debated this week

<http://www.thestate.com/local/story/755219.html>

The State urges lawmakers to pass tax reform

<http://www.thestate.com/opinion/story/755325.html>

Scoppe: McMaster's no-parole plan a bad idea

<http://www.thestate.com/editorial-columns/story/755324.html>

'Collective angst': Post & Courier report diagnoses Tea Party attendees

[http://www.charleston.net/news/2009/apr/19/americans\\_suffer\\_through\\_economic\\_angst79257/](http://www.charleston.net/news/2009/apr/19/americans_suffer_through_economic_angst79257/)

Post & Courier: Explore offshore wind potential

[http://www.charleston.net/news/2009/apr/19/explore\\_offshore\\_wind\\_potential79254/](http://www.charleston.net/news/2009/apr/19/explore_offshore_wind_potential79254/)

N. Charleston mayor criticizes Rep. Merrill's proposal on port

[http://www.charleston.net/news/2009/apr/19/uneven\\_sanfordout\\_touch\\_withsouth\\_caroli79232/](http://www.charleston.net/news/2009/apr/19/uneven_sanfordout_touch_withsouth_caroli79232/)

Bauer has less than half in campaign funds than rivals

<http://www.greenvilleonline.com/article/20090419/NEWS03/904190325/1001/NEWS01>

McMaster, Bauer, Barrett visit York County

<http://www.heraldonline.com/120/story/1277527.html>

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**To:** Mark Sanford <[REDACTED]>, MCS Road <[REDACTED]@gov.sc.gov>  
**Date:** 4/18/2009 8:46:26 AM  
**Subject:** text of Saturday press clips

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Thousands gather against stimulus aid at Bi-Lo Center tea party  
By E. Richard Walton and Eric Connor, Greenville News

A passionate crowd of thousands filled the Bi-Lo Center plaza Friday to cheer, boo and chant on a variety of political issues during a rally for government fiscal responsibility hailed by Gov. Mark Sanford as a symbol of a growing movement.

The event echoed similar "tea party" rallies across the state and nation earlier in the week and was marked by waving flags and placards addressing everything from taxes to abortion to religion to gun control.

"It's important to harness this energy," Sanford said after speaking to an overwhelmingly supportive crowd. "They could change the entire debate in South Carolina overnight."

Meanwhile, on the other side of the arena, a smaller crowd estimated by Democratic officials at about 200 gathered for a "Save Our Schools" rally and a cry for Sanford to accept \$700 million of \$2.8 billion in stimulus money that he has said he won't accept unless it's used to pay down state debt.

"Tell him that we need that stimulus money," Greenville County school board member Leola Robinson-Simpson said at the event. "Fight for our schools. We're not going down without a fight."

At the larger rally, politicians of either stripe were ripe for jeers -- mostly reserved for Democratic President Barack Obama but also Republicans viewed by the crowd as not fiscally responsible, such as former president George W. Bush and current U.S. Congressman Gresham Barrett, who is running for governor.

At one point, Barrett -- who voted in favor of the bailout legislation passed last October -- was drowned out in boos as he stood before the crowd "to be held accountable" and defended what he said was a strong conservative voting record.

Following the rally, a Barrett spokesman, B.J. Boling said the boos came from "a vocal minority of the crowd" and that Barrett showed "character,

courage and leadership."

The rally was highlighted by scores of signs -- "Don't Tax My Future," "Taxed Enough Already," "Hope Obama Fails," "What Would Reagan Do?" -- as well as mostly American flags along with other "Don't Tread On Me" flags.

Valerie Dickens came from Easley to attend the rally and said she was afraid that the money being spent to run the country now would negatively impact her 12-year-old daughter and 10-year-old son.

"My kids are going to be paying for years to come," Dickens said. "I'm worried about their future."

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Behind the numbers in Sanford stimulus flap  
By JIM DAVENPORT  
Associated Press  
Saturday, April 18, 2009

COLUMBIA — It's well known by now that Gov. Mark Sanford is trying to stand in the way of the state collecting \$700 million in federal stimulus money over the next two years, most of it for schools.

Districts have announced that teachers will lose jobs, and even some of the governor's allies contend that his resistance to taking the cash doesn't make sense, since state taxpayers will repay the money even if the state doesn't get it.

Amid the turmoil, the governor is continuing his push for reduced government spending. He contends that the money should be used to pay down state debt, and he disputes the estimates that hundreds of teachers will be tossed out of work.

Discovering the facts is a challenge. Street protests, television ads and plenty of political ax grinding add to the confusion.

And while the numbers are the subject of debate, few can dispute one key point: The governor argued for years that the economy was on shaky ground and ultimately would put the state in a bind.

Here's a look at the arguments over the stimulus money and the budget:

High spending

Governor: More tax dollars will be spent in South Carolina this year than ever, and government spending is out of control.

Counter: State lawmakers who write the budget say the money includes federal spending that legislators traditionally do not control.

Check: The overall House-passed budget plan for next year would use \$8.2 billion in federal money and \$6.3 billion in state tax collections. And a third of the spending does not come from taxes. It includes \$7.2 billion from other sources, such as fines, fees, college tuition and fishing

licenses. In all, the spending totals \$21.2 billion, up from \$20.3 billion legislators used for the current year's budget. The increase mostly comes from \$1 billion in federal stimulus money, a third of which Sanford is fighting to keep from being spent. Given the mix of money, it's tough to argue that state lawmakers shoulder the blame for the money being available. And with \$1.1 billion in budget cuts since July, they clearly aren't spending more.

#### Sanford's budget

Governor: If lawmakers simply adopt the governor's spending plan and its \$275 million in spending cuts, then the state doesn't need the \$700 million for schools.

Counter: The governor's spending proposal keeps in place nearly all the midyear budget cuts that did slash money from public schools and colleges, as well as from Medicaid programs for low-income children.

Check: It's unlikely that lawmakers will approve the governor's budget plan, which suggests a series of changes that he's been unsuccessfully pushing for years, such as closing branches of the University of South Carolina. Saying that cuts will not have to be made under his proposal also disregards some staff furloughs and program cuts that had to be made as \$1 billion was slashed from the current \$7 billion spending plan since July. Part of Sanford's savings come from eliminating or curtailing programs the state would have to have in place or restore before the state would be eligible for stimulus cash.

#### Budget 'chaos'

Governor: Senate leaders created a "chaos budget" by not using federal stimulus money tied to Medicaid as a way to spare state agencies from cuts, and exaggerated problems to bring political pressure to bear on him.

Counter: The Senate Finance Committee approved a spending plan Thursday that allows for using stimulus cash. However, it uses only about \$100 million of \$650 million in Medicaid-generated money to help support agencies with no ties to health care.

Check: Sanford is correct on the political pressure, and Senate Finance Committee Chairman Hugh Leatherman has said as much. Sanford's chief ally on the budget said Friday he is tracking down a document that shows that the federal Medicaid-linked money can be widely spent in the budget as other states have done. That creates a policy issue that would have legislators pitting the needs of the state's poor, disabled and aged against courts, police and prisons.

#### Budget holes

Governor: Using the federal stimulus money over the next two years will open a budget gap of \$740 million when the money runs out.

Counter: House Speaker Bobby Harrell has said the federal money would give agencies time to deal with budget cuts down the road. Others say it's a bet the economy will recover and state revenues will fill the gaps.

Check: The money does create the likelihood of a hole in the budget in two years. That would come from the loss of \$350 million in the mostly school money and the Medicaid reimbursement cash coming to the state regardless of whether the governor wants it or not. But the size of the problem depends on how slowly the economy recovers.

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S.C. jobless rate 11.4% and climbing  
Economists fear more increases although total jobs rose  
By CHUCK CRUMBO, The State

Although South Carolina's jobless rate tied a 26-year record last month, analysts found a few bright spots in the monthly report released Friday.

The state recorded its first increase in total jobs since August and most counties reported declines in unemployment. South Carolina also was replaced as the state with the nation's second-highest jobless rate.

But economists said that, by the end of the year, things probably will get worse than the 11.4 percent reading in March, a half-percentage point rise over February.

In just a year, the state's jobless rate has nearly doubled. In April 2008, it was 5.9 percent.

Don Schunk, research economist at Coastal Carolina University, said the short-term future of the state's economy is influenced by consumer spending and tourism, exports and industrial production, and housing and commercial development.

"Right now, I don't see enough strength on the horizon in any of those areas to avoid further deterioration for the state's labor markets," said Schunk, predicting the jobless rate could reach 14 or 15 percent by the end of 2009.

While Michigan had the highest unemployment rate of 12.6 percent, Oregon now is second at 12.1 percent, followed by South Carolina. California, at 11.2 percent, had the fourth-highest jobless rate. North Carolina, at 10.8 percent, was fifth.

Nationally, unemployment in March rose to 8.5 percent, up from February's 8.1 percent.

The state Employment Security Commission also reported Friday that 29 of South Carolina's 46 counties — almost all rural — reported slight drops in unemployment. Those numbers, though, were not adjusted on a seasonal basis.

Another plus in the report: for the first time since August, the number of jobs was up as nearly 7,000 jobs were counted in March.

The increase was attributed to seasonal hiring in the leisure and hospitality field, retail, business and professional services, and health care.

While up, the number of leisure and hospitality jobs fell below previous marks, said Sam McClary, an employment commission analyst.

"As far as an overall gain, we should be picking up between 20,000 and 25,000 (jobs) for March," McClary said.

Hiring in the leisure and hospitality sector, which totaled 5,600 jobs, was "almost normal," just slightly below previous years, McClary said.

"We've fallen so far that we'll take any gains that we can get," McClary said.

But the state lost 4,500 jobs in construction and manufacturing, McClary added. "That just tells you we're not out of the recession yet."

Overall, South Carolina's employment prospects are not rosy, according to Bruce Yandle, of Clemson University.

In a recent report on economic trends, Yandle, a professor emeritus, said the state faces a "difficult challenge" because it is producing "wealth at a much lower pace than the nation, at least as measured by employment.

"The problem has been around for eight years; it is not a result of the current recession or the sudden attractiveness of the state to folks looking for greener pastures," Yandle said.

In the Midlands, Lexington County's jobless count was up to 7.9 percent from 7.8 percent, while Richland climbed to 8.8 percent from 8.5.

Overall, the employment picture in the two counties was better compared to the rest of South Carolina. Richland's jobless rate ranked fifth from bottom, while Lexington has the lowest rate among the state's 46 counties.

Metro areas like Columbia, Charleston, and Greenville-Spartanburg reported upticks in the jobless rate, largely because of cutbacks in construction and manufacturing.

One reason jobless rates declined in the rural counties, Schunk said, might be that they experience much larger seasonal swings in employment in February and March, with gains in tourism, agriculture, and construction.

"So, a rural county that relies on these seasonal industries should expect a small improvement in March."

The number of unemployed S.C. workers was up 10,221 in March, reaching a record 248,578.

The last time the state's jobless rate reached 11.4 percent was January 1983, the commission said.

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Unemployment rate as high as it's ever been  
By Jenny Munro, Greenville News

South Carolina's unemployment rate reached 11.4 percent in March – as high as it has ever been in the state, according to the state Employment Security Commission.

The last time South Carolinians were faced with unemployment at this rate was 26 years ago in January 1983.

Greenville County's jobless rate climbed to 9.6 percent from 9.4 percent in February. The county still remains near the bottom of the list, with six counties reporting lower unemployment rates. The rates range from 22.3 percent in Allendale County, a decline from 23.3 percent in February, to 7.9 percent in Lexington, a slight increase from February's 7.8 percent.

A record 248,578 people in the state are out of work and actively seeking employment, the definition of unemployment. The numbers do not include those discouraged and no longer looking or those working part-time jobs who want to work full-time.

South Carolina's March rate is up from a revised 10.9 percent rate in February, according to ESC.

Nationwide, the jobless rate in March rose to 8.5 percent, up from 8.1 percent in the previous month.

Although unemployment rose, the state's labor force dropped slightly to 2.18 million people.

The number of non-farm jobs in the state rose for the first time since August, with a gain of nearly 7,000 jobs, said Roosevelt T. Halley, executive director of the ESC. Much of that was seasonal gains in leisure/hospitality, up 5,600; and retail trade, up 3,300. Business and professional services gained 1,500 and health care pushed the education and health services sector up by 1,400.

However, manufacturing lost 2,900 jobs in the month and construction lost 1,600 jobs.

Even with the increase in jobs, the overall job count is more than 94,000 below the year-ago count.

Sen. David Thomas and ESC representatives from Greenville, Anderson and Spartanburg are holding a jobs forum at Greenville Technical College's Greer Campus from 10 a.m. to 4 p.m. on Saturday. About 1,000 jobs have been listed with the three offices, and the forum is an attempt to make job seekers aware of potential jobs. The forum will be in Building 301, Room 122.

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S.C. unemployment ties record at 11.4 percent  
Associated Press

COLUMBIA -- South Carolina's unemployment rate rose for the 13th straight month in March to 11.4 percent, tying a 26-year-old record, the state Employment Security Commission said Friday.

Things may be getting better in Aiken County though, as the County had a decrease in unemployment, dropping from 9.4 in February to 8.6 in March.



Across the state, the March rate was up from a revised 10.9 percent in February and well above the national rate of 8.5 percent. But South Carolina fell from second to third in the nation, now trailing Michigan at 12.6 percent and Oregon at 12.1 percent.

Jobseeker Renee Harney, 33, said the Columbia unemployment office she frequents is as full as she has ever seen it, with cars spilling out of the parking lot daily. She said she's been out of work since she was let go in September from a job teaching coping skills to recovering drug addicts and has stopped being picky about where she applies.

"I've applied to UPS and I've applied to Burger King. I fall in that Catch-22. I'm overqualified for Burger King, but I'm unqualified for anything that pays well," said Harney, who has considered going back to school but thinks it's too expensive.

Harney said she is existing solely on her unemployment benefits, which run out in a few months. After that? "It's the blood bank, I guess. My family is in just as bad shape as me."

South Carolina's unemployment rate was 5.7 percent in February 2008 when the 13 months of increases began. Since then, the number of unemployed workers in the state has more than doubled to around 248,600 in March, an increase of about 10,000 workers from the month before, according to the commission.

"One of the things we've learned over the last 12 months, unfortunately, is the more pessimistic you've been, the more accurate you've been," Coastal Carolina University economist Don Schunk said.

The only other time unemployment was this high in South Carolina was January 1983. During that recession, the unemployment rate stayed over 10 percent for 15 straight months.

There was some good news in Friday's report: The number of jobs in hospitality and leisure as well as health and education increased in March. But that was offset by continuing declines in construction and agricultural jobs, the commission said.

The number of people working or looking for a job in South Carolina dropped by about 4,000 people to 2,185,500.

Allendale County continued to have South Carolina's highest unemployment rate in March at 22.3 percent, but that was down one percentage point from March. Three other counties - Marion, Chester and Union - had rates of 20 percent or above.

Lexington County had the lowest rate at 7.9 percent.

The outlook for the rest of 2009 isn't good, said Schunk, who expects the jobless rate to peak at 14 percent to 15 percent by the end of the year. And even if the economy is improving by then, he doesn't expect the rate to fall as fast as it climbed.

"Businesses will be very cautious about hiring back large numbers of workers - they are going to wait and see if the recovery is real," Schunk said. "And the people who have completely given up on finding a job will come out of

the woodwork."

Harney, the Columbia jobseeker, did get a little boost Friday - a pair of brown shoes with gold heels. Internet shoe retailer heels.com came to her job skills class and gave away 100 free pairs of women's shoes and \$20 gift certificates for men to bring to their wives, girlfriends or others.

It's the fourth giveaway the Charlotte, N.C., company has done at unemployment offices, spokeswoman Ansley Meredith said.

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EPA ruling may affect planned coal plant  
EPA action could boost cost of Santee Cooper facility  
By SAMMY FRETWELL, The State

A federal declaration Friday that carbon dioxide endangers public health foreshadows potentially tougher regulation of coal-fired power plants across the country — including one proposed by Santee Cooper for Florence County.

Santee Cooper, which plans to spend more than \$2 billion on the plant along the Great Pee Dee River, has received a key state air pollution permit to operate the facility.

The state permit does not include limits on carbon dioxide pollution, which is expected to amount to about 10 million tons per year.

But the permit approved by the Department of Health and Environmental Control includes a section that says it can be modified if new federal rules come into effect, said Laura Varn, a spokeswoman for Santee Cooper.

Federal carbon dioxide regulations could drive up costs of the Florence County plant, although Varn said her company needs to see what regulations come out. That could be months, at the earliest.

"We were anticipating that this would happen," Varn said of Friday's declaration by the Environmental Protection Agency. "We will continue to monitor this very closely."

Depending on what rules are drafted, the state's existing coal-fired power plants also might have to control carbon dioxide. The state has about a dozen coal-fired plants.

On Friday, the EPA declared that carbon dioxide and five other so-called greenhouse gases released by vehicles and many industrial plants "endanger public health and welfare."

The EPA's historic action marks the first step toward requiring power plants, cars and trucks to curtail their release of climate-changing pollution, especially carbon dioxide from the burning of fossil fuels.

Friday's announcement was prompted by a Supreme Court ruling two years ago. The court said greenhouse gases are pollutants under the Clean Air Act and must be regulated if determined to be a danger to human health or public welfare. The Bush administration strongly opposed using the Clean Air Act to address climate change and took no action. The Obama administration has a

different philosophy.

Carbon dioxide is a leading greenhouse gas that contributes to global warming. Climate change is causing the sea level to rise and is contributing to drought and more intense storms, many scientists agree. That, in turn, threatens everything from wildlife to insurance rates, many say. Coal-fired power plants are a major source of carbon dioxide pollution.

Frank Rambo, a lawyer for the Southern Environmental Law Center, said the EPA's declaration also will bolster his organization's arguments against Santee Cooper's plant. The law center announced earlier this week it was appealing the DHEC permit on behalf of conservation groups.

"It does add legal weight to our legal arguments," he said.

Santee Cooper says the state-owned utility needs the plant in Florence County to meet future energy demand. Opponents say coal plants cause too much pollution; they claim much of the demand can be met through efficiency programs and alternative energy sources.

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Legislators seeking a headcount -- Losing jobs means losing homes for many in state  
By Nadine Parks, The Post and Courier

Sean Kerr, his wife and their 2-year-old son have been staying at Crisis Ministries homeless shelter for the past four days after coming from Augusta looking for work. Rep. Wendell Gilliard and other state legislators want the state to assess the scope of homelessness.

State-purchased tent cities for the homeless?

Only if the government finds it necessary.

A group of S.C. lawmakers, including three from the Lowcountry, have introduced a resolution aimed at discovering how many people are homeless — "as aggravated by the current recession" — in each of the Palmetto State's counties. It also seeks the capacity of homeless shelters and calls for a study to determine the feasibility of buying tents to be used as temporary shelter.

The House of Representatives will vote on the resolution next week, said Rep. Wendell Gilliard, D-Charleston, one of 11 co-sponsors.

You don't have to go far to find the homeless in downtown Charleston. A visit to Crisis Ministries shelter on Meeting Street can be overwhelming.

Careworn men and women vie for attention. Their faces show the desperation. They want to tell their stories. They need someone to listen.

Gilliard has made it a frequent stop on his rounds through the city.

"You have to see it, smell it, taste it," he said. "Being an elected official, I can't allow this (homelessness) to happen."

Among about 150 people sleeping Friday night at Crisis Ministries was 57-year-old Shirley Clarke of Bluffton. She's been out of work since February, when her legs were injured in an automobile accident. She came to Charleston because it has a good public transportation system and a shelter, she said.

Sean Kerr and his wife and toddler son were spending their fourth night at the shelter. The Augusta steel worker was laid off Feb. 18. He hoped to hear today about a job in Charleston. Meanwhile, he takes his showers in a communal bathroom and sleeps in the men's building at the shelter while his wife and child sleep in the next building over.

"I feel like I'm worthless because I can't provide for my family. It breaks my heart," Kerr said. "I want to do the best I can for my son and I can't. My hands are tied."

Some of the men living at Star Gospel Mission on Meeting Street are business professionals.

"I've had people here with master's degrees and Ph.D.'s," said the Rev. William Christian. "They've lost their jobs, their houses. They've lost everything."

Christian's facility houses a maximum of 26 men who pay \$80 a week for their room and board.

There are no other homeless shelters downtown, and Crisis Ministries estimates nearly 3,000 homeless people live on the peninsula under bridges and in makeshift camps in the woods.

Homeless counts generally come in far below the actual numbers, Christian said. For example, one U.S. Department of Housing and Urban Development bi-annual study in 2007 estimated that 512 homeless people live in the Lowcountry. The figure counts the homeless in shelters and uses a formula to estimate how many other homeless people there are.

Christian said a true study would have to send pollsters to the shadowy crevices where the homeless stay.

"If it takes that, we ought to do that, by any means," Gilliard said.

Gilliard fears more working people will lose their jobs and homes to the recession, and he said the state has a responsibility to help.

If the proposed resolution is approved, the S.C. Department of Social Services would conduct the study working in conjunction with local departments. Findings would be reported no later than Jan. 31, 2010.

Also sponsoring the resolution are Anne Hutto, D-Charleston, and David Mack, D-North Charleston.

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Stimulus spending will cost South Carolina jobs  
BY ASHLEY LANDESS, Post & Courier

Legislative leaders are creating hysteria over federal stimulus funds, threatening to fire teachers and police officers and let criminals go free if Gov. Mark Sanford doesn't cave and let them spend millions of one-time dollars on recurring programs. The S.C. media have also thrown objectivity out the window and fed the flames of panic. They have highlighted the misleading projections of politically motivated legislators and special-interest groups, and demonized anyone who expresses concern about spending billions of borrowed government dollars.

Common sense tells citizens there is a down side to spending temporary money on permanent programs such as classrooms, prisons and law enforcement. They are right about that — there will be consequences, and legislators are irresponsible not to consider them before passing the largest budget in state history.

Before they fund recurring programs with non-recurring money and flood the economy with government spending, lawmakers should explain how they will pay for programs in two years without the stimulus money, and why they would rather rely on government to improve the economy instead of protecting growth in the private sector.

Legislative leaders claim they've cut state spending to the core, but still need more money to fund classrooms and law enforcement. If that were true — and it isn't — then legislators will face a tougher choice in two years: fire state workers anyway, or pass a multi-billion dollar tax increase. Absent spending cuts today, we will have higher unemployment or higher taxes in two years, and very likely both.

Spending federal dollars will not grow the economy. Rather, economists predict stimulus spending will make things worse. In a report for the S.C. Policy Council, national economists show that increased government spending will crowd out the private sector, leaving businesses with higher costs and less capital. Most jobs created with one-time government money are temporary, and come at the expense of more stable, permanent jobs in the private sector.

Our state has an unusually high percentage of government spending relative to private sector output, and more than a third of our government is already controlled from Washington. Legislators are about to make that worse, and the impact in South Carolina will be severe. Economists project that we will lose between 24,800 and 34,850 additional jobs in both private and public sectors. They offer compelling proof to back up their conclusions, but legislative leaders have refused to consider it.

Gov. Sanford and several lawmakers, particularly in the Senate, are worried about potential job losses and tax increases in two years. Responsible policy makers want to solve the budget problem this year, before it gets worse. Unfortunately, the majority of legislators are basing budget decisions on politics, not economics.

That is a dangerous approach. Lawmakers need to set aside their political agenda, put the needs of the people they represent first and do what they already should have done — eliminate all programs we do not need and cannot afford.

Legislators haven't cut all the fat from the budget. For example, they are

still funding the "economic development" plan devised by four legislative leaders and three college presidents. That plan has poured hundreds of millions of dollars into venture capital funds, empty buildings and start-up money for "knowledge-based" companies. They are also spending millions on tourism marketing, paying the salaries of lobbyists and consultants and funding the Clemson Spring Dairy Exhibition — all while threatening to close down prisons and release criminals.

Lawmakers need to chop all economic development spending — it is not the role of government at all, much less at the expense of classrooms and law enforcement. The plan to run the economy from Columbia has robbed small businesses of capital to expand and hire South Carolinians. As a result, our state has the second-highest unemployment rate in the nation.

Government spending has not produced prosperity, and legislative leaders have proved that over the last several years. Taxpayers can no longer afford to fund companies chosen by politicians and bureaucrats when their own jobs are at risk.

Furthermore, there are \$7.1 billion in "other funds" paying for programs that have not been examined in more than a decade. That pot of money is a virtual black hole of spending with almost no accountability or transparency.

Most "other funds" programs are practically on autopilot, and few lawmakers can explain what they are. Legislators cannot say they have cut unnecessary spending when they continue to ignore \$7.1 billion worth of programs. They should at least look at the programs in that category before threatening to fire teachers.

Legislative leaders have played politics to deflect attention from their own irresponsibility. The legislature in this state controls where the money goes and how it is spent — lawmakers are responsible for the poor economic conditions in South Carolina.

But instead of moving forward and passing a sound budget, they are wasting time attacking the governor. They are also risking huge tax increases and tens of thousands of jobs. The public cannot afford for them to ignore their duty. South Carolinians have to make hard choices at home, and the General Assembly should do the same in Columbia.

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**Date:** 4/18/2009 8:44:25 AM  
**Subject:** Saturday press clips

Thousands gather at Greenville Tax Day Tea Party

<http://www.greenvilleonline.com/article/20090418/NEWS03/304180002&referrer=FRONTPAGECAROUSEL>

<http://www.foxcarolina.com/news/19214447/detail.html>

[http://www.wspa.com/spa/news/local/article/opposing\\_rallies\\_held\\_in\\_downtown\\_greenville\\_over\\_stimulus\\_money/16706/\(video\\_included\)](http://www.wspa.com/spa/news/local/article/opposing_rallies_held_in_downtown_greenville_over_stimulus_money/16706/(video_included))

<http://www.wyff4.com/news/19207924/detail.html>

Ashley Landess points out costs of spending one-time stimulus money

<http://www.charleston.net/news/2009/apr/18/landess79138/>

AP runs 'fact check' on stimulus debate, supports Gov. Sanford's main arguments

[http://www.charleston.net/news/2009/apr/18/behind\\_numbers\\_sanford\\_stimulus\\_flap79172/](http://www.charleston.net/news/2009/apr/18/behind_numbers_sanford_stimulus_flap79172/)

SC jobless rate climbs, though some positive signs appear

<http://www.thestate.com/local/story/754048.html>

<http://www.greenvilleonline.com/article/20090418/BUSINESS/304180004/1001/NEWS01>

[http://www.aikenstandard.com/State/m1045-BC-SC-Unemployment-4thLd-Writethru-04-17-0681\(AP\)](http://www.aikenstandard.com/State/m1045-BC-SC-Unemployment-4thLd-Writethru-04-17-0681(AP))

<http://www.goupstate.com/article/20090418/ARTICLES/904181063/1083/ARTICLES?Title=SC-unemployment-at-record-high>

<http://www.heraldonline.com/front/story/1276691.html> (drop in York, Chester, Lancaster)

<http://www.thetandd.com/articles/2009/04/18/news/doc49e8c6b5cfff3185334361.txt>

EPA ruling may affect planned coal plant

<http://www.thestate.com/local/story/754100.html>

Sun News runs Harrell's letter, says legislators should 'force' stimulus issue

<http://www.thesunnews.com/opinion/story/865389.html> (Harrell)

<http://www.thesunnews.com/opinion/story/865348.html>

Legislation would count homeless in each SC county

[http://www.charleston.net/news/2009/apr/18/legislators\\_seeking\\_headcount79198/](http://www.charleston.net/news/2009/apr/18/legislators_seeking_headcount79198/)

Post and Courier says federal spending full of old-fashioned pork

[http://www.charleston.net/news/2009/apr/18/old\\_fashioned\\_federal\\_pork79139/](http://www.charleston.net/news/2009/apr/18/old_fashioned_federal_pork79139/)

Local officials want as much stimulus as possible

[http://www.charleston.net/news/2009/apr/18/community\\_officials\\_learn\\_how\\_get\\_share79167/](http://www.charleston.net/news/2009/apr/18/community_officials_learn_how_get_share79167/)

GOP chair moves to block Democrats from voting in Republican primaries

<http://www.greenvilleonline.com/article/20090418/NEWS01/90418002>

**From:** Joel Sawyer  
**To:** [REDACTED]; Road, MCS  
**Date:** 4/17/2009 5:30:39 PM  
**Subject:** PLEASE REVIEW - Quote for Heritage

Please review this quote for the Heritage Foundation's School Reform News, regarding the stimulus and school choice:

"Leaving aside for a moment what a truly destructive decision passing the stimulus bill at the federal level ultimately was, it's made even worse by the way states are hamstrung from making decisions that best suit their needs," Gov. Sanford said. "If Washington is serious about improving educational outcomes in South Carolina and elsewhere, we need to be free to use those federal dollars on things like private and public choice so that parents can pick the educational setting that works best for their kids."

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**From:** Ed Pope  
**To:** governors\_office\_all  
**Date:** 4/17/2009 11:39:03 AM  
**Subject:** Policy Updates

The Governor's Office has revised the Family and Medical Leave Act (FMLA) Policy and the Reduction in Force (RIF) Policy effective immediately. The FMLA Policy has been updated to include recent changes in the FMLA law, and the RIF Policy has been updated to align with the agency's 3-level EPMS system. Copies of the revised policies are attached to this email. The revised FMLA and RIF policies can be found anytime on the OEPP HR policy website at [http://www.oepp.sc.gov/hr\\_policies.html](http://www.oepp.sc.gov/hr_policies.html).

Please print the attached **POLICY RECEIPT**, print your name and sign/date and return the form to your Department's Human Resources liaison no later than **Friday, April 24, 2009**.

Thank you.

Edward B. Pope  
Director of Human Resources  
Office of the Governor  
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**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 4/16/2009 10:11:28 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text

Governor's Daily Press Briefing - Thu., Apr. 16, 2009

Summary:

Thousands attend tax day rallies (Note: there was a lot of coverage of the rallies. Below are stories from The State, Post and Courier, Greenville News and the National AP story)  
State senators continue budget work, Davis and Ryberg offer compromise  
Statewide storm damage must total \$5.3M to qualify for federal help

Text of Clips:

Thousands attend tax day rallies

The State:

Thousands of protesters gathered on the State House grounds on Tax Day to vent their frustration over government spending and to dangle tea bags in a tribute to colonial protests against British rule. The rally, one of a dozen organized around South Carolina, drew about 3,000 people. Hundreds of similar rallies were organized around the country this week.

"This is where I'm getting my strength," U.S. Sen. Jim DeMint told the crowd, referencing frequently being outnumbered during debate in the U.S. Senate. "I've had about 100 people tell me, 'Don't stop fighting. ... We got your back.'" Many attendees carried American flags, pumped their fists as they chanted "USA" and hoisted handmade signs high — signs that read: "Your fair share is not in my wallet," "Don't Tax Me Bro," "Spread my work ethic, not my income" and "Crack is a stimulus too."

The recent \$787 billion federal stimulus and bank bailout bills drew the most ire, but protesters also were challenging public schools, the Federal Reserve system and other government programs.

Gov. Mark Sanford encouraged the crowd to keep fighting and said civilizations have failed because of unchecked spending.

"So many of you all are patriots just as much as the patriots of long ago," Sanford said.

The rally was a bit of a redemption for Sanford after weeks of criticism from lawmakers and newspaper editorial boards over his refusal to use \$700 million in federal money to balance the state budget. Sanford — who has argued a silent majority supports him — has asked lawmakers to pay off an equal amount of debt before he will request the money.

Wednesday's rally was at least twice the size of a rally two weeks ago, organized by teachers and educators, urging the governor to accept the money.

Sanford drew the loudest applause, with organizer Britton Clark thanking him for his stance.

"Let them have it," the crowd yelled of other states that could receive South Carolina's share of the money.

"When did we get to the point where two wrongs make a right?" Clark asked in return.

While the event was officially nonpartisan, much of the crowd's frustration was directed at President Barack Obama.

"I'll keep my money, you keep the change," read one sign, mocking Obama's campaign slogan. Others expressed concern Obama might be leading the country toward socialism.

Attendees like Carolyn Walker, 43, of Lexington, wore a red, white and blue hat shaped like a star. She'd dug it out from her Fourth of July decorations.

"Our country has been great for 233 years. Why change it?" said Walker, who worries the federal government is displaying socialist tendencies through corporate bailouts and stimulus money sent to states.

Nik Rodriguez, 32, of Elgin, stood in the back of the crowd, arms crossed, and listened to the speakers.

"I'm just getting tired of big government," said Rodriguez, who had taken a few hours off work to attend. "We need to get back to the Constitution."

Democrats questioned whether the rallies were as spontaneous as claimed, noting lobbyist and political action groups were sponsoring some events in other states.

Obama won 53 percent of the vote in November's election, or about 9.5 million more votes than Republican John McCain. Wednesday's protesters, said S.C. Democratic Party chairwoman Carol Fowler, do not represent a larger sentiment among voters.

"They certainly are people who are the extreme right wing of the country," Fowler said. "The majority of Americans do not want the same failed economic policies that we had under a failed Republican administration."

But organizers hope they have tapped a growing movement. Clark has started a Web site, [routthemout.com](http://routthemout.com), to elect like-minded representatives. DeMint said the only way things will change is to organize similar rallies across the country.

"Can we use this Tax Day as a rallying cry to change the way business is done?" Sanford asked.

The tea party went off with only a minor hitch, as a man, yelling his dissent, briefly disrupted the rally. The crowd quickly drowned him out with chants of "USA! USA!"

#### Post and Courier:

Lowcountry fiscal conservatives upset with the \$787 billion stimulus bill and the beginning of President Barack Obama's administration turned out in force Wednesday to protest escalating federal spending, the nation's complicated tax structure and dozens of other causes.

U.S. Sen. Jim DeMint and Gov. Mark Sanford briefly addressed the gathering at the U.S. Customhouse, a crowd estimated at 2,500 or more.

"I guess my simple question would be ... will we use this rallying cry as the beginning of this larger notion to change the way things are going in America?" Sanford asked the crowd.

Sanford also defended his controversial handling of \$700 million worth of federal stimulus money, which he wanted to use to pay down the state's debt. "There is no such thing as free money, and that even applies to this notion of stimulus," he said.

DeMint, whose campaign announced Wednesday that it has \$2.2 million on hand for his 2010 re-election bid, asked those assembled if they were ready to take back their country.

"You probably have figured out that the only change coming to Washington is the change in your pocket," DeMint said.

The Charleston event was one of hundreds nationwide billed as "Tea Party" protests and held on the date federal income tax forms are due. Several thousand South Carolinians also gathered at the Statehouse in Columbia, where Sanford and DeMint also spoke.

Organizers drew parallels between their protest and the 1773 Boston Tea Party, in which colonists dumped tea into that city's harbor to protest taxation without representation.

Tea rarely entered the picture at the Customhouse on Wednesday afternoon. Only a few dozen people were sighted with tea bags on their hats or earrings.

Far more common were hand-painted signs that carried messages as diverse as: "Global Warming: Another LIE to raise taxes," "Don't spread my wealth, spread my work ethic," "Obummer" and "Socialism is not change."

Once Sanford and DeMint were done, dozens of regular folks got a chance to make brief remarks to the crowd, and their comments included support for the Fair Tax, which would replace the federal income tax with a tax based on what people spend.

They also voiced praise for U.S. soldiers overseas, complaints about how illegal immigrants were taking away American jobs, support for gun ownership and dwindling rights in general.

A man who identified himself as "Bob the Builder" said, "Apparently, there were those in Washington who didn't get the message that slavery was abolished 150 years ago. We want to give them that message."

Several also mentioned a new Homeland Security Department intelligence assessment warning that right-wing extremists could use the bad state of the U.S. economy and the election of the nation's first black president to recruit members.

"Went to bed a bitter clinger —woke up an extremist right winger," one man's sign read.

The event was touted on conservative Web sites, but the Republican Party was not in complete control. One man wore a T-shirt with a donkey and an elephant, the symbols for both major parties. "Cull both herds," the shirt read.

Former Charleston County GOP Chairwoman Cyndi Mosteller said the event will help Republicans if the party's elected officials give voice, and their votes, to the sentiments voiced Wednesday.

"I think these people are saying government has reached too far in the scope of what it wants to spend and what it wants to control," she said.

Democratic National Committee spokesman Hari Sevugan said many at the nation's Tea Party protests promoted and benefited from policies of President George Bush's administration.

"While we support the right of Americans to petition their government, what's clear is that the overwhelming majority of folks support President Obama's plan to get the economy back on track and provide 95 percent of working families with tax relief," Sevugan said.

Elaine Magliacane of Charleston said she showed up with an "I am not an ATM" sign because she was concerned about how the federal spending will affect her six grandchildren and future great-grandchildren. Glenn Little of Ridgeville distributed phony \$1 million bills that he called "stimulus money." They had a picture of celebrities such as actress Nicole Kidman on the front and a religious message on the back. "My pastor said, 'Let's go protest,'" Little said. "I feel like I have to do my little part. All of us together can make a light. We have to shine."

The crowd was larger than any GOP presidential candidate was able to draw in the Lowcountry before the January 2008 primary. Charleston County Sheriff Al Cannon estimated the crowd at more than 2,500, and said a sheriff's helicopter took photos that can be used to get a more accurate estimate.

Regardless of the number, the crowd was enough to pack the stone plaza on the west side of the Customhouse and to prompt police to shut down East Bay Street from Market to Cumberland streets. The crowd gradually shrank between the time Sanford and DeMint left around 6 p.m. and the protest ended a few hours later.

#### Greenville News:

Thousands of people gathered in front of the Statehouse on Wednesday to boo big government, socialism and taxes, while enthusiastically cheering Gov. Mark Sanford and his stance against federal stimulus money.

The protest was one of hundreds across the nation on Wednesday's filing deadline for federal and state income taxes. Protests also were held in Simpsonville, Greenville and Pickens, with a Friday night event also scheduled for Greenville at the Bi-Lo Center.

That Greenville event was set for later because "Wednesday is church night for many people in the community," said James Gibney, chairman of the Upstate Young Republicans, the organizing group. In a sea of colorful signs protesting the sins of government, a crowd estimated at 3,000 at Columbia's "Tea Party" applauded and roared their support for U.S. Sen. Jim DeMint and Sanford, who in turn praised the crowd for expressing their views.

Sanford, who has refused to accept \$700 million out of \$2.8 billion in stimulus money available to the state over two years, compared the crowd to a rally by teachers and others recently protesting his stimulus stance.

"That group was a whole lot smaller than this group," he said to cheers.

Britton Clark, the organizer of Columbia's Tea Party, praised Sanford and DeMint for their opposition to the stimulus money.

"They could have taken the easy path," Clark told the crowd. "They did the right thing. They stood on principle."

Clark said officeholders should be paying attention to the rally.

"We're going to let them know they have a mighty wind at their backs," he said to cheers.

In the Upstate, about 400 people rallied at Chiefs restaurant on Congaree Road, and about 150 residents gathered outside Simpsonville City Hall and held signs that read "Tea'd off" and "Taxed Enough Already."

The Simpsonville group clapped and cheered wildly when speakers Tony Beam, a president of student affairs at North Greenville University, and others spoke of states' rights, enforcement of illegal immigration laws, taxes and government spending.

"Quit spending my grandchildren's money," read a sign held by Piedmont resident Dick Ross. "What I'm trying to get across to the government is that the massive spending that they're putting upon the American public right now is going to put such a massive burden on our children, their children and their grandchildren that we're never going to be able to get out of debt," Ross said.

Elizabeth Wilson, a Simpsonville resident who organized the event, called it an "action-oriented tea party" and urged attendees to call their congressman and to sign petitions against the stimulus package and for a re-Declaration of Independence.

In Pickens County, about 100 people gathered in front of Pickens City Hall.

Hundreds of the tea parties, named for the Boston Tea Party of 1773, were held throughout the state and nation. A large rally also was planned later Wednesday by supporters of the so-called Fair Tax, a national

sales tax to replace income tax.

At the Statehouse, many participants wore costumes or carried signs or flags.

Robert E. Davis, a 74-year-old retiree living in Columbia, was among those holding flags.

"I'm here because our country is going down the tubes," he said. "The federal government is out of control. Even the governor has no control at all."

Davis said he wasn't a supporter of the governor until he saw the "backbone" Sanford displayed in handling the stimulus issue. "I like what I heard," he said of Sanford's comments.

Diana Biller, 44, of Columbia, came with her husband, Travis, and their two children, and also said she was impressed with the governor.

"We're here for our children," she said. "We don't like what's happening in our country. We think freedoms, as well as their chance for prosperity in the future, are being taken away."

Ann Schull, a retiree from Cayce, said she came because she is "tired of government."

"I'm tired of all this giveaway money," she said. "We live on a fixed income and this is just leaving us. We don't have anything left over from payday to payday anymore."

The crowd cheered patriotic themes, free markets, freedom and the fair tax. They booed mentions of socialism, stimulus spending, bailouts, taxes and growing federal government debt.

DeMint urged the crowd to "win back our government" and its spending.

"This is not about party politics," he said. "This is about what works. And what always works in America is freedom."

Sanford told the crowd that "paying down debt is never a bad thing." The governor has offered to apply for and accept the \$700 million if legislators agree to spend an equal amount on debt.

"There is no such thing as free money, even with the stimulus," he said.

Across the grounds, Miles Hueston of Columbia leaned against a lamppost.

The 58-year-old African-American, an unemployed worker, said he came because he was curious about what would be said. He said he hadn't made up his mind about what he heard but didn't understand why more minorities weren't present.

"They should be out here," he said.

#### AP - national

Whipped up by conservative commentators and bloggers, tens of thousands of protesters staged "tea parties" across the country Wednesday to tap into the collective angst stirred up by a bad economy, government spending and bailouts.

The rallies were directed at President Barack Obama's new administration on a symbolic day: the deadline to file income taxes. Protesters even threw what appeared to be a box of tea bags toward the White House, causing a brief lockdown at the compound.

Shouts rang out from Kentucky, which just passed tax increases on cigarettes and alcohol, to Salt Lake City, where many in the crowd booed Republican Gov. Jon Huntsman for accepting about \$1.5 billion in stimulus money. Even in Alaska, where there is no statewide income tax or sales tax, hundreds of people held signs and chanted "No more spending."

"Frankly, I'm mad as hell," said businessman Doug Burnett at a rally at the Iowa Capitol, where many of the about 1,000 people wore red shirts declaring "revolution is brewing." Burnett added, "This country has been on a spending spree for decades, a spending spree we can't afford."

In Boston, a few hundred protesters gathered on the Boston Common – a short distance from the original Tea Party – some dressed in Revolutionary garb and carrying signs that said "Barney Frank, Bernie Madoff: And the Difference Is?" and "D.C.: District of Communism."

Texas Gov. Rick Perry fired up a tea party at Austin City Hall with his stance against the federal government, as some in his U.S. flag-waving audience shouted, "Secede!"

In Atlanta, thousands of people gathered outside the Capitol, where Fox News Channel conservative pundit Sean Hannity was set to broadcast his show Wednesday night. One protester's sign read: "Hey Obama you can keep the change."

Julie Reeves, of Covington, brought her Chihuahua Arnie, who wore a tiny anti-IRS T-shirt. "I want the government to get its hand the hell out of my wallet," Reeves said.

The tea parties were promoted by FreedomWorks, a conservative nonprofit advocacy group based in Washington and led by former Republican House Majority Leader Dick Armey of Texas, who is now a lobbyist.

Organizers said the movement developed organically through online social networking sites such as

Facebook and Twitter and through exposure on Fox News.

While FreedomWorks insisted the rallies were nonpartisan, they have been seized on by many prominent Republicans who view them as a promising way for the party to reclaim its momentum.

"All you have to be is a mildly awake Republican candidate for office to get in front of that parade," said Grover Norquist, president of Americans for Tax Reform.

The movement attracted some Republicans considering 2012 presidential bids.

Former House Speaker Newt Gingrich planned to address a tea party in a New York City park Wednesday night. Louisiana Gov. Bobby Jindal sent an e-mail to his supporters, letting them know about tea parties throughout the state. South Carolina Gov. Mark Sanford planned to attend two tea parties.

"There is no such thing as so-called free money and that includes stimulus," Sanford told several thousand people outside the statehouse in Columbia, S.C. "Paying down debt is an old American theme and never a bad thing."

There were several small counter-protests, including one that drew about a dozen people at Fountain Square in Cincinnati. A counter-protester held a sign that read, "Where were you when Bush was spending billions a month 'liberating' Iraq?" The anti-tax demonstration there, meanwhile, drew about 4,000 people.

In Lansing, Mich., outside the state Capitol, another 4,000 people waved signs exclaiming "Stop the Fiscal Madness," "Read My Lipstick! No More Bailouts" and "The Pirates Are in D.C." Children held makeshift signs complaining about the rising debt.

More than 1,000 protesters gathered outside a downtown federal building in Salt Lake City despite the rain and snow. Kate Maloney held a cardboard sign that read "Pin the tail on the jacka\$\$" with a picture of Obama on a Democratic donkey.

Other protesters also took direct aim at Obama. One sign in the crowd in Madison, Wis., compared him to the anti-Christ. At a rally in Montgomery, Ala., where Twisted Sister's "We're Not Gonna Take It" blared from loudspeakers, Jim Adams of Selma carried a sign that showed the president with Hitler-style hair and mustache and said, "Sieg Heil Herr Obama."

Still others talked of their children's futures. In Washington, D.C., Joe Hollinger said he took the day off to attend the protest with his 11-year-old daughter.

"I'm concerned about the incredible amount of debt Congress is going to put on our children," Hollinger said, pointing to his daughter's sign, which read, "Congress get your hand off my piggy bank."

Associated Press writers who contributed to this report include Joe Biesk in Frankfort, Ky.; Mike Glover in Des Moines, Iowa; Beth Fouhy in New York; Kelsey Abbruzzese in Boston; Scott Bauer in Madison, Wis.; Terry Kinney in Cincinnati; David Eggert in Lansing, Mich.; Phillip Rawls in Montgomery, Ala.; Seanna Adcox in Columbia, S.C.; Brock Vergakis in Salt Lake City; Kamala Lane in Washington, D.C.; Kelley Shannon in Austin, Texas; and Mary Pemberton in Anchorage, Alaska.

## State senators continue budget work, Davis and Ryberg offer compromise

### Greenville News:

Most state agencies would face a "brutal" cut of 27 percent on top of existing cuts in the latest budget plan being worked on by the Senate Finance Committee, senators were told Wednesday night.

Even if Gov. Mark Sanford applies for \$350 million in federal stimulus aid for next year, only \$63 million of that could be used to restore cuts that must be made, said Sen. Hugh Leatherman, chairman of the Senate Finance Committee.

"I know it's going to be gut-wrenching for you," Leatherman told subcommittee chairmen Wednesday evening as he passed out a list of the amounts each subcommittee must cut from agency budgets. Leatherman said the \$5.7 billion budget, even with \$652 million in additional federal funds from an increased Medicaid match, faces a shortfall of \$202 million.

The real problem, he said, is that in order for the state to qualify for stimulus funding and the increased match, legislators must largely leave education and Medicaid-agency budgets untouched and at certain funding levels.

Legislators can't cut the state's Department of Juvenile Justice and adult prison system because both are running deficits, he said, and can't cut debt payments or local property tax breaks.

That means the rest of state government -- currently funded with about \$700 million -- must absorb the \$202 million in cuts, he said.

While some agencies receive millions of dollars in federal aid or from fees or fines, Leatherman said the

cuts would still be painful and aren't a political ploy.

"It's the most excruciating thing," Leatherman told reporters afterward. "It's brutal, really brutal."

How brutal?

Under the plan handed out Wednesday evening, Clemson Public Service Activities would lose \$11 million out of its \$40 million state budget. The Department of Parks, Recreation and Tourism would lose \$7.5 million out of its \$27 million budget.

The state's court system would lose \$7.8 million out of its \$28.7 million in state aid. The Department of Public Safety, which houses the Highway Patrol, would lose \$19.3 million of its \$70.5 million in state funding.

Those cuts would come on top of more than \$1 billion in cuts handed agencies since last summer, the result of dwindling state revenues.

Leatherman said if Sanford applies for the \$350 million, which remains uncertain, the state could only apply \$63 million toward the \$202 million in cuts because the federal legislation requires most of the stimulus to go to education.

Earlier Wednesday, a group of senators represented by Sen. Tom Davis of Beaufort, Sanford's former chief of staff, and Sen. Greg Ryberg of Aiken, proposed an alternative budget they crafted in the last week with some help from Sanford's staff but without the governor's blessing.

Their plan would cut agencies by \$200 million to apply toward a growing debt with the federal government to pay for unemployment benefits. Officials estimate the state may owe \$700 million by year's end for the emergency loans and \$1.5 billion by the end of 2010.

Davis said he believes using the \$200 million that way would cause Sanford to consider a compromise and apply for the stimulus.

The governor has thus far refused to apply for the \$700 million available to the state over two years for budget stabilization unless lawmakers agree to spend an equal amount on reducing state debt.

Leatherman and others on the committee poked holes in the plan, however, primarily because it would use all the federal match money throughout the budget.

Leatherman said he wasn't sure legislators could legally use the match money that way, though Davis said the plan would only use the match money to "free up" additional state dollars for other agencies.

Others questioned the way the plan zeroes out programs in order to generate the \$200 million in savings. And some, including Leatherman, said they would want assurances first that Sanford would approve the plan and apply for the stimulus.

Davis and Ryberg told the committee their plan wasn't perfect and their aim was a compromise.

Davis said he is looking for a way to break a "logjam" between the governor and legislators.

Sen. John Land, leader of the Senate Democrats, later asked Davis if he could persuade his former boss to change his mind on the stimulus. Davis said he was making his proposal as a means to do that.

Sanford told The Greenville News that he hadn't read the plan but praised its concept of applying \$200 million in savings toward the unemployment debt.

AP:

Police, social services, and environmental and economic development would lose 27 percent of their funding under plans South Carolina Senate budget writers began considering Wednesday.

Senate budget writers said \$202 million has to be cleaved from spending in the midst of a fight with Gov. Mark Sanford about his refusal to request \$350 million in federal stimulus cash unless it's used to pay down debt.

Efforts to get Sanford to relent went nowhere Wednesday as his Senate allies said they couldn't promise the governor would budge. Even if he did, there's little hope for the agencies because federal stimulus cash has to be used mostly to cover public school and college programs, leaving at best \$63 million to soften spending cuts, said Senate Finance Committee Chairman Hugh Leatherman.

The cuts can't come from nearly \$2.8 billion spent for public schools and colleges without jeopardizing the chances of later drawing the \$350 million, Leatherman said. And it can't come from other areas, like health care programs drawing a total of \$650 million in federal Medicaid assistance or prisons and juvenile justice programs already running deficits.

Finance Committee members were told they can't take cuts from agencies and programs representing all but \$700 million of a \$5 billion spending plan.

While details will be worked out Thursday, a flat 27 percent would leave taxpayers losing services and unemployment lines with more state workers. The biggest reductions would hit the Department of Health

and Environmental Control with \$31 million and the Department of Social Services with \$30 million. The Department of Public Safety and the State Law Enforcement Division would lose \$27 million. Sanford spokesman Joel Sawyer said alternative spending plans offered by Sanford's allies didn't bring those kind of drastic cuts.

"We still think there is a degree of chaos budgeting going on," he said.

On Wednesday, Sen. Tom Davis, a Beaufort Republican and former Sanford chief of staff, and Sen. Greg Ryberg, R-Aiken, called for using \$650 million in federal Medicaid stimulus money largely to restore budget cuts at public schools and used budget cuts Sanford seeks to help generate \$200 million for paying down federal loans backing the state's unemployment checks.

Statewide storm damage must total \$5.3M to qualify for federal help

Residents remain without power, volunteers continue to clear fallen trees and the Red Cross delivers food daily to those whose homes were damaged or destroyed Friday night when a tornado ravaged Abbeville.

But was it a disaster?

Abbeville County officials are sending daily updates and damage estimates to the state Emergency Management Agency in hopes the storms will qualify for federal disaster relief.

"In order to be classified as a disaster, statewide the damage has to total \$5.3 million worth of cost to recover," Abbeville County Director Scott Moulder said Tuesday. "Once the statewide threshold is met, the state will declare a disaster, which will make it eligible for federal aid."



**From:** Kevin Pazdernik  
**To:** [REDACTED]: MCS Road  
**Date:** 4/14/2009 9:54:39 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text

Governor's Daily Press Briefing - Tue., Apr. 14, 2009

Summary:

Senate may try and take stimulus vote today  
Judicial panel advances two female candidates out of three  
Scoppe argues against restructuring, eliminating redundant positions  
The State editorializes in favor of cigarette tax increase  
Groups appeal coal plant permit  
Estimates from storm damage continue to climb  
State lawmakers look to regulate river usage  
College tuition rates in limbo

Text of Clips:

Senate may try and take stimulus vote today

State lawmakers are trying to bypass Gov. Mark Sanford so the state can tap \$700 million in federal stimulus money due to South Carolina.

1. WHAT ARE LAWMAKERS TRYING TO ACCOMPLISH?

The General Assembly is trying to compel Gov. Mark Sanford to accept the final \$700 million portion of South Carolina's roughly \$8 billion share of federal stimulus money. The governor has refused to tap that money until state lawmakers agree to spend an equal amount paying off debt. Sen. Vincent Sheheen, D-Kershaw, will file a resolution today forcing Sanford to accept the money. Sheheen, who is running for governor, said such a resolution would be a legally binding way for lawmakers to force Sanford's hand.

2. WHAT ARE ITS CHANCES OF PASSING?

That's in the hands of Republican lawmakers. Many of them did not agree with the \$787 billion federal stimulus, but they want tax dollars South Carolinians are required to repay to come to the state and pay for some immediate budget needs. The resolution requires a unanimous vote in the 46-member Senate to pass today and to avoid having the bill go through the committee process. A unanimous vote is unlikely. But that would not kill the bill, according to Sheheen. If sufficient support exists, it could be fast-tracked through committee and be back in the Senate next week. It would then only require a simple majority to pass to the House.

3. WHAT'S THE DEADLINE?

Sanford has almost two years to request the money. But state lawmakers want to tap the money now in order to use it in the budget that will pay for state government starting July 1. For lawmakers that means having the stimulus money, ideally, by the end of the month.

Judicial panel advances two female candidates out of three

The chances of a second woman joining the S.C. Supreme Court increased Monday with the nomination of two women for a seat on the state's top court.

The state Judicial Merit Selection Commission nominated state Court of Appeals Chief Judge Kaye Hearn, of Conway, and circuit judges Deadra Jefferson, of Charleston, and John Few, of Greenville, for the seat of retiring Justice John Waller, of Marion.

Hearn, the first female chief judge of the state's second highest court, received the votes of all 10 commission members, and Few garnered six votes.

After seven run-off ballots, Jefferson was elected over two other candidates — Court of Appeals Judge Bruce Williams, of Columbia, and Family Court Judge Eugene Morehead, of Florence.

In the final tally, Jefferson received seven votes; Morehead, three; and Williams, zero.

Under state law, no more than three candidates can be nominated.

"I'm very pleased we have three very qualified candidates, and two of them happen to be women," said Columbia attorney Liz Crum, immediate past president of the S.C. Women Lawyers Association. "The Women Lawyers Association has historically taken the position and continues to take the position that women should be more represented in the judiciary."

If elected, Jefferson would make history as the state's first female black justice on the Supreme Court. With his election in 2007, Donald Beatty, of Spartanburg, became only the third African-American in state history to join the high court.

Of 10,266 licensed lawyers in South Carolina, 3,032, or 29.5 percent, are women, according to the S.C. Bar, the state's professional organization for attorneys. By comparison, of the 112 family, circuit and appellate court judges in the state, 25, or 22 percent, are women, Bar records show.

Supreme Court Chief Justice Jean Toal was the first — and remains the only — woman on the top court. She was first elected in 1988 and became chief justice in 2000.

State lawmakers will fill Waller's seat in an election tentatively rescheduled for May 13. It originally was set for May 20, though Jane Shuler, chief lawyer for the judicial screening committee, said a concurrent resolution will be filed in the General Assembly for the earlier date.

The nominees may seek commitments from lawmakers after noon April 28, Shuler said.

The winner will serve the remainder of Waller's 10-year term, which expires July 31, 2012. Waller, a former state lawmaker and circuit judge, joined the Supreme Court in 1994.

When Beatty was elected to the Supreme Court, Hearn came in a distant third, while Williams ran second. At the time, Williams had been endorsed by the Political Action Committee of the conservative S.C. Business and Industry Political Education Committee.

The Columbia-based group recently distributed an 87-page guide on the candidates to lawmakers, though it didn't endorse any candidate.

Efforts to reach Tom DeLoach, the group's president and CEO, were unsuccessful. He recently told The State his organization's PAC likely would make an endorsement before the May election.

During Monday's hearing, state Sen. Jake Knotts, R-Lexington, one of six lawmakers on the committee, questioned Williams about whether he was connected to a television ad criticizing Beatty that ran in the Upstate during the 2007 campaign.

"I didn't seek anyone to do such an act and wouldn't condone it," the former Richland County Family Court judge replied, adding he believed he and Beatty "get along fine as best as I can tell."

A Greenville-based organization called Conservatives in Action ran the television ad, describing Beatty — a former state lawmaker from Spartanburg — as an "ultra-liberal Democrat partisan."

Contacted Monday, group spokesman Taft Matney declined to comment on the latest nominations, saying he first needed to discuss it with the organization's "leadership."

Williams didn't run in last year's Supreme Court election, in which Court of Appeals Judge John Kittredge, of Greenville was chosen for the seat of retiring Justice James Moore, of Greenwood.

Few ran for the Supreme Court in 2007 and in 2008, though he was nominated the first time last year. He and Hearn withdrew, leaving Kittredge unopposed. Jefferson was found qualified in last year's election, though she wasn't nominated.

Of the five candidates Monday, Few was the only one with any formal opposition from the public, though a screening committee lawyer said during his hearing that the written complaint didn't raise any new "substantial issues" that warranted testimony.

When asked what he hoped his "legacy" would be if elected to the Supreme Court, Few said he would want to be known as a "model judge" and to be a "leader in the Bar."

Jefferson said she hoped people would remember her as someone who "would adhere to the rule of law," while Hearn said she would like to be known as a "fair, hard-working judge who did good things in her personal life as well."

Hearn is married to state Rep. George Hearn, a Republican who was elected last year. Kaye Hearn earlier told The State her husband would recuse himself from voting in the judicial election.

Scoppe argues against restructuring, eliminating redundant positions

LEGISLATORS say thousands of teachers and state employees would lose their jobs if \$700 million in federal stimulus money is used to pay down debt instead of on government operations. Gov. Mark Sanford insists that if legislators would just follow his blueprint for state spending, they could forego the federal funds and still avoid laying off teachers and other vital state employees.

Let's assume for the sake of argument that his budget is as realistic as he would have us believe. Even so, the key word here is "vital."

Mr. Sanford isn't saying state employees wouldn't be laid off. He can't. In fact, his whole plan for balancing the budget demands a smaller work force. What do you think making state government more efficient means?

Even before the recession, when people were voluntarily leaving their jobs at a fairly steady clip, we couldn't have achieved the efficiencies he promises simply through attrition, because that wouldn't result in the "right" people leaving.

The only way you could shutter a couple of branch campuses of USC, to name one of the governor's more provocative proposals, is by firing most of the people who work there.

The only way you could save money by consolidating overlapping agencies is if you eliminate all but one of the agency directors, and do away with the legal and personnel departments and other administrative functions of all but one of the original agencies.

You can consolidate without saving money, by simply shoving a bunch of agencies together under one roof while maintaining all the redundant positions. That's what the Legislature did in 1993, and that's what the restructuring plans legislators have considered since then have done, which is one of the reasons I never have put any stock in the governor's promises that restructuring would save money immediately. Now, don't get me wrong. I agree with Mr. Sanford that we have a lot of redundancy in our government that we need to eliminate. (Those 85 school districts leap to mind.) In fact, I've been making that argument for longer than he's been aware of what the inside of the State House looks like.

But we need to be honest about what the results would be if we were able to achieve those efficiencies. And we need to consider how smart it is to achieve them in the middle of the worst recession since the big D.

So I did some very simple math. With salary and benefits for state employees running an average of around \$50,000, that \$700 million in dispute could keep 7,000 South Carolinians working for the next two years.

There's probably no way to know for sure at this point how many of these are current state employees who will be out of a job when the next fiscal year starts July 1 if the governor gets his way, and how many are people who have been laid off in the past year, or simply not hired to fill vacancies because of hiring freezes. Call the glass half full or half empty, the effect is the same: About 7,000 more South Carolinians will be employed for the next two years if the budget includes the stimulus money than will be employed if the stimulus funds are used to pay down current and future debts.

Ah, but the money wouldn't all go to hire or retain employees, you say. Some could go into raises — or to not having furloughs next year. Some could go to purchasing paper clips and vaccines and gas for Highway Patrol cars and all sorts of other stuff that state government purchases. Some could be spent to reimburse doctors and hospitals for treating Medicaid patients, or on a variety of other contractors. That's absolutely true. And if you believe Mr. Sanford (and many economists), that suggests that my estimate is actually low. You see, the governor says money rolls over more times when it's spent in the private sector than when it's spent in the government, so spending it on purchases or contracts rather than government payroll should multiply its job-protection effect.

Buying supplies helps keep whoever sells them in business. Not reducing doctors' Medicaid payments means the medical practice won't have to lay off a claims processor. Contracting with a company to overhaul a computer system means the company can hire another IT professional. Even payroll money spent restoring or increasing salaries means state employees have more money to spend at local restaurants or the grocery store, or buying plants for their gardens or hiring a baby sitter. As long as the money stays in South Carolina, it will roll over in the economy, resulting in people either being hired or not being laid off at pest control companies and office supply stores and auto dealerships and barbershops. For perspective, 7,000 is a little more than four times the number of South Carolinians who lost jobs in February. Seven thousand people out of work would increase the number of unemployed South Carolinians from 11 percent to 11.3 percent.

Seven thousand more people out of work would cost our state an additional \$1.9 million a week in unemployment compensation. That's probably a low estimate, since it's based on the average weekly benefit of \$269, and state employees likely would qualify for higher-than-average benefits, but I'll err on the low side. Since we're having to borrow money from the federal government to pay all the unemployment claims we already have, 7,000 more people out of work for a year would put our state in debt by another \$100 million or so.

In a robust economy, we wouldn't have to worry a lot about this, because former state employees would get new jobs fairly quickly; we could just argue over whether to use the savings from efficiency to reduce taxes or to hire more prison guards and Highway Patrol troopers and improve our teacher corps and provide for other essentials that are underfunded. But this isn't a robust economy. Every person who loses a job increases the chance that someone else will lose a job because that first person won't be buying the products and services that support that second person's job. That might be efficient, but it isn't particularly smart.

#### The State editorializes in favor of cigarette tax increase

THE CIGARETTE tax bill passed by the House isn't a good idea because it dedicates funds from the higher tax to increasing the number of South Carolinians with medical insurance. It isn't a good idea because it accomplishes that through tax credits instead of simply expanding eligibility for Medicaid.

It isn't a good idea because it reduces some taxes as much (or nearly as much) as it increases others.

It isn't a good idea because Republican and Democratic leaders agreed on the way it was set up.

Those are all political advantages, and some are very good things.

But the reason this bill is a good idea is that it raises the cigarette tax.

That by itself will price kids out of the cigarette market, preventing thousands from ever taking that first puff — and more from taking the next few after that, which inevitably lead to addiction, painful and expensive diseases and early death; it will push adults to quit smoking. Every 10 percent increase in the price of cigarettes results in a 6 percent decrease in the number of kids who start smoking, as well as a 3 percent increase in the number of adults who quit. Just the effects on people alive today will save more than \$500 million in long-term medical savings for our state — nearly all of which would have been paid through taxes and the insurance premiums paid by those of us fortunate enough to have medical insurance.

It would be better to raise the tax by much more than 50 cents, an increase that still leave us with the 10th lowest tax and 64 cents below the national average.

It would be better to use the proceeds from the tax for more urgent needs — keeping teachers in the classroom and troopers on the highways and keeping nursing home beds open and drug-treatment programs operating, just to name a few possibilities.

But there's a serious political problem with all those "better" ideas: If the bill raises one penny more in cigarette taxes than it gives back in tax cuts, the governor will veto it, and it will not become law unless two-thirds of the House and two-thirds of the Senate vote to override his veto. For all we know, he might even veto it if the tax cuts and increase balance out, if he doesn't like the Legislature's decision about which taxes to cut. That means that whatever the Legislature passes must be either something the governor will not veto or else something that has the support to override his veto. This plan, put forward by Speaker Bobby Harrell, seemed to meet the second criteria when it passed the House by an astounding margin of 97-22.

A 50-cent cigarette tax increase that actually becomes law is much better than a \$1 increase that — like last year's 50-cent increase, which the governor vetoed because it was ... a tax increase — does not.

A cigarette tax that uses the money to provide a new service — medical insurance for the working poor, and for people who work for small businesses — is better than one that would use the money to maintain essential services but that does not become law.

We would be delighted if someone could find a way to get a \$1 (or larger) increase that pays for essential services to become law. But if lawmakers can't do that, they need to support this plan.

#### Groups appeal coal plant permit

Conservation groups announced Monday they are appealing an air pollution permit for Santee Cooper's proposed \$2.2 billion coal-fired power plant in Florence County.

The legal challenge, filed by the Southern Environmental Law Center for environmentalists, is the latest in a series of hurdles the state-owned utility must clear before it can build the facility along the Great Pee Dee River.

Santee Cooper still needs a string of other environmental permits, including a major federal wetlands permit, state water quality approval and state permits to build a landfill and ash ponds at the site. A federal

environmental impact statement, which DHEC chose not to wait on before issuing the permits, also is due out soon and is subject to legal challenge. Those permits and studies could take years to resolve.

Laura Varn, a spokeswoman for Santee Cooper, said the utility expected the legal challenge. But the company needs the plant to produce power, she said.

Santee Cooper, which serves about half the state's residents, says the facility will be state-of-the-art in controlling pollution. The company hopes to have the plant up and running in 2014, but challenges could delay that.

"We are committed to moving forward as we focus on our balanced solution to meeting the state's energy needs in an affordable and reliable way," Varn said.

Conservationists said state regulators didn't conduct proper studies to see how the plant would affect eastern South Carolina's environment. The Department of Health and Environmental Control's decision to approve the permit violates the federal Clean Air Act by authorizing large amounts of pollution, conservation groups claim.

Those appealing the DHEC board's decision are the S.C. Coastal Conservation League, the Sierra Club, the S.C. Wildlife Federation, the Environmental Defense Fund and the League of Women Voters of South Carolina.

It was not known when a state administrative law judge will hear the appeal.

DHEC's seven-member board approved the air permit Feb. 12 after saying the utility had met all legal requirements. Department spokesman Thom Berry said the agency doesn't comment on ongoing legal matters.

In the past two years, criticism of Santee Cooper's plant has intensified amid a chorus of national opposition to new coal-fired power plants. Gov. Mark Sanford announced in February he opposes the plant, saying there is not enough demand for the power in slow economic times.

Carbon dioxide from coal-burning power plants contributes to global warming. In this case, the plant would release about 10 million tons of carbon dioxide each year. But DHEC, saying it needed guidance from the federal government, did not require any controls on carbon dioxide in the permit it issued to Santee Cooper this year.

The facility also will release mercury and tiny soot particles, which can lodge in people's lungs and make them sick. The DHEC board's decision will allow 92 pounds of mercury annually to be released along a river full of fish that already have been polluted by the toxic metal, which is believed to be from industrial sources.

"This plant would add mercury pollution to an already contaminated region ... but DHEC waived the maximum mercury controls required by law," said Blan Holman, an attorney representing the five groups. The plant will be along the banks of the Great Pee Dee River near the communities of Kingsburg and Pamplico in Florence County.

#### Estimates from storm damage continue to climb

Damage estimates continued to climb Monday from a massive weekend storm that raked the Augusta area with three and possibly four tornadoes.

Augusta Emergency Management Chief Howard Willis said the damage in Richmond County should easily surpass \$1 million, and neighboring Columbia County is projecting losses just below \$300,000. Burke County -- Georgia's largest in area -- was still assessing damage Monday.

South Carolina officials estimated Aiken County's uninsured property damage at about \$700,000, mostly from widespread destruction around Beech Island and Petticoat Junction.

South Carolina Gov. Mark Sanford was scheduled to tour the area this morning, beginning at Silver Bluff Fire Department Station No. 1. The fire station was destroyed and three fire trucks damaged during the storm.

"We're a tough crowd," said Silver Bluff Chief Kerry Green. "We try not to let it get us down, and we're moving forward."

The department, which has 21 volunteers, also has been getting help from fire departments in Beech Island, Jackson and New Ellenton. Beech Island has loaned a fire engine to Silver Bluff, which still has a

substation off Silver Bluff Road.

Kevin Lancaster, an assistant chief and spokesman for Silver Bluff, said it could be three to six months before his department is back to just 80 percent of its capabilities. Officials hope to start clearing away debris from the site as early as today. Assistant Chief Lancaster estimated the damage cost at about \$500,000.

About 200 tarps have been deployed by the Southern Baptist Convention to the Beech Island Fire Department, and 200 cases of bottled water are being sent to the area through the South Carolina Emergency Management Division.

Augusta city officials moved Monday to help with cleanup.

City Administrator Fred Russell sped up the purchase of 12 roll-off trash dumpsters so they can be set out in damaged areas for residents to discard debris. The new dumpsters had already been put out for bid and were awaiting the Augusta Commission's approval to be bought from Lewis Steel Works in Wrens, Ga., but Mr. Russell got six commissioners to sign a letter so Solid Waste Director Mark Johnson could put the order in Monday.

Commissioner Joe Jackson took a more direct approach. He said he heard about the damage on his police scanner, so he called a lieutenant at the sheriff's office, told him he had a chainsaw and a pickup truck and asked where he could go to help.

Mr. Jackson said he and a neighbor helped clear about a half-dozen trees from Bungalow Road, Richmond Hill Road and Georgetown Drive near the south Augusta Wal-Mart. He said he was working from about 11 p.m. Friday to 3:30 a.m. Saturday.

"Government can't do it all," Mr. Jackson said.

Much of Friday night's damage, according to the National Weather Service, came from at least three -- possibly four -- tornadoes that emerged from severe storms pushing through the Augusta region.

"We've looked back at actually four of what we call 'super cell storms,' and out of those storms we ended up with two long-track tornadoes and two short-track tornadoes," said meteorologist Steve Naglic of the National Weather Service in West Columbia, S.C.

The most devastating of the twisters began near Harlem late Friday before churning its way into Grovetown and crossing into Richmond County, he said. It then moved in a straight line through Beech Island to a point just southeast of New Ellenton.

The other "long-track" twister originated near the Burke County community of Gough and passed north of Waynesboro and continued east to the Savannah River, where it came within several miles of the Plant Vogtle nuclear power station.

"On residences, we had a total of 17 destroyed, seven with major damages and about 23 more with minor damage," said Rusty Sanders, the director of Burke County's Emergency Management Agency.

On Thomas Road, a critically injured storm victim, Todd Glassburn, was found by neighbors after his mobile home was destroyed by the twister.

The injured man was taken to Medical College of Georgia Hospital, where he was in fair condition Monday.

Although the twister passed close to Plant Vogtle, it caused no damage at the 3,100-acre site, said Amoi Jeter, a spokeswoman for Georgia Power Co.

The two short-track twisters touched down in the Burke County community of Keysville before dissipating a few miles east and near the Cave community north of Allendale, S.C., Mr. Naglic said.

The two tornadoes that traveled a lengthy path -- like their smaller counterparts -- simply vanished when the storms' intensity diminished, he said.

State lawmakers look to regulate river usage

South Carolina lawmakers will consider a bill today aimed at giving the state tighter control and more information about people and businesses drawing water from the state's rivers.

The need to do that became apparent during the past few years as the state deals with droughts and pushes a court fight with North Carolina and negotiates with Georgia on water rights.

"It's just probably prudent going forward that we should have some kind of permitting process to protect

existing resources," said state Sen. Paul Campbell, whose Senate Agriculture subcommittee takes up the bill today.

The legislation requires permits for people who now only have to register with the state as they draw water from rivers. Presently, permits are required for industries and other users who discharge water into rivers.

"We don't have a lot of information about the withdrawal process," Campbell said.

Environmentalists and business users have been arguing about just how low river flows might become before restrictions on water users are applied to permit holders.

It's the same issue that stymied the legislation last year and ultimately caused it to die at the end of the session.

Manufacturers and others worried the changes would cause them to curtail business or forestall expansion they have yet to plan.

It has to be a level that "will maintain the health of rivers and streams and at the same time provides us with the resources we need to run our facilities," said Lewis Gossett, chief executive of the South Carolina Manufacturers Alliance.

His group and other were working Monday on a compromise version of the bill.

But the prospects aren't that great for the legislation this year.

"It's going to be difficult for us to pass this year," said Sen. Brad Hutto, D-Orangeburg, because cost-cutting moves tied to the recession have cut into time needed to study and debate bills.

Nonetheless, "we need a water bill. We need to set water policy in this state," Hutto said.

Neighboring Georgia already requires water users to get permits, and North Carolina is considering a similar requirement, Campbell said.

South Carolina's debate plays out amid disputes with those state on water rights.

How much water is left in rivers flowing from North Carolina into South Carolina is now a legal case being decided by the U.S. Supreme Court.

Gov. Mark Sanford's spokesman, Joel Sawyer, notes the dispute with Georgia is being handled in a committee.

That seems appropriate given most of the water at issue is in the Savannah River, the border between the states. "You can't slice a bowl of water in half," Sawyer said.

#### College tuition rates in limbo

State colleges and universities are tracking two giant unknowns as they look to set tuition rates for the 2009-10 school year.

The state budget, which steadily has reduced funds to higher education, is not expected to go before the full Senate until next week or later. And federal stimulus money is still in limbo, as Gov. Mark Sanford and the General Assembly face off.

Universities usually set tuition and fees in June, and planning for that fast-approaching date is difficult.

School officials do not know how much money they will lose in state appropriations or how much might be gained from the federal government.

Historically, tuition rates increase annually. In-state tuition rates and fees for four-year public institutions have increased more than 35 percent during the past five years. Whether the trend will continue this year remains to be seen.

"This year things are a little more complicated," said Charlene Gunnells, media relations coordinator for The Citadel. "We're dealing with more variables than in the past."

In-state student tuition and required fees for four-year public institutions range from \$7,000 for University of South Carolina Beaufort to \$10,378 for Clemson University, according to the S.C. Commission on Higher Education.

More than 80 percent of the nearly \$700 million in federal stimulus that Sanford so far has refused to accept must be spent on education, according to federal law.

Guidelines state the nearly \$570 million should be used for three purposes: to backfill cuts to public schools and higher education, stave off teacher layoffs and modernize school facilities.

Sanford, who consistently has opposed the stimulus package, said he would accept the funding only if the Legislature used an equal amount of state dollars to pay down debt. But legislators claim it is impossible to spend that amount on debt and follow the guidelines.

If the stimulus money comes through, higher education officials are wary of spending the funds on recurring expenses because the money will exist for only two years.



"Because the stimulus funding is one-time money, it is not intended to restore budget cuts," said Margaret Lamb, media relations director for the University of South Carolina. "Still, not getting the funding will have a huge impact on the university."

Higher education in the state took a 17.7 percent reduction in funds from 2007-08 to 2008-09. That sharp reduction earned South Carolina the distinction of having the greatest loss in state money, according to the Centers for the Study of Education Policy.

To compensate, tuition rates rose 8.2 percent during that same period.

"In the last 10 years, we've received less and less money from the state," said Mike Robertson, senior director of media relations for the College of Charleston.

By the time the College of Charleston Board of Trustees holds its June 8 meeting in Columbia, the General Assembly will have completed its budget and hopefully the future of the stimulus money will be resolved, Robertson said.

"Until that happens, we can't make any decisions on tuition," he said.

The Legislature usually completes the state budget by late May. The fate of the stimulus money, however, might take longer. The governor contends that that state has until September 2010 to accept the \$700 million.

Dr. Ray Greenberg, president of Medical University of South Carolina, said that the decision on tuition and fees might have to be made before knowing the fate of the stimulus money but that contingency plans are being formed.

"In order to get information to students and their families with ample time to plan for next year, a decision will have to be made prior to knowing whether the federal education stimulus funds will be available," Greenberg said.

The Board of Trustees, however, will be asked to consider a proposal that includes a tuition reduction if the education stimulus funds are received by the university, Greenberg said.



**From:** Joel Sawyer  
**To:** [REDACTED] MCS Road  
**Date:** 4/13/2009 6:16:38 PM  
**Subject:** Notebook on way to house

Your notebook including things for tonight and tomorrow is on its way to the house...it will be at the back gate by 6:30.

Joel Sawyer  
Office of the Governor

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**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 4/13/2009 10:04:58 AM  
**Subject:** Governor's Daily Press Briefing — Summary and Text

Governor's Daily Press Briefing - Mon., Apr. 13, 2009

Summary:

Gov. Sanford leading fight against White House top-down economics (NOTE: Not in main clips)  
Post and Courier editorializes in favor of giving school vouchers a chance  
Questions raised about consultants being paid by Dept. of Ed  
Barbara Williams editorializes on Ned Sloan  
Bill would give Child Fatality Review Committee broad authority  
Editor's note supports Gov. Sanford decision on snow days

Text of Clips:

Gov. Sanford leading fight against White House top-down economics (NOTE: Not in main clips)

South Carolina Gov. Mark Sanford went on the offense in his prolonged battle with the Obama administration over the economic stimulus act, appearing in a new ad in which he seeks to explain his position to voters.

"For me, the easy thing would be to accept money handed out from Washington," the Republican says in the ad. "But the easy thing isn't always the right thing." The commercial is being paid for by Carolinians for Reform, an independent group run by a Charleston attorney.

In an interview late last week with The Fix, Sanford said he decided to appear in the ad to counter incorrect information being put out by his opponents and by the Democratic National Committee, which ran ads assailing him about his stimulus stance.

"If I care about my standing as I leave office, which I do because I am going to live here the rest of my life, then you have to set the record straight," Sanford said.

Sanford has emerged as the leading opponent to Obama's \$787 billion economic stimulus package -- making national headlines by rejecting then accepting stimulus dollars earmarked for his state. That decision ended weeks of letter writing between Sanford and the White House as he sought to use the hundreds of millions to pay down the state's debt and was told by the Obama administration that was not an acceptable use of the money.

"It's not surprising that Governor Sanford feels he needs to spend a quarter of a million dollars defending himself in a television ad after rejecting millions in funding for his state," said DNC spokesman Hari Sevugan. "Then again, if I had rejected \$700 million for schools and public safety, I'd feel the need to go on TV and defend myself, too, but that doesn't excuse Governor Sanford for putting his political ambitions ahead of the needs of South Carolinians."

Sanford clearly has his eye on a 2012 presidential bid and views this fight with the White House as a perfect way to elevate his national profile among conservative voters who see smaller government as one of the party's pillars.

In the short term, however, Sanford is being pummeled at home. "The political math on it is certainly clear -- it's a political loser," he acknowledged. "It is burning, not building, political capital."

Of course, Sanford won't be standing for election in South Carolina anytime soon, so the flak he has drawn is likely to be less of a concern for him. Plus, Sanford has made a career out of his principled opposition to popular government programs -- from his six years in Congress to his 6 1/2 years as governor. The Sanford brand, then, is very much tied up with his defense of his stance on the stimulus dollars: "I am doing it because it's what I believe."

Make no mistake: Sanford is preparing to run for president in 2012. And, like him or not, he has staked out some solid ground among the most rabid of fiscal conservatives by picking this fight.

Post and Courier editorializes in favor of giving school vouchers a chance

The debate over whether to spend public funds on vouchers for private-school tuition produces a dizzying array of competing statistics. But the 1,714 students in Washington, D.C., who stand to lose the enhanced educational opportunities they have been receiving from a pilot voucher program enacted by Congress in 2004 aren't numbers. They're low-income children who deserve better.

It's a shame that Democratic lawmakers, in predictable lockstep with the educational establishment, recently voted to effectively end that program at the close of the 2009-10 school year.

As a prominent U.S. elected official put it earlier this year: "If there was any argument for vouchers it was, all right, let's see if this experiment works, and then if it does, whatever my preconceptions, my attitude is you do what works for the kids."

That wasn't a conservative ideologue trying, in the overwrought mantra of many voucher opponents, "to destroy public schools." That was President Barack Obama.

Since the president made those remarks, the U.S. Education Department has released a study showing positive results from the voucher "experiment."

The research reported that the students who attended private schools thanks to those vouchers made "significantly" more progress in reading than their counterparts who remained in public schools.

Yet opposition to vouchers remains entrenched and powerful, not just in Washington but across the nation, including South Carolina. State Sen. Robert Ford, D-Charleston, a longtime opponent of including private schools in public-education choice programs, has lately been criticized — and in some cases vilified — for daring to change his mind on this issue.

Sen. Ford is backing a bill to provide tax credits for private-school tuition. He makes a compelling case for giving children stuck in substandard public schools a better option.

That doesn't mean vouchers are an educational panacea. And the success of the D.C. program doesn't necessarily mean it can be replicated on a vast scale there or anywhere else. There are practical limits to how much money we should spend on vouchers or tax credits, and how many new students whom private schools can take.

Ultimately, public schools must improve if American education is to improve. But making private schools a more accessible choice could strengthen educational competition and the public system. Certainly many students in the D.C. system, which is both among the nation's most expensive and most academically dismal, could benefit from that additional choice.

If vouchers — or tax credits — can produce positive results at private schools for some students now attending struggling public schools, why not give that innovation a fair chance?

Why not, in President Obama's words, "do what works for the kids"?

#### Questions raised about consultants being paid by Dept. of Ed

With nearly 3,000 teachers' jobs on the line, school-choice advocates are questioning why the State Department of Education is spending millions on consultants, some of whom are politically connected. That includes more than \$58,000 paid so far this fiscal year to Democratic consultant Zeke Stokes, who ran State Superintendent of Education Jim Rex's successful 2006 campaign, catapulting the only Democrat into statewide office.

Because of state budget cuts and the uncertainty of whether federal stimulus money will be used to back fill school districts' budgets next year, up to 5,200 school positions — including 2,700 teaching positions — may be eliminated, according to a State Department of Education survey.

"The last thing we want to see is the front line of education — teachers — being cut," said Randy Page, president of South Carolinians for Responsible Government, an organization critical of Rex that advocates tax credits for parents who home-school or send their children to private schools.

"In this economy, should contractors and consultants be that big of a part of the mix? Tough questions need to be asked on whether some of these contracts are something we really need," Page said.

The State Department of Education said consultants save taxpayers' money. To date for this fiscal year, the department has spent \$3.57 million on professional work contracted out.

"The (Department of Education) is shrinking," said Jim Foster, the department's spokesman. "But the amount of work we have to do, the mandates we have to meet, has not lessened. (Consultants) let us target specific tasks without having to hire full-time people."

Currently, the agency is 85 employees below the level authorized by the state.

The department said Stokes' work is not of a political nature and pointed out many S.C. officeholders hire campaign staffers after the race is won.

Rex said Stokes, whom he met three years ago when considering running for superintendent, is a talented communication specialist who knows South Carolina.

"Once I was elected, I needed someone who knew community leaders, the players and the state's communities and was in a position to help me organize grass-roots outreach," Rex said. "If you're really going to be out there in the communities, talking to people and gaining support, which in turn will convince lawmakers to make changes, you need someone like Zeke."

Stokes' projects include:

- Organizing more than 20 town hall meetings across the state where residents talked with Rex about changes they want in public schools. Stokes organized a similar virtual meeting between Rex and the state's teachers.
- Organizing an education/home builders summit in Columbia on ways to better include school construction in new communities.
- Negotiating a deal with two nonprofits to acquire hundreds of thousands of dollars for laptops for disadvantaged S.C. students.

Stokes, who worked as a speechwriter and scheduler for former State Superintendent of Education Inez Tenenbaum, said his background in education, policy and administration has equipped him to tackle special projects.

"I think it's a unique combination and makes me able to help move the ball forward on education reform and work on initiatives to help find ways to save the state money," Stokes said.

Consultants like Stokes are earning less. In January, the department reduced all contractor pay by a minimum of 5 percent.

Of all state education funding, slightly less than 2 percent goes to pay State Department of Education staffers and consultants, Foster said. The majority — 96 percent — goes to school districts.

Page said, particularly in these economic times, every penny counts. "Two percent is still two percent of (taxpayers' money)," he said.

Others on the payroll include Kay Packett, who worked on Tenenbaum's unsuccessful U.S. Senate campaign in 2004.

Packett's company, Packett Communications, has earned \$22,900 so far this fiscal year, compiling major reports, including Rex's report on funding.

Also on the list is Ellen Still, who served as Tenenbaum's deputy superintendent and was also the research director for the state Senate Education Committee. Still's company, Education Builders, has earned about \$35,800 so far this year. Projects included redesigning the department's data system.

#### Barbara Williams editorializes on Ned Sloan

This state's best-known government watchdog, retired Greenville businessman Edward D. (Ned) Sloan Jr., isn't calling it quits — not yet anyway. But he has been looking for fresh blood for his private non-profit foundation. He's found a real heavyweight.

It won't be official until the spring board meeting in a few weeks. But the addition of George Schroeder, the recently retired head of the state's Legislative Audit Council, as the sixth director of the S.C. Public Interest Foundation, is all but a done deal.

According to Sloan, Schroeder has met with directors of the foundation — which is known for using the legal system to hold public officials to account — and they all "feel he would be a capable addition." The other directors include Sloan's wife, Charlotte; Spartanburg manufacturer William Lowndes III; Greenville attorney Gregory J. English; and Greenville businessman Robert M. Lloyd.

Chairman Sloan, who created the foundation three years ago after nearly a decade of being a lone watchdog, notes that he is now 80 years old and is "eager for someone else to take over the ship" in view of the fact that he and his wife may soon "be approaching inactivity."

While the directors only have one or two physical meetings each year, according to Sloan they talk and correspond regularly. "Basically, we have never disagreed." There's no question, however, that Sloan has been the foundation's driving force.

Until the foundation was established, Sloan, a Citadel graduate, was bearing all the financial load of challenging S.C. governments at all levels when he felt they weren't following state law or adhering to the state constitution. Few private citizens have been as willing or are as able as Sloan to invest the kind of time, energy and finances needed to take on a city hall or state legislature. Creation of the foundation has provided the opportunity for tax exempt donations to fund such efforts.

It's been estimated that Sloan has been involved in more than 50 government related lawsuits over the last decade and been successful in about half. A number of those wins have been in the S.C. Supreme Court and include decisions that are viewed as critical in the restructuring of the state Highway Department along with its method of awarding contracts. Thanks to his challenge, the high court also took the Legislature to task several years ago for passage of the "kitchen sink bill," one of its most outrageous attempts to unconstitutionally load down a single piece of legislation with dozens of unrelated laws. His most recent win came several months ago when a circuit court judge ordered the Friends of the Hunley to pay Sloan \$138,529 in court costs in a case that stretched back eight years and involved a Freedom of Information request that didn't get resolved until the matter was being argued before the Supreme Court. A motion has been filed by the Friends of the Hunley to alter the order. Unfortunately, according to Sloan, the watchdog group is running out of money. "We do have some real estate we are trying to sell," he said, but he isn't optimistic about today's market. While he has no plans to step down in the foreseeable future, he also says he's not reluctant to do so. The desire to bring in new blood is part of his commitment to see that the foundation's work continue.

Schroeder has been on Sloan's radar screen for a number of years due to his work with the Audit Council, which functions as the Legislature's investigative arm when it comes to state agencies. The Audit Council, however, can only pinpoint problems and recommend change, which lawmakers can implement or ignore. Sloan says it has been his impression that Schroeder not only is knowledgeable in the workings of government but is "accustomed to irritating politicians and is not reluctant to do it again." He also sees Schroeder as someone who can do the foundation's work in a constructive manner.

At the moment, Schroeder is reluctant to say too much about his prospective role with the foundation out of concern that it might be viewed as presumptive. He did affirm that he would be joining the group "if all proceeds according to plan."

While he has only met Sloan a few times, he, like most state officials, was very aware of his watchdog activities. "When Ned was born they threw away the mold," he observed.

Sloan has impressed Schroeder as "a public spirited citizen who has really put himself on the line. He has had a significant affect on government and will continue to have for some time."

After some 33 years with the Audit Council, few know more than Schroeder about the inner workings of state government, including its flaws. "I'm very interested in using some of the knowledge I have," he said. "I have a life-long interest in better government and would like to help."

Sloan's not unaware that there are those who would be glad if his watchdog group just faded away. That kind of sentiment, he says, "is proof that it is doing good."

#### Bill would give Child Fatality Review Committee broad authority

A statewide committee that recommends changes to keep children safer would get the authority to make other agencies investigate if committee members think children are at risk, under a bill filed by a state senator.

The Child Fatalities Review Committee has complained its suggestions go largely unheeded by agencies that deal with children, as well as the governor and the Legislature.

A bill by Sen. Brad Hutto, D-Orangeburg, would convert the committee from an advisory body to a panel that could direct other agencies to investigate and report their findings within 45 days.

"All our best efforts go for naught," committee chairman Clay Nichols said of recommendations sent to child welfare agencies and the State House. "We would like to have a little more influence."

"We're not trying to take over the agencies," he said. "It would be used very judiciously."

A Senate subcommittee is to discuss the proposal soon, likely during April, which is Child Abuse Prevention Month.

The Department of Social Services, named in the bill, currently requires a new allegation to reopen a case, said DSS chief attorney Virginia Williamson.

She said the agency and the Legislature have taken a position that government should pull out of families as soon as practical to allow them to heal and manage their own lives.

"Does society want the state to go back and knock on the door, or does the parent have the right to raise their children in privacy?" Williamson said.

DSS is charged by law with protecting children and families and investigating abuse and neglect complaints. Working with police, it is the primary agency that decides when to remove children from their homes or return them once the home is safe.

The agency has not taken a public position on Hutto's proposal.

The Orangeburg Democrat said he is optimistic the bill will not run into a roadblock.

Bill supporters acknowledge it is too late in the legislative session for a final vote this year. They hope to build support for next year.

"I can't imagine why we would not want to empower a review committee to have broad authority," said Hutto, a member of the influential Senate Judiciary Committee and chairman of a subcommittee that could hear public comments on the bill.

His proposal would grant the committee of 16 child welfare experts, which works with the State Law Enforcement Division, the right to tell DSS and "another agency that serves children" to investigate or reopen cases of domestic violence, drug abuse, physical or emotional abuse or neglect.

Committee chairman Nichols, a forensic pathologist, said the panel's authority would extend to police, coroners, prosecutors and other agencies that deal with child welfare. Seven state agencies have representatives on the panel.

But others who support the change are divided on whether the bill would affect local law enforcement agencies.

S.C. Sheriff's Association director Jeff Moore said sheriffs likely would agree to open cases at the committee's request. But, he said, "We're always reticent to accept something that tells us what to do."

If the change is approved, the committee would be able to order an investigation or reopen a case after it has reviewed the death of a child. Case reviews were the panel's original responsibility when it was created by law in 1993. It examines about 250 yearly.

If the law is changed as Hutto proposes, the committee would have a year after reviewing a case to order an investigation.

Laura Hudson, a committee member for 10 years, said the panel feels hamstrung by DSS policies that require a new allegation before a caseworker may open another investigation.

An anonymous neighbor with a suspicion could trigger that probe, but the committee cannot, she said.

Hutto and Rep. Gilda Cobb-Hunter, D-Orangeburg, said lawmakers will be careful not to overextend the committee's authority.

"I'm not prepared at this point to give such broad authority across the board to reopen cases at will," said Cobb-Hunter, a licensed social worker who has dealt with child welfare issues for more than three decades.

But she said she supports limited powers to reopen some cases.

Sen. David Thomas, R-Greenville, also active on children's issues, said he favors the bill and might even suggest "souping it up" to give the committee broad authority.

Thomas, a senator for 24 years, said he had never heard of the committee and suggested in the future it take its recommendations directly to legislative leaders.

Hutto said current restrictions on the committee are too tight.

"We're at some point going to have to draw a line," he said of the committee's power to order investigations. "But this you-can't-go-back-at-all situation makes no sense."

Editor's note supports Gov. Sanford decision on snow days

I don't always understand the logic behind Gov. Mark Sanford's decisions. But there is one recent decision I must admit makes a great deal of sense. Gov. Sanford vetoed a measure that would have forgiven snow days in parts of South Carolina.

You might recall the snow day we had here in Aiken County. Other than the fact that no snow fell, it was a great snow day. Our local school district immediately decided to make up the missed day on Friday of the same week.

Other counties - some of which actually had snow accumulations - were asking to have those days as free holidays not to be made up. The governor would have none of that.

At a time when teachers' jobs are being pared from budgets, this is not the time to ask for time off with pay. Let's not forget that students need all the school they can get.

While the idea of an extra day or two off may sound appealing, the economy of the day just doesn't support it.

**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]>@gov.sc.gov, Governor Mark Sanford <[REDACTED]>  
**Date:** 4/12/2009 10:08:27 AM  
**Subject:** Sunday Summary and Text of Clips - April 12, 2009

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Summary:

Sanford: Looking for five friends in the Senate  
Stimulus front and center as Lawmakers approach finish line  
Rep. Joseph Neal pens op-ed slamming governor over stimulus  
Aiken Standard guest op-ed supports Sanford on stimulus  
Dillon teen's words trouble some  
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Tax day "Tea Party" protest planned for Columbia

Text of Clips:

Sanford: Looking for five friends in the Senate

Gov. Mark Sanford is proving the fight over how to spend \$700 million is far more chess than it is checkers. In an interview with The State eight days ago, Sanford was asked if he had enough friends in the General Assembly to negotiate a deal to accept the stimulus money as lawmakers want and to also meet Sanford's demand that lawmakers make a meaningful commitment to paying down debt.

Understanding the showdown over the stimulus could be settled in the Senate, Sanford conceded 11 of the 46 members of the Senate would probably back him.

"(I) only need 16," Sanford said. "... I'm just saying, remember that number. You only need 16."

Why Sanford needs 16 allies in the Senate became clear last week when Sen. Vincent Sheheen, D-Kershaw, announced he would be filing a resolution compelling Sanford to tap the \$700 million in federal stimulus money due to S.C.

Sheheen wants to get the resolution through the General Assembly and on Sanford's desk, where the governor would almost certainly veto it.

Both houses of the General Assembly would then have to muster a two-thirds vote to override the governor. Mustering the two-thirds in the House to override Sanford in the House is doable. But Sanford understands he only needs 16 of 46 senators to agree with him to allow his veto to stand.

The Buzz must give the governor credit for thinking two steps ahead — playing chess instead of checkers.

But finding five more friends in the Senate might prove tough for this governor — on this issue.

- The 8 percent return on Sanford

How's this for timing?

On Wednesday, Gov. Mark Sanford led a 75-minute debate about how much profit the state's retirement system should expect from its investments. The crux of the debate was whether the retirement

system's 8 percent assumption is impossible in the short term, which would make it more difficult to achieve long term as well.

However much the system came up short, Sanford said, would have to be made up by cutting retiree benefits or raising what employers pay into the system — typically tax money.

But that very same day, the Wall Street Journal ran an op-ed piece dredging up quotes from Sanford's 2000 book "The Trust Committed To Me."

In that book, wrote Thomas Frank, Sanford argued in favor of privatizing Social Security accounts because Americans could expect — you got it — 8 percent returns on their money invested in the stock market.

Some would jump up and down, point and yell, 'Hypocrite!' at this point, but not The Buzz. We attribute the governor's change of heart to his subsequent conversion to Friedmanism, or the belief in a flat Earth.

#### Stimulus front and center as Lawmakers approach finish line

Money, or lack of it, has been center stage since the Legislature convened this year. And with about a month of session left before summer adjournment, money will continue to dominate.

Completing a state budget is at the top of the priority list, but legislative leadership also wants to make sure a cigarette tax increase is in place before lawmakers leave the capital city. Also on the to-do list is changing the governance of the State Ports Authority, restricting payday lending operations and writing permanent spending limits into the law.

"I think we are constantly evaluating our priorities," House Majority Leader Kenny Bingham, R-Cayce, said.

Lawmakers have made adjustments to the agenda as the economy has changed and the recession has deepened in recent months, Bingham said. To that end, the House and Senate are aiming to complete work around mid-May in advance of the typical adjournment in early June.

Senators will return Tuesday after a week-long furlough and the House will be back April 21 after two weeks off. Roughly \$50,000 is saved every week the Legislature does not meet.

House Speaker Bobby Harrell and Senate leader Glenn McConnell, both Charleston Republicans, agree that the budget needs a lot of work.

As it is now, the version of the budget that the House passed in March is about \$450 million out of balance because of falling revenue projections and \$350 million less in stimulus cash.

The Senate is working on two versions of the budget, one that includes \$350 million in stimulus money and one that does not. Once the Senate passes the budget, it will go back to the House, where members are expected to spend a significant amount of time debating on the floor.

The House had counted on accepting \$700 million — \$350 million for each of the next two years — in state budget aid from the stimulus package passed by Congress. But Gov. Mark Sanford will not allow the state to take the money unless legislators will apply an equal amount of state funds toward debt.

This situation is on top of more than a billion dollars in mid-year budget cuts issued to the current spending plan, which has left government services ailing.

Harrell and McConnell said legislators spent a lot of time debating with Sanford over his refusal to take the stimulus budget aid, despite



the urging from legislative leadership that he should take it.

"It's a real shame, because it should have been an issue that we moved on quickly. Our taxpayers are paying it back anyway," Harrell said. Being forced to devote so much time to debating the stimulus cash crowded out the other matters, he said.

One of those issues being school choice, McConnell said.

Sen. Robert Ford, D-Charleston, has breathed new life into the debate over providing tax credits toward private school tuition. Bills introduced this year, such as the school choice legislation, and progress made on the proposals in committees or the chamber floors will carry over into next year.

Rep. Joseph Neal pens op-ed slamming governor over stimulus

Author and pastor Rick Warren begins his transformative book, *The Purpose Driven Life*, with a simple statement: "It's not about you."

As Gov. Mark Sanford engages the General Assembly in political gamesmanship over accepting federal stimulus dollars, his actions should prove to South Carolinians that despite his words to the contrary, it's not about you.

Don't be confused. Whether or not the governor accepts the money has nothing to do with the potential impact on you, your family or your quality of life.

So, to the more than 4 million residents of our state, it's not about you.

To the 1,000 to 6,000 public school teachers facing layoffs if the money is rejected, it's not about you.

To the hundreds of thousands of school children facing larger class sizes, fewer gifted and talented course offerings and fewer textbooks and supplies, it's not about you.

To the business owners who rely on state government or the workers it employs to survive, it's not about you.

To the 241,000 residents currently unemployed, it's not about you.

Even to the 601,868 of you who voted for Sanford in the 2006 general election, it's not about you.

And especially to the 170 members of the General Assembly, it's not about you.

If nothing else, this continuing controversy should confirm once and for all that the governor does not have — and has not had — the best interest of South Carolinians at heart. For six years, the governor has used his bully pulpit to mislead and misinform residents, resulting in alternating tides of fear and anger.

He has manufactured controversies and exaggerated differences with the General Assembly for the sole purpose of either garnering more power for himself or defunding and destabilizing state government. Those are the only two end products of his political agenda.

The debate over school vouchers is nothing more than a vehicle to limit funding to public education by diverting it elsewhere. The governor's persistent calls for eliminating the personal income tax is merely a means to take away the most stable revenue source — even in a downturn — for state government.

With the controversy surrounding the stimulus money, the governor gets to accomplish both goals. The stimulus bill affords the governor new-found power to shape the budget debate. And he has used his position to catapult himself into the national spotlight. At the same time, he has more authority than ever to severely limit or destabilize state government. For Sanford, the stimulus debate, as the political pundits say, is a perfect storm.

Sanford does not believe in the power of government to better the lives of citizens. The governor does not believe in the responsibility of government to be a safety net for those who are less fortunate or cannot help themselves.

His attacks on state government will have the net effect of shrinking our state's middle class. This is particularly troubling for African-American residents, who hold a greater share of managerial positions in state government than in the private sector.

The governor's attacks on public education threaten to exacerbate economic and racial disparities in our state. Education is our society's greatest equalizer. Keeping our residents poor and ignorant makes the state attractive only to those types of businesses that will keep them in subjugation.

Rev. Warren's words were intended to remind us to move beyond being self-absorbed and find God's purpose for our lives by helping one another. This is particularly true for anyone desiring to be a public servant. So, Mark Sanford, enough. It's not about you.

Aiken Standard guest op-ed supports Sanford on stimulus

The debate over the so-called stimulus money seems to be a difference in ideology. Recently I read an article bashing Gov. Sanford for being too ideological. There is a group of people in this debate that resents the governor for forming a plan for this state based on his ideas as to what our government's responsibilities to its citizens should be.

Mr. Editor, you fall into this group, by your statement "Gov. Sanford doesn't realize today's needs." What you are really saying is that your ideology for government differs from that of Gov. Sanford.

Let me point out that difference in ideas is the reason we are Americans, thanks to our great forefathers. They were very ideological. First they had the idea that freedom was more important than security, so they told the king of England they were not for sale after he offered a very attractive "stimulus package."

They also had the radical idea to limit self-government by drawing up a Constitution that guaranteed these freedoms could not be changed by a popular president with too big of an ego. You see, Mr. Editor, our founding fathers would not agree with your ideas that the so-called "needs of the people" trump the freedoms that we enjoy, and it's not the government's responsibility to meet anybody's needs; however, it is mandatory for government to protect the rights of individuals to have the freedom to succeed or fail; to meet their own needs or not meet them as they see fit to do so.

Unfortunately, for the last 40 years, an ideology has emerged in this country that is threatening the foundation laid by our forefathers.

These are the ideas that public schools should educate children at all costs. The idea that government is to be parents, God and savior. This ideology has created a Nanny State of bureaucrats in every field - education, health care, social services, military and many, many others. The Nanny State is responsible for the huge deficit incurred by the taxpayers. The national debt will not be paid by the future generation in terms of money, but it will be paid in the loss of freedoms and opportunities.

Gov. Sanford is not against education. I share his ideology on things wrong with education in this state. First, for the last 20 years the number of students in Aiken County schools has decreased while school

expenses have continued to rise. At the same time, about only one-third of our students get a decent education, while home schools, private schools and church schools lessen the financial burden on public schools. Why shouldn't they get some credit? Giving public schools more money and not requiring more effective use of these funds would be irresponsible for the governor.

The loudest outcry for taking the stimulus comes from embedded bureaucrats looking after their self-interest or politicians looking to buy voters.

I salute Governor Sanford.

Jet Beckum, Aiken

Dillon teen's words trouble some

Ty'Sheoma Bethea achieved international hero status in February when the 14-year-old pleaded with Congress to help improve her school, but back home in this farming community some remain troubled by what she caused.

Mayor J. Todd Davis is among them. "We're kind of getting branded as a backward county," he said recently in his office next to the chamber of commerce.

All Ty'Sheoma did was write a letter to Congress seeking help to rebuild J.V. Martin Junior High School, part of which is condemned. Her one-page, single-spaced letter caught the attention of President Barack Obama. He invited the eighth-grader to Washington in late February to sit with first lady Michelle Obama in the gallery of the U.S. House of Representatives while he delivered his first speech to a joint session of Congress. The president pointed her out as he described her dated and dilapidated school, where even many of the temporary, mobile classrooms are so old they've had to be remodeled. As Michelle Obama hugged Ty'Sheoma on nationwide television, some in Dillon cringed at the negative publicity for the school, where one of the buildings dates to 1896.

The county still reels from the bad press it got a few years ago with the release of a documentary film about neglect of South Carolina's high-poverty counties straddling Interstate 95. The documentary, named "The Corridor of Shame," prominently featured the dilapidated condition of J.V. Martin. In one scene, the film showed children wearing coats at their desks during the winter because the room was so cold.

Davis and many boosters would prefer the town and county be known as the childhood home of U.S. Federal Reserve Chairman Ben Bernanke, another product of Dillon's schools who also attended J.V. Martin.

Shortly after Ty'Sheoma's national appearance, the town and county hosted Bernanke at a ceremony naming an I-95 interchange leading to the town after him. Davis and others hope the prominent display of Bernanke's name on the intersection passed by millions of motorists will enhance the community's image.

But even as Bernanke praised his upbringing in Dillon and the spirit and hard work of its people, he invited Ty'Sheoma to his interchange dedication and applauded her in his acceptance speech for her determination and thirst for knowledge: "Like all natives of Dillon, I'm sure, I was proud to see Ty'Sheoma Bethea sitting alongside Michelle Obama as the president delivered his speech to the Congress."

Davis readily concedes that Ty'Sheoma makes a good point about the physical condition of some parts of J.V. Martin and admits that some

of the blame lies with the community for not putting more money into it. But, he says, that's just the problem, money. The community needs more state aid for its schools because its tax base just can't keep up. He says Harbor Freight, a California-based tool retailer that built a large distribution center on the edge of town in 2001, is the only new industry to set up shop in Dillon in 12 years.

He worries that Ty'Sheoma's letter and the national attention it got won't help lure more industry.

"Education is a big part of industry looking at your area. To me, that's where it hurts us."

Talk of the town

On Main Street, just a few blocks from J.V. Martin, Elizabeth Law cheerfully welcomes diners to her Whistle Stop cafe. The world-traveling South African transplant, who chirps "cheerio" when customers leave, is doing her best to change the fried food tastes of Dillon by serving a lighter fare with an abundance of fresh vegetables. When she says she's aware of the local controversy over Ty'Sheoma's letter, conversation in the restaurant immediately turns to the issue.

Law's husband and partner, Paul, wonders why Gov. Mark Sanford recently turned down \$700 million in federal stimulus aid, most of which was for the state's cash-strapped public schools. "That doesn't make sense," he says.

And Cullen Bryant, a farmer and Chamber of Commerce member who helped welcome Bernanke at the interchange dedication, says an important point has gotten lost in the attention and controversy: "I don't want people to think that educationally we're lacking. It's a structural thing, not educational." He says the county schools recently won their share of Palmetto Gold and Silver awards for educational accomplishments.

Former mayor Salley Huggins McIntyre agrees. She's pleased with the education her third-grade son gets in the county's schools. "I don't think it's the education. It's the building. I'm proud of the schools," she says.

Replacing J.V. Martin remains a priority for the school district. In December 2007, voters approved a new sales tax to improve the schools, but the worsening economy has clouded whether the tax can raise enough money.

"Dirty laundry"

At J.V. Martin Junior High School, Kathi Campbell, a master teacher and curriculum coordinator, leads a tour of the rambling campus and hodgepodge collection of buildings. She taught Ty'Sheoma in English class before her recent promotion to coordinator, and says the school's problems lie in the buildings, not the quality of education the children receive. She calls the tour "showing our dirty laundry."

She starts with the "new" section built in the early 1980s.

Then she uses a key to open the padlocked chain holding the door closed to the condemned, nearly century-old, auditorium with its still- beautiful wood floor, rows of seats, balcony and stately, columned stage.

Next she introduces a teacher in the classroom where students wear coats in the winter because the room gets so cold.

She strolls through the gymnasium that was designed for boxing and is so small that it's derisively called "the cracker box."

From there she walks into the 1896 structure, where bundles of uncovered electrical wires string along the hallway ceiling and some

students take classes, including one for mentally disabled children. Finally, she heads outside among the array of temporary, mobile classrooms where Ty'Sheoma takes some classes within feet of a railroad track. Teachers and lessons repeatedly are drowned out by the roar and rumble of passing trains.

Campbell says the lack of buildings add to the difficulty of educating children, many of whom, like Ty'Sheoma, come from single-parent families that struggle to pay the rent and put food on the table in a community with few jobs and less opportunity.

Still, Campbell says, "I love my job. I can't imagine working anywhere else." And she sees the schools as offering many of the children their best chance to succeed against the odds.

The power of words

That's what makes Ty'Sheoma's letter so powerful, and the controversy around it so wrenching.

Not only has Ty'Sheoma been criticized for bringing negative publicity, but the principal, Amanda Burnette, and the teachers have been harangued in letters-to-the-editor in The Dillon Herald and in online chat rooms for allowing Ty'Sheoma's letter to go to Congress uncorrected.

The teenager's letter raises critical issues about a lack of money for school trips, lights that don't work, safety hazards from holes in floors, dated textbooks and leaking roofs. She praises her teachers and classmates and pleads with Congress "to help my school." But some in the community focus instead on her grammatical errors and misspellings, and accuse the principal and teachers of purposefully placing the community in a bad light by mailing the letter uncorrected.

Ty'Sheoma is an A- and B-student and a thoughtful speaker who answers questions with precision, but her letter is written in the poor, rural manner she speaks, Campbell says. She writes the way she learned to read, phonetically. Campbell calls it one of the difficulties the teachers try to help many students overcome.

Ty'Sheoma dismisses concern over her grammar and spelling. "I'm a eighth-grader, and as an eighth- grader, I make some mistakes. I just typed what I felt was needed to be said."

The teenager's letter may never have gotten attention at all had she not lacked money for a stamp.

The morning after she composed the letter on a computer at the public library, she took it to the principal's office to see if she could get 42 cents for a stamp. Burnette read it and talked with Campbell and others about whether they should correct the grammar.

Ultimately, Campbell says, Burnette decided to leave the letter unchanged. "This was Ty'Sheoma's letter. If we had corrected it, then it would be our letter."

Burnette "understood the power of the letter" in both its words and thoughts: "Just a little child pouring her heart out," Campbell says. "He really did not forget us"

The letter likely would not have been written had it not been for the principal. The day after Obama gave his first press conference as president and mentioned the dilapidated condition of J.V. Martin, Burnette brought up the subject at her regular morning assembly with the school's 550 students. Obama had visited the school during the presidential primary and promised that he would not forget J. V Martin if he became president. When he mentioned the school in that first news conference, Burnette, Campbell and the teachers rejoiced. "He

really did not forget us," Campbell says. Burnette seized the moment and urged the students, as citizens of the nation, to write Congress to get help to rebuild the school.

Ty'Sheoma says she responded to the principal's urging because "I wanted to give our school the opportunity to make a difference. I was tired of the train interrupting our classes and teachers struggling to teach." She never suspected the letter would get the attention it did. "I thought that I wouldn't get many responses."

Part of the reason for the attention goes to Burnette, who sent a copy of the letter to a Chicago Tribune reporter she met when Obama visited J.V. Martin during the campaign.

Soon after that, the letter ended up on Obama's desk.

Obama then invited Ty'Sheoma and her mother, Dina, to the White House and to his address to Congress. Ty'Sheoma, who has rarely been out of Dillon County, was stunned. "I couldn't believe it. I thought how it really could change my school."

She says she was honored to meet the president and be invited to Washington, but she liked the first lady best. The petite teen almost disappeared in Michelle Obama's hug in the Capitol gallery and described her as very tall, nice, kind, pretty and smelling "like a flower."

As she sat next to the first lady that night, she was shocked when the president pointed her out and awed "when all the people stood up and looked my way. ... It felt great to get a standing ovation from people with a lot of power."

Ty'Sheoma hopes all the attention results in something good for the school so Dillon's children, including her 12-year-old brother and two sisters, ages 9 and 10, would have a good school to attend. "We should have schools like all the others," she says.

She couldn't believe it, she says, when she heard that Sanford continues to reject \$700 million in federal stimulus money for schools. Just a little bit of that could have helped J.V. Martin and schools like it across the state, she says. "Even though our governor said he's not going to get us a school, we're not going to quit." If she had the power, she says, she'd "rebuild our school. Make it a place kids can go and provide more jobs here.

"A lot of people think people don't make it out of Dillon," she says.

"I think we should stay and build a community rather than leave our problems."

For now, she has more urgent concerns. Her mother, who works as a welder at a company that makes emergency vehicles, expects to lose her job in the next couple of months because of layoffs, she says.

If that happens, Ty'Sheoma worries that she and her family will have to leave the community she loves.

#### Florence Morning News editorializes in favor of cigarette tax hike

The South Carolina House of Representatives has approved raising the taxes on cigarettes by 50 cents a pack.

The current rate of 7 cents a pack is the lowest in the nation.

But the best news is that the vote to do it was 97 to 22 meaning the votes are probably there to override an expected veto by Gov. Mark Sanford.

The legislature approved an increase last year but didn't have the votes to override Sanford's veto.

Under this plan, being pushed by House Speaker Bobby Harrell,

R-Charleston, our rates would still be less than half the national average of \$1.21 per pack.

Under its present form the idea is to spend \$5 million of the money raised to programs to help prevent and end smoking at the South Carolina Department of Health and Environmental Control.

Also \$2.9 million would go to the South Carolina Department of Agriculture for the promotion of South Carolina-grown foods.

Most of the money, estimated to be \$139 million per year, would help create a program for small businesses to provide health insurance to their employees.

"While we consider 50 cents to be very modest progress on this issue, we are delighted to be one step closer to implementing this historic public health initiative," Kelly Davis, a spokeswoman for the South Carolina Tobacco Collaborative, a statewide coalition of public health organizations committed to reducing the toll of tobacco use in South Carolina, said in a press release.

"We particularly thank House Speaker Bobby Harrell for his leadership in ensuring swift action on this long-overdue tobacco control policy and the 97 public servants who joined him in protecting generations of South Carolinians from the ravages of tobacco addiction."

The bill of course now is in the hands of the South Carolina Senate.

We hope there vote to approve the bill is by the same wide margin as the one in the House.

There is some talk to try and use some of the money to help offset the stimulus money cost.

We aren't sure how all that will turn out.

But the important thing is to get people to stop smoking or not start and to find ways to get more people health insurance at an affordable rate.

According to the Campaign for Tobacco-Free Kids, raising South Carolina's cigarette tax by the proposed 50 cents per pack would prevent some 24,600 South Carolina kids alive today from becoming smokers; prompt 14,500 adult smokers to quit; save 11,700 of our citizens from future smoking-caused deaths; and produce more than \$568 million in long-term health care savings.

It's a no brainer. We hope the General Assembly sees it that way as well.

#### State auctions Civil War-era money

The South Carolina Department of Archives and History has enough cash stored away in cardboard boxes to make a significant dent in the state's budget deficit.

The only problem is, it's worthless. Or is it? The department is sorting through 40 cubic feet of banknotes issued by the Bank of South Carolina during the Civil War and selling them on eBay -- some of them for dozens of times their face value.

It's no huge moneymaker -- the state had raked in \$2,200 for the 24 bills it had sold by the end of last week, according to Keith Shirley, the state's online sales manager for surplus property. But it's virtually free money at a time when every dollar counts.

"It's actually money that's enabling us to continue doing what we're supposed to be doing, that we're supposed to be getting state money for," said Rodger Stroup, director of the Department of Archives and History.

Each of the antique bills has been drawing 200 hits or more on eBay, and a \$4 note listed on a government surplus sales site called

govdeals.com got more than 500 visitors, Shirley said.

A minimum bid is set on each bill, ranging from \$10 to \$150, he said.

It costs \$2 to \$3 to list each item on eBay, and govdeals.com charges 7.5% of the sale price, he said.

Shirley packs the bills between pieces of cardboard and ships them in bubble wrap envelopes marked "Do not bend." The delivery charge is usually between \$3 and \$5, depending on the amount of insurance, he said.

State law allows the proceeds of the sales to be used only for the preservation, conservation or enhancing of public access to historical documents -- such as buying acid-free storage boxes, and computer equipment for digital archives, Stroup said.

But with a 22 percent cut in its budget since last July, that's something the department would have had to put on hold without its rediscovered cash cow.

The bank notes were stashed in the basement of the Statehouse from the 1880s until the early 1960s, when they were turned over to archives, Stroup said.

"It's been kind of a puzzle to the staff as to what to do with them," he said. "They're not really documents, which is what state archives deals with."

The notes had been redeemed -- at a substantial loss to the owners -- in the 1880s, when the Supreme Court ruled that the defunct state bank couldn't declare bankruptcy, according to Dr. Jack Meyer, a retired University of South Carolina history professor.

These are not Confederate bills but state-issued bills, said Meyer, who is volunteering his efforts at sorting through the cache to prepare bills for sale. Confederate money was worthless after the Confederacy fell, he said.

The federal government didn't issue any paper currency from the end of the Revolutionary War until the Civil War, so many states, in the South as well as the North, printed paper money, Meyer said. But most of it was destroyed when the federal government started circulating greenbacks in 1862.

The cache of South Carolina cash was supposed to have been destroyed as well, according to Stroup, the archives department director.

"Some of them were, but for some reason lots of them were not," he said.

Tennessee State Historian Walter T. Durham said Confederate money circulated in Tennessee during the Civil War had the image of the state's capitol on it, but he doesn't know of any state-issued currency surviving the fall of Nashville in 1862.

Matt Carrothers, a spokesman for the Georgia Secretary of State's Office, which oversees archives, said the Peach State is not selling any state-issued currency.

Since he started working on the project a few weeks ago, Meyer has made it through only one box, which had bills with a face value he estimates at "several hundred thousand dollars." Many of them are 5, 10 and 25-cent bills.

According to Shirley, the online sales manager, the first batch of about 100 notes sold for between \$30 and \$250 apiece. A \$10 note went for \$217, he said. Someone gave \$40 for a 5-cent note, he said.

The state has no specific fundraising goal, Shirley said.

The state isn't auctioning off all its historical money. One set of uncanceled bills is being kept in the Department of Archives and History, one set will go to the state museum and another to the Confederate Relic Room.



And all the sales aren't being done online, either.

"We'll sell some of the more valuable ones in a live auction later," Stroup said.

#### Post and Courier editorializes in favor of stronger payday lending rules

If the state Senate needs an example of why payday lending needs stronger regulations, its members should read Nancy Sineath's letter on this page. It offers evidence of how difficult it can be for consumers to escape from "serial borrowing" once the first loan is made.

A Senate subcommittee approved strong restrictions on the industry. But the bill was substantially weakened by the full banking committee, purportedly in an effort to approve a plan that would be acceptable to the House, which also approved a weak bill.

In this instance, payday lending regulations need a firmer hand from the Senate. Legislators need to resist the intense pressure of lobbyists and listen more closely to consumers like Ms. Sineath.

There's no way of knowing if Ms. Sineath's experience was typical in all of its details. But there is no question that payday lending has created hardship for many consumers. That's why it's been virtually banned in many states.

Here's how the Federal Deposit Insurance Corp. describes the business:

"In return for the small loan — usually less than \$500 — the borrower provides the lender with a check or debit authorization for the amount of the loan plus the finance charge.

"The lender agrees to defer presentment of the check until the customer's next payday. At the next payday, the customer may redeem the check by paying the loan amount plus the finance charge, or the lender may cash the check.

"In some cases, the borrower may extend the loan by paying only the finance charge and writing a new check."

For many, the trouble begins when they start writing new checks to extend, in effect, the loan until the next payday. As Ms. Sineath wrote, "You will, nine times out of 10, have to write another check to catch up on what you now owe in other bills."

Meanwhile, the lender takes a substantial fee each time a loan is issued. In South Carolina, the fee is \$15 per \$100 for the two-week period of the loan. That amounts to almost 400 percent in annualized interest.

The House bill would make a few regulatory improvements. For example, it prohibits multiple payday loans. But it doubles the maximum allowable loan from \$300 to \$600 and it allows 10 loans to be made in sequence before requiring a short break.

As times get tougher in South Carolina, more consumers will likely turn to short-term payday loans to get through what they hope will be short-term difficulties.

The Senate should approve regulations to ensure that payday lending doesn't create problems of its own as consumers get caught up in a vicious cycle of high-rate borrowing.

#### Cap report - Pension funds, school flexibility, snow days

##### QUOTE OF THE WEEK

"I'm tired of it. We've been begging for action to keep (teachers) at work. ... So far, we've gotten no action at all."

— Sen. Vince Sheheen, D-Kershaw, last week during his announcement that he would file legislation that would force Gov. Mark Sanford to tap \$700 million in stimulus aid that would help S.C. schools and law enforcement agencies balance their budgets. Sanford says he won't authorize use of that \$700 million until legislators agree to cut an equal amount of state debt.

#### STAT OF THE WEEK

Revealing numbers about S.C.

\$9.5 billion

The wealth the S.C. Retirement System has lost over the past 12 months — about one-third its value, according to the pension managers reporting on the health of the state's pension system last week.

Tens of thousands of state government retirees depend on the system, which has been hammered by drops in securities and housing over the past two years. But pension managers say the retirement system is still in good health. Gov. Mark Sanford disagrees, saying the pension fund's returns won't be enough to meet growing demand.

#### LAST WEEK

Highlights of Week 12 of the 119th General Assembly

**SCHOOL FLEXIBILITY:** Gov. Mark Sanford signed a bill giving school districts flexibility in moving around pots of money, increasing class sizes and delaying some testing to deal with state budget cuts. The changes apply to the remainder of this school year and next school year.

**SNOW DAYS:** Mark Sanford vetoed legislation that would have exempted school districts from making up snow days this year, saying less time in the classroom is no way to solve budget problems. Sanford rejected two bills this week that would waive the state requirement that schools make up days missed because of extreme weather. Sanford pointed out districts must set aside three days to make up classroom time missed for inclement weather. Sen. Larry Martin said he would normally agree, but this is no ordinary year. He noted kindergarten-12 education has taken \$387 million in cuts since July and could see more reductions if Sanford continues to reject \$700 million in federal stimulus cash that could help plug schools' budget holes over the next two years. "This will ease some of the sting in the budget cuts as we approach the end of the fiscal year," the Pickens Republican said Thursday.

**SANFORD ADS:** South Carolina Gov. Mark Sanford has turned to old allies and a television ad to explain his view that federal stimulus money runs up debt and creates problems. Sanford has gone into campaign mode to explain a position so unpopular that teachers who were worried about losing jobs marched on the State House last week and protesters set up a "Sanfordville" tent city a block from the Governor's Mansion. The Democratic National Committee took out ads last month saying he was playing politics with money that would spare education and health care. He has spoken at colleges, civic groups and editorial boards around the state explaining why he's not about to take \$700 million in federal stimulus cash unless it can be used to reduce state debt — an idea the White House has twice rejected. The \$230,000 Carolinians for Reform Inc., a Charleston nonprofit, is spending on the TV ad extends that to the airwaves.

Tax day "Tea Party" protest planned for Columbia

Protesters will gather at the State House on Wednesday to voice their outrage of President Obama's stimulus plan. The event will be part of a national protest held in cities throughout the country and has been dubbed a "TEA Party," after the Boston Tea Party.

According to the event's Web site, [www.taxdayteaparty.com](http://www.taxdayteaparty.com), "TEA" stands for "Taxed Enough Already." It is being held on April 15, or Tax Day, to protest the taxes that organizers insist will soon be ballooning as a result of Obama's Recovery Act.

"I want everyone to understand that we have a very simple message to bring to this event and we want everyone to be on the same page," wrote Todd Merson, organizer for the Columbia rally, in an e-mail to supporters. "We are against the bailouts, we are against the expansion of government, we are against raising taxes. This is not a Democrat/Republican issue; This is an American issue and we want to welcome everyone with open arms. This is NOT a rally for seceding from the US."

Douglas Lybrand, who is also helping marshal the troops in Columbia, expressed his concern in a similar e-mail.

"While I would agree the government has a role in stimulating the economy out of what has developed into a world-wide recession, our elected officials are spending worse than drunken sailors," he wrote.

"In the news last week, economists expressed that only one sixth of the proposed spending is expected to effectively stimulate the economy. The rest is pure pork, which is expected to become embedded in every future budget. The non-partisan Congressional Budget Office further states these expenditures are expected to hurt the economy in the long run. If you thought the deficit was already high, the proposed federal deficit is expected to double in four years and triple within ten years. That's equivalent to a \$1 trillion dollar deficit per year, for ten years, and beyond."

Lybrand was unable to confirm who would actually be at Wednesday's event, but protesters will meet at 12:30 p.m. in front of the State House, where they hope that a number of politicians, including Gov. Mark Sanford, will speak to the crowd.

Herman James, 58, a retired Air Force munitions maintenance specialist, tried to organize a TEA Party for Sumter's courthouse but said there was simply no interest. James said he couldn't find people to go with him to the event in Columbia, either. He's taking his daughter.

"A lot of these people here voted for Obama and it's hard to get support from people who aren't out of the party," James said. "Even the Republicans that I go to church with, I can't get people to move. Their reaction is that they think the government is going to be fine, that we'll just re-elect a Republican in four more years. But our country is going to be ruined in a few months. We're not in control. And that won't work."

James said he dropped off a flyer at local churches.

"I guess it died in the office because I didn't get any call or support from them," he said. "If our churches aren't fighting to save our nation, nobody's going to. We're just going to hand it over." Despite the lack of interest in Sumter, organizers said they expect hundreds to show up in Columbia.

"I've had about 25 calls from people yesterday and today, from people wanting to know what is going on," said Jim Hendricks, who is helping to organize the event. "It seems like it's going to be a pretty good

crowd."

James said that this is a good thing and he hopes Sumterites will show up.

"I believe in America," he said. "But if you don't stand up and defend it, then where is she going? She's going to Hell."

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Kevin Pazdernik

Work: (803)734-6801

**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]@gov.sc.gov>, Governor Mark Sanford <[REDACTED]>  
**Date:** 4/12/2009 10:08:27 AM  
**Subject:** Text of Storm Related Clips

Text of Storm Clips

Friday's storms took toll in S.C.

The State:

Easter egg hunts should go on as planned today, as the tornado-spawning storms that swept across South Carolina late Friday night are long gone.

Gone, but for many, not forgotten.

The storms contributed to the death of one man, destroyed 27 homes and severely damaged 103 more across the state, according to a preliminary report from the S.C. Emergency Management Division, which coordinated aid to eight counties that suffered storm damage.

The Midlands, which saw winds of 40 miles per hour and about an inch of rain, was spared the worst of the weather.

But the storm knocked out power to an estimated 25,000 customers statewide.

James Adkinson, 63, of Beech Island, died around 11:30 p.m. Friday when a car he was driving struck trees that had fallen over the roadway, Aiken County Coroner Tim Carlton told several media outlets. Adkinson was wearing a seat belt, and the South Carolina Highway Patrol is investigating, Carlton said.

The National Weather Service reported that a tornado moved from Grovetown, Ga., into South Carolina at Ellenton in Aiken County.

The tornado, rated an F3 on the F1 to F5 Fugita scale of intensity with wind speeds between 136 and 165 miles per hour, snapped or uprooted trees near the intersection of U.S. 278 and S.C. 302.

Friday's storms caused the heaviest damage in an arc of counties stretching from Greenville to Allendale, with the Aiken area being the hardest hit.

"While we're still ascertaining the extent of the damage, it's clear that a significant number of South Carolinians have been impacted, from losing their homes in some cases to dealing with other damage, debris, and power loss," Gov. Mark Sanford said in a statement released Saturday. "In these times, it's more important than ever that we do what we can to reach out to neighbors in need, and as many South Carolinians celebrate Easter (today) with their families, this is a reminder of just how important it is to be thankful for what we do have."

As of 6 p.m. Saturday, Duke Power estimated that 3,829 of its customers were still without power.

South Carolina Electric & Gas estimated that 722 customers were without power.

Officials at both energy companies said they expected power to be restored to all customers by mid-day today if not sooner.

The National Weather Service forecast for the Midlands calls for sunny skies with highs near 70.

AP:

At least one death was reported in connection to the spring storm that brought hail, damaging winds and at least one confirmed tornado to South Carolina, officials said Saturday.

James Adkinson, 63, of Beech Island, died around 11:30 p.m. Friday

when a car he was driving struck trees that had fallen over the roadway, Aiken County Coroner Tim Carlton told several media outlets. Adkinson was wearing a seat belt, and the South Carolina Highway Patrol is investigating, Carlton said.

National Weather Service surveyors were dispatched to Aiken County to inspect damage from a confirmed tornado that touched down there Friday night as the storm rumbled through the state. The tornado, with winds of between 136 and 165 mph, uprooted or snapped numerous trees and cut a path half a mile wide from Beech Island to New Ellenton, forecasters said.

With at least 10 counties reporting damage from the storm, state officials said Aiken and three nearby counties - Abbeville, Anderson and Greenwood - bore the brunt of the impact.

Statewide, 20 homes were completely destroyed, with dozens of others suffering major damage, said Derrec Becker, spokesman for the state Emergency Management Division.

One Aiken County resident told the Augusta Chronicle he was in shock as he walked through the wreckage of his auto glass business and nearby mobile home.

"I can't believe it came through like this," said Darrell Miller, who was inside his mobile home with his wife and their three children when the storm hit. "It just started lifting up."

The family escaped by climbing out a door when the structure was thrown on its side and took cover in a ditch until the storm blew over, Miller told the paper.

The high winds also ripped the roof from a First Citizens bank in Aiken, according to Sheriff's Capt. Charles Barranco, who said authorities were coordinating with the Red Cross to open shelters in the area.

"We are still getting calls," Barranco told reporters at a news conference. He said officials were going door-to-door in some neighborhoods checking on residents in areas hardest hit by the storm. The storm also brought hail to many central areas of the state, with pieces as large as one-inch falling in the Barnwell area, National Weather Service meteorologist Kim Campbell said.

The day after the storms, thousands of South Carolina residents woke up without power. Duke Energy reported that about 3,800 of its South Carolina customers were still without power Saturday afternoon, and about 700 South Carolina Electric & Gas Co. customers reported outages.

On Saturday, Gov. Mark Sanford asked the state's residents to keep those affected by the storms in their thoughts.

"While we're still ascertaining the extent of the damage, it's clear that a significant number of South Carolinians have been impacted, from losing their homes in some cases to dealing with other damage, debris, and power loss," Sanford said. "I'd ask every South Carolinian to join me, Jenny and the boys in keeping those impacted by these storms in their thoughts and prayers in the days and weeks ahead."

#### Independent-Mail

Residents in parts of Anderson County and of Franklin County, Ga., were among those left Saturday to try to clean up extensive damage left by spring storms Friday night that included a confirmed tornado. The Anderson County Emergency Services 911 call center related to the storm took 3,000 calls between 7 p.m. Friday and 7 a.m. Saturday, said Anita Donley, a spokeswoman for the emergency services division.

Across the county, 45 homes were damaged, according to estimates as of Saturday afternoon, Donley said.

The National Weather Service has confirmed a tornado with winds of 100-110 mph struck Friday night in the Andersonville Road area in Double Springs, Donley said.

Audrey Krick said Saturday that she still does not know what a tornado sounds like after one — the same one referenced by the weather service — passed over her family's Dry Rock Road lake house.

She was too busy screaming to pay attention.

The Atlanta resident said she, her two sons, Roger and Stephen, and her husband, Roger, huddled in the interior hallway of their home Friday night while the funnel cloud pulled massive trees up by their roots and laid them down like dominoes all around the house.

"It was a blur," she said. "We all ended up in the hallway, huddled together. I heard the roar of the wind, but we were too busy screaming to really pay much attention."

Roger Krick, her husband, said the invisible power of the storm hit with little or no warning.

"The only thing that told me something was coming was the hair standing on the back of my neck," he said Saturday while standing in a tangled mass of pine tree limbs and patio furniture in what was once his family's front yard.

Estimates of the cost to cut up and carry away the platoon of fallen trees in the front yard and backyard were as high as \$12,000, Roger Krick said.

Wanda Kelly, who owns Waldrop's Restaurant and Motel on Andersonville Road with her husband, James, stood in the darkened dining room of her restaurant Saturday taking and receiving phone calls to and from the Federal Emergency Management Agency.

The storm did little damage to the restaurant and motel that Wanda Kelly's parents, Rufus and Rennie Waldrop, opened in 1963.

"We'll be OK," Wanda Kelly said. "We won't let a little thing like a tornado shut us down."

But the home she and her husband own less than a quarter of a mile away from the business was crushed and crumpled under the weight of two enormous trees.

"It sounded just like they say it sounds ... a freight train," Wanda Kelly said Saturday. "My husband and I were in the house, and I could feel the air pressure building up and hear the frame cracking and the windows popping."

Those noises were heard before the fallen trees plunged through the roof, trapping the couple under a mass of limbs and debris.

Following the storm, neighbors helped the couple exit the house through the only openings available, windows.

James Johnson, one of those neighbors, said he, his girlfriend, Bobbie Jo Cantrell, and another person at one point started going house to house in the area — as other groups of people did — to see if they could offer assistance to people stuck in homes.

"People were in trouble, I knew that, and instinct kicked in," Johnson said.

At least one death was reported in South Carolina in connection to the spring storm, officials said Saturday.

James Adkinson, 63, of Beech Island, died around 11:30 p.m. Friday when a car he was driving struck trees that had fallen over the roadway, Aiken County Coroner Tim Carlton told several media outlets.

At least 10 counties reported damage from the storm, state officials said. Aiken and three nearby counties — Abbeville, Anderson and

Greenwood — bore the brunt of the impact.

Statewide, 20 homes were destroyed, with dozens of others suffering major damage, said Derrec Becker, spokesman for the South Carolina Emergency Management Division.

The day after the storms, thousands of South Carolina residents woke up without power. Duke Energy reported that 1,367 Duke customers in Anderson County were without power as of 9:30 p.m. Saturday. About 700 South Carolina Electric & Gas Co. customers reported outages.

The American Red Cross opened two emergency shelters for roughly 140 families in Abbeville and Greenwood counties as a result of the storm, according to Independent-Mail coverage partner WSPA News Channel 7. Service center director Barbara Turnburke said Saturday morning that the shelters will remain open indefinitely, according to the report. In northeast Georgia, Tim Cawthon never expected to be that close to what he said was a tornado that ripped apart one of his chicken houses, destroyed a barn and damaged the roof on his house on Greater Hope Church Road in northern Franklin County.

"When I saw the storm coming, I ran down to the chicken houses to check on the generators because the power went out," Cawthon said. "I came back up to the house to make sure my family was OK then went back down to see to the chickens. When I got in front of the chicken houses I backed up and saw a funnel, and I saw the tin going around and around. The chicken house beside me fell in, so I knew I was in trouble. So I just got down in the truck and just waited it out. It was all over in 15 seconds."

At the same time, his wife, Lisa, and the couple's children were in the house.

"We just got home from getting a pizza when it started to get real bad," Lisa Cawthon said. "The wind started blowing, and it was hailing, so I got the kids and we hid under the stairs. The main thing is everyone is OK."

Most of the damage in Franklin County was in the northern part of the county in the Red Hill community, according to Franklin County Sheriff Stevie Thomas.

Thomas said trees and power lines were down along Ga. 320 near Interstate 85 blocking traffic.

"We had about 3,500 customers without power Friday night at the height of the storm," said Hart Electric Membership Corp. spokesman Keith Brown. "When I left work (Saturday) morning about 8 a.m., there were still several hundred in the Red Hill community without power. Most of those were due to the lines being completely torn out at the house. So all of those will have to be rebuilt."

Despite the heavy wind damage and power outages, there were no reports of injuries in Franklin County, Thomas said.

Aiken Standard:

Deadly storms with wind speeds between 136 and 165 mph ripped through Aiken County on Friday night, leaving a path of devastation and one person dead. Rain, lightning, hail and a tornado had residents from Beech Island to New Ellenton along Highway 278 praying for their lives as several homes were destroyed and nearly all sustained heavy damage. As the remnants of daily life are collected from front yards, emergency crews are working around the clock to ensure the safety of residents, restore power and provide assistance to those in need.

The storm

The calls began pouring into the Aiken County Sheriff's Office around 9:54 p.m. Friday, said Capt. Charles Barranco, a spokesperson for the



agency.

The National Weather Service assessment team surveyed damage on Saturday and reported an EF-3 tornado touched down in Aiken County. The tornado tracked 35 miles from Grovetown, Ga., through Augusta to just east of New Ellenton along Highway 278 with a path a half-mile wide.

"Beech Island to New Ellenton, Petticoat Junction to the Woodcrest area were the hardest hit," Barranco said. "If you don't have to be out in these areas, don't be there."

#### Injuries and fatalities

Weather-related conditions claimed the life of one Beech Island man, marking the eighth fatal crash on Aiken County roadways in 2009. James Adkinson Jr., 63, was pronounced dead at the scene of the single-vehicle accident on Chime Bell Church Road about 1.2 miles from Gray Mare Hollow Road around 11:30 p.m. Friday.

Aiken County Coroner Tim Carlton reported that Adkinson was traveling in poor weather conditions with limited visibility when he inadvertently drove his truck into trees fallen across the roadway. The vehicle was severely damaged, and Adkinson died from multiple body trauma despite having worn his seat belt.

"No greater than 27 people have been sent to Aiken Regional Medical Centers," said David Ruth of Aiken County Emergency Services. Rescue workers canvassed the area going door to door throughout the evening Friday and most of the day Saturday. Barranco said entrapment calls were still coming in Saturday afternoon.

"So many people's houses have been destroyed. We have seen a lot of carnage," said Jeremy Thorne, Jackson Fire Department chief. "We are searching residences and going down every road. There were a lot of wrecks where people were trapped inside."

"We will stay here through the duration, sweeping through homes," said Levi Green of the Silver Bluff Fire Department board of directors.

#### Beech Island

At 110 Shady Rest Road, resident Darrell Miller began sorting through the pile of rubble left after a tornado blew his mobile home from its foundation to the back of the property with him, his wife and three children inside. His business, an auto glass repair shop, was in pieces as no wall from three buildings on the property remained standing. Shoes, clothing, mattresses, televisions, papers, photographs and everything else the family owned was strewn across the ground.

"The wind just picked it (the home) up and blew it until it hit that pole," he said. "I heard like a freight train coming. ... My children were asleep; I tried to get everyone in the living room and laid on the floor. The porch flipped up, and I can still feel the trailer lift up off the ground."

The moments in between were terrifying for the Miller family as they were airborne inside the trailer. Miller laid on top of his children and recalls the couch landing on him.

"We were so scared. I almost thought my littlest one was gone. I was holding one of my children's arms and felt the air try and take him. The other was hugging me," he said. "The main thing I was worried about was living."

After the home was destroyed, the Miller family retreated to an underground cement hole where they remained for more than two hours until a neighbor found them.

"I still can't believe it, my building, my carport, my home ... it

really hasn't sunk in that everything is gone," he said.

A couple of doors down from the Millers along Williston Road, Natalie Crafton experienced her own night of terror. Inside her home, which was rocked a few feet off its foundation, the remnants of the ceiling are scattered from one end to the other as are windows and personal belongings.

"I was sitting in the living room when I heard the wind start blowing. The next thing I knew the house was shaking. I was so scared, I was thrown against the wall and the couch landed on me. I kept trying to walk and it kept throwing me back," she said. "I was calling on the Lord, I know God was with me."

Across the street, beside Kelly's Hilltop Convenience store, Janice Kelly was leaving her son's house in her vehicle when the storm blew in.

"It happened so quick; all of a sudden debris came from everywhere. The trees started falling, and I was trapped in my truck," said Kelly, who made it to the end of the driveway. "I couldn't unlock the doors or get the window down; my son came running out and broke my window out. All I could do was call on Jesus."

Just a few doors down, remains of a mobile home could be seen blown into the tree line, and Karl Nicholas Williamson was surveying the damage with a newly broken arm.

"I had just come out on the porch and they (family who lives next door) were yelling. I was closing the door to make sure everything was OK. I felt my arm pull and when I looked around behind me, it had snatched my trailer," said Williamson, who moved to Beech Island a few weeks ago to be near his sister and other family. "They don't have to give me no help; I want a plane ticket the hell out of here. I'm going back to Jersey."

Williamson was taken to the hospital, where he was treated and released with a broken arm.

The Silver Bluff Fire Department on Williston Road was leveled. Little of the structure remains, and the trucks sustained heavy damage. On Saturday, County emergency workers pulled up a seat on concrete blocks that once stood as the walls of the facility to take short breaks.

Fortunately, no one was inside the building when the storm hit; however, several firefighters were en route to the station and had to be rescued as trees fell, blocking roads and making it impossible to reach their destination.

"We are still providing services, and I want to remind everyone to please stay inside and off the highways until we can bring the situation under control," said Kerry Green, Silver Bluff Fire Department chief.

#### New Ellenton

New Ellenton experienced extensive damage from the storm, including harm to the middle school and a church.

Dozens of trees were felled at New Ellenton Middle School, including a 24-inch in diameter tree that fell on the roof near the front office.

An HVAC unit was lifted off the roof and tossed into the driveway.

"The tree will be real problematic," Deputy Superintendent David Caver said. "We have to be concerned with the integrity of the roof. It looks like the damage is mostly on the top, which is the tin part of the roofing system. I don't know whether we can patch it, and that's going to be a critical problem, whether or not to redo it."

Caver said the most pressing concern was restoring power. The loss of power also impacts Greendale Elementary School and Silver Bluff High

School.

Caver said no decision had been made as to whether the school would be open Monday but expected to have a decision by Sunday afternoon. If power is not restored, all three schools could be prevented from opening Monday. If the power is restored but district administrators decide not to open the middle school Monday, Caver isn't sure about options for those students.

"We'll just have to see," he said. "We don't have a whole lot of room at Greendale for 200 more kids."

Information will be posted on the Aiken Standard website when it becomes available.

The ball field behind the school also suffered extensive damage, leveling the concrete block concession area and knocking down the scoreboard.

Across the street, Corinth Baptist Church members - along with other community members - were picking up the pieces. The storm ripped off the front of the church's roof, destroying the sound room and soaking most of the sanctuary.

Behind the church, debris littered the ball field and cemetery, with pink insulation from the church roof plastered along chain-link fences and trees several hundred yards behind the church.

"We are so devastated and just taking one day at a time," said Kirby Bunton, visitation minister at Corinth Baptist Church.

Bunton will lead a sunrise service today at 7 a.m. in the new building's parking lot. A 10:30 a.m. service will be in the old sanctuary.

"We are celebrating the resurrection of our Lord," Bunton said.

Dennis Miller suffered extensive damage at his Chime Bell Church Road home. Miller said his wife heard the distinctive train sound associated with tornadoes, and he knew what was coming.

"She heard that train. I said, 'It's here.'"

Miller said the storm lasted about 20 seconds. However, in that short time, Miller saw his roof ripped off, much of his home torn away, his carport destroyed and two vehicles damaged.

#### Disaster relief

The American Red Cross has been on the scene with volunteers since early Saturday. An emergency shelter has been established at Jackson Middle School, 8217 Atomic Road, to assist those impacted by the storm. The shelter offers meals and housing to anyone who has been displaced.

"We are here to help people whose lives have been shattered," said Suzanne Jackson, executive director of the Aiken County American Red Cross chapter. "When you need to come together, this community comes together. I feel like our volunteers have once again come up to the plate, and even with it being Easter weekend, they were out at the crack of dawn. We couldn't have done it without the collaboration of our partners and the community."

#### Statewide

The South Carolina Emergency Management Division (SCEMD) is assisting several counties that were affected by severe weather. At least 10 counties have reported damage and power outages with the most significant damage reported in Abbeville, Aiken, Anderson and Greenwood counties.

SCEMD reported 20 homes have been destroyed, 63 homes sustained major damages and six homes report minor damage. Damage assessments are ongoing in the affected counties.

#### Index Journal

Greenwood and Abbeville counties spent much of Saturday assessing and sorting through the damage caused by a severe storm that brought destruction to the Lakelands on Friday night.

The state Emergency Management Division had 10 counties reporting damage from the storm, with the most severe being concentrated in Abbeville, Aiken, Anderson and Greenwood counties.

Though pockets of severe damage were reported throughout the Lakelands, Abbeville appears to have caught the brunt of the storm. At midday Saturday, County manager Scott Moulder reported at least 43 homes were destroyed, eight had serious damage and 32 had minor damage.

Five businesses or churches were extensively damaged or destroyed, he said.

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Kevin Pazdernik

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**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]@gov.sc.gov>, Barton Swaim <bswaim@gov.sc.gov>, Ben Fox <bfox@gov.sc.gov>, First Lady Jenny Sanford <[REDACTED]>, Governor Mark Sanford <[REDACTED]>, Joel Sawyer <jsawyer@gov.sc.gov>, Scott English <senglish@gov.sc.gov>, Tim Pearson <tpearson@gov.sc.gov>  
**Date:** 4/12/2009 10:08:07 AM  
**Subject:** Sunday Clips - April 12, 2009

Sunday Clips - April 12, 2009

Happy Easter to all!  
 FYI a section of clips related to Friday's storms is at the bottom.

Sanford: Looking for five friends in the Senate  
<http://www.thestate.com/local/story/746886.html>

Stimulus front and center as Lawmakers approach finish line  
[http://www.charleston.net/news/2009/apr/12/lawmakers\\_approach\\_finish\\_line78405/](http://www.charleston.net/news/2009/apr/12/lawmakers_approach_finish_line78405/)

Rep. Joseph Neal pens op-ed slamming governor over stimulus  
<http://www.thestate.com/editorial-columns/story/747224.html>

Aiken Standard guest op-ed supports Sanford on stimulus  
<http://www.aikenstandard.com/Editorial/beckum-letter2009-04-11T21-33-02>

Dillon teen's words trouble some  
[http://www.charleston.net/news/2009/apr/12/dillon\\_teens\\_words\\_trouble\\_some78368/](http://www.charleston.net/news/2009/apr/12/dillon_teens_words_trouble_some78368/)

Florence Morning News editorializes in favor of cigarette tax hike  
[http://www.scnow.com/scp/news/opinion/editorials/article/legislature\\_tries\\_to\\_get\\_veto\\_proof\\_margin\\_to\\_raise/43718/](http://www.scnow.com/scp/news/opinion/editorials/article/legislature_tries_to_get_veto_proof_margin_to_raise/43718/)

State auctions Civil War-era money  
<http://www.greenvilleonline.com/article/20090412/NEWS01/904120317>

Post and Courier editorializes in favor of stronger payday lending rules  
[http://www.charleston.net/news/2009/apr/12/tighten\\_payday\\_lending\\_rules78395/](http://www.charleston.net/news/2009/apr/12/tighten_payday_lending_rules78395/)

Cap report - Pension funds, school flexibility, snow days  
<http://www.thestate.com/local/story/746885.html>

Tax day "Tea Party" protest planned for Columbia  
<http://www.theitem.com/article/20090412/ITNEWS01/704129952/-1/>

Bright students turn to state schools in tough times  
<http://www.greenvilleonline.com/article/20090412/NEWS01/904120319>

President of University Center addresses "myths" of higher education  
<http://www.greenvilleonline.com/article/20090412/OPINION/904120327/1008>

Sen. Pinckney pens op-ed supporting regional campuses  
<http://www.islandpacket.com/opinion/localvoices/story/810798.html>

Island Packet/Beaufort Gazette editorial calls for new tactics to fix

targeted schools

<http://www.islandpacket.com/opinion/story/810852.html>

Herald-Journal op-eds look at changing state gambling laws

<http://www.goupstate.com/article/20090412/NEWS/904109951/1132/OPINION?Title=SC-gambling-laws-Let-s-use-common-sense-fix-1802-law>

(Pro)

<http://www.goupstate.com/article/20090412/NEWS/904109946/1132/OPINION?Title=SC-gambling-laws-Hidden-agenda-is-motive-for-legislation>

(Con)

Clyburn's profile has risen with Obama's

<http://www.thestate.com/local/story/746878.html>

York County could lose state funding

<http://www.heraldonline.com/109/story/1262355.html>

Officials: It's time to review speeding penalties

<http://www.heraldonline.com/109/story/1262439.html>

Differing views in GOP on voting rights case

<http://www.thestate.com/statewire/story/747390.html>

Clemson mens soccer coach arrested for assault

<http://www.independentmail.com/news/2009/apr/11/clemson-mens-soccer-coach-arrested-assault-and-bat/>

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Friday's storms took toll in S.C.

<http://www.thestate.com/local/story/746887.html>

<http://www.goupstate.com/article/20090411/APN/904110850> (AP)

<http://www.independentmail.com/news/2009/apr/11/wicked-weather-tornado-among-spring-storms-mayhem/>

<http://www.aikenstandard.com/Local/0412Tornado>

<http://www.indexjournal.com/articles/2009/04/12/news/a0412%20storm.txt>

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**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]@gov.sc.gov>, Governor Mark Sanford <[REDACTED]>  
**Date:** 4/11/2009 9:33:01 AM  
**Subject:** Summary and Text of Clips - April 11, 2009

Summary and Text of Clips - April 11, 2009

Summary:

Island Packet/Beaufort Gazette editorial slams Senate for "chaos budget" calls for responsible budgeting  
 Wall Street Journal letters to the editor (including Mallory Factor) support Sanford's stimulus stance  
 Times and Democrat editorializes in favor of Clyburn move to bypass Gov on stimulus  
 Energy stimulus funds update utilities at upstate schools  
 District tries to create alternative education that works  
 Greenville News editorial calls growth in charter schools a positive for the state  
 State/local officials trying to determine what to do with federal stimulus money  
 S.C. landfills contaminate groundwater  
 Two gubernatorial hopefuls report \$1 million for race

Text of Clips:

Island Packet/Beaufort Gazette editorial slams Senate for "chaos budget" calls for responsible budgeting

Political posturing over the federal stimulus money must stop. It's time for state senators to draft a budget based on the money they know they have. Right now, that doesn't include the \$350 million for education and law enforcement under Gov. Mark Sanford's control. Sanford, for his part, has to accept that he can't use stimulus money intended to stabilize budgets to pay down debt.

This year's budget process is highly unusual because Sanford has a substantive role to play. The federal stimulus package has placed \$700 million over the next two years under his control. He must apply for the grants, and he will determine how the money is allocated. Lawmakers used to making quick work of overturning Sanford's budget vetoes must face that fact. Legislation ordering him to appropriate the stimulus money only leads us to court, not to a fiscally sound budget.

State Sen. Tom Davis of Beaufort is pushing for everyone to do their jobs. Lawmakers should do the best they can writing a budget with the money they have. The budget shouldn't include laying off thousands of teachers to make political points, and it should include federal stimulus money we know we do have (about \$578 million to date). (It should be noted that nearly all of the \$8 billion in stimulus money for South Carolina is coming. Only \$700 million over the next two years is in doubt.)

But Sanford shouldn't leave that \$700 million sitting on the table. He should figure out how to use the money, following federal requirements and his own political principles. Sanford lost on the question of using stimulus money to pay down the state's debt, but that doesn't mean he's wrong about the need to refrain from spending money today in a way that could add to that debt in the future.

If lawmakers have a hope of moving Sanford to use the \$700 million, they will have to do their part by coming up with a budget that recognizes our economic realities. While many people don't want to see money intended for South Carolina -- money we will have to pay back -- go elsewhere, they also don't want to see state legislators spend one-time money as if it's always going to be there. That's a bad habit we've suffered from many times over.

Davis, Sanford's former chief of staff, has some advice his fellow lawmakers would do well to heed: "I may be a freshman senator, but I worked with this governor for six years, and I understand his common-sense approach to government. And if our senior legislators want to resolve their impasse with the governor over the \$700 million, then my advice is that they take him up on his offer to help find ways to fund critical programs, cut lesser ones, address outstanding liabilities and reduce debt.

"If the legislature does that, then it could go to Gov. Sanford and say, 'We passed a budget that pays for recurring items with recurring revenues. We did not rely upon one-time budget stabilization funds. We made the cuts you suggested. We did what we could to pay down debt. We worked with you in good faith.'"

But there must be good faith, and that extends to Gov. Sanford. He must hold up his end of the bargain and make good use of \$700 million intended for the people of South Carolina. Continuing power plays between the two branches of government does none of us any good.

We don't pretend to know the line-item answers to this dilemma, but we do know whose job it is to figure it out.

To Sanford and lawmakers, we say: Accept the hands you've been dealt and get to work.

Wall Street Journal letters to the editor (including Mallory Factor) support Sanford's stimulus stance

Under normal circumstances, it might be considered quite the compliment to be compared to such luminaries as Washington, Jefferson, and Adams, but columnist Thomas Frank has apparently elected to wield the term "Eighteenth-Century Man" (Tilting Yard, April 8) as some sort of insult, at least whence he hurls it toward South Carolina Gov. Mark Sanford.

Mark Sanford is precisely the type of man this country, particularly in these trying economic times, needs to hear from more.

It is fairly amazing that we've come to a point where the idea of paying down debt is considered so outlandish that Mark Sanford's request to use a portion of the stimulus dollars headed to South Carolina to do just that has created such a firestorm. Mr. Frank goes so far as to call it a "moral pose" that Gov. Sanford is taking to the detriment of our citizens. But he's missing the point, by a significant margin, on two different fronts.

Our state is in a tremendous hole when it comes to debt, a hole that if left unfilled will beget consequences for South Carolinians far worse than anything we're seeing today. South Carolina is first in the Southeast in terms of per capita debt. We're fourth in the nation when it comes to percentage of tax revenue spent on debt service. Our pension plan is in the bottom 15% of plans nationwide in terms of unfunded liabilities. When these bills come due, our state is looking at massive benefit cuts and massive tax hikes.

Mr. Frank and others so supportive of our president's unprecedented



spending are ignoring the age-old idea embraced by those very 18th-century men to whom we owe the founding of this nation: of paying for what you purchase. This year the federal deficit is slated to hit 12% of gross domestic product, a number we haven't come close to since World War II. Worse, our national debt is at almost 100% of GDP -- and that's not including the massive liabilities that are Social Security, Medicare and Medicaid. If we continue to listen to folks like Mr. Frank, instead of folks like, say, Mark Sanford, we are going to hand our children a bankrupt America.

Thomas Frank's column is a fairly transparent exercise in political demagoguery: He doesn't agree with what Gov. Sanford is doing, which is of course his right. But instead of arguing against that with which he disagrees on its merits he's pulled out a few anecdotes and a few positions and presented them in a light intended to undermine Mr. Sanford's credibility as a whole. Those type of tactics may play well in the quick-hit, scorn-filled arena that is the 21st-century ideological Left. But personally, I'd prefer the reasoned, honest and thoughtful approach of South Carolina's 18th-century man, Mark Sanford.

Mallory Factor, Charleston, S.C.

It seems disingenuous for Mr. Frank to do his hit-piece on Gov. Sanford without mentioning the reason he rejects the stimulus money: the fact that it comes with unfunded mandates that will require additional state revenues (read "tax-increases") after the initial funds are spent.

I'm not saying I agree or disagree with your characterization of Mr. Sanford, just that he deserves better disclosure from you on this point.

Alan Sechrest, Mission Viejo, Calif.

For those who disagree with the Obama administration's path, Gov. Sanford is one of the only officeholders I've seen who actually walks the walk. If the people really want government control, liberals have nothing to fear in Gov. Sanford.

Scott D. Horsburgh, CFA, Bloomfield, Mich.

Times and Democrat editorializes in favor of Clyburn move to bypass Gov on stimulus

Gov. Mark Sanford may be on the national stage with his stand against accepting federal stimulus dollars, but all the speculation about the governor making a stand based on presidential aspirations in 2012 fail to recognize the consistency of the state's chief executive.

From his days as a congressman in the 1990s, when he was known for sleeping in his office as a way of illustrating how government can save money, to carrying pigs into the Statehouse to protest "pork-barrel spending," Sanford has maintained conservative principles on the government use of taxpayer money.

The two-term governor has had numerous clashes with the Legislature, which is dominated by Republicans, over spending. Every year he vetoes large chunks of the budget only to be overridden by his own party's majority with the help of Democratic lawmakers. He's called for the closing of college campuses because South Carolina has too many. He's vetoed a cigarette tax increase because lawmakers won't use the money to cut income taxes.

This, however, is the highest profile battle of them all.

About \$2.8 billion in federal stimulus money is intended for South Carolina over the next two years. Sanford has said he'll take nearly all of that, but not the \$700 million set aside to spare schools and colleges from budget cuts and layoffs. He has more control over that money than the other cash and wants it used in some way to offset state debt — a plan twice rejected by the White House.

Although Sanford is getting criticism from legislative leaders in his own party who say the money is essential, it is the opposition of U.S. House Majority Whip James Clyburn, D-S.C., that could have the most impact.

While Sanford can make headlines, Clyburn can engineer legislation. He thought he already had plotted a course to bypass the governor, authoring an amendment that would give the Legislature power to accept the stimulus money should the governor fail to act. Constitutional questions surround the provision -- but lawmakers have been urged to go back to the drawing board and take action that will stand any legal test. They say it can be done.

And look for Clyburn to do just that.

Speaking at The Citadel on Monday, he said he is working with federal Education Secretary Arne Duncan and lawmakers to try to get around Sanford's opposition. He would not comment to The Associated Press on his strategy, but promised to have legislation in place by a June deadline.

"I do not plan for a single dime that should be going to the people of South Carolina to go to North Carolina or Georgia or any other state," he vowed.

And he chastised Sanford for his stand: "He is saying to children in these schools that need to be fixed, that I am so concerned you are going to have to pay this back 25 years down the road that I'm going to deny you a solid education that will prepare you to pay it back.

You tell me how that makes sense?"

Sanford vs. Clyburn: The congressman may yet have the final say, and ironically with the support of Sanford's fellow Republicans.

#### Energy stimulus funds update utilities at upstate schools

School districts in Spartanburg, Cherokee and Union counties stand to receive a combined \$1.6 million in federal stimulus funds earmarked for improvements to building energy and lighting systems.

The State Budget and Control Board announced Thursday that South Carolina's 85 school districts will share \$20.3 million in stimulus grants and loans, which is nearly half of the stimulus funding being distributed by the state Energy Office to help pay for energy conservation efforts. The rest will go to higher-education institutions, local governments and state agencies.

Districts identified as large energy users were given top priority, as were projects ready for immediate implementation. Possible projects could include retrofitting energy-efficient lighting, heating/air conditioning systems and energy management systems.

"These grants and loans will go directly toward cutting the utility bills that taxpayers fund at each of these public facilities," Energy Office Director John Clark said in a news release. "This program will have a very positive impact for both public budgets and the environment. The economic impact will also be significant because most funds will be used to buy goods and services in the private sector."

Locally, Cherokee County schools could receive the most funding, with a total allocation of about \$273,000. Spartanburg District 4 will receive the least of the local districts, with just under \$94,000. Spartanburg District 7, which stands to receive about \$264,000, will most likely use any funds received on energy upgrades. Bruce Whelchel, assistant superintendent for finance and operations, said district leaders will meet Tuesday to discuss the stimulus funds.

"We do have some older chillers and boilers in some of our schools that can be replaced to be much more energy efficient," Whelchel said. Energy management systems and gymnasium lighting are other options. District 6's share of about \$259,000 probably will go toward Fairforest Middle School, which soon will get a new addition.

"As a building built in the '50s, it'll be a big help to improve the overall facility there," said Greg Cantrell, assistant superintendent for operations. Improvements could include lighting, HVAC, kitchen, window and water fixture upgrades.

To obtain funding, entities must apply with the state Energy Office. Applications and guidelines will be available by the end of this month.

District tries to create alternative education that works

Beaufort County high schools might offer night classes next year for persistently disruptive students and those who have failed in traditional classrooms.

Middle school principals across the school district also are developing plans to offer on-site alternative education programs to replace Right Choices, which will close at the end of the school year. Right Choices -- a school on Mink Point Boulevard in Beaufort for students countywide with behavior problems -- does not meet students' academic needs nor has it succeeded in modifying disruptive behavior, according to a report from a committee formed to evaluate the county's alternative education programs.

Developing programs at the district's middle and high schools would be a better solution, several county principals say.

#### A FAILING PROGRAM

Dan Durbin, principal of Beaufort High School, headed a committee of administrators that spent about six months researching alternative education services in other school districts and evaluating programs in Beaufort County.

Right Choices, the district's primary alternative education program, serves about 200 middle and high school students each year from across the county, said Cynthia Hayes, district student services officer.

Students typically are assigned to the program for infractions such as weapons violations, drug possession, arson, assault or gang activity.

Students attend Right Choices for different lengths of time -- from one week to several months -- based on the severity of their problems. Teachers from students' home schools send weekly assignments to be completed at Right Choices, which are then returned to the home school. Students also work with behavior specialists.

The goal of the program is to send students back to their home schools with better attitudes and behavior, according to the program's Web site. Right Choices has undergone several changes -- including to its name -- during the past several years.

But Right Choices is not meeting its goal, according to Durbin's committee. The program does not improve academic performance, reduce discipline

issues or raise the graduation rate, the committee concluded after evaluating attendance rates, discipline referrals, graduation rates and student scores on state-mandated tests.

A survey of principals showed major problems with the school's academics. Obtaining student assignments from teachers is difficult, and assignments are often lost between schools, according to the report.

"In many cases, students did not effectively assimilate back into courses at the home school," the report says.

Chloe Gordon, director of Right Choices, could not be reached this week after several calls were made to her office.

#### A BETTER SOLUTION?

Beaufort High School has piloted on-campus alternative programs for about three years, which high school principals say would better serve students.

"We've been trying things ... to keep more kids in school and provide for their needs in different ways," Durbin said. "There are some kids who just can't go from one class to the next and make it there."

Beaufort High offers three alternative programs that serve a total of about 75 students, according to the report. Two day-programs are offered, one for freshmen who are academically unprepared for high school and another for sophomores who have not passed their first-year math and English classes.

A night school, with a flexible, self-paced curriculum, is offered for juniors and seniors and serves those who are over-age for their grade level or might otherwise drop out because they need to work during the day.

Durbin said he'd like to develop a second night school at Beaufort High for students with behavior problems.

Principals at Battery Creek, Bluffton and Hilton Head Island high schools also said they would propose a night school to replace Right Choices.

Bluffton principal Bob Anderson said one night school probably would serve students from both Bluffton and Hilton Head, though he's not sure where it would be located.

Keeping students on campus allows principals to hold teachers and students more accountable, said Amanda O'Nan, principal at Hilton Head High School.

"If they're in my building, I'm responsible for their achievement and I'm responsible for their graduation," she said. "I can have direct supervision of that student."

#### WHAT'S NEXT?

Although principals already have begun submitting plans for on-site programs, Hayes said no plans are final. She expects to present a districtwide proposal to the Board of Education in the next several weeks.

Two middle schools, one in the southern part of the county and another in the north, might offer on-site alternative education programs, probably during the day. Hayes said she's not sure which schools will house the programs.

An off-site location still will be available for persistent or violent offenders, but Hayes said she does not know where that program will be housed.

No budget has been developed yet for the changes to alternative programming, but Durbin said the only significant costs for night school are for personnel, because the schools are already equipped

with necessary supplies and technology.

Teachers or behavior management specialists now at Right Choices could transfer to the on-site programs, he suggested.

Greenville News editorial calls growth in charter schools a positive for the state

South Carolina is at the forefront of an important public-school reform: Web-based schooling. Three online charter schools — called virtual schools or cyber schools — not only filled up for their first year of classes last fall but garnered waiting lists.

Two more virtual charter schools are expected to open in August. Total student enrollment in virtual charter schools will expand from about 2,350 now to about 5,000 in August.

Virtual charter school education — a public education program allowing students to take classes at home — could be another meaningful alternative to traditional public schools, offering greater educational opportunity for South Carolina's young people.

These schools, of course, should continue to be closely monitored and held accountable for academic results and taxpayer dollars. Advocates say that although students take classes at home, they must adhere to strict attendance and testing requirements.

At best, virtual education offers a departure from a one-size-fits-all approach to public education. The South Carolina Virtual Charter School, for instance, allows students to progress at their own pace. Provost, one of the new virtual charter schools planned for August, will be a high school with a math and science emphasis, according to Timothy Daniels, superintendent of the S.C. Public Charter School District. Calvert, the other virtual charter school opening in August, offers a well-established curriculum often used by home-schooled students, said Daniels.

Teachers use an electronic classroom program, e-mail and face-to-face meetings to keep in touch with students and parents. The programs include group outings such as trips to museums. Certified teachers work from home, often in the same geographic area as their students. Virtual schools appeal to many typical students but also those facing a variety of individual needs or personal challenges, particularly those who have medical conditions. Some parents are turning to virtual charter schools for their children if they have concerns about student discipline or academic quality in traditional public schools.

Virtual charter schools are part of the growing charter-school movement in the state, which Daniels terms "a charter school renaissance." Last year, only about 5,400 students attended charter schools. This year, about 8,500 students attend 38 charter schools. Daniels says 13,000 students may be attending charter schools by fall. The recent charter school growth has been spurred by strong support from both state lawmakers and state Education Superintendent Jim Rex. Charter schools are public schools but are exempt from many requirements traditional public schools must observe. Often the schools offer a specialized curriculum — for instance, a concentration in technology or the arts, or a focus on global awareness. Others may be aimed at at-risk students. Charter schools enhance educational opportunity in the state by offering more choices for students and parents while also providing a bit of healthy competition to traditional public schools.

Charter schools aim at increasing educational choices — particularly

by appealing to a student's specific learning needs. The growth of these innovative schools should be seen as a very positive development for our state.

State/local officials trying to determine what to do with federal stimulus money

While tea parties and tent cities have highlighted the struggle between Gov. Mark Sanford and the Legislature over a portion of federal stimulus dollars, state and local officials have been crunching numbers, evaluating projects and generally trying to figure out what to do with the rest of the money.

South Carolina is set to receive an estimated \$8 billion from the American Recovery and Reinvestment Act - most going directly to individuals or local agencies through tax breaks or other incentives. Of that, about \$2.8 billion is coming directly to the state, and about a quarter of that - just under \$700 million - is what Sanford has some control over. The governor took his fight to the next level Thursday with a television ad.

Meanwhile, the Comptroller General's office has launched a Web site to track stimulus funds: <http://stimulus.sc.gov>. Spokesman R.J. Shealy said he gets up each morning, searches federal Web sites for news releases that indicate a dollar amount directed at South Carolina and then "hopes" for a specific breakdown of where that money will go. "Transparency and accountability were an afterthought with this," Shealy said. "...But we will have our arms around it."

So far, stimulus dollars expected to reach Spartanburg, Cherokee and Union counties have been identified in transportation, public housing, health care and in the form of energy efficiency and conservation grants.

"It is very challenging to figure out the means by which to apply for the money, what money is available for what projects," Spartanburg County Administrator Glenn Breed said. "It's something we're struggling with. But we're focusing right now on transportation dollars."

An estimated \$463 million from the stimulus will be distributed statewide. The money has been divided into categories, and local entities have more say over how certain pots will be used than others. About \$6.3 million has already been approved to resurface 16 roads in Spartanburg, according to the Department of Transportation. Cherokee County should see about \$2.1 million to resurface portions of five roads, while Union can expect about \$2.2 million for two roads.

About \$7 million has been set aside for I-26 maintenance in Spartanburg County - plus another \$990,000 from a different pot for pavement markings on the interstate.

Other projects include adding turning lanes on Highway 292 in Spartanburg County (\$1.5 million), flattening a curve on Highway 105 in Cherokee County (\$1 million) and an unspecified project at the intersection of highways 9 and 114 in Union County (\$1 million).

The Spartanburg Area Transportation Study meets Monday to finalize what projects it would like added to the list.

Those include intersection improvements on highways 9 and 292 in Boiling Springs, and widening Highway 9 from above Highway 292 to Sugar Ridge Road (\$6 million); three signal synchronization projects in the city of Spartanburg - along Highway 29, downtown and on Pine Street (together, about \$2.3 million); about \$1 million each for city and county public transit, partly for new vehicles; and an

undetermined amount on resurfacing projects not already targeted by the state.

Those project have to be under construction within a year, Transportation Planner Jim D'Amato said.

It's indicative of the "shovel-ready" requirement that's excluded other projects on the state and local levels.

In the end, Spartanburg County should see up to \$14 million in stimulus funds for transportation projects from the pot it has some say over, Assistant County Administrator Chris Story said.

"To get a full picture of how local institutions might benefit from it, it's impossible to do right now," Story said.

Under the Recovery and Reinvestment Act, the city of Spartanburg can receive up to \$192,900 and the county about \$2.2 million in energy efficiency and conservation grants.

Those numbers, formula driven, come with a 30-page document that tells governing bodies on what they can spend the money - from methane recovery projects to private sector incentives.

The city and county have until June 25 to submit a list of projects to the U.S. Department of Energy that meet the criteria.

Other systems for disbursing money - to law enforcement agencies or schools, for instance - likely will receive more attention soon.

In February, the Herald-Journal reported the Spartanburg Housing Authority will receive about \$2.4 million under the stimulus for large projects. Other area housing authorities receiving money are Greer (about \$364,000), Gaffney (about \$598,000), Union (\$651,000) and Woodruff (\$201,000).

The ReGenesis Community Health Care Center has been awarded about \$194,000 through a stimulus grant under the Department of Health and Human Services. At press time, it was unclear what conditions, if any, comes with that money.

#### S.C. landfills contaminate groundwater

Both of Richland County's commercial landfills have polluted groundwater near communities that depend on private wells for drinking water, state records show.

The groundwater contamination occurred years ago and has not spread off the site of at least one of the landfills, the one on Screaming Eagle Road, say state regulators and a disposal site operator. It is unknown whether contamination from the other disposal site, the Northeast Landfill, has left the property's boundary.

But one lawmaker says there is no guarantee the contamination won't become a problem — and that drinking water in communities near landfills needs to be protected.

Sen. John Scott, D-Richland, said he's considering legislation to require landfill owners or local governments to make water lines available within five miles of the state's disposal sites. Landfill operators — some seeking state permission to expand — should bear some of the responsibility of protecting water, he said.

"Every landfill in this state should, in fact, have water available to the people in that area," Scott said. "The bottom line is the same everywhere. With groundwater, you can't uncontaminate it after you pollute it."

About one-third of South Carolina's 18 garbage landfills are located in areas without public water systems, according to the state Department of Health and Environmental Control.

All told, landfills across South Carolina — from nuclear waste dumps to disposal sites on military bases — have polluted the groundwater in 125 places, according to DHEC's 2008 groundwater contamination inventory.

Those sites include the Screaming Eagle Road landfill, operated by Waste Management, and Republic Services' Northeast Landfill. The communities around those landfills don't have public water service. DHEC spokesman Thom Berry said the contamination is being cleaned up and pollution levels are dropping at both sites.

Waste Management's Zane Ferris said pollution control systems are operating as expected at the Screaming Eagle landfill. Ferris also noted that groundwater is not flowing toward homes on Screaming Eagle Road. Attempts to reach Republic Services officials for comment were unsuccessful.

#### A REQUEST TO EXPAND

Waste Management is awaiting DHEC's permission to expand the Screaming Eagle landfill. A public meeting is planned next week in Richland County.

Susan Lord, who runs a horse farm and stable on Screaming Eagle Road, said she is not interested in tapping a public water line to her horse farm because well water is cheaper. But she does worry about the landfill and thinks companies like Waste Management should pay to test her well to make sure it is clean. If pollution is found, the company should have to drill her a new well, she said.

Her stable is less than two miles from the landfill and even closer to a construction dump.

"Of course it's a concern. We would probably not be able to smell or taste" contaminants, Lord said. "Who wants to be drinking polluted water?"

Ferris said his company would help neighbors near the landfill, either by putting some money toward public water lines or in other ways.

"We would entertain the idea and participate at a certain level," he said. "We would work and assist the community in its needs."

Running water lines to the Screaming Eagle landfill would cost at least \$2 million — likely more — city of Columbia utilities director John Dooley estimated. It would cost another \$5 million or more to run lines to the Northeast Landfill, at Leesburg Road and U.S. 601, Dooley estimated.

Columbia officials are hesitant to run lines in rural, sparsely populated areas because of the up-front expense — and because they are costly to maintain. What's more, extending lines into the country can create development corridors that encourage sprawl, conservationists say.

Still, others say it only makes sense to serve vulnerable areas with public drinking water.

Sen. Yancey McGill, D-Williamsburg, for example, said he likes Scott's idea. In addition to the Richland landfills, records show an aging dump in Williamsburg County — McGill's home county — has tainted groundwater. So has a nuclear waste dump in Barnwell County that is uphill from a small community that relies on wells.

#### A FOCUS ON LANDFILLS

Landfills are the focus of intense scrutiny in South Carolina. While some need replacing, DHEC has approved far more capacity than South Carolina needs for its own garbage. That has led to a rise in out-of-state garbage flowing into some S.C. landfills.

Many people complain the landfills are unsightly trash mountains that



threaten groundwater and smell bad, causing their land values to drop. A bill in the state Legislature would impose a ban of up to two years on most new and expanded landfills until state regulations can be tightened.

The Screaming Eagle expansion would not be affected because it is close to approval.

Most groundwater pollution at landfills comes from leaks that occurred before modern disposal practices were required, DHEC's Berry said in an e-mail.

Garbage landfills now must have synthetic liners and systems to collect water that gets into the garbage and becomes contaminated, he said. He said the agency knows of no example where leaking pollutants have spread off the site of a modern landfill since the early 1990s.

"These kind of problems are the reason that current requirements for landfill design and monitoring came into being about 20 years ago," Berry said. "Since implementing the current requirements ... we have not seen the problems with groundwater contamination inherent to older landfills."

But even landfills with plastic liners are subject to punctures and tears, said Scott and Gary Poliakoff, a Spartanburg lawyer who has represented citizens for years on landfill cases before DHEC. Heavy equipment used in the landfill operation can rip a liner, they said.

"When you are running heavy equipment across this, you are subject to creating a tear," Scott said. "Even some of the things you bring into the landfill could cause a small tear, which could end up being a big tear."

DHEC did not provide The State newspaper with details of the types of pollution from landfills in Williamsburg or Richland counties. But agency records show the contaminants at both the Screaming Eagle Road and Northeast landfills are volatile organic compounds.

This class of toxic substances burns off easily when released to the air, but can be a problem in groundwater. These compounds, commonly called "VOCs," can include cancer-causing benzene.

Berry said in a written statement that the landfill pollution in Williamsburg and Richland counties occurred in older, unlined parts of disposal sites. Cleanup work is reducing groundwater contamination, he said. The source of the contamination is landfill gas, he said.

Meanwhile, Scott said he met recently with representatives of Waste Management to discuss the water issue.

The company's expansion plan for Screaming Eagle would increase the disposal area from about 123 acres to 256 acres. The landfill is about 120-160 feet tall. Records show it has capacity to allow more waste there than all but four other landfills in South Carolina.

Two gubernatorial hopefuls report \$1 million for race

Two potential competitors for the Republican nomination for governor -- U.S. Rep. Gresham Barrett and Attorney General Henry McMaster -- have amassed war chests of more than \$1 million, according to a disclosure report filed Friday with the State Ethics Commission.

That leaves both with a way to go to reach the \$7 million to \$8 million that one public affairs consultant says a Republican will need to be credible for the 2010 race.

Chip Felkel, a Greenville consultant who's worked on numerous campaigns, said Republican candidates will likely need to raise \$5 million to be viable contenders for the party's nomination. The

eventual GOP nominee will probably need another \$2 million to \$3 million to compete effectively in the general election, Felkel said. "It's a lot of money," he said. "The more crowded the field, the more you're going to have to spend."

Gov. Mark Sanford spent a record \$10 million on his first gubernatorial campaign in 2002.

Barrett, who represents the 3rd Congressional District, reported raising more than \$370,000 for his gubernatorial campaign during the first quarter, which he's allowed to combine with more than \$700,000 already in his congressional campaign if donors approve.

His support came from around the state, with strong representation by Upstate businesses.

Area companies on Barrett's donor list include Harper Corp., C. Dan Joyner Enterprises, Fluor Enterprises, Sea Level Systems, Alice Manufacturing Co., Blue Ridge Electric Cooperative and Thrift Brothers Inc.

McMaster reported raising more than \$300,000 during the first quarter, which he added to more than \$778,000 already in his attorney general campaign account.

Unlike Barrett, McMaster has not formally announced a gubernatorial campaign, though he has said he's strongly considering one.

McMaster's donations also came from around the state and included \$500 from Bill Workman, former mayor of Greenville and now town manager in Bluffton, and \$1,000 from Jimmy Gibbs, a textile machinery dealer from Spartanburg.

McMaster's donations also included \$3,500 from Utah Gov. Jon Huntsman Jr. and an equal amount from Utah's first lady, Mary Kaye Huntsman.

McMaster's campaign also raised money from numerous other individuals and businesses in Utah. Those donations came from a fundraiser that Huntsman held for McMaster in March, said McMaster spokesman Brad Henry.

On the Democratic side, state Sen. Vincent Sheheen of Camden reported raising about \$278,000 for a possible gubernatorial campaign.

Hardly any of Sheheen's reported campaign cash came from the Upstate.

From the Greenville area, he received \$2,000 from Mary H. Hipp, \$1,000 from attorney Kathryn Williams, \$2,000 from The Bobby Jack Peaks Management Trust and \$500 from attorney Frank L. Eppes.

Furman University political science professor Brent Nelsen has raised less than \$20,000 for his possible gubernatorial campaign so far and has already spent about \$14,000 of it, according to a disclosure report he filed.

Nelsen spokesman Josh Cooper said the Furman professor has been working full time at his university job and won't start raising money in earnest until summer.

"At the end of the day, Brent's going to have enough money to get his message out about creating jobs in South Carolina and making the state competitive again," Cooper said.

Nelsen has never held elective office.

Another possible GOP candidate, Lt. Gov. Andre Bauer, had not yet filed a disclosure report. He had until midnight Friday to meet the deadline to report first-quarter contributions, said Cathy Hazelwood, general counsel for the State Ethics Commission.

Sanford, a Republican, was re-elected in 2006 for a second four-year term but can't serve a third term.

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Kevin Pazdernik

[REDACTED]

Work: (803)734-6801

[REDACTED]

**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]>@gov.sc.gov>, Barton Swaim <bswaim@gov.sc.gov>, Ben Fox <bfox@gov.sc.gov>, First Lady Jenny Sanford <[REDACTED]>, Governor Mark Sanford <[REDACTED]>, Joel Sawyer <jsawyer@gov.sc.gov>, Scott English <senglish@gov.sc.gov>, Tim Pearson <tpearson@gov.sc.gov>  
**Date:** 4/11/2009 9:32:01 AM  
**Subject:** Saturday Clips - April 11, 2009

Saturday Clips - April 11, 2009

Island Packet/Beaufort Gazette editorial slams Senate for "chaos budget" calls for responsible budgeting  
<http://www.islandpacket.com/opinion/story/810799.html>

Wall Street Journal letters to the editor (including Mallory Factor) support Sanford's stimulus stance  
<http://online.wsj.com/article/SB123940429847509713.html>

Times and Democrat editorializes in favor of Clyburn move to bypass Gov on stimulus  
<http://thetandd.com/articles/2009/04/10/opinion/doc49dc10f188854713746320.txt>

Energy stimulus funds update utilities at upstate schools  
<http://www.goupstate.com/article/20090411/ARTICLES/904111030/1083/ARTICLES?Title=Stimulus-funds-to-energize-schools>

District tries to create alternative education that works  
<http://www.islandpacket.com/news/local/story/811015.html>

Greenville News editorial calls growth in charter schools a positive for the state  
<http://www.greenvilleonline.com/article/20090411/OPINION/904110302/1008>

State/local officials trying to determine what to do with federal stimulus money  
<http://www.goupstate.com/article/20090410/ARTICLES/904101067/1083/ARTICLES?Title=State-local-officials-trying-to-determine-what-to-do-with-federal-stimulus-money>

S.C. landfills contaminate groundwater  
<http://www.thestate.com/local/story/746109.html>

Two gubernatorial hopefuls report \$1 million for race  
<http://www.greenvilleonline.com/article/20090411/NEWS03/904110332/1001/NEWS01>

Republicans plan anti-tax 'tea party'  
[http://www.charleston.net/news/2009/apr/11/republicans\\_plan\\_antitax\\_tea\\_party/](http://www.charleston.net/news/2009/apr/11/republicans_plan_antitax_tea_party/)

Citadel's commandant steps down after 4 years on the job  
<http://www.thesunnews.com/news/local/story/856970.html>

Atlantic Beach mayor charged with hit and run  
<http://www.thesunnews.com/135/story/856668.html>

DNR Plane lands on beach  
[http://www.charleston.net/news/2009/apr/11/plane\\_lands\\_on\\_beach78343/](http://www.charleston.net/news/2009/apr/11/plane_lands_on_beach78343/)

Index-Journal editorializes on 2010 gubernatorial race

[http://www.indexjournal.com/articles/2009/04/11/our\\_view/todays\\_editorial/0411%20opinion.txt](http://www.indexjournal.com/articles/2009/04/11/our_view/todays_editorial/0411%20opinion.txt)

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Kevin Pazdernik

[REDACTED]

Work: (803)734-6801

[REDACTED]

**From:** Patrick Franks  
**To:** Road, MCS  
**Date:** 4/10/2009 1:56:33 PM  
**Subject:** Bill Crossman home #

[REDACTED]

**From:** Patrick Franks  
**To:** MCSroad  
**Date:** 4/10/2009 12:52:38 PM  
**Subject:** Bill Crossman cell #

[REDACTED]

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 4/10/2009 10:18:31 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text

Governor's Daily Press Briefing - Fri., Apr. 10, 2009

Summary:

Mallory Factor takes Left to task for their attacks on Gov. Sanford  
TV ads back Gov. Sanford on stimulus  
Post and Courier editorial calls on Gov. Sanford to take stimulus money  
Gov. Sanford vetoes snow days waiver  
GOP govts standing up to stimulus spending

Text:

Mallory Factor takes Left to task for their attacks on Gov. Sanford

Last Tuesday Thomas Frank published an opinion piece in the Wall Street Journal about Gov. Mark Sanford of South Carolina. Frank used his space in The Journal, in an article called "18th- Century Man: South Carolina's governor is touchingly naive," to toss insults at Sanford that were both condescending and pompous—all because he wanted to use a portion of his state's share of the new federal "stimulus" money to pay down South Carolina's debt. Yes, I know, it might seem silly to devote time to refuting someone who can't understand the importance of paying debts.

But it's worth responding to Frank's article—not only because The Journal's opinion page is read by a lot of people, but also because the article stands as a remarkable illustration of the left's inability to cope with anyone who suggests that the Democratic White House and Congress have not cornered the market on wisdom.

The federal government's colossal deficit spending isn't just some distraction. These are real debts. And real debts have to be paid back with real money.

Proving that he is always eager to substitute invective for argument, Frank dismisses Sanford's position as a "moral pose." (It's strange how an alleged "poseur" could be twice elected governor of the state, and elected to Congress three times before that.)

Having known Mark Sanford for quite a number of years, I can assure Frank that the governor wouldn't know how to strike a "pose" even if he wanted to. When he proposed to take roughly 10 percent of South Carolina's stimulus money — about \$700 million — and put it towards the state's debt, he was, it seems to me, doing what any business or family would do with an unexpected windfall: use at least a portion of it to pay off the mortgage or some other outstanding obligation.

Yet Frank's response to such a simple and commonsensical proposal is to level charges of "hypocrisy." But this isn't about Sanford. The fact that Frank seems so undone by the actions of a small state's governor says more about the brittleness of his left-liberal ideology than it does about Sanford. What is Frank so afraid of? That Sanford's idea—that reducing debt is better than increasing debt —will somehow catch hold among the commonsensical middle of America? Hmm. Maybe that's exactly why Frank is so hysterical in his attack on Sanford: he's afraid that most folks will agree with the conservative Sanford, and not the liberal President Obama and his like-minded colleagues in the Congress.

The governor, after all, is only trying to address what anybody, on the left or right, ought to acknowledge as a serious long-term problem. Sanford's South Carolina — like many other states and, to a much greater degree, like the federal government itself — is facing a tremendous debt obligation. The state is now fourth in the nation with respect to the percentage of tax revenue spent on debt service—that is, the millions of taxpayer dollars that don't go to schools or bridges or anything else that Frank presumably thinks are important governmental responsibilities. Further, the state's pension plan has fallen to the bottom 15 percent of plans nationwide in unfunded liabilities. If these and related problems continue to go unaddressed, later generations of South Carolinians will face the consequences in the form of tax hikes, benefit cuts, and recession.

Sanford takes those dangers seriously; obviously Frank doesn't. Indeed he waves aside the problem of



massive deficit spending as “the issue of the day,” sounding rather like a teenager dismissing his parents’ concerns about his expanding credit card bill. But the federal government’s colossal deficit spending isn’t just some distraction. These are real debts. And real debts have to be paid back with real money. This year, the federal deficit will likely hit 12 percent of GDP, a number we haven’t come close to touching since World War II. Worse, our national debt is at almost 100 percent of GDP — and that’s not including the unfunded promises of Social Security, Medicare, and Medicaid. The reason why Sanford insists on making these numbers “the issue of the day” is precisely because he doesn’t want them to be the critical crisis of tomorrow.

We’re in a melancholy situation when left-wing commentators can’t even bring themselves to acknowledge that massive government overspending and debt are a problem. Frank would do well to remember a principle much older than the 18th Century—paying for what you owe before you spend more. More people rediscovering that simple truism would serve our country well right now. And oh, by the way, please allow me to add a word or two about the “18th century men,” whom Frank is so eager to dismiss as “naive.” That’s the century that gave us George Washington, Thomas Jefferson, Ben Franklin, and James Madison, to name just a few immortals from that illustrious era. In fact, poor Mr. Frank could learn a lot from those times, if he weren’t so busy hurling snide insults.

#### TV ads back Gov. Sanford on stimulus

##### The State

A nonprofit group with close ties to Gov. Mark Sanford will spend \$230,000 on television ads defending Sanford’s opposition to some federal stimulus money.

Sanford will appear in the ads, sponsored by Carolinians for Reform. The group was founded by a handful of Sanford campaign donors and aims to educate the public about the governor’s positions. Sanford frequently has appeared in ads by similar groups that support his agenda.

Sanford said the ads, which begin airing today, are meant to clear up “confusion” about his position.

Opponents, including lawmakers and the Democratic National Committee, have tried “to frighten a lot of teachers and law enforcement,” Sanford said.

Sanford has opposed using \$700 million of \$2.8 billion in federal stimulus money, which will come directly to the state, to balance the state’s education and law enforcement budgets. Sanford wants an equivalent amount of money to be used to pay off state debt or he won’t apply for the \$700 million.

In the ad, dubbed “Price,” Sanford warns about the future impact of stimulus spending.

“Many families are struggling with challenges we’ve not seen in our lifetimes,” Sanford says in the ad’s script. “The truth is, more tax dollars will be spent in our state this year than ever before. But there must be a stopping point. Going further into debt will not solve a problem that was created by too much debt.” That “more tax dollars” reference could raise the hackles of lawmakers. They have criticized Sanford’s use of broad numbers — such as combining all state and federal spending in South Carolina to say more tax money will be spent — and his avoidance of the impact of cuts on the state budget. For example, much of the increased federal education money going to the state must be spent on existing programs and cannot be redirected to teacher salaries or other operating costs.

For his part, Sanford has been critical of school officials and lawmakers who, he says, intentionally use misleading budget numbers to create panic.

The group that is paying for the ads has been the subject of controversy.

Sanford directed more than \$100,000 left over from a 2006 national governor’s conference, held in Charleston, to Carolinians for Reform. The convention had received a \$150,000 state grant.

After state Sen. Jake Knotts, R-Lexington, discovered the transfer, Carolinians for Reform returned the money to the state. Sanford said there was nothing illegal or wrong about sending the money to the group though it did create an image problem.

Knotts said Thursday that Sanford has created a similar image problem by opposing the stimulus.

“People are just not interested in destroying the public school system,” Knotts said of the potential impact of budget cuts. “They don’t want to hear about letting people out of jail.”

The Democratic National Committee also jumped in, accusing Sanford of using the stimulus issue to plot a run for president in 2012. Sanford has denied he is running for president, but will not rule it out.

“If I had rejected \$700 million for schools and public safety, I’d feel the need to go on TV and defend myself, too,” said Democratic committee spokesman Hari Sevugan. “But that doesn’t excuse Governor Sanford for putting his political ambitions ahead of the needs of South Carolinians.”

Sanford thinks a silent majority of South Carolinians support him, but some polls have indicated otherwise. In the past few weeks, Sanford has canvassed the state and appeared multiple times on cable news shows to defend his position.

"People are frightened as they are based on the misinformation that's out there," Sanford said. "We've got to play some catch-up ball."

#### Greenville News:

A nonprofit group that supports Gov. Mark Sanford announced Thursday it will begin running television ads this week in support of the governor's refusal to accept some federal stimulus money.

Carolínians for Reform, a Charleston-based nonprofit corporation, was in the news two years ago for receiving and later returning \$100,000 left over from a National Governors Association conference in South Carolina in 2006. Sanford directed the money to the group and later asked for it to be returned after some senators fumed that it was taxpayers' money left over from a state grant and the governor did not have the authority to spend it on the group.

The organization said Thursday that it was spending about \$230,000 on the ads, in which Sanford talks about his opposition to the stimulus. The group said it plans to run the ads statewide.

"This effort is about reminding our residents of the very real benefits of what we're suggesting on the stimulus and restructuring, versus the consequences of simply using the money to further grow government," Sanford said in a statement released by the group.

Sen. Vincent Sheheen, a Democratic gubernatorial hopeful for 2010, said the ads signal to him that Sanford wants to continue debating the issue "as long as possible."

"It's unfortunate that he's prolonging the whole controversy instead of trying to get the funds in our school system," he said.

Sanford, a vocal opponent of the stimulus bill, has refused to apply for \$700 million of the \$2.8 billion in stimulus cash available for the state over the next two years unless lawmakers agree to spend an equal amount on state debt. Though he agreed to certify all stimulus funding last Friday, that is only the first part of the process and officials say only he can apply to spend the \$700 million in budget aid.

Legislators have argued that rejecting the money will in effect send S.C. taxpayers' money to other states without any of the benefits. And without the stimulus, they say, thousands of teachers will lose their jobs, tuition would be raised by double digits at state colleges and thousands of inmates will be released early from prisons, claims that Sanford says are exaggerated to generate pressure on him.

Wednesday, Sanford suggested at a meeting of the State Budget and Control Board that the \$700 million could be spent on the state retirement system to help pay down billions of dollars in the system's unfunded liabilities and more recent investment losses.

But legislators have been cool to the debt idea and some have grown frustrated and impatient with the governor's stance. Sheheen proposed Wednesday that the Legislature pass a joint resolution to force Sanford to apply for and spend the \$700 million. Other senators have suggested legislators pass a budget with the money in it and let the matter be sorted out in the courts.

The television ads are just the latest in a string of moves by both sides to draw attention to their position, including a tent city of protesters who set up camp in a downtown Columbia park this week and nicknamed their group "Sanfordville."

Sanford does not discuss in the ads his demand that an amount equal to the \$700 million be spent on state debt. Instead, he talks about his opposition to the stimulus and his own budget plan, which some senators have noted was crafted before recent cuts in revenue projections.

In the ad, Sanford says, "Some say the solution lies in more government spending and deeper debt. The truth is, more tax dollars will be spent in our state this year than ever before. But there must be a stopping point."

The governor continues, saying it would be politically easy for him to accept and spend all the stimulus money.

"But the easy thing isn't always the right thing," he says in the ad. "We've proposed a budget that responsibly addresses our state's critical needs, without more debt. To get there, we have to finally restructure the broken ways our government operates. There is a better way than saddling our children with massive debts. That's what I'll continue to fight for."

Carolínians for Change is a 501-C group and can only educate the public on issues. It may not speak in favor for or against political candidates.

AP:

South Carolina Gov. Mark Sanford has turned to old allies and a television ad to explain his view that federal stimulus money runs up debt and creates problems.

Sanford has gone into campaign mode to explain a position so unpopular that teachers who were worried about losing jobs marched on the Statehouse last week and protesters set up a "Sanfordville" tent city a block from the governor's mansion. The Democratic National Committee took out ads last month saying he was playing politics with money that would spare education and health care.

He's spoken at colleges, civic groups and editorial boards around the state explaining why he's not about to take \$700 million in federal stimulus cash unless it can be used to reduce state debt. The \$230,000 Carolinians for Reform Inc., a Charleston nonprofit, is spending on the TV ad extends that to the airwaves. "It's simply an acknowledgment of the fact that there's been a lot of misinformation out there - whether from the DNC, whether from the Senate Finance chaos budget - and it gets to the point where you and allies begin to think, 'You know, there needs to be a counterpoint here made beyond what I simply have the capacity to do at rotary club talks,'" Sanford told The Associated Press on Thursday.

The one-minute ad, filmed at the governor's mansion, shows Sanford saying "many families are struggling with challenges we've not seen in our lifetimes; some say the solution lies in more government spending and deeper debt.

"The truth is, more tax dollars will be spent in our state this year than ever before," Sanford says.

It's an assessment of state finances that relies on federal spending increases. It doesn't mention the \$1.1 billion in state spending slashed from a \$7 billion state spending plan since July as the recession drove the state's unemployment rate to 11 percent, the nation's second-highest rate.

Jim Kuyk, Carolinians for Reforms' director, said in an e-mail that Sanford has helped his group raise money, but made no contribution to support the ads from the governor or his campaign. The ads, running on broadcast and cable stations statewide, were placed through Red Sea LLC, the same Bethesda, Md., company that's worked on Sanford's campaigns for years.

Sanford, chairman of the Republican Governors Association, has raised his national profile and talk of a 2012 presidential bid as an outspoken critic of President Obama's \$787 billion stimulus effort. Sanford said it will saddle generations with debt, devalue the dollar and, in South Carolina, blow a hole in future budgets. He's opened the door to the state using \$2.8 billion during the next two years, but has refused to request a quarter of that unless it can be used to repay or offset state debt.

"Going further into debt will not solve a problem that was created by too much debt," Sanford said in the ad. He calls for restructuring "the broken ways our government operates."

It's an assessment of state finances hinging on federal spending increases. It doesn't mention the \$1.1 billion in state spending slashed from a \$7 billion state spending plan since July as the recession drove the state's unemployment rate to 11 percent, the nation's second-highest rate.

Jim Kuyk, the group's director, said in an e-mail that he was in a meeting and could not immediately respond to questions. Sanford spokesman Joel Sawyer deferred comment to the governor, who was not immediately available.

Sanford, chairman of the Republican Governors Association, has raised his national profile and talk of a 2012 presidential bid as an outspoken critic of President Obama's \$787 billion stimulus effort. Sanford said it will saddle generations with debt, devalue the dollar and, in South Carolina, blow a hole in future budgets. He's opened the door to the state using \$2.8 billion during the next two years, but has refused to request a quarter of that unless it can be used to repay or offset state debt.

"Going further into debt will not solve a problem that was created by too much debt," Sanford said in the ad. He calls for restructuring "the broken ways our government operates."

Sanford's supporters set up Carolinians for Reform years ago to forward Sanford's agenda and he's helped the group raise money.

That took an unusual turn in 2007. Sanford was the host governor for a National Governors Association meeting that year and the state prepared for that event with a \$150,000, taxpayer-funded grant. When the event ended, Sanford directed that the \$101,524 remaining in the event's accounts be transferred to Carolinians for Reform.

Critics called it a transfer of taxpayer cash. Sanford said it was private money and legal. But when news of it broke, he told Kuyk to return the money to the state.

Carolinians for Reform's last nonprofit tax filing from May 2008 showed the group had taken in \$223,122 during 2007. Its next report is expected next month. Kuyk said Thursday the group had \$475,000 on hand

before spending on the ad.

#### Post and Courier editorial calls on Gov. Sanford to take stimulus money

Gov. Mark Sanford this week signed into law a bill that gives school districts greater flexibility in the way they use their money during the current hard times. Now if he would only agree to give the schools more money.

Despite repeated bipartisan calls for him to take \$700 million in federal stimulus money, most of which is designated for public schools and higher education, the governor persists in saying the funds should be used to pay down debt.

Mr. Sanford this week urged legislators to meet with him to seek a resolution. That's a nice thought, but probably futile considering his insistence on the debt issue.

The governor has twice taken his request to use stimulus money to pay down state debt to the White House, and been rejected both times.

He's also attempted to convince state legislative leaders of the wisdom of his debt repayment course — to no avail. South Carolinians might reasonably wonder what compromise legislators can reasonably hope to achieve with the state's single-minded chief executive.

Sen. Vincent Sheheen, D-Camden, will seek a resolution to force the governor to spend the money as Congress intended. U.S. House Majority Whip James Clyburn, D-S.C., has urged a similar course. Rep. Clyburn included a proviso in the stimulus bill to bypass the governor should he refuse the funds.

But the White House says that the governor retains authority over whether to accept the funding, despite the congressional proviso. So does a state attorney general's opinion. Last week, the governor requested the federal money but said he wouldn't release it for schools and other allowable purposes absent an arrangement with the Legislature to pay off an equal amount of debt with state revenue.

Meanwhile, the governor continues to advance his national profile with his hard-nosed stance. This week, the national Teamsters Union took Mr. Sanford to task for his position on the stimulus funds. And on Wednesday, when the governor appeared on MSNBC's "Morning Joe," host Joe Scarborough, one of his former Republican congressional colleagues, urged him to run for president.

There seems little doubt that Mr. Sanford is moving in that direction, and apparently his position on the stimulus money is playing better nationally than in South Carolina, which is bearing the brunt of his refusal. The state Department of Education estimates that the state will lose 1,500 teaching jobs without the stimulus aid. The money would help districts across the state meet their budget shortfalls. Mr. Sanford's position also is compounding problems for state colleges and universities that have sustained major budget cuts.

Reggie Lloyd, director of the State Law Enforcement Division, has urged the governor to take the money, citing the shortfalls faced by his agency. Mr. Lloyd, a member of the governor's Cabinet, elaborated on his agency's problems this week. SLED, he said, has 129 vacancies, including crime-scene investigators and lab-worker jobs, and has lost more than 26 percent of its budget during the current fiscal year.

"The only thing we're asking everybody who's making these decisions is to look hard at the needs of public safety in the state," Mr. Lloyd said.

The problems facing public education and public safety during the ongoing recession should be of paramount concern to everyone in this state — starting with the governor.

Mr. Sanford may believe he's taking the high road on this issue, but his intransigence is leaving his constituents high and dry.

#### Gov. Sanford vetoes snow days waiver (AP)

Gov. Mark Sanford vetoed legislation that would have exempted school districts from making up snow days this year, saying less time in the classroom is no way to solve budget problems.

Sanford rejected two bills this week that would waive the state requirement that schools make up days missed because of extreme weather. One applies to Pickens County schools, where students stayed home March 2 as up to 10 inches of snow blanketed northern counties.

The other bill initially applied to a handful of Kershaw County schools that closed Feb. 4 for snow. But legislators expanded it to allow any district to close for up to three days without making it up.

At least seven other school districts had asked legislators to exempt them from making up their snow days.

"Allowing school districts to simply shut down for three days may save on some transportation and food services costs, but ... doing so will come at the expense of reducing valuable instructional days for students," Sanford wrote in his veto message, signed Wednesday.

Sanford pointed out districts must set aside three days to make up classroom time missed for inclement weather.

Sen. Larry Martin said he'd normally agree, but this is no ordinary year. He noted kindergarten-12 education has taken \$387 million in cuts since July and could see more reductions if Sanford continues to reject \$700 million in federal stimulus cash that could help plug schools' budget holes over the next two years.

"This will ease some of the sting in the budget cuts as we approach the end of the fiscal year," the Pickens Republican said Thursday. "This year of all years we could justify doing it."

State education officials expect districts to eliminate 2,600 jobs, including 1,500 teachers, if Sanford doesn't take the money. This school year, districts have laid off about 300 educators, mostly administrators, and left more than 1,000 jobs vacant, according to surveys by the state Education Department.

Sanford noted he signed legislation earlier this week allowing districts to shift money around to cover shortfalls, furlough teachers on non-instructional days, increase class sizes and negotiate lower salaries for retired teachers who return to the classroom.

He signed legislation Wednesday exempting three Greenville County schools from making up a day missed in January because of a power outage. And he noted in his veto message that he exempted the closure of a Columbia school last year where a ceiling collapsed.

But those bills were justified because of the extremely unusual circumstances, Sanford wrote in his veto. He also said it would have been difficult to mobilize resources for only a few schools on one day.

Kershaw County schools Superintendent Frank Morgan said that's exactly why he sought the waiver. As initially worded, the bill exempted six schools for a day only they closed, because no snow fell in the rest of the county.

He said the district is making up two snow days - including one on Monday - for when the whole district shut down.

Sen. Greg Ryberg, a Sanford ally who fought the exemptions, said it makes no sense to forgive three days of school when South Carolina students are already falling behind.

"We've legislatively forgiven their ability to be educated," said the Aiken Republican, who expects the vetoes to be overridden.

Sanford has said he will only accept the federal cash if the \$700 million, or the equivalent in state money, is used to pay down state debt - an idea the White House has twice rejected.

#### GOP govts standing up to stimulus spending

The list of governors threatening to decline federal stimulus money last month read like a list of Republicans considering running for president in 2012: Governors Mark Sanford, Bobby Jindal and Sarah Palin led the anti-stimulus charge.

But what began with a bang is ending with something closer to a whimper. All three of those governors have been forced to scale back their expectations, to varying degree, as the push of conservative philosophy gave way to the pull of political reality.

All three found that praise from the conservative movement in Washington meant nothing to furious state legislators of both parties. And in the end, along with other conservative Republican governors, the three submitted letters in recent days asking to be eligible for federal funds, a spokesman for the White House Office of Management and Budget confirmed.

"We've tried to compromise in a variety of different ways and now we've gotten to ... a position well past the halfway mark," Sanford told POLITICO in an interview, conceding that, "I got beaten up pretty bad on it."

Sanford is still working to convince his state Legislature to find cuts to cancel out the new federal spending. Still, he has been attacked on his state's top editorial pages, by activists occupying a tent city outside his mansion, and by the Republican chairman of the state Senate finance committee, who released a "chaos budget" designed to show the downside of Sanford's plans. He responded to critics with a television ad Thursday, arguing that he was sparing his state's children from future debt.

Jindal, meanwhile, toned down his firm opposition and turned his focus to a much narrower rejection of

two pots of money; Palin, too, has narrowed her objections and promised to work with legislators who want the money.

"At this point it looks like everybody's on board with the program," said Tom Gavin, an OMB spokesman. The governors' shifts from a national ideological offensive against Obama to a defensive damage control approach at home reveals the degree to which Republicans are still struggling to find a coherent path of opposition to the president, and the extent to which governors' mansions — often seen as ideal steppingstones to the White House — can derail political careers in tough economic times.

And Democrats have relished the intra-party GOP warfare.

"What we saw was Gov. Sanford playing chicken and he got run over," said Hari Sevugan, a spokesman for the Democratic National Committee. "And we've seen, to varying degrees, others reaping blowback from local communities as well. But that's a natural result of taking a position based on politics instead of doing what's right."

Republican governors faced with the popular federal spending legislation, formally known as the The American Recovery and Reinvestment Act, staked positions on a political continuum, with national conservative support at one end, and local approval at the other.

Some, like Govs. Charlie Crist of Florida and Arnold Schwarzenegger of California, kept their approach local. They campaigned for the legislation with the president, and accepted the money enthusiastically. Schwarzenegger's Austrian birth bars him, in any case, from national office.

And Crist was less concerned about angering the conservative movement than about his standing in Florida, where he's considering a Senate bid.

Other governors sought a middle ground. Tim Pawlenty of Minnesota opposed the stimulus but accepted the funding on the grounds that "Minnesota is a net donor to the federal government," making the payments only fair. Gov. Rick Perry of Texas also noted in his certification letter that his state is a net contributor to Washington.

Perry — along with Palin, Sanford, Jindal and Govs. Haley Barbour of Mississippi and Bob Riley of Alabama — said he'd reject one portion of the stimulus: Unemployment insurance funding that would have covered laid-off part-time workers. In states whose unemployment programs don't currently cover those workers, the shift would have required changes to state law, and governors say they worried that when stimulus funds run out, the expanded unemployment insurance responsibilities will constitute a new tax on state businesses.

But the prospect of even partial rejection of the federal funds has sparked several statehouse uprisings. Lawmakers, including Republicans in Alaska, Alabama, South Carolina, Mississippi and Texas, moved to make end runs around their governors and accept the money.

Jindal — who became the party's most prominent voice against the stimulus in his rebuttal to Obama's State of the Union address last month — appears to be rejecting just one other pot of federal cash on top of the \$98 million in unemployment insurance: \$9.5 million in health spending.

The local press noted, meanwhile, that he plans to request federal funds for a New Orleans-to-Baton Rouge passenger rail service from the same pot of railroad money he denounced as a vehicle for "wasteful spending."

A Jindal spokeswoman didn't respond to a request for details about his stance, but he wrote in his certification letter that he would spend the money "in a way that does not add an undue burden to the current financial situation in our state."

Palin's reversal was even more abrupt. She opened the battle March 19 by saying her state would "not request" some 31 percent of federal funds. Facing an uproar from legislators, her lieutenant governor, Sean Parnell, assured the media the next day that Palin wasn't "rejecting" the money, just seeking a public debate on spending. And Palin herself then weighed in, saying the money was still "on the table."

Palin has since pledged to work out differences with her Legislature, and her spokeswoman would only forward a copy of her March 31 certification letter.

"It is possible that there will be areas where the state will choose not to apply for funds," she said, noting that legislators were hearing public testimony and adding that she would apply for it on a "case by case" basis.

The concessions in Louisiana and Alabama leave South Carolina's Sanford as the only governor resisting large elements of the stimulus beyond unemployment insurance. Sanford plans to refuse \$700 million from the State Fiscal Stabilization Fund, on the grounds, he said, that it would expand government and impede reform.

"Once you've got the money, there's no need to make the reforms," he said of changes he's seeking to

the state education system.

The state's attorney general has said legislators can't accept the money without the governor's cooperation, leading to a charged standoff in Columbia that's left Sanford bloodied but, he says, undeterred.

"Over time we'll be vindicated, but it's been tough," he said.

**From:** Joel Sawyer  
**To:** [REDACTED] MCS Road  
**Date:** 4/5/2009 10:47:43 AM  
**Subject:** Fox Sunday

Thought it was fine. You did well. Unfortunately, much of the interview was not really in your wheelhouse, and Newt really likes to hear himself talk.

I know the process was a pain, but so many people watch that show i think it's still probably worth it.

Call me if you'd like.

Joel Sawyer  
Office of the Governor

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**From:** Joel Sawyer  
**To:** [REDACTED]  
**Date:** 4/5/2009 9:14:50 AM  
**Subject:** Sunday Clips Part II

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The State editorializes in hope of legislature somehow seizing stimulus funds

Legislature still must act to ensure S.C. gets its money

IT WAS A RELIEF that Gov. Mark Sanford took steps on Friday to preserve our state's ability to receive federal stimulus funds; heaven knows an economy where one of nine adults is out of work needs all the stimulating it can get. But make no mistake: While there is no immediate deadline looming, neither is there one iota of certainty that our state will receive the \$700 million that he wants only if lawmakers pay an equal amount toward current and future debts.

For the money to come to Columbia, Mr. Sanford still must officially request it, which means that the Legislature must either reach an agreement with him over how to spend the money or else pass a law ordering the governor to request the funds.

Obviously, an agreement is better than a confrontation — if a reasonable accommodation can be reached. But reasonable is key here: There is nothing reasonable about Mr. Sanford's desire to pay off the mortgage while the house is burning down, and so the proper place for compromise will not be found at the halfway point between the two positions.

Some would say the governor has no more reason — or face-saving way — to negotiate today than he did last week. But some overlooked ideas in Attorney General Henry McMaster's opinion on the matter provide that missing motivation — and suggest the steps lawmakers need to be taking alongside any negotiations.

Mr. McMaster did not say the Legislature cannot spend federal funds, or order the governor to request federal funds; to the contrary, he made it clear that the Legislature retains the right to pass laws and to dictate how money is spent. What he said the Legislature cannot do is enforce state law. That is the job of the courts — hardly a radical or surprising concept. Significantly, his opinion concludes that while the current situation presents some uncertainty, "our Supreme Court has on previous occasions resolved conflicts between the legislative and executive branches by giving force to the legislative appropriations, thereby requiring the executive branch to faithfully execute the law."

But the Supreme Court can't enforce a law that doesn't exist, so while it's possible that simply passing a budget that includes federal funds would be sufficient, we believe the far wiser course would be for the Legislature to pass a law requiring the governor to request the funds and deposit them in the state's general fund. This should be the first order of business when lawmakers return to Columbia after the Easter break. The governor would certainly veto that bill, but the constitutional balance of power that seemed to have been set askew by federal law will have been restored: If the Legislature cannot muster the two-thirds vote to override his veto, the order will not become law, and Mr. Sanford will have the upper hand. If it can override the veto, the order will become law; we would hope at that point that the governor would not have to be forced by the courts to obey state law.

Mr. Sanford could avoid this cumbersome process by simply making the request for the money. In either event, we would be able to resume the debate over how best to spend federal funds under the well-established rules that our constitution spells out for resolving questions of spending — with the Legislature passing a budget, the governor vetoing the parts that he opposes and the Legislature overriding those vetoes that two-thirds of our legislators oppose.

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Post and Courier editorial

Boos for stimulus drama  
Sunday, April 5, 2009

Rather than continue to play political games with \$700 million in federal stimulus funding for schools, Gov. Mark Sanford should have simply agreed to use the money as intended. The drama grows wearisome, and public schools and colleges need the assistance.

On Friday, the governor's office insisted that it had met the deadline for stimulus funding by filing paperwork with the White House. Maybe so, but Mr. Sanford continues to maintain that the money won't go to schools, as Congress intended. State Education Superintendent Jim Rex rightly questions whether the governor's latest gambit will pass White House review.

"The White House has made it clear, on two separate occasions, that federal stabilization funds can't be used to retire state debt," Dr. Rex said. "These funds are aimed at creating jobs and saving jobs. For the governor to get his way, the General Assembly would be forced to create some sort of bookkeeping sleight-of-hand that, believe me, the federal government isn't going to permit because the law approved by Congress doesn't permit it."

Nevertheless, Gov. Sanford continues to insist that restoring school budgets with stimulus funds would be a dangerous precedent for the state. In a column on our Commentary page, he essentially declares that the budget problem doesn't exist.

Tell that to our local school districts that stand to lose \$18 million in stimulus funding needed to offset larger budget shortfalls next school year. Other districts in the state face similar budget woes.

Many districts already have used fund balances to pay operating expenses that exceeded revenues for the current year. With that source of revenue diminished, districts will have a harder time making ends meet next year.

But the governor blithely insists that school stimulus funding for South Carolina would be better spent on debt reduction. Meanwhile, in his column he cites purported increases in state spending for next year.

What he doesn't say is that spending already is down more than \$1 billion because of mid-year budget cuts. Any increase in current spending figures will rely on federal recession relief to make up the shortfall in the next budget.

At present, the state education budget has sustained mid-year cuts of \$387 million. Even with the stimulus funding, next year's budget will be less than the budget initially approved for the current fiscal year, according to a Department of Education spokesman.

While most of the disputed \$700 million would go to schools and colleges, 20 percent is available for other state services, including law enforcement. Reggie Lloyd, director of the State Law Enforcement Division, has urged the governor to take the stimulus money to help his Cabinet agency, as well.

"We have reached a breaking point in terms of maintaining any semblance of public safety," Mr. Lloyd

said. "Funding needs to come from someplace."

So far, the governor has endorsed stimulus funding for transportation and energy projects. He has even signed off on stimulus funding for high-poverty schools and for special education.

But he continues to insist that using the \$700 million as intended will somehow create a long-term problem for the state. There's little doubt about the short-term consequences: teacher layoffs and furloughs, higher tuition at state-supported colleges, fewer SLED agents.

Other states have been able to accommodate congressional conditions on recession aid, but Mr. Sanford insists that South Carolina needs to "custom-fit stimulus efforts."

In this instance, the governor is trying to fit a square peg into a round hole. By drawing out this misbegotten drama, he's also putting public support for his broad, substantive reform program for state government at serious risk.

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Greenville News editorial

Move past fight over stimulus funds

Gov. Mark Sanford certainly has made for some interesting political theater over the past few weeks. But in doing so he has shifted our state's attention from the pressing problems of the day to one of his own making.

After weeks of back and forth over how he wanted to use about \$700 million in federal stimulus money over the next two years, Sanford announced Friday he would ask for the funds. This money, part of the \$2.8 billion flowing directly to the state, is designed to plug gaps in South Carolina's damaged budget. Thus, Sanford became the last governor in the nation to certify his state would request the money.

But wait. The fight that has consumed our state for weeks may not be over. The governor said he still is not officially applying for the \$700 million in State Fiscal Stabilization Funds, and that he won't if legislative budget writers don't ultimately bend to his wishes.

South Carolina, which has the second highest unemployment rate in the nation, doesn't need to waste any more energy in this fight. Legislative budget writers should produce a budget that stops the bleeding at the state level, preserves the jobs of thousands of teachers and prison guards and tries to halt the downward slide of our state.

And in crafting that budget, legislators should make sure that next year's half of the budget stabilization funds goes for the intended purpose. They should not engage in a scheme to try to circumvent the intention of the federal stimulus law by accepting this \$700 million over the next two years, and then shifting an equal amount to retire some of this state's debt. The Obama administration has told Sanford not once but twice, that is not an appropriate use of the money.

The governor continues to put forth a flawed argument that it would be better for South Carolina to use part of its share of stimulus money to pay down this state's debt. For weeks he appeared even willing to risk our state losing this money if he could not get his way. He may still continue down this ill-chosen path. Doing so would be a mistake.

South Carolina's citizens, along with their children and possibly grandchildren, at some point will be called upon to repay the hundreds of billions of dollars being borrowed to stimulate a paralyzed economy, stop the loss of jobs and increase the confidence of the American consumer. There's no guarantee this plan will work, but Congress has acted and the money will be spent. South Carolina taxpayers will repay their full share, not a reduced amount based on whether this state ultimately gets its full amount.

In addition, the money that Gov. Sanford has targeted actually would do a lot of good in our state. These are federal dollars dedicated to shoring up the state budget. This is money designed to keep teachers in the classroom, law enforcement officers on the beat and prisons open for business. It's not money for less necessary items, such as home weatherization projects, that did not incur the governor's wrath.

So yes, legislative budget writers should make sure every dime of this money is in the budget, and for the intended purposes. And instead of the governor and lawmakers continuing this battle, they should devote their energy and talent to addressing this state's alarming unemployment rate -- that's now 11 percent and probably growing.

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#### Sumter Item Editorial

#### South Carolinians need help, not hardship

Gov. Mark Sanford took it to the brink in his stubborn resistance to federal stimulus money amounting to \$2.8 billion for South Carolina when he became the last governor in the nation to sign on to the package. But his crusade to apply \$700 million of that money to paying down the state debt is still not over -- maybe.

It was first thought that the deadline for accepting the funds was midnight Friday but according to The State newspaper White House officials confirmed -- for the first time -- that this deadline applied only to governors' initial requests for the money and not to states' formal application for it. So time has been bought, it appears, for a possible compromise with state legislators over how to spend the money. The only problem is that the \$700 million in the federal package is earmarked for education and law enforcement, not for servicing state debt. Compromise? Highly unlikely, given the governor's rigid stance. Adding further confusion to the situation is a statement issued Friday by House Speaker Bobby Harrell that reads thusly: "We are pleased to see that Governor Sanford has reversed his decision to ignore hard deadlines and instead decided to certify funds that could have potentially been lost to other states but still repaid by South Carolinian. I fully expect the funds will be used to restore cuts made to education, health care and law enforcement as originally intended and as the law clearly states it must be."

Obviously, we don't have a meeting of minds here; Sanford sees it one way, Harrell the other.

On this page Gov. Sanford explains why he wants to "custom-fit" the Obama administration's stimulus package for South Carolina. We understand his position relative to fiscal responsibility and why the state can't afford the possibility of more debt down the road when the stimulus money dries up in two years, forcing legislators to either raise taxes or again make drastic cuts in important programs. We understand that, and in normal times it would be appropriate to get our house in order first and focus on spending later.

But these are not normal times. The nation and state are hurting, but more importantly, real people are hurting, people who try to make a living in the private and public sectors whether they be individuals or business owners. State Superintendent of Education Jim Rex told The Item that more than 5,000 education jobs in South Carolina, including some 2,700 teaching positions, will be lost if the \$700 million portion of the stimulus package is rejected. This state can ill afford to lose those jobs, especially the teaching jobs. And what about the impact on law enforcement that those funds cover? In case you haven't noticed, crime doesn't seem to have taken a sabbatical, particularly on the local level.

From what we can gather from the governor's commentary on this page, it's an ideological lecture rather than an addressing of real-life, current needs as an economic crisis envelops us. As Senate Finance Committee Chairman Hugh Leatherman describes the situation, South Carolina is confronted with a "budgetary Armageddon" unless all the stimulus funds are used rather than cherry-picking \$700 million from the stimulus package for debt service.

Surely the powers that be on the state level can sort out the confusion still lingering about the stimulus package and do what is not only in the best interests of the state but what is right, on behalf of those who sorely need help, not hardship.

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Rock Hill Herald editorial

Stimulus issue unresolved

• The Herald

Updated 04/05/09 - 12:20 AM |

The actions taken Friday by Gov. Mark Sanford did nothing to resolve the issue of what will become of the \$700 million in federal stimulus money designed to help education and law enforcement.

If anything, Sanford exacerbated the problem.

At first glance, the governor's agreement to comply with the Friday deadline for making an initial request for stimulus money might have seemed like the ticking time bomb that didn't go off. In fact, it simply kicked the bomb down the road.

State and federal officials alike had assumed that midnight Friday was the deadline for Sanford to make up his mind whether to accept the \$700 million or reject it. But in an 11th-hour interpretation, White House officials said that the 45-day deadline included in the \$787 billion stimulus bill, applies only to governors' initial requests for the money — not to states' formal application for it.

So, on Friday, Sanford authorized paperwork that cleared the way to apply for most of the \$2.8 billion in stimulus cash set aside for South Carolina.

But the operative word is "most." Sanford said he still would not seek the \$700 million directly under his control. His blanket letter issued Friday will preserve the state's right to apply — or not apply — for that money later.

This leaves school districts and state law enforcement officials in limbo regarding the \$350 million the Legislature needs to prevent education layoffs and early release of prisoners in the next state budget. According to a survey of school districts by the state Department of Education, state public schools might have to eliminate more than 5,000 jobs next year if Sanford refuses the stimulus money.

Under the terms set in the federal stimulus bill, 81.8 percent of the \$700 million must be used to help maintain current funding levels and prevent school districts from laying off teachers and increasing class size. The remaining 18.2 percent must be used for "public safety or other government services."

State and local education officials have implored Sanford to take the money. Last week, State Law Enforcement Division Director Reggie Lloyd joined the chorus, saying SLED stands to lose \$2 million if the stimulus money doesn't come through. That could mean cutting 35 employees, shutting a regional office, reducing staffing at crime labs and other painful cuts. In all, the state could lose hundreds of law enforcement officers and state employees without the stimulus money.

Sanford continues to insist that he will seek the \$700 million only if state lawmakers agree to use an equal amount of state money to pay down debt. Sanford apparently hopes to use the next few weeks to persuade state lawmakers to accept a compromise.

But legislative leaders have told Sanford over and over again that there is no money left in the budget to pay down debt. What is the sense of talking about paying off debt when the state can't afford to keep teachers in the classroom or law enforcement officers on the streets?

U.S. House Majority Whip Jim Clyburn, D-S.C., may try to persuade Congress to circumvent Sanford by

sending the money to South Carolina before it could be diverted to other states. Clyburn is working with U.S. Secretary of Education to devise legislation that would accomplish that.

Ultimately, though, the fate of the money is likely to remain in Sanford's hands. And the governor appears all too willing to allow schoolchildren to suffer, let teachers and law enforcement officers lose their jobs and let prisons be shut down in the name of thrift.

He imperils the economic well-being of the entire state with his obstinacy. And wherever the money goes, South Carolina taxpayers will have to pay it back.

Sanford has bought himself some time. We hope he takes the opportunity to do what is right for the people of this state and accept the stimulus money.

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Scoppe editorializes on restructuring

Scoppe: It's not about Mark Sanford  
By CINDI ROSS SCOPPE  
Associate Editor

TAKE A deep breath — particularly if you're a legislator — and repeat after me: Mark Sanford will be gone in two years. Mark Sanford will be gone in two years. Mark Sanford will be gone in two years.

Take another deep breath. Another. There will not be another governor like him. There will not be another governor like him.

Those of us who have been pushing since the early 1990s to give S.C. governors the type of authority that governors in the rest of the nation take for granted once saw Mr. Sanford as the crusader who would resume the campaign that his two predecessors had largely abandoned. But since he earned the wrath of public education advocates early on by campaigning to pay parents to send their kids to private school, and of most of the political establishment since then with various other antics, we've been worried that the first restructuring governor since Carroll Campbell would do more to hurt the cause than to help it.

His calls for more gubernatorial authority were met with increasing hostility; when the Legislature acted, it was to further restrict it. Indeed, it was notable that more restructuring bills were gaining more momentum than ever in a year when Mr. Sanford's attention was ... elsewhere. When he was browbeating legislators over something other than their refusal to treat the executive as a co-equal branch of government.

Then on Wednesday, the anger that has been mounting over his reluctance to apply a federal tourniquet to our bleeding economy erupted into outright revolt in the House. A string of representatives rose to criticize Mr. Sanford and to warn against turning control of the Employment Security Commission over to such a person. And suddenly the best hope for any significant restructuring in 15 years was in trouble. The House sent it back to committee, usually a death sentence, on a 61-49 vote.

Representatives did reverse that move Wednesday, on a 59-50 vote, but the bill's fate remains very much up in the air. That same day, 86 of the 124 House members introduced a measure to allow public recall of the governor. Across the hall, where resistance to gubernatorial authority has always been fiercer and the furor over Mr. Sanford's stimulus standoff is more pronounced, senators passed a bill to strip the governor of the indirect control he has over State House security.

I can't really blame lawmakers for letting off a little steam as public and legislative anger reached a crescendo over what pretty much all of us mistakenly thought was a hard-and-fast deadline for Mr. Sanford to accept \$700 million in federal funds or see the money distributed to other states.

But now the "deadline" has come and gone, Mr. Sanford has preserved our state's ability to receive the

money, and it's time, to borrow from House Speaker Bobby Harrell, "for the nonsense to stop."

The way to express disagreement with a governor who seems to be taking aim at our state is not to shoot ourselves in the foot.

One reason we have so many problems in South Carolina is that ours is a personality-cult government. Not in the fawning groupies sense, but in the sense that we make decisions based on personality.

We don't combine similar agencies to reduce duplication and improve service delivery because, gee, we really like the director who would lose out in the merger; we knew his daddy, too.

We don't give more authority to governors — authority that resides not in the Legislature but in a no-man's land of anonymous bureaucrats and part-time board members — because we don't like this governor. (We liked the last two OK, but they never asked for more authority, which might be why we liked them.)

I'm not particularly enamored of Mr. Sanford these days either. But that doesn't change the fact that our government is structurally dysfunctional. It is composed of more than 70 separate departments, most of them either completely autonomous or set up in a way that makes them autonomous for all practical purposes. Their duties overlap to a startling degree. Cooperation is optional. A coordinated approach to our state's problems is fantasy.

A truly capable governor, who works well with the Legislature and with the people who oversee all those independent fiefdoms, could make this government work. But that would suck up all the energy that we need our governors to use to improve our economy and our education and our health and all of the things that need improving. Energy that governors in the rest of the country don't have to waste.

In Tuesday's House revolt, chief revolutionary and Democratic leader Harry Ott argued, "You do not reward bad behavior; our governor is behaving badly."

He's right. But making our government work isn't a reward to a governor; it's the right of the public. And as I hope the Legislature is about to demonstrate — and in so doing, teach itself — the Legislature always retains the power to pass laws and decide how money is spent, powerful tools with which it can force a governor back into line when he behaves badly. If it fails to exercise those powers, that is not the fault of the governor.

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**Date:** 4/5/2009 9:13:52 AM  
**Subject:** Sunday Clip, Part I

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### PART I

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- FYI: MS's op-ed was picked up nearly statewide today...notable exceptions of Sun News and Post and Courier...I will follow with them on Monday
- Augusta Chronicle editorializes in favor of Gov. Sanford's stand against federal dependency
- Sen. Davis says he's working on stimulus compromise
- Legislators talk about next steps on stimulus

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Gov. Sanford sits for stimulus interview with The State

Exclusive: Sanford: 'I'm doing what I think to be right'  
 Sanford says he won't back down from stimulus stance in interview with The State  
 By JOHN O'CONNOR  
 joconnor@thestate.com

Gov. Mark Sanford says he knows his opposition to using \$700 million in federal stimulus money for schools and law enforcement is a political loser.

The fight with legislators over the issue also is keeping him from pushing other causes that he wanted to champion during his last two years in office, the Republican governor said Friday in an exclusive interview with The State.

In that interview, Sanford:

- Said it could take 18 months to resolve the debate over whether and how to spend the \$700 million. A deal will be cut only when Senate budget writers are "more flexible."
- Denied that he — a multimillionaire — is out of touch with South Carolinians suffering hard economic times.
- Said Reggie Lloyd, his appointee to run the State Law Enforcement Division, was mistaken when he said Thursday there would be "devastating" consequences for public safety if his boss — Sanford — rejected the federal money. Sanford added that Lloyd's job is secure.
- Strongly denied he is running for president, though he would not rule out the possibility.

Some excerpts from the interview:

Q: Let's start with the decision (to accept all but \$700 million of federal stimulus money). What does it mean and where does the state go from here with this debate?

A: It means everything we've said to date. ... We stand exactly where we stood.



Q: It's not a change in position at all?

A : Uh-uh.

Q: Why is that not a change?

A: Because the \$700 million doesn't come unless we accept it, and what we have said is unless we get some kind of very meaningful debt relief, we're not going to accept it. ...

Q: What's next?

A: What we've said all along ... is this is in the hands of the budget writers over on the Senate side and the House side, but particularly the Senate side, given the way that they've seemingly drawn a line in the sand, and I think done a number of things that are incredibly disingenuous, designed to scare people to create political pressure to force me to change my mind. ...

Q: That gets to the issue of compromise. What's acceptable here?

A: We have consistently said we will not round to the last decimal point, we will not round to the last fraction, but we have to have something absolutely meaningful on that front for us to authorize the \$700 million.

Q: What's "absolutely meaningful"? Is there a range that you would consider?

A: I'm not going to further negotiate against myself. ... We'll be in a stronger financial position, and thereby a stronger economic position, if 24 months from now, this storm is still raging and we've shored up our finances just a bit. ...

Q: If it doesn't matter if we're using federal money or state money (to pay debt), you haven't changed your position?

A: No. My point, in compromise, was if this is still a philosophical tear, then we'd be saying, "Hey, we ought to be 50-50." Fifty (percent) to debt and 50 (percent) to economic stabilization. Or given my biases ... we ought to allocate 80 percent of the economic-stabilization fund to paying down debt, and 20. But we're not.

We're talking (less than) 10 percent of the total (economic stimulus benefit for South Carolina when tax cuts are included) and 25 percent of the checks cut (the \$2.8 billion that will go to road-building, energy conservation, unemployment benefits, health care and public assistance and other state functions). ...

Q: Did you pay down any debt in your executive budget (proposal)?

A: No, but we had \$200 million less than the House budget had to deal with. If we had had the economic-stabilization money at that time, you can be sure we would have been trying to pay down debt. But we didn't have what they had. ...

Q: Your own SLED director (Lloyd) used the term "Armageddon budget" yesterday.

A: Because he was talking about the Senate-drawn, Hugh Leatherman-designed chaos budget.

Q: Are you arguing that he doesn't understand his own budget?

A: He'll tell you that. Our chief of staff called and said, "What numbers are you talking about?" He goes, "I didn't understand that." I think he would be the first to say that.

Q: What was your reaction to his statement yesterday?

A: Sympathy, because again there's so much misinformation out there. ...

Q: Is his job in jeopardy?

A: No, people make mistakes all the time. ...

Q: Is this issue worth the time and the energy you're expending on it?

A: I think so.

In political terms? No, it's a sheer loser.

But I'm doing what I think to be right. I think going back to those decisions that we make based on what's good in the next five minutes of my life are generally not the best decisions.

And those decisions we make based on what's best over the next five years or 10 years are generally the best decisions. ... This could be the time to make some reforms absolutely critical to South Carolina's competitiveness over the long run.

So in political terms is it a winner? No.

Do I think if we can keep pushing ... and force the House and Senate budget writers to make some changes that are long overdue, it will have been worth it? Yes.

Q: What is the lost opportunity in having to spend time and energy on this issue? You started the year talking about corporate income-tax cuts. We haven't heard a whole lot about that. ... Is that significant?

A: It could be all kinds of different things. But you take it as it comes in life. And obviously this is a galvanizing issue, and it's a whole lot of money. ...

Q: How long do think it's going to take to resolve this?

A: The good news is that it will be resolved in our term. ... The bad news is that's a year and a half. It's as quickly as budget writers — over on the Senate side in particular — want to be a bit more flexible. ...

Q: Are you saying that at no point your understanding of how the ... law works changed?

A: No, that only we could apply. I think we've been totally clear on that. ... Let's be clear. We are in a negotiation. I'm not going to lay all my cards on the table because we're trying to get, Sen. (Hugh) Leatherman in particular, to take some movement ... and at this point he isn't blinking. And it is indeed up to those budget writers as to what they want to and don't want to do. ... There were a group of lawmakers here that are committed to trying to work with us and finding some alternatives to what Sen. Leatherman suggested.

Q: But those 11 guys don't wield a lot of leadership in the Senate.

A: You only need 16 in the Senate. ... I'm just saying, remember that number, you only need 16.

Q: What kind of advice have you been seeking from folks on this? Who have you talked to? Have you talked to other governors, (Texas Gov.) Rick Perry or (Alaska Gov.) Sarah Palin or other governors?

A: I have not talked to Sarah Palin. I have talked to Rick Perry. ... I talked to a number of different governors. ... I didn't spend a lot of time talking to them about the different wrinkles with regard to stimulus vs. nonstimulus money because everybody's political fish tank is slightly different. My conversations had been more centered on South Carolinians, whether they think it's a good idea, a bad idea.

Q: Where have you been talking to these folks?

A: On the phone. In person. I get a ton of e-mails. Needless to say our phones have been lit up from the standpoint of the office. ...

Q: There's an argument from folks ... that you're out of touch with common South Carolinians. ... What's your argument about whether or not you're out of touch?

A: I'd say anytime anybody really doesn't want to discuss the issue they go to that. I have a teeny fraction of the wealth of Bill Clinton or Hillary Clinton, and yet I don't think people would argue they're out of touch. ...

As a kid, you can't pick your parents. And so the idea of ever holding your parents against you in political terms is a bit weak. My dad was a Depression-era guy. ... We're growing up, and I'm absolutely convinced as a kid that our next meal depends on whether we get that last bale of hay. And so my mom is driving the C50 truck. My dad is operating the hay baler ... and that thunderstorm is coming up and I'm totally convinced I've got to get that last bale of hay in. It was a complete mirage. Our livelihood did not depend on that last bale. But that's the way I grew up. ...

What matters at this juncture is the degree to which you will make a decision based on what you honestly believe to be in the best interest ... to the people you represent over the longer run.

Q: But the portion (of the state budget) that goes to school districts, that goes to state agencies to pay personnel costs, is going down?

A: But that goes to the very heart of what this debate is about, which is: Are we going to reform some other things and make some cuts that are long overdue in other parts of state government?

Q: Three things ... about your argument that you think people don't know?

A: I'd say, one, I disagree with the notion of there being complete chaos if we don't spend every dollar of the stimulus money. I think the numbers support that. ...

Two, I would say that it really does make a lot of common sense, given the number of unfunded political promises out there, to try and shore up our financial sheet. And that in fact from a stimulative standpoint, there could be real benefits. If you pay down the debt on your mortgage, and then you walk into a stormy financial time, then you could spend more, you could borrow more, you could do a lot of different things because you've got flexibility. ...

I would thirdly say, to a degree, there has been a misrepresentation that if you just spend this money, the economy will be OK in South Carolina. There is in some ways a disconnect between many of these dollars going into public realms but still not adequately affecting that which is taking place on the larger driver of our economy, which is the private domain.

Q: Are you running for president?

A: No, I'm not running for president. ... Anything in life can happen. ... All I'm saying is I'm absolutely not running. I'm absolutely focused on the job at hand. ... Anybody who can say unequivocally, "I know exactly what I'm doing in five years from now" either just doesn't have a clue on how life works or is being dishonest.

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Augusta Chronicle editorial

A corrupt Washington is paying us hush money

But the people will not be silenced about government corruption  
 Sunday, April 05, 2009

Corruption is an elusive bird with a siren's song.

It's often hard to recognize corruption because its tools are suits and handshakes and fancy titles and serpent smiles, not guns or knives. But robbery is robbery.

It's difficult to acknowledge or confront corruption, because its victims are often paid off and made to be happy of it.

Corruption is all the more insidious because it's easier to spot from a great distance; it's hard to see it when it's right in front of you. It's more difficult to admit that friends or acquaintances might be corrupt.

Nor does corruption always have to be criminal. Corruption is always corrosive, frequently seductive, and sometimes addictive -- but often quite legal.

By almost every measure, Washington is hopelessly corrupt.

And we are at once victims and accomplices.

Career politicians are spending the country to near-bankruptcy as they feather their own nests, tighten their leash on our necks and pat us on the head. They take our money, bend it to their will, then return small portions of it at their discretion to make us feel it has all been worth it.

Washington is to the taxpayer as the drug cartels are to the addict.

Gov. Mark Sanford of South Carolina did his best to wean his state off the cocaine of federal money. He knows it's corrupting. He knows it will mask the state's needs rather than fill them. He knows we are stealing from our children.

Washington is over \$10 trillion in debt already. The Obama budget blueprint calls for adding another \$9 trillion to that debt in the next 10 years. And the country is already facing untold trillions -- \$60 trillion or more -- in Medicare and Social Security promises we've made to future retirees, money for which we have no identifiable source.

Meanwhile, with the power to give out our money as they wish, congressmen take campaign money from lobbyists and industries they regulate. Sen. Chris Dodd, D-Conn., is only the latest poster boy for that, but boy is he a good one. There may be no one who better represents all that is wrong with Washington. The powerful Senate Banking Committee chairman got a sweetheart mortgage from Countrywide; he has received \$280,000 in campaign contributions from troubled insurer AIG; and he made sure that AIG executive bonuses were untouched by Congress -- then claimed for 24 hours that he knew nothing about it, before reporters forced him to admit the truth.

Polls show Dodd is in re-election trouble. But don't hold your breath: Despite record-low approval ratings for Congress last year, we continued sending our congressmen back at about a 90 percent retention rate.

We have, sadly, been corrupted.

Gov. Mark Sanford stood nearly alone in trying to break this cycle of co-dependency. He never stood a chance.

Only the people of America can do it.

We hope the "tea party" movement that is now taking shape -- rallies are planned across the country April 15, including one on the Riverwalk in Augusta from 5 to 10 p.m. that day -- will become the foundation for

taking our country back. From both parties.

We have very specific ideas about what needs to be done and how to do it. We'll be sharing those at the tea party April 15.

The term "Washington corruption" may bring to mind the fuzzy video of a congressman taking blatant bribes and such. But that's the least of the problem. The bigger problem is out in the open, but perhaps harder to see: A corrupt Washington is bleeding us dry and paying us to be quiet.

It may work for a while. But there are enough of us who are on to this corruption. And we won't be silenced.

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Tom Davis on stimulus compromise:

State Sen. Tom Davis says he is working on a compromise that might allow \$700 million in federal stimulus funds to be used for South Carolina schools and public safety.

At the same time, Davis accused some of his Senate budget-writing colleagues of political posturing and deception in their efforts to force Gov. Mark Sanford to accept that money.

Davis, R-Beaufort, chided other senators for what he called a "cheap political point" when they left out \$578 million in guaranteed stimulus money.

The fight began last week after the state Senate released its 2009 budget proposal. That plan omitted the \$578 million.

The House version of the budget includes that money, which would be used for, among other things, increased reimbursement for Medicaid claims.

"They wanted to create a scenario that would create fear and scare people into putting pressure on the governor to accept the \$700 million," Davis said Saturday. "It's absolutely disingenuous."

Sanford, who would have control of the \$700 million, notified the White House on Friday, only hours before the deadline to request the stimulus money, that he would ask for nearly \$2.8 billion allotted for South Carolina. But he warned teachers not to expect to see any of it in the classroom.

Sanford has said he doesn't want to spend money on programs that the state would have to pay for after the federal money is gone. He still hopes to use the \$700 million to pay down state debt, something federal officials have twice told him he can not do.

"The governor and I don't want ... the money to go toward reoccurring costs," Davis said,

"because when that money dries up in two years, we're left holding the bag."

Davis thinks he has a compromise that would satisfy both the governor and his dissenters.

Davis' solution is to use the \$700 million to pay one-time costs and for capital funds projects. As an example, he said, educators and law enforcement officials could use the money to purchase supplies or to construct the buildings they need.

Davis, Sanford's former chief of staff, said the governor would likely be receptive to such a compromise because it wouldn't create increased debt in the future.

Davis said he hopes to work out details of the compromise in the Senate in the coming weeks.

Sanford has at least 75 days to explain to federal officials how he would spend the portion of the stimulus he controls, Davis said. The \$700 million, if accepted, would be split into two equal payments over two years, he said.

The uncertainty over the money's availability has kept educators and law enforcement officials guessing on how many layoffs and cutbacks to expect.

"Things are no clearer today than they were yesterday," said state superintendent of education Jim Rex in a news release Friday. "The situation is still confusing and contentious, and districts can't postpone their budget process indefinitely while they wait for this political drama to play out."

Rex said he expected to lose 2,600 jobs across the state, including 1,500 teachers, if the money doesn't go to schools. If a portion of the \$700 million is given to schools, about 700 jobs, including 500 teachers, could be saved, he said.

"Politics is the art of possibility, and although there is still a great deal to work out, we are making progress on getting this money here," Davis said. "I guarantee you, this money will be spent in South Carolina."

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Legislators discuss next steps

Aid talks get renewed push

Lawmakers hope to strike deal with Sanford now that stimulus certified

By Tim Smith  
CAPITAL BUREAU

COLUMBIA -- When Gov. Mark Sanford took the first step Friday to access all available federal stimulus funds for the state, he may have also helped open negotiations with frustrated lawmakers, some senators say.

While the deadlock over how to spend \$700 million in the stimulus aid remains, it may prove easier to talk about the issue now that a deadline has passed and legislators will spend one to two weeks on furlough and away from the Statehouse.

"Everything that moves this along gets us closer to some resolution," said Sen. David Thomas, a Greenville County Republican and chairman of the Senate Banking and Insurance Committee.

Sen. Larry Martin, a Pickens Republican and chairman of the Senate Rules Committee, agreed.

"I do think it becomes somewhat easier," he said. "We need to sit down and talk with him now that he has kept the money from being lost. I think we need to sit down and rationally reach a conclusion about how to best proceed."

The governor has said he will only accept the \$700 million -- part of \$2.8 billion in stimulus money available to the state over two years -- if lawmakers agree to spend the same amount to reduce the state's debt.

Legislators have argued that rejecting the money will in effect send South Carolina taxpayers' money to other states without any of the benefits. And without the stimulus, they say, thousands of teachers will lose their jobs, tuition will be hiked by double digits at state colleges and thousands of inmates will be released early from prisons -- claims that Sanford says are exaggerated to generate pressure on him.

Sanford's position on the matter has sparked nasty comments on the floor of the Senate, triggered rallies of protest and caused even some of his closest political allies to urge him to change his mind.

When Senate Majority Leader Harvey Peeler asked Sanford to meet last week with Senate Finance Chairman Hugh Leatherman, he said he hoped the two men could reach a deal. Instead, the meeting lasted about 20 minutes and produced only hard feelings.

Peeler took the Senate floor to express his frustration about the lost opportunity.

"It's like two magnificent brains trapped in two boulders of granite," he said of Leatherman and Sanford.

Sen. Tom Davis, Sanford's former chief of staff, said personalities have complicated negotiations. But he remained optimistic.

"Although there obviously is a level of antipathy between legislative leaders and Gov. Sanford, I really think with \$700 million of funds, that he will be able to sit down with the Senate and the House and craft a plan that allows those funds to be drawn down and meet what the governor's concern is," he said.

Sen. Tom Alexander, a Walhalla Republican and chairman of the finance subcommittee dealing with health agencies and Medicaid, said he was "cautiously optimistic" about negotiations.

"I certainly think it's helpful that we have next week to take a breather and go from there," he said.

Both Thomas and Davis said the eventual deal struck with legislators might not resemble using all the money to pay down state debt.

Davis, for instance, thinks Sanford might be pleased if the money was used on one-time expenses instead of recurring needs, what he said was the governor's chief concern in spending the money.

"The final resolution, maybe a month from now, may be much different than what is being discussed right now," Thomas said.

Thomas and Martin said the issue is complicated by stimulus requirements that education funding be maintained at fiscal year 2006 levels. The Legislature cannot simply dip into the General Fund and extract \$350 million to spend on debt or any other purpose, especially since the House budget plan that did use the stimulus money was passed before another cut in revenue estimates, Martin said.

"I really don't think he (the governor) realizes the budget is as bad as it is after it passed the House," he said.

Sen. John Land, leader of the Senate Democrats, believes Sanford's actions in certifying the money will eventually mean both sides resolve the matter, in part because he believes the governor is in a legal box.

Land, a Clarendon County attorney, said once Sanford certified the funds, he in effect requested the money. If he refuses to apply for the money to allow lawmakers to spend it, Land said he believes he opens himself up to a lawsuit by the General Assembly because only it can appropriate funds.

House Speaker Harry Cato of Travelers Rest said he is not sure how negotiations will fare as a result of Sanford's actions Friday.

"There seems to be a lot of animosity," he said. "There seems to be a lot of water under the bridge."

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**From:** Joel Sawyer  
**To:** MCS Road  
**Date:** 4/4/2009 7:05:03 PM  
**Subject:** NYT

Fyi...I picked up a copy today...that story is on A1.

Joel Sawyer  
Office of the Governor

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**From:** Joel Sawyer  
**To:** [REDACTED]@gov.sc.gov  
**Date:** 4/4/2009 2:53:24 PM  
**Subject:** Saturday Text of Clips

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NYT

Rejecting Aid, One Governor Irks His Own  
 By SHAILA DEWAN

COLUMBIA, S.C. — For a millionaire, Gov. Mark Sanford has a reputation for frugality that borders on the extreme.

Former employees say he has been known to require his staff to use both sides of a Post-it note. When Mr. Sanford was a congressman, he slept on a futon in his office and returned his housing allowance. And when, after he moved into the Governor's Mansion here, tax collectors declared his family's home on Sullivan's Island a secondary residence subject to a higher tax rate, he appealed and won.

Now, with his threat to refuse more than \$700 million in federal money to stimulate the economy, Mr. Sanford's contrarian streak is taking him from South Carolina, which is second only to Michigan in unemployment, to the national stage.

On Friday, just before the Obama administration's deadline, Mr. Sanford became the last governor to certify that he would accept some stimulus money, but declared that he would not accept the \$700 million largely designated for education unless the legislature agreed to use a similar amount to pay down the state's debt. (He did, however, accept most of the remaining \$2.1 billion for Medicaid, transportation and other uses. Only Mr. Sanford and Gov. Sarah Palin of Alaska have rejected the education money.)

As much as Mr. Sanford's stance has increased his national stature and stoked speculation that he will be a candidate for the Republican presidential nomination in 2012, it has earned him the fury of many people at home.

The leaders of the South Carolina General Assembly, fellow Republicans, are counting the days until his term ends in January 2011. The state's most conservative newspapers have sharply criticized him. The superintendent of education, the president of the public university system and the director of the State Law Enforcement Division — a member of the governor's cabinet — have all protested his stance.

Even Republican allies like Senator Lindsey Graham, who opposed the stimulus package, have been in a tight spot. In one news release, Mr. Graham criticized Education Secretary Arne Duncan's assertion that he would force the governor to take the money. But Mr. Graham added that the state should accept the money.

Through the tumult, Mr. Sanford has remained unperturbed. "I think the fatal flaw of a lot of people in politics is that they want to be loved," he said Friday in an interview in his office. "I sleep like a baby at night."

Mr. Sanford opposed the stimulus package from the first, writing op-ed articles saying it placed an unfair burden on future generations and calling it "fiscal child abuse" on national television. Once it became law, he said he would review each piece carefully before accepting it, eventually declining some unemployment money but agreeing to take aid that would flow to the state through formulas, like money for Medicaid and educational programs for poor children.

That left the so-called stabilization funds, which are more flexible and are controlled by the governor, though 82 percent must be used for education. According to the White House's reading of the law, if a governor refuses the stabilization money, the legislature cannot override that decision and request that money.

Without the money, predicted State Senator Hugh K. Leatherman Sr., the chairman of the Finance Committee and a Republican, there would be "budgetary Armageddon." Public schools would lose an estimated 3,000 jobs, including 1,500 teaching positions. Prisons could be forced to release thousands of inmates. Tuition and class sizes would increase at universities, which have already suffered larger budget cuts than any other state system this year, according to Harris Pastides, the president of the University of South Carolina.

Mr. Sanford said those forecasts were intended to scare people and were based on the faulty assumption that no other savings could be found in the budget.

Many have accused the governor of blind ideology. But Mr. Sanford points out that South Carolina has a strong legislature and a very weak executive, and the \$700 million represents the kind of leverage a governor here can rarely wield.

"If this were about some kind of philosophical rip, then I would have indeed obstructed on all kinds of different funds," he said.

Rather, he said, he is withholding the money to push the legislature to retool expensive programs that he says jeopardize the state's economic future, like one that lets retired state employees go back to work without losing their pensions. Paying down debt, he said, will free up millions of dollars a year, unlike the stimulus payments, which will run out after two years.

In his tussles with the legislature, Mr. Sanford has rarely had the kind of victory that he has set his sights on now. For years, lawmakers have rebuffed his ideas even though they admit he often triumphed in the court of public opinion. Now, they are relishing the mounting public disgust.

"This issue's about to snag him," said State Senator Glenn F. McConnell, the chamber's leader and a Republican.

Mr. McConnell said the recession also caused Mr. Sanford's first public stumble, when the state unemployment fund ran out of money right before Christmas and the governor threatened to refuse to sign for a federal loan. "It was cold," Mr. McConnell said. "Some could call it bold, but it was a cold move, and a heartless-type move."

Still, it is not clear how much capital Mr. Sanford's position has really cost him in the state. South Carolinians like their politicians with an independent streak.

Keven Cohen, a conservative radio show host in Columbia, said that although most of his listeners believed Mr. Sanford should take the money, they respected what they viewed as his principled stand against the stimulus.

"I think it's refreshing in an age where there's so much bring-home-the-bacon for your district, he's been so disciplined with money," Mr. Cohen said. "No matter what your political ideology is, you have to admit that the recession has shown us the need for fiscal responsibility."

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## The State

Don't count on \$700 million

Sanford accepts \$2.8 billion, says he won't seek school, safety funds

By JOHN O'CONNOR

joconnor@thestate.com

Gov. Mark Sanford secured South Carolina's \$2.8 billion share of federal aid Friday but warned teachers, school districts and others not to plan on \$700 million for classrooms, colleges and public safety.

In a letter to the White House budget office, Sanford reiterated that he will not apply for the \$700 million portion of funds. He is asking state lawmakers to use an equivalent amount to pay off debt.

"They're not going to get that money," Sanford said Friday of school districts. Sanford was the nation's final governor to request the money.

"The \$700 million doesn't come unless we accept it. What we've said is, 'Unless we get some kind of very meaningful debt relief, we're not going to accept it.' "

The stimulus bill requires the federal money go to schools, colleges, public safety and — if any is left over — to pay for other government costs. Sanford twice has asked the White House for permission to spend the money on debt and been rejected twice.

Sanford's request extends the state's deadline to act — originally midnight Friday — but leaves in doubt whether lawmakers will be able to include the money in the state budget by the time school districts must sign contracts with teachers in mid-May. The governor has until September 2010 to apply for the money, according to the Office of Management and Budget.

Sanford, a Republican, insists the money to pay off debt is there. The GOP-controlled Legislature says it isn't, arguing that rejecting the federal aid will mean South Carolinians will lose their jobs. The continuation of an already weeks-long debate, state leaders said, will provide little benefit to the state.

"Everybody ... makes mistakes," said former Gov. Jim Hodges, a Democrat. "There are times when things don't work out, and you move on to talk about other things. I don't think it's healthy for the state to spend another month talking about this issue."

Lawmakers informally were discussing their options Friday, exploring the possibility of breaking the impasse by law. Options under discussion included requiring the governor to apply for the \$700 million or allowing another state official to do so.

"It is all kind of new ground every day," said House Majority Leader Kenny Bingham, R-Lexington, of the frequent legal updates about the money. "We're just trying to write a budget ... this thing is serious. We're just trying to figure out what we have to work with."

State Sen. Larry Martin, R-Pickens, said lawmakers have floated using income from a higher tobacco tax — approved by the House this week and now headed to the Senate for consideration — to pay off debt for a few years.

While federal deadlines no longer loom, school districts are running out of time to figure out how many teachers they can afford. A bill, awaiting Sanford's signature, would require districts to sign teacher contracts by May 15.

Personnel costs make up about 90 percent of most districts' budgets.

Officials in Greenville County, the state's largest district and the county's largest employer, said they would have to write a budget without the money if it has not arrived by mid-May. The district said 450 to 500 positions could be eliminated.

Many lawmakers are committed to using the federal money to bolster the state budget.

"When you request money you said you weren't going to request," Martin said, "you can't turn around and try to direct it in a way you've already been told no, you can't do.

"He's done it (certified the money), and now I think he ought to follow the federal law."

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Post and Courier

COLUMBIA — Less than 10 hours before deadline, Gov. Mark Sanford sent a letter to the Obama administration Friday to accept on behalf of South Carolina all but \$700 million of the nearly \$8 billion in federal stimulus money the state stands to receive to jump-start its economy.

While many across the state can rest easy that food stamps and jobs rebuilding South Carolina roadways are on the way as the federal cash starts flowing, schools are still in trouble.

The two-term Republican governor warned the public school system, the intended primary recipient of the \$700 million over two years, to not bank on getting the cash. Superintendent of Education Jim Rex, a Democrat, said Sanford's decision increases pressure on the districts that already are faced with making significant layoffs before next school year.

"Things are no clearer today than they were yesterday," Rex said in a statement Friday. "The situation is still confusing and contentious, and districts can't postpone their budget process indefinitely while they wait for this political drama to play out."

Sanford said he is not purposely picking on schools, but it just so happens that the only money he contends to have control over is that which is mostly aimed at education. The governor

said he will not apply for the \$700 million in budget aid unless the Legislature uses an equal amount of state dollars to pay down debt.

The White House told Sanford twice that he could not use the federal money to pay debt, but the governor said he finds it "inconceivable" that the state would be barred from using its own money for debt payments.

Rex said Congress intended the budget aid to be used to create and save jobs, and he said all the governor is doing by shifting state money toward debt is "bookkeeping sleight-of-hand" that ultimately won't fly.

If the Legislature refocuses its priorities and reforms government programs, Sanford argued, then money would be freed up to help public schools maintain teaching staffs and fill budget holes.

Sanford's plan

The governor contends that the state has until September 2010 to accept the \$700 million. Sanford, who has vehemently opposed the \$787 billion American Recovery and Reinvestment Act, took the position that the budget aid is the only portion of the state's stimulus cash that he has the power to reject. Of the \$700 million, about 82 percent is designated for education and 18 percent is for public safety and other services.

"We think it's incredibly important to pay first for the political promises that are on the table before you go out and make a bunch of new and additional political promises," Sanford said.

Sanford said he decided to send the letter to Washington to avoid a lawsuit on the advice of state Attorney General Henry McMaster.

#### The breakdown

In all, South Carolina could receive \$8 billion, but much of that total is money available for tax relief, grants such as those for low-income college students and funds to help homes become better able to withstand the elements.

State government agencies will receive \$2.8 billion, including \$463 million for highway improvements, roughly \$600 million for unemployment benefits, \$389 million for food stamps, among other programs. Included in the \$2.8 billion is the \$700 million to help stabilize the state budget.

South Carolina taxpayers are obligated to pay back all the money, regardless of whether the governor sent the letter before Friday's deadline. The \$700 million in question could be divided among other states if Sanford does not accept it at some point.

House Speaker Bobby Harrell, R-Charleston, said Sanford back-peddled from his original hard-nosed position against accepting the stimulus cash.

"We are pleased to see that Governor Sanford has reversed his decision to ignore hard deadlines and instead decided to certify funds that could have potentially been lost to other states but still repaid by South Carolinians," Harrell said in a statement. "I fully expect the funds will be used to restore cuts made to education, health care and law enforcement as originally intended and as the law clearly states it must be."

Sanford said his position has been consistent.

"We haven't changed one iota with regard to where we are on that," he said.

#### What's next?

As Sanford waits on state legislators to agree to his terms, Rex said districts are being forced to build budgets based on worst-case scenarios. To make up the budget gaps in schools while obliging Sanford and paying down debt, legislators will have a careful balancing act.

Based on a survey of districts, the Department of Education estimates that next year public schools will have to eliminate 2,600 jobs, including 1,500 teaching positions.

That's down from initial projections of about 5,200 layoffs because the governor has agreed to accept other portions of stimulus money aimed at special education and high-poverty schools.

Berkeley, Charleston and Dorchester county schools could lose an estimated \$18 million without the budget aid.

U.S. House Majority Whip Jim Clyburn, D-S.C., said he will do what he can on the congressional level to go around Sanford and deposit the \$700 million in state coffers.

"Political posturing doesn't educate our children or protect our communities," he said in a statement. "I will continue to work on getting much-needed funding to South Carolina schools and law enforcement agencies as quickly and efficiently as possible. All options are being explored."

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## Greenville News

Sanford certifies \$2.8 billion in stimulus funds, hesitates on education money

By Tim Smith  
CAPITAL BUREAU

Gov. Mark Sanford on Friday took the first step in accessing the entire amount of federal stimulus money available to South Carolina, but he said he would not apply for the \$700 million to fund education and law enforcement unless legislators agree to spend an equal amount on debt.

The immediate impact of his actions appeared to move the issue past a Friday deadline. But the impasse with frustrated lawmakers remained.

Nonetheless, the governor said, he has not changed his opposition to the \$700 million, which he said he has until September 2010 to spend.

Asked how local school administrators should plan at a time of pending teacher contracts, Sanford replied, "At least in the conceivable plans that we can envision, they are not going to get that money."

"The governor is playing economic Russian roulette with the people of South Carolina, and I'm sick of it," said Senate Majority Leader Harvey Peeler. "It's more confusing today than it was yesterday."

Others welcomed Sanford's actions.

"We are pleased to see that Gov. Sanford has reversed his decision to ignore hard deadlines and instead decided to certify funds that could have potentially been lost to other states but still repaid by South Carolinians," House Speaker Bobby Harrell said. "I fully expect the funds will be used to restore cuts made to education, health care and law enforcement as originally intended and as the law clearly states it must be."

Sanford told reporters that he decided to certify all \$2.8 billion in stimulus funds instead of leaving the certification of the \$700 million to the General Assembly because of warnings Friday from State Attorney General Henry McMaster that doing so could invite a lawsuit.

Nonetheless, the governor said, he has not changed his opposition to the \$700 million, which he said he has until September 2010 to spend.

"What is absolutely constant is we are not going to request that \$700 million unless this administration comes together with the Legislature on a plan to pay down debt," Sanford said.

The governor described the certification process as "procedural" and necessary for "the preservation of options."

Getting the stimulus money is a two-step process, White House officials say. In the first step, officials must certify their state will request the money and that it will be spent to create jobs and promote economic growth, according to a spokesman for the White House Office of Management and Budget. In the second step, a governor, not a Legislature, must apply for the funds, allowing the state to spend the money.

Sanford's announcement Friday likely means his standoff with the Legislature, which is furloughed next week, could continue for weeks.

The governor has said he will only accept the \$700 million -- part of \$2.8 billion in stimulus money

available to the state over two years -- if lawmakers agree to spend the same amount to reduce the state's debt. Sanford for months has protested the federal stimulus legislation, arguing it will only heap debt on taxpayers and not cure the economy. He said accepting the \$700 million for the budget will only postpone dramatic pain to agencies for two years, when the money runs out.

Lawmakers argue that rejecting the money will in effect send state taxpayers' money to other states without any of the benefits. And without the stimulus, they argue, thousands of teachers will lose their jobs, tuition will be hiked by double digits at state colleges and thousands of inmates will be released early from prisons.

The governor said Thursday that he believes legislators are deliberately trying to scare the public with misleading information about possible layoffs to put pressure on him to accept the money. He repeated his assertions Thursday that education spending in the state has actually grown by 4 percent.

U.S. Rep. Jim Clyburn, House majority whip, said he was exploring "all options."

"Political posturing doesn't educate our children or protect our communities," he said in a statement. "I will continue to work on getting much-needed funding to South Carolina schools and law enforcement agencies as quickly and efficiently as possible."

Asked about comments from State Law Enforcement Division Director Reggie Lloyd that possible cuts, if the \$700 million isn't used, could create an "Armageddon" for law enforcement in the state, the governor said Lloyd was "mistaken." He said Lloyd, whom he appointed, was relying on the Senate's latest budget numbers, which he said are misleading.

Sanford said the good news in his action Friday is that there is plenty of time left now to negotiate a solution.

But senators who are now crafting next year's budget said they don't have months to wait on an answer.

"I think the issue had a shelf life of midnight," Peeler said.

Meanwhile, Rep. Rex Rice of Easley filed legislation to try to solve the dilemma. Rice's bill would create a joint study committee comprised of the governor and the Legislature's two chief budget writers, or their designees, to find by next January at least \$350 million in savings through the elimination of duplication within state agencies.

"South Carolina taxpayers are paying for the stimulus one way or the other," he said. "If we have to choose between our tax dollars going to California or South Carolina, it's a no-brainer. We must take the money, but we must also spend it wisely and not on things that merely grow the size of state government."

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Associated Press

SC gov buys more time on disputed stimulus cash

Gov. Mark Sanford bought more time Friday to decide whether to request federal stimulus money for South Carolina's impoverished schools, a move that guarantees he'll spend at least a few more weeks dealing with citizen protests, yard signs urging his impeachment and nasty statements from fellow Republicans.

Sanford has been railing loudly against the \$787 billion stimulus package since before President Barack Obama signed it in February. More recently, he's objected to spending \$700 million available to his state for education, a position that's spawned street protests, dire predictions about the future of state schools, and criticism even from his allies.



But in this independent-minded state, where editorials from The New York Times and anti-Sanford ads sponsored by national Democrats raise hackles, some folks are in Sanford's camp in thinking the rest of the country has lost its collective mind when it comes to using Washington's borrowed money.

South Carolina's share is \$2.8 billion over two years, but Sanford only directly controls the \$700 million that's mostly supposed to be used for schools. He wants to use it to pay down debt, but the White House has twice said he can't. Sanford is the only governor not seeking the mostly education-related money.

Sanford faced a Friday deadline to request the \$700 million, but he bought the state some more time by filing paperwork to request the larger pool of money to which it's entitled. Ultimately, he'll have until September 2010 to commit to using the money, but he has only weeks to work out deals with budget writers in the GOP-controlled Legislature who want to include the cash in the budget that takes effect July 1.

State education officials say the \$700 million over two years would keep hundreds of teachers employed in a state that had the second-highest unemployment rate in February.

About 40 Sanford fans gathered for a counter-demonstration earlier in the week when hundreds of teachers and parents rallied Wednesday outside the Statehouse, carrying signs proclaiming "Pink Slip Sanford" and talking about forestalling cuts that already have slashed education spending.

Patricia Wheat, a grandmother from Lexington, said Sanford won her support when he pushed for school choice and solidified it when he carried squirming piglets to the doors of the House to protest spending he considers pork.

"I thought that was hilarious," Wheat said. "I like politicians with chutzpah."

Critics contend Sanford, the 48-year-old chairman of the Republican Governors Association, is looking to burnish a rising political star to prepare for a 2012 White House bid.

But he's also playing to the same small fan base that grew in his three U.S. House terms as he bucked GOP leadership, at times becoming the lone opponent to popular legislation that would add to federal spending.

In his final Washington term, he was the only dissenter to oppose Medicaid coverage for some breast and cervical cancer treatment, an Agriculture Department program for farmers to file applications via computer and naming a Texas border station after former U.S. House members.

Sanford concedes they were inconsequential ideological moves intended to make a point, and critics say they're a far cry from balking at stimulus cash needed for teachers, police and prisons. They note he isn't getting in the way of other money, including funds for road repairs, and question his motives.

"He lost this argument on day one when he said he's going to take some of the money," said former Gov. Jim Hodges, a Democrat whom Sanford beat in 2002.

Nearly every newspaper in the state has urged him to take the money. Allies like Republican U.S. Sen. Lindsey Graham contend state residents will have to pay federal taxes that will fund the stimulus package, so it might as well be used here.

"I think people are hurting. Because of that, I think we need to take the money," said Hope Rivers, a 36-year-old technical college system worker who attended an anti-Sanford rally with her 6-year-old daughter. "There's a budget shortfall and if the money can come in and make a difference then certainly I think it's worth a chance - worth a shot."

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Morning News reporter  
Published: April 3, 2009

FLORENCE — Florence City Council during a special meeting Friday approved expediting the hiring of a grant writer for stimulus monies and the appointment of an oversight committee to review the courts.

The action happened in open session after a 1¾-hour executive session.

"The council passed an ordinance to allow the city staff to expedite the procurement process so that we could get an additional grant writer on line as soon as possible," said Mayor Stephen J. Wukela. "We have grant writers on staff, but it tends to be agency specific. What we hope we can find is someone who can nose around in the thicket and find some grants and some money out there that we wouldn't know of otherwise."

"There's a lot of money out there available through the stimulus package and we feel we need to get our fair share of it," City Manager David Williams said. "We felt like we needed to hire somebody quickly that knows where to look in and can help us identify those grant sources that we qualify for before the money is taken by somebody else."

Williams added, "we've got several names that have been referred to us. We're going to bring interview them in the next few days and see what their credentials are. Whoever can bring the most to the table and get to work quickly, we're probably going to go with somebody like that."

"The main thing today is if we went through the normal procurement process, we would probably be two to three months down the road at the quickest," City Attorney James W. Peterson said. "If we wait that long, it's going to be too late."

Meanwhile, council members appointed to the oversight committee are Octavia Williams-Blake, Buddy Brand and Ed Robinson. They will continue oversight and review of the courts.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

**From:** Joel Sawyer  
**To:** MCS Road  
**Date:** 4/4/2009 1:46:47 PM  
**Subject:** Re: Fox News

I sent them earlier...thought you could have read at home. Want me to send the text to you in a bit?

Joel Sawyer  
 Office of the Governor

\*\*\*\*\*  
 \*\*\*\*\*

-----Original Message-----

**From:** MCS Road  
**To:** Joel Sawyer <jsawyer@gov.sc.gov>  
**Creation Date:** 4/4 12:36 pm  
**Subject:** Re: Fox News

No press clips

\*\*\*\*\*  
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-----Original Message-----

**From:** Joel Sawyer  
**To:** [REDACTED]  
 [REDACTED]@gov.sc.gov>  
**Creation Date:** 4/4 8:24 am  
**Subject:** Fox News

The segment will be our second segment. The first will be David Axelrod, Sr. Advisor to the President. This will be done from Prague since he is with the President. Gov. Sanford now will only be on with Newt Gingrich since Rep. Paul Ryan is having travel problems and can no longer join us. So this will give the Governor and Gingrich more time.

Topic areas are:

- Economy. How Republicans turn around?
- Where is he on stimulative spending?
- Role of Government in running private companies?
- Obama's foreign trip.
- Future of Republican Party.

Joel Sawyer  
 Office of the Governor

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Page 1

**From:** Joel Sawyer  
**To:** [REDACTED] MCS Road  
**Date:** 4/4/2009 9:24:48 AM  
**Subject:** Fox News

The segment will be our second segment. The first will be David Axelrod, Sr. Advisor to the President. This will be done from Prague since he is with the President. Gov. Sanford now will only be on with Newt Gingrich since Rep. Paul Ryan is having travel problems and can no longer join us. So this will give the Governor and Gingrich more time.

Topic areas are:

- Economy. How Republicans turn around?
- Where is he on stimulative spending?
- Role of Government in running private companies?
- Obama's foreign trip.
- Future of Republican Party.

Joel Sawyer  
Office of the Governor

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\*\*\*\*\*

**From:** Paula Rauch  
**To:** governors\_office\_all  
**Date:** 4/3/2009 11:10:29 AM  
**Subject:** Job Vacancies

The following positions in OEPP are now available for applications at: [www.jobs.sc.gov](http://www.jobs.sc.gov)

1. Case Manager/Administrative Assistant- Guardian ad Litem (PT/Time-Limited, Laurens, SC).
2. Administrative Specialist-Guardian ad Litem (PT/Time-Limited, York, SC).
3. Case Manager/Administrative Assistant-Guardian ad Litem (FTE/Time-Limited, Greenville, SC).
4. Case Manager/Administrative Assistant-Guardian ad Litem (FTE/Time-Limited, Charleston, SC).

Thank You

Paula Rauch  
Human Resources Specialist  
Human Resources  
Office of the Governor  
803-734-0502  
[prauch@oepp.sc.gov](mailto:prauch@oepp.sc.gov)

**From:** Patrick Franks  
**To:** MCS Road  
**Date:** 4/2/2009 7:33:31 PM  
**Subject:** Ozmint's number

[REDACTED]

Pastor green

[REDACTED]

Patrick K. Franks  
(803)-734-5195

\*\*\*\*\*  
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**From:** Carrie Harviel  
**To:** governors\_office\_all  
**Date:** 4/1/2009 9:03:20 AM  
**Subject:** Join the March for Babies

Over the years, our office has supported the March of Dimes in their mission to help babies get a healthy start in life- babies here in our own community and all across the nation. We are once again proud to partner with the March of Dimes in the upcoming March for Babies.

The March for Babies (formerly WalkAmerica) is scheduled for Saturday, April 25th at the South Carolina State Fairgrounds in Columbia. Funds raised for the March for Babies will assist the March of Dimes in continuing their work to improve the health of babies by preventing birth defects, premature birth and infant mortality.

I want to personally invite you to join our team-Office of the Governor-SC- for this exciting campaign as we strive to raise \$500. If you are interested in volunteering, raising money, or learning more about our efforts, please call me at 734-5287. Or, you can go directly to our team's online fundraising page at [www.marchforbabies.org/teams/668131](http://www.marchforbabies.org/teams/668131) to join our team or make an online donation.

We are proud to continue our partnership with the March of Dimes as we work together to champion the health needs of mothers and babies. So let's get ready to lace up our shoes because the March for Babies is on its way, and we want to make it our best walk ever! Stay tuned for more details.

Sincerely for healthy babies,

Carrie Harviel  
Office of the Governor  
(803) 734-5287



**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/31/2009 5:35:47 PM  
**Subject:** News clips from Monday

Governor,

Below are the links to the two news stories from Greenville yesterday.

This is the link to the WYFF Clip:

[http://www.criticalmention.com/ctv3-](http://www.criticalmention.com/ctv3-1/landing_email.php?type=email&video=true&random_string=6f9825f94c10c23f867fbc2c31a3d8fc)

[1/landing\\_email.php?type=email&video=true&random\\_string=6f9825f94c10c23f867fbc2c31a3d8fc](http://www.criticalmention.com/ctv3-1/landing_email.php?type=email&video=true&random_string=6f9825f94c10c23f867fbc2c31a3d8fc)

This is the link to the WSPA Clip:

[http://www.criticalmention.com/ctv3-](http://www.criticalmention.com/ctv3-1/landing_email.php?type=email&video=true&random_string=1adf2d5862dc7d6cc98c16d1a4bd6900)

[1/landing\\_email.php?type=email&video=true&random\\_string=1adf2d5862dc7d6cc98c16d1a4bd6900](http://www.criticalmention.com/ctv3-1/landing_email.php?type=email&video=true&random_string=1adf2d5862dc7d6cc98c16d1a4bd6900)

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/30/2009 6:35:48 PM  
**Subject:** Tuesday's Press Conference Topper

Governor,

Below is the topper for tomorrow's press conference at the Policy Council.  
 I have also attached it in Word form, as well as a PDF of the response letter to Sen. Leatherman.

Kevin

# STIMULUS PRESS CONFERENCE TALKING POINTS

By Kevin Pazdernik

3/31/09

Event: Stimulus Press Conference with South Carolina Policy Council  
 Tuesday, March 31, 2009 at 10:00 am (30 minutes)  
 South Carolina Policy Council, 1323 Pendleton Street, Columbia  
 Contact: Joel Sawyer cell 803-446-6713

Audience: Confirmed Senators – Danny Verdin, Larry Grooms, Mick Mulvaney, Phillip Shoopman,  
 Lee Bright, Shane Martin, Mike Rose, Tom Davis  
 Possible Senators – Greg Ryberg, Chip Campsen, Dave Thomas  
 Media

Attire: Coat and Tie

Agenda: Speaking Order:  
 Ashley Landess – Stimulus spending would have long-term negative effects on SC  
 MS – summary of stance on stimulus, and how a responsible budget can be written without stimulus  
 dollars (Leatherman letter - attached).  
 Ashley Landess can call on Senators to speak

Overall Message: A responsible budget can be built without stimulus dollars.

NOTE: The policy council has not provided specifics about their study, as Monday evening. We will have talking points ready at 8:30 am Tuesday.

## Talking Points:

When the stimulus money disappears in two years programs would have to be cut, or find alternative funding sources. The SC Policy Council study concludes to cover the additional costs state sales tax would have to increase from 6 cents to 8.4 cents per dollar. Lawmakers could also raise individual income taxes from 7 percent to 9.47 percent.

Our position on the \$700 million is closer to the House and Senate's than they have lead people to believe.

There is \$700 million in stimulus money in play.

The House budget did not adopt \$270 million in cuts made in the executive budget.

The House has \$220 million more in than we did to write their budget.

If debt was paid off as we've proposed, we'd save \$160 million over two years.

That leaves a gap of \$50 million over two years between a budget that pays off debt, and one that doesn't.

\$50 million is less than 1/2 of 1 percent of what the state will spend in that two year period.



**From:** Joel Sawyer  
**To:** Road, MCS ; [REDACTED]  
**Date:** 3/30/2009 6:27:13 PM  
**Subject:** Policy Council

Tim -

Please let the governor know that for the press conference tomorrow, the Policy Council is still in the process of pulling together information specific to the study they're releasing.

That said, they want his role/message to largely be the same as what he's been doing today - talking about his overall objections to the stimulus, and laying out the fact that a responsible budget can be written without it.

Kevin is preparing a topper that outlines this and will email it to the governor tonight. Kevin and I will both be here early tomorrow, and will put the more specific information into the governor's hands at 8:30.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

**CC:** Pazdernik, Kevin

**From:** Joel Sawyer  
**To:** [REDACTED] Road, MCS ; [REDACTED]  
**Date:** 3/30/2009 5:41:21 PM  
**Subject:** NY Times Response - PLEASE REVIEW

Attached and pasted below:

Draft by Joel  
Word count: 799

After the New York Times editorial Monday chided our stance on stimulus spending, a friend remarked that if the Times is editorializing against you, you must be doing something right. While there may be some truth to that tongue-in-cheek remark, I thought it was worth letting readers know the other side of the story.

My opposition to the stimulus has been well chronicled. We don't believe economic problems created by too much debt will ever be solved by more debt. We believe if you print enough of anything you devalue it, a course the American dollar is on, which would render any economic "stimulus" to this point moot. We joined with many others across the country in saying this stimulus bill was a mistake, but it's important to understand why we're insisting if this money does indeed come to South Carolina, that an equal amount be used to repay existing debt at the state level.

First, while some political opponents have promoted the doom-and-gloom budgetary scenarios written about on this page, they're exaggerated at best and disingenuous at worst. The fact is that there's already a budget plan for South Carolina that doesn't lay off a single teacher, doesn't close a single prison and funds our Medicaid program – it's the budget we wrote back in January, and it doesn't use a penny of stimulus money. Unfortunately, even among some Republicans, more spending always seems to be the answer. But when you look at the numbers, only about one-half of one percent of what our state would spend in two years separates our plan and the one advocated by the legislature.

Second, South Carolina is already an outlier with the degree to which future generations will be asked to shoulder past government borrowing. A recent report by the American Legislative Exchange Council ranked us 47th worst in the nation for amount of annual debt service as a percentage of tax revenue. On top of that, South Carolina has another \$20 billion in unfunded, long-term political promises for pensions and other liabilities.

When you're in a hole, the first order of business is stop digging. Spending one-time stimulus money on ongoing programs would mean using temporary money for 10 percent of our state's ongoing budget needs – the largest recorded level in state history. By instead paying down debt related to education, it would immediately free up over \$162 million in debt service in the first two years and save roughly \$125 million in interest payments over the next 13 years – just as paying off a mortgage early frees up the typical monthly payment for other uses.

Third, it's interesting the debate over what happens next with the stimulus – a bill, you'll remember, which was intended to stimulate the national economy – has changed into a debate about plugging short-term state budget gaps in education and other areas. A generation in South Carolina has been wasted as people have too slowly begun to realize that spending an ever increasing amount on education isn't the answer to improving our abysmal rankings on that front. In inflation-adjusted dollars, South Carolina has more than doubled its K-12 spending since 1972 without a commensurate improvement in outcomes.

That's why we've been pushing aggressively for school choice legislation that would allow parents and students to pick the school that works best for them. We were heartened to see just last week that a prominent African American Democrat, state Senator Robert Ford, has joined us in that fight. We believe support for this bill will continue to grow, and inasmuch as the Times and its readers are interested in improving educational outcomes here, we welcome the support on that front.

Final, while some have sought to divine a political motivation for my actions on this front, I would say just the opposite is true. This stimulus money runs out after two years, after I'm gone from office. It would be easy for me to kick the can down the road for two years and let the next governor deal with the massive spending holes created by the disappearance of federal money. Changes to everything from our state's budgeting practices to our government structure must come to South Carolina eventually, with or without me. The course we've laid out is I believe far more responsible in trying to force those changes sooner rather than later, because as we've seen in the case of General Motors and elsewhere the debilitating effect of federal money is the reform it forestalls.

We believe we've laid out reasonable middle ground in our approach. If our federal government is going to burden future generations with debt of this magnitude, it only makes sense for us to pay off our substantial debt at the state level so future South Carolinians won't be on the hook twice.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
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(803) 734-6447 - fax

**From:** Paula Rauch  
**To:** governors\_office\_all  
**Date:** 3/30/2009 1:49:35 PM  
**Subject:** Annual Health Screening Reminder

Good Afternoon,

This is just a reminder about our annual health screening this year with Providence Hospital. Our employee screening will be held on Thursday, April 2, 2009, from 8:00 a.m. - 11:00 a.m., in room #415. A 12-hour fast will be required. We still have times available, call me at 4-0502 ASAP to reserve your time. Appointments will be scheduled every 5 minutes.

The screening will include:

- A Personal Wellness Profile (PWP) that will cover history and lifestyle questions.
- Blood pressure, height, and weight (body mass index).
- Blood work for a Full Lipid Profile to include total cholesterol, high density lipoprotein (HDL), low density lipoprotein (LDL), and triglycerides.
- A Chemistry profile to include BUN (a protein marker), creatinine, glucose and electrolytes.
- A Hemogram to test red/white blood cells, hemoglobin and hematocrit.

In addition to the screening, after you receive your results, Providence Hospital staff will return for a one-on-one follow-up consultation to review your results with you. If you are covered by any of the state's insurance plans, the cost of the screening will be \$15 , payable by cash or check at the time of screening. Employees or family members who are not covered on a state insurance plan will pay \$40.

Providence Hospital has also agreed to offer free quarterly health education programs for our staff over the next year. These will be scheduled at a later date.

We hope you all will take advantage of this great opportunity to assess your own health and wellness.

Thank You.

Paula Rauch  
Human Resources Specialist  
Human Resources  
Office of the Governor  
803-734-0502  
prauch@oepp.sc.gov

**From:** Ben Fox  
**To:** [REDACTED], MCS Road  
**Date:** 3/27/2009 6:00:33 PM  
**Subject:** Text of draft response letter to Leatherman

First draft - Ben, edits by other

March 27, 2009

Hugh K. Leatherman  
Chairman, Senate Finance Committee  
12345 Government Expansion Avenue  
Columbia, SC 29200

Dear Chairman Leatherman:

Thank you for your letter of March 26, and thank you as well for engaging in the discussion over this important policy decision. It was only three weeks ago that we were indeed heartened to first hear about your concern over the stimulus bill's massive debt and dangerous annualizations, saying you were "fearful it's going to help us dig our state in a hole that's going to be tough to get out of in two years when that money's shut off." We'd share those reservations.

Your concern over the well-being of all South Carolinians - and especially those working in and served by state government - is laudable, and a concern we hold in common. Where we may differ is on the \$700 million stimulus dollars in question, and the choice between either trusting government to spend even more taxpayer dollars and dig our state and nation even deeper in debt, or what I believe to be the more reasonable approach of paying down state debt and therefore reaping dividends now and many years going forward.

So while your letter's appeal to emotion and repeated use of the term "chaos" certainly offers a vivid, though inaccurate, picture of what our state budget would look like without stimulus dollars, I'd offer the following thoughts:

First, the fact seems to be lost that our Administration submitted a balanced Executive Budget proposal just three months ago that funded core government services without the draconian cuts to healthcare, public safety and education that some in the Legislature now claim as inevitable. For instance, our Executive Budget proposed decreasing healthcare spending by only half of one percent - and kept almost all of this spending as recurring, unlike the House's recent budget which will inevitably lead to a dangerous annualizations cliff two years down the road. As well, public safety spending was decreased by only half a percent in our Executive Budget - not unreasonable given the challenging economic environment. And though state revenue has been adjusted downward since this January, the stimulus package still frees up an additional \$100 million or more Medicaid dollars than we had available for our budget.

In our Executive Budget, we offered more than \$271 million in potential savings, and - as in years past - many of these cost savings and efficiencies have been ignored. Our goal is to reduce costs without negatively impacting services. Even if the Committee cannot agree with those savings, the default position should not be simply making across-the-board cuts because all government spending is not created equal. Instead, we'd encourage your Committee to come to the table with us, a request we've made to your office in the last week, and together work to hammer out a responsible budget that funds core government services while protecting taxpayers from future liabilities.

Second, you and I agree that education is fundamental to our state's well-being and its future in an increasingly competitive world. It's worth noting that without one dollar of the stimulus, our Executive Budget was able to fund the Base Student Cost at \$2,339. The House's Budget, with hundreds of millions



in additional stimulus dollars, provided a Base Student Cost of \$2,342. That's a difference of just three dollars per student.

As well, your daunting statements about educational job losses in the thousands are at best a stretch, again given the fact that our Executive Budget funded education at the above levels without laying off a single teacher. Likewise, while predictions of double-digit college tuition growth are serious, we have seen that level of tuition inflation over the last five years anyway - when the state's budget was healthy and growing quickly. Indeed, our proposal to cap tuition and correspondingly force colleges to eliminate duplicative and unnecessary programs first has been all but ignored.

Third, I am bewildered by your claim that as Governor somehow I have "the power to avert the possible scenarios" your letter describes with respect to teacher firings, higher ed tuition hikes and cuts to health care. For the last six years, this Administration has put forth proposal after proposal to head off what we saw as the very serious threat of a state budget meltdown - only to be stymied at nearly every turn, with accusations of political maneuvering or the well-worn Chicken Little hyperbole.

Now, the economic situation has borne our fears out. Your response, as typified in your letter, seems to be a Copperfield-like wave of the hand that distracts people with doomsday scenarios and then offers up the same old solution as that of Democrats in Washington D.C.: grow government so government can take care of people's problems. Meanwhile, South Carolinians are saddled with the highest per capita debt in the Southeast and more than \$20 billion in unpaid political promises in the state's retirement system.

Let's examine the historical record of this "grow government" mentality. In the early years of this Administration, we had to force the repayment of a \$155 million unconstitutional deficit, a decade-old \$105 million GAAP deficit, and \$500 million in raided trust and reserve funds that came as a result of runaway spending in the late 1990s. As revenues grew, we opposed spending too much too fast because both the Bible and the business cycle teach us that sustainable spending can help protect against drastic busts following boom times. Still, government spending grew by more than 40 percent in the three year period before this most recent economic downturn.

This spending orgy has led to some ironic consequences. For example, for years the legislative budget funneled tens of millions of taxpayer dollars into the so-called Competitive Grants Committee to fund balloon festivals, Elvis impersonators, and various other "big check" presentations. Yet now, those million having been spent unwisely, some budget-writers seem caught unawares with the \$45 million deficit at the Department of Corrections - even though they themselves under-funded that agency for years. Additionally, the half billion dollars in savings at the Budget and Control Board recommended by the GEAR Committee were brushed to the side. And just last year, you pushed through legislation over my objection to finance an automatic cost-of-living adjustment for state retirees with unrealistic investment assumptions rather than focusing on the unfunded liability first.

To address another threat from your letter, I'd simply say that if eliminating whole agencies is your preferred way of balancing a wholly balanceable budget, then please provide us the opportunity to submit a list of agencies we think less vital than the health care, public safety, and economic development agencies in which have been cut past muscle and into bone over the past few years.

The truth is that you and your Committee are anything but powerless. Both you and I know that it's your Committee's very decisions that could have taken our state down a more responsible path in years' past, and this year could still avoid any and all lost education jobs that you so ominously foretell. It's your pen, not mine, that has in large part brought us to this point today. And threatening a catastrophe when it's within your power to stop it from ever happening seems to be a less than upright use of your power and responsibility as one of the state's chief budget writers.

In conclusion, we continue to believe we've staked out a very reasonable middle ground in asking that just 25 percent of available stimulus dollars be used for debt repayment. Our fellow Republicans in Congress -

including every single Republican from South Carolina - voted against this stimulus package. Had that position prevailed, we'd have access to no stimulus dollars rather than the 75 percent now contemplated. We believe our Republican representation in Congress voted the right way on this issue - on the side of the taxpayers, on the side of smaller government and on the side of passing less debt on to future generations. It seems at odds with that position for some in the General Assembly to turn a blind eye to the idea of paying down debt, and instead say in essence that we cannot govern for ourselves without help from Washington.

So while your letter sets up what you view to be a simple decision for me - either accept or reject the \$700 million, end of story - my fiduciary responsibility as Chief Executive is more complex. As Governor, I am called to look out for the best interests of present and future South Carolinians (because our great state's story doesn't end with you and me) - and not necessarily the best interest of government or political figures.

It's with that statewide, taxpayer-focused approach in mind that I thank you for your time, and look forward to continuing this discussion.

Sincerely,

Mark Sanford

\*\*\*\*\*  
\*\*\*\*\*

CC: Mary Neil Stroud

**From:** Ben Fox  
**To:** [REDACTED]; MCS Road  
**Date:** 3/27/2009 5:33:09 PM  
**Subject:** Leatherman letter - please review

Governor:

I'm attaching Sen. Leatherman's letter to you (the PDF file), and our draft response (in WORD). Senate Finance is having a special meeting Monday (possibly 1pm) to start drafting their "chaos budget" - and we'd like to get your response hand-delivered to them before their meeting Monday. Thanks,

Ben

**From:** Scott English  
**To:** MCS Road  
**Date:** 3/27/2009 11:25:23 AM  
**Subject:** Cigarette Tax Letter

Here's the letter you requested.

**From:** Barton Swaim <[REDACTED]>  
**To:** Mark Sanford <[REDACTED]>, MCS Road <[REDACTED]@gov.sc.gov>  
**Date:** 3/27/2009 9:54:55 AM  
**Subject:** text of Friday Press Briefing

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- \*Halley says he'll quit if restructuring passes
- \*Sen. Ford takes fire for support of school choice (2 stories)

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House OKs placing disabilities department under governor  
Tim Smith, Greenville News

The House on Thursday voted to place the state Department of Disabilities and Special Needs in the governor's Cabinet, months after a critical performance audit.

The 86-26 vote came without debate. The bill was amended to require legislative oversight of the agency and to allow perjury penalties to be applied to anyone testifying before the House in its oversight role who deliberately gives legislators false information.

Asked for a comment on the bill's passage, Lois Park Mole, spokeswoman for the agency, said, "The commission supports the governor's decisions."

The disabilities agency was the target of a critical performance audit last year that found the department diverted or left unused \$9 million in autism funding, may not have fired some staff members involved in cases of abuse and neglect, didn't follow up on numerous safety and welfare violations and denied commissioners access to public information.

Gov. Mark Sanford asked four of the department's seven commissioners to resign last month, and the agency's executive director resigned soon afterward. A spokesman for the governor on Thursday called the House passage "a great move."

"We've done what we can there in terms of making moves on the board," Sawyer said. "But we continue to believe the best way to ensure accountability of that agency going forward is just to get rid of the board and allow the governor to hire and fire an executive director."

The House legislation would keep a commission, but only as an advisory panel for the executive director.

Another piece of legislation that is headed to the Senate floor addresses some of the findings of last year's audit of the agency but does not restructure the agency as the House-passed bill does.

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Sanford urged to prevent 'chaos'  
John O'Connor, The State

South Carolina lawmakers Thursday attempted to turn up the pressure on Gov. Mark Sanford to accept \$700 million in federal stimulus money intended to balance state budgets by funding schools and public safety.

Without the money, lawmakers said, the impact on the state budget would be chaos.

But U.S. Rep. James Clyburn, D-S.C., said the U.S. Department of Education may send the money to S.C. schools — even if the governor or lawmakers do not request it and argued state lawmakers should include the money in their budget.

A spokesman for Sanford said the governor has not changed his mind about using the money to pay off debt, and asked Senate and House leaders to meet and work out a plan.

The debate went to the House and Senate floors Thursday.

Senate Finance Committee chairman Hugh Leatherman said his committee will draft two budgets next week, one with the money and one without. But without half of the \$700 million next year, Leatherman said, schools will lay off teachers, prisons will close and many state agencies could have their budgets virtually eliminated. State colleges, others said, could require double-digit tuition increases.

"We're not sure we can accept the money. That's still to be determined," Leatherman said on the Senate floor. "I'd bet you that will be determined in a courtroom."

The dispute hinges on an amendment in the federal stimulus bill that allows lawmakers to request the money if a governor refuses. Some scholars, including the Congressional Research Service, concluded the proposal might violate the 10th Amendment of the U.S. Constitution.

Lawmakers said they might not be able to request the money, and doing so could invite a lawsuit challenging the state budget.

"This, governor, is chaos," Leatherman wrote in a letter to Sanford. "Overriding your decision could lead to chaos in the courts. Failure to override your decision most assuredly would lead to chaos in the budget."

"You and only you have the power to avert the possible scenarios I have described."

Sanford spokesman Joel Sawyer said lawmakers were using disingenuous scare tactics.

"Our budget didn't lay off any teachers, it fully funded the prison system and it did so with fewer dollars than the Legislature now has," Sawyer said.

Sawyer said whether the Legislature can accept the money or not has no

impact on how Sanford believes it should be spent on reducing debt.

Legal scholars are divided about the constitutional questions surrounding the federal stimulus bill, and whether the Legislature can request the money if Sanford refuses to accept it by midnight April 3.

Writing on his blog, Yale Law professor Jack Balkin agreed with the interpretation of the Congressional Research Service report that the bill might have a conflict with the 10th Amendment.

"I think this provision may not be constitutional," Balkin wrote. "Unless you can demonstrate that under South Carolina law, the South Carolina Legislature, acting alone, speaks for the state, it would seem to me that the governor's consent is necessary."

Lawmakers worry any budget that includes federal money could wind up in court.

But others, including Clyburn, disagree.

Florida State University law professor Brian Galle said the CRS analysis has some holes.

States often accept federal grants that require other statewide elected officials to spend the money. Why, Galle said, is the federal stimulus money any different?

"All the Legislature can do is make the money available to the governor," Galle said. "But if so, that's not compelling the governor to do anything."

Clyburn said the CRS report has been misread. He said he was disappointed that state lawmakers were considering a budget without the federal aid.

"They are not issuing any kind of constitutional opinion," Clyburn said. "That has to be done by the courts."

"It's a red herring to raise constitutional issues about this law."

Clyburn said he has spoken with the U.S. Department of Education and it has the ability and is working on a plan to deliver federal money to state schools.

One Midlands school district, Lexington 1, laid out budget realities in a memo to employees this week. The school faces a \$7 million budget deficit even with the stimulus money, and the deficit grows to \$15 million without the funding.

"If our school district doesn't receive stabilization funds, we will not only increase class size and eliminate courses/programs," the memo says, urging staff to call Sanford, "but we will also be forced to cut jobs."

The Senate Finance Committee will begin meeting Monday to draft spending plans with and without the money. Despite the questions about the federal money, lawmakers said they are prepared to fight for the funds.

"The choice is Mark's," said Sen. Jake Knotts, R-Lexington, of the two

budgets. "We're going to play hardball. Let's hit it out of the park."

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Clyburn works to keep funding for education  
Jim Davenport, AP

U.S. House Majority Whip Jim Clyburn said Thursday he's working with the U.S. Education Department to make sure his home state doesn't lose education money that Gov. Mark Sanford has refused to seek.

The Education Department can "reprogram money in any part of" the economic stimulus bill, said Clyburn, D-S.C.

But that may not become necessary because the state Senate's top budget writer says South Carolina lawmakers will seek the cash if the governor fails to do so, and will "get every one of those dollars."

Sanford complains that the \$787 billion stimulus package is borrowed money. He says he won't seek a \$700 million portion of it unless he can use it to pay down debt.

The White House last week twice rejected Sanford's request to use the stimulus money on debt when it is intended to help education and keep jobs.

If South Carolina doesn't request the money, it can be sent to other states. Clyburn wants the federal Education Department to keep that cash headed to South Carolina schools.

U.S. Secretary of Education Arne Duncan appears to be getting that message. In a video posted Wednesday on Education Week's Web Site, Duncan said the agency is working with states whose governors aren't reaching out for the cash.

"We are absolutely working with folks in those states who care passionately about their children's education," Duncan said.

Duncan would only say "stay tuned" when asked about how he will deal with the issue.

South Carolina Education Superintendent Jim Rex wasn't surprised. "The Obama administration is committed to getting this money to states and public schools. I think they will try to find a legal, constitutional way to allow states to take that money," Rex said.

State legislators are asking Sanford to change his mind and accept the money before an April 3 deadline.

If the state were to lose out on the money, they say, teachers would be fired, college tuition would soar, and prisons would be closed. They say South Carolina taxpayers would end up helping the rest of the nation repay the federal debt without getting the benefit of the stimulus funds.

South Carolina legislative leaders say they'll write budgets - for now - without the money, after legal questions arose about their authority to trump the governor.



Clyburn said he was a "little bit surprised and greatly disappointed" at that response.

But Senate Finance Committee Chairman Hugh Leatherman also made it clear Thursday after speaking with Clyburn that lawmakers will seek the funds, if need be, once Sanford's decision-making deadline passes April 3.

"We're going to get every one of those dollars we can," Leatherman said.

That will start with a concurrent resolution already on the Senate calendar that allows the legislature to use the money. Leatherman has no doubt it will pass.

In a statement, Sanford spokesman Joel Sawyer said there had been no conversation between the governor and the U.S. Education Department, and that the biggest problem remains borrowing money that future generations will have to repay.

"We've made it clear that we believe if this money is to come to South Carolina, it should be offset by an equal amount of debt repayment at the state level," Sawyer said.

He called it "unconscionable" that anyone would say they support stimulus spending "for the children" while failing to acknowledge the consequences of the debt on those very same children.

Knowing Sanford and a handful of other Republican governors opposed using the stimulus cash, Clyburn inserted language in the federal bill allowing state legislators to seek the money.

What's playing out now, Leatherman said, is the political effort to make sure the public knows the consequences of Sanford's decisions. "No question about that," Leatherman said. "If he would simply make the request, we don't have the issue to even be talking about this afternoon."

He wrote Sanford Thursday, driving that point home and asking him to reconsider. He noted the state's \$7 billion budget took \$1.1 billion in cuts since July. The recession has whacked revenues and sent the state's jobless rate in January to 10.4 percent, the nation's second highest. Along the way, public schools have lost \$297 million, colleges \$292 million and health and social services programs \$181 million. Most agencies have lost a fifth or more of their state funding.

His letter to the governor says, "Your decision is destined to create absolute chaos in governmental agencies that perform core missions for the people, and will hurt tens of thousands of South Carolina families at a time when uncertainty and fear over the economy already pervade almost every household."

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Clyburn urges action from S.C.  
Robert Behre, Post & Courier

Even if South Carolina's governor and lawmakers don't move to accept some

\$700 million in federal stimulus money, the U.S. Departments of Education and Transportation could direct at least some of it to the state, U.S. House Majority Whip Jim Clyburn said Thursday.

But Clyburn, D-S.C., said that development would be less than ideal and that he hopes Gov. Mark Sanford and the Legislature will change their tune and seek the funds.

"Why should we (at the federal level) do it? Why should we set the priorities?" he asked. "I wanted to have legislators in South Carolina working with South Carolinians setting the priorities. I worked with those legislators when we put this together. I wanted them involved in this process."

Sanford had asked President Barack Obama for permission to use the \$700 million to pay down debt, and when that wasn't granted, he indicated he would turn down the money.

Lawmakers could vote to override his decision after April 3, but their potential action has been clouded by new legal questions.

State Sen. Hugh Leatherman, R-Florence, hand-delivered a letter to Sanford on Thursday saying state agencies would be thrown into "absolute chaos" if the governor does not reconsider.

It could result in as many as 4,000 teachers and school employees being fired, the elimination of some agencies and double-digit increases at the state's colleges and universities.

"The prospect of the state budget being held up by the court or even declared unconstitutional cannot be ignored," Leatherman wrote.

Leatherman said the Senate Finance Committee would begin developing two budgets — one with stimulus money and one without, and that alarmed Clyburn who doesn't see a legal problem with the Legislature overruling him.

"I still have hopes that they will act," Clyburn said.

Still, he already has talked with the U.S. Secretary of Education and other officials and plans to meet again to ask them to consider using their authority to reprogram their stimulus dollars toward South Carolina if the state doesn't act to accept the money. It's unclear exactly how much money the state could get through that route, but Clyburn said several projects could benefit.

For example, Clyburn said federal agencies could channel dollars toward repairing the dilapidated J.V. Martin Junior High School in Dillon County, fixing up other schools along the Interstate 95 corridor, helping with new health care and transportation facilities here.

"This could very well be a godsend for some of these efforts," he said.

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Duncan vows to deliver S.C. school funds  
Greg Toppo, USA TODAY

Education Secretary Arne Duncan plans to send South Carolina's public schools as much as \$700 million in federal stimulus cash, despite the objections of Mark Sanford, its Republican governor.

"Let me be clear: We are going to take care of children in South Carolina," Duncan said Thursday in a Newsmaker session with USA TODAY.

The Obama administration last week rejected Sanford's bid to funnel \$700 million in education-related federal stimulus funding to reducing South Carolina's debt. He later said he wouldn't apply for the \$700 million.

THE OVAL: More details from the discussion with Duncan

Sanford, who heads the Republican Governors Association, wants to use the cash to retire school and university construction bonds. He says the Obama administration's refusal "cuts against the notion of federalism."

Accepting the education money would "put our state even further into an unconscionable level of debt," Sanford said in a statement. The governor believes that failure to pay down the construction debt would worsen the state's overall debt load.

Sanford is one of a small group of Republican governors — Louisiana's Bobby Jindal and Alaska's Sarah Palin are others — who may reject or consider saying no to a portion of the stimulus money.

Duncan, who until this year was CEO of Chicago Public Schools, said he was wary of federal intervention, but that the stimulus "is putting unprecedented resources out into schools and communities in a time of desperate need ... We are on the verge of an education catastrophe in this country."

Sanford wasn't immediately available for comment Thursday, but spokesman Joel Sawyer said: "It's unconscionable that anyone would on one hand say they're supporting stimulus spending 'for the children' while on the other hand failing to acknowledge the consequences that this level of debt will have on those very same children."

South Carolina's General Assembly could bypass Sanford. The state House of Representatives this month overwhelmingly approved a measure declaring its intent to accept all of the stimulus cash. The state Senate Finance Committee also voted to accept the \$700 million, over Sanford's objections if necessary.

Rick Hess of the American Enterprise Institute, a conservative Washington think tank, said Sanford's position is "utterly reasonable." He acknowledged Duncan's desire to help South Carolina students, but said, "Not only are we borrowing money that we don't have from the Chinese to spend, but some of these dollars are forcing states to build in new outlays that are going to last long after the temporary outlays go away."

If South Carolina accepts the money, Sanford wants lawmakers to shift existing resources toward paying down the debt.

"We believe doing so would be more beneficial to our state ... it would

represent a lasting savings and wouldn't put our state into the trap of paying for ongoing needs with one-time federal money," Sawyer said.

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Ed chief: We'll get stimulus to schools  
Raju Chebium, Greenville News

South Carolina schools will get \$700 million in stimulus money despite Gov. Mark Sanford's refusal to request the funds, U.S. Education Secretary Arne Duncan said Thursday.

The Education Department is preparing a plan to ensure the money reaches the state, Duncan said, though he refused to divulge details or say when it would be announced.

"We've had some very interesting meetings and, yes, we have a plan. Stay tuned," Duncan said in an interview with USA TODAY and the Gannett Washington Bureau. "There's tremendous unmet need. There are devastating disparities and inequalities in South Carolina. We have a moral obligation to help those children."

Duncan didn't directly respond to Sanford's move.

"I don't know the governor. I haven't met him. That's really not my concern. My concern is really taking care of those children," he said.

Sanford wants to use the \$700 million, part of the nearly \$3 billion in stimulus money South Carolina is due, to reduce the state's debt by retiring school and university construction bonds. The White House's Office of Management and Budget turned down Sanford's request, saying the law clearly states the money is to be used only for education.

In response, Sanford decided against seeking the \$700 million, leaving it up to the state Legislature to request the funds.

The \$787 billion stimulus bill President Barack Obama signed into law in February includes a provision added by House Majority Whip James Clyburn, D-S.C., allowing state legislatures to bypass governors and seek the funding.

Sanford's spokesman, Joel Sawyer, said the governor hasn't talked to Duncan and can't comment on any plan.

"It's unconscionable that anyone would on one hand say they're supporting stimulus spending 'for the children' while on the other hand fail to acknowledge the consequences that this level of debt will have on those very same children," Sawyer said. "The debt brought about by this stimulus bill and other federal spending that's being saddled on future generations is incredibly unsettling."

Clyburn said Thursday he'd press the Obama administration to send the \$700 million to the state instead of transferring it to other states if the General Assembly fails to claim it. He said he met recently with Duncan and other administration officials about the matter.

He said the stimulus bill gives Duncan the power to transfer money to other programs within the state even if it isn't used for K-12 education as intended. For instance, the funds would be a "godsend" to state colleges and universities, which have shovel-ready construction projects but not the funding, Clyburn said.

General Assembly leaders said last week they believed they had enough votes to bypass Sanford. But now, lawmakers aren't sure they have the legal authority to do that, in what Clyburn called a disappointing move.

Sen. Lindsey Graham, R-S.C., questioned the constitutionality of the Clyburn provision, citing a legal interpretation by the nonpartisan Congressional Research Service.

"It's a red herring to be raising constitutional issues," Clyburn said. "If the money's not going to be spent in South Carolina, it's going to be spent elsewhere. ... I will get back to (Duncan) and ask him to consider reprogramming that money."

The state House of Representatives voted 108-8 this month to approve a measure declaring the General Assembly's intent to accept all of the stimulus money. Also, the Senate Finance Committee voted 18-3 to accept the \$700 million.

Sanford, who heads the Republican Governors Association, is one of a handful of GOP state chief executives to reject or consider rejecting some of the stimulus money.

Louisiana's Bobby Jindal and Alaska's Sarah Palin are among the others. All three are thought to be weighing presidential bids.

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Cigarette tax hike advances to House floor  
John O'Connor, The State

A House panel has approved raising the state's lowest-in-the-nation cigarette tax to 57 cents per pack in order to expand health insurance coverage for small businesses, the poor and those who are expensive to insure.

The bill passed the panel on a voice vote after a short debate.

The plan would use roughly \$139 million of \$147 million total in cigarette tax revenue. If approved, that money would be matched with federal health care money to create a state insurance program. The program would provide tax credits to employers or employees for a portion of their health insurance premiums, up to \$3,000 annually.

The bill also creates a high-risk insurance plan for those with current or previous illnesses who cannot purchase coverage on their own.

Smoking-cessation efforts would receive \$5 million a year while agriculture marketing would receive \$2.5 million.

The bill, said House Ways and Means chairman Dan Cooper, R-Anderson, solves

a number of political problems with how to spend any cigarette tax revenue.

Modeled after a similar program in Oklahoma, the plan would offset the higher cigarette tax with tax credits, taps federal matching money, and has no impact on the state budget.

Cooper said the last issue was particularly important, because raising the cigarette tax is intended to cause fewer people to smoke. But as revenue declines, he said, the plan merely pays out fewer tax credits.

Lawmakers offered a handful of changes to the bill, most notably reducing the increase to 30-cents a pack to keep border counties more in line with North Carolina's 35-cents per pack tax.

"It puts us at a competitive disadvantage," said Rep. Gary Simrill, R-York, who offered the change. "It causes tax revenues to go across state lines."

Though he supported a smaller increase, Cooper said a 30-cent increase would not raise enough money to fund the health care program, a key compromise in the bill.

Simrill's proposal was narrowly defeated, 14-10.

Another proposal, also rejected, would have raised the tax to 64 cents per pack and used the money to fund a technical college health care program in addition to the health insurance tax credits.

If approved, South Carolina's cigarette tax would move from lowest-in-the-nation to tied with Idaho for 40th lowest.

The bill heads to the full House for debate. Last year, the body approved a 50-cent-a-pack increase, which the Senate also approved, but it could not override Gov. Mark Sanford's veto.

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Bill blocks dual jobless pay -- Severance takers would lose unemployment  
Jim Davenport, AP

Workers receiving severance pay in South Carolina wouldn't be permitted to get unemployment checks at the same time under legislation a Senate panel approved Thursday as part of an overhaul of the state's unemployment system.

"For somebody to be able to collect severance and unemployment at the same time is double-dipping out of an employer," said Sen. Greg Ryberg, R-Aiken and the Senate Labor, Commerce and Industry Committee's chairman.

Ryberg said the severance payments should be treated as income that offsets whatever unemployment benefit a person may get. Details would be worked out later on how lump-sum severance payments are handled.

While the severance cutoff would sting wallets, the legislation does nothing directly to address the busted trust fund covering unemployment benefits. Since December, the state has borrowed \$220.6 million from the federal government to cover checks as South Carolina's jobless rate climbed to the nation's second highest - 10.4 percent - in January.

For now, the borrowing is cheap and the appetite nonexistent for raising taxes on employers.

"The shortfall in the trust fund is going to have to come off - eventually come off - the backs of business. The question is do you do it now or do you do it later. Now is the wrong time to raise the taxes on businesses," Ryberg said. "I hate to be borrowing money from anybody, but I also like the fact that I'm not paying interest on the money I'm borrowing."

Ryberg chaired the subcommittee that adopted the overhaul bill Thursday that puts the S.C. Employment Security Commission on the path to becoming part of Gov. Mark Sanford's Cabinet as a Workforce Department.

The House has a similar bill on its calendar that will be up for debate next week. But the bills have a few key differences.

While both put the agency under the governor's control, the Senate dropped plans to scrap a three-member commission altogether. Those commissioners now oversee the agency, hire its director and hear jobless claim appeals.

Instead, the commissioners would keep their appeals role. And new commissioners would have to meet professional standards. Meanwhile, legislators would have to wait five years before being considered for those positions.

The governor would appoint the executive director with Senate approval. Ted Halley, the commission's current executive director, said he has no intention of staying if that happens and already is mulling plans to leave, but is unsure of when. "I can't say right now. There's a lot still at this agency that needs to be done," Halley said. He later said in a statement that plans to leave were only tied to the agency becoming part of the governor's cabinet.

The legislation also moves a federal worker training program from the Commerce Department to the Workforce Department and requires greater coordination of job training and recruitment efforts between those agencies and the state's technical college system.

The Workforce Department would also have to report monthly to Ryberg's committee on what's being done to put people back to work.

Sen. Joel Lourie said the committee needs to keep meeting. "I don't think we want to leave here today and think that our work is completed because we've just gotten started," said Lourie, D-Columbia.

Ryberg hopes to have recommendations for fixing the jobless claim system's financial problems before next year.

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State employment agency may get Cabinet status as bill advances  
Roddie Burris, The State

A Senate subcommittee approved a big structural change for the Employment Security Commission on Thursday, voting to give the agency Cabinet-level

status under a proposed Department of Workforce.

The restructuring bill, passed unanimously by the Senate Labor, Commerce and Industry subcommittee, also would move the Workforce Investment Act functions from the Commerce Department to the proposed new department, which would be under the governor's management.

The agency's three commissioners would be limited to hearing officers only, under the proposed legislation, deciding appeals from the department's various divisions.

Restructuring the agency has taken on new appeal in light of the state's burgeoning unemployment rates. A trust fund normally used to cover benefits for idled workers is broke, and by year's end might be \$800 million to \$900 million dollars in the red.

Sen. Greg Ryberg, R-Aiken, who chairs the Senate committee, said its actions, though significant, were not punitive.

"What this does is put the whole (state) employment function back together under the governor," Ryberg explained. An agency with 1,200 employees, which essentially reports to 170 lawmakers, Ryberg said, really is a state agency that reports to no one.

The agency currently is managed by the three commissioners who hire an executive director to operate the employment agency day to day.

The proposed restructuring would give the agency cabinet status, with the governor appointing the agency's executive director, which the Senate would have to approve. The governor also would hire the agency's assistant directors and area director, all of whom could be fired by the governor.

Lawmakers distressed over the agency's dwindling trust fund that pays unemployment benefits and its job placement performance, have held weeks of public hearings. They've taken sworn testimony from the commissioners in an effort to uncover operating problems at the agency and to decide how to reshape it.

Among other changes proposed in the legislation:

- Some S.C. businesses would be able to prepay unemployment benefits accounts.
- When an employee is separated from a job with severance pay, their unemployment benefits would be deducted from their severance packages.

Sen. Joel Lourie, D-Richland, said there has been too much finger-pointing surrounding the agency and its mission, and the time appears right to make some changes.

"This moves us in the direction of perhaps more efficiency, and of putting people who are unemployed back into the work force," Lourie said.

If the change becomes law, Lourie said lawmakers will lean on the new management to help resolve problems matching workers to available jobs, and getting the trust fund solvent again.



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ESC executive director says he may leave  
Tim Smith, Greenville News

A Senate subcommittee Thursday morning unanimously passed a revised bill restructuring the state Employment Security Commission.

Afterward, Roosevelt "Ted" Halley, the executive director of the ESC, said he would have "no intentions" of staying at the agency if the legislation passes and the governor gets the power to appoint the executive director.

The Senate bill would place the agency in the governor's cabinet, allow the current three commissioners to remain as hearing officers for appeals and prohibits workers claiming unemployment benefits from receiving severance pay at the same time. Businesses would be allowed to prepay their unemployment insurance accounts.

The legislation also requires the agency, to be renamed the Workforce Department, to make recommendations to lawmakers and the governor by next January as to how the state's insolvent trust fund can be made solvent again.

The demise of the fund, which once held \$800 million, sparked the legislation and charges by Gov. Mark Sanford that the agency was "out of control" in its handling of the money.

Since last year, the state has borrowed more than \$220 million from the federal government to help pay unemployment benefits and may borrow \$500 million more by the end of the year, ESC officials have said. The insolvency was caused by years of employers' contributions not covering the amount paid out in benefits, officials said.

Businesses may have to pay more in federal taxes in two years if the state's loans are not repaid.

The House is scheduled to debate its version of ESC reorganization later today.

Check back with GreenvilleOnline for more details on this story.

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School choice bill takes fire -- Ford blasts black leaders who criticize his measure  
Diette Courrégé, Post & Courier

Black legislative, community and education leaders joined state Superintendent Jim Rex on Thursday in denouncing a bill filed by Sen. Robert Ford that would offer tuition tax credits to students who attend private schools.

The group instead championed competing legislation that would increase choices within the public school system by requiring new options in elementary, middle and high schools within two years.

The opposition comes two days after Ford, a Charleston Democrat, advocated using public money to allow students to transfer out of failing schools. It's the latest battle in the state's ongoing debate about private school choice. While Ford's bill would give money to public school students who transfer to higher-performing public schools, the most controversial part of the legislation is its redirection of public money to private schools.

Some say competition from private schools would be good for the public system, while others say taking money away from public schools will only hurt them. Those fighting Ford's bill said they don't see a groundswell of support in the black community for it.

"As an African-American and an educator, I'm shocked and appalled that this is the position that someone who is supportive of our community would propose," said former state Teacher of the Year Traci Cooper. "It's bad legislation."

Others who spoke out against the bill included former state Supreme Court Chief Justice Ernest Finney; state Sen. John Scott, D-Columbia; Rep. Anton Gunn, D-Columbia; and state Chamber of Commerce board member Steve Benjamin. Local representatives included the Rev. Joe Darby, pastor of Morris Brown AME Church and Charleston vice president of the National Association for the Advancement of Colored People, and Clay Middleton, a community organizer and Iraq war veteran.

After hearing the names of those who spoke out, Ford said that none of them have made "one contribution to black people or to education." None would send their children to a failing, predominantly black school, and they should be more worried about the hundreds of thousands of black families in that situation rather than criticizing him, he said.

"No matter what we do, they come out with some sort of plantation response because someone like Jim Rex makes them do it," he said. "They never support nothing in the black community. ... They've never left South Carolina, and they don't know what other people around the country are doing."

Darby said he hadn't spoken to any of Ford's constituents who agreed with the senator, and he encouraged Ford to host a public meeting so residents could share their ideas on his plan.

"I think the senator has miscalculated the level of his support, to put it kindly," Darby said.

Ford said he's received hundreds of supportive phone calls, with more support from his district than any other area.

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Voucher, tax credit school choice plan 'irresponsible,' Rex says  
Ron Barnett, Greenville News

The state's budget crisis makes it more important than ever for lawmakers to defeat a voucher bill introduced this week that would "rob" hundreds of millions of dollars from public schools and other state agencies, state Superintendent of Education Jim Rex said today.

The Democratic superintendent called on black leaders, including a pastor, several legislators, and a former Supreme Court justice, to make his case in a teleconference with reporters across the state.

"Here we are with a budget cut for public education of 385 million dollars already this year, and once again we have this irresponsible approach introduced again in South Carolina to take hundreds of millions of dollars away from a state that is already running a significant deficit," Rex said.

"It was always irresponsible. I think it's even more irresponsible this year than ever before."

Sen. Robert Ford, a Charleston Democrat, and Rep. Eric Bedingfield, a Republican from Mauldin, introduced legislation this week that would offer parents scholarships and tax credits if they move their children from public to private schools.

Rep. Terry Alexander, D-Florence, said many low-income families wouldn't have the ability to provide transportation for their children to private schools, which makes this an unequal proposition.

"My concern is what's going to happen to those kids who are left behind, who don't have the capacity to go across town," he said.

Rex said the tax credit would be of no benefit to families whose income is so low that they don't owe enough taxes to benefit from it.

"This plan would create a dual system of education in South Carolina supported by taxpayers," he said. "It would make us inevitably more separate and more unequal as a people."

He supports a bill introduced by Sen. John Scott and Rep. Anton Gunn, both Democrats from Richland County, which would require school districts to offer more choice, including open enrollment.

"The last thing we need to do is try some unfunded, unproven, unaccountable method," Gunn said. His bill for public school choice would offer "educational opportunities that actually work and are effective," he said.

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/26/2009 9:57:56 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text of Clips (2 of 2)

#### Study shows big financial impact of Darlington raceway (AP)

A new study says that the South Carolina track that's "Too Tough To Tame" has an economic impact that's hard to ignore.

Darlington Raceway brings in \$54 million to the state each year and is responsible for creating 874 jobs in the region, according to the report commissioned by the track and released Wednesday by the The Washington Economics Group.

The last time the raceway, now in it's 60th season, took a comprehensive look at its economic footprint was in 2000, track president Chris Browning said.

That survey found that Darlington had about a \$60 million impact on the state and region. However, that was with two Sprint Cup weekends, including a lucrative Labor Day race.

Darlington has since been cut back to one race and given what was thought to be a horrible weekend for racing, the Saturday before Mother's Day.

However, Darlington has sold out the past four years and has seemingly shored up its once shaky future. Browning was pleased with the study's results.

"If I told you I had a business that would bring \$54 million into the area, there are a lot of people who'd be interested," Browning said.

The report, done at a cost of \$12,000, took several months and quantified direct economic benefits and those that are indirectly linked to the spending that goes on during a race, the track said.

Other findings include:

- NASCAR events and other activities at Darlington lead to \$19 million in labor income to workers in South Carolina.

- Federal, state and local governments collect more than \$7.9 million from Darlington events.

- Track activities contribute \$30 million a year to South Carolina's gross state product.

"Darlington brings in huge, huge numbers of people into the state, and the expenditures show that," said Charles Yaros, an associate consultant for Washington Economic Group.

The South Carolina House and Senate on Wednesday passed a resolution declaring race week in May as "Darlington Raceway Week" in the state.

The Statehouse looked a bit more like a NASCAR track with race cars parked at its front and back. Lawmakers wandering around the grounds stopped to take in Darlington's 2009 show car or Johnny Mantz's 1950 Plymouth, winner of the first Southern 500.

Gov. Mark Sanford called Darlington "legendary" in the racing world.

"It continues to play an important role in its contributions to the Pee Dee region and the state as a whole," the governor said.

The Washington Economics Group, from Coral Gables, Fla., has conducted similar studies for corporations like IBM and MasterCard International, according to its Web site.

The Southern 500 will take place at Darlington on Saturday night, May 9. Browning says ticket sales are slightly behind what they have been at this time in other years, but he remains hopeful of a fifth straight sellout.

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/26/2009 9:57:52 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text of Clips (1 of 2)

Governor's Daily Press Briefing - Thu., Mar. 26, 2009

Summary:

FYI Gov. Sanford interviewed by Acton Institute  
Chad Walldorf applauds Gov. Sanford's fiscal conservatism, accomplishments  
Harrell and Leatherman both now questioning stimulus mechanics  
Scoppe editorializes against latest school choice effort  
LAC releases report on Medicaid transportation system  
South Financial settles suit over Whittle compensation  
Senate ditches part of payday lending limits  
Study shows big financial impact of Darlington raceway

Text of Clips:

Chad Walldorf applauds Gov. Sanford's fiscal conservatism, accomplishments

South Carolina faces great challenges — and those challenges deserve serious discussion. However, Warren Bolton's attacks on Gov. Mark Sanford diminish the level of debate in our state. His recent column ("Why does Gov. Sanford hate our state?" March 17) was filled with such over-the-top accusations, it was beneath the dignity of The National Enquirer— much less the daily paper of our state capital. We need serious debate on such issues as the tens of billions of dollars in retirement benefits for government employees that politicians have guaranteed but not funded. This situation became worse last summer when state Treasurer Converse Chellis led the effort to guarantee billions more in benefits, saying they could be funded through increased stock market returns. His rosy predictions were way off, as our retirement system has lost more than a third of its value —nearly \$10 billion — since last year. Sadly, the fiscal situation in Washington is even worse, as politicians there have piled up obligations totaling more than \$56 trillion. That equates to about \$500,000 owed by the average U.S. family. President Obama's solution? Unprecedented new borrowing to finance massive new spending on government programs. His plans are projected to double our national deficit over the next 10 years. Our children and grandchildren will be stuck paying for our current excesses. One person stands in stark contrast. Gov. Mark Sanford has consistently been a lone voice urging us to pay down our debts and avoid unsustainable increases in government programs. His latest budget even included a proposal to knock \$2 billion off the tab we are handing our children. As our state has the third-highest debt payments as a percentage of our tax revenue, Mr. Sanford also tried to use 25 percent of the "stimulus" money to pay down our obligations and save hundreds of millions of dollars in future interest. After the White House refused this request, the governor suggested we shouldn't use this two-time cash infusion to fund recurring programs. This suggestion has led to a misleading attack ad from the national Democratic Party in addition to the recent accusations from Mr. Bolton. The media tend to focus on the conflicts with the Legislature while failing to acknowledge the many successes achieved under the Sanford administration. Space doesn't allow a full listing, but they include dramatic improvements in government services (often with less funding) at such agencies as the departments of Juvenile Justice, Motor Vehicles and Transportation, increased transparency and accountability, lower taxes, record land conservation and hundreds of millions of dollars in new spending on such core functions as K-12 education and health care. The State editorial board has opined that our state underwent a "sustainability" crisis because "the Legislature used one-time money to pay for continuing needs." In August, it called on the Legislature to "use real, recurring money to pay for those things that matter." Mr. Bolton and his colleagues on the board seem to have forgotten those ideas. However, other governors around the country also have turned down hundreds of millions of dollars in "stimulus funds" for that same reason. Just last week, Alaska Gov. Sarah Palin said "taking this money

would create an unrealistic expectation that the state will continue these programs when the federal funds are no longer available."

I can understand why some say that people are hurting and we should take whatever money we can get — regardless of the long-term consequences. Yet I don't understand the attacks on the governor's integrity by some who adopt that view.

The pain most of us are feeling in this economic crisis largely stems from a lack of principled leadership, as organizations and individuals ignored financial realities and spent beyond their means. I am proud that our state has a chief executive who remains steadfast fighting against those impulses and exhibits a rare integrity by governing just as he said he would on the campaign trail.

Whether or not one agrees with the governor on this or any issue, I think policy debates should be based on facts rather than over-the-top accusations. The seriousness of the times calls for nothing less.

Harrell and Leatherman both now questioning stimulus mechanics

Greenville News:

Thousands of teachers could lose their jobs and two to three prisons could be closed if Gov. Mark Sanford doesn't change his mind about rejecting \$350 million in federal stimulus funds, House Speaker Bobby Harrell said Wednesday, as lawmakers were directed to prepare a budget without the stimulus because of fears their request for the money won't stand up in court.

However, Joel Sawyer, a spokesman for Sanford, questioned whether such scenarios would happen, saying they might be "scare tactics."

Harrell said he has informed some House leaders, including the leader of House Democrats, to be prepared for a budget without \$350 million in stimulus money unless Sanford's opposition to taking the money changes before an April 3 deadline.

Harrell's comments came after Senate Finance Committee Chairman Hugh Leatherman said legislators should prepare a budget without the money because a clause in the federal legislation that gives legislatures the power to override their governors if they don't accept the money might not hold up in court. Sanford has asked President Barack Obama twice to allow the state to use the money to pay down debt and was rejected both times.

Sanford, a longtime critic of the stimulus legislation, has said he will reject the portion over which he has some control -- \$700 million over two years -- if he can't use it to pay down state debt.

The House several weeks ago passed a \$6.6 billion budget that used the stimulus money Sanford wants to reject, primarily on K-12, colleges and law enforcement, Harrell said.

"It means K-12, colleges and law enforcement end up with significant cuts beyond the cuts they already were experiencing," Harrell said.

"It means somewhere between 2,000 and 4,000 teachers. It means probably closing two to three prisons, which will put us in the position where the federal government will order us to release prisoners."

Harrell said such a scenario would create "a very dangerous situation for the citizens of our state."

Harrell said he is baffled why Sanford would agree to accept stimulus money for energy efficiency and weatherization but not to help schools, colleges and prisons. "That makes absolutely no sense," he said.

Sawyer said the governor has no direct control over the energy money, or the road funds or other stimulus money for which he has thus far signed. "We're looking for a reasonable middle ground, and we are hoping the Legislature will meet us halfway on that," he said.

Sawyer said, "We believe those projections are somewhat disingenuous." He added, "We built our executive budget with less money than the Legislature had available and avoided those consequences."

The \$700 million at issue is a fraction of the more than \$2 billion in stimulus aid that will flow to the state in various programs ranging from Medicaid to transportation funding and energy efficiency that Sawyer said the governor's role in is "procedural."

On Wednesday, the state Department of Disabilities and Special Needs told a Senate panel that it is expected to receive \$80 million over the next two years in stimulus cash that isn't part of the money the governor might reject. It would require the state to agree to spend about \$10 million to restore funding to July 2008 levels.

Sen. Thomas Alexander, chairman of a Senate finance subcommittee looking at the agency's budget requests, cautioned the department not to use the funds to expand any program, since the money will be gone in two years. Officials with the agency said it wouldn't be used to grow any program or services.

Sawyer said such spending is an example of the money that is available to agencies outside the budget

stabilization money the governor wants directed to debt or not spent at all.

AP:

House Speaker Bobby Harrell said Wednesday S.C. lawmakers should prepare a budget without using federal stimulus cash unless Gov. Mark Sanford reverses himself and decides to seek the money.

"We're probably not going to have that money with the governor not requesting it," Harrell, R-Charleston, said. "It is time to write a budget that does not include that money."

But Sanford spokesman Joel Sawyer said it is time for legislators to sit down with the governor and come up with a budget plan that uses \$700 million in stimulus cash the governor will control during the next two years to pay down state debt. "So far, they've not indicated a willingness to do so."

Senate Finance Committee Chairman Hugh Leatherman took a similar tack Tuesday, telling his committee to prepare a budget without the stimulus cash.

The House's \$6.6 billion budget includes \$1 billion in stimulus cash. Harrell said that includes \$350 million in budget stabilization cash Sanford wants used on debt repayment.

Sanford has an April 3 deadline to request the money. His political profile has soared in recent months as he's railed against the \$787 billion stimulus plan, saying it will devalue the dollar and saddle generations with debt.

Sanford, the chairman of the Republican Governors Association, said last week that he wouldn't ask for the money after the White House twice rebuffed his call to pay down state debt with it.

The White House said the cash needs to be used on schools and other government services with an eye to averting job losses. While the federal law includes a provision that allows state legislatures to seek the money when their governors won't, Harrell says the lawmakers can't fill the governor's certification role in promising the money will be used properly.

"Either the governor is going to request the money or we will be having to write a budget without it," Harrell said.

On Wednesday, the presidents of the state's three largest research universities - Clemson University, University of South Carolina and the Medical University of South Carolina - all told Senate budget writers they'd be devastated without the cash as they decide how much they'll need to raise tuition in the upcoming budget year.

"I'm concerned about the colleges, but what I'm more concerned about is I expect the federal court to order us to release prisoners because we're not going to have the money to keep prisons open," Harrell said.

"I expect public schools around the state to have to lay off at least the 1,700 teachers I heard this morning. The numbers I've heard go as high as four to five thousand teachers as a result of this."

Sanford's role in certifying the cash frustrates Harrell.

Last week, Sanford certified the state wouldn't reduce state spending on highway projects as it uses \$463 million in federal highway funds.

In February, he signed off on adding \$25 weekly to unemployment checks.

No estimate is available for the expected tab on that, but the state already has paid out \$11.3 million in extra benefits.

"He [Sanford] signed off on the energy efficiency money but won't sign off on the K-through-12 and prisons money. That makes no sense," Harrell said. "I am very frustrated about this because we're talking about affecting lives of people in this state in a very bad way."

"He should either be rejecting the entire amount of money or not. For him to just pick out a slice of it - the part that affects public schools and law enforcement in this state - is a terrible mistake."

Scoppe editorializes against latest school choice effort

"You're damn right I'm hurting public education, because public education is hurting our kids."

— Sen. Robert Ford on his bill to provide tax credits to parents who send their kids to private schools

ALTHOUGH SEN. Robert Ford is the first prominent African-American in our state to support using public dollars to fund private schools, his argument is no different than any of his predecessors, black or white: He just wants to help poor kids, and black kids, who are trapped in failing public schools.

No one with a good conscience — or even a hint of a big-picture, self-preservation mentality — would not want to help those kids. Poor kids who don't get the education they need drag down our entire state. And while our schools are doing a much better job than critics acknowledge, there are indeed too many

schools that fall far short of giving children a shot at a good education. Those schools enroll almost exclusively poor children, many of whom are black.

The funny thing is, the bill Mr. Ford has introduced (S.520) won't help those poor kids unless rich people donate money to help them. What it will do is accomplish Mr. Ford's other goal — hurt public schools, by diverting money away from them, and by lulling people into believing there's no reason to support them, since anyone who wants it has this new “escape” route available. (The escape-route argument is pure fantasy, but if we ever create one of these programs, many will regard it as gospel, just as many are convinced there's no reason to spend tax money on the schools now that we have the lottery — which Mr. Ford also hawked.)

Since there's no reason to think that more than a few of the poorest kids will be able to use Mr. Ford's bill to “escape” to private schools, that reduced financial and political support for the public schools really will trap them — in schools that will never possibly get any better.

If this were the first time the “choice” legislation failed to match the save-the-poor-kids rhetoric, I might write it off as a drafting error. It is not the first time. Mr. Ford's bill follows the pattern of all the bills that have come before it.

Anyone whose goal truly was to use private schools to “rescue” poor kids from “failing” schools would propose that the state pay their tuition and fees to attend a private school, likely through vouchers. They also would have the state pay for or provide transportation, because the poorest of the poor do not have the money to get their children to and from school every day, absent the school bus. Many don't even have a car.

That's not what Mr. Ford's bill would do. Instead, it would give a state income tax credit to people who send their kids to a private school or home school them. This won't accomplish the senator's goals for several reasons:

1) Parents have to pay the tuition up front, and then claim the tax credit the next year. Poor people don't have the money to front the tuition.

2) Even if they could somehow find the money up front, parents would be eligible to claim a tax credit for, at most, 75 percent of the amount the state spends per student in the district where they live. This varies widely from district to district, but with the rarest of exceptions, it's not going to be enough to cover the costs of a decent school — or, in many parts of the state, any school.

3) Even if they found the up-front money and the 75 percent reimbursement covered their costs, poor people wouldn't benefit from this bill because they don't pay state income taxes. In fact, most South Carolinians don't pay enough income taxes to benefit: A third of the people who file state income tax returns pay no income taxes. Half of the filers pay less than \$250. Two-thirds pay less than \$800.

The people who would benefit from this legislation are some — but by no means all — of the people who already can afford to send their kids to private schools or who can almost afford it. These are, for the most part, not the parents whose kids attend the worst schools in our state.

The legislation does have a convoluted provision that allows people who donate money to provide scholarships to poor kids to claim a tax credit of up to 50 percent. But there's no guarantee that “student scholarship organizations” would even be established and, if they are, no guarantee that they would provide scholarships large enough to do recipients any good, or that the scholarships would go to the kids who need them most.

It was no surprise to see this sort of proposal coming from the suburban Republicans who introduced these bills in the past. They might honestly not realize that the families they say they want to help can't afford to spend a single dollar to send their kids to private schools. (I'm being charitable here, not naive.)

Mr. Ford does realize this, which makes it hard to escape the conclusion that his legislation doesn't help poor kids because the people who are bankrolling the defund-the-public-schools campaign don't want to help poor kids. There's a whole column on the campaign donations Mr. Ford received from those bankrollers last year, and the help they're providing him in getting the word out this year and the “political cover” he says he's asked them to provide, but that's for another day.

Now that this would-be governor is the new black face for the private “choice” movement that has been desperately seeking a recognizable black face, the most important thing to understand is not his motives, but his rhetoric. Particularly when he starts peddling an agenda that sounds very different from what it is in reality — which is precisely what he's doing.

LAC releases report on Medicaid transportation system



#### Greenville News:

A state-run transportation service for Medicaid clients could have been as efficient as the new broker system if the Department of Health and Human Services had managed it properly, the Legislative Audit Council has concluded.

DHHS, which administers the Medicaid program, used to contract with county agencies, who subcontracted with transport companies to provide services for non-emergencies, like doctor appointments and dialysis. In May 2007, it began contracting with two out-of-state brokers who dispatch local transportation companies with whom they subcontract.

The department said the change was made to enhance accountability and efficiency because the former system was riddled with high costs, fraud and abuse. Last year, 1.9 million trips were logged.

The Legislature requested the audit after the new system was criticized as being costlier than the old one, and as leaving elderly and disabled people outside waiting for a ride, picked up hours late for their appointments, or without any ride at all.

In its report released Wednesday, the LAC said it found no evidence that one system is better than the other at minimizing cost or maximizing quality and that "effective management" is the key to success. It noted that a broker system doesn't guarantee lower costs because some states pay less with in-house programs.

But DHHS Director Emma Forkner said in a response that many of the LAC's conclusions were "based on opinion and speculation rather than objective and valid criteria and evidence." She added that the broker system has had benefits, including "providing quality services to beneficiaries in a cost-effective manner." Joel Sawyer, spokesman for Gov. Mark Sanford, said that while the report showed room for improvement, it also showed that the broker system saved money "and that we made the right decision by transitioning to this system."

The LAC made 18 recommendations, ranging from developing quarterly performance measures to rebidding the contracts when they expire in 2010. And Rep. Dennis C. Moss, D-Cherokee, said he hopes to ensure they are implemented.

#### The State:

The state failed for years to properly manage a \$52 million Medicaid transportation program that shuttles nonemergency patients to doctors' appointments and physical therapy, according to a state audit.

The Legislative Audit Council, the investigative arm of the General Assembly, found the state Department of Health and Human Services had failed to "establish goals and performance measures" to justify the cost of the program and measure quality. The audit found HHS, in some instances, had not used the competitive bid process required by law when awarding contracts.

For that reason, the Legislative Audit Council, in a report released Wednesday, said it cannot determine if new contractors — who received \$52 million to make nearly 3 million medical trips last year — are improving service.

Lawmakers asked for a review of the system after HHS, under Gov. Mark Sanford's direction, awarded a pair of out-of-state companies with potentially \$235 million in business and ended its relationship with local providers.

The companies — Logisti Care Solutions of Georgia and Medical Transportation Management Inc. of Missouri — came under fire in 2007 after complaints began mounting. Senate lawmakers, led by Cherokee Republican Harvey Peeler, held hearings detailing how elderly and disabled patients had been left stranded or not picked up for appointments.

But the audit found that such problems are not widespread.

"I haven't heard the level of complaints that I heard at the time," said Peeler, who had not yet read the report. "Evidently, they're doing something right."

HHS spokesman Brian Cost said the agency is fixing the problems the audit cited, including surveying patients about service quality.

"Complaints are less than 1 percent, which is very low considering the program makes two million trips a year," Cost said.

The audit found similar problems with the program when local companies were managing it. The LAC report said the agency failed to use state procurement laws on contracts and establish "internal controls for fraud and abuse."

Sanford spokesman Joel Sawyer said that despite problems with the new system, the transition to a centrally managed contractor is more efficient and cost effective.

Sawyer pointed out the cost of transportation is rising more slowly than it would have under the old system.

"Overall, we are pleased with what is now going on," he said.

#### South Financial settles suit over Whittle compensation

The South Financial Group said Wednesday it has reached agreements in principle in two derivative shareholder lawsuits — proposals that will allow the company's former chief executive to keep the bulk of his multimillion dollar retirement package but have him resign from the company's board.

In a filing with the Securities and Exchange Commission, South Financial said former CEO, Mack Whittle, would contribute \$250,000 to the company's settlement effort by reducing the amount of the retirement benefit to be paid to him April 28.

He also would voluntarily resign as a company director once a state court judge approves the proposed settlement, according to the filing.

"The board, including Mr. Whittle, simply want to end this litigation so that the board can devote all of its time and energy toward its banking business," William W. "Billy" Wilkins, Whittle's attorney, said late Wednesday.

In a statement, South Financial chairman John C. B. Smith Jr., said, "On behalf of the board of directors, we believe the terms of the agreement are in the best interests of our shareholders and allow us to remain focused on improving our company."

In November, Whittle's retirement package drew criticism from Gov. Mark Sanford, who called on the nation's Treasury secretary to investigate the timing of an "\$18 million golden parachute" for the retired CEO at a time Greenville-based South Financial was proceeding with an application for federal bank-rescue funds.

Treasury officials eventually approved the company's funding.

South Financial, Whittle, the company's current and former directors and executive officers were named as defendants in two shareholder lawsuits, both filed in Greenville County, that challenged the timing of the CEO's retirement and the financial amount of his separation agreement.

The company said that as part of the negotiated settlement it would pay \$500,000 to the plaintiffs' attorneys to settle the lawsuits stemming from Whittle's retirement as chairman and CEO.

Of that amount, \$300,000 would be paid in cash from the company's liability insurance policy for officers and directors, and \$200,000 would be in the form of South Financial common stock, according to the SEC filing.

At issue was the timing of a multimillion dollar retirement package for Whittle, South Financial's founder and longtime CEO, and the company's application for \$347 million in federal bank-rescue funds.

One lawsuit alleged South Financial's board improperly accelerated Whittle's retirement date to precede the company's federal application and directors approved "excessive" compensation for Whittle, according to the company's regulatory filing. The suit sought to block any payments.

The other lawsuit alleged the Greenville-based bank holding company "was desperate" for the funds and its board voted to "fire" Whittle earlier than his planned retirement to avoid restrictions on incentive compensation for senior executives.

The company denied any wrongdoing.

In its SEC filing, South Financial said Treasury Department rules applied only to senior executives who were employed by a financial institution that was participating in the \$700 billion stimulus plan.

The company's filing said Whittle wasn't employed with South Financial while the Treasury held an equity or debt position it acquired under the government's Troubled Asset Relief Program, known as TARP, in exchange for the federal funding, according to the company's filing.

Smith has said South Financial didn't have the rights to limit payments under a long-standing agreement with Whittle.

Wilkins has said that the former CEO was receiving retirement compensation owed under a contract he entered several years ago, and the bank violated no law or regulation regarding its application for TARP funding.

Treasury officials had all the information about Whittle's retirement when they approved South Financial's funding, Wilkins said.

Lynn Harton, South Financial's chief executive, has said his company would use the \$347 million it received to enhance its ability to support economic growth in its markets.

South Financial said in its SEC filing that the agreement in principle must be approved by a state court judge, who is expected to consider the matter in May.

Lee Rudy, an attorney representing South Financial shareholder Vernon Mercier, who filed one of the lawsuits, told The Greenville News that the proposed settlement "provides substantial benefit to the company and all of its shareholders."

An attorney for the plaintiff in the second lawsuit couldn't be reached for comment.

The agreement in principle calls for several "nonmonetary remedies" for South Financial, including the addition of an independent director to the company's board and other corporate governance commitments.

#### Senate ditches part of payday lending limits

The payday lending industry has said tying loans to a borrower's income would force them to close up shop in the Palmetto State. Senators listened and tossed the lenders a lifeline Wednesday.

A Senate committee ditched a plan limiting payday loans to 25 percent of a borrower's gross pay, raised the amount a consumer can get in one loan to \$500 and cut a proposed cooling-off period between loans. Unless opposing senators can muster support on the Senate floor, critics of the Legislature's latest attempt to regulate payday lending say the Senate will go into negotiations with the House later this session in a weakened position.

"I think that's going to (cause) a big battle on the (Senate) floor," predicted York Sen. Wes Hayes who, along with Horry Sen. Luke Rankin, bucked their Republican colleagues in pushing for a stronger Senate bill.

"If there's no means testing, you're still loaning out money people can't afford to pay back," said Hayes, who chaired the subcommittee that took public comment on payday lending two weeks ago.

Hayes sided with three Democrats who failed to get support for a provision that would have limited payday loans to 25 percent of a person's income or \$500, whichever is less, and installed a seven-day cooling-off period between loans.

Still, the industry says the bill goes too far.

"(The bill) still includes a whole host of arbitrary limits," said Advance America spokesman Jaime Fulmer, referring mainly to the proposed two-day cooling-off period in the new bill.

Critics and proponents alike agree that fewer of the controversial loans likely would be made in South Carolina under this proposal, offered by Senate President Glenn McConnell, R-Charleston, primarily because it limits borrowers to one loan at a time.

Consumer advocates unhappy with the Senate measure would get much more in this bill compared to the House version, including:

- A cooling-off period between loans
- A one-loan-at-a-time limit
- An extended payment plan for borrowers who cannot repay on time
- A ban on electronic debiting of borrowers' checking accounts.

"We'd like it to stay at 25 percent of pay," said Teresa Arnold, a lobbyist for AARP. "Why go backward by increasing the loan amounts to \$500?"

Sue Berkowitz, director of the Appleseed Legal Justice Center, which caters to the poor, agreed. "This needs much more work."

McConnell, who put forth his amendment at the top of the committee hearing, said he did so in an effort to pass something the House of Representatives could accept.

But some senators asked McConnell to go along with the subcommittee bill and hold off on his amendment until they could read it.

On a 9-6 vote, the committee passed McConnell's amendment, with Hayes and Rankin joined in dissent by Sen. Gerald Malloy, D-Darlington, Sen. John Matthews, D-Orangeburg, Sen. Robert Ford, D-Charleston, and Sen. Clementa Pinckney, D-Jasper.

Sen. Darrell Jackson, D-Richland, and Sen. Nikki Setzler, D-Lexington, each of whom has accepted at least \$1,000 in contributions from payday lenders, voted in favor of McConnell's substitute amendment, as did Sen. Glenn Reese, D-Spartanburg. Advance America's headquarters are in Spartanburg.

The House passed a bill earlier this year that raised the loan limit to \$600 per loan, with a mandatory cooling-off period after 10 consecutive loans.

The deferred payment plan is a feature in all the proposed payday loans bills offered so far, and each

creates a database to help track the loans.

A failure to agree on loan amounts and cooling-off periods has vexed a deal.

Meanwhile, the Senate Banking and Insurance Committee, which acted on the legislation, has been deluged with phone calls from payday lending supporters about the measure.

The payday lending industry orchestrated a phone-in campaign with consumers making phone calls to the Senate — from payday lending businesses — urging senators not to ban the loans, staffers said.

But senators seeking tougher regulations talked about continuing to fight for tougher regulations.

“We can’t let \$500 stay,” said Ford. “If you go to \$500, it’s no way those people will ever pay that back.”

**From:** Joel Sawyer  
**To:** Road, MCS  
**Date:** 3/25/2009 11:34:07 AM  
**Subject:** Re: PLEASE REVIEW

Thanks. This will likely not happen until tomorrow, FYI.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

>>> MCS Road 3/25/2009 11:33:26 AM >>>  
Good to go

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\*\*\*\*\*

-----Original Message-----

From: Joel Sawyer  
To: [REDACTED]  
MCS Road <[REDACTED]@gov.sc.gov>  
Creation Date: 3/25 9:32 am  
Subject: PLEASE REVIEW

This has not happened yet, but it could later today:

#### Gov. Sanford Issues Statement on House's Passage of ESC Reform

Columbia, S.C. - February 4, 2009 - Gov. Mark Sanford today issued the following statement on the House's passage of a bill that would bring accountability to the state Employment Security Commission by making it a Cabinet agency reporting directly to the governor:

"This bill represents a big step in making this agency more accountable to the people of this state, and I'd give real credit to Majority Leader Bingham and Speaker Harrell for their work in moving it forward," Gov. Sanford said. "Whether it's been in news reports or in recent Senate hearings, it's been shown that with this agency, having everyone in charge means no one is in charge. The ESC leadership has consistently failed when it comes to keeping elected officials informed of some very real issues there. This change will be one way to make sure that citizens can hold this agency accountable, and to that end I'd once again thank the House for its passage, and would urge the Senate to follow suit."

-###-

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax



**From:** Paula Rauch  
**To:** governors\_office\_all  
**Date:** 3/25/2009 10:56:15 AM  
**Subject:** Annual Health Screening

Good Morning,

It's time for our annual health screening and we have a great opportunity for us this year from Providence Hospital. Our employee screening will be held on Thursday, April 2, 2009, from 8:00 a.m. - 11:00 a.m., in room #415. A 12-hour fast will be required. We still have times available, call me at 4-0502 ASAP to reserve your time. Appointments will be scheduled every 5 minutes.

The screening will include:

- A Personal Wellness Profile (PWP) that will cover history and lifestyle questions.
- Blood pressure, height, and weight (body mass index).
- Blood work for a Full Lipid Profile to include total cholesterol, high density lipoprotein (HDL), low density lipoprotein (LDL), and triglycerides.
- A Chemistry profile to include BUN (a protein marker), creatinine, glucose and electrolytes.
- A Hemogram to test red/white blood cells, hemoglobin and hematocrit.

In addition to the screening, after you receive your results, Providence Hospital staff will return for a one-on-one follow-up consultation to review your results with you. If you are covered by any of the state's insurance plans, the cost of the screening will be \$15 , payable by cash or check at the time of screening. Employees or family members who are not covered on a state insurance plan will pay \$40.

Providence Hospital has also agreed to offer free quarterly health education programs for our staff over the next year. These will be scheduled at a later date.

We hope you all will take advantage of this great opportunity to assess your own health and wellness.

Thank You.

Paula Rauch  
Human Resources Specialist  
Human Resources  
Office of the Governor  
803-734-0502  
prauch@oepp.sc.gov

**From:** Joel Sawyer  
**To:** [REDACTED], Road, MCS  
**Date:** 3/25/2009 10:32:14 AM  
**Subject:** PLEASE REVIEW

This has not happened yet, but it could later today:

#### Gov. Sanford Issues Statement on House's Passage of ESC Reform

Columbia, S.C. - February 4, 2009 - Gov. Mark Sanford today issued the following statement on the House's passage of a bill that would bring accountability to the state Employment Security Commission by making it a Cabinet agency reporting directly to the governor:

"This bill represents a big step in making this agency more accountable to the people of this state, and I'd give real credit to Majority Leader Bingham and Speaker Harrell for their work in moving it forward," Gov. Sanford said. "Whether it's been in news reports or in recent Senate hearings, it's been shown that with this agency, having everyone in charge means no one is in charge. The ESC leadership has consistently failed when it comes to keeping elected officials informed of some very real issues there. This change will be one way to make sure that citizens can hold this agency accountable, and to that end I'd once again thank the House for its passage, and would urge the Senate to follow suit."

~~###~~

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**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/25/2009 9:22:14 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (1 of 1)

Governor's Daily Press Briefing - Wed., Mar. 25, 2009

Summary:

Gov. Sanford sets up panel to oversee stimulus spending  
Leatherman suggests Gov. Sanford has authority to block stimulus funds  
Lawmakers unveil school choice bill  
Columnist takes Clyburn to task over criticism of Gov. Sanford  
Sun News agrees with Gov. Sanford's principles, but suggests not adhering to them  
State's \$700 million jobless-fund debt may signal future tax increases  
50-cent tax increase on every pack of cigarettes clears hurdle in House

Text of Clips

Gov. Sanford sets up panel to oversee stimulus spending

After sparring with the White House about how to use stimulus funds, South Carolina Gov. Mark Sanford has ordered state agencies and local government officials to give the state details on how they use the money.

Friday's executive order tells officials to provide the information and cites laws requiring them to comply. If they don't Sanford can remove them from office.

"That is the law and that would certainly be the teeth behind it," Sanford spokesman Joel Sawyer said Tuesday.

The South Carolina Stimulus Oversight, Accountability and Coordination Task Force will have at least 17 members, including the state's comptroller general and treasurer and several members of Sanford's Cabinet.

The executive order came out as Sanford ended a week of back-and-forth with the White House over his plans to spend \$700 million in stimulus cash to pay down state debt, including borrowing for state education facilities and to cover the state's unemployment checks. The White House rejected Sanford's efforts, saying the money had to be spent to stimulate the economy, educate children and spare jobs. Sanford called on legislators to find a way to pay down debt with the money anyway. Senate Finance Committee Chairman Hugh Leatherman, R-Florence, called it "a foolish request" because there is no money to do that.

In his executive order, Sanford also told the task force it should work with legislators so they don't dig the state into a hole by spending that one-time source of cash on ongoing programs. House Ways and Means Chairman Dan Cooper, R-Piedmont, said an executive order would have little effect on what legislators do.

And complaints from the public about spending the cash aren't leaving much of a mark on legislators, either.

A Ways and Means subcommittee heard brief testimony Tuesday from stimulus opponents as it decided to delay action on a resolution that lets them spend the stimulus cash despite Sanford's opposition.

"My children and my grandchildren are the ones that are going to pay for this debt," a tearful Patricia Wheat, a Lexington grandmother, told the panel.

Ilona Blakeley, a Spartanburg small business owner, called the \$787 billion federal stimulus plan that depends on borrowing "whorish" legislation that breaks with basic business sense. She's got a successful business, she said, "And we don't spend money we don't have. And that's not the way that we conduct business. It's worked well for us."

Instead of spending the money, legislators should be looking for ways to cut spending, she said.

But state Rep. Brian White, R-Anderson, said the federal borrowing will be repaid by South Carolinians even if the Legislature doesn't spend the money. "I don't think you have an option of not paying the tab for this. That train has left the station," White said.

The panel delayed action on the resolution to allow the Senate to pass its own version of the legislation, perhaps as soon as this week.

Leatherman suggests Gov. Sanford has authority to block stimulus funds

The state Legislature may not be able to override Gov. Mark Sanford's refusal of \$700 million in federal stimulus aid, the Senate's top budget writer said Tuesday, adding that he will ask Sanford to reconsider. State Sen. Hugh Leatherman, R-Florence, said a recent Congressional Research Service report raises doubts about whether the Legislature can circumvent Sanford, who has vowed to reject \$700 million in stimulus money unless the state is allowed to use it to pay off debt.

The report concluded that an amendment — by U.S. Rep. James Clyburn, D-Columbia, to allow state lawmakers to request the money — may violate the 10th Amendment of the U.S. Constitution.

Senate President Pro Tem Glenn McConnell, R-Charleston, asked state Attorney General Henry McMaster on Tuesday for an opinion on whether the Legislature can request the money.

Amid questions and confusion about the stimulus bill, a group of Republican senators is pushing to reject using the federal stimulus aid to balance the next two state budgets.

"The best we can tell at this point," Leatherman told the Senate Finance Committee, "is that probably only the governor can draw this money down."

Last week, Leatherman said he was certain state lawmakers could request the money. He also brushed off the possibility of a lawsuit, challenging the aid's constitutionality, as a short-term delay.

However, Leatherman told his budget subcommittee chairmen Tuesday to write two budgets — one using the federal money and one without it.

At the request of Sen. Harvey Peeler, R-Cherokee, Leatherman said he would write a letter to Sanford asking him to reconsider his decision to reject the federal money. Sanford has asked the White House twice for approval to spend the money to repay state debt but was rebuffed both times.

Without federal stimulus aid, the impact on the state's K-12 education system and colleges could be dire, Leatherman said.

State Education Department officials said Tuesday that losing the federal aid could mean 1,700 fewer teachers across the state.

House lawmakers passed a \$6.6 billion state budget earlier this month. It taps \$1 billion in federal stimulus money.

Both the House and Senate are debating resolutions that formally request the federal funding. Neither body took action on those resolutions Tuesday.

Sanford spokesman Joel Sawyer said the governor is committed to using the \$700 million in stimulus aid to pay off debt.

Sawyer said lawmakers should cut spending to balance the state's budget without the stimulus money, citing more than \$260 million in savings included in Sanford's executive budget.

"There were a number of dire predictions made that were disingenuous," Sawyer said. "We think a second look needs to be given" to the budget-cutting suggestions.

A growing number of Senate Republicans question the need for the stimulus aid and are pushing their colleagues to vote against seeking it.

"The feds are telling us not only how we have to spend stimulus money, but our own money," said Sen. Mick Mulvaney, R-Lancaster.

"We're still asking questions, like 'How much money is it?' Until you can answer basic questions, you shouldn't vote on it."

Sen. Kevin Bryant, R-Anderson, questioned doomsday predictions about the impact of budget cuts on public schools. Total per-student spending for K-12 education remains more than \$10,000 a year, he added.

"The numbers just aren't working when I compute them," Bryant said.

Sen. David Thomas, R-Greenville, said he opposes the aid. But Thomas does not think there is enough opposition to reject it. "I think we'll lose because it is so complicated," Thomas said.

Other Republicans say the state should take the aid because S.C. residents will have to help repay the country's stimulus debt whether they benefit or not.

Republicans — who hold 27 of the Senate's 46 seats — are split nearly evenly over seeking the federal money, raising the possibility of a filibuster during Senate debate to request the aid.

Most Senate Democrats support spending the money.

"That's a huge problem to have to pay back something you're not getting any use of," said Sen. Nikki Setzler, D-Lexington.

#### Lawmakers unveil school choice bill

##### Greenville News:

A black Democratic senator joined a House Republican from Greenville County on Tuesday to unveil school choice legislation to offer parents scholarships and tax credits if they move their children from one school to another.

The South Carolina Education Opportunity Act would offer tax credits ranging from about \$2,400 to almost \$5,000 to help pay for tuition for those transferring schools, including those going from public to private schools. It also would give up to \$1,000 in credits for instruction materials for home-schooled students.

Public school students whose families have a household income of 200 percent or less of the federal poverty level would be eligible for a full scholarship provided by business donations under the plan.

Backed by House and Senate Republicans who support school choice, Sen. Robert Ford, a black Democrat from Charleston who is considering a 2010 run for governor, cited his civil rights experience in pushing for a choice for children attending failing schools.

He said his switch to support school choice had nothing to do with politics or any contributions from school-choice advocates.

"I should have done this years ago," Ford told reporters. "I don't like what I see happening to young children who are forced to go to failing schools."

Rep. Eric Bedingfield, a Mauldin Republican who is the bill's chief House sponsor, praised Ford for his "courage" in supporting a school choice plan.

Bedingfield said although he is awaiting an official fiscal impact of the bill, a preliminary study shows it would gain revenue for the state.

##### Post and Courier:

Sen. Robert Ford was hoarse from yelling over the crowd at the Statehouse that turned out Tuesday to see him advocate what he thinks is best for children in South Carolina schools — giving them tax dollars to transfer out.

The Charleston Democrat, who once opposed such things, said he had a change of heart and regrets not acting sooner on behalf of students in failing public schools. Suspicions for some, though, were raised when Ford, who recently announced plans to run for governor in 2010, revealed that a brochure he mailed to 450,000 voters was paid for in part by a wealthy New York businessman known for making large campaign contributions to school-choice supporters.

Ford said he would take campaign money from multimillionaire Howard Rich for his gubernatorial bid. But, for now, Ford said he was just looking toward Rich to help promote the bill he filed earlier this month to provide children with a tuition tax credit worth \$2,433 for most, \$4,867 for students with special needs and \$3,650 for those who attend a failing school.

"When I do something, it's because I have that conviction," Ford said, insisting the bill has nothing to do with financing his campaign. "I am doing this for the children who are failing. If you are any kind of man or any kind of woman and you don't care about kids going to failing schools, then something's wrong with you as a person."

The 2009 South Carolina Education Opportunity Act would give tuition tax credits to students who transfer from one public school to another public or private school. Scholarships funded by charitable contributions also would be available for children whose parents earn up to 200 percent of the federal poverty line, which is \$44,100 for a family of four.

The bill is the latest evolution in the private school choice debate that has been going on since 2004, and it is aimed at helping children leave schools that receive "below average" or "at-risk" ratings on annual report cards.

Supporters argue that competition will improve the public school system, and in the meantime children should be given every chance to receive the best education possible. Others, chief among them state Superintendent of Education Jim Rex, say that siphoning much-needed tax dollars away from public schools, not to mention many good students, is no way to improve them.

Rex said he does not see Ford's bill gaining traction, especially in a year when the state education budget has been cut by \$387 million. He said choice should come from within the public school system, including

bills filed Tuesday in the House and Senate to create committees to develop new educational options within two years.

Phil Noble, a Charleston businessman and president of the S.C. New Democrats, has been tracking campaign contributions Rich, the New York financier, has made in South Carolina. Noble said Ford is a good and honorable man but is on the wrong side of the school choice issue.

"It will lead to the re-segregation of our schools and lead to worse education, not better," Noble said.

"Howard Rich is nothing but a carpetbagger who is trying to use our school children as lab rats in his radical social experiment."

If Ford continues his gubernatorial bid, Noble said he has no doubt that Rich would channel thousands of dollars in contributions to him.

The glossy, full-color, 8-inch by 10-inch flier that Ford said Rich and other others paid for pictures a black boy sitting on a desk with his head in his hands. It reads: "Why should his only choice be a failing school? School choice should be a right, not a privilege." On the back Ford is pictured with the quote, "If failing schools are bad for the rich, why are they good for the poor?"

Ford was a one-time opponent of using public money to help parents of private school students. Now, he said he has had a change of heart when he began investigating how the school choice works in other states.

"I don't have no regrets of taking money out of a public school," Ford said. "The money is not for that school. The money is to educate little Johnny.

"If the school's not doing its job, then we're supposed to take the money and give it to little Johnny's mama to go to any school that she wants to send him to, (to) make sure little Johnny grows up to be one of y'all one day."

Sen. Darrell Jackson, a Hopkins Democrat and a prominent members of the Legislative Black Caucus, said he does not support Ford's legislation, but he does not condemn him for pushing it.

"I think his heart's in the right place," Jackson said. "I think he genuinely cares about what is happening to poor, struggling children. I can't say that of everybody else whose always promoted this issue.

"Maybe his opinion is that this will radically shake up the argument. In the end, his proposal may not prevail, but we may get better public schools as a result of what he does."

#### The State:

As principal of Glenforest School in West Columbia, Gillian Barclay-Smith saw parents sacrifice to pay \$20,000 a year in tuition — taking second jobs and downsizing their homes.

"There is this myth that private schools are for the rich," said Barclay-Smith, who left her principal's post at the private school for students with learning disabilities and special needs in December.

"These are not rich parents. If you have a child with special needs, you'll move heaven and earth to get their needs met."

Tuesday, Barclay-Smith and others gathered at the State House to support a school choice bill that would create tax credits — ranging from about \$1,000 to \$4,800 a year — for parents who home school or send their children to private schools, parochial schools or new public schools.

School choice bills have failed repeatedly in South Carolina since 2004. But this time, state Sen. Robert Ford of Charleston, a Democratic gubernatorial hopeful, is backing a bill, adding bipartisanship to the traditionally GOP-backed effort.

"If you go to a failing school, really ain't no life for you," Ford said in a press conference, comparing Democrats' defense of public schools to the Tuskegee Experiment, which denied penicillin to black sharecroppers in the 1940s.

Public school advocates say the bill, filed Tuesday, will drain millions from public school budgets, already cut by \$387 million this year because of the state's financial woes.

"Private schools are an important component in the menu of choices parents can choose from," said state Education Superintendent Jim Rex. "But public funds should go only to schools that are accessible to all kids and fully accountable to the public."

Under the bill, students with special needs and those attending failing public schools would get the largest tax credits. A scholarship program, sponsored by businesses, would help raise additional money for students of low-income families to attend other schools.

Schools that take taxpayer money would be required to administer a nationally recognized standardized test and release their students' results to the public.

Other Democrats, including state Rep. Bakari Sellers of Bamberg, say Ford's plan won't work.

In Sellers' district, all public schools are rated "unsatisfactory" or "at risk" by the state Department of Education. He said a nearby private school is Jefferson Davis Academy, named for the president of the Confederacy.

"Would they let me go?" said Sellers, who is African-American.

But the bill's sponsors, including state Rep. Tracy Edge, R-Horry, said it is about options.

As a child, Edge was diagnosed with hearing loss. His parents enrolled him in a private school instead of a special education class at his public school.

"Fortunately, my parents had the means to do that, but others don't," Edge said. "This bill will give more parents those options."

The tax credits would be only a drop in the bucket for some.

Last year, Janet Frazier of Lexington took out a second mortgage on her house and drained her retirement fund to send her autistic son to a private, residential school in Michigan that cost \$7,000 a month.

She since has enrolled him at Glenforest.

"Yes, the tax credit isn't that much," she said. "But, right now, we're not getting anything. It's a start, a step in the right direction."

Meanwhile, Rex has rolled out a list of reforms he thinks would improve public schools. Among his proposals:

- Requiring all school districts to offer some amount of choice within the district and with a nearby district.

The bill was introduced Tuesday.

- An overhaul of the state's education-funding formula, rolling up dozens of budget line items and distributing the money instead on a per-pupil basis.

#### Columnist takes Clyburn to task over criticism of Gov. Sanford

For many, the Obama era promised to break down the racial barriers and bugaboos of old and herald in a new age of understanding in which Americans could finally discuss and debate issues based on nothing but honorable intentions.

Apparently Congressman Jim Clyburn did not receive the memo.

When Gov. Mark Sanford compared President Barack Obama's massive stimulus spending to the nation of Zimbabwe's disastrous example, House Majority Whip Jim Clyburn said, "For him to compare the president of this country to [President Robert] Mugabe ... It's just beyond the pale."

When asked if Sanford's example had racist implications, Clyburn replied, "I'm sure he would not say that, but how did he get to Zimbabwe? What took the man to Zimbabwe? Someone should ask him if that's really the best comparison ... How can he compare this country's situation to Zimbabwe?"

Appearing on Countdown with Keith Olbermann, the MSNBC host blustered that Sanford was playing the "race card" and was comparing Obama to Mugabe, the notorious Zimbabwe dictator. Clyburn did not disagree.

Last month, when a number of Southern Republican governors, including Sanford, spoke out against Obama's stimulus, Clyburn said that the actions of these four governors was "a slap in the face of African-Americans."

Speaking of Sanford specifically, Clyburn added "He may not need help for the plantation his family owns, but the people whose grandparents and great-grandparents worked those plantations need the help."

The ridiculous extent to which the word "racist" has been used and abused has now rendered the term completely meaningless. Individual and institutional racism prevalent during slavery and segregation was glaring and obvious. Today, genuine racism is less obvious, yet it undoubtedly still exists. And a word to label such instances might be useful. But the word "racism" itself has been thoroughly discredited because of men like Clyburn.

Take Clyburn's Sanford example. When a black Southern man like Clyburn calls a white Southern man like Sanford "racist," the accusation alone might be all the proof needed for a goofy, white liberal like Olbermann. But it doesn't stand up to logic. Consider this Associated Press story from October:

"A new South Carolina law requiring DNA samples from people arrested on felony charges is overly intrusive and harkens to 'totalitarian regimes,' the governor said today as he joined with the NAACP to call for the rule to be changed. Law enforcement officials argue the new law will be more efficient than having to seek court orders to collect samples. By that reasoning, Sanford said police could do their jobs even more efficiently if they didn't have to obey the Constitution's Fourth Amendment against unlawful search

and seizure.

"With all due respect, efficiency — supposed efficiency — is the mark of totalitarian regimes," Sanford said at a news conference today with Lonnie Randolph, president of the state chapter of the National Association for the Advancement of Colored People."

Although Sanford found himself aligned with the NAACP on the issue of collecting DNA samples for law enforcement purposes, few believed his position had anything to do with race, as the governor has had a career-long record of always coming down on the side of protecting civil liberties.

Sanford also has a long record of opposing wasteful government spending. For Rep. Clyburn to accuse Sanford of racism at this late juncture, it either means that the Congressman is completely ignorant of the governor's record or is intentionally slandering him. And whether Clyburn may be dumb or simply just devious, neither of these are qualities befitting a statesman.

Perhaps Clyburn is smarter than I give him credit for, or as Philip Klein of The American Spectator writes, "Liberals always attempt to paint conservative Republicans as stupid and racist, and as Sanford's profile rises, they evidently want to make a preemptive strike to cement that impression in people's minds. But in the process of doing so, they've done nothing but reveal their own ignorance."

Klein is right. When Clyburn calls someone "racist," it's the same as when Sean Hannity calls people "anti-American" — it may or may not be true, or even make any sense, but it's just what they do.

Such mindless political attacks have gotten so ridiculous that when I now hear the word "racism," I automatically assume the accused must be doing something right. Sanford's a prime example. And if men like Jim Clyburn haven't already ruined the term "racist," they may have instead become its truest example.

Sun News agrees with Gov. Sanford's principles, but suggests not adhering to them

Most readers know by now that Gov. Mark Sanford vigorously opposes the stimulus approach to U.S. (and S.C.) economic regeneration. Because The Sun News just as vigorously supports economic revival via government stimulation of the private economy, the newspaper has called Sanford's stance on the matter into question.

From this, some readers have deduced that the newspaper is down on Sanford and determined to dog him for his remaining 21 months in office. Not true. We admire Sanford's adherence to his libertarian principles no matter how much heat he's getting. He is what he is and we've understood that for a long time.

True to form, Sanford announced last week that his attempt to rewrite the stimulus law via pursuit of federal waivers has come to an end. The Obama administration twice has denied his requests to use \$700 million intended to create and save S.C. public- and private-sector jobs to pay down state debt. Now, says Sanford, he'll leave it to the General Assembly to seek certification of that money - a quarter of the total \$2.8 billion that the stimulus law devotes to South Carolina. If the legislative leadership does apply for the money - a foregone conclusion - he'll ask that it be used to (you guessed it) pay down state debt.

Sanford hasn't yet said what he'll do if legislators ignore his advice and spend the money on job creation and preservation. That's also a foregone conclusion: The S.C. House has already budgeted the money, and the S.C. Senate seems likely to do the same in its budget version, now under construction.

It's hard to imagine, however, that Sanford would stand idly by if legislators carry out their plans to spend the stimulus money as Congress intended. He would resort to his old standby, the veto, to make known his displeasure that legislators have failed to see the wisdom in his recommended course of stimulus action.

He has done this before, many times. Every year, he exercises his line-item veto power to remove spending items he doesn't like from the consensus budgets that legislators have passed. One year, he even vetoed the entire budget.

Legislators have sustained a few of Sanford's vetoes, but in most cases, leadership summons the two-thirds majorities of representatives and senators necessary to override his expressions of gubernatorial displeasure. Political observers, us included, have lambasted him for his disinclination to negotiate with legislators to get some of what he wants. As he once told The Sun News editorial board, he would rather hold fast to his principles than compromise them by "trading marbles."

What are his principles? They're beautifully encapsulated in his objections to the stimulus: He doesn't believe we should spend money we don't have; we should not burden future generations with the cost of

today's government; and we shouldn't risk devaluing the dollar by running up the deficit. He's right about all those things, as even liberal readers would agree. But implicit in his pay-down-debt stance is obliviousness to the extreme economic emergency that Congress addressed in the stimulus law. Sanford believes that the state owes nothing near term to residents who've lost their jobs or who are about to. He could have helped tens of thousands of South Carolinians keep their jobs or get new ones by trading a few marbles. That he has chosen not to, placing his principles above human misery, remains a profound disappointment.

#### State's \$700 million jobless-fund debt may signal future tax increases

The state's unemployment debt to the federal government is expected to climb to more than \$700 million this year, a figure that could ultimately mean businesses pay more in federal taxes and face possible increases in state unemployment taxes.

But a Senate panel that has been studying the issue along with a bill that would restructure the state Employment Security Commission will likely not try to address a solution to the growing debt in the legislation before it, said Sen. Greg Ryberg, chairman of the Senate Labor, Commerce and Industry Committee.

"I think it's going to end up as two pieces of legislation," he said.

Ryberg's subcommittee will debate amendments to the current ESC bill Thursday morning.

The state's unemployment trust fund, which in 2000 held more than \$800 million, is now insolvent, relying on federal emergency loans to help the state's jobless. The fund's demise is the result, officials say, of years of contributions by employers not covering benefit costs.

Gov. Mark Sanford, lawmakers and officials with the Employment Security Commission have disagreed as to who is to blame for the crisis, but legislators are now discussing what should be done about it.

Exactly how much the state will owe from a series of emergency loans taken out beginning last fall is a shifting number, which has frustrated some senators.

At a March 5 hearing, ESC Executive Director Roosevelt "Ted" Halley told a Senate Labor, Commerce and Industry subcommittee the state could expect to borrow another \$275 million for the fund in 2009. Last week, ESC officials said the number would be more than \$500 million, on top of the \$256 million already borrowed.

Asked how much the state could expect to owe by the end of the year, Allen Larson, deputy executive director at ESC, told senators, "If we assume a continued payout of around \$20 million a week, I would say somewhere around \$700 million at least."

Ryberg said he believes the number will be \$1.5 billion over two years -- about 25 percent of the state's current annual general fund budget.

ESC officials say the difference between what is paid out and what comes in as revenue is about \$15 million a week.

Part of the problem, they said, is that employer contributions for the first three months of this year are down about 20 percent compared to the same time as last year. Unemployment benefits have more than doubled in that time, they said.

South Carolina's unemployment rate of 10.4 percent is the second highest in the country.

As part of the federal stimulus bill, states borrowing from the federal government for unemployment don't have to pay interest until 2011. But if those loans aren't repaid by then, employers in the state will begin losing some of their federal tax credit for unemployment insurance premiums. That would amount to \$21 more per worker per year, Larson said.

Fixing the trust fund could include encouraging employers to prepay accounts, raising the taxable wage base, adjusting the tax rate or decreasing the maximum weekly unemployment benefit.

Ryberg said he doesn't believe now is the time to raise taxes on business but said the state's eventual debt to the federal government is "huge."

#### 50-cent tax increase on every pack of cigarettes clears hurdle in House

A House plan to raise the tax on cigarettes by 50 cents a pack passed its first hurdle Tuesday in a subcommittee, but opponents said the plan will hurt convenience stores and yield far less revenue than

projected.

The plan, authored by House Speaker Bobby Harrell, now goes to the full House Ways and Means Committee, where it faces several amendments, said Chairman Dan Cooper, who prefers a 30-cent increase.

"I know a lot of us are not necessarily enthusiastic about this particular plan, especially after the federal government has added their 62 cents," Cooper told the panel. "But I think a lot of our colleagues in the House want to be heard on this issue, so I would ask the subcommittee to advance this to the full committee."

The panel then voted 4-0 to pass the measure.

Increasing the tax to 57 cents would generate an estimated \$147 million, most of which would help lower-income workers and small businesses pay for health insurance.

About \$3 million would help pay for marketing services for farmers, and \$5 million would go for smoking prevention and cessation programs.

Rep. Annette Young, a Summerville Republican, earlier said she fears raising the federal tax on cigarettes by 62 cents a pack will reduce sales, especially if the state raises its tax 50 cents.

Rep. Brian White, an Anderson Republican who voted for the bill, fears the revenue stream will decrease, eventually cutting off the health insurance.

But Kelly Davis, a spokeswoman for the South Carolina Tobacco Collaborative, a health coalition, said the revenue would be "reliable and predictable" because of tobacco's addictive power.

She said the increase would discourage young people from smoking.

Smoking-related health care costs \$1 billion a year in the state, she said. The bill will reduce smoking and help pay for health care and smoking prevention, she said.

Business representatives were less optimistic.

They said convenience stores would be hurt by a one-two punch of state and federal tax increases, especially near Georgia and North Carolina, where people come to buy cigarettes because of the state's lowest-in-the-nation tax.

Michael Fields, representing the state's Petroleum Marketers Association, said the sale of cigarettes brought \$830 million in sales last year. Tax increases will deliver a "significant hit" to businesses, he said.

But Frank Knapp, president of the South Carolina Small Business Chamber, said small businesses need affordable health insurance. "This is something we've got to do," he said.



**From:** Paula Rauch  
**To:** governors\_office\_all  
**Date:** 3/24/2009 5:12:21 PM  
**Subject:** Job Vacancies

The following positions in OEPP are now available for applications at: [www.jobs.sc.gov](http://www.jobs.sc.gov)

1. Victim Services Coordinator- State Office of Victims Assistance, (FT/Temp-Grant, Marlboro County).
2. Children Services Coordinator III- Continuum of Care, (FTE, Oconee County).
3. Human Services Specialist (SCA)- Continuum of Care, (FT/Temp-Grant, Aynor, SC).
4. Building/Grounds Specialist II- Veteran's Affairs, (FTE, Anderson, SC).

Thank You

Paula Rauch  
Human Resources Specialist  
Human Resources  
Office of the Governor  
803-734-0502  
[prauch@oepp.sc.gov](mailto:prauch@oepp.sc.gov)

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/24/2009 9:46:41 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (1 of 1)

Governor's Daily Press Briefing - Tue., Mar. 24, 2009

Summary:

Upstate Republicans vow to fight stimulus unless its used for debt repayment  
Sen. McConnell asks for AG opinion on legislature's use of stimulus  
Gov. Sanford signs procedural letter for energy grants  
Scoppe editorializes against flat rate for taxing houses  
Cigarette tax hike getting first review  
Dem pitches 'tent city' press stunt  
Limits sought on petition candidates  
Rock Hill student to petition for acceptance of stimulus money

Text of Clips:

Upstate Republicans vow to fight stimulus unless its used for debt repayment

The White House twice has snubbed Gov. Mark Sanford's plan to use a portion of federal stimulus dollars to pay down state debt, but five South Carolina lawmakers rallied Monday to say they will fight to help that plan reach fruition in the Statehouse.

At issue is about one quarter of the \$2.8 billion in federal stimulus money coming to this state, or about \$700 million. Sanford, a potential 2012 presidential candidate, issued a statement last week saying he would not request that money, but he encouraged the state Legislature - if it makes the request in his stead - to do so with the intention of repaying debt.

Sens. Lee Bright, Shane Martin, David Thomas, Kevin Bryant and Rep. Joey Millwood, standing in front of the statue of Revolutionary War Gen. Daniel Morgan in downtown Spartanburg, expressed several concerns about the stimulus, and - literally rolling up their sleeves at Thomas' request - pledged to fight against letting that money cause South Carolina further budget problems in the future.

Bryant, R-Anderson, said he would oppose a Senate resolution today that would allow the state Legislature to bypass the governor and accept federal stimulus dollars. That resolution is sponsored by Sen. Hugh Leatherman, R-Florence. The same measure has been introduced in the House by Rep. Harold Mitchell, D-Spartanburg.

Out of 46 senators, Bryant predicted 15 to 20 would follow the governor's lead.

"Should the Legislature give him the commitment to lower state spending and direct it toward the debt, then he could go ahead and put in a request for the money," Bryant said. "If we don't make that commitment, he's going to reject it altogether."

Martin summed up the problem he sees with stimulus dollars by comparing it to a monthly household budget that adds a Christmas bonus once a year. You can't plan how much you'll spend on necessities in April or May, for instance, based on the amount of income you had in December. In other words, recurring expenses should not be paid for with nonrecurring revenue.

Bright recalled a recent debate on the Senate floor and said, "The folks that were wanting the stimulus package were talking about how this was going to affect individuals and people and how we were fighting for ideals, and the governor was fighting for ideals, and ideals didn't feed people. And our argument then, and it will be for the next coming weeks, is that freedom is an ideal. Our way of life that we have now is because of ideals. And we're going to stand firm."

Millwood was one of eight House members to vote against using stimulus dollars earlier this month. The House has passed its version of the budget. The Senate has not yet done that.

"I don't think the federal government should be shoving \$700 million down our throat, when we need to cut government as it is," Millwood said. "If we can't cut government right now, we're never going to cut government."

Mitchell, who was in Columbia Monday, in a phone interview called Republican attempts to thwart the

stimulus "political posturing." Republicans, he said, had no problem stimulating Iraq's economy and creating jobs and infrastructure there over the past few years - yet now they are critical when similar measures are being tried at home. The fact that South Carolina has the second-highest unemployment rate in this country makes the stimulus dollars more important, he said.

Jonathan Metcalf, one of Spartanburg's representatives on the S.C. Democratic Party executive committee, said the "Just Say No" crowd is entitled to its opinion but should offer some solutions, too.

"The argument of paying down the debt to make long-term investments... They've been in charge long enough and haven't made the investments in public education or health care that we needed. They haven't shown any courage on those issues. So why should we believe them now?" Metcalf said.

"I understand their aversion. I don't like spending money we don't have. But the president is trying to do something, and we should get behind him. ...We're all nervous about the money that's being spent - Democrats and Republicans. But in all honesty, you ought to be offering some alternative to the problem."

#### Sen. McConnell asks for AG opinion on legislature's use of stimulus

Senate leader Glenn McConnell sought Monday to head off any trouble South Carolina could face if a portion of the federal stimulus money gets tied up in a court battle.

The Charleston Republican sought an opinion by state Attorney General Henry McMaster on the controversial provision in the \$787 billion federal stimulus package that allows the state Legislature to bypass Gov. Mark Sanford and request \$700 million to help balance the budget over the next two years. If the provision is challenged in court and the funds are suspended after the state budget is written, it could have disastrous results, McConnell wrote. He urged McMaster to respond promptly.

The Senate is drafting its version of the budget now, and legislators are planning to rely on stimulus money to help the state continue to offer government services in a financial climate worse than the any time since, perhaps, the Great Depression.

McConnell asked McMaster to issue an opinion on the procedures behind any legislative action to request the funds. The issue is complicated by questions U.S. Sen. Lindsey Graham raised in a letter to the Obama administration about the constitutionality of the provision that allows the Legislature to seek the funds after Sanford declined to do so.

Last week, Sanford chose not to seek \$700 million, a portion of the \$8 billion South Carolina stands to receive from the federal stimulus package. Based on an interpretation of the 1,200-page stimulus bill by the Governor's Office, Sanford could only influence that amount of the money. A portion, including money for highway improvements, flows automatically to the state while the bulk of the money is for grants and tax breaks.

The House's version of the state's \$6.6 billion budget uses about a billion dollars in federal stimulus money, including about half of the money Sanford rejected. The other half, about \$350 million, would be used in future budgeting.

Mark Plowden, communications director for McMaster's office, said the staff began its legal research on McConnell's request as soon as the letter was received Monday.

#### Gov. Sanford signs procedural letter for energy grants

Gov. Mark Sanford on Monday assured the U.S. Department of Energy that South Carolina will consider improving efficiency-related building codes and utility policies, in a letter that opened the door to \$50.5 million in energy-related stimulus funds for the state.

In order to receive a share of State Energy Program stimulus money, governors were required to provide written assurances by Monday that they would consider such policies.

In South Carolina, a House bill already has been introduced to bring the state's energy-related building codes, which date to the 1990s, up to the modern standards used in North Carolina and Georgia.

Environmental groups, some building companies and industries that stand to benefit, such as insulation manufacturers support the legislation.

Ben Moore, a project manager for the Coastal Conservation League, said updating the codes would save the people who buy new homes hundreds of dollars every year. The Home Builders Association of South Carolina, which has not taken a position on the legislation, said the regulations would raise the cost of building a standard home by \$675 to a total of \$875.

The bill sponsored by Rep. Harry Cato, R-Greenville, would make the 2006 International Energy

Conservation Code the law in South Carolina. House co-sponsors include Charleston-area Democrats Robert Brown, Anne Hutto, Leon Stavrinakis and Seth Whipper, and Charleston-area Republicans Chip Limehouse and Jim Merrill.

"It's the kind of thing that, in South Carolina, our Legislature usually leaves us behind the curve on," Merrill said. "There's a bipartisan group of us that is trying to get us set up for a move into the future."

The bill is just the sort of legislation that the stimulus plan requires states to consider.

There is \$3.1 billion available to states for improving the energy efficiency of buildings. The spending is meant to create short-term jobs and long-term savings on energy, while reducing the carbon emissions blamed for global warming.

Sanford, who has been a persistent and vocal critic of the federal stimulus package, last week rejected \$700 million in funding designed to help the state balance its budget over the next two years. A provision in the federal law allows the state Legislature to request the money Sanford rejected, and it is expected to do so.

Sanford's press secretary, Joel Sawyer, said the State Energy Program funding is different because it would be used for one-time expenses and would not create expectations for future state funding.

South Carolina plans to spend the money improving efficiency at public schools and colleges and at state office buildings.

"Taxpayers pay the utility bills on all these buildings," State Energy Office Director John Clark said in a recent interview. "I'm confident the taxpayers will save three or four times the amount spent."

House Speaker Bobby Harrell, R-Charleston, is no fan of the \$787 billion federal stimulus package, but he said the state ought to take all the money that is available because South Carolina taxpayers will be paying for it either way.

Harrell said energy efficiency funds will be put to good use.

"We have buildings all over the state that are old and in need of this kind of up-fit," he said.

Scope editorializes against flat rate for taxing houses

WHEN A PACK of cigarettes cost \$1, the tax was 7 cents. Now that it runs around \$3, the tax is 7 cents. If lawmakers don't raise it, the tax still will be 7 cents when cigarettes cost \$5 a pack.

Regardless of what you think of the rate, the cigarette tax approach doesn't make much sense.

That's roughly the way the real estate industry wants houses to be taxed. Ridiculous? Of course so. But here's the astonishing thing: This idea hasn't been laughed out of the State House. In fact, the plan has made it out of subcommittee, and the House Ways and Means Committee is going to seriously debate it on Thursday.

We already use a modified version of the cigarette tax approach to tax houses, businesses and other real property: Under a 2006 law, no matter how much your house's value goes up, it's taxed as if it increased only 15 percent every five years.

The one exception is if you sell your property. Then, the taxable value is reset to the sales price, and the new owner pays taxes on that amount — to begin with. The next time the county reassesses property, the new owner gets that same 15 percent cap you got on the increase in taxable value.

This "reset" was the one bone the Legislature threw to cities and counties when it imposed this tax-value cap, in order to make up a little bit for the erosion of their tax bases, and in turn to protect their ability to provide police, fire, garbage and other services.

But the people who sell houses and businesses for a living have concluded that this reset mechanism, commonly referred to as the "point of sale" provision, is destroying the real estate market in South Carolina.

Yes, I know blaming the bursting of the housing bubble on the tax reset is silly-talk, which completely ignores the fact that the nation's financial system is in turmoil and loans have dried up for all but those with the best credit and we're in the middle of the worst recession since the Depression, with more than one in 10 South Carolinians looking for work and those who have it terrified that they could be next.

But legislators believe what they want to believe — especially when they keep hearing it from some of their most politically active (and ubiquitous) constituents. So much so that they are considering not just eliminating the "reset," but eliminating it retroactively. Under the bill up for debate (H.3272), the taxable value of any property sold since 2006 would be rolled back to what it had been before it sold, and then the cap on the increased value would be applied to prevent it from reaching the real value.

Say you bought a house in 2007 that had last been assessed for tax purposes at \$150,000. You paid

\$200,000, and so your tax bill was based on that amount. Under current law, the taxable value at the next reassessment will be capped at \$230,000. But if this bill passes, the taxable value would immediately drop to \$150,000, and the most it could go up to at the next reassessment would be \$172,500 — still far less than what you paid for your house. But it gets worse: Let's say you keep your house for 20 years; by then, the most the taxable value could have gone up to is \$263,000. But your house is in a great neighborhood, the real estate market has done well, and you sell for \$1 million. The new owner will pay taxes as if the house were worth just \$263,000.

Real estate agents complain that our current property tax system is creating an inherently unfair situation, where identical houses are taxed at far different rates. They are absolutely right. But they're wrong about what's causing the problem, and even more wrong about how to fix it. Worse, their "fix" will ultimately drive property values down even more, in a vicious cycle that destroys the tax base that allows local governments to provide the police and fire and other services that prop up property values.

The problem with our tax system is not the point-of-sale reset. It's the 15 percent cap, which artificially holds down the taxes of people who are lucky enough to live in neighborhoods where the property values are skyrocketing (and yes, that will happen again one day). That value cap forces cities and counties to raise the tax rate more than they would have before the cap was instituted; this in turn means the people whose property values are increasing by less than 15 percent have to pay more in order to give that tax break to the more fortunate.

Just to complicate things a little more, there's another cap, courtesy of that same 2006 law, that limits how much the tax rate can go up. In some cases, that cap will prevent cities and counties from raising tax rates enough to make up for the money they lose because the value cap artificially limits their tax base. This bill would further erode the tax base.

It's probably true that more people would purchase properties if they knew their taxes would be kept artificially low. For that matter, even more would probably buy if they knew they wouldn't have to pay any taxes, ever. That is, unless they stopped a moment and realized that meant they wouldn't have police protection or fire protection or garbage collection or the other services that those taxes pay for.

The cigarette-tax approach is bad enough for cigarettes. It's awful for houses — and, in the long run, for people who own those houses.

#### Cigarette tax hike getting first review

Charging smokers more for a pack of cigarettes as a way to help uninsured South Carolinians gain health care coverage will face its first hurdle before a legislative panel today.

House Speaker Bobby Harrell, R-Charleston, crafted a proposal to raise the state's lowest-in-the-nation cigarette tax to 57 cents a pack. The tax, set in 1977, currently is 7 cents a pack, well below the national average of \$1.21.

Harrell led a fight on the House floor last year to defeat a similar proposal that offered health care coverage to more South Carolinians, primarily by expanding Medicaid. This bill, Harrell said, taps into the private sector for a solution.

"I believe our plan will dramatically increase the number of people who have health care coverage and lower health insurance premiums for everybody," Harrell said Monday. His bill has bipartisan support and more than 40 sponsors.

The bill being considered by the Budget and Finance Subcommittee would use the bulk of \$147.3 million in annual revenue to help lower-income workers and small businesses afford health care and create a pool for high-risk individuals to get coverage. A portion of the money would go toward smoking prevention and cessation programs, marketing South Carolina-grown crops and helping farmers survive natural disasters.

Under the S.C. Healthy Families Insurance Trust Fund, tax credits would be available for workers who earn up to 200 percent of the federal poverty line, which is \$21,660 for an individual, \$29,140 for a couple and \$44,100 for a family of four.

Individuals would be reimbursed 75 percent of the cost of their health care plan, while small businesses that pay 75 percent of their employees' coverage plans would receive tax credits for 67 percent of the total cost of the plan.

The Palmetto Healthcare Safety Net Trust Fund is designed for high-risk individuals, such as those with pre-existing conditions, who currently can't get health care coverage.

Forty-four states and the District of Columbia have raised cigarette taxes since January 2002, increasing

the average tax from 43.4 cents to \$1.21 per pack, according to the Campaign for Tobacco-Free Kids. The rate in Georgia is 37 cents a pack and in North Carolina is 35 cents a pack. The federal tax will go to \$1.01 a pack on March 31 to provide more low-income children with health insurance. Congress approved the 62-cent increase in February. If the Budget and Finance Subcommittee advances the bill today, the full Ways and Means Committee could consider it on Thursday.

#### Dem pitches 'tent city' press stunt

Gov. Mark Sanford is now taking to the pages of the Wall Street Journal to outline his position regarding the stimulus money. After President Obama said Sanford could not use \$700 million to pay down state debt, Sanford declined the cash altogether. In the Wall Street Journal article, Sanford writes, "When you're in a hole, the first order of business is stop digging. South Carolina is in a hole, and it's not a shallow one. Spending stimulus money on ongoing programs would mean 10% of our entire state budget would be paid for with one-time federal funds -- the largest recorded level in state history" State lawmakers from both parties have been working against Sanford on the stimulus issue. A Democratic party activist now wants to protest Sanford's actions at Finlay Park near the governor's mansion. However, one city rule is preventing that protest from taking place. Taking a nap on a warm spring day in Finlay Park is not only pleasant, it is perfectly legal. But overnight? That's different. The park closes at 11 p.m. And the rule appears to be enough to block a plan to create a "tent city" so protesters could dramatize their opposition to Sanford's stance on stimulus spending. The request to set up the tents comes from the former executive director of the state Democratic party, Lachlan McIntosh, who says he's asked the city for permission to set up as many as a dozen tents in the park to illustrate what he calls the "dangers" of the governor's policies. Sanford has made national headlines with his views on how the state should use \$700 million dollars in stimulus funding. The governor saying late last week he would not seek the money if it couldn't be applied to paying down state debt. Meanwhile, Mayor Bob Coble is all for the funding. He's turned his office into a stimulus "war room" by holding regular staff meetings to figure out how the city should deal with the money. Coble says the city can't break its policy on the park's operating hours even if he agrees with the protesters. "Columbia, by being virtue of the capital, is the subject, at the center of a lot of protests, marches. And so we're familiar with how, without either agreeing or disagreeing, with what the issue is: allowing people to exercise their first amendment rights," said Coble. Parks and Recreation Director Allison Baker says he's against bending the rules to allow the tent city on April 17. McIntosh lives in Charleston. He said if his idea is shot down by the city of Columbia, he still wants to create some sort of "symbolic gesture" to express opposition to Sanford's philosophy on the funding.

#### Limits sought on petition candidates

South Carolina's Democrats and Republicans are working together to limit petition candidate challenges to their nominees. Senate Majority Leader Harvey Peeler, R-Gaffney, introduced a bill last week that would force petition candidates to file at the same time party hopefuls do. The measure also would bar those who vote in primaries from signing petitions to get independent candidates on the ballot. In a state with an open primary system, the move will force voters more than ever to go along with political parties, observers said. Both parties are unabashed about the desire to cut post-primary challenges to their nominees. That's been a problem for both parties in the past. For instance, state Sen. Mike Rose of

Summerville knocked off an incumbent in last year's GOP primary and then faced a petition candidate in the general election backed by a mix of Republicans and Democrats.

Petition candidates don't have an easy ride to the ballot. They have to gather 5 percent of the signatures of the voters for that office and that's capped at 10,000.

#### Rock Hill student to petition for acceptance of stimulus money

When JeBria, a 10th-grade student at Rock Hill High, heard that Gov. Mark Sanford intended to refuse \$700 million in federal stimulus money offered to South Carolina, she created a petition asking Sanford to reconsider. JeBria said she and her friend, Kaylah Upchurch, gathered 115 student and teacher signatures and sent them to Sanford's office last week. The Herald talked with JeBria on Monday.

Why did you create this petition?

In American government class, we were talking about the rights of citizens. The First Amendment gives us the right to petition. I didn't like Gov. Sanford taking it upon himself to refuse money that we need in South Carolina.

I heard about his refusal from watching CNN, and it was being discussed in our class. We have lots of debates about these things. Some people disagree with me. The other point is that taking the money now would increase our debt in the future. I think it's a fair argument. But we're suffering now, and I think we need the money now.

Have you heard from Sanford yet?

No. We haven't heard anything. He is the governor and probably busy ... But I'd like to have a response from him just to hear his reaction.

Why do you think the stimulus money is needed, and how would you like to see it spent?

There are jobs that are needed that would be created. A lot of people need relief ... with the foreclosures. (Mainly) to create more jobs, kind of like the Great Depression. When people have more things to do, the economy can recover better.

What are your plans for the future?

I want to be a physician, but now, while I'm doing this, I'm considering being a politician.

**From:** Joel Sawyer  
**To:** [REDACTED] Road, MCS  
**Date:** 3/23/2009 12:35:26 PM  
**Subject:** Last Thing - Call-in locals

If you're willing this week, I think it would be good to do some call-in radio, TV, or both...we've got a number of requests out there so we could fill whatever time you have open.

The times are typically going to be 4-6 eastern, to 1-3 your time after today.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

**CC:** Stroud, Mary Neil



**From:** Kevin Pazdernik  
**To:** marksanford4@comcast.net; MCS Road  
**Date:** 3/23/2009 10:03:23 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (1 of 1)

Governor's Daily Press Briefing - Mon., Mar. 23, 2009

Summary:

This year's cigarette tax plan detailed  
Post & Courier praises Limehouse, DOT for readiness to use stimulus funds  
Republicans lining up for Barrett's seat  
Clyburn chides Sanford's anti-stimulus stance

Text of Clips:

This year's cigarette tax plan detailed

The sometimes-fierce nine-year battle over raising South Carolina's lowest-in-the-nation cigarette tax could end quietly this month.

S.C. House Republicans and Democrats think they have plan both sides can support to increase the tax. The plan is modeled after an Oklahoma program that uses cigarette tax revenue to secure matching federal money. That federal money then is used to provide a subsidy to buy health insurance for low-income residents or small businesses that could not afford insurance.

"It looked like Oklahoma found a way to include the federal match," said House Speaker Bobby Harrell, the plan's author. "That is critical to making sure there is enough money in the fund to cover a large number of uninsured people."

Last year, the House and Senate approved a 50-cent-a-pack increase. But disagreement over how the money would be spent meant the House could not override Gov. Mark Sanford's veto.

This year could be different.

If approved by the federal government, the House plan would raise the state cigarette tax by 50 cents a pack, raising about \$147 million. That money, matched about 2-for-1 with federal Medicaid money, would provide tax credits to employers worth about 75 percent of the cost of buying health insurance for their employees.

The plan also would create an insurance plan for high-risk residents, such as those with existing illnesses, who cannot find health insurance coverage. Harrell, R-Charleston, said that part of the plan should lower insurance costs for non-smokers, who pay higher premiums to offset care provided to the uninsured.

"This is a compromise between people who want something tax-neutral and those folks who want to expand Medicaid," Harrell said.

Additionally, about \$5 million a year would pay for efforts to help people quit smoking. The state currently provides no money to help pay for smoking-cessation efforts.

House minority leader Harry Ott, D-Calhoun, said the bill meets the goals the Democrats have been pushing: expanding coverage and taking advantage of federal match money.

"Republicans have finally adopted the position on the cigarette tax we've been pushing for three years," Ott said. "Most Democrats would be in a position for vote for this."

Since creating its Insure Oklahoma program two years ago, that state has been able to insure about 17,000 people, said Oklahoma Health Care Authority spokeswoman Jo Kilgore. Under the Oklahoma plan, the insured pay about 15 percent of their health insurance premiums, employers pay about 25 percent and the state pays the remaining 60 percent.

Kilgore said the program can pay for benefits for about 40,000 people. After that, new applicants would go on a waiting list. About 1,000 people a month are signing up for the coverage.

Harrell said the House still could adjust eligibility levels, but he expects those earning up to 200 percent of the federal poverty level — \$21,660 for an individual and \$44,100 for a family of four — would be eligible. The high-risk pool would have a sliding premium scale, covering applicants making up to 400 percent of the federal poverty level.

Advocates see a lot to support in the plan, especially for the money to help people quit smoking.

"That, for us, is the real key piece of the legislation," said Kelly Davis, spokeswoman for the S.C. Tobacco Collaborative, a group of public health advocates that has been leading the nine-year push for a higher tax.

"Issues like this take a long time to come together."

#### Post & Courier praises Limehouse, DOT for readiness to use stimulus funds

Gov. Mark Sanford's objections to accepting federal stimulus money for South Carolina fortunately doesn't extend into every area eligible for funding. For example, the governor has signed the necessary documentation to obtain \$463 million in federal stimulus aid to the state Department of Transportation. That money will effectively double the state's efforts to improve what are termed "federal aid" highways, and will be distributed to provide projects — and presumably jobs — throughout the state.

Additional jobs are important in a state that is suffering one of the nation's highest unemployment rates. Better roads and bridges are important in a state that suffers one of the nation's highest highway death rates.

"Federal aid" highways include interstates and other roads and bridges in the national highway system. Money from the federal gas tax normally provides for most of their construction and repair. The stimulus money will be used only for projects that are ready for construction. And they will be based on the priority system put into place by the legislative reorganization of the DOT.

Transportation Secretary H.B. "Buck" Limehouse tell us that the DOT began making plans for stimulus funding last year and is ready to put the money to timely use. Indeed, Mr. Limehouse says that the state may well be able to obtain additional stimulus funds that other states, less ready, can't put to use within the time requirements of the stimulus bill.

The state's priorities are resurfacing, bridge improvements and interstate highway repairs, and most of the money will go to bolster and accelerate those goals. It can be used for improvements to 18,000 miles of roadways in the state.

Mr. Limehouse deserves credit for his preparation in advance of the stimulus funding.

It will ensure that South Carolina can use the money to best effect. That practical goal should govern the state's use of stimulus funding, wherever it is applied.

#### Republicans lining up for Barrett's seat

The Republican cast is lining up to audition for the 3rd District U.S. House seat being vacated by U.S. Rep. Gresham Barrett.

Four hopefuls already are gearing up bids to replace Barrett, a three-term GOP lawmaker who recently made a formal entrance into the 2010 race for governor.

From the state House, there's a fitness fan, a chicken sausage purveyor and an auctioneer. And one of the Senate's newest members, who survived a close race last year, said it's time for him to head to Washington. None of them can file for the office with the state GOP until March 16, 2010, but they're setting up exploratory committees, rounding up staff and putting out feelers for cash.

They'll need it. All of them expect the primary to cost at least \$500,000. Traditionally, that has been the biggest challenge in a district where the GOP legend and late U.S. Sen. Strom Thurmond lived and is buried.

So far, the race has attracted:

--State Rep. Michael Thompson, who said Friday that he'll have an exploratory committee set up soon. Thompson, 34, is a salesman for the trucking company his father started in Anderson. He's a fitness buff sometimes seen in T-shirt and sweats after workouts at the House office building. He's served in the House since 2001.

--Rep. Rex Rice of Easley, who already has a Web site set up and federal exploratory committee papers filed. A developer for years, Rice, 52, recently gave that up and became a partner in a business that makes and markets chicken sausage as a low-fat alternative to the artery-clogging stuff. He has been the loudest Republican advocate for years of increasing the state's cigarette tax from the nation's lowest at 7 cents a pack and has served in the House since 1995.

--Rep. Jeff Duncan, 43, of Clinton, who said he's not ready to formally announce but is seriously considering a bid. Duncan is an auctioneer and getting more business lately from banks unloading foreclosed property. Duncan is chairman of the Agriculture, Natural Resources & Environmental Affairs

Committee and has served in the House since 2003.

--Sen. Shane Massey, 33, who is an Aiken lawyer and won his seat in 2007 after Democrat Sen. Tommy Moore gave up the job to work for the payday lending industry, beating Democrat Rep. Bill Clyburn by 138 votes out of more than 14,000 cast after a mandatory recount.

Massey has an advantage the rest don't. He'll have two more years on his term if he loses; for the rest, they're out of legislative jobs. That's not such a bad loss, said Duncan, who plans to go back to being a father and running a business if he is defeated.

As crowded as the field appears now, more are expected to pile in.

Barrett won the seat by beating five other challengers in the Republican primary in 2002 after U.S. Sen. Lindsey Graham stepped aside to run for his current position.

"It's a Republican congressional district with an open seat. Those things are not easy to find around here," said J.W. Ragley, the South Carolina Republican Party's executive director.

And there is the bonus of not having to knock off someone already in the office. "The easiest time to win a seat is when an incumbent isn't running," Furman University political scientist Danielle Vinson said.

Entering the race early gives people more time to raise money, Vinson said. The candidates all know how much of a problem that will be in the midst of a recession and with nine statewide races on the ballot, including governor.

"They're all fighting for the same donors," Vinson said.

#### Clyburn chides Sanford's anti-stimulus stance

When thousands of South Carolinians are out of work and the economy is in a shambles is simply not the time to pay down debt, said House Majority Whip James Clyburn, D-S.C., a Sumter native.

Clyburn devoted about five minutes of his 25-minute speech Sunday during the dedication of a new building for Trinity Missionary Baptist Church to Republican Gov. Mark Sanford's persistent refusal to accept \$700 million in federal stimulus money unless it is used to pay down state debt.

He quoted Ecclesiastes 3, an Old Testament passage that says there is a time and a season for everything, including "a time to tear down and a time to build."

"There is a time to pay down debt, and there's a time to meet people's needs," Clyburn said to shouts of "Amen!" and applause. "People are hurting. People want to work, and they need to be given an opportunity to do so. We must create jobs. ... And we don't do that by paying down 20-year-old debts."

In rejecting the stimulus money on Friday, Sanford said that accepting it would mean South Carolina is part of a problem that will saddle future generations with trillions of dollars in debt.

"We're obviously disappointed by the White House's decision because it cuts against the notion of federalism and the idea of each state having the flexibility to act in a manner that best suits its needs," Sanford said after the Obama administration twice rejected his requests to use the money to pay down debt instead of funding programs designed to create jobs. "As a result, we will not be seeking the use of these federal funds for the way they put our state even further into an unconscionable level of debt."

**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]@gov.sc.gov>, Governor Mark Sanford <[REDACTED]>  
**Date:** 3/22/2009 9:07:05 AM  
**Subject:** Sunday Summary and Text of Clips - March 22, 2009

Sunday Summary and Text of Clips - March 22, 2009

Summary:

Clyburn visits SC, rejects Gov's stimulus decision  
Herald-Journal editorial says spurning money while being forced to accept debt is wrong idea  
Greenville News editorial calls for legislature to ask for stimulus funds  
Local officials making priorities for stimulus money projects  
Sumter officials try to find best use of stimulus monies  
Myrtle Beach schools make plans to move forward without stimulus money  
State Sen. Robert Ford backs choice on school vouchers  
New board chairman not taking any guesses on when port might be built  
Post and Courier editorializes in favor of adding unaccountable commissions to governor's cabinet  
The State editorializes against 'mega-dumps'  
Proposal would ease rules on offering incentives to new businesses

Text of Clips:

Clyburn visits SC, rejects Gov's stimulus decision

When the White House rejected Governor Mark Sanford's request to use \$700 million in stimulus cash to pay down state debt, he said that he didn't want the money. The Republican governor is against the entire stimulus bill and has said he doesn't think spending money the government doesn't have is not a good idea.

His decision to not pursue approximately 25% of the federal stimulus cash that's slated for South Carolina has left lawmakers scrambling to secure the money. And they're getting a lot of support from Congressman Jim Clyburn (D-SC) who says the state's not out of luck. On Saturday, Clyburn, majority whip of the US House of Representatives, continued to criticize Sanford's decision. He also continued to encourage state lawmakers to go around the governor and claim the money -- even in the face of possible lawsuits.

"If the state does not use the funds, they come back to Washington to be redistributed among the other states," Clyburn said while in Kingstree at a town hall event.

To prevent that from happening, Clyburn put a loophole in the stimulus package that's been coined the "Clyburn Amendment." It allows SC's legislature to bypass the governor to request the money so long as both houses pass a resolution.

The SC House of Representatives already voted to include the \$700 million in next year's budget, a sign to Clyburn that legislatures intend to request the money.

That indicates, Clyburn said, that "the legislature will move forward to circumvent the governor on this issue."

But some question the legality of such a move, including US Republican Senator Lindsey Graham. Graham solicited a legal opinion last week which found the state legislature might not have the power to go around Gov. Sanford.

Locally, state Sen. Hugh Leatherman, of Florence, supports going around Sanford but on Friday warned his constituents it could be a long road.

In a statement, Leatherman said in part:

"There is no guarantee that the legislature will override the governor's decision and request the money. If we succeed ... it is likely that it will invite a lawsuit questioning the constitutionality of our decision."

When pressed on whether he thought it was legal, Clyburn said he wasn't sure.

"I have no idea. That's why we have courts. And I'm not even a lawyer."

"That's a state law. Why are we worried about South Carolina? What I'm trying to say ... is if South Carolina doesn't use the money, North Carolina will. And they've been very clear, 'South Carolina, let us have the money,'" Clyburn continued.

Aside from the \$700 million in question, Clyburn said SC will, for certain, receive more than \$2.1 billion in stimulus aid.

Herald-Journal editorial says spurning money while being forced to accept debt is wrong idea

Gov. Mark Sanford is playing a dangerous game to make a point that has already been well stated.

Sanford believes the federal government is pursuing the wrong course in borrowing \$787 billion, adding significantly to the national debt, to fund an economic stimulus package that simply increases many government spending programs.

The governor is correct in that assertion. The nation is deep in debt and digging that hole deeper. If all of the stimulus money went to fund road, bridge, water and sewer projects, it would be more reasonable. Jobs would be created, and the nation would see some long-term benefit to the spending. Some of the stimulus money will be used in this manner, but much of it simply goes to ramping up government spending.

Sanford is dead wrong when he says South Carolina should reject part of its share of the stimulus money. The governor says he controls only about a quarter of the money the state will get through the stimulus program, about \$700 million, and he will reject that money.

Sanford asked the White House for permission to use the money to pay down state debt, but that permission was refused. Washington wants the money spent to create jobs and pay benefits. Lacking that permission, Sanford says he will reject the money.

His plan would obligate South Carolinians to pay off a loan they don't benefit from. It's futile.

Congress and President Barack Obama have already obligated the nation to this debt and South Carolina to its share of this debt. U.S. taxpayers will have to pay off this debt over the next several decades.

Whether South Carolina takes the money or not, South Carolinians will have to pay their share.

The only thing Sanford's plan will accomplish is to make sure that North Carolina, New York or some other state will get the benefits of the stimulus that would have come to South Carolina.

Every taxpayer in this state is going to have to shoulder his or her share of this debt. We ought to get as much benefit from it as we can.

The governor's stubborn position was more tolerable when it appeared as if the General Assembly could circumvent him and apply for the

federal money. Now, it appears as if there could be constitutional questions about that. Sanford really may have the last word on whether South Carolina takes the money.

The governor should let practical concerns temper his ideology. The stimulus package is the wrong course for the nation, but taking on the debt burden while rejecting its benefits is the wrong course for South Carolina.

Greenville News editorial calls for legislature to ask for stimulus funds

South Carolina legislators should make sure our state isn't stuck with the check for a meal eaten by people elsewhere in the country.

Lawmakers should agree to take the \$700 million in federal stimulus money over the next two years to fill gaps in a badly damaged state budget.

State Rep. Dan Cooper, a Piedmont Republican, did everyone a favor when moved the debate over accepting a share of the stimulus funds from a classroom discussion to some real-world details. If South Carolina rejected these funds, it could trigger the layoffs of 4,000 teachers and 700 prison guards, and force the emergency closures of three to five prisons.

Do South Carolina residents really want that? Do they want to add to the unemployment rolls of a state that has the second highest unemployment in the nation? Are such consequences worth the ideological pleasure some would get from telling President Barack Obama to take a hike?

In a word, no.

And "no" also is the word Gov. Mark Sanford heard twice last week in response to his bizarre request for a waiver so South Carolina could use that \$700 million over the next two years to pay down debt rather than shore up the state budget in critical areas.

Of the \$8 billion in stimulus revenue coming to South Carolina, almost \$3 billion is for state aid, infrastructure, health care and the like.

And of that, \$700 million is to be split over two years for what's called the "State Fiscal Stabilization Fund." The American Recovery and Reinvestment Act of 2009 specifically states that 81.8 percent of those budget stabilization funds must go for education and 18.2 percent for public safety and other government services.

In a state where this year's budget has been cut by more than \$1 billion, those federal dollars can find a good use, even with the federal strings that were, regrettably, attached to the money.

The \$787 billion federal stimulus package certainly has its problems, and this newspaper, along with Sanford and most Republican lawmakers, opposed it in the form that passed Congress. The stimulus package is too large and it appears much of it is directed more at expanding the federal government than at stimulating the economy. That battle was fought, and it was lost.

South Carolina residents -- and their children and probably grandchildren -- will be left paying the check for this stimulus package. Money not spent in South Carolina will be spent in other states, but our state's residents will shoulder the bill for this federal spending.

It would have been better had Gov. Sanford asked for the federal budget stabilization funds, especially after the first reject letter. But he won't. State lawmakers should make sure this \$700 million isn't left on the table in Washington.

### Local officials making priorities for stimulus money projects

From an improved U.S. 21 bridge over the Catawba River to more guards at the county jail, local government officials are pursuing federal stimulus money for a host of priorities.

Some are road widenings aimed at easing traffic or kickstarting multimillion dollar private developments. Others are described as urban renewal efforts to help neighborhoods with high crime rates move toward stability.

Because so many places are competing for dollars, there is uncertainty over which requests will actually get money.

"You can imagine all the other cities and counties doing what we're doing," said York County Council Chairman Buddy Motz. "Everybody is scrambling to try to get some of the funds. We just need to make sure we're in the line."

In many cases, the projects have been on the books for months or years, but sufficient money hasn't been available.

One example is the U.S. 21 bridge over the Catawba River. Local leaders have long wanted to replace the famously narrow two-lane bridge, where drivers can come within inches of each other as they pass.

But plans call for more than just a new bridge. Under an agreement between Rock Hill, Fort Mill and York County, the new version would get pedestrian and bike lanes, light poles and a new façade aimed at making it a more distinctive feature.

Supporters say the enhanced bridge could be a landmark along Interstate 77, and a popular attraction for hikers and kayakers along the Catawba River, where the Carolina Thread Trail runs through York County.

Other projects have a more direct connection to spurring private investment.

A private group planning a \$600 million redevelopment at the old Celanese site has said Cel-River Road must be improved before it can move ahead with its plans.

The proposed Riverwalk development will house one of the biggest industrial parks in the Charlotte region, along with a shopping center similar to Birkdale Village in Huntersville, N.C., and hundreds of homes and townhouses.

It will take 10 to 15 years to complete, but officials say an improved Cel-River Road is the key to getting started.

"It overshadows all the rest of them," said Rock Hill City Manager Carey Smith, in terms of economic impact and job creation. "It allows that industrial park to take off."

#### Hoping for road money

York County hopes to use stimulus money to finish road projects devised under Pennies for Progress, the county's 1-cent sales tax program. The county is working through the state Department of Transportation, which has the ability to spend \$463 million in highway stimulus funds.

The top priority is the S.C. 5 Bypass widening, which would widen the road from S.C. 5 west to S.C. 161. An estimated \$19 million is needed to complete the project. Other projects are listed, along with cost needed to complete them:

Highway 51 widening from U.S. 21 to the N.C. line. Cost: \$13 million

Cherry Road widening from York Avenue to Heckle Boulevard. Cost: \$4.8 million

S.C. 72 (Albright Road) widening from Black Street to Heckle

Boulevard. Cost: \$8.7 million

Mount Gallant Road widening from Anderson to Celanese roads. Cost: \$7 million

Roads aren't the only items on the list. County leaders also hope to use stimulus money to hire corrections officers at the Moss Justice Detention Center. The county has already hired 16 officers, but needs another 31 to man the expanded facility.

Beginning corrections officer cost the county \$43,743 in salary and benefits per year.

"You can imagine, this is about the worst possible time to be adding 31 people," County Manager Jim Baker said. "If we're relying on our own resources, it'd be very difficult. We'd either be faced with not opening the facility or potentially pulling some of our deputies from the street."

The path to securing stimulus money is anything but direct, with various pots of dollars available in different places. Legislation approved by Congress makes money available in education, technology, law enforcement and infrastructure.

The Rock Hill school district would use stimulus money to replace funding that has been cut by the state, said Harriet Jaworowski, associate superintendent for instruction. Rather than launching new initiatives, the money would be put toward existing needs, such as tutoring programs.

Some stimulus money could go directly to neighborhoods. For example, Rock Hill wants \$180,000 to help build an asphalt trail connecting the Hagins-Fewell neighborhood to downtown.

On the Saluda Street corridor, where revitalization efforts have been under way for years, officials are seeking \$250,000 to create a gateway entrance at the S.C. 901 intersection. Plans call for a monument sign and landscaping to greet drivers entering Rock Hill's south side from I-77.

Meanwhile, the county might pursue money to create a summer work program for youth. With entry-level jobs now being taken by adults, high school and college students are expected to have a tougher time finding work when school lets out.

Included in the stimulus package is money to put youths to work picking up litter, making repairs to public buildings and doing office work.

Baker heard about the work program in a conversation just last week, and asked his staffers to look into it. It's emblematic of how this unprecedented process is playing out – the people in charge are learning as they go.

"As soon as we hear about an opportunity, we're trying to evaluate it," Baker said.

Sumter officials try to find best use of stimulus monies

Stimulus funds are flowing, thanks to the American Recovery and Reinvestment Act, signed into legislation last month. According to President Obama, the act is designed to "create or save 3.5 million jobs over the next two years."

Just one month into the two-year plan, however, many are asking if the stimulus is working. Can it actually keep jobs and create new ones?

#### TRANSPORTATION

"The only way you can create jobs is to go out and build something, and that's a decision that has to be made by the Legislature and the governor," said Sumter native House Majority Whip James Clyburn,



D-S.C., alluding to the ongoing feud between him and Gov. Mark Sanford, who has been steadfast in refusing to accept stimulus funding.

The state Department of Transportation was one of the first agencies to get funding under the act. Several weeks ago, the SCDOT was granted \$200 million for highway resurfacing, interstate maintenance and bridge replacements. According to Sammy Hendrix of the Carolina Association of General Contractors, the construction industry is "cautiously optimistic" about the funding.

"There is some excitement, yes," Hendrix said, "but (contractors) aren't overly excited because they look at jobs from a long-term standpoint. They work on a basis of how many jobs they can accumulate during a year – a backlog, they call it – and none of them have any backlog."

There is no question that the money will create jobs, he said, although many of those might actually be rehires of those who were laid off during the past year.

"If a contractor re-hires five people for a job then the DOT is going to count that as five new jobs," Hendrix said. "These jobs are skilled jobs and it's the people who have been laid off who are likely the ones to be rehired."

#### LAW ENFORCEMENT

The Sumter Police Department also received a federal grant as did the Sumter County Sheriff's Office from stimulus money.

While those funds will be used exclusively for equipment and new technology, Sheriff Anthony Dennis is applying for an additional grant that will allow him to hire new police officers.

"I think we'll get some officers under the Cops Hiring and Recovery Program," Dennis said. "Hopefully four, but a couple at the least."

Blair Shaffer, Manning police chief, is working on four grant programs that could drastically help the department and create up to 10 jobs, he said. His first attempt will involve finding funding for a multi-jurisdictional drug task force.

"This will take one city officer and a few county officers and would take about \$500,000," he said.

Like most grants, it was available before stimulus money was freed up, but it was highly competitive. And, the city would have had to match the grant by 25 percent.

While waiting to hear about that award, Shaffer is writing an application for a grant that will go toward equipment and another that will fund more vehicles. But he's also working on funding for a Drug Suppression Unit, which would operate in some of the city's drug havens.

"We want to get four officers and work in high crime areas, working with drugs and with the Jurisdictional Task Force from the other grant," Shaffer said. "This grant would pay for all their equipment and salaries for a three-year period, after which the county would have to pay if it didn't want to discontinue it."

Because that grant is competitive, the department might not get everything on its wish list.

"Even though I'm asking for four, they might look at us and think we only need two and just give us two," Shaffer said. "That's how these competitive grants work."

#### HOUSING

Donna Lamar, executive director of the Sumter Housing Authority, also envisions specific numbers of new jobs. According to her calculations,

if all the money that the housing authority has applied for is allocated, it will create approximately 53 new jobs. Some of those, however, could be allocated to the same worker, depending on which contractor is doing the hiring and the nature of the work.

#### CITY AND COUNTY

Unlike Lamar, city and county officials are hesitant to quantify new jobs that could be created from stimulus funding.

"Our goal is that the money given to us by the ARRA allocating agencies would be used not only to increase services to Sumter residents but also to aid in the maintenance and creation of local jobs," said City Manager Deron McCormick, who added that funding is already beginning to come in, but that the city is still in the preliminary stages of budgeting "so the residents of Sumter can get the most out of the funds."

Like McCormick, Lee County Consultant Bobby Boland also expects new jobs will be created when the county receives grant funding from the stimulus package. He hopes to use the funds for a sewer collection system near Exit 108 on Interstate 20 between Bishopville and Camden.

"This will help spur industrial and commercial development near the Interstate," he said. "And we would expect this to create new jobs in the private sector."

Manning is ready to get its share of the \$2.8 billion pie coming to South Carolina towns.

"We've got some projects we've been trying to get off the ground for years — infrastructure projects, like the paving of roads or the building of a fire department that these grants will be awarded for," said City Administrator Rebecca Rhodes during the Manning City Council meeting on March 16.

"Hopefully, we'll be able to receive some funds for those projects," said Mayor Kevin Johnson. "They have to be shovel-ready, which means they have to be able to start now and then they have to be done within 18 months. I think we have some things around here we can come up with to use that money."

Johnson added that the SCDOT had already committed to working on specific county roads, particularly the 16-mile stretch from Manning to Turbeville on Interstate 95.

#### EDUCATION

Things are more uncertain when it comes to education, where school superintendents are struggling just to keep the personnel they have, thanks to state budget cuts.

Dr. Rose Wilder, superintendent of Clarendon School District 1, is anxious to see what the American Recovery and Reinvestment Act can do for her district, which she says will likely be the hardest hit in the county, especially when Federal-Mogul Corp. closes its doors next year. The company pays a whopping 10.5 percent in property taxes, which constitutes a large portion of funding for the district.

Moreover, if the General Assembly votes for the proposed cut in the base-student rate, District 1 will suffer even further.

"We're looking at reducing days of non-essential personnel, but right now we haven't determined what we might do in that situation," Wilder said.

Since the school year began, no positions have been left unfilled in Sumter's District 17. At the beginning of the year, however, it was forced to cut 34 job positions, 14 of which were teachers.

"Our main objective is job preservation," said Superintendent Dr. Zona Jefferson about the anticipation of stimulus funding.

"Once we have clarity on the statewide funding flexibility and the federal stimulus funds, we will be in a better position to report on actual positions lost," she added. "We are looking at the stimulus package and funding flexibility to save as many jobs as possible." Lee County School District Superintendent Dr. Cleo Richardson is facing the same dilemma. Although that district has received about \$1 million less in state funding this year, it has not been forced to make staff reductions. However, stressed Richardson, "We can't continue to receive state cuts and not affect personnel." Bottom line?

"The stimulus money is not going to create new jobs," he said. "We just hope we can keep the jobs we have."

According to Clyburn, it will all depend on Sanford.

"I was told that South Carolina will be saving around 7,500 jobs in the various teaching positions," Clyburn said. "If the governor will stop playing politics ... While we're having this constitutional argument, South Carolina is not getting the jobs and not getting the benefits. But either way, we will still be paying the taxes on a federal level. That's a federal tax that everyone is going to have to pay."

"It's one of the most asinine arguments I've heard since I got in office," he said. "It's very clear that if we don't take the money in South Carolina, it's going to North Carolina or Georgia. And I'm not too sure that's what South Carolina wants."

Myrtle Beach schools make plans to move forward without stimulus money

Federal stimulus money has loomed in the background of a state K-12 funding drought like a cloud promising rain for the past few weeks. While many educators and school administrators have turned toward that potential money and to a state bill to allow for funding flexibility in district budgets as the answers to this year's woes, some districts are refusing to put stock in either piece of legislation as the last-minute miracle needed to balance hurting budgets.

Horry County Schools will be moving forward with staffing cuts without taking potential stimulus money or flexibility into consideration, Superintendent Cindy Elsberry said. The district cut about 95 school jobs this week. Georgetown County School District Superintendent Randy Dozier, on the other hand, is waiting for news about both initiatives before building the district's final budget.

"This year, we are going to be dealing with a budget loss of at least \$20 million. Next year, we're anticipating having to deal with that same \$20 million loss, plus another blow of \$10 million because of the start of Act 388 in March 2010," Elsberry said. "If we did not drastically reduce our spending, I'm not sure that we would be financially solvent in two years."

Funding woes

Act 388, passed in 2006, slashed residential property taxes used to fund school operations in exchange for a 1 percent sales tax divided among all the districts.

The law included provisions to keep districts from raising local millage rates past a certain point and to cap increases in assessed property values.

The act poses a problem for large, fast-growing districts that have less power to tax incoming residents to pay for school growth.

Even with stimulus money and spending flexibility in state dollars for

the next school year's budget, the 2010-2011 budget will be a concern, Elsberry said.

Many community members and teachers held out hope that the flexibility legislation, which could be voted on by the full Senate as early as Monday, would help alleviate some need for job cuts. However, the bill, which also proposes pushing the deadline for teacher contracts from April 15 to May 15, may end up being too little too late, at least for Horry County Schools.

"It would not have much impact on us immediately. Our timeline is with the March 23 board meeting, when we will present most of our personnel changes," Elsberry said. "We're contemplating an April 1 special meeting, but even that might not be enough time for the legislation to pass."

Brian Weiler, a new physical education teacher at Seaside Elementary School affected by the cuts, was holding out for a stimulus package miracle. Weiler wrote a letter to President Obama asking him to consider emergency funding to save the state's physical education teachers and preserve the well-intentioned goal to increase student physical activity during school hours over the next three years.

Stimulus hopes

Meanwhile, in Georgetown, Dozier said he is also hoping state and federal efforts to patch school budgets will translate into jobs.

Georgetown began seeing budget woes a few fiscal years earlier than neighboring districts because of some tax adjustments.

Dozier said the district snapped back to minimum teacher allotment formulas by eliminating science tutors and extra math and English teaching positions that had been placed in several schools.

"If we received that stimulus money and the flexibility was there, rehiring those positions would be a definite priority for us," Dozier said. "With those earlier cuts, the loss of about five men last year, and not filling a lot of empty positions ... we should be OK this year on cuts without the money, but it would help guarantee that."

The S.C. Department of Education has been working to figure out how much stimulus money could make its way to individual districts, but the numbers are still uncertain because of ongoing battles at the state level over whether the state will accept the money and whether any of it will be diverted for other expenses.

Gov. Mark Sanford has asked that the money be used specifically to pay off debt service first for the state, and then school debt. Both requests were turned down by the legislature.

At the same time, U.S. Sen. Lindsey Graham requested an analysis of an amendment that would allow legislators to bypass governors opposed to the stimulus fund. The Congressional Research Service determined the move may be unconstitutional.

Much of the funds that potentially would make it to schools are earmarked for specific expenditures including Title 1, poverty programs and federal special education programs, said S.C. Department of Education spokesman Jim Foster.

Additional stimulus funds that would allow spending flexibility are being discussed in the U.S. Senate, he said.

"The state funding flexibility will also push off the deadlines for teacher contracts by a month, and that will allow districts to wait to hear about stimulus funds. It's likely that in six weeks, they'll know how those funds will play out," Foster said. "Right now, in general, districts are having a hard time putting together their budgets because they don't know how many positions they're going to be able to

afford."

The department polled the state's 85 school districts and found preliminarily from 72 districts that 300 educator positions would be cut and 1,200 positions would be left unfilled by districts because of budget woes if state and federal efforts to bolster school budgets are not approved.

#### State Sen. Robert Ford backs choice on school vouchers

State Sen. Robert Ford is lending his voice — a black voice rooted in the African-American struggle for equal rights — to the S.C. fight over school choice.

To the dismay of his African-American Senate colleagues, the Charleston Democrat is hawking a bill that would give students a publicly paid scholarship or tuition grant to go to a private school. Ford, who is seeking the Democratic nomination for governor, is putting a new face on the long-running fight over whether to spend public education dollars to pay for private schools. So far, the push for school choice has had mostly white faces out front. But Ford is making the case that the students who would benefit most from a voucher-style program in South Carolina are African-Americans who attend poorly performing schools.

He dismisses those who say his program would hurt already struggling public schools, framing the argument as a choice between protecting schools or giving children the lifeline they need to succeed.

"You're damn right I'm hurting public education, because public education is hurting our kids," Ford said.

As recently as last year, Ford opposed spending public dollars to pay for private school.

But South Carolina's stubborn achievement gap — with black students trailing their white counterparts in state achievement testing, college entrance exam scores and graduation rates — changed his mind, he says.

"All of us have been defending the system," Ford said. "It's time to stop. I'm not pussyfooting with this anymore."

Ford contends no African-American parent with financial means sends his or her child to a failing school. Poor and middle-class children should have the same set of choices, Ford said.

#### 'TOTALLY AGAINST IT'

So far, Ford has been unable to attract any of the seven other black senators to sign on to his bill or any of the Senate's 18 other Democrats.

"We already have school choice," said state Sen. John Scott, D-Richland. "Public school is free to all. If you want your children to go to a private school, you pay."

"I'm totally against it — public dollars for private schools," said state Sen. Clementa Pinckney, D-Jasper. "Any dollar diverted from public education represents a child being deflected from his future." Lacking support from his own party, Ford is co-sponsoring the legislation with several of the most conservative Republicans in the General Assembly.

"I think he has been brainwashed by the opposition," said state Sen. John Matthews, D-Orangeburg, the most senior African-American in the Senate. "The Senate Education Committee has looked into this, and no one supports what he's proposing, at all. I don't think he understands the gravity, concept or the impact of what he is proposing."

Nearly 55 years after the U.S. Supreme Court's landmark *Brown v. Board of Education* ruling struck down school segregation, South Carolina's public school system is in shabby condition, according to Ford and others.

That school system is a major roadblock to African-American economic progress and family stability, Ford says.

Ford wants to take half of the state's portion of the per-pupil, public school allotment — about \$2,500 — and give taxpaying parents a tax credit to send their kids to the school of their choice.

Lower-income children could get that same money in the form of a scholarship.

Ford said a speech on the Senate floor two years ago by state Sen.

Darrell Jackson, D-Richland, began the process of changing his mind on school choice. Jackson told his colleagues he could see the day coming when supporting school choice could become an option for black lawmakers.

But African-American lawmakers have continued to resist public money for private schools. Instead, improving public schools, where nearly all African-American children attend, has continued to be their priority.

Meanwhile, the biggest supporters of a voucher system so far have been parents who already send their children to private schools. Many of those private schools, though integrated now, can trace their roots back to resistance to integration.

#### WHO'S BACKING FORD?

At his Senate office on a late afternoon last week, Ford was talking to M. Kathleen Dunning, a lobbyist for The Palmetto Policy Group, which represents — among others — South Carolinians for Responsible Government.

Lawmakers and others have had difficulty tracking the source of funding for South Carolinians for Responsible Government, which has sought to influence political races in an effort to get S.C. to provide public money for private schools.

Ford says he has met with New York financier Howard Rich, who has spent hundreds of thousands of dollars in South Carolina, supporting a voucher-style school choice program.

Ford said a group, including Rich, approached him about coming out for school choice.

"I told them I needed some political cover," Ford said, adding they agreed to help produce a brochure that Ford recently distributed.

Ford says he sent the glossy, four-page, 8-inch-by-10-inch brochure promoting school choice to 450,000 black South Carolinians.

The brochure depicts a black school boy sitting atop a school desk with his head hung down, below the caption, "Why should his only choice be a failing school?"

"It caused quite a stir in my area," said state Sen. Ralph Anderson, D-Greenville, who chided Ford for the brochure.

Sherry Street, who heads the South Carolina Association of Independent Schools Serving Minority Children, said she arranged funding for the brochure, but she declined to disclose the source or amount.

"It doesn't matter who pays for the ice cream; the flavor is the same," she said.

Ford said he still hopes to pick up the support of some of his black Senate colleagues for his bill.

But even Jackson, who describes Ford as his friend, said he won't be supporting the legislation.

"Here you have somebody who has supported poor people all his life,"

Jackson said of Ford. "Although I don't support his bill, I don't criticize him for it.

"His heart is right, and not everybody who has pushed this issue can say the same."

New board chairman not taking any guesses on when port might be built

Facing ongoing political, economic and environmental challenges to the development of a proposed port in Jasper County, Bill Bethea of Bluffton plans to keep plugging away.

Bethea is the new chairman of the board for the Joint Project Office, a bi-state agency charged with developing the Jasper Ocean Terminal. He understands many observers want to know when the concept officials have discussed for decades will become reality, but he said now is not the time to speculate about that.

Because global financial turmoil has slowed the shipping business, it would be pointless to make long-term projections about when a Jasper port might be needed to relieve terminals in Savannah, Charleston or elsewhere, Bethea said.

While Bethea and his colleagues wait for the pace of international trade to pick up, however, there's plenty of planning left to be done, he said.

"We've got to get the fundamentals done before we can do anything else anyway," Bethea said. "We've got to do that groundwork irrespective of what happens in the world."

By the time his term as chairman expires at the end of the year, Bethea has three primary objectives:

- Present suitable alternative methods for disposing of dredge spoils, which the U.S. Army Corps of Engineers currently dumps at the proposed port site, so the Corps can lift its easement on the property.
- Pin down a precise location for the first phase of port construction and conduct preliminary planning and environmental analysis for that location.
- Deliver draft legislation to lawmakers in Georgia and South Carolina so they can agree on how to complete and operate the project under a bi-state compact.

Bethea said he wants the port project to proceed with all deliberate speed.

"We're working on the foundation now," he said. "We're trying to get that in place so the structure can evolve."

The project's evolution occasionally has stirred conflict, but Bethea said he intends to stay out of the fray.

He realizes some have voiced concern about the project's ecological impact, but he said there's no reason it can't coexist "reasonably harmoniously" with the environment.

Bethea realizes some have questioned the economic necessity of the project, but he said it could act as a magnet for new investment to lift some of the state's poorest counties.

He doesn't want such matters to distract the board from forging ahead.

"We just stay focused on our job," he said. "We can't allow ourselves to be distracted by or drawn into those battles."

Post and Courier editorializes in favor of adding unaccountable commissions to governor's cabinet

State agency shortcomings have given new life to proposals for government reform — though with fiscal woes taking top billing, most

have gone unnoticed.

South Carolina's financial difficulties give new reason to advance reform measures that give more authority to the state's chief executive. Enlarging the governor's Cabinet would add accountability and limit duplication. The governor should be provided the scope to shake up, streamline and fine-tune agencies as warranted.

Gov. Mark Sanford demonstrated just how quickly reform can be accomplished after he took over the Department of Motor Vehicles.

There are other agencies where his methods should be applied.

In the case of the Employment Security Commission, reform could ensure a better response to the worsening unemployment problem. A bill to move the ESC to the Cabinet was approved by a House committee, following Gov. Sanford's well-publicized dispute with the agency.

He questioned its administration of unemployment funds, which ran out last year. The state has been forced to borrow federal money to meet unemployment payments to the state's jobless. The governor complained, too, that the agency had refused to provide his Commerce Department with needed information about the state's jobless residents. (ESC has since relented.)

A House committee also approved putting the Department of Disabilities and Special Needs in the governor's Cabinet, following a highly critical review of agency operations by the Legislative Audit Council late last year. The director of the agency has since resigned.

And House committees are expected soon to take up bills to make Cabinet agencies of the State Ports Authority and the Department of Health and Environmental Control. The SPA has seen a decline in cargo and faces the loss of its biggest customer. Its longtime president and CEO recently resigned.

DHEC has been criticized for cumbersome regulatory and permitting processes. Some conservationists contend that the agency doesn't provide needed environmental protections.

While things are moving ahead in the House, unfortunately reorganization has yet to advance in the state Senate. The SPA bill approved by the Senate would actually reduce executive authority by limiting the governor's ability to remove board members. And a proposal to shift DHEC to the Cabinet failed to get out of subcommittee.

In a less substantial but still instructive development, a Senate subcommittee last week approved taking a small number of state police away from the Department of Public Safety, a Cabinet agency.

The bill, sponsored by Sen. Glenn Mc-Connell, R-Charleston, would create a legislatively controlled Capitol Police Force to provide heightened security at the Statehouse. The governor declined to authorize the security force, questioning the need and expense. The bill was Sen. McConnell's response.

Evident in that minor dispute are the often unpleasant dynamics between the Legislature and the governor. Ill feeling shouldn't be allowed to derail long overdue efforts to improve government in South Carolina. Reforms can be advanced, if need be, by making them effective under the next governor.

South Carolina denies its chief executive most of the authority exercised by his counterparts throughout the nation. Too much of the state government remains the bailiwick of appointed commissions that aren't sufficiently answerable to anyone.

The result leaves much to be desired in accountability, efficiency and the capable delivery of state services. The current fiscal crisis has



revealed some of the cracks in the system, and the Legislature should respond with more than plaster and putty.

The State editorializes against 'mega-dumps'

DRIVERS HEADING to Myrtle Beach don't even have to get off the highway to see the towering mound of trash, looming over the horizon like another one of Pedro's greetings: Welcome to South Carolina: home of the world's tallest mountain of refuse. Enjoy your stay. And y'all come back soon, ya hear?

OK, maybe it's not the tallest in the world (although if Pedro were marketing it, he could convince those Yankee tourists it was). And the great caravan of tourists heading down I-95 won't see it, because it's on I-20. And if we're lucky, most people who do see it won't even realize what it is. At 140 feet tall — the height of a 14-story building — and covering 200 acres, the mound of garbage could be mistaken for a Southern mesa.

But as the competition for tourist dollars intensifies, it's only a matter of time before other states with other beaches get the word out about our mountain of garbage — and all those other mountains of other people's waste that our environmental regulators put out the welcome mat for.

This would simply be something we had to live with if South Carolinians produced all that garbage. Garbage does, after all, have to go somewhere. But most of the refuse piling up in the Lee County mesa is from New York, Massachusetts and a handful of other states. Until last year, nearly a third of the garbage buried in our state came from other states; that dropped, as the recession drove down the waste stream of the go-go consumer economy, but that's but a temporary (if fortunate) side effect of an economic downturn. If lawmakers don't do something soon to reverse the decisions of our environmental de-regulators, the waste stream will not only return to its 2007 levels, but grow much larger.

This is familiar ground for South Carolina. For years we were the nation's nuclear pay toilet. We buried the nation's chemical waste on the shores of one of our critical sources of drinking water, and we burned the nation's medical waste in a giant facility that never could seem to meet our bare-minimum regulations.

The needs of other states — not our own needs — are why the nation's largest waste-haulers are operating the megadump in Lee County. That, and the fact that we let them. It's why they'd want to open three more megadumps, in Marlboro, Cherokee and Williamsburg counties — with nine times the capacity that we need for South Carolina's waste.

Debate the environmental questions all you want — whether there can ever be a truly safe way of disposing of waste, for instance — the fact is that you have to be a real patsy to allow yourself to take care of everybody else's garbage time after time after time. The fact that we're the kind of people who just keep taking it does as much to endanger our tourism industry and our economic prospects beyond tourism as the waste itself. It's time to put an end to that.

The Senate Medical Affairs Committee's decision to slap a moratorium on new megadumps to give lawmakers time to straighten out a law that was supposed to keep them out to start with is a good start. The full Senate, and the House, should approve this legislation. Quickly. But that will merely prevent the flow of garbage from increasing; it won't stop it. To do that, or at least to slow it, lawmakers also need to

impose a tipping fee that's high enough to make South Carolina the last place anyone would want to send their waste.

Proposal would ease rules on offering incentives to new businesses

A bill that would change some of the requirements businesses must meet to qualify for state tax incentives has been filed by state Rep. Bill Herbkersman, R-Bluffton.

Lowcountry Economic Network officials have pushed for the changes in part because they had to go to extraordinary lengths to offer incentives to CareCore National, a company that manages diagnostic imaging services for health insurers and has brought about 300 jobs to Bluffton.

Even though the network often presents CareCore as its ideal prospective business, it needed legislative action to qualify the company for some forms of state aid.

"Our incentive pool doesn't match it," said Kim Statler, the network's executive director.

Statler expects the bill will draw "massive fire" from lawmakers philosophically opposed to expanding incentives.

According to a draft distributed to the network's board of directors, the bill would:

- Add new tax credits for businesses that meet "green" energy efficiency standards and those defined as "knowledge-intensive businesses," such as health care or computer and information technology firms.
- Allow smaller businesses to qualify for a tax credit for establishing a corporate headquarters by eliminating a requirement that businesses must create at least 40 corporate jobs and instead allow them to qualify if they create enough jobs to constitute at least 10 percent of the corporate payroll.
- Allow economic development officials to grant incentives based on a region's average weekly wage rather than per-capita income, a change that would help the state offer more tax credits to companies in areas with large populations of wealthy retirees.

If approved by lawmakers and the governor, the changes would help the state land more high-paying jobs by providing more incentives to prospective businesses, said Ian Leslie, the network's director of marketing and membership.

Under the current rules, economic development officials can't offer state aid for some jobs that don't pay well enough to qualify for incentives even though they would substantially improve the local economy and quality of life, Leslie said.

For example, a company seeking state incentives for creating service-related jobs can now only receive credit for those that pay at least 250 percent of the area's per-capita income, Statler said.

That threshold is almost \$70,000 per year in Beaufort County, where wealthy retirees often earn income from stocks and other investments that aren't factored into wages, she said.

If average weekly wage were used instead, the same company would be eligible for more state aid for creating the same jobs, she said.

In total, the bill's proposed changes would help the state be more aggressive in courting jobs that are "the way of the future," Herbkersman said.

Under his bill, CareCore could have earned state aid for more of the jobs it brought to Bluffton, Statler said. Economic development

officials might then have been able to use the promise of a greater incentive package to negotiate with the company to make a larger initial investment, she said.

Herbkersman said South Carolina risks losing prospects to other places if it doesn't act.

He plans to introduce the bill to the economic development subcommittee of the House's Ways and Means committee next week. He hopes to have it before the full House within two to three weeks and said there should be sufficient support for it.

"Reasonable minds will see it as a reasonable bill," he said.

"Fiscally, it makes all the sense in the world."

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**Date:** 3/22/2009 9:06:24 AM  
**Subject:** Sunday Clips - March 22, 2009

Sunday Clips - March 22, 2009

Clyburn visits SC, rejects Gov's stimulus decision  
[http://www.carolinalive.com/news/news\\_story.aspx?id=276638](http://www.carolinalive.com/news/news_story.aspx?id=276638)

Herald-Journal editorial says spurning money while being forced to accept debt is wrong idea  
<http://www.goupstate.com/article/20090322/ARTICLES/903221034/1128/OPINION?Title=Spurning-stimulus-money>

Greenville News editorial calls for legislature to ask for stimulus funds  
<http://www.greenvilleonline.com/article/20090322/OPINION/903220305/1004/NEWS01>

Local officials making priorities for stimulus money projects  
<http://www.heraldonline.com/109/story/1215809.html>

Sumter officials try to find best use of stimulus monies  
<http://www.theitem.com/article/20090322/ITNEWS01/703229903/-1/ITNEWS>

Myrtle Beach schools make plans to move forward without stimulus money  
<http://www.thesunnews.com/news/local/story/830212.html>

State Sen. Robert Ford backs choice on school vouchers  
<http://www.thestate.com/local/story/723229.html>

New board chairman not taking any guesses on when port might be built  
<http://www.islandpacket.com/news/local/story/790473.html>

Post and Courier editorializes in favor of adding unaccountable commissions to governor's cabinet  
[http://www.charleston.net/news/2009/mar/22/good\\_year\\_make\\_reforms76076/](http://www.charleston.net/news/2009/mar/22/good_year_make_reforms76076/)

The State editorializes against 'mega-dumps'  
<http://www.thestate.com/opinion/story/723416.html>

Warthen includes a different governor in wish-list of state improvements  
<http://www.thestate.com/editorial-columns/story/723415.html>

As sales tax income falls, property taxes rise  
[http://charleston.net/news/2009/mar/22/as\\_sales\\_tax\\_income\\_falls\\_property\\_taxes76078/](http://charleston.net/news/2009/mar/22/as_sales_tax_income_falls_property_taxes76078/)

Proposal would ease rules on offering incentives to new businesses  
<http://www.islandpacket.com/news/local/story/790472.html>

Post and Courier editorializes in favor of keeping conservation bank alive  
[http://charleston.net/news/2009/mar/22/keep\\_conservation\\_bank\\_at\\_work76051/](http://charleston.net/news/2009/mar/22/keep_conservation_bank_at_work76051/)

Times and Democrat editorializes in favor of overhauling state gambling laws

<http://thetandd.com/articles/2009/03/22/opinion/doc49c466d5f3e43154986440.txt>

Brown may face major foe in GOP

[http://charleston.net/news/2009/mar/22/brown\\_may\\_face\\_major\\_foe\\_gop76059/](http://charleston.net/news/2009/mar/22/brown_may_face_major_foe_gop76059/)

Post and Courier continues reports on Sanford's home for sale

[http://www.charleston.net/news/2009/mar/22/house\\_flipping\\_richesawait\\_savvy\\_sanford76063/](http://www.charleston.net/news/2009/mar/22/house_flipping_richesawait_savvy_sanford76063/)

Atlantic Beach votes to continue its Bikefest

<http://www.thesunnews.com/news/local/story/830200.html>

BMW says it's built to endure economic impact

<http://www.greenvilleonline.com/article/20090322/NEWS01/903220308/1001/NEWS01>

Unemployed strive to 'find something'

<http://www.thestate.com/local/story/723225.html>

Jobless pain hits Midlands

<http://www.thestate.com/local/story/723230.html>

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**Date:** 3/21/2009 9:16:08 AM  
**Subject:** Saturday Clips - March 21, 2009

Sanford's stimulus op-ed runs in Wall Street Journal  
<http://online.wsj.com/article/SB123759827524401409.html>

Sanford rejects \$700M in federal stimulus cash  
<http://www.thestate.com/local/story/722478.html> (McClatchy)  
<http://www.greenvilleonline.com/article/20090320/NEWS/90320027/1004/NEWS01>  
<http://www.thestate.com/local/story/722472.html>  
[http://www.charleston.net/news/2009/mar/21/sanford\\_rejects\\_m75985/](http://www.charleston.net/news/2009/mar/21/sanford_rejects_m75985/)  
<http://www.independentmail.com/news/2009/mar/20/sc-gov-doesnt-want-700m-federal-stimulus-cash/> (AP)  
<http://thecaucus.blogs.nytimes.com/2009/03/20/round-2-omb-rejects-sc-governors-stimulus-plan/>  
<http://www.wistv.com/Global/story.asp?S=10042702&nav=0RaPcpQ5>

Stimulus may have votes in General Assembly  
<http://www.greenvilleonline.com/article/20090321/NEWS01/903210309/1068/YOURUPSTATE01>

Post and Courier calls Sanford's stimulus rejection a punt  
[http://www.charleston.net/news/2009/mar/21/sanforde\\_stimulus\\_punt75944/](http://www.charleston.net/news/2009/mar/21/sanforde_stimulus_punt75944/)

SC lawmakers: Take the money  
[http://www.carolinalive.com/news/news\\_story.aspx?id=276481](http://www.carolinalive.com/news/news_story.aspx?id=276481)  
[http://www.scnow.com/scp/news/local/pee\\_dee/article/state\\_rep.\\_holds\\_stimulus\\_press\\_conference/39947/](http://www.scnow.com/scp/news/local/pee_dee/article/state_rep._holds_stimulus_press_conference/39947/)

Chester County: We need stimulus  
<http://www.wcnc.com/news/local/stories/wcnc-032009-mrn-chesterjobless.55ffccb1.html>

SC disabilities agency names new interim director  
<http://www.beaufortgazette.com/state/story/737175.html>

Island Packet says delay shouldn't mean no reform for DHEC  
<http://www.islandpacket.com/opinion/story/789584.html>

Transportation officials start slicing up stimulus  
<http://www.thesunnews.com/news/local/story/829215.html>

Guest Columnists question Sanford's lesson in history  
<http://www.thestate.com/satopinion/story/722174.html>

S.C. home sales stumble, 26 percent for Columbia  
<http://www.greenvilleonline.com/article/20090321/BUSINESS04/90320029/1001/NEWS01>

State funding puts Clemson railroad bridge project on track  
<http://www.greenvilleonline.com/article/20090320/NEWS01/90320015/1004/NEWS01>

Grant meant to help attract teachers  
<http://www.thestate.com/statewire/story/722058.html> (AP)

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**Date:** 3/21/2009 9:16:08 AM  
**Subject:** Saturday Clips - Summary and Text

Saturday Clips - March 21, 2009 - Summary and Text

Summary:

FYI -- "Why South Carolina Doesn't Want 'Stimulus'" op-ed runs in Wall Street Journal  
Sanford rejects \$700M in federal stimulus cash  
Stimulus may have votes in General Assembly  
Post and Courier calls stimulus rejection a "punt"  
SC disabilities agency names new interim director  
Island Packet says delay shouldn't mean no reform for DHEC

Text:

Sanford rejects \$700M in federal stimulus cash

McClatchy:

President Barack Obama on Friday rejected Gov. Mark Sanford's request to use part of South Carolina's economic stimulus money to pay down state debt, saying Congress didn't authorize such payments in the law it passed last month.

It was the second time in four days that Obama, through his budget director, spurned Sanford's bid to divert funds intended to preserve or create jobs for teachers, police and other public employees.

The second letter from White House budget director Peter Orszag was more pointed than the one he sent Sanford on Monday.

Orszag began by noting that Obama had asked him to respond to Sanford's second letter on the president's behalf, which indicated the rejection came directly from Obama.

Orszag then spelled out in detail the prescribed uses of the State Fiscal Stabilization Fund, which distributes \$700 million for South Carolina, one of the largest pots of money in the \$8 billion the state is slated to get overall, including \$2.5 billion in tax cuts.

"You have proposed using the Stabilization Fund moneys for 'paying down (your) state's sizable debt,'" Orszag wrote. "However, the (recovery) Act does not authorize the Department of Education to award Stabilization Fund money to a state for that purpose."

Orszag added later in the letter: "Although payment of public debt obligations is a necessary governmental expenditure, the Department of Education, in consultation with the Department of Justice and my office, has concluded that the paying down of past debt does not constitute the use of federal funds for 'government services' under the plain meaning of those words in the Act."

After getting Obama's response, Sanford reiterated his rejection of stimulus funds and said he would ask the South Carolina General Assembly to offset stimulus-based spending with debt payments.

"If our General Assembly chooses to make use of this federal money, we'd ask them to use existing state resources to begin paying down our state's sizable liabilities," Sanford said.

That notion prompted reactions bordering on disbelief from Republican leaders of the General Assembly.



"In a time of record shortfalls and budget cuts, the governor wasn't able to find the money to pay off the debt in his budget," said state Senate President Pro Tempore Glenn McConnell, R-Charleston. "How in the world does he expect us to find it? There's a real disconnect here."

State Senate Finance Committee chairman Hugh Leatherman delivered a sharp rebuke.

"The governor's request that the Legislature pay off state debt if we receive the stimulus money is a foolish request," said Leatherman, R-Florence. "Our budget has been cut by \$1.1 billion in the last year. There is no money."

Aides to House Speaker Bobby Harrell noted Sanford's proposed fiscal 2009-10 budget contains no debt payments.

"Washington has made it clear that the stimulus money the state Legislature has control over can only be used to restore cuts made to education and health care," said Harrell, R-Charleston. "Governor Sanford knows that. Since the governor's budget was \$254 million higher than existing revenues and he didn't pay down the debt, this is obviously about something other than the state budget."

Harrell appeared to be referring to Sanford's national political ambitions. His repeated criticism of using federal deficit spending to boost the economy has raised his profile among conservatives and fed speculation he is eyeing a 2012 presidential run.

At 10.4 percent, South Carolina has the nation's second-highest unemployment rate behind Michigan, and revenue shortfalls have forced more than \$1 billion in state budget cuts this year.

Sanford spokesman Joel Sawyer said legislative Republicans now criticizing Sanford have sided with him on using stimulus money to pay down debt.

"Senator McConnell and Speaker Harrell have both said paying off debt with stimulus money is a good idea," Sawyer said. "It would then stand to reason using state money to pay down debt after using stimulus to balance the budget is a good idea."

U.S. House Majority Whip Jim Clyburn, D-Columbia, who crafted a provision enabling state legislatures to obtain stimulus money if their governors reject it, ridiculed Sanford's effort to reduce the state deficit with federal funds intended to jolt the economy.

"We ought to get the economy stood up first," said Clyburn. "When things get stabilized, then we look to deficit reduction and debt retirement."

Sanford last week became the first governor to say he would reject some of the stimulus money. Fellow Republican Govs. Rick Perry of Texas and Sarah Palin of Alaska have followed suit.

Sanford expressed disappointment with the White House decision and again said he won't seek South Carolina's share of the \$787 billion stimulus plan.

Sanford cited a new Congressional Budget Office projection of a \$1.8 trillion federal deficit this year, and its forecast that Obama's proposed budget could produce a \$9.3 trillion deficit over the next decade.

The governor also pointed to a recent study by the American Legislative Exchange Council, which ranked South Carolina No. 4 in the nation in the percentage of its annual revenue required to pay federal and state debts.

"If the Legislature decides to take these funds, we stand ready to work with them ... in finding ways to accelerate our state's repayment

of debt so that we can free up dollars for other purposes," Sanford said.

Sanford said the state could save \$162 million in interest payments over the next two years if it applies the \$700 million in stimulus funds to lower the debt.

#### Greenville News:

The Obama administration on Friday turned down Gov. Mark Sanford's request to use \$700 million of the nearly \$3 billion in stimulus money headed to South Carolina to reduce the state's debt instead of spending it on education.

In response, Sanford announced he wouldn't apply for the \$700 million, leaving it up to the South Carolina legislature to request the funds.

Peter Orszag, director of the White House Office of Management and Budget, said in a letter to the Republican governor the stimulus law requires the money to be used to improve public education.

The money in question is part of the so-called stabilization fund the law established for each state. Those stabilization programs are part of the larger \$787 billion American Recovery and Reinvestment Act that Congress passed with virtually no GOP support and President Barack Obama signed into law in February.

"You have proposed using the Stabilization Fund monies for 'paying down your state's sizable debt.' However, the Act does not authorize the Department of Education to award Stabilization Fund monies ... for that purpose," Orszag wrote.

Sanford, who wanted to retire school and university construction bonds with the money, said the White House's refusal "cuts against the notion of federalism and the idea of each state having the flexibility to act in a manner that best suits its needs."

"As a result, we will not be seeking the use of these federal funds for the way they put our state even further into an unconscionable level of debt," Sanford said in a statement.

That doesn't mean South Carolina would have to forfeit the \$700 million.

The stimulus law includes a provision allowing legislatures to request funds that governors turn down. Rep. James Clyburn, a South Carolina Democrat and the third-most powerful House member, inserted that provision after Sanford began publicly opposing the measure as misguided.

Clyburn criticized Sanford for making a political point as South Carolina grapples with a 10 percent unemployment rate and 58,000 delinquent mortgages.

"Now is not the time to place ideological purity or political aspirations ahead of the economic well-being of South Carolinians," Clyburn said in a statement. "Focusing on debt reduction during an economic crisis is like focusing on water conservation when your neighborhood is on fire. Debt reduction is a critical priority that we will return to when we get the economy back on track."

Sanford, who heads the Republican Governors Association, is one of a handful of state chief executives -- all Republicans -- to reject or considering saying no to a portion of the federal stimulus money coming to their states. Louisiana's Bobby Jindal and Alaska's Sarah Palin are among the others. Sanford, Jindal and Palin are all thought to be eyeing presidential bids.

General Assembly leaders believe they have enough votes to bypass Sanford. The state House of Representatives voted 108-8 earlier this month to approve a measure declaring the General Assembly's intent to accept

all of the stimulus money. Last week, the Senate Finance Committee voted 18-3 to accept the \$700 million over Sanford's objections if necessary.

If the legislature requests the money, Sanford said he'd ask lawmakers to shift existing resources toward paying down the debt.

"Now is the time to do so, because it will give us more flexibility in addressing future needs at a state level if this economic downturn is indeed protracted," Sanford said.

#### The State

Out-of-work electrician Everette Walker needed no prompting to express his feelings about Gov. Mark Sanford's leadership.

"The man is selfish," said Walker, 62. "Here's a man with a \$3.5 million home who doesn't care if the rest of South Carolina can afford a loaf of bread. It sets me on fire."

With an economy in crisis and South Carolina's unemployment rate at 10.4 percent — second in the nation — frustration with the governor's approach to the economy is building among state residents.

Walker thinks Sanford is failing on at least one of what's called the "Three Cs" of crisis communication: compassion. (The other Cs are competence and confidence).

For weeks, Sanford has been engaged in a high-profile battle with the White House over whether South Carolina should spend billions headed to the state on current programs or on debt reduction, which Sanford advocates.

Many speculate Sanford is planning to run for president in 2012 and is opposing the stimulus plan to win praise from Republican hardliners. That infuriates some South Carolinians who think they are left to deal with the impact of Sanford's decisions while he draws praise nationally.

While President Barack Obama thinks the resources of the federal government can soften the economic blow, Sanford has argued the country needs to take its medicine. Government intervention can only prolong or worsen the pain, he argues.

But that's not what people who are struggling want to hear.

"He's stirred up strong feelings amongst his constituents, and failed to adequately address those feelings, which is one of the biggest mistakes in crisis communications," said Jonathan Bernstein, who owns a California-based crisis communications firm. "So people will, no doubt, reach their own conclusions as to the governor's motives."

#### A DIFFERENT KIND OF PROBLEM

Barbara Kellerman, who lectures at Harvard University's Kennedy School of Government, said the economy presents a different type of leadership problem for elected officials. Unlike a relatively short-term event, like Sept. 11, Kellerman said, it is difficult to know when the economy will turn around. That means leaders often adjust how they address the issue.

"What you need," Kellerman said, "is a leader that provides some kind of balance between optimism but doesn't ring false or hollow. A leader has to be credible."

Sanford spokesman Joel Sawyer said what the governor wants most is to be credible, and that means using charts, graphs and ideological arguments, not staged photo ops.

But experts in crisis communication say grim news should be tempered by hope at some point. That's advice Obama has heeded. After initially warning Americans repeatedly about the severity of ongoing recession,

Obama has turned more optimistic.

Sanford, however, has continued to focus on the worst-case scenario, comparing the fallout of federal stimulus spending to the inflation suffered by dictator-ravaged Zimbabwe.

"The current economy," Sanford said, "is a total gut-check of where we are as a civilization."

The governor, Sawyer said, must be candid in the search for solutions.

"People knew what they were getting into when they elected and re-elected him," Sawyer said.

Sanford's critics say he only knows gloom, even during good budget years. State Democrats complained he has resorted to scare tactics when state residents have enough to fear already.

Senate President Glenn McConnell, R-Charleston, said those accusations are unfair.

"I don't see anything wrong with his approach," McConnell said, arguing Sanford's plan to pay down state debt with federal stimulus money made sense and that government cannot spend its way out of a recession.

The real root of their differences, McConnell said, is that Obama has the job Sanford wants.

"It's politics. It's all politics."

**'WE NEED HELP NOW'**

Donna Maddox of Lexington considers herself a Republican but is concerned about Sanford's rejection of stimulus money that could extend benefits for the unemployed and create jobs.

"My light bill is due next week, and I have no way to pay it. My house payment is due the first of April, and I can't pay," said Maddox, whose husband was laid off in January from his longtime job.

A homemaker with medical problems, Maddox spent Wednesday afternoon at Harvest Hope Food Bank, filling out paperwork and getting a grocery cart full of groceries.

Maddox thinks paying down debt is a good idea. But, she adds, "We're not promised tomorrow."

"Whoever thought I'd be here today, getting food? We need help now."

Others hope Sanford sticks to his guns.

"I know people are hurting. I know some of them personally," said Kay Carter, an Eastover purchasing manager. "But I don't think spending billions that our children and grandchildren will have to pay back is the answer."

Sawyer said the governor's office has been flooded with calls, many orchestrated by groups who disagree with Sanford's stand on the stimulus. But, among calls and letters from South Carolina, most agree with the governor, Sawyer said.

For instance, Nicole Tribble, a 30-year-old software saleswoman from Duncan, recently wrote her first letter to a politician, encouraging the governor to keep up the fight against the stimulus. She thinks many South Carolinians view the stimulus as irresponsible spending.

"There is a quiet awakening going on right now."

Post and Courier:

Now it's up to South Carolina's legislators to decide how to spend federal stimulus money.

Gov. Mark Sanford decided he won't take it Friday after failing to persuade President Obama to let him use \$700 million of the state's share to pay down debt.

Key legislators were quick to respond with assurances that they plan

to spend it. Congress told states to either use the money or lose it, but either way, taxpayers here are on the hook to pay it back. Meanwhile, U.S. House Majority Whip Jim Clyburn said Sanford has the wrong idea about what the American Recovery and Reinvestment Act is all about: creating jobs and pulling the country out of recession. Paying off debt is a priority for another day, he said. "It's time to restore confidence in the economy and hope in the American dream," said Clyburn, D-S.C.

In all, South Carolina could receive as much as \$8 billion, including all the tax credits and grant money available. A portion of the money, about \$2 billion, will come automatically to the state to pay for investments such as highway improvements and extending waterlines. Sanford has said he has power to influence only \$700 million, but if he rejects that portion, the Legislature is able request it to balance the budget over two years.

The governor opposed the stimulus package because he doesn't think the country, or the state, should spend money it does not have. That will burden future generations and drag down the value of dollar, he said.

Sanford's stand on his principles has won him kudos with fiscal conservatives and propelled talk that he'd be a top presidential candidate for the GOP in 2012. Others, including the S.C. Senate Democratic Caucus, suggest it has damaged his reputation.

The two-term Republican governor received a reply letter Friday from Peter Orszag, director of the president's Office of Management and Budget, that told Sanford his request to use the funds to pay down the debt was denied. It was the second time Sanford had submitted such a request.

"If our General Assembly chooses to make use of this federal money, we'd ask them to use existing state resources to begin paying down our state's sizable liabilities," Sanford said.

House Speaker Bobby Harrell and Senate leader Glenn McConnell both agree that Sanford had a good idea in using stimulus money for debt.

But on Friday, the Charleston Republicans said the Obama administration said no to that, and they don't know where state funds would come from to shift to debt payments when legislators are struggling to fund basic government services.

Harrell and McConnell also noted that the executive budget Sanford submitted did not include debt payments.

"Where in the world are we going to get money to pay off debt?" McConnell said.

They're missing one big difference, Sanford press secretary Joel Sawyer said. The governor didn't use any stimulus money in the budget he recommended to the Legislature in January. "If they use stimulus money, they should have money available to pay down debt," Sawyer said.

The House passed a proposed \$6.6 billion budget that relies on stimulus cash. The Senate is now drafting its version of the spending plan.

The state is still awaiting word from the Obama administration on a letter U.S. Sen. Lindsey Graham wrote Wednesday that questioned the constitutionality of a provision in the federal stimulus package that allows the Legislature to bypass the governor, and receive the \$700 million.

AP:

South Carolina Gov. Mark Sanford is saying no to stimulus funds the White House will not let him use to pay down state obligations.

Sanford, who is in Nevada for Air Force Reserve training, released a statement Friday an hour after the White House denied his second request to use a portion of federal stimulus money to pay off school construction debt.

White House Office of Management and Budget Director Peter Orszag sent Sanford a letter Friday saying the money can't be used on debt payments. The money instead needs to restore funding cuts from state budgets, and should help aid schools and better train teachers, according to Orszag.

The goal of the \$787 billion stimulus package in part is "to make critical investments in long-term economic growth, such as providing every child the chance for a world-class education," Orszag wrote.

"We're obviously disappointed by the White House's decision, because it cuts against the notion of federalism and the idea of each state having the flexibility to act in a manner that best suits its needs," Gov. Sanford said. "As a result, we will not be seeking the use of these federal funds for the way they put our state even further into an unconscionable level of debt."

"Speaker Harrell, Senator McConnell and others have expressed support for the idea of paying down debt with stimulus dollars. If the legislature decides to take these funds, we stand ready to work with them and the rest of the legislature in finding ways to accelerate our state's repayment of debt so that we can free up dollars for other purposes," he said Friday.

But Senate Finance Committee Chairman Hugh Leatherman, R-Florence, said taking the money over Sanford's objections raises the likelihood of a lawsuit that would delay the state's ability to use it.

"The governor's decision not to accept the \$700 million in federal stimulus money is irresponsible and threatens to throw into chaos public education and other core state responsibilities," Leatherman said in a statement Friday afternoon.

"It's like the governor was driving the train, saw a train wreck coming, left the people on board and jumped off to watch the wreck...," he said.

In all, South Carolina is to get about \$2.8 billion in federal stimulus money over two years. The state's mayors had implored Sanford to take all the money he could, and the Republican-dominated Legislature has already made plans to spend the portion about which the governor balked.

Sanford's anti-bailout stance in part led to House Majority Whip James Clyburn, D-S.C., inserting language into the bill allowing state legislators to override governors, a move that has raised constitutional concerns.

Clyburn disagreed.

"For one, nobody is sidestepping the governor. The governor is taking himself out of the game," Clyburn said. "What we're doing is responding to his refusal to accept the money and these are representatives of the people of this state."

South Carolina state officials have had to cut \$1 billion from a \$7 billion budget as the recession has dampened revenue collections. The House last week passed a \$6.6 billion budget patched together with \$1 billion in stimulus cash.

New York Times blog

Gov. Mark Sanford of South Carolina has just announced that he will reject about \$700 million in federal stimulus money for his state, in

his continuing battle with the White House over ways the money can be used.

Mr. Sanford was responding to the Obama administration's second rejection of his requests to use about \$700 million of South Carolina's anticipated \$2.8 billion in stimulus money to pay down some of the state's debt. Peter R. Orszag, the director of the Office of Management and Budget, told him in a letter dated today that the new stimulus funds can only be used in these circumstances for government services, and cannot be applied to past debt.

Governor Sanford, a Republican, has been one of the most outspoken critics of the \$787 billion stimulus act. In a statement released this afternoon, he said:

We're obviously disappointed by the White House's decision, because it cuts against the notion of federalism and the idea of each state having the flexibility to act in a manner that best suits its needs. As a result, we will not be seeking the use of these federal funds for the way they put our state even further into an unconscionable level of debt.

... We simply cannot afford to base 10 percent of our state budget on money that will disappear in two years' time.

Now, state legislators can overrule a governor's wishes and seek the money themselves for the state, thanks to a section of the stimulus act insisted upon by Representative James Clyburn, the Democratic majority whip and longtime lawmaker from South Carolina. The two have feuded publicly over the stimulus money, and Mr. Clyburn made sure the language was inserted in part because of Mr. Sanford's opposition. In his statement, Mr. Sanford alluded to that provision by saying he hoped, if lawmakers went ahead to obtain the \$700 million in stabilization funds (the state stands to get a total \$2.8 billion), that they would offset it in other ways to pay down the state's debt. He cited a recent study that ranked South Carolina as the fourth-highest of states in terms of the annual revenue used to pay debt.

Mr. Sanford, sometimes described as a 2012 presidential contender, and other Republican governors, including most recently Gov. Sarah Palin, have been critical of funds that they contend would require long-term commitments of state monies or to programs established with the initial infusions. In doing so, they've become the targets of a new line of attack by the Democratic National Committee, which is firing away in repeated bursts at those who would criticize President Obama's economic policies.

#### WIS-TV:

South Carolina Gov. Mark Sanford says he won't spend \$700 million in federal stimulus cash.

Sanford's announcement Friday came soon after the White House rejected the Republican governor's second bid to use the money to pay down debt.

Alaska Gov. Sarah Palin and Texas Gov. Rick Perry also have turned down stimulus cash.

Sanford said the federal money would create unconscionable debt. He has said federal bailouts will lead to high national debt.

While Sanford has railed against the stimulus money, the state's mayors have implored him to take it. State lawmakers already have plans to use the cash.

In all, \$2.8 billion in federal money is headed to South Carolina,

which had the nation's second-highest unemployment rate in January. Sanford has been unavailable for questioning as he is currently in Nevada for his Air Force Reserve training.

However, other legislators have weighed in on the stimulus in the past several weeks.

In the past, Sen. Lindsey Graham has said, "If it comes down to South Carolina getting the money or some other state getting the money I would urge the governor to take the money because there are schools that can be helped."

State senator and senate finance committee chairman Hugh Leatherman has released a statement pressing Sanford to accept all of the money. Leatherman calls Sanford's plan to not accept the money a "shockingly cruel and heartless decision."

Leatherman also says that he and the legislature will do anything in their power to secure the money for South Carolina, but says that the potential for a lawsuit is possible questioning the constitutionality of their decision. Sen. Graham released a statement earlier this week with the opinion that the legislature's ability to usurp the governor's decision could be unconstitutional.

"I am not predicting this, but pointing out the terrible uncertainties the governor has forced upon our state," said Leatherman in the statement.

Leatherman also reiterated a statement made by Superintendent Jim Rex.

"Rex told my committee recently that South Carolina would cease to have a viable education system if the stimulus money is rejected," said Leatherman in the statement.

Senate majority whip James Clyburn has also been a vocal opponent against Sanford's plan.

"Focusing on debt reduction during an economic crisis is like focusing on water conservation when your neighborhood is on fire. Debt reduction is a critical priority that we will return to when we get the economy back on track and put Americans back to work. When the economy recovers, we will have the resources needed to right the state's fiscal ship. Governor Sanford's approach is certain to sink that ship and take hard-working South Carolinians down with him," said Clyburn in a statement.

#### Stimulus may have votes in General Assembly

The Legislature is expected to muster enough votes to request \$700 million of the nearly \$3 billion in federal stimulus money following the Obama administration's rejection Friday of Gov. Mark Sanford's bid to use the money to reduce the state's debt.

In response, Sanford announced he wouldn't apply for the \$700 million, leaving it up to the General Assembly to request the funds.

Peter Orszag, director of the White House Office of Management and Budget, said in a letter to the Republican governor the stimulus law requires the money to be used to improve public education.

The money in question is part of the so-called stabilization fund the law established for each state. Those stabilization programs are part of the larger \$787 billion American Recovery and Reinvestment Act that Congress passed with virtually no GOP support and President Barack Obama signed into law in February.

"You have proposed using the Stabilization Fund monies for 'paying down your state's sizable debt.' However, the Act does not authorize the Department of Education to award Stabilization Fund monies ... for



that purpose," Orszag wrote.

Sanford, who wanted to retire school and university construction bonds with the money, said the White House's refusal "cuts against the notion of federalism and the idea of each state having the flexibility to act in a manner that best suits its needs."

"As a result, we will not be seeking the use of these federal funds for the way they put our state even further into an unconscionable level of debt," Sanford said in a statement.

That doesn't mean South Carolina would forfeit the \$700 million.

The stimulus law allows legislatures to request funds that governors turn down. Rep. James Clyburn, a South Carolina Democrat and the third-most powerful House member, inserted that provision after Sanford began publicly opposing the measure as misguided.

Leaders said the state Legislature may have enough votes to bypass Sanford -- provided it has the legal authority to do so.

"It won't be unanimous, but I think a majority, if not a super majority of the Senate, will vote to accept our money," Sen. Harvey Peeler, a Gaffney Republican who is Senate majority leader, told The Greenville News.

In the House, Republican Speaker Bobby Harrell of Charleston said he, too, expects a majority would vote to take the \$700 million.

"The bigger question is do we have the authority to do that," Harrell said, referring to new questions about the legality of going around the governor raised in an opinion sought by Republican U.S. Sen. Lindsey Graham.

Earlier this week, Graham raised questions about the legality of the bypass provision.

Graham, citing a legal opinion he obtained from the Congressional Research Service, said the law wasn't clear about who has authority to take the money on behalf of South Carolina. He has asked the White House to interpret the law.

Clyburn criticized Sanford for making a political point as South Carolina grapples with a 10 percent unemployment rate and 58,000 delinquent mortgages.

"Now is not the time to place ideological purity or political aspirations ahead of the economic well-being of South Carolinians," Clyburn said in a statement.

"Focusing on debt reduction during an economic crisis is like focusing on water conservation when your neighborhood is on fire. Debt reduction is a critical priority that we will return to when we get the economy back on track."

Sanford, who heads the Republican Governors Association, is one of a handful of state chief executives -- all Republicans -- to reject or considering saying no to a portion of the federal stimulus money coming to their states. Louisiana's Bobby Jindal and Alaska's Sarah Palin are among the others. Sanford, Jindal and Palin are all thought to be eyeing presidential bids.

The state House of Representatives voted 108-8 this month to approve a measure declaring the Legislature's intent to accept all the stimulus money. Last week, the Senate Finance Committee voted 18-3 to accept the \$700 million over Sanford's objections if necessary.

Peeler, who voted for the resolution, said South Carolina desperately needs the \$700 million over two years to maintain essential services in education and public safety.

"It's unfortunate that we're in this economic time in our country's life, but that's where we are," Peeler said. "And if I had my

druthers, I wish Congress had not passed this bill because it's going to put us further in debt to countries like China, but that's the situation we're in. Congress did this. It's our debt, and it's our money, so I think we need to accept the money."

Sen. Vincent Sheheen, a Camden Democrat and likely gubernatorial candidate, said he'd also vote to bypass Sanford and take the money.

"If we're going to pay for it, then we ought to get the benefit of it to keep our people employed and create jobs," Sheheen said.

In the House, Rep. Harold Mitchell, a Spartanburg Democrat, has sponsored a similar resolution that the Ways and Means Committee is expected to take it up Tuesday. Co-sponsors include every House Democrat but no Republicans, Mitchell said.

Mitchell said half a dozen Republicans told him they would vote for the resolution but wouldn't co-sponsor it because "they didn't want to put themselves out there for people to play political games, to use it against them."

"It's a political hot potato when it shouldn't be," Mitchell said.

If the Legislature requests the money, Sanford said he'd ask lawmakers to shift existing resources toward paying down debt.

"Now is the time to do so, because it will give us more flexibility in addressing future needs at a state level if this economic downturn is indeed protracted," Sanford said.

#### Post and Courier calls stimulus rejection a "punt"

There's much to dislike in the federal stimulus bill passed by Congress and signed into law by President Barack Obama last month. The hastily passed legislation is hugely expensive, packed with pork and will further increase the national debt.

But South Carolina can't afford to reject the \$2.8 billion in available funds just because of that legislation's numerous flaws. Fortunately, despite Gov. Mark Sanford's opposition, it appears that the state will obtain its share, including the \$700 million that he hoped to apply to the state's debt.

Still, Gov. Sanford has played the contrarian to the hilt in this often-perplexing process. On Friday, after the White House rejected his request to spend the \$700 million of stimulus "financial stabilization" money on the state debt, he said he will not apply for the funds.

He added, however, that if the General Assembly applies for the money instead — a foregone conclusion — he will urge legislators to use the money to help balance this year's budget, then take state dollars freed up by stimulus money to make payments on the debt.

In other words, the governor wants the Legislature to take up his debt crusade.

That's another curious twist in the "will he or won't he?" drama that's been unfolding since Gov. Sanford expressed strong reluctance to accept the stimulus money. He has warned that it would come with "strings attached," imposing costly future obligations on the state, as in expanded unemployment benefits for part-time workers.

At least the governor's not threatening legal action to assert his authority over the Legislature regarding any portion of stimulus funding. The stimulus law includes language, inserted by U.S. House Majority Whip James Clyburn, D-S.C., giving legislatures the right to request the money if governors fail to do so within 45 days after the bill became law on Feb. 17.

Sen. Lindsey Graham, R-S.C., believes the governor should not have

rejected any stimulus money. Nevertheless, the senator raised the constitutional question of "who speaks for South Carolina" on that "financial stabilization" portion. In response, the Congressional Research Service concluded that the legislature's ability to supplant the governor's authority over funds for new projects was highly suspect.

But Gov. Sanford evidently believes the General Assembly can apply not just for the stimulus money designated for existing programs, but also the additional \$700 million for new projects.

Confused yet?

So are we. Why did the governor push this issue so hard, making the national-media rounds to press his fiscal-prudence case and writing letters to the White House, only to ultimately punt it to the Legislature?

In the statement the governor's office released Friday, he explained: "Speaker (Bobby) Harrell, Senator (Glenn) McConnell and others have expressed support for the idea of paying down debt with stimulus dollars. If the Legislature decides to take these funds, we stand ready to work with them and the rest of the Legislature in finding ways to accelerate our state's repayment of debt so that we can free up dollars for other purposes."

Fine — if there are enough dollars to go around. Paying down the state debt is an important long-term obligation.

But our state government has many critical short-term obligations that are dangerously compromised by the dive in state tax revenues.

Fundamental responsibilities, including schools and prisons, face an emergency-level risk of drastic funding shortfalls. By accepting all of the federal stimulus money, South Carolina will have a better chance of effectively dealing with the immediate fiscal crisis.

SC disabilities agency names new interim director

The agency that provides services to South Carolinians with severe disabilities has named a new chief.

The Department of Disabilities and Special Needs said Thursday that Eugene A. Laurent will serve as the agency's interim director.

Laurent replaces Stan Butkus, who resigned late last month following the release of a legislative audit that said the agency fell short in protecting South Carolina's most vulnerable residents. Criticisms included failure to follow up on safety violations and not doing enough to keep abusers off facility payrolls.

A legislative committee has approved a bill that would put the agency in the governor's Cabinet.

Laurent assumes his duties Tuesday. He previously served as executive director of the state Department of Health and Human Services.

Island Packet says delay shouldn't mean no reform for DHEC

Evidence abounds that business as usual should not continue at the state's health and environmental protection agency.

But a Senate committee decided Thursday that it had much more to learn before it could vote on a bill that could bring much-needed accountability to this important agency.

With industry lined up against it, a Senate Medical Affairs subcommittee had voted March 12 against putting the governor in charge of the Department of Health and Environmental Control.

When it came to the full committee Thursday, the bill wasn't killed,

but it was put on life support. The committee said it wanted to learn more about DHEC. The March 12 public hearing lasted about an hour and offered only limited testimony. But it also drew about 150 people, a testament to the importance of the legislation under consideration. The committee chairman, Sen. Harvey Peeler, said he would schedule hearings to start in May.

Legislative watchers say DHEC reform is over for this legislative session. A House bill also faces obstacles and would still have to pass an apparently reluctant Senate. The rest of us should keep up the pressure on lawmakers.

Columbia resident Allen Francis testified at the subcommittee hearing about how DHEC failed to clean up pollution for years in his neighborhood.

Francis succinctly sums up the need for change: "This is a very simple issue -- what's in place now is not working."

In his neighborhood, The (Columbia) State reported, a DHEC study recommended capping polluted soil at the abandoned Columbia Organic Chemical site in 1995 to control contamination. But the agency never followed through on the plan, records show. The property contained toxic chemicals after four decades of plant operation. Last year, the U.S. Environmental Protection Agency stepped in and cleaned up the site.

Francis' complaint is not isolated, and lawmakers should heed it even if it means giving up some of their own power and influence.

A look at stories involving DHEC published in this newspaper in just the past three months reveals the reach of this agency. Subjects include emergency medical services, restaurant inspections, shellfish bed closures, drinking water sources, water quality testing, stormwater lagoons, flu shots, dock construction, pool inspections, landfills and boat moorings.

All of us should care how this agency's decisions are made.

When it was reconfigured 15 years ago, the idea was to insulate the decision-making from politics. Board members are nominated by the governor and confirmed by the Senate. The board hires the agency chief, hears permit disputes and sets policy. Board decisions can be appealed to the Administrative Law Court. The agency chief runs the day-to-day operations.

But agency decisions are anything but insulated from politics.

Persistent complaints include that DHEC officials are too timid and too quick to compromise in favor of business interests. Those business interests too often have the ear of state legislators who pressure agency regulators and control the agency's purse strings. Regulators seem to fear lawsuits more than environmental degradation. The agency also spends too much time "working with" businesses who have violated the law, dragging out a process that should respond quickly to threats to health and the environment.

Is it any wonder industry representatives stood up for the status quo at the subcommittee public hearing?

Lawmakers must step up to this challenge and do what's right for the state's residents. They must make this agency more accountable to the people and less susceptible to undue influence, whatever the source.

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Kevin Pazdernik



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[REDACTED]

**From:** Patrick Franks  
**To:** MCS Road  
**Date:** 3/20/2009 5:13:35 PM  
**Subject:** Mike Pence #

[REDACTED]

Patrick K. Franks  
(803)-734-5195

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**From:** Joel Sawyer  
**To:** [REDACTED], Road, MCS  
**Date:** 3/20/2009 1:23:51 PM  
**Subject:** We need to discuss ASAP

Gov. Sanford Won't Seek Stimulus Money  
GOVERNOR SAYS IF LEGISLATURE SEEKS FUNDS,  
OTHER MONEY SHOULD BE USED TO REPAY STATE DEBT

Columbia, S.C. – March 20, 2009 – Governor Mark Sanford today announced that since the White House has denied his request to use stimulus dollars to pay down state debt, he will not be seeking certification of those funds. Instead, if the General Assembly chooses to seek the funds in his place, he is asking the legislature to use other money for debt repayment so that the state does not dig itself further into a budget hole.

"We're obviously disappointed by the White House's decision, because it cuts against the notion of federalism and the idea of each state having the flexibility to act in a manner that best suits its needs," Gov. Sanford said. "As a result, we will not be seeking the use of these federal funds for the way they put our state even further into an unconscionable level of debt. If our General Assembly chooses to make use of this federal money, we'd ask them to use existing state resources to begin paying down our state's sizable liabilities. Now is the time to do so, because it will give us more flexibility in addressing future needs at a state level if this economic downturn is indeed protracted. We simply cannot afford to base 10 percent of our state budget on money that will disappear in two years' time."

Governor Sanford has opposed the federal stimulus package because he doesn't believe we should spend money we don't have, because we shouldn't pass on a substantial bill for today's government services on to future generations, and because the massive run-up in government spending could devalue the American dollar. The Congressional Budget Office has forecast a \$1.8 trillion federal deficit for this year – the largest ever – and just today said the President's budget plan would lead to \$9.3 trillion in deficit spending over the next 10 years, a level \$2.3 trillion higher than the White House predicted just weeks ago.

He sought to use just one quarter of the \$2.8 billion coming to South Carolina – about \$700 million – to pay for past promises made by state government. Doing so with debt related to education would free up over \$162 million in debt service in the first two years and save roughly \$125 million in interest payments over the next 13 years-just as paying off a family's mortgage early frees up money for other uses. A recent study by the American Legislative Exchange Council ranked us 47th worst in the nation for amount of annual debt service as a percentage of tax revenue.

"Speaker Harrell, Senator McConnell and others have expressed support for the idea of paying down debt with stimulus dollars. If the legislature decides to take these funds, we stand ready to work with them and the rest of the legislature in finding ways to accelerate our state's repayment of debt so that we can free up dollars for other purposes," Gov. Sanford said.

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**From:** Kevin Pazdernik  
**To:** [REDACTED], MCS Road  
**Date:** 3/20/2009 10:39:56 AM  
**Subject:** Governor's Daily Press Briefing Summary and Text (1 of 1)

Governor's Daily Press Briefing - Fri., Mar. 20, 2009

Summary:

Gov. Palin likely joining governors in turning back some stimulus funds  
Mayors urging Gov. Sanford to accept all stimulus funds according to federal dictates  
Riley issues new attack on Sanford  
SC Democrat's Poll: S.C. sides with Obama over Sanford  
Senate panel to examine DHEC restructuring  
Senate to vote on moratorium on landfill dumping  
Shane Massey making bid for Congress

Text:

Gov. Palin likely joining governors in turning back some stimulus funds (AP national)

It's up to the Alaska Legislature to request hundreds of millions of dollars in federal stimulus funds from the federal government.

Gov. Sarah Palin said Thursday that she would accept only 69 percent of the estimated \$930 million dollars that could flow to the state, including \$514 million for capital projects and \$128 million for a hike in Medicaid reimbursement.

Palin said she would accept money that is "timely, targeted and temporary" and does not create strings that will bind the state in the future.

"I can't attest to every fund that's being offered the state in the stimulus package will be used to create jobs and stimulate the economy, so I'm requesting only those things that I know will," Palin said at a news conference at the Capitol. "Public discussion will have to ensue on all those other dollars that some will say 'you left on the table.'"

Some other Republican governors have also announced reservations about accepting the federal money, particularly when it comes to expanding jobless benefits.

Texas Gov. Rick Perry last week announced that he turned down \$555 million of federal stimulus funding that would expand the state's unemployment benefits. Louisiana Gov. Bobby Jindal has said he would not accept nearly \$100 million to expand unemployment benefits. And South Carolina Gov. Mark Sanford has said he only wants to use the federal money to pay down debt.

Other Republican governors including Charlie Crist of Florida and Arnold Schwarzenegger of California have welcomed the stimulus bounty.

Palin's rejection of \$160 million for education drew a rebuke from Anchorage Superintendent of Schools Carol Comeau, who said she was shocked and disappointed.

"We believe that we can make very good use of the funds, not only in job preservation but also in adding new positions to ultimately use these funds to increase student achievement for our neediest children," she said in a news release.

Comeau pointed to money that would have gone into training for special education teachers and additional programs and support for needy preschool children.

The governor has until April 3 to formally request funds from the stimulus package. It's unclear if legislatures are under the same deadline but Alaska lawmakers likely will stick to the same date to be safe.

Overall, Palin rejected almost \$288 million and many, such as Senate Finance Committee Co-Chairman Bert Stedman, were surprised.

"I think the Legislature will take a good hard look at the impact on Alaska," said Stedman, a Republican.

"The governor might have a broader view."

With so little time left before the April 3 deadline, Stedman expects the Legislature will ask for the full amount, and if they determine later that it would have adverse long-term impacts on the state, to decline it



then.

Alaska has been somewhat cushioned from the effects of the global recession, but the state faces a \$2.6 billion deficit over this year and next from low oil prices and declining oil production on the North Slope. Oil makes up about 90 percent of state revenues.

Sen. Hollis French, a Democrat, said the governor was breaking with a long tradition in Alaska.

"The state has made its business to get as many federal dollars as possible to help us create an infrastructure and build our state," he said. "I just really think the governor made a mistake here."

Palin on Thursday sent a spending bill to the Legislature laying out funding for capital projects that she is willing to accept, on top of the \$262 million transportation stimulus spending bill that is already under debate.

The additional money Palin said she would accept includes \$116 million for a University of Alaska Fairbanks research vessel, \$68 million for water and sewer projects, \$39 million for public housing projects and \$21 million for education and job training.

Palin did not request funding for energy efficiency and conservation block grants, an expansion of unemployment insurance eligibility, weatherization money, employment services, among others.

The five-member conservative Republican minority in the Senate supported the governor's decision. Sen. Con Bunde, a Republican, compared the package to having too much to drink.

"A good time may be had by all, but the hangover the next day, and the consequences of what you did while you were drunk, may be with you for a long, long time," Bunde said.

Palin said she was acting in the best interests of Alaskans but Democratic Rep. Les Gara questioned the motives of the former Republican vice presidential candidate.

"I read it that she's going to be running for national office and has a campaign position that unfortunately conflicts with the state's interests," he said.

#### Mayors urging Gov. Sanford to accept all stimulus funds according to federal dictates (AP)

Nearly 80 South Carolina mayors are urging Gov. Mark Sanford to accept all the federal stimulus money slated for the state.

Charleston Mayor Joe Riley said today he's among 79 mayors who have signed a letter to the governor and Legislature. That's up from Friday's tally of 52 mayors.

Sanford has twice sought permission from President Barack Obama to use \$700 million of the money to pay down state debt. The first request was refused.

Sanford has control over only part of \$2.8 billion in federal stimulus money slated for the state over two years.

Riley told The Post and Courier of Charleston the governor needs to "put an end to this foolishness." The letter says local officials see the recession's affect on residents daily and know how badly the money is needed.

#### Riley issues new attack on Sanford

Charleston Mayor Joe Riley said Thursday that 80 South Carolina mayors have now signed a letter calling upon Gov. Mark Sanford and the General Assembly to accept all of the federal stimulus money to which the state is entitled.

Riley described as "bogus" the governor's position that a significant amount of federal funding should be refused unless he can use it to pay down state debt, and said "this is not a time for theoretical or philosophical wanderings of the mind."

Sanford press secretary Joel Sawyer suggested that Riley's press conference Thursday and another last Friday were made-for-the-media events, and has said that "real folks in South Carolina" overwhelmingly support the governor's position.

Sanford has twice sought permission to use \$700 million of the stimulus money to pay state debt, rather than to fund services, and said he might refuse the money if the White House turns him down.

The money represents the portion of the roughly \$8 billion in stimulus money heading for South Carolina, including tax breaks, over which the governor has said he has control.

The money would be redistributed to other states if not accepted by South Carolina.

Riley said he and other mayors know that the funding is badly needed to keep teachers and other public servants from losing their jobs due to state budget cuts, and said the governor should "put an end to this

foolishness."

"The people of South Carolina believe he is wrong," Riley said.

The General Assembly has made plans to step in and accept the money if Sanford rejects it, and have planned the state's proposed \$6.6 billion budget around accepting \$1 billion in recovery funds, including money the governor wants to either use to pay debt or reject.

Sawyer said the governor, who opposed the federal stimulus package as being fiscally irresponsible, wants to use some of the money to pay debt because that would reduce state expenses for years to come.

The letter from the mayors, originally signed by 52 of them, was first sent to the governor March 13. Riley said there's been no response.

#### SC Democrat's Poll: S.C. sides with Obama over Sanford

Less than half of South Carolina's voters approve of Gov. Mark Sanford's handling of the federal stimulus money, according to a poll paid for by S.C. Democrats. President Obama, who lost S.C. in the presidential election, enjoys a higher favorability rating than the governor on his handling of the stimulus package among those polled. A majority of voters polled disapproved of Sanford's efforts to stop stimulus payments from reaching S.C.

Sanford has been the nation's most outspoken governors opposing the infusion of federal money. He has asked the White House for permission to spend about a quarter of the money coming to the state — roughly \$700 million — on debt. The White House refused the request last week, saying the stimulus money should be spent to balance state budgets hurt by the economy. That, the White House said in its letter to Sanford, would save jobs, which is the intent of the stimulus.

Sanford spokesman Joel Sawyer dismissed the polling.

"Consider the source," Sawyer said. "Gov. Sanford has heard from a lot of South Carolinians who think paying down the debt makes sense. You can tell by one of the question that this is more of a push poll, trying to lead people."

The survey was commissioned by the S.C. Senate Democratic Caucus and conducted by Crantford & Associates. There were 1,382 S.C. voters surveyed on March 17. The margin of error for the results is plus or minus 2.64 percent.

Here are some poll results:

Question: Do you have a favorable or unfavorable opinion of Barack Obama?

Favorable 49%

Unfavorable 44%

Not Sure 7%

Question: Do you have a favorable or unfavorable opinion of Mark Sanford?

Favorable 40%

Unfavorable 53%

Not Sure 7%

Question: Do you agree or disagree with Governor Sanford's efforts to try and stop President Obama's economic stimulus package from being spent in South Carolina?

Agree 37%

Disagree 53%

Not Sure 10%

#### Senate panel to examine DHEC restructuring

State senators will scrutinize growing concerns about South Carolina's environmental protection agency to see if the department needs an overhaul.

The Senate Medical Affairs Committee declined Thursday to vote on a bill to put the governor in charge of the Department of Health and Environmental Control, a move that effectively stops the measure from passing the Legislature this year.

But members said they want to know more about DHEC. And committee chairman Harvey Peeler, R-Cherokee, said he will schedule public hearings to begin as early as May.

"It's past time to look at this," Peeler after the committee meeting. "This is a mammoth agency and very important. We need a full airing of these issues."

DHEC, the fifth-largest agency in South Carolina, is overseen by a part-time board and a commissioner hired by the board. Critics say the structure is outdated, prone to errors and more accountable to state lawmakers, who control the agency's budget, than it is to the public.

DHEC is charged with protecting public health and the environment. Among its many duties, the agency issues environmental discharge permits to industries, regulates hospitals and monitors air and water for pollution.

The agency, however, has had difficulty on more than a few occasions accomplishing its mission, The State newspaper reported in November. DHEC has let other states bury tons of garbage in South Carolina, failed to hold the line on seaside development, and approved permits for polluting industries before seeing key environmental studies, the newspaper's series found.

Conservationists and some former agency employees say legislative pressure on DHEC has made it hesitant to aggressively protect the environment and public health. Putting the governor in charge would reduce pressure to approve environmental and health permits lawmakers are interested in, agency critics say.

State business leaders, many of whom supported putting DHEC under the governor when it was first discussed in the early 1990s, this year cooled their enthusiasm. The S.C. Manufacturers Alliance even spoke against the measure at a hearing this month, saying DHEC is a well-run agency. A representative said industries are entitled to environmental permits.

Some medical affairs committee members, including Sens. Joel Lourie, D-Richland, and Danny Verdin, R-Laurens, said Thursday they wanted to know more about DHEC. The only public hearing held on the proposal to make DHEC a cabinet agency lasted about an hour with limited testimony.

"I don't know how we bring a bill to the floor of the Senate that restructures one of the most important agencies in state government without being able to adequately vet some of these" issues, Lourie said Thursday.

If the committee had approved the measure, it would have gone to the full Senate for consideration. Now, it likely will be voted on in the next session of the Legislature, which begins next January.

Joel Sawyer, a spokesman for Gov. Mark Sanford, said the governor would have preferred the DHEC legislation be approved this year.

"We think the case for DHEC restructuring has been pretty well laid out, but if the Senate chooses to hold hearings, that's their prerogative," Sawyer said.

Still, Sen. John Courson, R-Richland, said he was glad the committee didn't vote to kill the bill, as it might have been inclined to do in years past.

The bill he and Sen. Phil Leventis, D-Sumter, are pushing allows the governor to appoint the head of DHEC. It also would create health and environmental appeals boards to hear challenges to DHEC permits. The existing agency board would be dissolved. The governor now appoints the DHEC board, but has no direct control over members after they are seated. The part-time board, not the governor, also picks the commissioner.

Courson said DHEC's failure to protect South Carolina from out-of-state waste is a classic example of why changes are needed at the agency. For most of the agency's three-decade existence, out-of-state waste companies have dumped tons of hazardous garbage, nuclear waste and household refuse in South Carolina, he said.

"They have not been as good a steward as one would like to see," Courson said. "The issue speaks for itself."

Representatives of the S.C. Coastal Conservation League, who have led the charge to change DHEC, said they were satisfied with holding more hearings, though they hoped legislation would pass this year.

#### Senate to vote on moratorium on landfill dumping

##### The State:

Giant landfills that import garbage from other states took another blow Thursday as the fight escalates over South Carolina's role in the trash business.

The Senate Medical Affairs Committee approved a moratorium that would stop huge landfills in Marlboro, Cherokee and Williamsburg counties for up to two years — a move that might keep the disposal sites from ever being built.

Senators approved the moratorium to give state regulators time to strengthen existing landfill rules. If the rules are tightened enough, it would become more difficult to site megadumps in South Carolina.

"The moratorium is necessary," said Sen. Danny Verdin, R-Laurens. "We have to have that leverage to bring this very controversial issue to a satisfactory conclusion."

"Out-of-state waste is the crux of the matter."

The legislation now goes to the full Senate for consideration, where it is expected to be challenged by the waste industry.

A 1991 state law was not intended to allow huge landfills that import tons of out-of-state garbage, but state rules overseen by the Department of Health and Environmental Control have allowed that to happen.

DHEC has approved far more capacity for garbage disposal at landfills than South Carolina needs for its own waste. That has made some sites in the Palmetto State attractive to other states for trash disposal.

Today, South Carolina is one of 11 states that import more than 1 million tons of garbage each year.

Republic Services' landfill in Lee County ships garbage in by rail from New York, North Carolina, New Jersey and other states. It already rises about 140 feet, which is nearly as tall as the state capitol building in Columbia.

The moratorium would last until 2011, unless the Legislature approves tighter landfill regulations before that. Those regulations are expected to decrease capacity — the amount that can be buried — in South Carolina from about 42 million tons annually to less than 13 million tons. State residents generate about 5 million tons of waste each year.

Thursday's decision to approve a moratorium may have little effect on Williamsburg County if county officials follow through on plans to cancel a deal with MRR Southern of Raleigh for a proposed disposal site. The moratorium also exempts several landfill expansions that are in the final stages of approval. Those include Waste Management's landfill in Richland County. The ban also does not affect construction and demolition landfills.

But the ban does affect Waste Management's plan to build a large landfill in Cherokee County to replace one in Spartanburg County.

"As a policy, moratoriums, we think, are a bad idea," said Randall Essick, senior manager for business development at Waste Management in North Carolina.

Waste Management and other major trash disposal companies, including MRR Southern, are expected to fight the moratorium in the Legislature.

Sen. Brad Hutto, D-Orangeburg, said he may offer changes to soften the moratorium when it reaches the Senate for debate. Thursday's decision follows an overflow public hearing earlier this week. An estimated 150 waste industry lobbyists, citizens opposed to landfills, environmentalists and others attended.

AP:

No new landfills for household garbage would be built for two years in South Carolina under a measure approved Thursday by a Senate committee.

The bill, sent to the Senate floor by the Medical Affairs Committee, would halt the permitting process for new landfills until Dec. 31, 2010.

The measure exempts expansions of the 18 current municipal landfills on adjacent property and landfills specifically for construction debris but would not allow existing garbage dumps to be replaced with new ones.

Opposition to proposals for three mega landfills in rural parts of the state spurred lawmakers to introduce the bill.

Conservationists, residents and lawmakers said they don't want other states' trash, no matter the millions of dollars in disposal fees and property taxes it could bring.

"I don't think it's worth the downsides of having landfills of this magnitude in our back yards," said Senate Majority Leader Harvey Peeler, a Republican from Gaffney, where one of the three is proposed.

County officials there have turned down the proposal to replace a landfill in Spartanburg County that is near capacity, although Waste Management said it will keep trying.

MRR Southern Llc has abandoned a landfill project in Williamsburg County to replace an old landfill.

Company officials said they have all but given up on their other proposal to build the state's 19th landfill in Marlboro County, following community opposition.

South Carolinians annually send more than 4 million tons of household trash to the state's 18 municipal solid waste landfills, according to the state Department of Health and Environmental Control.

Currently, permits allow the landfills to take in more than twice that amount yearly. And under regulations that favored regional dumps and caused about 60 smaller landfills to close a decade ago, the total could hit 42 million tons of trash yearly at 19 landfills.

A proposal to scale that back to less than 13 million tons yearly is in the works and should reach legislators within a month, said Kent Coleman, DHEC's solid waste director. The measure OK'd Thursday would limit the total number of dumps to the current 18 for two years. Sen. Brad Hutto, D-Orangeburg, said the new regulations will make the moratorium debate moot. Proponents said the break is needed to deal with any court challenges and make sure the new regulations get it right. South Carolina ranks ninth in importing trash, behind Virginia and Georgia in the Southeast, according to the National Solid Wastes Management Association, an industry group.

#### Shane Massey making bid for Congress

State Sen. Shane Massey announced Thursday his intent to run for the U.S. House seat being vacated next year by Gresham Barrett, who plans to run for governor. Mr. Massey, a Republican who represents the 25th District, including Aiken, Edgefield, McCormick, and Saluda counties, said the nation's economic crisis compels him to run for Congress. "I kind of feel like that's what it is -- a calling," he said. "With everything going on with all the bailouts and all the talk of stimulus money, I just think the stakes are too high to sit on the sidelines." Mr. Massey said he's appreciated the work Mr. Barrett has done in Congress representing South Carolina's 3rd Congressional District, and "if I could follow him I think that would be a great honor for me." He said he's sending out letters to 3,500 people in his senate district "just to let them know I am running and why I'm running." The why, he said, also is based on his belief that "a lot of these big decisions (in Congress) are being made by people who have lost some good judgment or small town common sense, and I want to bring some of that back." Mr. Massey said he declared his intentions to run now because he wants to get the word out and get an early start on fundraising. However, he said, he won't be alone. "There are going to be many candidates in this race before it's over with, most of them from the Upstate," he said. "They've already begun working hard."

**From:** Joel Sawyer  
**To:** [REDACTED]; Road, MCS  
**Date:** 3/19/2009 4:13:23 PM  
**Subject:** My Updates

I am calling in a second...

Columbia, S.C.

America's states are little laboratories of democracy, which are both affected by and relevant to the larger national debate -- and what we've found in our own corner of the country is that carrying a substantial debt load limits our options when it comes to running government.

As measured per capita, our state has more debt than any in the southeast. In fact, a recent report by the American Legislative Exchange Council ranked us 47th worst in the nation for amount of annual debt service as a percentage of tax revenue, with our state dedicating nearly 11 percent of its annual tax revenue to paying down debt. On top of that, South Carolina has another \$20 billion in unfunded, long-term political promises for pensions and other liabilities. Our state budget has already been cut four times in recent months as the national economic downturn has impacted South Carolina and driven down tax revenue.

President Barack Obama recently signed a massive "stimulus" bill that will spend about \$2 billion through "programmatic means" in South Carolina. In other words, the federal government will put this money directly into existing funding formulas and programs such as Medicaid. But there is an additional \$700 million that I as governor have influence over, and it's this money has drawn the national spotlight to South Carolina.

Here's the background: Before the stimulus bill passed, I asked for states not to be bailed out. After it was signed into law, I said that a state bailout would create more problems than it solved, and that we shouldn't spend money we don't have. That debate was lost, so I looked for a reasonable middle ground. I asked the president for his support in using the \$700 million to pay state debt.

If we're going to spend money we don't have at the federal level, it becomes all the more important that our state balance sheet is in good order-particularly if this is a protracted downturn. But many people do not realize that the stimulus money runs out in 24 months-at which point South Carolina will be forced to find a new source of funding to sustain the new level of spending, or to make sharp cuts. Sure, I could kick the can down the road; in two years, I'll be safely out of office. But it would be irresponsible.

If South Carolina uses stimulus money to pay debt, in two years we will be able to spend, cut taxes or invest even if the federal government can longer provide bailout money-not a remote possibility.

My thinking here is that when you're in a hole, the first order of business is stop digging. South Carolina is in a hole-and it's not a shallow one. Spending one-time stimulus money on ongoing programs would mean annualizing 10 percent of our entire state budget -- the largest recorded level in state history.

Also, spending stimulus money will delay needed state restructuring. General Motors recently found itself in a similar spot. It needs to be restructured if it is to prosper, but a federal bailout enabled it to put off hard decisions. Likewise, taking a federal stimulus money will only postpone changes essential to our long-term prosperity. Though well-intended, it forestalls the hard choices we must make.

One of Mr. Obama's central campaign themes was his pledge to do away with politics of the past. In his inaugural, he proclaimed "an end to the petty grievances and false promises, the recriminations and worn-out dogmas, that for far too long have strangled our politics."

This idea connected with millions of voters, myself included. I've always believed ideas should rise and fall

on their merits. In fact, I saw such historical significance in his candidacy and the change he spoke of that I published an op-ed on it before South Carolina's presidential primary last year. It was not an endorsement, but it did note the historic nature of his candidacy and the potential positive change in tone it represented. But that potential may now be disappearing.

Last week I reached out to the president, asking for a federal waiver from restrictions on stimulus money. I got a most unusual response. Before I even received an acknowledgement of the request from the White House, I got word that the Democratic National Committee was launching campaign-style TV attack-ads against me for making it.

Is this the new brand of politics we were promised? Instead of engaging with me and other governors on the merits of our dissent, I am to be attacked in television ads?

In the end, I just don't believe a problem created by too much debt will be solved by piling on more debt. This doesn't strike me as an unreasonable or extremist position, or one which merits attack ads as a response.

I'd like more than anything to spend this money on the very real needs in my state. South Carolina is my home, its people are my friends and neighbors. We'd all like to spend unlimited dollars on education or health care. But the fact remains that we must spend in the context of what is sustainable.

Mr. Sanford, a Republican, is the governor of South Carolina.

Joel Sawyer  
Communications Director  
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**From:** Joel Sawyer  
**To:** [REDACTED]; Road, MCS  
**Date:** 3/19/2009 3:49:50 PM  
**Subject:** Fwd: edit

Please give me feedback ASAP...

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**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/19/2009 9:36:34 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (1 of 1)

Governor's Daily Press Briefing - Thu., Mar. 19, 2009

Summary:

Graham: Lawmakers may not be able to bypass governors on stimulus money  
Post and Courier editorializes in favor of taking stimulus money  
Budget and Control Board cuts \$102 million in spending  
The State suggests other areas for transparency push  
Guest columnist says to 'stimulate now, save later'  
Bill creating Capitol Police Force advances

Text of Clips:

Graham: Lawmakers may not be able to bypass governors on stimulus money

Greenville News:

State legislators may not be able to bypass Gov. Mark Sanford in applying for \$700 million in economic stimulus money, according to a legal opinion obtained by U.S. Sen. Lindsey Graham. The opinion from the Congressional Research Service centers on a provision of the American Recovery and Reinvestment Act of 2009 inserted by U.S. Rep. James Clyburn of South Carolina after Sanford talked about not accepting the emergency money from Washington. Graham said at a news conference in Charleston Wednesday morning that the stimulus law is ambiguous as to who has authority to apply for the \$700 million. Bypassing the governor raises a "very difficult constitutional issue" about altering the way the federal government has always related to states, Graham said. Sanford, a leading critic of President Obama's \$787 billion stimulus program, has said he will turn down the \$700 million unless it can be used to pay down state debt. State lawmakers, meanwhile, have already started to employ Clyburn's mechanism for going around Sanford to get the money and use it to maintain education spending. Members of the Senate Finance Committee voted 18 to 3 Tuesday in favor of a concurrent resolution to bypass the governor. The \$700 million is South Carolina's share of \$48.6 billion made available to the 50 states through the U.S. Department of Education.

Post and Courier:

Gov. Mark Sanford's efforts to avoid taking federal stimulus money turned into a political free-for-all Wednesday when U.S. Sen. Lindsey Graham joined the fray. Graham questioned the constitutionality of a provision in the \$787 billion recovery package that allows the state Legislature to bypass Sanford if the two-term Republican governor ends up rejecting the \$700 million over which Sanford says he would have control. In a letter to the Obama administration Wednesday, Graham said congressional researchers found the provision to be unclear. A distinction is important, Graham said, because the president's interpretation of the provision could permanently change the nature of the relationship between the federal and state governments, and put the 10th Amendment in jeopardy. "There is a lot of confusion here," said Graham, R-S.C. Although Graham voted against the recovery package, he said South Carolina should accept the money it stands to receive, \$8 billion in all, because either way taxpayers here will be responsible for paying it back. If South Carolina does not take the money, it will be divided among other states. Based on Sanford's interpretation of the recovery package, he has influence over \$700 million of the total money that could come to South Carolina. Most of the money is for tax credits and grant money, although some recovery funds would flow into state coffers automatically. Sanford, however, is standing strong against accepting the money unless Obama allows him to apply it to

state debt. The governor, who is awaiting a response from the White House on a revised request he submitted Tuesday, argues that Congress does not have the money to spend and that the country's economic recovery and the stability of the dollar face serious problems.

Meanwhile, the state Legislature is poised to step in and take the money if Sanford rejects it. The proposed \$6.6 billion budget, which begins July 1, is built around accepting \$1 billion in recovery funds, including money Sanford wants to reject.

The state budget situation continues to worsen as tax collections fall short of projections. On Wednesday, the Budget and Control Board voted 3-1 for across-the-board cuts worth \$101.9 million in the current budget, which ends June 30. In all, state agencies have been dealt mid-year cuts of more than \$1 billion, and are bracing for more hard times ahead in the budget legislators are drafting now.

S.C. Senate leader Glenn McConnell of Charleston and lead budget writer Sen. Hugh Leatherman of Florence, both Republicans, say Graham's got it wrong. Senate lawyers have reviewed the matter and don't find a violation of the 10th Amendment, which defines federalism and states' rights, McConnell said. "I do not believe the process created in the federal law is in violation of the 10th Amendment. That's when Congress crams things down the throats of states," McConnell said. "In this case, Congress has given the states a choice." Graham rejected any suggestion that he is playing politics by raising the issue at a time when the money is at stake for South Carolina. He said it is his job as an elected official for the state to put the issue on the table.

Leatherman said he does not agree with the decision Congress made when it passed the American Recovery and Reinvestment Act; but at this point, the best thing to do would be accept the money, most of which is designated for public schools.

S.C. Superintendent of Education Jim Rex, a Democrat, testified before the Senate Finance Committee Tuesday and highlighted the reasons why the money is crucial to the Department of Education.

"Right now, South Carolina school districts are building their budgets for next year, and saving classroom teaching positions is Priority One," Rex said in a statement. "Districts need to know whether those federal dollars are in the pipeline, and they need to know very quickly."

Democrats U.S. House Majority Whip Jim Clyburn, who authored the provision in question, and state Sen. Vincent Sheheen of Camden, said the issue is bigger than a political fight.

"People are hurting and tired of the political games that are being played at the expense of their future," Sheheen said in a statement. "We cannot say we are serious about economic recovery and then turn around and cut thousands of teachers from our classrooms."

McClatchy:

U.S. Sen. Lindsey Graham and House Majority Whip Jim Clyburn clashed Wednesday over a nonpartisan congressional report that raises constitutional questions over a key stimulus clause crafted by Clyburn. Graham released a Congressional Research Service analysis that concludes it likely would be unconstitutional for a legislature to supplant a governor in accepting and using economic stimulus money. The Seneca Republican wrote a letter to White House budget director Peter Orszag, asking him to clarify "significant ambiguities" cited by the CRS study in the stimulus bill that President Barack Obama signed into law last month.

"While I did not support passage of the American Recovery and Reinvestment Act of 2009, I am interested and greatly concerned about how the administration plans to interpret and implement several provisions," Graham wrote.

The CRS analysis could imperil tens of millions of stimulus dollars reserved for South Carolina, where Gov. Mark Sanford last week became the first governor to reject some of his state's share of the money. Texas Gov. Rick Perry has followed suit.

"Right now, there is ambiguity in the law," Graham told reporters. "Can the Legislature require funds from the stimulus funds for education, or does it have to be the governor?"

The report by CRS, the research arm of Congress, focuses on a stimulus provision that Clyburn wrote to bypass Sanford and other governors who oppose using federal deficit spending to boost the economy.

The Clyburn clause authorizes a state's legislature to apply for its share of the stimulus funds if the governor fails to do so within 45 days of the measure's Feb. 17 enactment — by April 3.

That provision could be challenged because it appears to blur the separation of powers between executive and legislative branches of state government, the CRS report found.

Clyburn dismissed the concerns raised by the Congressional Research Service about the stimulus law.

"The intent of the law is clear and unambiguous," Clyburn said. "I find nothing in the Congressional

Research Service report which questions that intent. Anyone with constitutional concerns should raise them in a court of competent jurisdiction."

Clyburn criticized Graham's reading of the stimulus law.

"I strongly disagree with his narrow and, I believe, erroneous interpretation of the law," Clyburn said. "The (governor) workaround provision establishes a process to deliver vital recovery funding to communities that need it in instances that a governor refuses to accept the funding."

While the new analysis appears to open the door to possible legal action, Sanford was noncommittal.

"At this point, the CRS report raises more questions than it answers," said Joel Sawyer, a Sanford spokesman. "We will await whatever response and guidance Senator Graham gets from the (Obama) administration."

The CRS report focuses on the 10th Amendment of the U.S. Constitution. That amendment, part of the Bill of Rights, delineates the separation of powers between states and the federal government.

"An interpretation ... which provided that a state legislature could, by concurrent resolution, direct the activities of a governor, state and local entities would appear to violate the Tenth Amendment," the report concluded.

The South Carolina Senate Finance Committee voted 18-3 on Tuesday to pass a measure authorizing the state General Assembly to seek the stimulus funds if Sanford fails to act.

#### AP national

A government report released by South Carolina Sen. Lindsey Graham suggests the state's Legislature may not be able to override Gov. Mark Sanford if he rejects stimulus dollars for education.

Sanford has asked the White House for permission to use \$700 million on state debt but has been denied.

State lawmakers have voted to use the money if the Republican governor rejects it, believing they are authorized by a provision in the legislation inserted by South Carolina Rep. James Clyburn.

Graham released the report Wednesday. It says the Clyburn provision could violate the 10th Amendment, which gives states government powers not spelled out in the Constitution.

A day earlier, the state's school chief said public schools are in jeopardy without the money.

#### Independent Mail:

Who speaks for South Carolina is the essence of a question U.S. Sen. Lindsay Graham, R-S.C., is asking in a growing debate about whether legislators can bypass a governor to request federal stimulus money.

"The question is who speaks for South Carolina when dealing with the federal government? Is it the governor or the legislature? My understanding is it's the governor," Graham said in a conference call Wednesday.

Graham said the debate centers on a clause that U.S. Rep. Jim Clyburn, D-S.C., inserted into the American Recovery and Reinvestment Act of 2009. The clause empowers state legislatures to request fiscal stabilization funds directly from the federal government if a governor does not request them by the April 3 deadline.

Graham consulted with the nonpartisan Congressional Research Service and several lawyers, he said, and it was his opinion that in South Carolina only Sanford can request that money, which totals \$577 million.

The Congressional Research Service report issued to Graham also called Clyburn's clause "questionable" under the terms of the 10th Amendment.

"What I'm doing is trying to bring the constitutional issue to the table," Graham said Wednesday. "This could change the relationship between state governors and the federal government. It can also have an erosive effect on the 10th Amendment, which some people think has been eroded enough already."

The 10th Amendment limits the federal government to exercising only the powers it is granted by the Constitution, and therefore guarantees the right of states to govern themselves.

Clyburn welcomed Graham on Wednesday afternoon to challenge the law in court.

"I strongly disagree with his narrow, and I believe, erroneous interpretation of the law," Clyburn said through a statement. "The intent of the law is clear and unambiguous, and I find nothing in the Congressional Research Service report which questions that intent. Anyone with constitutional concerns should raise them in a court of competent jurisdiction."

As for Sanford's desire to use the federal money to pay down state debt, Graham said he understood the position but believed it would be better to take the money as offered than decline it. He also expressed doubts Sanford would get approval to spend it on debt.

"We may be able to opt out of taking the money, but we won't be able to opt out of paying it back," Graham said. "Gov. Sanford would like to pay down state debts, but if he is unable to do that, it would be better for him to take it than not."

Graham said he voted against the Obama administration's stimulus package, primarily because it is "too big, too complicated, and it creates a lot of new government a lot of people should be concerned about."

Sanford spokesman Joel Sawyer said Wednesday the governor will wait for a response from the Obama administration regarding the Congressional Research Service report.

Sawyer said the report "raises more questions than answers."

#### Post and Courier editorializes in favor of taking stimulus money

Gov. Mark Sanford's stubborn reluctance to accept federal stimulus funding with what he calls "strings attached" stirs debate over whether — and how — South Carolina should spend that money. But a related question deserves attention, too: Who speaks for our — or any other — state?

South Carolina's senior U.S. senator, Lindsey Graham, is a lawyer who was routinely touted last year as a potential Supreme Court nominee if John McCain won the presidency. Yet he is unsure of the answer to the above question as prominent state lawmakers move toward supplanting Gov. Sanford's authority on this issue.

So Sen. Graham asked the Congressional Research Service that question. And he sounded an alarm Wednesday during a news conference at the Charleston International Airport: "This has implications that go far beyond the stimulus bill."

The CRS responded that state legislatures can make stimulus decisions for such existing programs as Medicaid and road funding. That's in accord with the stimulus bill's stipulation, from 6th District Rep. James Clyburn, the House Majority Whip, that a legislature can assume that authority if a governor doesn't accept stimulus money within 45 days of the bill's signing.

However, the CRS identified governors as the only agents who can apply for "financial stabilization" stimulus funding for new education programs, including school repairs. On Wednesday, Sen. Graham stressed the need for "clarity" from the Obama administration. He has written a letter to the White House's budget office seeking its opinion on this matter.

The rise in centralized power through U.S. history has weakened the 10th amendment, which reserves to states the "powers not delegated" to the national government by the Constitution. But as Sen. Graham warned, if a president can totally bypass a governor on stimulus funding, it would further undermine states' prerogatives.

Sen. Graham voted against the stimulus bill, which he again condemned Wednesday as "creating more government than jobs." Yet he's also against turning down stimulus funding in light of our state's dire fiscal circumstances, offering this common-sense argument: "If the choice is South Carolina receiving the money or it going to another state, I would take the money because we're going to have to pay it back. The whole country will have to pay it back because it's borrowed money."

Sen. Graham expressed doubts about Gov. Sanford's hopes for re-directing stimulus money toward paying down any portion of the state's debt — and worries about the risk of a court fight if the White House tries to "just go around a governor."

The senator's constitutional concerns are valid. But the governor could resolve this issue for South Carolina by simply taking the stimulus money and applying it, as best he can, where it would do the most good.

By doing so, we believe he would be correctly "speaking for the state." The need for our stimulus share is real — and grimly evident to most South Carolinians.

#### Budget and Control Board cuts \$102 million in spending (AP)

A South Carolina budget oversight panel Wednesday cut \$102 million from the remainder of this year's state spending plan to head off a potential budget shortfall, taking more money from public schools, colleges and health and social service agencies.

With Wednesday's cut, the board and legislators have carved \$1.1 billion from what started in July as a \$7 billion budget.

The five-member Budget and Control Board approved the 2 percent reduction with a 3-1 vote. Gov. Mark Sanford, the chairman, was away at Air Force Reserve training.

"We think it's a mistake," Sanford spokesman Joel Sawyer said. "If the General Assembly is in session and has the ability to address the cuts, we think they should."

Comptroller General Richard Eckstrom voted against the across-the-board cuts.

"And it seems to me that the only instrument that we have to make cuts right now is a very blunt instrument. It's a dull ax," Eckstrom said.

South Carolina's rainy day fund has only \$102 million remaining in it and the state has little choice, said Senate Finance Committee Chairman Hugh Leatherman, R-Florence. Meanwhile, the state's Corrections Department and Juvenile Justice Department both are running deficits totaling nearly \$50 million.

State tax collections have continued to plunge since Christmas. "I'm fearful that we're not through seeing reductions," said Senate Finance Committee Chairman Hugh Leatherman, R-Florence.

The state Education Department loses \$44 million, pushing its budget loss to \$387 million when reductions in a sales tax fund are included. Education Superintendent Jim Rex told the Senate Finance Committee Tuesday that he's surveying schools districts and has found 300 staff layoffs and 1,100 positions left open. The state has 49,000 teachers.

The six largest human services agencies, including the Department of Health and Human Services and Department of Social Services, combined lose more than \$27 million.

The state's two and four year colleges and programs lose more than \$12 million, with \$3.5 million taken from the University of South Carolina's campuses around the state, \$1.8 million from Clemson University and \$1.5 million from the Medical University of South Carolina.

The State suggests other areas for transparency push

GOV. MARK SANFORD, Comptroller General Richard Eckstrom and their allies are investing a lot of political energy in making government spending more transparent, through what they call an "online checkbook" that shows every expenditure state agencies make.

That's a positive move — even if it does have a clearly ideological goal of making it easier to find anecdotal evidence that government is inherently wasteful — because the more readily available public information is, the better the chance that public officials will put the public interest first in their actions. But we shouldn't fool ourselves into thinking that the public is fully served — or, if what can be done is limited, even best served — by putting expenditure data online. As a national study released in conjunction with Sunshine Week shows, several types of information that are of much more practical use to average South Carolinians still are locked away in often-inaccessible government buildings here in Columbia. South Carolina offers online access to 12 of 20 types of records the American Society of Newspaper Editors checked, including school test data, disciplinary actions against physicians and attorneys, political campaign contributions and expenses and environmental violations. But you'll have to go in person to a state agency (good luck finding parking — or the time for the trip, especially if you live outside Columbia) if you want to find out such personal pocketbook issues as which gas pumps overcharge. You'll have to go for a drive to find out how your child's school bus did on its latest inspection or, for that matter, how the school itself did on fire safety inspections.

Wondering which bridges are unsafe to drive on? The inspection and safety reports are online — at the Federal Highway Administration. But journalists and students who conducted the survey reported having a tough time finding them; no such trouble in 23 other states. Teacher certification records are similarly online but difficult to locate. The secretary of state doesn't post the names of bogus businesses it knows of, and DHEC doesn't post hospital inspection reports. You can order a death certificate online, but it'll cost you — \$12 to DHEC and another \$12.95 for a private business that facilitates the transaction. And that's just a sampling of what's not online. The Greenville News noted, for example, that last year's audit of the Department of Disabilities and Special Needs criticized the agency for "a Web site that doesn't contain relevant information, is hard to navigate and unsearchable."

By and large, the problem isn't that officials want to hide information. Rather, it takes money and time — neither of which they have in abundance — to post the information, some of which still arrives on paper. It's hard to justify spending extra money right now to get those paper files online, but in some cases information could be posted with little but the will to make it happen. When that's the case, it should be done immediately. And if anyone has to choose which comes first — the "online checkbook" or those inspection reports that affect vital decisions that everyday South Carolinians have to make — the financial data should take a back seat. As important as it is that we be able to see how government spends our money, it's more important to be able to access the information it collects that bears directly on how we

live our lives.

Guest columnist says to 'stimulate now, save later'

In his two recent columns in *The State*, Gov. Mark Sanford has suggested that government spending designed to stimulate a flat-lined economy is a bad idea because it is always a mistake to spend money that you do not have. As plausible as this folksy maxim might seem, it is based on a flawed understanding of economics and wrong-headed reading of American history.

The governor's most recent economic homily collapses under close scrutiny. Individuals, households, businesses and governments regularly spend money they do not have, and in many instances, they spend it wisely.

Spending money you do not have means borrowing money, and families routinely borrow money to buy homes and cars, to provide college educations for their children, to secure care for elderly parents and to purchase other goods and services that represent investments in a better quality of life and brighter future. Businesses do the same thing when they borrow to build a new plant, make a new acquisition, start a new commercial or residential development or bring a promising new technology online. Governments borrow to construct highways, hospitals, public buildings, schools, laboratories and the latest weaponry.

The federal government is unique in its ability to engage in deficit spending, because its credit is not limited by a personal income stream (like individuals) or constitutional restrictions (like most states), and it alone can expand the money supply. Thus it has a special responsibility to stimulate a sagging economy with spending when the national credit system is temporarily paralyzed.

The historically based criticism of the national stimulus package offered by the governor and other opponents of government activism is also easily refuted. The Great Depression (1929-40) was similar to our current downturn in several disconcerting ways. Both were triggered by the collapse of speculative bubbles (the stock market of the 1920s, the housing/mortgage-derivatives of today). Both downturns gained momentum quickly, sapped the confidence of investors and consumers alike and initiated a downward spiral in asset values and gross domestic product. Both were deepened by a credit crunch, and both drove wealth and income down while unemployment and social misery spiked.

But there are key differences as well. From its inception in late 1929, the Great Depression worsened steadily for nearly four years as the Hoover administration and the Federal Reserve cut government spending, contracted the money supply and recommended consumer and governmental belt-tightening (much the same policy prescriptions Sanford and his allies advocate today). The avalanche of economic collapse gained momentum until the policies of new President Franklin Roosevelt in 1933 countered it with government spending. Fortunately, in our current crisis, the Federal Reserve has acted, if a bit too slowly, to expand the money supply and prop up a beleaguered financial system to avert a complete unraveling of the nation's banking system.

Once the various New Deal spending programs were under way, unemployment was cut in half within four years. But in 1937, President Roosevelt, reacting to political criticism of his programs, prematurely cut back spending, stalling the recovery and prolonging the depression. Massive deficit spending to fund war mobilization stimulated the economy out of the Depression, and by 1943 spending had driven unemployment down to less than 4 percent. The massive government spending on infrastructure and government partnerships with private industry (e.g., aeronautics and automobiles) set the stage for the broad postwar economic expansion that made this the richest nation in the world.

President Obama and his administration have recently taken bold action on the fiscal front. History suggests that the threat to the success of the Obama stimulus plan is not that it is too ambitious or that it includes some measures that might encourage new directions (new energy, green technologies, etc.) for the economy over the long-term, but that the stimulus package is not large enough or that the administration might pull back the throttle too soon in response to a weakening of political will.

At this anxious moment in our history, and in a state with the second-highest unemployment rate in the nation, refusing federal stimulus money or using it for a long-term purpose such as paying down debt is unwise, counter-productive and insensitive to the many South Carolinians who face anxiety, frustration and genuine hardship due to a colossal failure by an under-regulated and reckless free-market economy, which the governor defends with misguided devotion.

Not spending borrowed money to stimulate a depressed economy is a bad prescription for leading a hard-pressed state plagued by double-digit unemployment and deep revenue shortfalls out of the worst economic downturn since the Great Depression. But a better remedy is at hand: We must stimulate the

economy now, and save later.

#### Bill creating Capitol Police Force advances (AP)

South Carolina legislators have advanced a bill that would create a new Capitol Police force. Senate President Pro Tem Glenn McConnell's bill won approval in a Senate Judiciary Committee subcommittee Wednesday and now heads to the full committee for debate. McConnell chairs that committee.

The legislation is a response to security concerns at the Statehouse raised by the FBI and Secret Service and a reaction to Gov. Mark Sanford pulling the Bureau of Protective Services from checkpoints leading into the complex last fall.

Sanford questioned spending on a security system restricting access to a garage beneath the office complex.

The bill was amended Wednesday to make it clear the new police force has statewide arrest powers beyond the complex's four-block area.

**From:** Patrick Franks  
**To:** Road, MCS  
**Date:** 3/18/2009 5:10:00 PM  
**Subject:** Andy Abboud #

[REDACTED]

Patrick K. Franks  
(803)-734-5195

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**From:** Emily Pease  
**To:** Road, MCS  
**Date:** 3/18/2009 1:52:15 PM  
**Subject:** US News call

US News call with James Pethokoukis (peth-a-COW-kiss) at 12:00pm Pacific (3pm Eastern). Topic is stimulus.

Patrick will connect, but James's number is [REDACTED] if needed.

**From:** Joel Sawyer  
**To:** Road, MCS  
**Date:** 3/18/2009 11:25:18 AM  
**Subject:** Please check your comcast when you can

It is not extremely urgent, but just some follow up/thoughts on our earlier conversation.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

**From:** Kevin Pazdernik  
**To:** [REDACTED], MCS Road  
**Date:** 3/18/2009 9:51:41 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text of Clips (2 of 2)

Columnists editorialize in favor of Gov. Sanford's stand (Continued)

American Spectator (Philip Klein):

Gov. Sanford has sent another letter to President Obama refining his request to use some stimulus money intended for South Carolina to repay its debt and also calling on Obama to condemn the DNC attack ads that have been run against him. The letter is pitch perfect both substantively and in its measured tone. The White House rejected Sanford's initial request by arguing that the stimulus money had to be used for education as well as other "fiscal stabilization." In his response letter, Sanford proposes using the money to pay off education-related debt, with the balance being used to pay down debt on one of three other areas of the state budget.

Sanford also notes how the DNC attack ads are getting in the way of an important dialogue that needs to be taking place. He writes that, "Because I believe you and I share a common desire to escape this worn-out 'attack first' mentality, I'd respectfully ask you to immediately condemn and put an end to this unnecessary politicization of a truly important policy discussion." In the letter's conclusion, he jibes, "A good part of your candidacy was fueled by the hope for change in the way political debate is conducted in our country. On this, actions will speak louder than words - words you have been so gifted in delivering - in determining where you really stand, not as a candidate promising to deliver on change, but as a leader now capable of bringing this change."

Las Vegas Review Journal:

Why is America in an economic pickle?

Short answer: Encouraged by government interventions that sent incorrect financial signals -- including artificially low interest rates and mandates designed to make housing "more affordable" -- America continued to "borrow and spend" when we would have better off to pay down our debts and start saving. That makes this week's White House response to South Carolina Gov. Mark Sanford deliciously symbolic. Gov. Sanford wanted to use part of the \$700 million in "stimulus" funds being sent to his state to pay down South Carolina's debt -- specifically, future obligations under the state's pension system.

No no, responded White House Budget Director Peter Orszag in a letter this week (even as the Democratic National Committee took out ads, criticizing Gov. Sanford for not grabbing the "free" money for schools and medical subsidies.) The \$787 billion stimulus bill doesn't allow any of that money -- which will likely be borrowed -- to be used to pay down debt, Mr. Orszag explained. The whole idea was to require the states to spend, spend, spend -- ratcheting up budgets which could require tax hikes to sustain in future years.

Kind of like advising a drunk that the best cure for a hangover is to start drinking again.

It may seem to relieve short-term symptoms. But the long-term consequences are likely to be ... well, sobering.

Index-Journal says debate should focus on stimulus plan, not name calling

South Carolinians are no different than any of their counterparts across the nation. Apparently, neither are the political purveyors who have gone overboard in their efforts to make character assassination of their opponents standard operating procedure.

There is a big difference between "regular" South Carolinians and those that seek to manipulate politics for partisan gain. It's never been more evident in the Palmetto State than at present. Everyday it gets worse and it appears to be an effort to "set up" future elections.

Many taxpayers are concerned over "stimulus" spending and how that money is used. They consider that as much or more of a problem than the economy.

THAT'S THEIR PREROGATIVE. They have every right to complain about things that conflict with their personal views, whether it's about troubled spending, embryonic research, welfare "stateism" or any of the important issues that are constantly debated these days.

That, of course, not only applies to the people, it also is true for governors and lawmakers who see adding

trillions of dollars to the national debt being piled on our children and grandchildren as a huge mistake. What's hard to understand, though, is the malevolent language that is being haphazardly thrown about against those who have the courage of their convictions ..... and say so.

THERE ARE LEGITIMATE concerns that spending opponents have. When their critics use beyond-the-pale vitriolic language for what is obviously political pandering it's something that goes against the grain for a lot of people ..... and should.

The people in general have made it clear for some time that they want to see more cooperation among those they elect - Democrat or Republican - to address common problems that negatively affect all. They leave no doubt they prefer building up rather than tearing down for those who handle public business. They believe that would be more helpful than the childish verbal tantrums that appear to be policy for some, not just political debate.

It's not hard to determine who takes the name-calling gutter road. It stands out like the proverbial sore thumb.

The State editorializes against updated stimulus request

THE WHITE HOUSE must be wondering what part of "no" Gov. Mark Sanford doesn't understand. We're beginning to wonder what planet he lives on.

We understand Mr. Sanford's opposition to the fiscal stimulus package; although we believe the package was necessary, we too disliked many of the specific spending initiatives.

We understand — and often respect — his push for fiscal responsibility; heaven knows our Legislature too frequently engages in irresponsible, unsustainable spending practices.

We agree that it's better to avoid excessive debt.

But Mr. Sanford's latest attempt to avoid using federal stimulus funds to actually put South Carolinians to work and help pull our state out of recession is so unhinged from reality that it's difficult to believe even that it's a politically calculated effort to position himself as a 2012 challenger to President Barack Obama. His do-over attempt is nonsensical enough: Within hours after the White House quite reasonably rejected his request to divert \$700 million in stimulus funds to repaying "debts" — some of which haven't even been incurred yet — the governor sent the president a repackaged request, attempting to explain how not using the money to stimulate the economy would stimulate the economy. He even asserted that his non-stimulative proposal was in the "spirit of the stimulus legislation." Seriously.

But that flight of fancy looks downright respectable and realistic compared to one of his specific requests: He asked permission to use \$125 million for "paying down debt related to the state's Unemployment Compensation Trust Fund that currently exceeds \$200 million and would directly impact those currently out of work in this struggling economy" (emphasis added).

To understand why this is so absurd, some explanation is in order: The debt is owed to the federal government, which has no expectation of being reimbursed until after the recession ends; it isn't even charging interest on the loan yet. The only way paying back this loan early would "directly impact those currently out of work in this struggling economy" is by making it less likely that they'll be able to find a job, because money that the Congress meant for us to spend creating and preserving jobs has been diverted from its purpose.

Mr. Sanford also proposed to use \$577 million set aside for education, in order to pay off school and university bonds early. He says this would free up \$162 million in principal payments over the next two years and \$125 million in interest payments over the next 13 years. What that means is that over the next two years, the state would have \$145 million that could be used to pay teachers and professors, instead of \$577 million.

The governor has an excellent point when he likens his plan to paying off a mortgage early, thereby freeing up money for other expenses. If you have money available to pay down your mortgage or other debts while still paying your monthly bills, by all means you should do so. Here's the problem: Our state doesn't have enough money to pay all our bills, even with the federal infusion; using some of it to pay off the "mortgage" means even fewer of our far more urgent bills get paid.

As Senate Finance Chairman Hugh Leatherman explained last week, if your house is on fire, your first action is not to drive to the bank and pay off your mortgage. It's to put out the fire.

Over-the-top Bolton editorial makes laundry list criticisms of Gov. Sanford

### WHY DOES Mark Sanford hate South Carolina?

He might as well. At least then it would be easier to understand why, in six and a half years, this governor has done virtually nothing to lead this state and meet the needs of the people he asked to serve. All we've gotten is ideological rants and tangents that ignore real-world South Carolina.

South Carolina has far too many problems — far too many people without health-care coverage, far too few social service workers, far too many payday lenders, far too many children receiving a poor education — to suffer a governor who far too often acts as if he doesn't care.

People are losing jobs by the thousands with scary regularity in our already-poor state, but instead of helping ensure jobless workers get much-needed unemployment checks — or better yet, jobs — this governor threatened to hold up payments until he got data he wanted from the Employment Security Commission.

No right-thinking — and few right-leaning — governors or politicians would consider such action. Most governors — Republican or Democrat, conservative or liberal — are practical. They're problem-solvers; they know when they take office their job is to meet the needs of their states, including ensure necessary programs are in place and funded and that children get quality public education.

Mr. Sanford acts as if he's still a maverick in Congress whose acts of dissent don't matter.

Yes, they do. Take, for example, his callous decision to use the unemployed as pawns in his staged battle with the Employment Security Commission. It was the equivalent of someone who had a disagreement with one party reacting by slapping an innocent, unsuspecting third party.

South Carolinians shouldn't soon forget that slap in the face.

Mr. Sanford's antipathy for governing South Carolina became quite obvious long ago. Most notable is his dislike for public education, on which the future of hundreds of thousands of children depend. Instead of working to make public schools better for all children, Gov. Sanford wanted to "put parents in charge" by offering tax dollars to parents who already can afford to, and do, send their kids to private schools, or who would take their children out of public schools and put them in private schools.

Mr. Sanford's diversion has taken energy and time away from efforts to improve our schools. He all but rolled out the red carpet to outsiders who want not only to strip money from public schools, but to dismantle them. When such folks begin to infiltrate a state, those who would deconstruct government aren't far behind; often, they're the same folks. We've got our share of interlopers, and they love Mark Sanford.

While the governor's refusal to embrace public schools hurt long-term, what he's been up to lately could hurt immediately.

He's actively fighting the stimulus package Congress passed in an effort to bolster state budgets, put people to work and jump-start the economy. Unemployment, which has been rising ever since Mr. Sanford took office in 2003, jumped above 10 percent statewide in January, the second worst in the nation. Thirty-five counties have double-digit unemployment. Allendale County's rate was 23.4 percent, and Marion's stood at 22.4 percent.

We're talking unemployment you can literally see as you visit this state's towns and hamlets.

Mr. Sanford has been so busy posturing for attention and campaigning against President Obama that he apparently hasn't noticed South Carolinians are hurting. This state needs a jolt as bad as any, yet its elected leader has shown little desire to help.

Last week, he wrote President Obama asking to use \$700 million of the stimulus money directed to South Carolina to pay down debt rather than put people back to work or keep services operating. If he can't use the money the way he'd like — in a way that's least likely to help this state's people — he doesn't want it. Fortunately, President Obama rejected the irresponsible request. But guess what? The governor is persisting.

In addition to an ideologue, we've got an ambitious politician in the governor's mansion, one who has an aversion to governing.

It's the governor's job to commit time and effort thinking about how to educate another child or how to get an abandoned child adopted or how to recruit a company that would provide jobs. But Mr. Sanford would just as soon see government go away.

In more than six years, he hasn't laid out any kind of coherent plan to elevate South Carolina. He hasn't articulated any realistic vision, hasn't shown the ability to set a goal and lead people toward it and hasn't encouraged, inspired or reassured this state's people.

He's far removed from South Carolinians' everyday struggles. He has no idea what it's like to go to school in the Corridor of Shame (or any public school) or to get up at 4 a.m. to go to a job hours away, only to

return late at night, not having seen your children all day. He has no inkling what it means to lose your job and there not be a viable option in your town — or county.

As he's gotten more attention for shirking his responsibility to govern, I'm hearing yet again the oft-repeated story of him sleeping on a futon while in Congress. Well, there are lots of people in South Carolina who are homeless, sleeping on floors, eating less-than-healthy meals and going without medicine, not because they're rich and can bear it for a few months a year to make an ideological point, but because they live in one of the poorest states in the union. And their governor just doesn't get it. He would rather doggedly cling to ideology than take prudent steps to help this state succeed. We're worse off for it.

Why does this governor hate South Carolina so much?

#### Report to raise doubts about legislatures' ability to bypass governors on stimulus money

A new nonpartisan congressional report may raise constitutional questions about whether state legislatures have the power to seek economic-stimulus funds that their governors reject.

The report by the Congressional Research Service, the nonpartisan research arm of Congress, casts doubt on a key provision of the \$787 billion stimulus bill that President Barack Obama signed into law last month, according to sources familiar with the report.

The clause, aimed at bypassing governors who oppose using deficit spending to jolt the economy, authorizes a state's legislature to apply for the stimulus funds if its governor fails to do so within 45 days of the stimulus measure's Feb. 17 enactment — by April 3.

That provision could be challenged over whether it blurs constitutional separation of powers between executive and legislative branches of state government.

The researchers' report doesn't conclude that the stimulus provision is unconstitutional, but rather says there are legitimate concerns, the sources said.

The report's analysis focuses in part on the 10th Amendment of the U.S. Constitution. That amendment, part of the Bill of Rights, codifies the principle of federalism and delineates the division of powers between states and the U.S. government.

Such questions could imperil stimulus funds for South Carolina and Texas, whose governors have said they will reject some of their states' shares of the money.

Gov. Mark Sanford, who last week became the first governor to turn aside some of his state's stimulus funds, has sent Obama a second letter, asking whether he could allocate a portion of the money to school districts to pay off their debts.

White House budget director Peter Orszag on Tuesday rejected an earlier request from Sanford to use stimulus funds to reduce state government debt, saying the law specifies the money must go to save the jobs of teachers, police officers and other public employees.

Texas Gov. Rick Perry followed Sanford's lead last week in spurning a share of his state's stimulus funds. Other governors, among them Sarah Palin of Alaska, Haley Barbour of Mississippi and Bobby Jindal of Louisiana have criticized the stimulus plan.

Sanford says he has discretion over \$700 million of stimulus funds for South Carolina, which is slated to receive \$8 billion overall, including \$2.5 billion in tax cuts, \$1 billion in extra Medicaid payments and \$463 million extra to build and repair roads and bridges.

The S.C. Senate Finance Committee voted 18-3 Tuesday to pass a measure authorizing the S.C. General Assembly to seek the stimulus funds if Sanford fails to act.

The measure was authored by Sen. Hugh Weatherman, a Florence Republican.

The Congressional Research Service report raises concerns that such a move by the General Assembly could usurp Sanford's executive power.

U.S. Sen. Lindsey Graham, a Republican from Seneca, scheduled a news conference for today to discuss the Congressional Research Service report. Graham joined all but three other Republican senators in voting against the stimulus bill last month.

(AP - Sen. Graham to weigh in)

South Carolina Republican Sen. Lindsey Graham is stepping into the state's tussle over \$700 million in federal stimulus money.

Graham plans a news conference Wednesday in Charleston to discuss the authority of state legislators to use the portion of stimulus cash over which governors have first say.

Gov. Mark Sanford has been asking the White House for permission to use it on debt but has been denied.

South Carolina state lawmakers have voted to use the money if the Republican governor doesn't.

Graham recently has suggested that governors, not lawmakers, may control the money. But South Carolina Rep. Jim Clyburn helped write the stimulus bill with Sanford in mind. The Democrat has said state lawmakers should be able to control the money.

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/18/2009 9:51:35 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text of Clips (1 of 2)

Governor's Daily Press Briefing - Wed., Mar. 18, 2009

Summary:

Gov. Sanford narrows request for stimulus dollars  
Columnists editorialize in favor of Gov. Sanford's stand  
Index-Journal says debate should focus on stimulus plan, not name calling  
The State editorializes against updated stimulus request  
Over-the-top Bolton editorial makes laundry list criticisms of Gov. Sanford  
Report to raise doubts about legislatures' ability to bypass governors on stimulus money

Text of Clips:

Gov. Sanford narrows request for stimulus dollars

The State:

Gov. Mark Sanford has asked President Barack Obama for a second time to use \$700 million in federal stimulus money to pay off state debt, a day after the White House rejected his request to waive federal rules.

The request comes as the state's budget situation worsens. The State Budget and Control Board will meet today to decide how to deal with an \$86 million budget shortfall created by falling state revenues, which, if approved, would mean a total of \$1.1 billion in cuts since the budget year began in July.

And Tuesday, a Senate budget panel voted 18-3 to protect S.C.'s ability to accept the federal money, should Sanford reject it. In a letter to the White House Tuesday, Sanford, a Republican, asked if South Carolina could use \$577 million to pay off school bonds, while using an additional \$125 million to repay unemployment loans, retiree benefits or other state debt. Doing so, Sanford said, would free up \$162 million in debt payments the next two years and an additional \$125 million over the next 13 years that could be put to other uses.

"I've made clear my position to using debt to solve a problem created in the first place by too much debt — and I don't believe this to be an unreasonable position," Sanford wrote.

"We believe this course of action will do more to ensure South Carolina's long-term economic strength than would other contemplated uses of the funds."

South Carolina will get more than \$8 billion in stimulus benefits, most of it in tax cuts. Hundreds of millions of dollars will go to health care, public schools, and road and bridge construction.

Monday, White House budget director Peter Orszag declined Sanford's first request for a waiver to use the money toward debt, saying the bill gave the president no such authority. The White House did not comment on Sanford's second request.

Sanford spokesman Joel Sawyer said unlike the earlier request, Tuesday's letter was not asking for a waiver. Instead, Sawyer said Sanford was seeking White House approval that the proposal met the law. Sanford has said he would not accept the money, about \$700 million of \$2.8 billion in total state aid over two years, if it could not be used for debt.

The bulk of the federal money is intended for schools, and state education leaders objected to Sanford's plan.

Kershaw County superintendent Frank Morgan compares Sanford's spending plan to a parent paying off a house mortgage when their children are starving.

"We have a more immediate set of needs (than paying down debt)," Morgan said. "We're worried about how we're going to pay teachers next year, how we're going to pay for programs and how we're going to meet the state requirements of educating children."

This year, the district has slashed its budget, cut teachers' pay by 1.75 percent and furloughed all other employees for six days.

"If we don't get this stabilization money, we're talking about cutting people, cutting programs, cutting pay,



increasing class sizes," Morgan said. "It could set this district back 10 years. That's not an exaggeration." In the state's poor school districts, like Dillon 2, little money has been borrowed for school construction. Thus, Sanford's plan would not benefit them.

"We haven't borrowed a whole lot because we don't have the ability to pay it back," said Dillon 2 superintendent Ray Rogers, whose district includes the now famous J.V. Martin Jr. High. The school campus includes a building constructed in 1896 the president used to press his case for the stimulus package.

"What I need is a check now to build facilities," he said.

State Superintendent of Education Jim Rex said Sanford's idea ignores more pressing short-term needs for schools over the next two years. Spending \$700 million on debt would mean money could not go to classroom programs or teachers.

In the past year, Rex said, about 300 teachers have been laid off and 1,100 teaching positions are unfilled. Without the federal money, which has been included in the House's budget, those numbers would grow, as would student-to-teacher ratios in the state's public schools.

State Democrats believed the new Sanford request likewise violated the spirit of the stimulus bill to create or maintain jobs, both public and private. They criticized Sanford for politicizing the issue.

"I think it's time to quit trying to be pen pals with the White House and take the money," said Carol Fowler, S.C. Democratic Party chairwoman.

Some, like Sen. Glenn McConnell, R-Charleston, said Sanford's proposal made sense, but if the law does not allow the money to be spent on debt, that it's time to tackle other issues.

"That game's over," McConnell said. "We need to move on to resolve what all we should take."

#### Greenville News:

Continuing a politically charged dialogue with the White House, Gov. Mark Sanford on Tuesday said he wants to use the bulk of \$700 million in stimulus money from Washington to pay back state debt for school and university construction. Fellow Republicans in the Legislature, meanwhile, planned to spend the money as Washington dictated -- with most of it to maintain education spending.

Democrats continued to attack the governor's position in a television ad and at a press conference in the state capital.

Sanford, a leading critic of the \$787 billion economic stimulus plan and other federal spending meant to rescue the economy, last week asked the White House for a waiver to use the \$700 million to pay down debt.

Sanford has threatened to reject the money altogether unless it can be used for that purpose.

In a response Monday to Sanford, White House budget director Peter Orszag said South Carolina must use the \$700 million to support education, public safety or other government services since the American Recovery and Reinvestment Act of 2009 doesn't authorize the president to grant waivers.

The \$700 million is a small part of the \$8 billion benefit South Carolina is expected to get from the stimulus plan -- about \$3 billion in cash to the state government and various other recipients and \$5 billion in tax cuts.

Tuesday, Sanford released a second letter to Obama with more specifics of his plans for the \$700 million. This time, the governor said he'd use \$577 million to pay back money the state has borrowed for school and university construction. Sanford also said he'd like to use \$125 million for other debt such as that related to unemployment payments or the state's retirement system.

Paying off school and university construction bonds early, Sanford said, would free up more than \$162 million in debt service payments in the first two years and save another \$125 million in interest payments over 13 years.

The freed-up money could then be used for other educational purposes, he said, "just as paying off a mortgage early frees up the typical monthly payment for other uses."

Sanford also reiterated his call for President Barack Obama to stop a television ad from the Democratic National Committee that attacks his position on the stimulus money.

The ad began airing Monday on cable networks in the Columbia area. A DNC spokesperson said it was scheduled to run for a week.

There was no immediate response from the White House, but in Columbia, state Democratic leaders criticized the governor at a press conference where they appeared with unemployed workers.

Lawmakers in the House have already designated half of the \$700 million -- all that's available this year -- to restore cuts to schools and universities.

Some of the money was also used to plug budget deficits at the Department of Corrections and the Department of Juvenile Justice, said Dan Cooper, a Piedmont Republican who chairs the budget-writing House Ways and Means Committee.

Cooper said using the money that way would prevent teacher and state employee layoffs that would "add thousands more to our unemployment lines and exacerbate the downward economic spiral."

Cooper said Monday that the jobs of 4,000 teachers and 700 prison guards are on the line if the state doesn't take the money.

"If we refuse the money, it will simply go to other states like California, and New Jersey," Cooper said.

Joel Sawyer, the governor's spokesman, said "saying that not using the stimulus money would definitely lead (to) the outcomes he suggested is ridiculous."

Sawyer said every state dollar is interchangeable and that Sanford's executive budget proposal funded everything Cooper identified without the use of stimulus money.

Sawyer said the Governor's Office made tough choices in its budget proposal, such as closing regional campuses and proposing the layoff of 94 administrators at the Department of Education.

Cooper and House Speaker Bobby Harrell of Charleston said they like Sanford's idea to use the money to pay down debt but so far Washington hasn't allowed that.

Harrell said he thinks it is a "terrible idea" for the federal government to borrow money to prop up state budgets.

"But they've done it, and they've given us very little options except to refuse the money and pay it back anyway," Harrell said. He said House Republicans won't raise taxes if the economy and state revenues haven't recovered when the stimulus money runs out in two years.

The Senate is still working on its version of the state budget.

Tuesday, members of its Finance Committee voted to accept the \$700 million even if Sanford refuses it -- an option lawmakers have as the result of a provision inserted into the federal stimulus package by Rep. Jim Clyburn of South Carolina, a Democrat and majority whip in the U.S. House.

State Sen. Hugh Leatherman, a Florence Republican who chairs the Finance Committee, said thousands of teachers could be laid off and the state's education system rendered untenable if South Carolina refuses to take the stimulus money.

"I guess the governor's proposing to not educate our people and not prepare them for a job in the future," Leatherman said.

Sawyer said Democrats and other supporters of the stimulus plan are playing politics "because they're not willing to tell the truth about how this spending rips off future generations."

"The governor has put forth a responsible proposal that not only pays down debt, but frees up millions of dollars for years to come," Sawyer said.

Sanford is chairman of the Republican Governors Association and some conservatives see him as a possible presidential candidate in 2012.

In his latest letter to Obama, Sanford was polite but sharp with the Democratic president.

About stopping the DNC ad, Sanford told Obama his actions would speak louder than his words "in determining where you really stand, not as a candidate promising to deliver on change, but as a leader now capable of bringing this change."

At the press conference in Columbia, Carol Fowler, chair of the state Democratic Party, called on Sanford to "put the needs of South Carolinians first and use these recovery funds to create jobs and revive our economy. We can't afford to wait while he sends letters to the White House."

Post and Courier:

Mark Sanford was unfazed by the president's rejection letter.

On Tuesday, South Carolina's Republican governor wrote back to President Barack Obama, again asking for permission to use about \$700 million in stimulus dollars to pay down state debts. And he also asked the president to pull an attack ad off the air.

Sanford's critics again are accusing him of posturing toward a possible 2012 presidential bid rather than ensuring that state government is doing all it can to help the unemployed and others affected by the state budget crunch.

Less than 24 hours after Obama rejected Sanford's request for a waiver to use the stimulus money to pay off debt, Sanford again wrote the White House. He said he proposed using \$577 million to pay off State School Facilities Bonds and Research University Infrastructure Bonds and using \$125 million to pay down other state debts.

Sanford said those ideas fit the statutory requirements under the stimulus legislation. On Monday, Peter Orszag, director of the president's Office of Management and Budget, said Congress didn't authorize the president to waive requirements of the American Recovery and Reinvestment Act.

"I also await your response on pulling down the attack ads," Sanford wrote, referring to a Democratic National Committee ad that began airing Monday in Columbia.

Meanwhile, the debate has spread beyond South Carolina.

ColorOfChange.org, which bills itself as the nation's largest black online political organization, said its members have placed more than 800 calls to Sanford's office urging him to change his mind.

"It's obvious even to Republicans in South Carolina that this has nothing to do with what's best for the state, it's all about scoring political points," said the group's executive director, James Rucker.

Sanford press secretary Joel Sawyer said, "What we're hearing from real folks in South Carolina is overwhelmingly positive. I can't really speak to what out-of-state folks are doing in their efforts."

While only about 3 percent of those ColorOfChange calls originated from inside South Carolina, other Sanford opponents raised their voices, too.

South Carolina Democratic Chairwoman Carol Fowler, who supports the DNC's ad, joined a few Democratic lawmakers to say Sanford's political posturing is hurting state residents.

"The people in this state need economic relief, and they need it now, and they don't need him sending letters back and forth to the White House trying to find other ways to use that money other than helping with jobs," she said.

She noted that 52 mayors in the state have urged Sanford to reconsider, and that the \$700 million at stake could help their cities from laying off police officers, fire fighters and others.

Sawyer called their criticism "schizophrenic."

He said last week that House Democrats were arguing against using one-time revenues in the state budget, "and now they seem to be in favor of it."

Dorchester County Democratic Party Chairman Steve Yeomans said he has been hearing bipartisan disbelief as to what's going on.

"I understand that Mark is a fiscal conservative, and that's fine. On the other hand, he has to realize these aren't normal times, and the economy needs to be stimulated," he said.

Berkeley County GOP Chairman Wade Arnette said he's heard a lot of division over the stimulus issue.

On Tuesday, the state Senate Finance Committee opted to take control of the stimulus money if Sanford doesn't make spending decisions by April 3, The Associated Press reported.

Still, Arnette said he's inclined to give the governor the benefit of the doubt.

"I'm not sure I'm privileged to all the information I need to make that decision. I hope Mark (Sanford) is," Arnette said. "I know there is a big division on this, and I'd like to see it straighten out."

AP:

Rebuffed once, South Carolina Gov. Mark Sanford on Tuesday made a second bid to use \$700 million in federal stimulus cash to pay down state debt, this time asking President Obama for permission to pay school construction costs and federal loans covering the state's unemployment checks.

Sanford, head of the Republican Governors Association and a leading critic of federal bailouts, said using \$577 million to pay off much of the principle of South Carolina's school construction debts will save the state millions in payments that could be used for other education costs.

He likened the move to paying off a mortgage early, freeing up money for other expenses, and said he believed it fit within the limits of stimulus money uses.

Meanwhile, the head of the state's public schools told lawmakers Tuesday that without the cash, teacher layoffs would skyrocket.

"I don't think we'd have a viable public school system in our state," said Education Superintendent Jim Rex.

The governor, a potential 2012 presidential candidate, said the remaining \$125 million could cover other debts. He used about half of his latest letter to castigate Obama for not condemning an ad being aired by national Democrats in South Carolina slamming the governor for his stimulus money plans.

"I've made clear my opposition to using debt to solve a problem created in the first place by too much debt - and I don't believe this to be an unreasonable position," he wrote.

"Because I believe you and I share a common desire to escape this worn-out 'attack first' mentality, I'd respectfully ask you to immediately condemn and put an end to this unnecessary politicization of a truly important policy discussion."

The White House did not comment on the new request.

On Monday, White House Budget Director Peter Orszag nixed Sanford's first proposal to use the \$700 million on unspecified debt, saying in a letter that money sent to states to stabilize their budgets had to be used mostly for education, with less than a fifth used on other government functions.

The goal of the \$787 billion stimulus package and the \$53.6 billion sent to state budgets is to prevent layoffs of teachers and police officers and spur the economy and job growth, Orszag said.

The ad sponsored by the Democratic National Committee hits the same themes and takes a shot at Sanford's political ambitions, saying he is "playing politics instead of doing what's right" and says he should be using the money on jobs, schools and health care.

In all, South Carolina gets about \$2.8 billion in federal stimulus money over two years, and Sanford has the first shot at control over only a portion. State House lawmakers have already made plans for it, salting \$1 billion in stimulus money into the \$6.6 billion budget being crafted for next year, using it to restore cuts made this year as tax revenues slumped.

More budget cuts are coming anyway. On Wednesday, a state budget oversight panel is to meet to discuss cutting \$87 million from spending because of dropping revenues, costing public schools \$37 million.

South Carolina ranked second in the nation in unemployment rates in January at 10.4 percent, behind only Michigan, and Sanford's fellow Republicans who control the Legislature say they don't want more budget cuts, or state taxpayers to be saddled with repaying federal stimulus debt and not getting any benefits from it.

On Tuesday, the state Senate Finance Committee opted to take control of the stimulus money if Sanford doesn't make spending decisions by April 3. That came after the state's top educators told lawmakers the money is needed to spare teacher jobs and head off huge college tuition increases.

Without the money, public schools already have decided to lay off at least 300 school workers and keep 1,100 jobs open, Rex said.

State Democrats on Tuesday said Sanford's approach doesn't make sense given the state's needs.

"I think it's time to quit trying to be pen pals with the White House and take the money," South Carolina Democratic Party Chairwoman Carol Fowler said.

The latest proposal from Sanford appears to hew more closely to the stimulus measure's intent - while keeping with his philosophical opposition to incurring debt. He notes in his letter that paying down most of the \$579 million outstanding in school and university construction bonds over the next two years would free \$162 million in debt payments over that period to put into education.

Sanford says there are options for the remaining \$125 million.

One would be paying down \$200 million borrowed from the federal government to cover unemployment checks. South Carolina's jobless fund has been running dry for months as claims jumped. It's now paying about \$20 million weekly to some 135,000 people. A second option would use the money to pay down future obligations in the state's retirement fund. Other debts could also be considered, Sanford said.

"This course of action will do more to ensure South Carolina's long-term economic strength than would other contemplated uses of the funds," he said.

#### Independent Mail:

South Carolina Gov. Mark Sanford Tuesday made a second request to President Barack Obama for permission to spend federal stimulus money to help pay off the state's debt.

White House Budget Director Peter Orszag denied Sanford's first proposal to use the \$700 million on unspecified debt. Orszag told Sanford in a letter sent Monday that money sent to states to stabilize their budgets had to be used mostly for education, with less than a fifth used on other government functions.

Sanford drafted a second letter to the White House yesterday, this time asking Obama for permission to pay school construction costs and federal loans covering state unemployment checks.

Sanford said using \$577 million to pay off the principle of South Carolina's school construction debts will save the state roughly \$162 million in payments. That money could then be used for other education costs, he said.

Sanford compared the move to the common practice of paying off a mortgage early, freeing up money for other expenses, and said he believed it fit within the limits of stimulus money regulations.

The governor said the remaining \$125 million in federal funds could cover other debts.

"I've made clear my opposition to using debt to solve a problem created in the first place by too much debt — and I don't believe this to be an unreasonable position," he wrote. "This course of action will do more to

ensure South Carolina's long-term economic strength than would other contemplated uses of the funds." The White House said it did not have an immediate comment on the new request.

South Carolina is slated to receive about \$2.8 billion in federal stimulus money in the next two fiscal years. State House lawmakers have already made plans for most of it, setting aside stimulus money for the \$6.6 billion state budget being crafted for next year, and using it to offset cuts made this year because of a drop in tax revenues.

State Superintendent of Education Jim Rex Tuesday told state senators that federal stimulus funds are needed to offset \$365 million in district budget cuts statewide.

Rex told the senators school districts were facing even deeper cuts in next year's budget.

Republicans at the state and federal level voiced support for the Governor Tuesday.

A spokesman of U.S. Rep. Gresham Barrett, R-S.C., spoke against some of the earmarks in the stimulus funding legislation.

"Congressman Barrett would contend with calling it a stimulus package when it has in it \$50 million for the national endowment for the arts and hundreds of millions for green golf carts for federal government employees, not to mention \$30 million to protect the San Francisco Harbor Mouse," said B.J. Boling, spokesman for Garrett. "The Congressman respects the governor for the stand he's taking on this issue." U.S. Sen. Lindsey Graham, R-S.C., who Monday decried bonus payments to AIG executives while the insurance giant is being propped up by stimulus funds, was not immediately available for comment Tuesday night.

Graham has scheduled a press conference today in Charleston to discuss South Carolina's portion of stimulus money and the state's authority to request it.

The South Carolina Libertarian Party also expressed support for the governor's approach to the stimulus funds.

"Gov. Sanford has correctly interpreted the consequences of accepting Federal bail-out funds," the party indicated in a news release issued Tuesday.

The party called the federal stimulus legislation unconstitutional because it allows the federal government to bypass certain branches of state governments in prescribing how the funds are to be used.

The statement was made in reference to the insertion by U.S. Rep. Jim Clyburn, D-S.C., of language into the American Recovery and Reinvestment Act of 2009 that allows state lawmakers to accept federal stimulus money in states whose governor's reject them.

But the state's Democrats Tuesday said Sanford's approach doesn't make sense in light of current needs. "I think it's time to quit trying to be pen pals with the White House and take the money," said South Carolina Democratic Party Chairwoman Carol Fowler.

Columnists editorialize in favor of Gov. Sanford's stand

Charelston City Paper:

In the spring of 1984, I was 10 years old and had one burning desire — to get my hands on the new Twisted Sister album *Stay Hungry*. "We're Not Gonna Take It" was the greatest song I had ever heard. Well, at least since Quiet Riot's "Cum on Feel the Noize" the year before and Def Leppard's "Rock of Ages" before that.

But with only a \$5-a-week allowance, I would have to wait two weeks before being able to afford the \$7.99 cassette. When I begged my parents for the extra money early, I was told that "money doesn't grow on trees." But Mom and Dad were wrong.

If President Barack Obama and the Democrats are to be believed, the age-old economic lesson my parents tried to instill in me has been utterly rebuked. Money not only grows on trees, but the trees are blooming. How else can you explain Washington's decision to print more money to solve America's current lack-of-money woes?

With the national Democratic Party, a majority of state Republicans, and more than a few constituents bashing him for resisting the Democrats' \$787 billion dollar stimulus, Gov. Mark Sanford still insists on pointing out that you can't fix the economy by "spending a bunch of money we don't have."

Said Sanford last week, "What you're doing is buying into the notion that if we just print some more money that we don't have and send it to different states, we'll create jobs ... If that's the case, why isn't Zimbabwe a rich place?"

In Zimbabwe, attempts to stimulate the economy by printing money — including a \$100 trillion bill — have saddled the already poor African nation with debt and further financial meltdown.

Conservatives are in a tough spot right now, precisely because in these tough economic times, few people want to hear that "money doesn't grow on trees." Sanford, Texas Congressman Ron Paul, market observer Peter Schiff, and others predicted the current calamity, but they were ignored then and they are being ignored now, in favor of "experts" who never saw the crisis coming and now seek to solve it with more of the same.

Any reasonable adult knows that money does not grow on trees. Sanford, Paul, Schiff, and company are looking to cut the branches while Obama and his friends want to water the roots and further drown the dollar.

In these crucial times, we cannot afford more business-as-usual "leadership." Or as Thomas E. Woods writes, "We are at a watershed point in our country's history. Historians may look back on it as a turning point comparable in scope to the New Deal, the Progressive Era, or even the Civil War ... The problem with the stimulus is much more fundamental — namely, the blockhead economics on which it is based. What we need, in short, is full-throttle opposition."

Woods is correct. "Full-throttle opposition" is exactly what this moment requires, but the kind of leaders that can do that will have to possess balls of steel, a particularly difficult challenge in the hostile economic and political environment of today.

Continues Woods, "[Grown-ups] understand that wealth is created through saving, investment, and entrepreneurial skill; that wealth has to be produced before it can be consumed; and that lending is impossible in the absence of prior saving."

He adds, "Today, we grown-ups have to explain these basic principles to the deranged children — as they run around with their fingers in their ears, and screaming 'I can't hear you!' — who run our government, write our opinion columns, and fill American airwaves with stupid and destructive economic advice."

One need not be an economist to understand basic economics, and Woods' common sense reflects the same elementary principles everyday people apply to their everyday lives — you cannot endlessly spend what you don't have; credit isn't unlimited; money does not grow on trees.

As a kid, I used to fantasize about Monopoly money being real and mine for the taking. As an adult, I find that this fantasy is now a necessary prerequisite for political office.

If money does grow on trees, as Obama and his party now suggest, there's no reason for us all not to buy million dollar homes, sports cars, and dine out every night. All we have to do is print more money! Such thinking is precisely what has led to our current crisis, and it's foolish to believe more of the same is going to get us out of it.

National Review (Veronique de Rugy):

I was just informed that Gov. Mark Sanford just sent back a letter to President Obama in response to the rejection letter he received yesterday from the White House about his request to not be forced to use the stimulus money to buy yet more debt. In the letter, Sanford offers several statutory reasons for why his state can use the stimulus funds to reduce debt levels instead of spending it on jobs.

He writes: "I've made clear my opposition to using debt to solve a problem created in the first place by too much debt — and I don't believe this to be an unreasonable position." No, it's not.

He then proposes to refocus his request by asking that he be allowed to spend his state's recovery fund to pay down education debt. (Quotes letter)

"We trust these alternative proposals fit both the statutory requirements and spirit of the stimulus legislation," Sanford explains.

He also reiterates his call for the Democratic National Committee (DNC) to take down its ads criticizing Sanford for his stance. "What I find less reasonable is the way this DNC attack ad returns a nation indeed yearning for change back to the same old politics-as-usual," he writes.

National Review (Mark Hemmingway)

Not only is Sanford engaged in pitched battle with the White House over what to do with the "stimulus" money, but, as Veronique mentioned below, he's also fighting off the DNC which has already launched attack ads against him for not supporting the President's agenda. Yesterday, Sanford responded to the ad. (Response posted)

National Review (Jim Geraghty)

Those keeping an eye on South Carolina Gov. Mark Sanford like Reihan Salam and Jerry Taylor should take note of the latest round in this developing fight...

It's good that the Obama administration finally got around to responding to Sanford's request, and as he notes, unfortunate that the DNC's attack dogs work faster than, say, the administration's Office of Management and Budget. Unfortunately for them, the governor also seems to know what he's talking about, making the case that paying down debt is an investment in the state's education programs. (Letter to Obama posted)

**From:** Joel Sawyer  
**To:** [REDACTED]: Road, MCS  
**Date:** 3/18/2009 9:36:00 AM  
**Subject:** Give me a call before you get started today

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax



**From:** Joel Sawyer  
**To:** MCS Road  
**Date:** 3/17/2009 9:55:07 PM  
**Subject:** Re: Tonight

I mentioned it to them already...they are receptive but I won't push hard.

Joel Sawyer  
Office of the Governor

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-----Original Message-----

From: MCS Road  
To: Joel Sawyer <[jsawyer@gov.sc.gov](mailto:jsawyer@gov.sc.gov)>  
Creation Date: 3/17 8:49 pm  
Subject: Re: Tonight

Maybe fri or none of above

\*\*\*\*\*  
\*\*\*\*\*

-----Original Message-----

From: Joel Sawyer  
To: [REDACTED] <[REDACTED]@gov.sc.gov>  
Creation Date: 3/17 12:52 pm  
Subject: Re: Tonight

Can't do Weds b/c you'll be on Beck earlier that day. If it's cool with you, I'll reach out to them for Thursday. I just wanted to make sure it's even a possibility from a time standpoint.

Also, I need guidance from you about inbound regarding the Budget and Control Board meeting for tomorrow. Obviously you won't be participating in the meeting, but we're being asked if we support further across the board cuts. I think the response is obviously no, that it's crazy to make across the board cuts while the General Assembly is in session with the ability to target cuts. Also, Scott said to pass along that doing ATB cuts while the legislature is in is NOT unconstitutional. But obviously from a policy standpoint, we think it's wrong.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

>>> MCS Road 3/17/2009 1:43:23 PM >>>  
Wed or maybe thur

\*\*\*\*\*  
\*\*\*\*\*

-----Original Message-----

From: Joel Sawyer

To: [REDACTED]@gov.sc.gov>

Creation Date: 3/17 12:39 pm

Subject: Tonight

Would you want to try and do Hannity tonight? It would be between 6-7, your time. They haven't asked...just thought it may be worth pitching. If not tonight, then Thurs?

Joel Sawyer  
Office of the Governor

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**From:** Mary Neil Stroud  
**To:** [REDACTED] Road, MCS  
**Date:** 3/17/2009 5:17:17 PM  
**Subject:** Tomorrow

Joel is still working to nail down locations and times for media tomorrow. He said he will likely not have answers for me until tomorrow. If I do not talk to you before, the gameplan will just be for you to meet up with Sgt. Chock tomorrow at 12:00pm where he dropped you off on Sunday and he will have a schedule for you. Below is all we have confirmed right now. Note these times are YOUR time (Pacific), not ours.

Thanks,

Mary Neil

-----  
12:00pm (PACIFIC TIME) Sergeant George Chock ([REDACTED]) arrives Loews Lake Las Vegas Resort to pick up MS

\*Sgt. Chock to meet MS where he dropped him off on Sunday

1:00pm - 1:15pm (PACIFIC TIME) Call in Radio Interview: Washington Times Radio Car

Host: Rick Amato

Call in numbers: primary 877-474-3302 or backup (Joseph Deoudes) 202-528-6918

Call in: 1:00pm PACIFIC, 4:00pm EASTERN

Hit time: 1:01pm or 1:02pm PACIFIC, 4:01pm or 4:02pm EASTERN

Duration: approx. 12 minutes

-Patrick to connect

**From:** Kevin Pazdernik  
**To:** MCS Road  
**Date:** 3/17/2009 2:37:57 PM  
**Subject:** Re: Governor's Daily Press Briefing - Summary and Text (1 of 2)

I'm not seeing this anywhere. Was it in the Atlanta Journal Constitution or another Atlanta publication?

>>> MCS Road 3/17/2009 1:45:39 PM >>>

Please find cartoon in atlanta paper yesterfay i think aboout me and obama

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-----Original Message-----

From: Kevin Pazdernik

To: [REDACTED]  
MCS Road <[REDACTED]@gov.sc.gov>

Creation Date: 3/17 8:38 am

Subject: Governor's Daily Press Briefing - Summary and Text (1 of 2)

Governor's Daily Press Briefing - Tue., Mar. 17, 2009

Summary:

FYI - Stimulus op-ed picked up in Greenville News and Myrtle Beach Sun News  
Gov. Sanford's first waiver request rejected as Obama refuses to condemn ads  
Sen. DeMint calls Gov. Sanford a 'true American hero'  
Gov. Sanford profiled by Esquire columnist  
Chellis knocked for appearing in TV commercials  
Sen. Tom Davis editorializes against "predatory dumping"  
Sanford family's house on the market

Text of Clips:

Gov. Sanford's first waiver request rejected as Obama refuses to condemn ads

The State:

White House budget director Peter Orszag on Monday rejected Gov. Mark Sanford's request to use some of South Carolina's economic-stimulus funds to pay down state government debt, telling the governor the funds must be used to save or create jobs.

Sanford thanked the White House and said he would send the Obama administration another, "more narrowly tailored," request today to use stimulus money to reduce the state's debt.

"What may fit in one state may not fit in another, and accordingly I think tailoring stimulus responses makes sense," Sanford said. Sanford's spokesman Joel Sawyer accused Obama of playing a "game of good cop, bad cop" by allowing the Democratic National Committee to launch a TV ad Monday criticizing the governor for opposing the \$787 billion stimulus bill the president signed into law last month.

Orszag, responding to a letter Sanford sent last week, said the new stimulus law doesn't allow governors to use money intended for other purposes to instead make debt payments.

"During this severe economic downturn, Congress and the president wanted to provide states and localities with emergency funding in order to prevent the layoffs of teachers, police officers and other vital public servants," Orszag wrote to Sanford.

Sanford, who confronted Obama over the stimulus plan in a Dec. 1 meeting of the then-president-elect with 46 governors, last Wednesday became the first governor to reject some of the stimulus money.

Texas Gov. Rick Perry followed suit Thursday.

"We appreciate the White House's response, as it represents a far more constructive form of dialogue than did the DNC attack ad now running in South Carolina," Sawyer said.

"It's time for the president's game of good cop, bad cop to end, and, therefore, we again ask him to end these ads so we can engage in a productive dialogue on the merits of our request."

U.S. House Majority Whip Jim Clyburn, a Columbia Democrat who helped craft the stimulus bill, praised the White House decision.

"South Carolina's needs are numerous," Clyburn said. "... I hope the Legislature will move forward with plans to draw down recovery funding to meet our needs."

South Carolina and its residents are slated to get \$8 billion in stimulus money, including \$2.5 billion in new tax cuts, \$1 billion in additional Medicaid payments, and \$463 million extra to build and repair roads and bridges.

Sanford claims he has control over \$700 million of the state's stimulus funds. Clyburn crafted clauses in the stimulus bill aimed at bypassing Sanford and other governors who oppose using deficit spending to boost the economy.

S.C. Senate Democratic leader John C. Land III thanked Obama and accused Sanford of "playing political games while our state suffers."

South Carolina's unemployment rate is 10.4 percent, the nation's second-highest behind Michigan.

Columbia City Council members E.W. Cromartie, Sam Davis and Tameika Isaac Devine were in Washington on Monday to urge the state's congressional delegation to ensure that South Carolina gets its full share of the stimulus funds.

"It would be a tragedy if we cannot receive every dollar we can to help the people of South Carolina, because our citizens will be required to pay for this recovery," Cromartie said.

The three council members met with U.S. Rep. Gresham Barrett, a Westminster Republican and 2010 gubernatorial candidate, and aides to Clyburn and U.S. Sen. Lindsey Graham, a Seneca Republican.

Cromartie said the group also met with Rick Wade, acting chief of staff of the U.S. Commerce Department. Wade ran unsuccessfully for S.C. secretary of state in 2002 after heading the S.C. Department of Alcohol and Other Drug Abuse Services under former Gov. Jim Hodges.

Republican legislators in the GOP-controlled General Assembly have advanced a measure to accept South Carolina's share of the stimulus money.

A clause in the stimulus bill, crafted by Clyburn, authorizes legislatures to seek stimulus funding if governors fail to do so by April 3.

Most Midlands viewers can see the weeklong anti-Sanford ad by the DNC on the Columbia affiliates of CNN, MSNBC and FOX.

Sanford said the ad contradicts Obama's campaign promises to end partisan politics.

"I don't think this approach of targeting ads against anyone who sees an issue a little differently represents the kind of so-called change many people were voting for in November," Sanford said.

#### Post and Courier:

Gov. Mark Sanford will try again today to get President Barack Obama to give him money to pay down the state's debt, rather than allow \$700 million in federal stimulus cash to pay for education, public safety and other government services over the next two years. But Democrats said the two-term Republican governor already is getting what he's after: publicity.

A television advertisement by the Democratic National Committee that accuses Sanford of "playing politics" began airing on cable channels in the capital city Monday and will continue throughout the week.

Sanford wants the ad pulled. His press secretary, Joel Sawyer, said the one-page rejection letter the White House sent Monday to the governor's original request is a better way of communicating. The ad began running before the governor had received the response from the White House and breaks Obama's campaign promise to reform "politics as usual," Sawyer said.

Sanford will release details of his follow-up request today.

"In the meantime, part of a truly constructive response would be to call off the attack dogs from the DNC who are now attempting through political attack ads to determine our course of action," Sawyer said. "It's time for the president's game of good cop, bad cop to end, and therefore we again ask him to end these ads so we can engage in a productive dialogue on the merits of our request."

Peter R. Orszag, director of the president's Office of Management and Budget, wrote that Congress did not authorize the executive branch to waive requirements of the American Recovery and Reinvestment Act.

Under the stimulus plan, South Carolina stands to receive \$700 million to help stabilize the state budget, which lost more than a billion dollars to falling tax collections since this summer. The state could receive between \$2.9 billion and \$8 billion, if all the grant money and tax credits are cashed in.

Sanford told Obama last week that if the president does not allow him to use the \$700 million to pay off debt that he would reject that money, the only portion of the stimulus package that Sanford said he has authority over.

The governor argued that accepting the money would be a profound mistake, because it is money that the U.S. government does not have, and that spending it will dramatically cut the buying power of a dollar. His opposition — voiced in conversations with a string of national political pundits — led to criticism that Sanford was ignoring the economic plight of many South Carolinians while trying to get a boost for a 2012 presidential run from conservative Republicans.

Sanford said anyone who questions his motives needs to check out his 15-year track record of the same fiscal conservatism throughout his tenure in politics.

Because of Sanford's opposition, U.S. House Majority Whip Jim Clyburn, D-S.C., inserted a provision in the stimulus bill that allows the state Legislature to accept the money if the governor rejects it. Otherwise, that money would revert back to a national pot.

More than 50 mayors across the state signed on to a letter Friday to urged Sanford to reconsider his position, and ask the Legislature to intervene if he does not.

Lead budget writer Sen. Hugh Leatherman, R-Florence, said his Finance Committee will discuss today a plan to accept and distribute the stimulus funds that Sanford said he will reject.

Some of the stimulus money is reaching the state economy now by flowing directly to agencies, including the Department of Transportation. South Carolina's share will continue to infuse the state over the next two years, Leatherman said.

He said he has no doubt that the Legislature would override any decision Sanford would make to reject the money. The House-passed version of the \$6.6 billion budget is built accepting \$1 billion.

"The Congress has passed the stimulus bill. That's behind us," Leatherman said. "If a state does not take the money, it is distributed among the other states. That money is not going to stay in D.C. and yet our people will be responsible for paying it back.

"I think that's one of the most fool-hearted things I have ever heard in my entire life."

AP:

The Obama administration on Monday rejected South Carolina Gov. Mark Sanford's request to use \$700 million in federal stimulus cash to pay down state debt.

White House Budget Director Peter Orszag said in a letter to the Republican that the federal stimulus law doesn't allow President Barack Obama to make an exception for that cash. Last week, Sanford said he would reject that stimulus money if Obama wouldn't give him flexibility in spending it, but Sanford spokesman Joel Sawyer now says it's not over.

The \$787 billion stimulus legislation sets strict rules for the \$53.6 billion being sent to help state budgets, Orszag wrote. It calls for 82 percent of the money to be used for public schools and colleges and 18 percent on public safety and other government services.

"Congress has not authorized the executive branch to waive any of the above statutory requirements," Orszag's one-page letter said.

Last week, Sanford left little doubt about how he would handle rejection of his plans use the money to pay down debt, including future obligations in the state's retirement system.

"If your administration determines that it is unable to grant us this flexibility, we will in turn opt not to pursue these funds," Sanford said in his letter to Obama.

"We're in the process of drafting a response that will go back to the White House tomorrow, which will more narrowly tailor our request to pay off debt in a way consistent with the Administration's response. We believe there is a way to do so," Sawyer said. He declined to elaborate, but noted all options hadn't been exhausted. "We'll be identifying that tomorrow in our letter to the White House."

Sanford's letter last week brought a backlash from some in his own party who said the state faces steep program cuts without the cash. Sanford, the chairman of the Republican Governors Association, has become an outspoken critic of federal stimulus efforts, spurring more talk he may make a 2012 presidential bid.

His stance triggered an ad from the Democratic National Committee, which claims the governor is playing politics with the stimulus cash instead of using it for health care, jobs and schools.

Sanford called on Obama to get the DNC to drop the ad, which he said was at odds with the president's campaign promises of ending politics as usual.

"It's in that spirit that I'd respectfully ask him to end this ad, as it shatters the idea of change he so well articulated this fall — and to ask his Democratic National Committee to put an end to this mudslinging and get back to an honest debate about the future of our country," Sanford said.

The DNC did not provide details about spending and how long the ad would run on cable news channels beyond saying they'll end this week. A spokeswoman said the ads won't be pulled early.

Sanford is not the only one upset with the DNC ad.

State Rep. Bobby Harrell, a Republican who has been critical of the stimulus plan but wants to spend the money on roads, bridges and other infrastructure, said he didn't give the DNC permission to use his picture in the ad alongside U.S. House Majority Whip Jim Clyburn, South Carolina's highest ranking Democrat in Washington.

Clyburn has lambasted Sanford and other governors who said they may not take some of the stimulus money, calling such a move a "slap in the face of African-Americans."

South Carolina stands to see as much \$8 billion during the next two years from its share of stimulus plan when tax breaks and non-state spending items, such as Pell grants, are included. Sanford says about \$2.8 billion is heading to state programs and he'll have control of the \$700 million in question.

Last week, the South Carolina House, which is controlled by the GOP, passed a state budget patched together with the help of \$1 billion in federal stimulus cash. Then, Senate Finance Committee Chairman Hugh Leatherman, a Republican, introduced a measure that would allow the state to spend the stimulus cash despite Sanford's opposition.

South Carolina has reeled from \$1 billion cut from a \$7 billion budget since the current fiscal year began July 1, striking deeply into spending on schools, colleges and health care with many agencies losing a fifth or more of their allocations. The picture is expected to get worse this week as a budget oversight board is expected to cut an extra 1 percent, or \$64 million, from agency budgets.

That and the state's 10.4 percent jobless rate in January — the nation's second highest — have convinced Statehouse Republicans and Democrats of the need for the cash.

"It's unfortunate that Mark Sanford has been playing political games while our state suffers," said state Senate Minority Leader John Land, D-Manning. "By playing these games, the only thing being stimulated is Sanford's profile with the radical right-wingers in Washington. It amounts to nothing more than political Viagra for him."

#### Greenville News:

The White House rejected Gov. Mark Sanford's request to use \$700 million in economic stimulus money to pay down South Carolina's debt, and a state legislative chairman said the jobs of 4,000 teachers and 700 prison guards are on the line if the state doesn't take the money.

And the Democratic National Committee on Monday unleashed a television advertising campaign critical of Sanford's position on the stimulus.

The political fireworks may foreshadow the 2012 presidential race with some national conservatives touting the potential of a Sanford presidential bid campaign.

White House budget director Peter Orszag said in a response to Sanford that South Carolina must use the money for education, public safety or other government services because the American Recovery and Reinvestment Act doesn't authorize the president to grant waivers.

Undeterred, Sanford began work on a new strategy to "more narrowly tailor" his request and draft a response to go to the White House today, said his spokesman, Joel Sawyer.

Sawyer urged the White House to "call off the attack dogs" from the DNC and "engage in a productive dialogue on the merits of our request."

The DNC ad, which began airing Monday on cable networks in the Columbia area, accuses Sanford of "turning down millions in recovery act funds, putting politics ahead of health care, jobs and schools."

Sanford said it doesn't represent the "kind of so-called 'change' many people were voting for in November."

State Rep. Dan Cooper, a Piedmont Republican who chairs the budget-writing House Ways and Means Committee, said South Carolina has little choice but to use the \$700 million to make up for plunging revenue.

He said the state budget -- already cut from \$7.1 billion to \$5.6 billion in less than a year -- would have to be slashed another 8 percent to 9 percent if the stimulus money is used as Sanford proposes.

He said that would trigger the layoffs of 4,000 teachers and the emergency closures of three to five prisons, with 3,400 inmates freed early and 700 guards losing their jobs. Sawyer, however, said Sanford's proposed budget "avoided any of those consequences without any stimulus dollars."

#### Politico:

Obama budget director Peter Orszag has slapped down South Carolina Gov. Mark Sanford's request to use \$700 million in stimulus cash for his state's deficit — ordering him to deploy the cash on programs and payments to the unemployed.

"During this severe economic downturn, Congress and the president wanted to provide states and localities with emergency funding in order to prevent the layoffs of teachers, police officers and other vital public servants," Orszag wrote.

"Congress has not authorized the executive branch to waive any of the above statutory requirements governing the State Fiscal Stabilization Fund," he added.

Sanford has sparred with D.C. Democrats, particularly House Majority Whip Jim Clyburn (D-S.C.). The Democratic National Committee has recently run ads criticizing him.

Sanford spokesman Joel Sawyer said his boss appreciated Orszag's letter, promised a response soon — and took a shot at Obama for the tone of the whole exchange.

"We appreciate the White House's response, as it represents a far more constructive form of dialogue than did the DNC attack ad now running in South Carolina," Sanford said. "We're in the process of drafting a response that will go back to the White House tomorrow, which will more narrowly tailor our request to pay off debt in a way consistent with the administration's response. We believe there is a way to do so."

Oh, and:

"It's time for the president's game of good cop, bad cop to end, and therefore we again ask him to end these ads so we can engage in a productive dialogue on the merits of our request."

#### Examiner:

In a move that pits the power of the federal government against state sovereignty, the Obama administration informed South Carolina Governor Mark Sanford on Monday that he would not be allowed to use the state's 'stimulus' funds to pay down the state's debt.

As a harsh critic of the Obama-Democrat 'stimulus' spending spree, Sanford had maintained that if he accepted the money from the feds he wanted to use it to reduce South Carolina's burdensome state debt, which skyrocketed when the legislature went on a spending spree and squandered a multi-million dollar surplus.

But when Sanford officially requested a clarification from the feds concerning the use of the money, Obama administration officials informed Sanford that the money could not be used in any fashion except what had been prescribed by Congress in the pork-laden 1.2 trillion-dollar spending bill.

The response from the Obama team was not surprising in the least. Whenever federal funds are used for anything, there are enough strings attached to animate a trillion puppets.

Late in the day on Monday, Governor Sanford sent a response to the White House concerning the administration's understanding of spending requirements for states that accept the money.

And thus, the stage is set for a major showdown between 2 Constitutionally-protected government entities--the federal government vs. a state government.

The 10th Amendment to the Constitution should clear up the matter in short order. But we are not living in an era when Constitutional principles are regarded as the law of the land.

It is to be hoped that Sanford will stick to his guns in insisting that state governments should have the final say on how the money is spent. But don't count on the feds to go quietly to the corner. This will surely wind up in the courts if both sides persist.

#### WCIV:

The Obama Administration has rejected Governor Mark Sanford (web | news) 's request to use 700-million dollars in federal stimulus money to pay down our state's debt. This as the Democratic National Committee goes on the attack.

The DNC ad will only be airing in Columbia; however, Governor Sanford is already reacting.

His response to it--going as far as asking President Obama to put an end to what Sanford calls mudslinging.



It's the Democratic National Committee's first ad since Obama became president. The message it sends--- one Republicans call opposite of the Obama they heard from last November.

"The candidate Obama talked about bringing people together and getting away from partisan politics and President Obama is all about partisan politics, playing the game and attacking republicans at every turn. This ad is an example of him doing that," said SC Speaker of the House Bob Harrell.

The ad says Governor Sanford is putting politics before health care and jobs,"leading democrats and republicans oppose Sanford's move."

House Speaker Harrell's picture appears in the commercial. He's asked that it be removed.

"It doesn't represent what I really believe in all this," he said.

What Harrell did side with Sanford on--- a move to use some of the stimulus money to pay down state debt. Senator Glenn McConnell, was also in agreement.

"He's got a good idea, if we could pay down the debt and free up recurring money, we could pay for more schools and do things on a recurring basis," said Senator McConnell.

President Obama has made it clear he won't make an exception for the money to be used on anything other than jobs creation or avoiding major program cuts.

Sanford saying tonight---he still believes there's a way to pay off state debt while remaining consistent with how the Obama administration's feels.

The Governor's Office calls today's response from the White House more constructive.

In the meantime, Sanford's aids say they'll send a response to President Obama tomorrow.

Sen. DeMint calls Gov. Sanford a 'true American hero'

South Carolina Gov. Mark Sanford is calling on President Barack Obama to get the Democratic National Committee to pull an ad criticizing Sanford's opposition to federal stimulus money.

In a statement Monday, Sanford said the ad is at odds with Obama's campaign talk.

"Over the past year, candidate Obama promised a break from 'politics as usual' -- something that I joined with millions of American in indeed hoping for," Sanford said in his statement. The DNC began airing an ad Monday that says Sanford is playing politics with \$700 million in stimulus cash instead of looking out for health care, jobs and schools. Sanford last week asked Obama to use that cash to pay down state debt and otherwise would refuse it.

On Monday, the Obama administration rejected Sanford's request.

White House Budget Director Peter Orszag said in a letter to the Republican on Monday that the federal stimulus law does not allow Obama to make an exception for that cash.

Demint Calls Sanford Hero For Stimulus Stance

South Carolina Republican Sen. Jim Demint called Sanford a "true American hero" for his stance on the federal stimulus package.

During an interview with FOX Carolina on Sunday, Demint said Sanford is trying to get the American people to look farther down the road.

"(Sanford is) recognizing that if we take all this money and grow government programs, we're not going to be able to sustain those programs long term," Demint said. "He wants to make sure we're smart about what we're doing, and I really appreciate him doing that."

Demint said that he expects Sanford will accept the money for roads and bridges.

Gov. Sanford profiled by Esquire columnist

Ever since Governor Mark Sanford said he might refuse all or part of the \$2.8 billion in stimulus money the Obama administration wants to give South Carolina, I've been calling his office every week. I couldn't wait to hear how he was going to weasel out of it.

After all, that's what Bobby Jindal did down in Louisiana. After denouncing the stimulus as "irresponsible" and making the same noisy threats about rejecting his state's \$2.4 billion, Jindal ended up accepting \$2.3 billion.

And Sanford was in my sights. After I wrote a column ridiculing him for calling the bailout "a total gut-check of where we are as a civilization," he retaliated right here on Esquire.com with an op-ed blaming the economic crash on the Democrats and saying that Franklin Roosevelt made the Great Depression worse. My response eviscerated those feeble arguments in a bold rhetorical onslaught that left women weak in the knees and onlookers gasping in admiration.

But I have to give Sanford credit. Right after he announced that he was also going to take most of the money, he had the guts to pick up the phone. "I appreciate you doing this," I said, "especially since I was mean to you on first acquaintance."

"I've dealt with more than my share of sticks and stones over the last fifteen years of politics," Sanford answered, his voice soft and wry.

After reading up on his years as a congressman in Washington, I admitted, I had to give him credit for being so stingy that he slept on his office sofa. "You're not a hypocrite, I'll give you that."

He chuckled. "That's about the only thing I've got going for me, but I'll take that one."

"We've got to find common ground where we can."

"Exactly."

Cordiality achieved, we got down to it. In his announcement, Sanford said he was taking \$2.1 billion only because he had no choice — it went direct from the feds to wasteful pork-barrel spending like Medicare payments for the sick and elderly, aid to the state's most troubled schools, and relief payments for hardworking people thrown out of their jobs by global forces beyond their control. But he was only going to take the remaining \$700 million if Obama would let him use it to pay down the state debt — even though South Carolina taxpayers are still going to have to pay for that stimulus money in their federal taxes. So the first question was obvious:

Is Mark Sanford really going to make South Carolina \$1.4 billion poorer just to make a point?

His answer began in general principles. Sanford believes "to the core" that you can't spend money you don't have. And \$2.8 billion was just too much money to spend wisely. If a real person got a windfall that big, he'd pay off the mortgage or put some aside for a rainy day.

"But the money is intended as a stimulus," I pointed out.

"I hear you, but I think that a strong financial statement at the state level has everything to do with future borrowing costs, which impact what we can spend on other things. It has everything to do with..."

Stop right there, governor. Future borrowing costs? Isn't deficit spending just more "generational theft?"

But Sanford was on a roll, talking about the GM bailout and good money after bad and structural reforms that make you competitive in the global economy. It soon became clear that his immediate, practical goal was winning his endless fight against — and here's our first irony — the Republican-dominated South Carolina legislature. "The silver lining to the very gray clouds we're dealing with in the national economy is, it may force some changes in our state," he went on. "When times are great, people are not going to take tough medicine. They will take it in this environment."

Specifically, Sanford is concerned about something called an "annualization hole." The South Carolina legislature wants to put a big chunk of that \$700 billion into education, which would create new programs that would need continuing funds when the federal money ran out. "In our state, everybody wants to be captain of the ship — you got technical schools trying to be two-year colleges, two-year colleges want to be four-year colleges, four-year colleges want to be research universities. It's an incredibly duplicative system."

"That's because you can't control your legislature, right?"

"Right. But all you can do in life is what you can do."

And why can't you control your legislature?

Here's irony No. 2: "We have an incredibly weird constitution built around the fear that a black man would be the governor of Carolina," Sanford said. "In 1895, we took the traditional functions of the executive branch and diffused them into the wind — it's an insane model with which to run your government in the twenty-first century. It causes us to be 130-percent the U.S. average in the cost of our state government, not because we have evil house and senate members but because we have this Balkanized political system that causes us to be sort of feudal in nature."

So he proposes to Balkanize the federal response to the greatest economic crises of our lifetimes! Oh, the irony!

But Sanford kept surprising me. At one point, he preemptively conceded some ground in the FDR argument: "If you look at the numbers, I wouldn't disagree with some of what happened in 1930s. But we're in a very different position financially in the 1930s...."

Then I started to question his jihad against debt. If spending money you don't have is so terrible, is it bad to have a mortgage?

"Unsustainable debt is bad. Debt isn't bad. I've got a mortgage on my house too."

And Sanford seemed sincere — genuinely sincere — when he said he took no pleasure in battling the president. "In raw human terms, I sat there on the couch of my sofa with tears in my eyes and my four

boys gathered around me watching that speech he gave in Grant Park. Talk about Horatio Alger and overcoming incredible odds. I mean, the guy went against the biggest Democratic fundraising machine our country's ever known, humble beginnings, and here he is the president of the United States. I talked to the boys at length about that lesson. So I don't want to be making this stand, particularly against a guy in the first hundred days in office."

And what about all those socialistic activities that suddenly offend so many Joe-the-Plumber Republicans? Does he want to do away with the public school system, Social Security, the national park system, the interstate highway system, and on and on?

"I'm not an anarchist," Sanford said. "If you're truly a conservative — keep in mind many people in the Republican party these days are not — you absolutely believe in the role of government, because, one, you believe..."

The governor paused for several long beats.

"...that man is fallen — that man will, if unchecked, try to grab more than his or his share, and there is a legitimate role of government in checking those selfish proclivities."

None of this means that Sanford is a secret Democrat. But it does mean there's more to him than the inflammatory quotes that make the headlines and shrink our dwindling patch of common ground. As he continued, he mentioned how a chemical plant polluted the creek where he and his brothers used to play.

"And I'm thinking, wait a minute, this is my water, too, just as much as it is theirs. Why do they dump this stuff in the creek and you can't go oyster where you oystered as a boy?" He also said that government has an obligation to "do things that people can't do for themselves," that he had "no problem with government mandating we have Social Security," and praised a state program that helps students get tuition grants to college. He concluded with a sentiment we can all agree on:

"Would I redesign the system? Yeah. Does that mean I want to end it? No."

So there's your final irony: In today's Republican party, the most conservative governor in the country sounds almost liberal.

**From:** Joel Sawyer  
**To:** Road, MCS  
**Date:** 3/17/2009 1:52:44 PM  
**Subject:** Re: Tonight

Can't do Weds b/c you'll be on Beck earlier that day. If it's cool with you, I'll reach out to them for Thursday. I just wanted to make sure it's even a possibility from a time standpoint.

Also, I need guidance from you about inbound regarding the Budget and Control Board meeting for tomorrow. Obviously you won't be participating in the meeting, but we're being asked if we support further across the board cuts. I think the response is obviously no, that it's crazy to make across the board cuts while the General Assembly is in session with the ability to target cuts. Also, Scott said to pass along that doing ATB cuts while the legislature is in is NOT unconstitutional. But obviously from a policy standpoint, we think it's wrong.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

>>> MCS Road 3/17/2009 1:43:23 PM >>>  
Wed or maybe thur

\*\*\*\*\*  
\*\*\*\*\*

-----Original Message-----

From: Joel Sawyer  
To: MCS Road <[REDACTED]@gov.sc.gov>  
Creation Date: 3/17 12:39 pm  
Subject: Tonight

Would you want to try and do Hannity tonight? It would be between 6-7, your time. They haven't asked...just thought it may be worth pitching. If not tonight, then Thurs?

Joel Sawyer  
Office of the Governor

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**From:** Joel Sawyer  
**To:** MCS Road  
**Date:** 3/17/2009 1:39:22 PM  
**Subject:** Tonight

Would you want to try and do Hannity tonight? It would be between 6-7, your time. They haven't asked...just thought it may be worth pitching. If not tonight, then Thurs?

Joel Sawyer  
Office of the Governor

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**From:** Joel Sawyer  
**To:** [REDACTED]; Road, MCS  
**Date:** 3/17/2009 12:13:40 PM  
**Subject:** Revised first paragraph

This is the first paragraph as it stands:

One of President Obama's central campaign themes was his pledge to do away with politics of the past. In his inaugural, he proclaimed "an end to the petty grievances and false promises, the recriminations and worn-out dogmas, that for far too long have strangled our politics."

Brendan wants to add a line to the beginning of that paragraph (I would push for the end instead) that says something like:

"Back during the South Carolina Democratic primary, though far from an endorsement, I penned a column in the local paper reflecting on the historic significance of the Obama candidacy"

I think Brendan is mis-remembering the content of the column...he thought it was more about the change theme, and it was really more about race. I will mention that to him, but I'd like to give him a sentence to react to regardless.

Joel Sawyer  
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(803) 734-6447 - fax

**From:** Joel Sawyer  
**To:** Road, MCS  
**Date:** 3/17/2009 11:18:19 AM  
**Subject:** Re: Please check your comcast account.

from RGA. It can wait until your break.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

>>> MCS Road 3/17/2009 11:10:15 AM >>>  
Cant right now

Send here?

\*\*\*\*\*  
\*\*\*\*\*

-----Original Message-----

From: Joel Sawyer  
To: [REDACTED] <[REDACTED]@gov.sc.gov>  
Creation Date: 3/17 10:08 am  
Subject: Please check your comcast account.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

**From:** Joel Sawyer  
**To:** Road, MCS  
**Date:** 3/17/2009 11:08:13 AM  
**Subject:** Please check your comcast account.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
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[REDACTED]  
(803) 734-6447 - fax



**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/17/2009 9:39:03 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (2 of 2)

Chellis knocked for appearing in TV commercials

State Treasurer Converse Chellis' appearance in a series of television commercials is sparking criticism that Chellis is using the ads for political promotion.

The ads include a series promoting the South Carolina Future Scholars college savings program and a United Way-funded spot reminding residents about a federal tax credit.

Chellis' spokesman Scott Malyerck said none of the commercials was paid for with state money, and that they advertise important programs.

Malyerck said the South Carolina Future Scholars program, which offers parents tax breaks on money they put away for their children's college education, has seen enrollment surge since the first commercial aired around Christmas. That spot featured Chellis, a Republican, with State Superintendent of Education Jim Rex, a Democrat. The S.C. plan is ranked the second-best performing in the country over the past year, according to [savingforcollege.com](http://savingforcollege.com).

"We moved it to the front burner because tuition is skyrocketing," Malyerck said. "We're proud of the program."

The contract the state signed with Columbia Management, a Bank of America subsidiary, requires that the program spend \$690,000 a year on advertising.

Matt Card, a spokesman for Columbia Management, said the money is provided by Columbia Management and does not come from fees or contributions parents pay into the program. Card said the money was given to the Treasurer's Office to pay for the production and advertising time.

In past years, the money paid for seat cushions, foam footballs and radio ads, Malyerck said, and Chellis thought the television campaign is more effective.

But Sen. Greg Ryberg, R-Aiken, said the ads look like a campaign of another sort.

"To me, it's nothing more than a political ad," said Ryberg, who has unsuccessfully run for treasurer three times. "It was troubling to me that we would be spending that money in these fiscal times."

Card said Columbia Management and the Treasurer's Office decide how to spend the advertising money. Malyerck admitted Chellis did not need to appear in the commercials, but he said that criticism was politically motivated itself.

The issue also came up during state budget debate in the House last week. Rep. Dan Hamilton, R-Greenville, introduced an amendment that would prohibit statewide elected officials from appearing in commercials funded with public money.

Lawmakers also proposed capping college tuition.

Both ideas were rejected.

"Let's not turn them into campaign commercials," Hamilton said. "If we're using taxpayer dollars, I think we need to have a higher standard."

Hamilton said he has seen four statewide officials in ads the past few months, and the rule was not targeted at Chellis. State law forbids elected state officials from appearing in commercials that use public money, and requires that they notify the State Budget and Control Board when using nonpublic money for commercials. The State Budget and Control Board said Chellis' office had notified them of the ads.

Sen. Gerald Malloy, D-Darlington, opened up Future Scholar accounts for his four children and has been happy with the program, particularly the ability to write off South Carolina income taxes.

"Seven percent off the very top; that's enticing," Malloy said. "Overall, it's a good investment."

The Future Scholars program is thriving at the same time the state's prepaid tuition program has closed enrollment because the program could owe \$37 million more than it has collected. The prepaid tuition program allows enrollees to pay for college tuition at today's rates for children who are years away from attending college.

Sen. Tom Davis editorializes against "predatory dumping"

Like Gov. Mark Sanford, I've always believed that a big part of maximizing South Carolina's competitiveness involves preserving the unique look and feel of our state.

After all, the health of our natural resources is directly linked to our financial health, and jeopardizing one means jeopardizing the other.

One thing is clear, though. You don't accomplish either objective by becoming the nation's dumping ground for refuse — which is precisely where our state is headed.

Two proposed megadumps — one in Williamsburg and the other in Marlboro County — are bringing this issue to the forefront of public debate. It is forcing us to realize that our state has become a national destination for trash. Let's look at the numbers.

Almost 30 percent of the waste disposed of in South Carolina last year came from other states, an amount that has increased steadily over the past few years.

In 2001, our state imported 579,000 tons of garbage. Six years later, in 2007, that figure had more than tripled to 1.7 million tons, according to DHEC and the Congressional Research Service.

Nine other states currently use South Carolina as a dumping ground, with North Carolina alone dumping 628,262 tons of trash here last year. Georgia and Florida also dump in our state, as do Tennessee and Virginia. But it's not just our neighboring states; New York (417,196 tons), Massachusetts (366,054) and New Jersey (168,215) also ship their waste to S.C. landfills.

These states are eager to ship their garbage to us, and we accommodate them by building megadumps adjacent to railways. Boxcars loaded with out-of-state waste roll into South Carolina every day and are emptied, and then return for re-loading.

This trend is more than just disturbing — it directly threatens a key economic driver in our state at a time when we need all of our competitive advantages firing at full throttle.

Succeeding in this current economic climate demands that we make the most of our prized assets, not diminish their lasting value for short-term gain.

And short-term financial gain is the only thing the waste companies are offering the poorest areas of our state. They know that economic conditions there are so dire that local leaders can be persuaded financially to consign vast chunks of their community to a future as a garbage dump.

You've heard about predatory lending. Well, this is predatory dumping.

That is precisely what is happening in Marlboro County; even now the skids are being greased for yet another megadump, despite the fact that 94 percent of county residents oppose it.

That's right — 94 percent of Marlboro residents said "No" to the proposed megadump in a countywide referendum in 2008, and I suspect any S.C. community would respond with similar unanimity.

But lined up against such monolithic public opposition are some of the best insiders that money can buy, including a former governor, lieutenant governor, Revenue director and not one but two of the biggest law firms in the state.

You truly have to see these megadump sites to believe them. The garbage isn't buried under ground, but is stacked above ground and then covered with fresh dirt each day to hide the new deposits, literally creating huge, smelly mountains. There is no limit on how high garbage could be stacked as long as a landfill's base is broad enough.

According to DHEC, we are using only about half our waste capacity right now. And the new megadump now being permitted would create garbage capacity that is three times our state's need.

Even worse, DHEC's current "demonstration of need" regulation would potentially allow more than eight times the tonnage of solid waste produced in our state annually. We simply do not need any new landfills right now — unless we want to become the nation's permanent dumping ground.

The good news is that DHEC admits that the loopholes in its megadump regulation must be closed. The bad news is that DHEC will not submit a revised regulation to the Legislature for approval until January — and even then you can be sure the waste industry, with its Dream Team of lobbyist heavyweights, will fight the reform tooth and nail.

That's why I along with eight other state senators have sponsored legislation that would impose a moratorium on any new landfill permits until Dec. 31, 2010, in order to give DHEC and the Legislature time to fix a regulation that everyone agrees is broken.

A hearing on the megadump moratorium bill will be held in a state Senate subcommittee this afternoon.

This is truly David v. Goliath — the politicians and their power brokers versus the people. I hope the people will insist on their voices being heard.

Sanford family's house on the market

Gov. Mark Sanford soon will need a new place to live.

He will be leaving the Governor's Mansion in Columbia in less than two years when his second term expires, and he's placed his beachfront Sullivan's Island home on the market for \$3.5 million.

Tim Reese, a sales agent with Carriage Properties LLC, which has the listing on the home, said the Sanfords' two older sons "will be going off to college soon" and that the family is "looking to downsize." Sanford spokesman Joel Sawyer confirmed the Sanfords' reasons for selling.

"They still want to stay on Sullivan's Island, just in a smaller house," Sawyer said Monday.

The governor and his wife, Jenny, who have four sons, eventually plan to build a home on property the family owns in Beaufort County, Sawyer said.

The Sanfords bought the Sullivan's Island house, built around 1957, in 1997 for \$482,500, according to Charleston County property records.

After being renovated, the nearly 4,500-square-foot home on Atlantic Avenue has six bedrooms and five bathrooms with an open floor plan and a master suite with a separate study with ocean views.

"The unique thing is this house has a weekly rental license, which is very rare on Sullivan's Island," Reese said.

Of the 1,153 homes in the Charleston region on the market for more than \$1 million, 31 have sold so far this year, according to the Charleston Trident Association of Realtor's Multiple Listing Service.

Last year, 12 homes were sold on Sullivan's Island.

**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/17/2009 9:38:59 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text (1 of 2)

Governor's Daily Press Briefing - Tue., Mar. 17, 2009

Summary:

FYI - Stimulus op-ed picked up in Greenville News and Myrtle Beach Sun News  
Gov. Sanford's first waiver request rejected as Obama refuses to condemn ads  
Sen. DeMint calls Gov. Sanford a 'true American hero'  
Gov. Sanford profiled by Esquire columnist  
Chellis knocked for appearing in TV commercials  
Sen. Tom Davis editorializes against "predatory dumping"  
Sanford family's house on the market

Text of Clips:

Gov. Sanford's first waiver request rejected as Obama refuses to condemn ads

The State:

White House budget director Peter Orszag on Monday rejected Gov. Mark Sanford's request to use some of South Carolina's economic-stimulus funds to pay down state government debt, telling the governor the funds must be used to save or create jobs.

Sanford thanked the White House and said he would send the Obama administration another, "more narrowly tailored," request today to use stimulus money to reduce the state's debt.

"What may fit in one state may not fit in another, and accordingly I think tailoring stimulus responses makes sense," Sanford said. Sanford's spokesman Joel Sawyer accused Obama of playing a "game of good cop, bad cop" by allowing the Democratic National Committee to launch a TV ad Monday criticizing the governor for opposing the \$787 billion stimulus bill the president signed into law last month.

Orszag, responding to a letter Sanford sent last week, said the new stimulus law doesn't allow governors to use money intended for other purposes to instead make debt payments.

"During this severe economic downturn, Congress and the president wanted to provide states and localities with emergency funding in order to prevent the layoffs of teachers, police officers and other vital public servants," Orszag wrote to Sanford.

Sanford, who confronted Obama over the stimulus plan in a Dec. 1 meeting of the then-president-elect with 46 governors, last Wednesday became the first governor to reject some of the stimulus money.

Texas Gov. Rick Perry followed suit Thursday.

"We appreciate the White House's response, as it represents a far more constructive form of dialogue than did the DNC attack ad now running in South Carolina," Sawyer said.

"It's time for the president's game of good cop, bad cop to end, and, therefore, we again ask him to end these ads so we can engage in a productive dialogue on the merits of our request."

U.S. House Majority Whip Jim Clyburn, a Columbia Democrat who helped craft the stimulus bill, praised the White House decision.

"South Carolina's needs are numerous," Clyburn said. "... I hope the Legislature will move forward with plans to draw down recovery funding to meet our needs."

South Carolina and its residents are slated to get \$8 billion in stimulus money, including \$2.5 billion in new tax cuts, \$1 billion in additional Medicaid payments, and \$463 million extra to build and repair roads and bridges.

Sanford claims he has control over \$700 million of the state's stimulus funds. Clyburn crafted clauses in the stimulus bill aimed at bypassing Sanford and other governors who oppose using deficit spending to boost the economy.

S.C. Senate Democratic leader John C. Land III thanked Obama and accused Sanford of "playing political games while our state suffers."

South Carolina's unemployment rate is 10.4 percent, the nation's second-highest behind Michigan.

Columbia City Council members E.W. Cromartie, Sam Davis and Tameika Isaac Devine were in Washington on Monday to urge the state's congressional delegation to ensure that South Carolina gets its full share of the stimulus funds.

"It would be a tragedy if we cannot receive every dollar we can to help the people of South Carolina, because our citizens will be required to pay for this recovery," Cromartie said.

The three council members met with U.S. Rep. Gresham Barrett, a Westminster Republican and 2010 gubernatorial candidate, and aides to Clyburn and U.S. Sen. Lindsey Graham, a Seneca Republican. Cromartie said the group also met with Rick Wade, acting chief of staff of the U.S. Commerce Department. Wade ran unsuccessfully for S.C. secretary of state in 2002 after heading the S.C. Department of Alcohol and Other Drug Abuse Services under former Gov. Jim Hodges. Republican legislators in the GOP-controlled General Assembly have advanced a measure to accept South Carolina's share of the stimulus money.

A clause in the stimulus bill, crafted by Clyburn, authorizes legislatures to seek stimulus funding if governors fail to do so by April 3.

Most Midlands viewers can see the weeklong anti-Sanford ad by the DNC on the Columbia affiliates of CNN, MSNBC and FOX.

Sanford said the ad contradicts Obama's campaign promises to end partisan politics.

"I don't think this approach of targeting ads against anyone who sees an issue a little differently represents the kind of so-called change many people were voting for in November," Sanford said.

Post and Courier:

Gov. Mark Sanford will try again today to get President Barack Obama to give him money to pay down the state's debt, rather than allow \$700 million in federal stimulus cash to pay for education, public safety and other government services over the next two years. But Democrats said the two-term Republican governor already is getting what he's after: publicity.

A television advertisement by the Democratic National Committee that accuses Sanford of "playing politics" began airing on cable channels in the capital city Monday and will continue throughout the week. Sanford wants the ad pulled. His press secretary, Joel Sawyer, said the one-page rejection letter the White House sent Monday to the governor's original request is a better way of communicating. The ad began running before the governor had received the response from the White House and breaks Obama's campaign promise to reform "politics as usual," Sawyer said.

Sanford will release details of his follow-up request today.

"In the meantime, part of a truly constructive response would be to call off the attack dogs from the DNC who are now attempting through political attack ads to determine our course of action," Sawyer said. "It's time for the president's game of good cop, bad cop to end, and therefore we again ask him to end these ads so we can engage in a productive dialogue on the merits of our request."

Peter R. Orszag, director of the president's Office of Management and Budget, wrote that Congress did not authorize the executive branch to waive requirements of the American Recovery and Reinvestment Act.

Under the stimulus plan, South Carolina stands to receive \$700 million to help stabilize the state budget, which lost more than a billion dollars to falling tax collections since this summer. The state could receive between \$2.9 billion and \$8 billion, if all the grant money and tax credits are cashed in.

Sanford told Obama last week that if the president does not allow him to use the \$700 million to pay off debt that he would reject that money, the only portion of the stimulus package that Sanford said he has authority over.

The governor argued that accepting the money would be a profound mistake, because it is money that the U.S. government does not have, and that spending it will dramatically cut the buying power of a dollar.

His opposition — voiced in conversations with a string of national political pundits — led to criticism that Sanford was ignoring the economic plight of many South Carolinians while trying to get a boost for a 2012 presidential run from conservative Republicans.

Sanford said anyone who questions his motives needs to check out his 15-year track record of the same fiscal conservatism throughout his tenure in politics.

Because of Sanford's opposition, U.S. House Majority Whip Jim Clyburn, D-S.C., inserted a provision in the stimulus bill that allows the state Legislature to accept the money if the governor rejects it. Otherwise, that money would revert back to a national pot.

More than 50 mayors across the state signed on to a letter Friday to urged Sanford to reconsider his

position, and ask the Legislature to intervene if he does not.

Lead budget writer Sen. Hugh Leatherman, R-Florence, said his Finance Committee will discuss today a plan to accept and distribute the stimulus funds that Sanford said he will reject.

Some of the stimulus money is reaching the state economy now by flowing directly to agencies, including the Department of Transportation. South Carolina's share will continue to infuse the state over the next two years, Leatherman said.

He said he has no doubt that the Legislature would override any decision Sanford would make to reject the money. The House-passed version of the \$6.6 billion budget is built accepting \$1 billion.

"The Congress has passed the stimulus bill. That's behind us," Leatherman said. "If a state does not take the money, it is distributed among the other states. That money is not going to stay in D.C. and yet our people will be responsible for paying it back.

"I think that's one of the most fool-hearted things I have ever heard in my entire life."

AP:

The Obama administration on Monday rejected South Carolina Gov. Mark Sanford's request to use \$700 million in federal stimulus cash to pay down state debt.

White House Budget Director Peter Orszag said in a letter to the Republican that the federal stimulus law doesn't allow President Barack Obama to make an exception for that cash. Last week, Sanford said he would reject that stimulus money if Obama wouldn't give him flexibility in spending it, but Sanford spokesman Joel Sawyer now says it's not over.

The \$787 billion stimulus legislation sets strict rules for the \$53.6 billion being sent to help state budgets, Orszag wrote. It calls for 82 percent of the money to be used for public schools and colleges and 18 percent on public safety and other government services.

"Congress has not authorized the executive branch to waive any of the above statutory requirements," Orszag's one-page letter said.

Last week, Sanford left little doubt about how he would handle rejection of his plans use the money to pay down debt, including future obligations in the state's retirement system.

"If your administration determines that it is unable to grant us this flexibility, we will in turn opt not to pursue these funds," Sanford said in his letter to Obama.

"We're in the process of drafting a response that will go back to the White House tomorrow, which will more narrowly tailor our request to pay off debt in a way consistent with the Administration's response. We believe there is a way to do so," Sawyer said. He declined to elaborate, but noted all options hadn't been exhausted. "We'll be identifying that tomorrow in our letter to the White House."

Sanford's letter last week brought a backlash from some in his own party who said the state faces steep program cuts without the cash. Sanford, the chairman of the Republican Governors Association, has become an outspoken critic of federal stimulus efforts, spurring more talk he may make a 2012 presidential bid.

His stance triggered an ad from the Democratic National Committee, which claims the governor is playing politics with the stimulus cash instead of using it for health care, jobs and schools.

Sanford called on Obama to get the DNC to drop the ad, which he said was at odds with the president's campaign promises of ending politics as usual.

"It's in that spirit that I'd respectfully ask him to end this ad, as it shatters the idea of change he so well articulated this fall — and to ask his Democratic National Committee to put an end to this mudslinging and get back to an honest debate about the future of our country," Sanford said.

The DNC did not provide details about spending and how long the ad would run on cable news channels beyond saying they'll end this week. A spokeswoman said the ads won't be pulled early.

Sanford is not the only one upset with the DNC ad.

State Rep. Bobby Harrell, a Republican who has been critical of the stimulus plan but wants to spend the money on roads, bridges and other infrastructure, said he didn't give the DNC permission to use his picture in the ad alongside U.S. House Majority Whip Jim Clyburn, South Carolina's highest ranking Democrat in Washington.

Clyburn has lambasted Sanford and other governors who said they may not take some of the stimulus money, calling such a move a "slap in the face of African-Americans."

South Carolina stands to see as much \$8 billion during the next two years from its share of stimulus plan when tax breaks and non-state spending items, such as Pell grants, are included. Sanford says about \$2.8 billion is heading to state programs and he'll have control of the \$700 million in question.

Last week, the South Carolina House, which is controlled by the GOP, passed a state budget patched together with the help of \$1 billion in federal stimulus cash. Then, Senate Finance Committee Chairman Hugh Leatherman, a Republican, introduced a measure that would allow the state to spend the stimulus cash despite Sanford's opposition.

South Carolina has reeled from \$1 billion cut from a \$7 billion budget since the current fiscal year began July 1, striking deeply into spending on schools, colleges and health care with many agencies losing a fifth or more of their allocations. The picture is expected to get worse this week as a budget oversight board is expected to cut an extra 1 percent, or \$64 million, from agency budgets.

That and the state's 10.4 percent jobless rate in January — the nation's second highest — have convinced Statehouse Republicans and Democrats of the need for the cash.

"It's unfortunate that Mark Sanford has been playing political games while our state suffers," said state Senate Minority Leader John Land, D-Manning. "By playing these games, the only thing being stimulated is Sanford's profile with the radical right-wingers in Washington. It amounts to nothing more than political Viagra for him."

#### Greenville News:

The White House rejected Gov. Mark Sanford's request to use \$700 million in economic stimulus money to pay down South Carolina's debt, and a state legislative chairman said the jobs of 4,000 teachers and 700 prison guards are on the line if the state doesn't take the money.

And the Democratic National Committee on Monday unleashed a television advertising campaign critical of Sanford's position on the stimulus.

The political fireworks may foreshadow the 2012 presidential race with some national conservatives touting the potential of a Sanford presidential bid campaign.

White House budget director Peter Orszag said in a response to Sanford that South Carolina must use the money for education, public safety or other government services because the American Recovery and Reinvestment Act doesn't authorize the president to grant waivers.

Undeterred, Sanford began work on a new strategy to "more narrowly tailor" his request and draft a response to go to the White House today, said his spokesman, Joel Sawyer.

Sawyer urged the White House to "call off the attack dogs" from the DNC and "engage in a productive dialogue on the merits of our request."

The DNC ad, which began airing Monday on cable networks in the Columbia area, accuses Sanford of "turning down millions in recovery act funds, putting politics ahead of health care, jobs and schools."

Sanford said it doesn't represent the "kind of so-called 'change' many people were voting for in November."

State Rep. Dan Cooper, a Piedmont Republican who chairs the budget-writing House Ways and Means Committee, said South Carolina has little choice but to use the \$700 million to make up for plunging revenue.

He said the state budget -- already cut from \$7.1 billion to \$5.6 billion in less than a year -- would have to be slashed another 8 percent to 9 percent if the stimulus money is used as Sanford proposes.

He said that would trigger the layoffs of 4,000 teachers and the emergency closures of three to five prisons, with 3,400 inmates freed early and 700 guards losing their jobs.

Sawyer, however, said Sanford's proposed budget "avoided any of those consequences without any stimulus dollars."

#### Politico:

Obama budget director Peter Orszag has slapped down South Carolina Gov. Mark Sanford's request to use \$700 million in stimulus cash for his state's deficit — ordering him to deploy the cash on programs and payments to the unemployed.

"During this severe economic downturn, Congress and the president wanted to provide states and localities with emergency funding in order to prevent the layoffs of teachers, police officers and other vital public servants," Orszag wrote.

"Congress has not authorized the executive branch to waive any of the above statutory requirements governing the State Fiscal Stabilization Fund," he added.

Sanford has sparred with D.C. Democrats, particularly House Majority Whip Jim Clyburn (D-S.C.). The Democratic National Committee has recently run ads criticizing him.

Sanford spokesman Joel Sawyer said his boss appreciated Orszag's letter, promised a response soon —



and took a shot at Obama for the tone of the whole exchange.

"We appreciate the White House's response, as it represents a far more constructive form of dialogue than did the DNC attack ad now running in South Carolina," Sanford said. "We're in the process of drafting a response that will go back to the White House tomorrow, which will more narrowly tailor our request to pay off debt in a way consistent with the administration's response. We believe there is a way to do so."

Oh, and:

"It's time for the president's game of good cop, bad cop to end, and therefore we again ask him to end these ads so we can engage in a productive dialogue on the merits of our request."

Examiner:

In a move that pits the power of the federal government against state sovereignty, the Obama administration informed South Carolina Governor Mark Sanford on Monday that he would not be allowed to use the state's 'stimulus' funds to pay down the state's debt.

As a harsh critic of the Obama-Democrat 'stimulus' spending spree, Sanford had maintained that if he accepted the money from the feds he wanted to use it to reduce South Carolina's burdensome state debt, which skyrocketed when the legislature went on a spending spree and squandered a multi-million dollar surplus.

But when Sanford officially requested a clarification from the feds concerning the use of the money, Obama administration officials informed Sanford that the money could not be used in any fashion except what had been prescribed by Congress in the pork-laden 1.2 trillion-dollar spending bill.

The response from the Obama team was not surprising in the least. Whenever federal funds are used for anything, there are enough strings attached to animate a trillion puppets.

Late in the day on Monday, Governor Sanford sent a response to the White House concerning the administration's understanding of spending requirements for states that accept the money.

And thus, the stage is set for a major showdown between 2 Constitutionally-protected government entities--the federal government vs. a state government.

The 10th Amendment to the Constitution should clear up the matter in short order. But we are not living in an era when Constitutional principles are regarded as the law of the land.

It is to be hoped that Sanford will stick to his guns in insisting that state governments should have the final say on how the money is spent. But don't count on the feds to go quietly to the corner. This will surely wind up in the courts if both sides persist.

WCIV:

The Obama Administration has rejected Governor Mark Sanford (web | news) 's request to use 700-million dollars in federal stimulus money to pay down our state's debt. This as the Democratic National Committee goes on the attack.

The DNC ad will only be airing in Columbia; however, Governor Sanford is already reacting.

His response to it--going as far as asking President Obama to put an end to what Sanford calls mudslinging.

It's the Democratic National Committee's first ad since Obama became president. The message it sends---one Republicans call opposite of the Obama they heard from last November.

"The candidate Obama talked about bringing people together and getting away from partisan politics and President Obama is all about partisan politics, playing the game and attacking republicans at every turn. This ad is an example of him doing that," said SC Speaker of the House Bob Harrell.

The ad says Governor Sanford is putting politics before health care and jobs,"leading democrats and republicans oppose Sanford's move."

House Speaker Harrell's picture appears in the commercial. He's asked that it be removed.

"It doesn't represent what I really believe in all this," he said.

What Harrell did side with Sanford on--- a move to use some of the stimulus money to pay down state debt. Senator Glenn McConnell, was also in agreement.

"He's got a good idea, if we could pay down the debt and free up recurring money, we could pay for more schools and do things on a recurring basis," said Senator McConnell.

President Obama has made it clear he won't make an exception for the money to be used on anything other than jobs creation or avoiding major program cuts.

Sanford saying tonight---he still believes there's a way to pay off state debt while remaining consistent with how the Obama administration's feels.



The Governor's Office calls today's response from the White House more constructive. In the meantime, Sanford's aids say they'll send a response to President Obama tomorrow.

Sen. DeMint calls Gov. Sanford a 'true American hero'

South Carolina Gov. Mark Sanford is calling on President Barack Obama to get the Democratic National Committee to pull an ad criticizing Sanford's opposition to federal stimulus money.

In a statement Monday, Sanford said the ad is at odds with Obama's campaign talk.

"Over the past year, candidate Obama promised a break from 'politics as usual' – something that I joined with millions of American in indeed hoping for," Sanford said in his statement. The DNC began airing an ad Monday that says Sanford is playing politics with \$700 million in stimulus cash instead of looking out for health care, jobs and schools. Sanford last week asked Obama to use that cash to pay down state debt and otherwise would refuse it.

On Monday, the Obama administration rejected Sanford's request.

White House Budget Director Peter Orszag said in a letter to the Republican on Monday that the federal stimulus law does not allow Obama to make an exception for that cash.

Demint Calls Sanford Hero For Stimulus Stance

South Carolina Republican Sen. Jim Demint called Sanford a "true American hero" for his stance on the federal stimulus package.

During an interview with FOX Carolina on Sunday, Demint said Sanford is trying to get the American people to look farther down the road.

"(Sanford is) recognizing that if we take all this money and grow government programs, we're not going to be able to sustain those programs long term," Demint said. "He wants to make sure we're smart about what we're doing, and I really appreciate him doing that."

Demint said that he expects Sanford will accept the money for roads and bridges.

Gov. Sanford profiled by Esquire columnist

Ever since Governor Mark Sanford said he might refuse all or part of the \$2.8 billion in stimulus money the Obama administration wants to give South Carolina, I've been calling his office every week. I couldn't wait to hear how he was going to weasel out of it.

After all, that's what Bobby Jindal did down in Louisiana. After denouncing the stimulus as "irresponsible" and making the same noisy threats about rejecting his state's \$2.4 billion, Jindal ended up accepting \$2.3 billion.

And Sanford was in my sights. After I wrote a column ridiculing him for calling the bailout "a total gut-check of where we are as a civilization," he retaliated right here on Esquire.com with an op-ed blaming the economic crash on the Democrats and saying that Franklin Roosevelt made the Great Depression worse. My response eviscerated those feeble arguments in a bold rhetorical onslaught that left women weak in the knees and onlookers gasping in admiration.

But I have to give Sanford credit. Right after he announced that he was also going to take most of the money, he had the guts to pick up the phone. "I appreciate you doing this," I said, "especially since I was mean to you on first acquaintance."

"I've dealt with more than my share of sticks and stones over the last fifteen years of politics," Sanford answered, his voice soft and wry.

After reading up on his years as a congressman in Washington, I admitted, I had to give him credit for being so stingy that he slept on his office sofa. "You're not a hypocrite, I'll give you that."

He chuckled. "That's about the only thing I've got going for me, but I'll take that one."

"We've got to find common ground where we can."

"Exactly."

Cordiality achieved, we got down to it. In his announcement, Sanford said he was taking \$2.1 billion only because he had no choice — it went direct from the feds to wasteful pork-barrel spending like Medicare payments for the sick and elderly, aid to the state's most troubled schools, and relief payments for hardworking people thrown out of their jobs by global forces beyond their control. But he was only going to take the remaining \$700 million if Obama would let him use it to pay down the state debt — even though South Carolina taxpayers are still going to have to pay for that stimulus money in their federal taxes. So the first question was obvious:

Is Mark Sanford really going to make South Carolina \$1.4 billion poorer just to make a point?

His answer began in general principles. Sanford believes "to the core" that you can't spend money you don't have. And \$2.8 billion was just too much money to spend wisely. If a real person got a windfall that big, he'd pay off the mortgage or put some aside for a rainy day.

"But the money is intended as a stimulus," I pointed out.

"I hear you, but I think that a strong financial statement at the state level has everything to do with future borrowing costs, which impact what we can spend on other things. It has everything to do with..."

Stop right there, governor. Future borrowing costs? Isn't deficit spending just more "generational theft?"

But Sanford was on a roll, talking about the GM bailout and good money after bad and structural reforms that make you competitive in the global economy. It soon became clear that his immediate, practical goal was winning his endless fight against — and here's our first irony — the Republican-dominated South Carolina legislature. "The silver lining to the very gray clouds we're dealing with in the national economy is, it may force some changes in our state," he went on. "When times are great, people are not going to take tough medicine. They will take it in this environment."

Specifically, Sanford is concerned about something called an "annualization hole." The South Carolina legislature wants to put a big chunk of that \$700 billion into education, which would create new programs that would need continuing funds when the federal money ran out. "In our state, everybody wants to be captain of the ship — you got technical schools trying to be two-year colleges, two-year colleges want to be four-year colleges, four-year colleges want to be research universities. It's an incredibly duplicative system."

"That's because you can't control your legislature, right?"

"Right. But all you can do in life is what you can do."

And why can't you control your legislature?

Here's irony No. 2: "We have an incredibly weird constitution built around the fear that a black man would be the governor of Carolina," Sanford said. "In 1895, we took the traditional functions of the executive branch and diffused them into the wind — it's an insane model with which to run your government in the twenty-first century. It causes us to be 130-percent the U.S. average in the cost of our state government, not because we have evil house and senate members but because we have this Balkanized political system that causes us to be sort of feudal in nature."

So he proposes to Balkanize the federal response to the greatest economic crises of our lifetimes! Oh, the irony!

But Sanford kept surprising me. At one point, he preemptively conceded some ground in the FDRgument: "If you look at the numbers, I wouldn't disagree with some of what happened in 1930s. But we're in a very different position financially in the 1930s...."

Then I started to question his jihad against debt. If spending money you don't have is so terrible, is it bad to have a mortgage?

"Unsustainable debt is bad. Debt isn't bad. I've got a mortgage on my house too."

And Sanford seemed sincere — genuinely sincere — when he said he took no pleasure in battling the president. "In raw human terms, I sat there on the couch of my sofa with tears in my eyes and my four boys gathered around me watching that speech he gave in Grant Park. Talk about Horatio Alger and overcoming incredible odds. I mean, the guy went against the biggest Democratic fundraising machine our country's ever known, humble beginnings, and here he is the president of the United States. I talked to the boys at length about that lesson. So I don't want to be making this stand, particularly against a guy in the first hundred days in office."

And what about all those socialistic activities that suddenly offend so many Joe-the-Plumber Republicans? Does he want to do away with the public school system, Social Security, the national park system, the interstate highway system, and on and on?

"I'm not an anarchist," Sanford said. "If you're truly a conservative — keep in mind many people in the Republican party these days are not — you absolutely believe in the role of government, because, one, you believe..."

The governor paused for several long beats.

"...that man is fallen — that man will, if unchecked, try to grab more than his or his share, and there is a legitimate role of government in checking those selfish proclivities."

None of this means that Sanford is a secret Democrat. But it does mean there's more to him than the inflammatory quotes that make the headlines and shrink our dwindling patch of common ground. As he continued, he mentioned how a chemical plant polluted the creek where he and his brothers used to play.

"And I'm thinking, wait a minute, this is my water, too, just as much as it is theirs. Why do they dump this stuff in the creek and you can't go oyster where you oystered as a boy?" He also said that government has an obligation to "do things that people can't do for themselves," that he had "no problem with government mandating we have Social Security," and praised a state program that helps students get tuition grants to college. He concluded with a sentiment we can all agree on:

"Would I redesign the system? Yeah. Does that mean I want to end it? No."

So there's your final irony: In today's Republican party, the most conservative governor in the country sounds almost liberal.

**From:** Joel Sawyer  
**To:** Road, MCS  
**Date:** 3/17/2009 8:30:10 AM  
**Subject:** Re: Press a go for wed pm i get done here at noon

Got it.

Joel Sawyer  
Communications Director  
Office of Gov. Mark Sanford  
(803) 734-5254 - work  
[REDACTED]  
(803) 734-6447 - fax

>>> MCS Road 3/17/2009 2:49 AM >>>  
Press a go for wed pm i get done here at noon

\*\*\*\*\*  
\*\*\*\*\*

**From:** Patrick Franks  
**To:** mcsroad  
**Date:** 3/16/2009 3:15:17 PM  
**Subject:** Jamie's #

per your request, here is Jamie's #

[REDACTED]

re: PPP and needs to speak to you by close of business Tuesday.

**From:** Joel Sawyer  
**To:** [REDACTED] Road, MCS  
**Date:** 3/16/2009 1:00:32 PM  
**Subject:** Call me ASAP re: waiver

Joel Sawyer  
Office of the Governor

\*\*\*\*\*  
\*\*\*\*\*

**From:** Joel Sawyer  
**To:** [REDACTED]@comcast.net; Road, MCS  
**Date:** 3/16/2009 12:41:04 PM  
**Subject:** OP-ED - UPDATED

Included JL edits I thought fit and updated based on our conversation. Please review ASAP...I had to chop a number of words to get it back to 800:

One of President Obama's central campaign themes was his pledge to do away with politics of the past. In his inaugural, he proclaimed "an end to the petty grievances and false promises, the recriminations and worn-out dogmas, that for far too long have strangled our politics."

This idea connected with millions, myself included, because I've always believed ideas should rise and fall based on their merits. I looked forward to the coming national conversations on the future of our economy, among other things. When it comes to the idea of so-called "economic stimulus," our differences have been well-documented.

That disagreement materialized itself last week when I reached out to President Obama with the request that he grant South Carolina a waiver to use a portion of our stimulus dollars—about 25 percent of the total—to pay down our state's substantial debt. States have famously been called "laboratories of democracy," and so it seemed appropriate that South Carolina be granted the opportunity to adapt the federal proposal to our state's specific needs.

I got a most unusual response. Before my administration received so much as an acknowledgement of our request from the White House, I got word that President Obama's political arm, the Democratic National Committee, was attacking me over this request in what can fairly be described as a cookie-cutter television attack ad, the likes of which we've all seen thousands of times.

Is this the new brand of politics we were promised? Instead of engaging with myself and the several other governors on the merits of our dissent, I was simply attacked with a television ad? This isn't change I can believe in.

These attacks aside, I do believe this debate important—too important to let political distractions sidetrack us. So here, briefly, are the principal reasons I made my request to the President.

First, I simply do not believe we should be spending money we do not have. I don't believe it should be done at the personal level, the business level, or at the government level. While we lost that debate at a federal level, I looked for a reasonable middle ground for my state. Over \$2 billion would come to South Carolina and be spent through programmatic means that I really can't impact, and we're simply suggesting it makes sense to use the other \$700 million to pay down debt.

If we're going to spend money we don't have at the federal level, it becomes that much more important our balance sheets at the state level are in good order – particularly if this is a protracted downturn, in which case once we miss the opportunity to pay down debt, we may have lost it for the foreseeable future.

Second, I firmly believe that when in a hole, the first order of business is stop digging. South Carolina is in a hole — and it's not a shallow one. We are first in the Southeast when it comes to our debt per person, and we have further unpaid-for political promises to the tune of \$20 billion. Spending one-time money on ongoing programs would only exacerbate our debt, and would represent the largest recorded level of paying for ongoing programs with one-time money in state history.

Third, in the same way one could argue that the restructuring essential to the long-term prosperity of private companies was only postponed by federal monies, I believe these stimulus monies would postpone changes essential to South Carolina. Though certainly well-intended to address needs that do exist in this and other states, the debilitating thing about federal monies like these is the necessary, but

hard choices, they forestall.

I'd like more than anything to spend this money on the very real needs in our state. South Carolina is my home, its people are my friends and neighbors. We'd all like to spend unlimited dollars on education or healthcare — who wouldn't? — but the fact remains that we must spend in the context of what is sustainable.

In the end, I just don't believe a problem created by too much debt will be solved by piling on yet more debt. That doesn't strike me as an unreasonable position to hold, and in fact it's the type of thing I hear from folks all across South Carolina. What is less reasonable, I think, is that those representing the President feel that political TV attack ads are a legitimate response to the raising of an alternative to his proposals.

One might say what we're seeing out of the Obama Administration is nothing more than politics as usual. I think he can do better, and in the most respectful of terms I'd ask he do so by calling on the DNC to end the mudslinging and get back to an honest debate about the future of our country.

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**From:** Joel Sawyer  
**To:** [REDACTED] Road, MCS  
**Date:** 3/16/2009 10:56:44 AM  
**Subject:** More edits

JL made edits...here is his version. It is a little too direct in parts, but wanted to show it to you. You want me to just use my judgement?

President Obama's central campaign theme was his pledge to do away with the politics of the past. In his inaugural address he proclaimed "an end to the petty grievances and false promises, the recriminations and worn-out dogmas, that for far too long have strangled our politics."

This idea connected with millions of Americans, myself included, because I've always believed ideas should rise and fall based on their merits. I was looking forward to the national conversations on the future of our economy, among other things. When it comes to the idea of so-called "economic stimulus," our differences are well-documented.

That disagreement materialized itself last week when I reached out to President Obama with the request that he grant South Carolina a waiver to use a portion of our stimulus dollars—about 25 percent of the total—to pay down our state's substantial debt. States have famously been called "laboratories of democracy," and so it seemed appropriate that our state be granted the opportunity to adapt the federal proposal to our state's specific needs.

I got a most unusual response. Before my administration received so much as an acknowledgement of our request from the White House, I got word that President Obama's political arm, the Democratic National Committee, was attacking me over this request in what can fairly be described as a cookie-cutter television attack ad, the likes of which we've all seen thousands of times.

Is this the new brand of politics we were promised? Instead of engaging with myself and the several other governors who are carefully considering how they will implement Washington's spending package on the merits of our dissent, I was simply attacked with a television ad. This isn't change that many people were told they could believe in.

The President's conventional attack aside, this debate is too important to let political distractions sidetrack us. So here, briefly, are the principal reasons I made my request to the President.

First, I simply do not believe we should be spending money we do not have. I don't believe it should be done at the personal level, the business level, or at the government level. While we lost that debate at a federal level, I looked for a reasonable middle ground at the state level. Over \$2 billion would come to South Carolina and be spent through programmatic means that I really can't impact, and we're simply suggesting it makes sense to use the other \$700 million to pay down debt. If we're going to spend money we don't have at the federal level, it makes it that much more important our balance sheets at the state level are in good order. .

Second, I firmly believe that when in a hole, the first order of business is stop digging. South Carolina is in a hole — and it's not a shallow one. We are first in the Southeast when it comes to our debt per person, and we have further unpaid political promises to the tune of \$20 billion.

Third, taking these stimulus dollars would only exacerbate our debt problem. The stimulus funds are one-time monies, yet they would be used to pay for ongoing programs, a practice known as "annualizations." Annualizations in essence represent borrowing from future taxpayers to pay for present objectives. . In this case, we're leaving future taxpayers with a substantial bill, as the proposed stimulus dollars would annualize over \$1.2 billion in the next two years — approximately 10 percent of our state's budget. This level of annualized spending would be the largest recorded level in state history, and dwarfs last year's annualizations by nearly three times.

I'd like more than anything to spend this money on some very real needs in our state. South Carolina is my home, its people are my friends and neighbors. We'd all like to spend unlimited dollars on education or health care — who wouldn't? — but the fact remains that we must spend in the context of what is sustainable.

In the end, I don't believe a problem created by too much debt will be solved by piling on yet more debt. That doesn't strike me as an unreasonable position to hold, and in fact it's the type of thing I hear from folks all across South Carolina. What is less reasonable, I think, is that those representing the President feel that distorted political TV attack ads are a legitimate response to the raising of an alternative to his proposals.

One might say that what we're seeing out of the Obama Administration is nothing more than politics as usual. I think he can do better, and in the most respectful of terms I'd ask him to end the mudslinging and get back to an honest debate about the future of our country.

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**From:** Joel Sawyer  
**To:** [REDACTED] Road, MCS  
**Date:** 3/16/2009 8:52:46 AM  
**Subject:** EDITED DRAFT

Down to 800 words, and fixed the end. Please give me feedback ASAP.

Word Count: 800

The premise maybe most central to President Obama's campaign was his pledge to do away with the politics of the past. I was hopeful when in his inaugural address he proclaimed, "an end to the petty grievances and false promises, the recriminations and worn-out dogmas, that for far too long have strangled our politics."

This idea connected with millions of Americans, myself included, because I've always believed ideas should rise and fall based on their merits. I was looking forward to the coming national conversations on among other things the future of our economy, on which we have had a well-documented difference of opinion with the Obama administration when it comes to the idea of so-called "economic stimulus."

That disagreement materialized itself last week when I reached out to President Obama with the request that he grant South Carolina a waiver to use a portion of our stimulus dollars—about 25 percent of the total—to pay down our state's substantial debt. States have famously been called "laboratories of democracy," and so it seemed appropriate that South Carolina be granted the opportunity to adapt the federal proposal to our state's specific needs.

I got a most unusual response. Before my administration received so much as an acknowledgement of my request from the White House, I got word that the political arm of Mr. Obama's Party, the Democratic National Committee, was attacking me over this request in what can fairly be described as a cookie-cutter television attack ad, the likes of which we've all seen thousands of times.

Is this the new brand of politics we were promised? Instead of engaging with myself and other governors on the merits of our dissent, I was simply attacked with a television ad? This isn't change I can believe in.

As I said, I do believe this debate important—too important to let political distractions sidetrack us. So here, briefly, are the principal reasons I made my request to the President.

First, I simply do not believe we should be spending money we do not have. I don't believe it should be done at the personal level, the business level, or at the government level. While we lost that debate at a federal level, I looked for reasonable middle ground at the state level. Over \$2 billion would come to South Carolina and be spent through programmatic means that I really can't impact, and we're simply suggesting it makes sense to use the other \$700 million in stimulus dollars to pay down debt. If we're going to spend money we don't have at the federal level, it makes it that much more important our balance sheets at the state level are in good order. Economic options are important.

Second, I firmly believe that when in a hole, the first order of business is stop digging. South Carolina is in a hole — and it's not a shallow one. We are first in the Southeast when it comes to our debt per person, and we have further unpaid for political promises to the tune of \$20 billion.

Third, taking these stimulus dollars would only exacerbate our debt problem. The stimulus funds are one-time monies, yet they would be used to pay for ongoing programs, a practice known as annualizations. Annualizations in essence represent borrowing from Peter to pay Paul. In this case, we're leaving Peter with a substantial bill, as the proposed stimulus dollars would annualize over \$1.2 billion in the next two years — approximately 10 percent of our state's budget. This level of annualized spending would be the largest recorded level in state history, and dwarfs last year's annualizations by nearly three times.

I'd like more than anything to spend this money on some very real needs out there. South Carolina is my

home, its people my friends and neighbors. We'd all like to spend unlimited dollars on education or healthcare — who wouldn't — but the fact remains that we must spend in the context of what is sustainable.

In the end, I just don't believe a problem created by too much debt will be solved by piling on yet more debt. That doesn't strike me as an unreasonable position to hold, and in fact it's the type of thing I hear from folks all across South Carolina. What is less reasonable, I think, is that those representing the President feel that political attacks are a legitimate response to the raising of an alternative to his proposals.

One might say that what we're seeing out of the Obama Administration is nothing more than politics as usual. I think he can do better, and in the most respectful of terms I'd ask he do so by calling on the DNC to end the mudslinging and get back to an honest debate about the future of our country.

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**From:** Barton Swaim <[REDACTED]>  
**To:** [REDACTED] <[REDACTED]@gov.sc.gov>, Mark Sanford <[REDACTED]>  
**Date:** 3/15/2009 7:36:44 AM  
**Subject:** text of Sunday press clips

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- \*Post & Courier criticizes Rep. Clyburn over racial charge
- \*ESC officials set their own salaries, pay raises
- \*Senate committee looking at restructuring ESC
- \*Greenville News says not taking stimulus money would be 'worse than foolish'
- \*Top USC, Clemson officials receiving double-digit pay hikes
- \*The State, Independent-Mail criticize Gov. Sanford's proposal
- \*Island-Packet more favorable toward proposal, but hopes governor won't turn down funds
- \*AP reports on governor's sale of home

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Post and Courier editorial: Hardly a 'race card'

Gov. Mark Sanford invoked the failed economic policies of Zimbabwe, Argentina and Germany's Weimar Republic as he explained his opposition to the federal stimulus package last week. Maybe those examples aren't persuasive, but he shouldn't be taken to task for citing the misrule of an African nation simply because the majority of its inhabitants are black.

Sixth District Rep. James Clyburn, D-S.C., described the comparison as "beyond the pale" in comments to The Associated Press. "The question that ought to be asked of him: Is he playing the race card? I don't know why he picked that country."

Perhaps Zimbabwe was selected by the governor because it is very likely the worst-governed nation in the world today, and because many of its wide-ranging problems are the result of the failed policies, economic and political, of long-time President Robert Mugabe.

Is Rep. Clyburn's criticism of the governor an implied endorsement of the way things are going in Zimbabwe and the Mugabe regime?

In your Parade magazine today, Mr. Mugabe — a president in name only — is listed as the worst dictator in the world, beating out the bad guys running North Korea and the Sudan.

Inflation in Zimbabwe is currently estimated at 230 million percent. Once a productive nation, it now is wracked by the hunger and disease that Mr. Mugabe's military-backed rule has brought upon its people.

Mr. Mugabe is simply a discredit to the human race. It's really difficult to understand how the congressman could view askance a cautionary reference to the economic and human disaster that has been wrought in Zimbabwe.

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Jobs officials set own pay, raises

Senator calls system 'bizarre'; agency says hikes in line with other workers'

By Tim Smith  
Greenville News

COLUMBIA -- The officials of the state Employment Security Commission, whose management of the state's insolvent unemployment trust fund has been criticized by Gov. Mark Sanford, have granted themselves raises the past two years in a system that is unusual for state government, officials have told The Greenville News.

Unlike most agencies, whose top officials' salaries are set by the state's Agency Head Salary Commission or by the Legislature, ESC officials set their own salaries each year as long as they stay within federal guidelines. Almost all of the agency's operations are paid for with federal funds.

The commission chairman, McKinley Washington Jr., and the agency's executive director, Roosevelt "Ted" Halley, said the agency's salaries are approved each year by the U.S. Department of Labor.

However, Michael Wald, spokesman for the agency's regional office in Atlanta, said the department doesn't approve any state salaries. He said South Carolina's ESC officials each year send a letter asking the department to agree to their salaries. But he said the letters are unnecessary, and the only requirement is that the salaries not exceed a certain level of federal pay, currently \$177,000.

Sen. Greg Ryberg, chairman of the Senate Labor, Commerce and Industry Committee, calls the system "bizarre." He said, "There ought to be a connection between the Agency Head Salary Commission and this group."

Joel Sawyer, spokesman for the governor, called the system "insane."

"Nobody needs to be in the business of setting their own salaries," he said. "We see where that gets us in Congress."

Sawyer added, "It's a joke to call it an approval process. They could nearly double their salaries and it would still be OK through the, quote, 'approval process' they go through."

Halley said the agency's three commissioners and himself have received raises each year since he has been the agency's executive director, about six years, but will not seek a raise this year. He and Washington said the raises are designed to mirror what state employees or other agency leaders receive.

Each of the commissioners -- all former lawmakers -- and Halley make more than \$100,000 annually.

Each was granted a 2 percent raise last year, Halley and Washington said, pushing Halley's salary to \$134,227, Washington's to \$111,297 and the two other commissioners' pay to \$108,942. The previous year, the commissioners received a 3 percent raise, Washington said, and Halley received a 5 percent raise.

"It's been that way ever since the Employment Security Commission came into existence," said Washington, a former state senator, of the way raises are handled. "If the state employees get a 1 percent raise or a 2 percent raise, that's what we do."

ESC's commissioners hear appeals of unemployment claims and also supervise the management of the agency, which has about 1,200 full- and part-time workers.

Most of the state's commissioners who supervise state agencies, such as the Department of Transportation, are considered part-time and don't receive an annual salary, said Michael Sponhour, spokesman for the State Budget and Control Board.

Two agencies that employ full-time commissioners, the Public Service Commission, which regulates utilities, and the Workers Compensation Commission, which hears claims by injured workers, pay annual salaries to commissioners that are regulated by the Legislature, said Charles Terreni, administrator for PSC.

He said PSC commissioners haven't had a pay raise since 2005. Most of them make \$99,400, with the chairman receiving slightly more, he said.

Workers Compensation commissioners make \$110,767 annually, according to The Greenville News state salary database.

The Legislature is currently considering bills to restructure the ESC and place it under the governor's control. The legislation was filed after the state's unemployment trust fund became insolvent, forcing the state to borrow \$191 million thus far from the federal government to pay unemployment checks.

Nine years ago the fund had a balance of more than \$800 million. ESC officials have said they warned some legislative leaders about the fund's problems beginning in 2006, and the insolvency is the result of employer contributions falling far short of benefit payments for many years and recent spikes in the state's unemployment rate, now second in the nation at 10.4 percent.

The House of Representatives this week adopted a budget proviso to allow lawmakers to set commissioners' salaries if a House restructuring bill passes the General Assembly this year.

The job of setting the salaries would then pass to the Agency Head Salary Commission, which since 1984 has recommended the salaries of state agency executives and conducted studies of salaries in government, compared to the private market.

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Focus falls on employment agency  
Senate panel to consider bill on restructuring  
By Sarita Chourey, Augusta Chronicle

South Carolina's second-in-the-nation unemployment rate and the issue of how

to help the jobless vexed lawmakers last week and promises to create new worry lines this week.

The Labor, Commerce and Industry Subcommittee will take up a bill to restructure the embattled Employment Security Commission on Wednesday. Lawmakers last week touched on the bill, S. 391, amid discussions with agency officials over what they could do to more aggressively find the unemployed and match them with employers.

Bills on other matters will bring equally prickly debates:

- The Senate Medical Affairs Subcommittee will consider H. 3245, which would make the waiting period to receive an abortion after an ultrasound 24 hours instead of one hour. Opponents have said it creates an additional hurdle for poor women who must arrange transportation.
- The same panel will take up a Senate bill, S. 324, that sets a moratorium on creating new landfills and expanding existing ones until the start of 2011.
- Who should be in charge of protecting the Capitol complex is at the core of S. 576, which would transfer those duties from the Bureau of Protective Services, which is under the governor's power, to a proposed Capitol Police Force.
- Gambling rules would loosen up for charities under S. 560. The bill would allow nonprofits and charities to conduct raffles to further their causes.
- A Senate panel will consider lowering the minimum age to get a tattoo from 21 to 18 when it takes up S. 188.

Both chambers are taking furloughs this session to save money. Tuesday is the only day the Senate will meet on the floor, and senators will work in committees on Wednesday and Thursday. The House won't be in session this week.

The Senate Finance Committee will meet this week to discuss the \$6.6 billion budget approved by the House.

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Greenville News editorial: It's simple -- Our state should take the stimulus money

South Carolina cannot afford to turn its back on \$700 million in federal stimulus money that will plug holes in a badly damaged state budget. Doing so would be worse than foolish; it would amount to little more than a political stunt that hurts people in this state already brought to its knees during this lingering recession.

Gov. Mark Sanford made national headlines last week with his announcement that he will reject \$700 million of the approximately \$8 billion in federal stimulus money destined for South Carolina. He has asked President Barack Obama to grant a waiver that would allow our state to apply that money toward long-term state debt. Obama most surely will decline our governor's request that would do nothing to stimulate the state's economy during these



extraordinarily difficult times.

The state House of Representatives has built its budget around including the federal money that Sanford has said he will reject if his odd request isn't approved. The state Senate should be sensible enough to do the same.

The \$787 billion federal stimulus bill -- officially known as the American Recovery and Reinvestment Act -- has its problems. This newspaper opposed it in the form that passed on grounds that included the stimulus package was too large and hadn't been properly vetted. That debate is now over, and it was lost by fiscal conservatives.

The federal money is about to start flowing from Washington, and South Carolina should take its fair share unless there's a compelling reason not to do so. One example of such would be accepting a share of unemployment benefits that would force the state to expand coverage, through a change in state law, to cover some part-time workers not covered now and in some cases to workers who voluntarily leave their jobs.

Make no mistake, all of this stimulus money is being borrowed, and the bill will be repaid years into the future. South Carolinians will be paying their fair share, too, regardless of whether people in this state have benefited.

Of the \$8 billion in federal funds headed to South Carolina, much will come in the form of tax cuts, increases in the child tax credit, the earned income tax credit and greater unemployment benefits, and funds to modernize roads, bridges and other infrastructure.

Sanford's claim that he has control over only \$700 million of the \$2.9 billion allocated specifically for state aid, highways, health care and the like is disputed by top legislative leaders. House Speaker Bobby Harrell has called the claim "disingenuous." Sanford said in an interview that his lawyers told him "maybe we could legally challenge (all the money) but it would be legally cumbersome."

The federal stimulus act includes about \$700 million over a two-year cycle for what's called the "State Fiscal Stabilization Fund." The money is to be divided equally over the next two budget years, and it must be spent to restore education (K-12 and higher education) and health care to the amount spent by the state in the 2005-06 budget cycle, according to Greg Foster, spokesman for Speaker Harrell. Regrettably, the federal government added strings that will make it impossible to cut areas that have received federal stimulus money in the event more state budget cuts are needed. That intrusive provision will heighten the pain for other state agencies if the economy continues to falter.

If South Carolina turns its back on this federal money, however, there will be deep budget cuts to public schools, state colleges and health-care programs. This money will be spent somewhere if not in South Carolina, but South Carolinians eventually will help pay the bill.

State legislators have a responsibility to make sure those federal funds are spent in our state. Any other decision would be crazy.

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## Soaring Clemson, USC pay under fire Double-digit salary increases given despite tuition hikes

A half-dozen top administrators at Clemson University received pay increases ranging from \$32,000 to \$67,000 over the past two years, a review of salary records at South Carolina's largest public universities shows.

That review — conducted by The State newspaper after a retired professor at Clemson raised questions about salaries there — also found that 224 people earning at least \$50,000 on Oct. 1, 2007, at the University of South Carolina saw their pay go up by 10 percent or more by Oct. 1, 2008. Those 224 employees represent 9.5 percent of those at USC earning at least \$50,000.

Both Clemson and USC have frozen positions, restricted travel and asked employees to take days off without pay to help them cope with reduced state funding.

Both schools raised tuition last year.

Clemson started a "furlough fund" so employees can help each other cope with reduced pay.

John Bednar, a retired professor emeritus of English at Clemson, said the big pay raises at that school are an insult to lower-paid employees who are being squeezed hardest in the belt-tightening.

"I can't think of anything in these economically difficult times that is more demoralizing than these types of abuses of power and that type of disparity," Bednar said. "There is a horrible disconnect between the managers and the people who work at this university."

Colleges and universities in the Palmetto State have had their state funding cut by almost 18 percent this year, the largest drop in state support for higher education in the nation, according to the Center for the Study of Education Policy at Illinois State University.

Critics of the way higher education is managed in South Carolina say the pay increases indicate that not enough is being done to keep costs in line.

"The numbers certainly give us pause," said Joel Sawyer, a spokesman for Gov. Mark Sanford, who has proposed closing some of USC's regional campuses and creating a statewide board to oversee higher education and reduce administrative costs. "It seems to me like it would be a hard thing to explain to parents and students who are being asked to pay more in tuition when these kinds of raises are being handed out. It raises the question, too, of, if this sort of thing is going on, what sort of creative ways are they looking for to cut costs rather than taking the easy way out and raising tuition?"

A college education costs more in South Carolina than anywhere else in the South.

Higher education officials argue that tepid state support for colleges and universities have forced them to rely more on tuition and fees.

## INCREASED SALARIES

The raises for top administrators at Clemson who got double-digit pay increases ranged from 12.1 percent to 32.8 percent.

None of those administrators earned less than \$150,373 in 2006.

One, vice president and provost Dori Helms, saw her pay jump over the past two years by \$66,791, an increase of 32.8 percent. Clemson records show that Helms was earning \$270,389 on Oct. 1, 2008.

Like those at Clemson, several top officials at USC also received double-digit raises between Oct. 1, 2006, and Oct. 1, 2008. But fewer top administrators at USC got big pay increases during that time.

And USC's pay hikes include the raise Harris Pastides received when he became president in July. Pastides' salary increased by 17.3 percent — \$39,135 — over the two years prior to Oct. 1, 2008.

Pastides and other top administrators at both Clemson and USC receive additional pay from university foundations.

Margaret Lamb, director of media relations at USC, said the raises "reflect a variety of personnel actions," which include paying for outstanding performances, retention and salary adjustments for those who have taken on multiple jobs or those with increased responsibility.

"Going forward, all expenditures are being and will be scrutinized," she said. "Salaries certainly will be a part of that."

In addition to the pay raises for top officials at Clemson, 99 people who made \$50,000 or more on Oct. 1, 2007, got pay increases of at least 10 percent by Oct. 1, 2008. Those 99 employees account for almost 6 percent of the university's \$50,000-and-over work force.

Catherine Sams, chief public affairs officer at Clemson and an assistant to President James F. Barker, said in a series of e-mails that there were several reasons for pay raises at Clemson.

"Historically, Clemson's compensation levels have not always been competitive within higher education, nationally or even in-state," Sams wrote. "When funds have been available, there have been efforts to make salaries more competitive, for faculty, staff and administrators. There have also been raises to reward outstanding performance or to make a counter-offer to retain a key person. It is important to remember that previous raises were approved in a very different economic situation."

Sams said Clemson has invested \$30 million in faculty from 2001 to 2008 as part of a "road map" to university improvements.

"Higher education, particularly at the graduate and research level, can be expensive, but there are few other investments that yield as great a return," she said. "Clemson is extremely prudent and careful in its use of public resources, and we're providing an excellent value for our students and the state."

## CONFLICT OF INTEREST?

Bednar was critical of the pay raises at Clemson in a speech to the Faculty Senate last week.

He has also raised questions about the hiring of Barker's son and the 24.2 percent raise given to Erin Swann, a lawyer in Barker's office who is also the daughter of Joseph D. Swann, vice chairman of Clemson's Board of Trustees.

Barker's son, Jacob Barker, works in the Office of Marketing Services, earning a salary of \$51,000 per year.

Clemson records indicate that Erin Swann was earning \$99,806 on Oct. 1, 2008. A year earlier, she was earning \$80,340, those records show.

Swann's ultimate boss, President Barker, answers to her father and his colleagues on the board. Jacob Barker's supervisors answer to his father.

"You have to wonder what these people were thinking when those two were hired," Bednar said.

Sams said the pair's employment at Clemson presents no conflict.

"There is no conflict of interest because neither Trustee Joe Swann nor President Barker is involved with the hiring, supervision or performance review of Erin Swann or Jacob Barker," Sams said.

Sams said Jacob Barker worked at two major marketing agencies before taking a job with Michelin North America, where he was marketing manager before going to Clemson.

"President Barker was not involved in the search in any way," Sams said, adding that the president "recently asked General Counsel Clay Steadman to review the hiring process followed by Marketing Services to ensure that Jacob Barker's hire was in compliance with all appropriate policies, which it was."

Steadman hired Swann "after an open and competitive search," Sams said.

"The Board of Trustees play no role in the hiring, supervision, evaluation or promotion of any Clemson employee, with the exception of the president and the executive secretary of the board," Sams said.

In an e-mail to Clemson's student newspaper, Barker said: "Clemson is a large employer in a small community, and it is not at all unusual to find examples of faculty, staff and administrators whose spouses or children also work at Clemson. University policies prevent employees from directly supervising a family member. A policy against hiring spouses would seriously hamper our ability to recruit outstanding faculty."

Bednar said he plans to file a complaint with the S.C. Ethics Commission regarding Jacob Barker's hiring at Clemson.

"You just can't get away with that unless you own the company," Bednar said.

"You've hired your son, who's going to take over the company one day. But you can't do that in a public setting like a university."

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The State's editorial: Paying down debt won't stimulate economy; jobs will

GOV. MARK SANFORD lectures the Legislature, often with good cause, on setting priorities, so it was ironic that he chose to roll out his plan to divert economic stimulus funds to debt repayment on the very day we learned our jobless rate had shot up to double-digits for the first time in a quarter century.

Priorities?

When you're starving and someone offers to buy you lunch, you don't say, "I only want your money if I can put it into my 401(k)." But that's essentially what Mr. Sanford wants to do with \$700 million that the Congress voted to send to South Carolina to help us put people to work, or keep them from being laid off, in the hope of breaking the economic free fall.

Let's ignore the question of whether President Obama even has the power to grant the bizarre waiver that Mr. Sanford seeks to use stimulus funds to reduce a "sizable state debt and contingent liabilities." Let's ignore whether the governor is disingenuously tailoring his request to enthrall his anti-government groupies while not actually doing anything to earn the wrath of even more South Carolinians by depriving our state of federal funds that our taxes help pay for. Instead, let's just consider how bankrupt the whole idea is.

We'll start with the claim that using federal stimulus funds will dig the state deeper into debt. That simply is not true. Now, if the state were using federal funds to expand or create new programs, he would have a point, because if the economy hasn't recovered by the time the money runs out, we will have to either raise taxes or cut those programs. But the money is being used to sustain programs that we already have — or, at most, restart programs that were cut back in the past few months. That is, to delay cutting programs that otherwise would be cut now. Sort of the way that lunch delays the moment you die of starvation; you hope it will buy you time to find a job. We hope the federal funds will buy us time for the economy to start recovering.

Now, about that debt: For the most part, it's not what most people would think of as debt. It's what the state expects to spend over the next 30 years to pay pensions and medical care for retired state employees, most of whom are still working today. New accounting rules (which ought to and, who knows, may be changed) require states to gradually accumulate money to pay those future debts. Think of it like building up your nest egg enough today to pay for your entire retirement in 30 years. It would be great to do that, but failing to do so hardly makes us deadbeats. And it's hard to imagine that anyone would worry about accumulating that nest egg instead of eating his first meal in days.

Mr. Sanford is right when he says that paying for every program with stable funding, fully funding all future pension obligations and maintaining a huge rainy-day fund would correct our state's "structural budget shortcomings."

But while we need to address those shortcomings, they have been around a while. Addressing them now is nowhere near our top priority.

We could call on the president to reject Mr. Sanford's request, but that's hardly necessary. Better, perhaps, to just ask him not to hurt himself belly-laughing — or weeping for the people of our state.

Instead — although this hardly seems necessary either, since our legislators appear to have the good sense to do this — we will call on the Legislature to ignore his silliness and get on with requesting the funds our state has coming to it, so we can put them to use providing paychecks to South Carolinians.

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Independent-Mail editorial: Put stimulus to work: Reducing debt a worthy goal, but people need help now

As South Carolina's unemployment rate hit 10.4 percent and moved from the third highest in the nation to No. 2, the S.C. House passed its version of the state budget, including anticipated federal stimulus money to shore up sagging revenues. Meanwhile, Gov. Mark Sanford announced he would refuse \$700 million of the stimulus unless it could be used to pay indebtedness.

It may actually be a good compromise. Consumers are often advised to start financial recovery by devising a strategy to gradually pay down debt while keeping up partial payments on current obligations.

But Sanford actually would like to turn all the stimulus money down. As we said in a previous editorial, Washington won't say "never mind" when the time comes for taxpayers in South Carolina to contribute to repaying the stimulus money. We might as well enjoy the benefits it will provide.

Some members of the General Assembly are confident they can — and should — squelch the governor's plans. The federal legislation creating the stimulus included a provision from U.S. House Majority Whip James Clyburn, D-Columbia, to allow a state's lawmakers to overrule its governor.

S.C. House Ways and Means Chairman Dan Cooper, R-Anderson, told The State newspaper that if Sanford rejects the funds, the General Assembly has until April 3 to request the funds anyway. He believes South Carolina has little choice. Without the stimulus money, he said, "teachers will lose jobs, prisons would be closed and inmates released early," according to an Associated Press report.

The House budget proposal would use the stimulus money to restore part of the \$1 billion cut from the state's \$7 billion budget through three rounds of cuts made necessary by the sagging economy.

Sanford's announcement Wednesday came a little late. South Carolina "has already accepted hundreds of millions for law enforcement, public transportation and housing," according to The State, most of that directly to local governments.

Sanford's national reputation is growing because of such examples of his

independence and ultra-conservative fiscal attitudes. He has gained some company on the “no thanks” side, specifically other Republican governors on the short list of possible 2012 presidential candidates.

Sanford continues to downplay any aspirations to return to Washington. (He spent one term as a congressman, a term noteworthy in most circles only by his adherence to a vow not to seek re-election and nay votes for every appropriations bill that arose.) In a statement Tuesday, Clyburn characterized Sanford’s intentions regarding the stimulus money as a “political chess move toward the 2012 presidential race.”

Clyburn isn’t the only one who thinks so. A quick look at the Web and one can see interviews with Sanford in media ranging from Newsweek to Forbes to The Guardian in London. All make reference to a possible 2012 run. He was a speaker at February’s Conservative Political Action Committee (CPAC) meeting in Washington and, according to a report from McClatchy News’ Washington correspondent James Rosen, “The diners leapt to their feet and applauded” Sanford’s remarks.

He is referred to as “very popular” by a prominent Republican consultant who worked on John McCain’s presidential bid, but apparently no one in the national media is talking to the General Assembly — or a lot of out-of-work South Carolinians — on that point.

Sanford is an interesting man. It’s not overstating to say he is a charismatic one. But he has little idea of how the average citizen in his state lives, or in other states, for that matter, especially for a man who seems to revel in the national spotlight while continuing to downplay any ambition to get even more in its focus. Witness his references in the CPAC speech to Hurricane Katrina, as reported by Rosen: “Where many people saw pictures of dire poverty in the wreckage, Sanford ‘saw something more unsettling. What I saw were images of dependency.’” Sanford went on to lay some of the blame for the disaster on “people who live in dangerous, low-lying areas.”

Strange words from a man who maintains a home on the hurricane-prone coast .

Sanford has often railed against lawmakers for spending practices and tried numerous times over his almost-two terms as governor to encourage frugality. Some of his ideas were good ones. Others were not.

Government restructuring is in the category of the former. School vouchers and tax credits for private schools fall in the latter group.

South Carolina should use its share of the federal stimulus package wisely and not spend time posturing over who has control over its distribution.

Its purpose is to help the people of our state, not to help stimulate our governor’s national reputation.

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Sanford's stimulus stand sends important message

Gov. Mark Sanford's decision to seek permission to use stimulus money to

pay down South Carolina's debt sends a very clear and much-needed message: Individually and collectively, we must stop living beyond our means.

For South Carolina, it also means that when we identify a pressing need this state should address, we must not be afraid to tax people to pay for it. This pseudo aversion to taxes is one reason lawmakers end up robbing Peter (state trust funds set up for a specific purpose) to pay Paul (ongoing state operations), all while claiming to be good stewards of the state's money. It's poppycock, and we shouldn't pretend otherwise.

Sanford maintains that the long-term benefits of paying down debt outweigh the short-term gains from preventing budget cuts and job losses if the money is used to balance the state budget.

But his focus on the long term doesn't answer how we will pull ourselves out of this downward spiral in the short term. We'd like to hear more details about how paying down debt will help unemployment today or prevent the loss of critical state services. We'd also like to hear what he would do to set the economy right in the short term. Governing is about both.

The odds are against Sanford getting the go-ahead to use about \$700 million of an estimated \$8 billion in stimulus money to pay debts and meet long-term obligations. (He makes his case for it on the opposing page.) The \$700 million is what Sanford says he has control over. The rest, such as money for roads and bridges, food stamps, Medicaid and workforce development, goes directly to various state agencies.

State lawmakers already are moving to take away what control he has, something Democratic Majority Whip Rep. Jim Clyburn made sure could happen as the stimulus bill moved through Congress.

Clyburn and Sanford are at odds over how best to get the economy in general and South Carolina in particular back on track. But one thing we don't need is the partisan bickering so evident in this debate and Clyburn's too quick charges of racism, the latest arising from Sanford's unfortunate comparison to Zimbabwe.

People of all races and creeds need help. The state's unemployment rate has hit 10.4 percent. Here in Beaufort County, it is 8.4 percent. It would be nice if the people in charge would keep their eye on the ball.

Those who accuse Sanford of political posturing with his stance on stimulus money haven't been paying attention. He's nothing, if not consistent.

Politicians at every level must be clear about what they're trying to accomplish and what programs they think will get us there. Sanford is right that we shouldn't treat the stimulus money as "found" money and an excuse to spend as if it were business as usual. Better fiscal stewardship will serve us today and tomorrow.

Any stimulus money must be spent with an eye toward creating jobs and reinvigorating our economy. If we do that, some of our money woes will take care of themselves.

Sanford can use his position as governor to see that all of our tax dollars -- whether federal stimulus money or regular tax revenue -- are spent



appropriately.

His announcement Thursday that a new task force will be created to oversee stimulus spending is welcome. The group will be led by Comptroller Richard Eckstrom and made up of state agency heads whose departments are affected by stimulus dollars. One of the goals is to coordinate spending to make sure agencies minimize duplication.

If the Obama administration says no to his request or the legislature makes an end run around him, Sanford must stay in the game and do what he can to see that stimulus money is used to best effect. He might not like the stimulus money, but he has a job to do. We need people who are tight with a dollar making spending decisions, too.

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SC gov puts \$3.5M beachfront home up for sale  
By Jeffrey Collins, Associated Press Writer

COLUMBIA, S.C. — South Carolina's governor doesn't fear the down real estate market -- he has put his beachfront home near Charleston up for sale for \$3.5 million.

The governor and his wife are ready to downsize as two of their four sons near college age, Sanford spokesman Joel Sawyer said Saturday.

The Sanfords are looking to buy a smaller house on Sullivans Island near their six bedroom, five bathroom home they bought in 1997 and heavily renovated, Sawyer said.

The house was the family's primary residence until the Sanfords moved to Columbia after Mark Sanford was elected governor in 2002.

The family rents the home several weekends a year, but Sanford's wife, Jenny, and their four sons also stay there frequently. The Sanfords will have to move out of the Governor's Mansion after the 2010 election because of term limits.

And there might be another move in the family's future. "The ultimate goal is to build more of a dream home on the family's farm down in Beaufort County," Sawyer said.

The beach house is appraised at \$1.95 million, according to online Charleston County tax records, a nice appreciation over the \$461,000 appraisal value when the Sanfords bought the home in 1997.

A brochure from Carriage Properties said the family completely renovated the house.

Online records indicate the house was put up for sale on Feb. 27. Tim Reese, the real estate agent selling the home, declined to talk about it when called Saturday by The Associated Press.

The brochure for the home touts its weekly rental license as well as its breathtaking views of the Atlantic Ocean.

"The open floor plan is perfect for large family gatherings and the master suite has a separate study to enjoy the wonderful views of the Atlantic Ocean," according to the brochure. "This is a great value for true oceanfront property."

**CC:** Joel Sawyer <[jsawyer@gov.sc.gov](mailto:jsawyer@gov.sc.gov)>

From: Barton Swaim <[REDACTED]>  
To: Mark Sanford <[REDACTED]>, [REDACTED] <[REDACTED]@gov.sc.gov>  
Date: 3/14/2009 9:07:25 AM  
Subject: text of Saturday press clips

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- \*Jindal to reject \$98 million (CNN.com)
- \*Wash. Post op-ed wonders why governors don't reject all stimulus funds

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Dems to blast Sanford in TV ad  
By JAMES ROSEN  
jrosen@mcclatchydc.com

WASHINGTON — The national Democratic Party will launch a TV ad next week criticizing Gov. Mark Sanford for rejecting \$700 million in economic stimulus money reserved for South Carolina.

Sanford, a Republican, on Wednesday became the first governor to turn down some of his state's stimulus funds, a move the GOP-controlled South Carolina General Assembly is expected to reverse. Texas Gov. Rick Perry, also a Republican, announced on Thursday that he also would turn down some of the stimulus money.

State Sen. Hugh Leatherman, a Florence Republican and chairman of the Senate Finance Committee, introduced a measure Thursday to allow state lawmakers to accept stimulus dollars despite Sanford's objections.

In another sign of public pressure on Sanford, 52 mayors from across South Carolina — some Democrats, some Republican — sent a letter to him and state legislators, asking them to accept the stimulus funds.

"We know better ... what our constituents need than the man in Columbia," said Folly Beach Mayor Carl Beckmann, a Republican.

Charleston Mayor Joe Riley, a Democrat, warned of "draconian cuts" to education, public safety and other local services if the state doesn't receive all of its stimulus funds.

"There's not a town or city in South Carolina that would not be adversely affected if the (stimulus money) is turned down," Riley said.

General Assembly leaders from both parties have said they will do so, using a clause crafted by House Majority Whip Jim Clyburn that authorizes state legislatures to act in place of governors who oppose using deficit spending to jolt the economy.

Joel Sawyer, Sanford's spokesman, said the governor opposes the massive increase in federal debt that the \$787 billion stimulus package will cause.

"This so-called stimulus represents a federal predatory loan, the cost of which will be borne by future generations who will never have a chance to vote from office the very people who are saddling them with unprecedented spending and guaranteed future tax increases," Sawyer said.

The Democratic National Committee ad targeting Sanford will air for a week starting Monday. Most Midlands viewers will be able to see the 30-second spot — which is already online — via the Columbia affiliates of CNN, MSNBC and Fox News Channel.

After ticking off South Carolina's growing economic ills — "an economy in crisis ... record unemployment ... skyrocketing foreclosures" — the narrator says, as the ad shows a home with a foreclosure sign and a shuttered loading dock, "South Carolina is facing tough times, but Governor Sanford is playing politics instead of doing what's right."

South Carolina has a 10.4 percent unemployment rate, the second highest in the country behind Michigan.

With photos of Clyburn and S.C. House Speaker Bobby Harrell, a Charleston Republican, on the screen, the narrator says "leading Democrats and Republicans oppose Sanford's move."

Displaying Sanford's phone number at the Capitol — (803) 734-2100 — the ad ends by asking viewers to "tell Mark Sanford to stop playing politics with South Carolina's future."

Sanford is chairman of the Republican Governors Association. His opposition to the stimulus plan — starting with a confrontation Dec. 1 with then-President-elect Barack Obama — has raised his national profile and fed speculation that he's eyeing a 2012 White House run.

South Carolina Democratic Party chairwoman Carol Fowler, who has accused Sanford of neglecting his constituents while pursuing his political ambitions with national TV interviews, praised the DNC ad.

"This is the kind of media attention that Governor Sanford deserves," she said. "He has shown in recent months that he is more concerned with making the national news than he is with the fact that a lot of South Carolinians are really hurting."

South Carolina and its residents are slated to get up to \$8 billion from the stimulus plan, including \$2.5 billion in tax cuts, \$1 billion in extra Medicaid payments and \$463 million to build and repair roads and bridges.

South Carolina Republicans rose to Sanford's defense Friday. Cherokee Sen. Harvey Peeler criticized Democrats for "exploding" our budgets and "attacking anyone with an opposing idea."

"We may have our disagreements as Republicans, but we won't take having extreme liberals telling us what's best for South Carolina taxpayers," Peeler said.

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Democrats to run ads against Sanford  
By MARY CLARE JALONICK  
Associated Press Writer

National Democrats plan to run ads in South Carolina next week accusing Republican Gov. Mark Sanford of putting politics ahead of jobs and schools.

Sanford has been a leading critic of President Barack Obama's \$787 billion stimulus plan, saying it will lead the country further into debt. He has requested a waiver to spend the money on state debt, and otherwise would not use it.

His strong stand on the stimulus has bolstered his position among conservatives, fueling speculation he will run for president in 2012.

The ad, sponsored by the Democratic National Committee, takes a shot at Sanford's political ambitions, saying he is "playing politics instead of doing what's right."

Sanford spokesman Joel Sawyer said Friday that politics should be set aside and those who supported the stimulus should explain to taxpayers who pays for the stimulus.

"This so-called 'stimulus' represents a federal predatory loan, the cost of which will be borne by future generations who will never have a chance to vote from office the very people who are saddling them with unprecedented spending and guaranteed future tax increases," Sawyer said.

Lt. Gov. Andre Bauer disagreed with Sanford Friday, saying the money should be used if the waiver is denied because South Carolina residents will have to pay off stimulus cash used in other states.

South Carolina's senior senator, Republican Lindsey Graham, voted against the stimulus, but he also agrees the state should take the money if it's a choice between the dollars going to South Carolina or somewhere else.

South Carolina Rep. James Clyburn, the No. 3 House Democrat, inserted a provision into the final stimulus bill that is meant to allow legislatures to override governors on accepting the stimulus money. However, Graham said Friday that the final language in the bill could be interpreted in a way that Sanford would still have to move to apply for some of the stimulus money. Under that scenario, the legislature could not override the governor.

Clyburn issued a frustrated statement in response.

"I would hope the various leaders of this state would spend as much time and energy finding ways to bring relief to South Carolina's families rather than looking for creative ways to get around the federal help that has been made available and that other states are using very effectively," he said.

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Just Saying No: Why Would a Governor Spurn Stimulus Money?  
By Tim Padgett for Time magazine

Few U.S. politicians enjoy fiscal grandstanding more than South Carolina Governor Mark Sanford. Five years ago, the conservative Republican, who was first elected in 2002, brought a piglet under each arm to the state legislature to protest pork-barrel spending. In heavily GOP South Carolina, antics like that helped get him re-elected in 2006. So it's hardly surprising that Sanford, now chairman of the Republican Governors Association, is one of the loudest voices in opposition to President Obama's \$787 billion federal stimulus package. In fact, for Sanford, it wasn't enough to declare this week that he'd reject a quarter of South Carolina's \$2.8 billion share of the funds unless he could use it to pare down the state's debt. On Thursday he even felt compelled to liken the stimulus to the hyperinflationary policies of Zimbabwe's longtime leader Robert Mugabe.

"What you're doing is buying into the notion that if we just print some more money that we don't have and send it to different states, we'll create jobs," Sanford said. "If that's the case, why isn't Zimbabwe a rich place?" Obama's stimulus "logic," Sanford argued, "is being applied there with little effect." (See 25 people to blame for the financial crisis.)

But Sanford's critics might ask their own rhetorical question: If the governor's notoriously tightfisted ways are the answer, why isn't South Carolina a rich place, instead of the state with crumbling schools and the nation's second highest unemployment rate (10.4%), as Obama has noted more than once since taking office? Even fellow conservative Republicans in South Carolina were troubled by Sanford's Zimbabwe remarks, including 29-year veteran state senator and finance-committee chairman Hugh Leatherman. "That was one of the most asinine comments any elected official could make," Leatherman, 78, told TIME. "I'm as conservative a person as ever walked the planet, but I also consider myself a compassionate person who tries to make sure our people are taken care of. Our people are hurting, and I'm going to fight as hard as I can to get as much of that federal money into this state as I can."

Leatherman, whom Sanford has reproached in the past because of state budget shortfalls, on Thursday introduced a measure to take advantage of a provision in the federal-stimulus legislation that lets state legislatures override a governor's rejection of the funds. It may well pass, especially since the Republican speaker of South Carolina's House, Bobby Harrell, is also at odds with Sanford over the stimulus. (Read "What Is Real Stimulus and What Isn't.")

Still, most South Carolinians, like most Americans, know the stimulus is just part of a larger fight for the currently confused soul of the Republican Party. Now that Sanford has upped (or lowered) the rhetorical ante, many wonder just how polarizing he and other GOP governors — like Texas' Rick Perry, who announced Thursday he'll also decline a portion of his state's stimulus money — intend to become in their bid to preserve conservative fiscal principle and, perhaps in Sanford's case, position themselves as the Republican presidential nominee in 2012.

The debate over how to escape the worst U.S. recession since the Great Depression seems a battle that Sanford, 48, has been preparing for his entire political life. Since leaving real estate to become a Congressman in 1994 — the year Newt Gingrich and the GOP stormed Capitol Hill pledging to rein in federal largesse — Sanford has been the consummate fiscal hawk. He slept on an office cot rather than rent a Washington apartment; and, to his

credit, he limited himself to three terms in office to avoid assuming the Beltway's prodigal habits. In his 2000 book *The Trust Committed to Me*, he warned that "politicians in our nation's capital were unable — or unwilling — to control spending. The more money the politicians sunk into their schemes, the more expensive it got for the rest of us. I couldn't expand my businesses because the politicians kept expanding theirs."

But critics like Leatherman say Sanford is ideologically blind to the pump-priming effects that public spending can have on business expansion and job creation, especially during crises. By the end of Sanford's first gubernatorial term, in 2006, many GOP leaders grouched that his thrift crusade had brought the state economy to a standstill. Despite the national economic boom, South Carolina's coveted AAA bond rating had slipped because of lackluster growth, high joblessness and abysmal per capita income. When the state lost its bid for a \$500 million Airbus plant that would have employed 1,150 workers, Sanford was widely questioned for what seemed a miserly effort to lure the aerospace giant. As he vetoed budget items to build trade centers or fund tourism marketing, and as the South Carolina Chamber of Commerce voiced a high level of frustration, some disgruntled Republicans mounted a primary challenge, which Sanford eventually beat back.

That 2006 victory emboldened Sanford in his commitment to conservative dogma. It also made him, in the wake of November's national-election disaster, a standard bearer for the GOP's hard line, along with Perry, Louisiana Governor Bobby Jindal, Mississippi Governor Haley Barbour and Alaska Governor Sarah Palin, all of whom have refused or threatened to reject parts of the Obama stimulus. Their chief complaint is the requirement that states pay unemployment benefits to part-time workers, which their states, unlike many others, don't do. That money is usually a small portion of the total stimulus disbursement — just 3% of the \$17 billion Texas is getting — but the governors have seized on it as budget-busting Big Brotherism. (See who's who in Obama's White House.)

Sanford, however, is taking the stimulus defiance a step further: he said this week he'll turn down \$700 million of it unless the Obama Administration grants him a waiver to use it to pay off South Carolina's debt instead of spending it on infrastructure and aid. Warning that the stimulus could "destabilize" his state's economy, he insisted it's "not a good idea to spend money that you don't have. We need to look longer-term and much more holistically at the notion of economic stimulus." But given South Carolina's economic straits, Leatherman compares using stimulus money to pay down debt to "seeing your house on fire and then rushing down to the bank to pay your mortgage instead of calling the fire department."

One theory holds that the hard-line GOP governors have little to lose by railing against the stimulus: pols like Sanford, who also said this week he's neither "ruling in nor ruling out" a presidential run, get to play to their conservative base while getting Obama's billions anyway. But others, like Leatherman, wonder if the showboating is all that risk-free. Should the stimulus work, it undercuts the governors' cowboy creed; and even if it doesn't succeed, they may be left looking like Rush Limbaugh, rooting for failure, with few alternatives but further belt-tightening to offer families whose belts have run out of holes. That might really remind folks a little bit of Zimbabwe.

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Critics take aim at Sanford plan  
52 mayors urge Sanford to reconsider plan to reject stimulus cash, saying  
South Carolina's cities will be forced to make drastic cuts

By Edward C. Fennell  
The Post and Courier  
Saturday, March 14, 2009

Refusing federal stimulus funds will further exacerbate job losses in South Carolina and endanger public health and safety, according to 52 mayors who have signed a letter imploring Gov. Mark Sanford to accept the money.

Sanford has called the \$787 billion economic stimulus package a pork-laden waste of funds bound to drive the country further into debt. He said he would refuse a quarter of the money for South Carolina because it comes with strings attached.

Charleston Mayor Joe Riley, Folly Beach Mayor Carl Beckmann Jr. and about 20 of the other mayors who signed a letter on its way to Sanford said Friday via a conference call that without the money, municipalities will be forced to make severe cuts in basic services. Not only will local services be curtailed, Riley said, but the state will lose prosecutors, State Law Enforcement Division agents and probation and parole officers — all of which will negatively impact public safety and quality of life.

The letter calls for Sanford to reverse his decision, and urges the state Legislature to override the governor if he does not. "There's nothing wrong with changing your position when you find out it's the wrong one," Riley said.

Beckmann, who hopes his city can get at least \$1 million to expand its fire/police station, said it's a home-rule issue.

"We know better what our constituents need than one man in Columbia," Beckmann said. He added that the money will end up in other states should South Carolina refuse it, but taxpayers here will still have to pay for it.

Florence Mayor Stephen Wukela said Sanford's position "borders on recklessness." Greer Mayor Rick Danner, president of the S.C. Municipal Association, said "cities are the driver of the economy in this state." Social services, relief programs, law enforcement and even recreation programs are at stake, he argued.

"We are at a critical crossroads in our state," Danner said.

Beckmann was attending a National League of Cities' Crisis Leadership Training Program in Washington when he took part in the conference call. Other mayors who signed the letter included Keith Summey of North Charleston, Minnie Blackwell of Hanahan, Frank McNulty of Seabrook Island, Burley Lyons of Edisto Beach and Billy Keyserling of Beaufort.

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Echols: Sanford 'out of touch with reality'  
S.C. mayors call for acceptance of stimulus funds, saying they know what's



best for constituents

By Matt Garfield · Rock Hill Herald

Rock Hill Mayor Doug Echols joined dozens of S.C. mayors Friday in urging Gov. Mark Sanford to change his position on accepting federal stimulus money.

But Echols went further than many colleagues, saying Sanford's actions defy understanding and reflect poorly on South Carolina.

"I think he's basically out of touch with reality," Echols said in an interview with The Herald. "The whole economy is aching. To be able to relieve that, we've got to have an infusion of designated funds."

Echols added: "I just can't understand any rationale, other than ideology, as to why the governor would turn the funds down."

Sanford told lawmakers Tuesday that he will reject \$700 million in federal stimulus money unless President Obama grants the state permission to use the money to pay down debt.

State lawmakers, who are planning the state's \$6 billion budget around spending stimulus cash to shore up health care and education, said they will go around the governor to request the money. The S.C. House speaker characterized the governor's opposition to the stimulus money as disingenuous.

Mayors voice disapproval

More than 50 mayors signed a letter to Sanford urging him to reconsider. Some also took part in a conference call in which they took turns pressing their cases.

"The governor's actions border on recklessness," said Florence Mayor Stephen Wukela.

"We know better what our constituents need than the man in Columbia," said Folly Beach Mayor Carl Beckmann.

"There's nothing wrong with changing your position when you find out it's the wrong one," said Charleston Mayor Joe Riley, who organized the effort.

Echols has long been active in the Democratic Party even though city elections are nonpartisan.

The comments Friday represent his strongest words yet toward Sanford, at least publicly.

"It disturbs me that this can have a very, very negative impact on us when our governor takes this kind of position for ideological reasons," Echols said. "When we don't acknowledge our needs, I don't think that helps us."

Sanford: Hole will deepen

In a letter to lawmakers, Sanford said it was important that the state not increase future budget deficits by using federal money to patch the budget

over the next two years.

"Once that money runs out," Sanford said, "South Carolina will be in a deeper hole than if it chose to deal with budget deficits now."

Sanford planned a series of stops across the state Friday to announce his decision.

"In the unfortunate case that the president would deny our request," Sanford wrote, "I will not seek the funds, as I believe doing so would not help our current economic problems and would do real harm to our future financial picture."

Sanford's letter did not say which debts the governor would pay, but Sanford has frequently cited concerns about health care and other retirement benefits due state workers.

Rock Hill wants its share

The city of Rock Hill has applied for stimulus money for about a dozen road projects and other improvements, though city officials say they don't know which ones, if any, will win federal approval.

Heading the list is a proposed widening of Cel-River Road near Interstate 77, which is needed to jumpstart redevelopment plans at the old Celanese site. The cost is estimated at \$4.5 million.

City officials also want \$715,000 to make improvements to the famously narrow U.S. 21 bridge over the Catawba River, including bike and pedestrian lanes, lighting and better fencing.

Also on the list is a trail to connect the Hagins-Fewell neighborhood to other points in downtown, upgrades to the Saluda Street corridor and an additional water intake line from Lake Wylie to the city's water treatment plant on Cherry Road.

The water line carries a price tag of \$5.5 million.

"We'd be glad to get any of those," city manager Carey Smith said in a recent interview. "Obviously, we'd be extremely pleased to get more than one approved."

While the haggling plays out, state lawmakers are already taking steps to circumvent Sanford's opposition.

The House voted 108-8 on Tuesday to accept the federal money, and Ways and Means Chairman Dan Cooper, R-Anderson, said the budget includes language making clear their intention the take the federal money.

If Sanford rejects the money, the Legislature would have until April 3 to request the funds.

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Text of letter from mayors

Dear Governor Sanford and Members of the South Carolina General Assembly:

As you are well aware, we are facing an economic crisis in South Carolina as dark as we have seen in decades. Our state's unemployment rate for January 2009, released this week, stood at 10.4%, second highest in the entire United States and the highest in nearly 26 years. Nearly 43,000 of our fellow South Carolinians lost their jobs in January, and all told, there were nearly 228,000 people without work in our state. There is no reason to believe those numbers have improved since January. In fact, our state's Board of Economic Advisors has warned that the unemployment rate could rise to as high as 14% by summer.

The numbers are grim, but as mayors who lead South Carolina cities and towns, we see the human-scale impact of these statistics every day. We know the terrible cost of this economic downturn on our fellow citizens. Every day, we talk to people in our communities who have lost work to the latest layoff or downsizing, who struggle with impossible choices like buying either groceries or prescriptions for their children, or whether to pay the rising health insurance premium or this month's rent or mortgage payment. The people represented in the unemployment statistics are not abstractions, they are our neighbors, and they are hurting.

To deal with this crisis, last month Congress passed the American Recovery and Reinvestment Act (ARRA), designed to stabilize the economy and to preserve and create jobs, help the unemployed, invest in our nation's infrastructure and stabilize state and local government budgets to avoid further layoffs and cuts in vital services.

This week, Governor Sanford sent the General Assembly a letter indicating that he will ask President Obama for a waiver from spending a substantial portion of the funds the way Congress intended, but rather to use it to retire state debt. If President Obama does not grant the waiver, Governor Sanford says he will reject bringing these badly needed funds to South Carolina, and the dollars that our citizens pay in taxes to the federal government will be sent to the other states.

To reject this funding will mean drastic cuts in services to our citizens and be tragic to South Carolinians who badly need help in this time of crisis. We urge Governor Sanford to reconsider his position.

If Governor Sanford does not reconsider, we urge the General Assembly to override the Governor's decision to reject the funds and apply them to help our state achieve the goals of the ARRA. This would include overriding the Governor's position that he will reject funding for an extension of unemployment benefits to part-time workers who are searching for full-time work. The teachers, police officers, parole officers, firefighters and sanitation workers who serve in our communities and whose jobs are threatened by budget cuts deserve nothing less. The citizens in our communities who those wonderful employees serve should not have those services cut when the means exist to prevent it.

Furthermore, it is a matter of the highest urgency that our state government acts immediately to get the ARRA into our economy as fast as possible to help as many people as possible and to stop the downward economic spiral. May states have appointed a "stimulus czar" or other official to help efficiently utilize the funds, ensure accountability for them and to

maximize their state's competitiveness when it comes to seeking discretionary funding for their states. We urge Governor Sanford to appoint an official whose job will be to challenge state agencies responsible for this funding to spend it as quickly and as wisely as possible so that it gets into the cities and towns and communities all across South Carolina and begins to relieve suffering caused by the economic distress.

As mayors, we know that people don't eat in the long run, they eat every day. We are Republicans, Democrats and independents and our letter has little to do with our political ideology or whether we feel the stimulus package is good national public policy or not. We are writing as citizens of this great state, who as mayors, are focused on our towns and cities, but we speak for the needs of all South Carolinians, whether in our cities or not. The 228,000 South Carolinians who are out of work and the hundreds of thousands more whose jobs, homes and families are threatened by this economic crisis live in our communities, they are our neighbors, and they rightly expect leadership from us in this time of crisis. The ARRA provides our fellow citizens with the promise of jobs and relief from the pain of this terrible economic downturn. We urge you to seize the opportunity presented by the American Recovery and Reinvestment Act to help reverse the downward spiral in our economy and to protect the vital services our state and local governments provide to our citizens.

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Jindal to reject \$98 million, less than Sanford, Perry  
CNN.com

In a budget proposal released Friday afternoon, Louisiana Gov. Bobby Jindal indicated he is only rejecting \$98 million of the federal stimulus funds due his state.

That figure is far less than the \$700 million South Carolina Gov. Mark Sanford has indicated he may reject if the federal government does not allow Sanford to use that money to pay down his state's debt.

Jindal, an early GOP critic of the stimulus bill, is specifically rejecting funds aimed at expanding unemployment benefits on the belief his state would have to pick up the tab on the provision in two years.

In the budget proposal released Friday, Jindal emphasized the money he is accepting is temporary and a means to ultimately cutting spending.

"It is very important to understand...that federal stimulus funds are temporary funds. As such, they cannot be thought of as a permanent part of our state's budget," he said Friday, adding, "Federal stimulus funds give us time to reform how the state runs so we can cut spending, ensure we are spending efficiently, and live within our means."

Jindal's announcement also comes a day after Texas Gov. Rick Perry said he would reject the \$555 million in federal funds direct to his state to expand unemployment benefits.

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They're Saying No to the Cash, but Talk Is Cheap

By Christopher Beam in the Washington Post

Republican governors are sure that they don't want to spend stimulus money. They just can't agree which parts to reject. Or whether they're allowed to. Or why.

Gov. Mark Sanford of South Carolina announced last week that he wants to redirect \$700 million that would be going toward education and health care and use it to pay down the state's debt.

Meanwhile, Gov. Rick Perry of Texas announced last Thursday that he will be rejecting the \$555 million of Texas' stimulus funds directed to unemployment insurance. Perry's rationale: He doesn't want to increase the burden on businesses to fill the hole once federal funds dry up. Gov. Bobby Jindal of Louisiana voiced similar concerns a few weeks ago.

Each governor's stance raises its own questions. But the one that applies to every Republican governor is this: Why not reject the whole thing? What makes these particular packets of money so much worse than the rest?

For Perry, the answer is simple: I reserve the right to reject more money later. But this money for unemployment insurance is so bad, I had to act fast. The governor is currently going through the remaining allocations "line by line," says spokeswoman Katherine Cesinger. "I would stay tuned," she adds.

For Sanford, it's a little more complicated. Seven hundred million dollars is only 10 percent of the stimulus money allocated to South Carolina, and a small fraction of the state's likely budget shortfall. It's also not qualitatively different from the rest of the state's money. The \$700 million isn't a blank check -- it goes toward K-12 education, higher ed, and Medicaid as part of the state's "stabilization funds." How does that hurt taxpayers any more than fixing roads or distributing food stamps or any of the other services South Carolina desperately needs?

Sanford says he would reject or redirect the rest of the money but can't. His "hands are tied," he wrote in a letter to state legislators. When asked to explain, his communications director said that the governor has discretion over only the stabilization funds, not the rest of the \$8 billion allocated to South Carolina.

Yet Perry just rejected a chunk of change that has nothing to do with stabilization funds. Moreover, the federal legislation states that the governor has first dibs on all the money: "If funds provided to any State in any division of this Act are not accepted for use by the Governor, then acceptance by the State legislature, by means of the adoption of a concurrent resolution, shall be sufficient to provide funding to such State." Sanford's spokesman, Joel Sawyer, insisted that this passage refers only to stabilization money, i.e., the \$700 million Sanford has asked to be redirected.

But the words "in any division of this Act" suggest that he has discretion over every dollar. Or, at the very least, that he can instruct his appointees at Health and Human Services or Social Services to reject the money. Not so, says Sawyer. "If you go through the rest of the bill, it speaks to a very specific certification process," he told me. "We spent

three weeks looking at it, and we're pretty sure we're correct."

Whatever the truth, this puts Sanford in a convenient position. He not only gets to dramatically redirect a portion of the money -- which has been reported all over as "rejecting" the money and which either the White House or the South Carolina state legislature will probably override -- but he can also claim that he would reject the entire monstrosity, if only he could. This pretense that he opposes every dollar in the stimulus package -- much of which comes in the form of tax cuts -- allows him to engage in some clever reductio ad Zimbabweum. "What you're doing is buying into the notion that if we just print some more money that we don't have, send it to different states, we'll create jobs," he said Wednesday. "If that's the case, why isn't Zimbabwe a rich place?"

That said, Sanford is in good company. When it comes to the stimulus, no one has been willing to jump in or out with both feet. In the original draft of the American Recovery and Reinvestment Act, Obama included just enough tax cuts so that he wouldn't get painted as a lefty. In the Senate version, the axis of Republican Sens. Snowe-Collins-Specter negotiated just enough cuts so that they would get pegged as responsible moderates, but not in any ideologically consistent way. Now Sanford requests that just enough funds get redirected so that he can claim conservative bona fides -- but not so much that he'll be stiffing his own constituents.

Other governors may follow his lead. But if they do, like Perry, they could put Sanford in an awkward position: They would agree with what he's doing in general, but not in particular. And that would force him to defend his rationale for redirecting this specific portion of the money. All politics is local, and apparently so is all stimulus.

**CC:** Joel Sawyer <jsawyer@gov.sc.gov>

**From:** Patrick Franks  
**To:** MCS Road  
**Date:** 3/13/2009 6:18:57 PM  
**Subject:** Last leg. Call re Stimulus vote


Thad viers

[REDACTED]

Patrick K. Franks  
(803)-734-5195

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**From:** Marisa Crawford  
**To:** MCS Road  
**Date:** 3/13/2009 12:04:58 PM  
**Subject:** Test to Blackberry

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Marisa Joye Crawford  
Office of Governor Mark Sanford  


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**From:** Patrick Franks  
**To:** MCS Road  
**Date:** 3/11/2009 5:17:28 PM  
**Subject:** Mike McShane

[REDACTED]

Patrick K. Franks  
(803)-734-5195

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**From:** Kevin Pazdernik  
**To:** [REDACTED]; MCS Road  
**Date:** 3/11/2009 10:13:23 AM  
**Subject:** Governor's Daily Press Briefing - Non-Stimulus Text of Clips

Governor's Daily Press Briefing - Non-Stimulus Text of Clips - Wed., Mar. 11, 2009

Summary:

The State editorializes against part-time boards  
State budget relies heavily on stimulus cash  
House rejects tuition freeze  
Speaker Harrell says this is year for cig tax increase  
State Rep. Battle editorializes against Gov. Sanford's stance on stimulus  
The State announces layoffs  
Tumpy Campbell testing waters for Congressional run

Text of Clips:

The State editorializes against part-time boards

THE RESIGNATION of the director of the state's embattled disabilities agency demonstrates that a governor can indeed force change at an agency he only indirectly controls through the part-time commissioners he appoints and removes.

But the fact that it took three months after a scathing audit shows just how cumbersome the process is. And the fact that a minority of commissioners is searching for a new director before the governor appoints the new majority shows how tenuous that power is.

What all that means is that there is no good reason to cling to the commission model that is still used at the Department of Disabilities and Special Needs as well as dozens of other state agencies.

That model, which relies on citizen volunteers to oversee agencies, might have worked when government was much smaller and its duties much less complex. Today, though, its main function is to diffuse accountability: With rare exceptions, board members must rely on their director and staff for the information they need to decide how their director and staff should be doing their jobs. See the problem? When the staff is on top of things, the board is redundant. When the staff is doing an inadequate job, the board is unlikely to realize it.

As House Judiciary Chairman Jim Harrison explained of the disabilities agency: "We've got somewhere between 40 and 50 million dollars flowing through that agency and a part-time board that does not have the time to understand the intricacies of the agency, and so they rubber-stamp what the staff says."

So what's the upside to commission government? Supporters say it protects agencies from governors who have bad ideas, misplaced priorities or simply a desire to put their people in charge. But Special Needs Director Stan Butkus' resignation should put that notion to rest. What we have in fact is an arrangement that won't stop bad changes a governor is determined to make, but that forces him to jump through extra hoops to make needed changes, slowing down progress and diverting his time from other matters. It serves little purpose but to make our government less efficient and make it more difficult to fix problems.

And if you think the answer is to keep the part-time, rubber-stamping board in place and just not let the governor fire its members, consider what this board did in the three months after the Legislative Audit Council documented how the agency had failed to follow up on violations that endangered the safety of disabled clients, keep abusers off its payroll or spend millions of dollars according to clear legislative directions: Board members snubbed legislators who were trying to follow up on the audit, and generally stood by the agency.

The House Judiciary Committee approved Mr. Harrison's bill last week to let the governor hire and fire the director at will. That won't guarantee the agency addresses all the problems in the audit, but it does mean that the governor will be able to — and have no excuse not to — step in when problems are identified. The full House should pass it, as should the Senate.

In the meantime, the rump commission should stand down from its efforts to recruit a permanent director.

We doubt it would have much luck hiring anyone while the situation is in such flux, but it could succeed in wasting time and money on a pointless search.

And Gov. Mark Sanford needs to quickly appoint those new board members, whom the Senate should promptly confirm or reject.

State budget relies heavily on stimulus cash

(AP) Legislators gave key approval to \$6.6 billion spending plan that relies heavily on \$1 billion federal stimulus cash to mostly erase deep budget reductions for health care, colleges and public schools. The budget for the fiscal year that begins July 1 won second reading with a 71-43 vote just before 3 a.m. Wednesday. The 15-hour marathon session was broken by a couple of meal breaks and marked by few major changes in the original bill.

The House is expected to give it final approval Wednesday and send the bill to the Senate even as Gov. Mark Sanford hit the road to explain why he'll ultimately reject most of the stimulus cash.

Sanford told legislators in a letter Tuesday he would seek a waiver from President Barack Obama to use \$700 million in stimulus cash for directly paying off debt that includes the state's unfunded retirement system liabilities. Legislators doubt such a waiver is possible or forthcoming.

Sanford, the chairman of the Republican Governors Association, has railed against the stimulus effort for months and warned that using the cash for anything other than debt would only create longer-term budget problems.

"The reason we think it's not in our best interest to spend these moneys lies in the fact that when one is in a hole the first order of business is to stop digging," Sanford wrote.

It's a view shared by most legislators who worry that a couple of years of stimulus help for the state will leave them scrambling when it runs out.

"We are creating a huge problem going forward," House Minority Leader Harry Ott, D-St. Matthews, said before the vote.

But House Ways and Means Chairman Dan Cooper, R-Piedmont, said the state has little choice but to take the cash. Without it, teachers would lose jobs, prisons would be closed and inmates released early, he said.

At a minimum, the federal cash gives agencies more time to prepare for steep budget cuts later, Cooper said.

Tuesday's budget marathon yielded few major changes as legislators rejected stacks of amendments and kept writing more.

Public schools pick up more than \$400 million in federal stimulus cash, but they lose \$93 million in state general fund cash and \$150 million used to cover things like summer school and gifted programs.

Two- and four-year colleges gain almost \$120 million from the stimulus. Sanford's budget had called for them to lose \$141 million from their \$599 million budgets.

The Department of Health and Human Services already has begun using stimulus cash to restore dozens of programs it cut last year as the recession cleaved \$1 billion from the state's \$7 billion budget. That's meant restoring Medicaid services from drugs and meals to wheelchair ramps and hospice services.

During the debate, the House rejected efforts to cap college tuition, greatly expand health care programs for poor children and end coverage of abortions through the state's health plan.

The biggest single funding change came as legislators Monday balked at raiding a local government aid fund that covers police, fire and emergency services costs for cities and counties. The budget had proposed taking \$122 million from the fund, or more than 40 percent of its total. The House agreed instead to tap \$35 million from extra Medicaid agency cash tied to the stimulus package and \$37 million from a state fund that covers insurance claims and lawsuits. That left the local governments losing \$50 million instead of \$122 million.

Even with that, local governments face tough choices. "You're either going to see increased property taxes for your citizens back home or loss of essential services," Rep. James Smith, D-Columbia, said.

Efforts to broadly increase state and local funding fizzled. For instance, late into the debate, Rep. Ken Kennedy, D-Greenville, offered an amendment that would have undone a 2006 law capping homeowner property tax increases and limiting local government ability to deal with downturns and pay for growth.

Doing away with that law will "help us deal with the shortfalls we have and help us with this budget crunch that we have," Kennedy said.

There was little appetite for that. The amendment died with a 79-17 vote.

Two days of amendments ended up delivering mostly minor changes:

- A plan to curb a state incentive pay plan for teachers who get national board certification was scrapped.
- The state's solar power income tax credit would rise to 30 percent from 25 percent of the costs of installing a qualified system.
- The state's ongoing Catawba River water rights lawsuit with North Carolina picked up \$1 million to pay for legal fees and experts in the case being considered directly by the U.S. Supreme Court.
- Meals on Wheels, the program that delivers hot meals to the elderly and homebound, also eked out \$1 million an extra cash.
- Another amendment passed would require greater public disclosure of state spending on state planes and who is using them and require more disclosure of how agencies use fines, fees and federal stimulus cash.

### House rejects tuition freeze

Lawmakers rejected efforts Tuesday to shield parents and students from college tuition spikes and voted against expanding a health insurance program that covers poor children.

House lawmakers also decided to set aside \$750,000 for an ongoing legal battle with North Carolina over control of the Catawba River and its vast source of drinking water.

In day two of debate over the \$6 billion spending plan House lawmakers are expected to approve this week, two attempts to limit increases in college tuition were rejected with lopsided majorities.

Rep. Thad Viers, R-Horry, pointed out that the average in-state tuition is now nearly \$6,600 a year as he pushed for a freeze on tuition increases.

South Carolina's four-year colleges would have started the 2010 fiscal year in July with a total of \$462 million. Gov. Mark Sanford wanted that slashed by \$99 million. But legislators instead are adding \$93.6 million in federal stimulus cash.

Viers said schools are getting help through the federal funds and should pass that break to household budgets in the midst of recession.

"You'd think that this time would be the last time they'd want to start raising tuition on members of our constituencies in our districts," Viers said. "But not one of them has even said they're not considering it." He called on universities to cut spending instead. "For the next fiscal year, why don't you do the people of South Carolina and their families a favor? Don't raise tuition."

Opponents, however, pointed out that South Carolina has spent years cutting state support for colleges.

Rep. Chip Limehouse, D-Charleston, cited state spending for The Citadel as an example. In the 1995 fiscal year, the state put nearly \$13 million into the military college and that has fallen to \$12.6 million.

And state Rep. B.R. Skelton, R-Pickens, said state contributions to colleges have fallen far short of what neighboring states put up. He said South Carolina would have to increase spending by \$346 million yearly to catch up with what Georgia pays for its colleges and \$299 million to catch up with North Carolina.

The House moved on to talk about health care spending through the Medicaid program, but rejected efforts to expand health care programs for children tied to a federal cigarette tax increase.

House Minority Leader Harry Ott, D-Calhoun, said the 61-cent-a-pack increase would raise \$179 million from South Carolina consumers. He wanted the program expanded to cover children living in households at 250 percent of the federal poverty level, up from the current 200 percent.

"Either we are going to draw that money down in South Carolina or some other state is going use the taxes that South Carolinians are paying," Ott said.

The House voted to give Attorney General Henry McMaster \$750,000 in the state's fight with North Carolina over drinking water.

McMaster has asked for \$2.2 million to fight the case before the U.S. Supreme Court. At issue is whether North Carolina acted within its authority when it decided to withdraw 10 million gallons a day from the Catawba without first consulting with downstream South Carolina.

### Speaker Harrell says this is year for cig tax increase

South Carolina hasn't raised its cigarette tax since 1977, making its tax of 7 cents a pack the lowest in the nation. The average for all states is \$1.21 a pack. But House Speaker Bobby Harrell, R-Charleston, thinks this is the year the state will finally raise the tax.

He's sponsoring the bill the House will work from during debate expected to take place March 24-26, to

raise the tax by 50 cents a pack. The money would go to create a tax credit to decrease the uninsured population in the state.

"The idea is to try to create a system where folks who cannot afford health insurance, or where employers don't provide it for people who are in the lower income areas, that those folks get health insurance provided for them" he says. "If we accomplish that, then it will positively affect the health insurance premiums that all the rest of us are paying, because what's happening right now is those folks are going to the hospital, being treated as indigents, and then the health insurance premiums all of us pay are going up in order to cover the cost for the hospitals of those people."

The federal government is already set to raise the federal cigarette tax by 62 cents a pack on April 1, but Harrell says he doesn't think that will hurt his bill's chances.

Smoker Shontel Smith doesn't like the idea of paying more, but she also doesn't have health insurance. "I think by raising the taxes, I don't think that would be a problem if they're helping us with the health insurance," she says.

Fellow smoker John Starino agrees. "I'm willing to pay a little bit more for it if it goes to the reason that it's stated and someone in the legislature doesn't take the money and use it for some other reason."

State lawmakers passed a cigarette tax increase last year but Gov. Mark Sanford vetoed it. He was against a tax increase without an offsetting tax reduction somewhere else. His spokesman, Joel Sawyer, says the governor will use the same criteria this year. If the bill isn't revenue neutral, he won't sign it. Speaker Harrell says his plan is revenue neutral because, while it does raise the cigarette tax, it also provides a tax credit.

He understands the governor's reluctance to raise taxes and says that's why the state hasn't raised the cigarette tax in more than three decades.

"A lot of us just don't want to raise taxes," he says. "I've opposed doing it, frankly. The reason I'm supporting this effort right now is I believe this tax increase is coming, I mean the cigarette tax increase is coming, and if it's going to happen, I'd like to make sure that we use it in a method that utilizes the private sector, provides a tax credit and causes people to get health insurance."

New York has the highest state cigarette tax at \$2.75 a pack. Georgia's is 37 cents, ranking it 44th while North Carolina's is 35 cents, ranking 46th.

#### State Rep. Battle editorializes against Gov. Sanford's stance on stimulus

Every fall, millions of precious children eagerly set off on the path to their future careers in South Carolina's public schools. In those schools, thousands of teachers and administrators work diligently in the hopes that their students receive the best education possible.

Their ultimate goal is to ensure that South Carolina's children are prepared to pursue whatever career they dream of having in the future. Unfortunately, in our state, it is increasingly difficult for public school educators to accomplish this goal. South Carolina public schools, especially those along the "Corridor of Shame," face a number of challenges in providing quality education.

Traditionally, these underprivileged schools have been plagued by underfunding and overcrowding. I now believe that the biggest challenge these schools currently face is Gov. Mark Sanford. He's never bothered to visit the schools, but he professes to know all about what their students need.

Over the last couple of months, Gov. Sanford has let whole the country know that he is against the American Recovery and Reinvestment Act which would help improve the quality of education in our state. Under the ARRA, South Carolina will receive more than \$687 million in State Fiscal Stabilization Funds that will help states create jobs, prevent layoffs and modernize schools like Dillon County's J.V. Martin Junior High School.

This school recently made headlines and drew some well-deserved criticism for the governor when President Barack Obama mentioned it in a speech to Congress. Under Mark Sanford's guidance, South Carolina's public schools are the national poster children for failure.

J.V. Martin eighth-grader Ty'Sheoma Bethea was willing to ask Congress for help for her school, but our governor doesn't want to seek help for his state. If anyone questions whether Mark Sanford values Republican Party ideology more than public education, his recent interview with the Washington Times certainly gives the answer.

Instead of acknowledging the fact that J.V. Martin Junior High needs major construction, Gov. Sanford made a weak argument for school vouchers. "We have a system that locks a kid into the school district of the government's choice, not the individual parent or child's choice, and so the irony is certain kids are

required to go to that very school and given no choice as to other options," he said.

This isn't the first time that the governor has shown lack of support for public schools. Over the years, he has worked for private school voucher legislation and appointed voucher supporters to boards that make decisions about public schools. Like many die-hard Republicans, Mark Sanford would like us to believe that private-vouchers are the answer to fixing public school problems. I beg to differ with that philosophy. School vouchers would only create more problems for our already severely underfunded public schools. These vouchers or tax credits work by taking badly-needed resources from public school districts and funneling them into private schools that don't guarantee accessibility to all students. Voucher advocates say that the state's public schools are beyond repair and that this type of school choice is the only way to improve the quality of education in SC. However, I believe that you can't improve public education by simply abandoning poor public schools.

Researchers from a number of notable universities including Duke and Princeton have reported that voucher programs don't produce significant academic gains. A study based on schools in Washington, D.C., New York City and Dayton, Ohio, found that private schools are no better at raising the academic performance of low-income students than public schools. Private school voucher programs also will not upgrade school facilities and technology or make teacher salaries more competitive in struggling school districts.

In spite of the evidence, Gov. Sanford continues to push for school voucher legislation. During his Washington Times interview, the governor said that it's ironic that certain kids are required to go to certain failing schools and don't have other options. I think it's ironic that he is so out-of-touch with South Carolina's rural working families that he doesn't realize that many of them couldn't afford a private school even with a voucher to pay part of the cost — if they had a private school in their neighborhoods in the first place.

These students deserve to attend quality schools in their own districts.

Gov. Sanford also said that Miss Bethea will end up paying twice for her education because of the stimulus. I think if she and other J.V. Martin students were given a chance to receive a quality education, build a sense of pride in their community's schools and show the nation South Carolina students aren't quitters, the investment would more than pay for itself.

#### The State announces layoffs

The State Media Co. today announced the layoff of 38 people -- 11 percent of its work force -- and wage reductions ranging from 2.5 percent to 10 percent for the rest of the employees.

Among those laid off were three vice presidents including editorial page editor Brad Warthen.

"We are seeing the worst advertising climates in our lifetime," said president and publisher Henry B. Haitz III. "It is a very difficult time that requires unfortunate measures."

Nine newsroom employees were laid off and others could see their hours reduced, executive editor Mark Lett said. The names of the affected newsroom employees were not released.

"These are challenging times for newspapers, made even more difficult because we must part with newsroom professionals who have contributed outstanding work to this company and this community," Lett said. "Journalists affected by today's cuts have been valuable and valued members of this newsroom."

The actions are part of companywide layoffs and cost-cutting measures announced Monday by The State's parent company, The McClatchy Co.

The Sacramento, Calif.-based company said it would eliminate 15 percent of its work force -- about 1,600 jobs -- to offset advertising revenues that have plunged during the recession and pay down debt from its 2006 acquisition of Knight Ridder.

"The newspaper is profitable," Haitz said of The State. "But, as you know, we are part of The McClatchy Co. and are working toward the goals of the overall company."

In South Carolina, McClatchy owns The State, The Sun News in Myrtle Beach, The Herald in Rock Hill, the Beaufort Gazette, and the Island Packet in Hilton Head.

-- Rock Hill eliminated six positions, cut wages 2.5-10 percent and transferred its printing operations to Charlotte.

-- Myrtle Beach laid off 20 employees and reduced wages 9.1 percent, effective May 4. An additional 58 positions were eliminated with the transfer of its printing operations to Charleston.

-- The Hilton Head and Beaufort papers eliminated 17 positions, including eight open posts. The papers

reduced pay for all employees.

In North Carolina, McClatchy owns The Charlotte Observer and the Raleigh News & Observer.

Nationally, its newspapers include The Kansas City Star, The Sacramento Bee, The Miami Herald and The Star-Telegram of Fort Worth.

Tumpy Campbell testing waters for Congressional run

(AP) Republican Carroll Campbell III has begun raising money and testing the waters for a 2010 GOP primary bid to replace U.S. Rep. Henry Brown.

Campbell told The Associated Press Tuesday that he was talking to donors and not ready to formally announce his plans.

Campbell said he's going to see how that goes before deciding on a bid to unseat Brown from his 1st District seat.

He is the son of the late Gov. Carroll Campbell, who is credited with much of the growth of South Carolina's Republican Party. He held the 4th District U.S. House seat for four terms and won the first of two terms as governor in 1986.

Meanwhile, Paul Thurmond says he's being encouraged to run, too. Thurmond is the son of the late U.S. Sen. Strom Thurmond.

**From:** Tim Pearson  
**To:** [REDACTED]; MCS Road  
**Date:** 3/10/2009 2:11:37 PM  
**Subject:** Inside ALEC revision

Gov-

Both copied below and attached is the revised version. This needs to get to ALEC by tmrw morning.  
-Tim

For Inside ALEC (American Legislative Exchange Council) magazine  
Word Count: 901  
Draft by Tim

The so-called stimulus package is now a reality, as is the trillion or so dollar tab it carries with it. To some this means the debate on the merits of this particular package is over and that those of us who opposed the bill lost and should just move on. I respectfully disagree.

Over the last year or so we've seen ad-hoc bailout after ad-hoc bailout, stimulus after stimulus, and there's no reason to suspect that this trend will not continue. The American people need to fully understand the consequences of what the federal government has done and of what we can expect to see more of going forward, and what follows is what I believe those consequences to be.

First, while throwing enough money at any problem will ultimately have some effect, in the end it may not be the effect we were looking for going in. Yes, the trillion dollars of taxpayer money the feds are currently injecting into our economy may very well create jobs in the short-term, but a cost-benefit analysis of the stimulus package that only looks at the next two years is dangerously short-sighted.

The real question should be how do we balance the short-term with the long-term?  
I believe the longer the perspective with which one makes a decision, the better that decision will end up being. By that I mean decisions made based on what's good in the next ten minutes are generally inferior to those made in the context of what will this mean over the next ten years.

Passing the stimulus package was, in my belief, a decision based on those next ten minutes. To wit: according to the Congressional Budget Office (CBO), Congress' non-partisan analytical agency, the stimulus package could actually slow down the economy as early as 2015.

Second, it's not just predictions about how the economy will react going forward that tell us this stimulus package was a bad idea — history shows us the same.

Simply throwing government money at a struggling economy in the past has not translated into economic growth. It certainly didn't in Japan during the 1990s, when the Japanese government initiated no fewer than ten stimulus packages over an eight-year period. Instead of fortifying the Japanese economy, the government's intervention led to what is often referred to as 'the lost decade,' a decade in which Japan's unemployment rate more than doubled.

Supporters of the current plan like to point to the New Deal as a model, declaring that FDR's massive government expenditures dragged this country out of the Great Depression. But the historical record just doesn't back that up. In fact, Henry Morgenthau, President Roosevelt's own Treasury Secretary, said the following: "We have tried spending money. We are spending more than we have ever spent before and it does not work. ... I say after eight years of this Administration we have just as much unemployment as when we started... And an enormous debt to boot!"

Third, there is an old idea that seems to have gone out of style in Washington, that being Grandmother's notion of leaving things better than you found them. I say that it's gone out of style because that trillion dollar price tag is most likely not going to be our responsibility. Instead, it will fall to our children and our children's children to deal with the economic ramifications of our generation accruing an unprecedented



level of debt.

I believe those ramifications to be terrific in scope. We're moving dangerously close to the tipping point of devaluing every American dollar and, as a consequence, rendering any short-term economic stimulation moot. Why is that so? Because if you print enough of anything, you devalue it, and the Federal Reserve has been increasing its liabilities at an alarming rate.

Already in January the core-producer-price index -- one measure of inflation -- rose four times faster than what economists had expected. If we continue down this road, we may find ourselves in the position Argentina found itself in the 1920s when they had a near- complete devaluation of their currency, or of Germany between World War I and World War II when its citizens had to in effect carry a wheelbarrow of currency to get so much as a loaf of bread.

Finally, the bailout approach undermines what has historically been the ultimate source of economic stimulus — the American worker and entrepreneur. For entrepreneurs to take risks in the marketplace, they need to know the rules, yet how can they when those rules are ever-changing? A business owner may wake up today and wonder, will I get a bail out from the government? Will my competitor? Will my supplier? In this environment, those questions are perfectly applicable —and that makes it an environment not at all conducive to economic growth.

In the end, the rush to do something for the sake of doing something means this package is already law, a mistake with which we will have to live. But I believe it's a mistake we can't afford to compound by acquiescing to further bailouts and further spending bills cloaked as stimulus. Given that I'm writing to legislative leaders across the country, I'd implore each of you to show leadership in not only raising the concerns a number of us share with the bailout approach, but in looking for ways within your specific state to push back against it.

**From:** Joel Sawyer  
**To:** Road, MCS  
**Date:** 3/10/2009 12:52:16 PM  
**Subject:** PLEASE REVIEW - Release for tomorrow

Governor Sanford: Use Stimulus to Pay Down State Debt  
GOVERNOR TO ASK WHITE HOUSE FOR WAIVER  
TO PAY DOWN STATE LIABILITIES

Columbia, S.C. – March 11, 2009 – Governor Mark Sanford today announced his decision on seeking roughly \$700 million in stimulus money under his discretion, saying he will ask for a waiver from the White House so that the stimulus money can be used to pay down the state's debts and contingent liabilities.

Governor Sanford has opposed the federal stimulus package because it passes on a substantial bill for today's government services on to future generations, and because the massive run-up in government spending could devalue the American dollar.

Only about one quarter of the \$3 billion slated to be spent in South Carolina comes under the governor's discretion, with the rest being programmatic funding that comes to the state through formula. The governor said since the federal spending represents more in the way of accumulated debt, that it makes sense for South Carolina to be able to use the money to pay off existing debts taxpayers are already on the hook for, rather than funding ongoing government needs.

"Families and small businesses across South Carolina are making incredibly difficult choices without the benefit of checks from Washington D.C., and using stimulus dollars for ongoing needs will only prolong, deepen and delay those inevitable cuts," Gov. Sanford said. "But just as this stimulus bill piles debt upon future generations, we have substantial unpaid for political promises at a state level that will prove to be equally burdensome on future generations of South Carolinians. For that reason, we believe it fitting for us to be granted flexibility with these stimulus dollars to indeed begin the process of addressing those substantial debts so that future generations aren't stuck with the double pain of paying back unsustainable federal and state spending."

South Carolina currently has roughly \$20 billion in unfunded political promises in its retirement system, and stands at number one in the entire Southeast in per capita debt. The state is 57 percent above the Southeastern average and three times higher than neighboring Georgia in its per capita debt load. The proposed stimulus dollars would annualize – spend one time money on recurring needs – over \$1.2 billion in the next two years, which amounts to approximately 10 percent of the state's budget. This level of new annualized spending would be the largest recorded level of annualizations in state history.

~~###~~

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**From:** Kevin Pazdernik  
**To:** [REDACTED] MCS Road  
**Date:** 3/10/2009 9:31:43 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text of Clips

Governor's Daily Press Briefing - Summary and Text of Clips - Tue., Mar. 10, 2009

Summary:

House okays stimulus cash for budget  
The State editorializes in favor of spending stimulus money soon  
Part of property tax law might be re-written  
Scoppe editorializes against cuts to counties  
Most Greenville banks did not accept TARP cash  
Santee Cooper to look at wind energy

Text of Clips:

House okays stimulus cash for budget

The state House of Representatives voted Monday to accept federal stimulus money to help plug next year's budget shortfall, sparking charges from Democrats that doing so will only postpone the pain of cuts until the federal money runs out in two years.

The House also voted to reduce its proposed cut in aid to local governments by \$72 million, taking the money instead from the state's Medicaid agency and the state Insurance Reserve Fund.

The action came during the first day of debate on a proposed \$6 billion budget plan for the fiscal year beginning in July. The House is expected to approve its budget this week and send it to the Senate.

Rep. Harry Ott, leader of House Democrats, asked legislators not to approve smaller cuts to local governments, arguing the numbers were suspect and merely a response to recent protests by city and county officials.

"Let's spend real money," he urged. "Let's not balance this budget with hopeful wishes and new math."

The GOP-dominated House voted 82-30 to reduce the cut to local governments to \$50 million. Greenville County faced losing almost \$10 million under the previous plan.

House legislators earlier Monday voted 108-8 to accept federal stimulus money in the budget.

The federal legislation will send almost \$1 billion to the state's budget over two years, most of it for education and health agencies. The vote has no impact on stimulus funds for roads, local police and mass transit, which don't require legislative budget approval.

Gov. Mark Sanford has for months said he opposes the federal stimulus bill but hasn't yet said what parts of it he thinks the state should accept or reject. His opposition caused language to be inserted in the federal legislation allowing state legislatures to accept the funds if governors chose not to do so.

Joel Sawyer, spokesman for Sanford, said the governor would announce his decision this week.

(3 budget things to watch)

The House will begin debating the state budget this morning. Here are three things to keep an eye on this week.

1.

Local government funding. The draft plan would cut \$122 million in funding for cities and counties, something with which many in the House disagree. Ways and Means chairman Dan Cooper said House Republicans have worked out a compromise to reduce those cuts to \$50 million, tapping an insurance reserve account and Medicaid funds to make up the difference.

2.

Will Republicans unite? House Republicans have been deeply divided over the draft budget. Some, including Richland Rep. Nathan Ballentine, want an opportunity to vote on using \$1 billion in federal stimulus money. The budget is already on "plan Z," and there is a chance that another plan has emerged over the weekend.

3.

The State editorializes in favor of spending stimulus money soon

THERE'S A LOT TO dislike about the federal economic stimulus package, which fell far short of its promise because of the inevitable insistence by members of the Congress to give at least as much weight to political considerations as economic ones. Far too much spending won't start for a year, or more. Far too little will start in the next few weeks and months.

The longer it is before our economy gets a significant spending infusion, the more difficult it will be to break the frightening downward spiral that seems only to be accelerating. The longer it takes to stop the free fall, the more individuals and businesses will suffer — some irreversibly.

But the fact that the Congress didn't do enough to require that contracts are let and work on projects started immediately doesn't mean the stimulus has to be sluggish. State and local governments have some room to speed things up, and increase the stimulative effect. Although in many cases they aren't required to start converting federal funds into paychecks quickly, there's no reason they can't.

The most obvious local example of that is the state Transportation Department, which had been gearing up since January to award construction contracts. Just three days after President Obama signed the stimulus package into law, the Transportation Commission gave the green light for the agency to award contracts for nearly half the \$463 million the state stands to receive for road work.

The governing board wisely decided to concentrate at least the first allocation on road resurfacing and bridge repairs. That's good because we need repairs far more than we need more roads, and because we can get them started much sooner than new construction, which means getting paychecks into the hands of more South Carolinians sooner. The agency is well positioned to award contracts worth \$160 million within four months as it must (sooner would be better), but there are signs that it might not be quite so easy to agree to the rest of the spending.

To be sure, the agency needs to take care to spend the money on important projects, and to get good deals, but the danger is that with the immediate deadline pressure off, six autonomous highway commissioners will revert to political jockeying that will unnecessarily delay further contract awards. (Note that neither the governor nor the Legislature has any say over this.) For example, the board made a point of awarding small projects first not just because they can get under way quickly and involve more companies, but also because commissioners differ over such matters as whether any of the money should go to Interstate 73 (it shouldn't).

Such fights are unnecessary. The commission should stick with repairs. Even if the agency runs out of intersections that need realigning, roads that need resurfacing and sections of the interstate that need repairing, we still have 1,300 bridges that are "structurally deficient." That's enough to more than eat up all the money — and greatly improve the safety of our highways.

And although the details will be different, other state and local officials should follow those same principles in spending stimulus money: Even if federal law allows you to take months or years to get under way, favor simple and quick-starting over more complicated projects that require more up-front planning.

Remember, the primary goal is to put the money to work as quickly as possible, employing as many South Carolinians as possible.

Part of property tax law might be re-written

State lawmakers may rewrite a portion of the 2006 law that gave homeowners a tax break in exchange for a higher state sales tax.

Lawmakers say they are concerned one provision of the law has hurt real estate sales in the state.

Of particular concern, they say, is a requirement that homes and businesses be taxed at their full market value when sold. Advocates say that requirement has scuttled sales after buyers learned what their new tax bills would be. Both the House and Senate are working on bills that would eliminate that part of the law.

Eliminating so-called "point-of-sale" property reassessment would mean a property's tax value could increase by only 15 percent every five years, a constitutional change approved by state voters in 2006.

Advocates say eliminating the point-of-sale provision would help spark the state's sagging real estate market and prevent similar or neighboring homes from being taxed at widely differing values.

Critics say the proposal would put more stress on the budgets of local governments, and gradually would shift the tax burden to owners of more modestly appreciating homes, vehicles and renters. They say the entire property tax swap bill, known as Act 388, needs to be overhauled.

"Investment in our state has been hit pretty hard because of the point of sale," said Nick Kremydas, executive director of the S.C. Association of Realtors.

Kremydas said it is difficult to separate the economy's impact on real estate from the tax law's effect. But he said he has heard lots of anecdotal evidence about canceled sales and properties sitting vacant.

Kremydas said all properties have been hurt. But state Sen. Larry Martin, R-Pickens, and other lawmakers are most concerned about commercial properties. Those properties are assessed at a higher rate, enjoying none of that tax relief that Act 388 offered to homeowners statewide.

Kremydas and lawmakers want to roll back the tax values for all properties purchased since Act 388 took effect in 2006. Homeowners would not receive refunds for the higher taxes paid since they bought their home, but they would pay lower taxes going forward.

But that solution could create problems elsewhere, critics say.

Reducing the taxable value of property means county and city governments would collect less revenue or have to raise tax rates.

"It actually becomes a burden," said state Rep. Joe Neal, D-Richland, a member of a House subcommittee that studied the bill. "This robs counties of any potential revenue."

Over time, critics say, the problems are compounded by Act 388's 15 percent cap on a home's value.

Because of that cap, owners of rapidly appreciating homes — such as coastal or lakefront property — pay taxes on a smaller and smaller percentage of their home's fair market value.

For example, when Lexington County last reassessed properties in 2005, a home in Oak Grove or Red Bank might have appreciated 15 percent to 20 percent over the five-year period, an average rate of growth for S.C. homes. But homes on Lake Murray frequently doubled, or more, in value.

The 15 percent cap means the Oak Grove homeowner would pay taxes on nearly 100 percent of their home's market value after the next reassessment, while the Lake Murray homeowner would pay taxes on less than 60 percent of his home's market value.

Over time, the Oak Grove homeowner could pay a proportionately larger share of property taxes as the Lake Murray homeowner paid less.

"It's creating an imbalance," Neal said. "That's just patently unfair."

But state Rep. Jim Merrill, R-Berkeley, says it is unfair to tax property owners for rising values that they have yet to cash in on. The greater inequity, Merrill said, is two similar properties in the same neighborhood taxed at different rates.

"I think the alternative is much worse," Merrill said.

One potential compromise would maintain point-of-sale reassessment, but cap increases at 15 percent.

The point-of-sale reform bill is stoking debate about Act 388 as a whole. Criticisms of it have grown in the years since the tax swap was approved.

The swap was to be paid for with higher sales-tax revenues. But those revenues have sagged with the economy, leaving the state with a \$99 million shortfall to cover next year.

Meanwhile, schools, counties and other local governments say Act 388 ties their hands by capping how much they can raise taxes.

Many Democrats support revisiting the tax swap, and Republicans agree the law has problems.

"It was a short-term, short-sighted solution," said Rep. Anton Gunn, D-Richland. "Point of sale is step one in trying to get us back to normal."

Kremydas says the point-of-sale reform will not solve the problems of Act 388. But it could give a needed short-term boost to the state's real estate market.

He wants a pending state tax study panel to include changes to Act 388 in its recommendations for revamping the state tax code.

#### Scoppe editorializes against cuts to counties

Rep. Alan Clemmons is trying to get the House to sign off on his bill to let city and county councils reduce their own pay. As Mr. Clemmons tells the story, members of the Horry County Council wanted to cut their pay by the same 2.2 percent they were cutting all county employees' pay. But their lawyer noted that state

law requires that any change to council members' pay be delayed until after the next election. Legislators had written that law to prevent local officials from raising their pay without voters having a chance to say they're not worth the extra money, much as state law requires that legislative pay raises be delayed until after the next election.

It had never occurred to legislators that councils might want to reduce their own pay (which tells you a lot more about the legislative mind set than the intention of local officials). The box the Legislature had put local governments in, Mr. Clemmons explained, was an "unintended consequence."

At the mention of an "unintended consequence" Rep. Gilda Cobb-Hunter, who had just been bemoaning with me the straitjacket into which the Legislature had wrapped all local governments, sees her opening. Would Mr. Clemmons be willing to address another "unintended consequence" dogging cities and counties, she asks? That would be their inability to raise property taxes in order to keep police and firefighters working and garbage picked up as the recession dries up their revenue and jacks up their service demands — and as the Legislature prepares to cut their state funds by nearly half.

Unintended consequence?

Apparently Ms. Cobb-Hunter is playing good cop today. So it is left to me to play bad cop.

Or at least to sweep aside the politeness she is affecting and tell the truth, no matter how unpleasant it is: There is nothing "unintended" about the predicament in which cities and counties find themselves. The cap on annual property tax increases does precisely what our legislators wanted it to do — hamstringing local governments.

Any legislator who claims to be surprised by the fact that state law prohibits many local governments from raising taxes enough to make up for deep state cuts to their budgets is either lying or too stupid to be allowed out in public.

Now, legislators might honestly tell you that at the time they passed it in 2006, they didn't realize how rigid the tax cap was. It was much tougher than the cap the House had passed, which would have allowed a supermajority on a local council to bypass it; the Senate had wisely refused to pass any cap. What emerged from the conference committee was a hard-and-fast cap on how much property taxes could increase each year.

To make matters worse, this tax cap that most legislators didn't realize was rigid enough for them to worry about (if it even existed) was just a small part of a massive, massively complicated tax overhaul bill that was sprung on lawmakers just days before they had to take a final vote.

I'll admit that even I didn't realize how tight the cap was when I led a discussion in our editorial board about whether we should support the bill — and I review major legislation much more closely than most legislators. (We opposed the bill — thank goodness — for other reasons.)

So there was indeed a time when legislators could have claimed ignorance. But that time is long past. Legislators have known about the cap for years now. And for years now, they have resisted all efforts to eliminate or even loosen it. That's because three camps of legislators, when combined, make up a majority inside the State House: those who are convinced that all taxes are bad, no matter what; those who are afraid that constituents will blame them if anyone anywhere raises any tax; and those who think all power, even over local matters, should reside in the Legislature.

Perhaps no one could have guessed that our economy would collapse the way it has, but the fact that a recession would eventually come along, and the tax cap would make it impossible for some cities and counties to make up lost revenue and keep providing the services that constituents demand, was entirely predictable. Nay, inevitable.

And it was what our Legislature wanted.

Back to the House debate. Much later in the day, after everybody has gotten their partisan jollies fighting over the photo ID voter bill and then spent a lot more time jumping through procedural hoops to get to other, similarly unimportant bills that mattered a lot to some people, and night has fallen, the House returns to Rep. Clemmons' bill. Rep. Cobb-Hunter offers an amendment to repeal the tax cap, which is promptly (and properly) ruled out of order. And the House passes the bill, apparently unanimously, without addressing any other consequences, intended or not.

The Legislature might not trust elected local officials with the power to tax (or set annexation policy, regulate billboards, run local agencies or perform any of a host of other local duties), but if they want to cut their own pay, then far be it from the House to stand in their way.

Most Greenville banks did not accept TARP cash

So far, most banks that do business in Greenville County have not taken taxpayer money as part of the federal government's efforts to stabilize the financial system.

Of the 34 banks that were doing business in the county as of June 30, 21 of them, or 62 percent, had not accepted funding under the government's Troubled Asset Relief Program as of March 5, according to records kept by the Treasury Department, the Federal Deposit Insurance Corp., and statements from banks.

About \$58 billion has been allocated to 13 banks that do business in Greenville County, with \$45 billion of that going to Bank of America, federal records show.

Almost all of the money has come through the Capital Purchase Program, one of several programs administered by the Treasury Department as part of the TARP.

Under the program, the government buys preferred shares in approved banks. "The whole thing's crazy," said Andy Douglas, president of The Palmetto Bank, which operates 30 branches in the Upstate and opened a new headquarters in downtown Greenville on Monday. Douglas said his bank was eligible to participate but decided the cost was too high. He said he doesn't find fault with competitors that did participate.

"It's not really a giveaway," he said. "You're renting capital from the government, and it's borrowed capital, so you've got to pay it back, and the way we get capital is from our earnings, so you have to use your earnings to pay the dividend, and you're kind of defeating the purpose."

Craig Nix, chief financial officer at Columbia-based First Citizens Bank, said his bank was approved but decided not to close. He said the bank thought it was prudent to analyze the Capital Purchase Program, "especially since no one knows how long this recession is going to last." In the end, he said, the bank figured the cost outweighed the benefit.

Executives at two other banks that do business in Greenville County -- Greenwood-based Countybank and Greenville-based First Savers Bank -- said their firms had not taken any of the federal money so far but hadn't ruled it out either.

Participating banks said the federal aid would help enhance lending, explore acquisitions and growth and strengthen their capital positions in a time of economic uncertainty.

In addition to Bank of America, the 13 banks that have accepted the federal funding so far are Carolina First (The South Financial Group), BB&T, Greenville First (Southern First Bancshares), SunTrust, Greer State (Greer Bancshares), GrandSouth, South Carolina Bank and Trust (SCBT Financial), National Bank of South Carolina (Synovus Financial), Regions, BankGreenville, Provident Community and Ameris, according to federal records and bank statements.

Ken Lewis, chief executive of Charlotte-based Bank of America, said in an earlier statement that "we are using these funds to support the U.S. economy by extending credit to individuals and businesses."

James M. Wells III, chief executive of Atlanta-based SunTrust, said it was "prudent" to augment his bank's capital with \$4.85 billion in federal funding, "especially if the current recession proves to be longer and more severe than previously expected."

Dowd Ritter, chief executive of Birmingham-based Regions Financial Corp., said in November his bank's \$3.5 billion in federal funding would strengthen its capital position.

John A. Allison, chief executive of BB&T, said in October his bank's \$3.1 billion in federal funding would extend and strengthen lending capacity.

Richard Anthony, chief executive of Columbus, Ga.-based Synovus Financial Corp. said his bank would use its \$968 million to manage credit losses and enhance lending.

Lynn Harton, chief executive of The South Financial Group, said in an earlier statement the \$347 million his company received would enhance its ability to support economic growth in its markets.

Robert R. Hill Jr., chief executive of Columbia-based SCBT Financial Corp. said in a statement his bank was "one of the top-performing banks in the country" and would use \$65 million in federal funds to support mortgages and student loans.

Edwin W. Hortman Jr., chief executive of Ameris Bancorp, said his company accepted \$52 million to provide the strength to continue growth and lending. He said his bank's management "was cautious and prudent."

Art Seaver, chief executive of Southern First Bancshares, holding company for Greenville First Bank, said in a statement his company was well capitalized but accepted \$17.3 million in federal funding because it may need the money to meet community needs when traditional capital sources are unavailable.

Kenneth M. Harper, chief executive of Greer State Bank, said his company accepted \$10 million in federal funding in part to help make up for a loss of more than \$7 million in the value of stock it owned in Fannie

Mae, the government-sponsored mortgage company that was put into conservatorship. He explained his bank's decision in a recent advertisement: "We do not engage in high-risk business practices." He added, "We do not originate, service, wholesale or securitize sub-prime mortgages. We do not engage in excessive compensation practices."

Dwight V. Neese, chief executive of Rock Hill-based Provident Community Bancshares, said in a statement that \$9.3 million his bank got from the federal program would enhance its capacity for lending, strengthen its balance sheet and provide flexibility.

Ron Earnest, chief executive of Greenville-based GrandSouth Bank, told The News that \$9 million from the Capital Purchase Program would help his bank grow, even in tough economic times.

Russell T. Williams, chief executive of BankGreenville, said his company accepted \$1 million in federal funding after looking at its lending needs over the next several years. BankGreenville was planning to be in the capital markets in the next few years anyway, he said, and felt it was prudent to bolster its capital base amid deteriorated market conditions.

#### Santee Cooper to look at wind energy

Santee Cooper and the state are back tilting at windmills, this time out to sea.

Six weather buoys and two towers will be positioned just off the coast at Georgetown and Little River this month, to gauge how well the wind blows. The hope is that enough wind will be found to drive turbines to make electricity.

Similar gauges inland along the coast failed to find enough wind, and an earlier study off the Georgia coast didn't find enough wind to make it cost-effective. Proponents concede that, even if enough power can be found to run a wind farm, the amount produced likely wouldn't meet more than a small part of the demand in South Carolina.

Wind farms — rows of mammoth whirling propellers on towers — have become a buzz in the drive to find renewable energy sources as concerns grow about burning carbon fuels.

Concerns include the potential impact on wildlife such as birds and whether loss of the wide-open ocean view would disrupt tourism.

The first project offshore in the United States, a 130-wind turbine field planned off Cape Cod, Mass., is winding its way through myriad controversies such as whether it would disrupt the radar monitoring airplanes.

U.S. Interior Secretary Ken Salazar said Monday that Atlantic coast waters hold some of the country's greatest potential for wind energy, although he focused on the Cape Cod project and two other projects planned in the Northeast.

The \$430,000 South Carolina study is being paid for by a federal grant through the South Carolina Energy Office and \$230,000 from Santee Cooper.

The quasi-state utility company is sorting through "green" options, such as wind, bio-fuel and hydro-power, to meet an announced goal of providing 40 percent of its electricity in the next 10 years from non-carbon fuel sources. It's bracing for impending federal rules expected to further restrict carbon-burning industries as it fights to build a controversial \$1 billion coal-fired plant near Pamplico in the Pee Dee.

Company President Lonnie Carter said a wind project off the coast would face a number of hurdles besides just the cost but that recent advances in wind technology make it worth studying.

"Ten years ago, we wouldn't be doing this," Carter said. "This is research that needs to be done to see if this is viable. Santee Cooper and its board wouldn't be spending this kind of money on this project if we weren't serious."

The buoys will be placed from 1 1/2 miles to 6 miles out. The wind towers would be located where the buoys find the best wind.

"The real question is, how far offshore and how high up do you have to go," said Paul Gayes, director of The Center for Marine and Wetlands Studies at Coastal Carolina University. "It's exactly a matter of scale. I don't think anyone is going to suggest (a wind farm) is going to solve all our energy problems, (but) there is a resource there. How valuable would it be to the energy needs of the state?"



**From:** Albin Johnson  
**To:** blackberry\_users  
**Date:** 3/10/2009 9:22:10 AM  
**Subject:** Time for your 3-Month Update

This email is for all Blackberry users. It is recommended you update your Blackberry every 90 days to maximize your roaming capabilities. You can do this easily by dialing \*228 and hitting 'send', then choosing option #2. That's it! After a few seconds your Blackberry will be updated and will perform better.

If you have any questions please contact Albin Johnson at 734-0291 or respond to this email.

Thank you

---

Albin Johnson  
Director IT Services  
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**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]@gov.sc.gov>, Governor Mark Sanford <[REDACTED]>  
**Date:** 3/8/2009 10:03:55 AM  
**Subject:** Sunday Summary and Text of Clips - March 8, 2009

#### Sunday Summary and Text of Clips

##### Summary:

Newsweek interviews Governor Sanford  
Tussle over GOP leadership, party's future path  
SC bailout will face ideology, planning conflicts  
Brutal South Carolina budget fight ahead  
Attention from Obama spotlights, not solves J.V. Martin's dilemmas.  
Centerpiece of \$700 million Land for inland port would be given by Jafza  
Examiner says Lindsey Graham wants stimulus bill for South Carolina  
Taylor: Commerce has done well, can do better with data  
The State editorializes against House budget, government structure, state tax structure  
Independent-Mail calls for transparency to be more than a buzzword  
Times and Democrat editorializes against Voter ID  
Herald says House should improve on Senate tax reform bill  
Post and Courier editorializes against Yucca Mountain decision

##### Text of Clips:

##### Newsweek interviews Governor Sanford

South Carolina Gov. Mark Sanford sees a strong future for the Republican Party, provided it's rebuilt in what he sees as the right way: on the local level, far from the halls of Congress and the GOP's national headquarters. Republican ideals haven't changed, he said last week, but he thinks the ways the party engages new people will have to. NEWSWEEK's Daniel Stone asked Sanford who's responsible to lead the party from here and what he thinks about the party's national leadership. Excerpts:

NEWSWEEK: In devising a new strategy for the party, where do you go from here?

SANFORD: There is an eternal tug of war within the party on where we go from here and how we find a way out. One camp says the key is to appeal to Hispanics and women and use technology more. The way out of the wilderness is to grow the tent. The other camp—and the one I fall in—says that you can build a big tent, but you have to make sure the poles can hold it up and that you're working from a good foundation. In many ways, a political party is nothing more than a brand. The great brands of time have succeeded in as much as that they've done what they say they're going to do. People buy a John Deere tractor because it does what it says they're going to do.

Who's responsible for crafting that image of what the party is supposed to do and turning around and selling it to people?

From a tactical standpoint, it's got to be Republican governors. The minority in Congress can try to impede policy, but that's very difficult. In these economic times, people want changes that will make a difference in their lives. I think that the way out of the wilderness will be getting back to the core and getting policies implemented that will be instrumental in people's lives. And I think for that, Republican governors will be particularly important.

Is that to say governors should be the new party leaders?

Well, if you're a conservative, you believe in federalism. You believe in the power of the individual. You don't believe in orders from on high and centralized planning. There is something wrong if we were to just say someone was going to be the leader of our party from here forward. [President George H.W.] Bush talked about "a thousand points of light" in the party. I think there will be another thousand points of light to return the party to its roots to get us back in power. Tip O'Neill said all politics is local. Folks at the local county and city level will be making a difference.

How do you engage those local people and create a relationship with the national party?

I think we learned that we don't want one crystallized message with one crystallized leader. You don't want to have one voice. You need me speaking in South Carolina about things I believe in, but right next door is Sonny Purdue talking about things he believes in. And around the corner to Alabama, and continue the process across the country.

The party still has public leadership heads in Washington. Do you endorse the strategy chairman Steele has been talking about?

The chairman? Well, look, I think we're all pushing toward less government, lower taxes, a more competitive economic playing field and more individual freedom. We're just pushing from different perspectives.

What do you think of the "rising star" label that some of your colleagues have bestowed on you?

[Laughs] You know, that's very flattering and kind, but I can't be focused on that.

Tussle over GOP leadership, party's future path

(AP National) Rush Limbaugh has been Topic A in the political world, with Republicans debating his influence on their party and Democrats trying to elevate the conservative radio host to the GOP's de facto spokesman.

The skirmish has cast a bright light on the GOP and its search for leadership in the Obama era. But the personality-driven diversion has deflected attention from the deeper problems the party faces.

Simply put, the public isn't buying what Republicans are selling right now. An NBC/Wall Street Journal poll this past week put Republican popularity at near historic lows. Just 26 percent in the survey viewed the party positively, compared with 68 percent for President Barack Obama, despite the economic crisis and sharp GOP criticism of his \$3.8 trillion budget plan.

Republicans trailed by more than a 30-point margin on the question of which party is best positioned to end the recession.

Congressional Republicans did show remarkable near-unanimity in opposing Obama's \$787 billion stimulus plan. Yet party leaders have proved less successful in articulating a competing message on the economy. Their call for smaller government and further tax cuts has rung hollow with the public, a majority of whom believe sizable federal intervention is necessary to improve the country's bleak financial condition.

Electorally, the GOP faces an environment that is uncertain at best and challenging at worst.

Republicans are optimistic about their chances this fall in the governor's races in Virginia and New Jersey, where Democrats now are in office. But the situation is more complicated in 2010, when the GOP

is defending four open Senate seats, including two in powerhouses Florida and Ohio. Both are important presidential states that swung to Obama in 2008.

Republicans also may have to contend with a costly Senate primary in Pennsylvania between incumbent Arlen Specter and conservative former Rep. Pat Toomey. In addition, the National Republican Senatorial Committee has courted potential candidates in Kentucky, fearing that incumbent Jim Bunning may be in danger.

The party's up and coming leaders have stumbled a bit as well.

Louisiana Gov. Bobby Jindal, a potential presidential contender in 2012, was widely panned after his nationally televised response to Obama's address to Congress last month.

Jindal and other Southern governors, including South Carolina's Mark Sanford and Mississippi's Haley Barbour, have drawn flack for refusing money from Obama's economic stimulus plan to help expand unemployment benefits, even though their states have some of the highest unemployment rates in the country.

And Alaska Gov. Sarah Palin, the 2008 GOP vice presidential nominee, has avoided the spotlight amid complaints in her state that she had been too focused on developing her national profile.

Democrats have their share of political headaches, most notably Illinois Sen. Roland Burris. He has refused to step down after acknowledging he had tried to raise money for the state's former governor, Rod Blagojevich, who appointed Burris to the seat before being impeached and removed from office.

In New York, Kirsten Gillibrand, recently appointed to the Senate seat left vacant when Hillary Rodham Clinton was named secretary of state, may face a serious primary challenge in 2010.

Still, little on the Democratic side compares with the Republican Party's challenges.

"We are in a situation that is not enviable," longtime New Hampshire GOP activist Tom Rath said. "We don't control the White House, either house in Congress, and we don't have a huge number of governors. And we had eight years where President Bush set the tone for the party." Luckily for the GOP, many of those problems were obscured this past week by the Limbaugh flap.

To be sure, lots of Republicans are furious their party got bogged down in a fight over Limbaugh, a bombastic bomb thrower who repeatedly has declared he hopes Obama's economic policies will fail.

Party leaders are reluctant to criticize a radio host who commands an audience of 13 million largely Republican listeners per week. But Limbaugh is a polarizing figure who has limited appeal beyond the party's most conservative base.

Former House Speaker Newt Gingrich sharply criticized White House chief of staff Rahm Emanuel, who kicked off the anti-Limbaugh strategy last weekend by calling Limbaugh "the voice and intellectual force and energy" driving the GOP.

"As long as Rahm Emanuel is in the White House, it's a Nixon White House," Gingrich said in an interview. Gingrich said the effort to tie Republicans to Limbaugh was "a totally cynical and divisive ploy that undermines what Obama has said about being bipartisan."

Other leading Democrats were part of the chorus as well. Former Obama campaign manager David Plouffe wrote a newspaper column comparing Limbaugh to "fingernails on a blackboard."

Limbaugh seemed to relish the brouhaha. On Wednesday, he invited Obama to debate him and offered to pay the president's way to his radio

studio in Florida.

Sanford, the South Carolina governor and a potential 2012 presidential contender, dismissed the tussle over Limbaugh as "political theater" that had little relevance to most people's lives.

"It's all secondary to the larger question of whether people, on a gut level, feel the country's headed in the right direction and whether there are answers coming from both political parties that help them with issues that impact their lives," Sanford said.

Gingrich has started a new Web based group, AmericanSolutions.com, to help Republicans think creatively about issues such as financial markets, the environment and science and technological innovation.

He praised several GOP leaders as promising new voices for the party, including Sens. John Barrasso of Wyoming and Bob Corker of Tennessee, and Reps. Eric Cantor of Virginia, Kevin McCarthy of California and Mike Pence of Indiana.

And he had high praise for Jindal and Palin, whom he called "very smart" with a promising future.

"Think of the Republican Party as a tapestry where there are many threads," Gingrich said. "This is a tapestry that will emerge with tremendous strength and coherence."

Still, the challenges are such that the GOP chairman, Michael Steele, pledged in a radio interview to put the GOP on a "12-step program" to cure it of its ills. That came after he was forced to apologize to Limbaugh for calling his message "incendiary and ugly."

No less the Arizona Sen. John McCain, the 2008 GOP presidential candidate, said this past week that the party was on the ropes.

"We just lost two elections in a row, big time. Let's get together," McCain told Fox News.

SC bailout will face ideology, planning conflicts

(AP) Keeping teachers in classrooms, inmates behind bars and paramedics in ambulances are to take center stage Monday as South Carolina lawmakers begin debating a proposed \$6.6 billion spending plan that hinges on federal stimulus money.

It's setting up a conflict between some politicians' philosophical opposition to Washington bailouts and others' view of what government should provide its citizens. Meanwhile, the nearly \$3 billion in federal stimulus cash available for the next two years has even its advocates leery about how to plan for when it runs out.

"I'm fearful it's going to help us dig our state in a hole that's going to be tough to get out of in two years when that money's shut off," said Senate Finance Committee Chairman Hugh Leatherman, R-Florence.

Nevertheless, he said, "I'm going to push to get every stimulus dollar I can get."

The economic downturn that's rippled through South Carolina stripped the current budget, once \$7 billion, of \$1 billion in planned spending. Medicaid programs that subsidized health care for poor women, built wheelchair ramps and offered meal deliveries to the homebound were hit. State workers are taking unpaid days off.

Gov. Mark Sanford already offered an austere \$5.8 billion proposal for next year, making permanent most cuts made to the current budget, such as trimming college funding, spending on public school textbooks and programs for people with disabilities.

This week, all House lawmakers are to begin meeting to craft next year's plan. Among the critical issues is how the state will use \$1

billion in bailout cash to prop up programs that have been cut. Some federal cash already has helped the state restore Medicaid services that had been cut.

Despite the state's high unemployment rate, Sanford has been a vocal opponent of federal bailouts, predicting they'll fail to invigorate the economy and only lead to higher debt and taxes. But the governor has been careful to say that he still may OK the approximately one-quarter of the Washington cash that he can control and has agreed to increase weekly unemployment checks by \$25 using the money. Sanford's decisions on other money is expected this week.

Among the money he can't control: \$463 million for road and bridge construction, repair and safety projects, \$41 million in transit projects and \$38 million in police agency grants.

State Rep. Dan Cooper, who heads the budget-writing House Ways and Means Committee, has offered a spending plan that would use \$1 billion in other stimulus money and said not taking it would be unacceptable. Given predictions of faltering tax collections, going without the cash would bring an average cut of 7 percent in every agency on top of the 20 percent or more slashed since July.

"If we just went with 7 percent across the board and tried not to use the stimulus money, there'd be about 4,000 teachers laid off, Corrections says they would have to close four or five prisons and release 3,400 inmates early," Cooper, R-Piedmont, said last week. Even with the stimulus cash, the 2010 fiscal year beginning in July is expected to have less money for general public school spending, the biggest part of the state's budget. Education Department budget director John Cooley said per-student spending would fall to \$2,342 - or 2006 levels - from \$2,578 as the state pares its direct spending on schools and partly replaces that with federal stimulus cash.

"It's terrible. It's ugly," Cooley said.

About \$420 million in federal money already is slated to help poor schools and other education programs in the state.

But the state House budget cuts \$150 million from education programs that are tied to sales taxes, including summer schools, gifted programs and aid to the state's academically failing schools. Those are paid using a penny that's been added to the state's sales tax and those collections are expected to plunge to \$540 million in the new fiscal year from \$690 million as consumer spending falls.

The House budget proposal also calls for raiding \$122 million from city and county budgets. That's more than 40 percent of what the state puts into aid to local governments used for fire, police and emergency medical services. But a fierce lobbying effort during the past couple of weeks has Cooper backing off those plans.

He says he never expected to take the entire \$122 million and had yet to settle on a precise number he'll bring to the floor to debate on Monday.

It's unclear where that cash would come from to balance the budget unless deeper cuts are made elsewhere. There aren't many options: raiding other money, including savings funds legislators hit in the last recession, or increasing revenues by slapping higher fees on state services or fines on people running afoul of the law. House budget writers balked at both when they wrote their budget plan.

"I'm not entirely sure they've settled on a plan," said Robert Croom, lobbyist for the South Carolina Association of Counties. But even if lawmakers don't take the local money, local governments are going to suffer because state tax collections have dropped.

"Next year we will take a tremendous cut," Croom said.

### Brutal South Carolina budget fight ahead

State House members on Monday begin the debate on a state budget so stripped down that it could force local governments to raise taxes, some say.

Members gather for the session a day early, for what some Democrats say will be a long and bitter debate over the majority Republican budget plan that calls for spending \$5.6 billion, compared with \$6.7 billion in this year's budget.

Coastal Carolina University gets some relief from earlier funding cuts, but tourism promotion is taking a hit and there are no items this year for special projects such as local libraries or drainage in Horry and Georgetown counties.

"The best goodie that we still have in there is the \$1 million for I-73 and I-74," said Rep. Tracy Edge, R-North Myrtle Beach. Edge is a member of the Ways and Means Committee that drew up the spending plan and chairs its subcommittee on health and related services.

"The health care couldn't be funded any better," he said.

Using federal stimulus money, lawmakers were able to restore most of the services that were cut in a round of trimming last fall. The federal money also means the services are back in the proposal for the coming fiscal year, with proposals to enhance some programs. Some stimulus money was also used to restore the cuts to CCU, though the state level of support went down further.

"Though it's one-time money, it is going to be a substantial increase" and should eliminate the need for a tuition increase, Edge said.

As for the 2-1 matching grants for tourism promotion, which the Myrtle Beach Area Chamber of Commerce has used to advertise in new and off-season markets in the past two years, there is hope for adding it later in the session, Edge said.

Brad Dean, president of the chamber, said Sen. Yancey McGill, D-Kingstree, stated in a budget hearing that there could be a way to restore the funds.

"We remain very concerned about the tourism budget," Dean said. "The financial outlook for the state is bleak, and all industries, including tourism, are going to feel the impact."

Lawmakers want to increase tourism, Dean said, "but the proposed budget could lead to an even further reduction in promotion of Grand Strand tourism." The 2-1 matching grant program is the best short-term approach to increasing tourism, Dean said.

The funds for regional and statewide advertising were held at the same as last year, at about \$13.5 million.

The cuts to local government have so far drawn the most controversy. Democrats set up the protest over the plan Thursday by keeping the House in session late into the afternoon scrapping over the \$122 million in cuts to local government funds.

Under the plan, which still must pass the Senate and be signed by the governor to take effect, Horry County will lose \$4,972,976 and Georgetown County will lose \$1,411,171.

The House usually adjourns around noon on Thursday, when members go back home. Opponents of the cuts warned that the ill feelings will continue during the weeklong budget debate.

"Next week we could have a bloodbath up here," said Rep. Leon Howard, D-Columbia on Thursday.

Rep. Vida Miller, D-Pawleys Island, was among the Democrats leading the effort to change the bill with proposals such as equalizing the cuts for each county, lessening them or finding other ways to raise the money.

Rep. Ken Kennedy, D-Greeleyville, said the issue is that the GOP leadership refused to raise state taxes so it will be forcing local governments to raise taxes instead.

Kennedy and others also argued that the cuts will be harder on some counties because they have less ability to raise taxes. Charleston County could get its cuts back with a 4-mill tax increase, he said, while his home county of Williamsburg would have to hike taxes 12 mills to make the money back.

Rep. Jackie Hayes, D-Hamer, said the contrast is stark in his district, which includes parts of Dillon and Horry counties. Hayes said a mill of tax, which is a percentage of the total property value of a county, raises \$1.5 million in Horry, but \$62,000 in less-prosperous Dillon.

Dillon is slated for a cut of \$766,000, and "my county can't take this kind of hit," Hayes said.

Rep. Dan Cooper, R-Seneca and chairman of the Ways and Means Committee that proposed the budget, said local governments have other choices than raising taxes.

Democrats responded that the choices are cutting services such as law enforcement.

Rep. Carl Anderson, D-Georgetown, said he received a message from County Administrator Sel Hemingway saying that the county has already cut as much as it can, and that it will have to lay off workers if the proposal goes through.

Hemingway told him the state support is intended to help with state mandates for services, and that it's not fair to cut it.

Edge said his committee will propose a plan Monday that cuts local government support about \$50 million instead of \$122 million. "It brings it in line really with cuts at other state agencies," he said.

Still, he expects Democrats to take a stand and continue to fight the local government cuts, as well as decisions on health care funding because some dollar-rich reserves were used to cover other programs. The Democrats will have to come up with a way to fund the \$50 million cut to local governments and he doesn't know where that could come from, Edge said.

"It's not that we want to cut anybody, it's reality," he said.

Attention from Obama spotlights, not solves J.V. Martin's dilemmas.

A month ago on national TV, President Barack Obama held up this town's J.V. Martin Junior High School as a reason that Congress should pass his \$787 billion economic stimulus package.

The third most powerful member of Congress, U.S. House Majority Whip Jim Clyburn of South Carolina, has said it's time to steer federal stimulus money to fix the school.

But despite all the powerful people who say they want to help, J.V.

Martin's chances of getting enough money for a new school are bleak.

"We've heard everything about what may happen with the stimulus money, but we've received nothing," said Dillon 2 school system superintendent Ray Rogers, whose office is at J.V. Martin.

Rogers is one of the superintendents who filed a lawsuit against the state of South Carolina 15 years ago, claiming the state had failed to



provide poor school districts with safe, modern facilities.

Since then, Rogers and other officials from the state's poor, rural schools along Interstate 95 have appeared in countless media reports, an episode of "60 Minutes" and the "Corridor of Shame" documentary, outlining the conditions in their schools.

J.V. Martin's auditorium is chained, locked and off limits because it's not structurally sound. The White building, used as classrooms for the school's gifted and special-needs students, was built in 1896 and rattles with the passing trains. The school's gym leaks when it rains and lacks air conditioning.

But Rogers is not giving up.

"If we don't get any stimulus money, we'll keep working on it and moving forward," he said.

"We've got a plan."

#### NO EASY SOLUTIONS

Gov. Mark Sanford, one of the nation's most outspoken critics of the federal stimulus package, could decide J.V. Martin's fate.

Sanford will get the first shot at a \$126 million pot of stimulus money to be spent on public projects any way he chooses. But J.V. Martin's odds of getting that money are the longest of longshots.

Sanford hasn't decided whether to accept the stimulus money or, if he does, how to spend it.

"At this point, we're trying to figure out what can be done with the stimulus money before we figure out what should be done with the stimulus money," Sanford spokesman Joel Sawyer said.

Sawyer said children at J.V. Martin and other struggling schools would be better served by being able to go to schools of their choosing.

"We're very well aware of some of the profound needs that exist in education around the state," Sawyer said. "What we have consistently advocated in order to help these students right now is school choice."

Echoing Sanford, Sawyer said South Carolinians may realize short-term benefits from Obama's stimulus package but will bear larger long-term costs.

"The tragic and ironic part of the stimulus bill is that the very schoolchildren that Congressman Clyburn claims to represent are going to end up paying in the long run," Sawyer said. "It strikes the governor as wrong to pass on the costs of today's government to the next generation in the form of these deficits. This stimulus bill is taking money out of those children's pockets."

Democrat Clyburn wrote a section of the stimulus bill with Sanford in mind, should the Republican governor decline the federal aid. If the governor doesn't request the federal stimulus money by April 3, the General Assembly can seek it.

Another Clyburn provision, aimed at bypassing Sanford, directs \$566 million directly to S.C. school districts to backfill their budgets.

Nationwide, school systems will get \$39 billion.

Clyburn said last week that J.V. Martin will get between \$1.4 million and \$2.2 million of that money. But that is far too little to cover the \$30 million cost of rebuilding the school.

Clyburn, who said it is time to stop using J.V. Martin as a political prop, would have preferred to earmark money specifically for J.V. Martin.

"If I could, I would have dedicated some of the (stimulus money) to replacing schools and upgrading communities along the Corridor of Shame," Clyburn wrote in a recent editorial.

But the final compromise version of the stimulus bill stripped out

that possibility.

Clyburn said rebuilding J.V. Martin and Bamberg-Ehrhardt High School in his congressional district should be at the top of the state's priority list.

"I would hope that, as we were not allowed to earmark those funds, the governor will use his share of the money to do what needs to be done for those two schools," Clyburn said.

If Sanford turns down the money and the General Assembly takes it, Dillon County state Sens. Dick Elliott and Kent Williams say they'll fight for a piece for J.V. Martin and the state's other crumbling schools.

"I'm sure it'll be a free-for-all when it gets to the Senate,"

Williams said. "But I'm going to fight hard for J.V. Martin."

#### A LOCAL SOLUTION

If all else fails, the Dillon 2 school board is hoping it will be able to raise enough money for a new J.V. Martin when the economy improves.

In 2007, Dillon County voters overwhelmingly approved a bond issue for school construction to be funded by a 1-cent sales tax increase.

Hopes ran high that the proceeds would not only pay for a new J.V.

Martin but additions and renovations at other county schools, too.

Then the economy turned sour and the bottom fell out of the bond market, making it impossible for Dillon to sell its bonds.

"That puts us back at square one," Rogers said.

On Monday, the Dillon 2 school board will get an update on the bond market.

School board members have their fingers crossed that they soon will be able to issue bonds.

"With or without the stimulus money, there will be a new J.V. Martin," said Dillon 2 school board chairman Fitzgerald Lytch.

#### Centerpiece of \$700 million Land for inland port would be given by Jafza

Concerned that far more than a soured U.S. economy is eroding the state's position in the global supply chain, the Orangeburg County Development Commission is promoting a \$700 million plan to create a "global logistics corridor" extending from the Port of Charleston to Columbia.

The proposal, outlined in a white paper distributed to the state's congressional delegation and the White House Office of Intergovernmental Affairs during a two-day trip to Washington in February, calls for the creation of a new freight rail shuttle service between Charleston and Orangeburg. Containers would then flow in all directions from a planned 61-acre intermodal yard.

Gregg Robinson, the OCDC executive director, said while much of the plan would fall outside the parameters of project deadlines of the \$787 billion federal economic stimulus package, the stimulus should "free up some of the normal or traditional sources of funding, such as the federal highway fund, over the next several years."

That said, Robinson made plain that he sees the plan as part of the economic recovery process.

"What we're putting out there is a regional solution to a statewide problem -- a plan that will create hundreds of construction jobs in the near term and thousands of sustainable jobs over the next 20 years," he said.

"My philosophy is, build the infrastructure, add the value businesses need to be successful, and then get out of the way and let the private sector do its thing," Robinson said.

### Politicians pushing

U.S. Sen. Lindsey Graham described the proposal as "one of the most transformational projects in South Carolina by creating thousands of new jobs and generating tens of millions of dollars in revenue at the local, state and federal level."

"I have been pleased to work with the Orangeburg County Development Commission in their effort to make the corridor a reality," Graham said, vowing to work with the commission, state leaders and their partners in moving the global logistics corridor forward."

U.S. House Majority Whip James Clyburn, who, like Graham, has been securing funds for infrastructure projects in the area since Jafza International purchased 1,324 acres in South Carolina last year, said he reiterated his support for the Global Logistics Triangle and the corridor now being promoted, during his meeting with Robinson and other Orangeburg County officials in Washington.

Clyburn dedicated \$4.6 million in the House-passed omnibus appropriations bill for improvements to the I-95/U.S. 301 interchange adjacent to the site and \$10 million for the Lake Marion Regional Water Agency, which will serve it.

He did so, he said, "to contribute to the success of this tremendous economic development initiative, and I will continue to support this project with available federal funds as they are needed."

Clyburn also inserted language into the federal economic stimulus package -- known formally as the American Recovery and Redevelopment Act -- that directs 10 percent of rural development funding in that law to persistent poverty counties.

The law defines "persistent poverty" as a county having a poverty level of 20 percent or more over the last 30 years. Orangeburg County qualifies as one of those counties.

"These funds could be helpful to the county in its efforts to develop the Global Logistics Triangle and help achieve the goal of job creation in the region," Clyburn said.

Joel Sawyer, a spokesman for Gov. Mark Sanford, said the proposal "represents a real opportunity for our state, of which we're still learning the details. We'll be following all of the various moving parts of this project as it goes forward."

The corridor is an extension, rather than a replacement of, the Global Logistics Triangle concept the OCDC has been employing as an economic development strategy for the past eight years.

At its heart will be a logistics and distribution park for the processing and distribution of both import and export cargo.

"The way we see it, the park will be a centralized, regional facility where multiple distribution centers will be located, along with ancillary businesses related to the movement of import and export cargo, such a trucking firms and logistics providers," Robinson said.

### The Jafza link

The linchpin of the plan is Jafza South Carolina LLC, which has already invested more than \$22 million in the development near the convergence of Interstate 95, Interstate 26 and U.S. 301.

The Dubai-based company has provisionally agreed to donate 61 acres of its site, as well as public access to all roadways leading to and from its property, for the creation of an intermodal hub.

The Jafza project, which will be developed in five phases through 2032, is currently undergoing zoning approval for its entire 1,300-acre parcel. The first phase of the project, expected to get under way later this year, will focus on light manufacturing and

assembly-type businesses.

Robinson described the creation of the intermodal hub as a public-private partnership, with some of the players known -- Jafza, Orangeburg County, among them -- and others to be determined. He said the creation of a shuttle service between the Port of Charleston and the intermodal hub is essential to the commercial viability of the global logistics triangle, but will also help to shift trucks away from the congested Charleston metropolitan area. "The model we're pointing to in discussing the concept is Front Royal, an inland port created by the Virginia Port Authority in 1989 to compete with the Port of Baltimore in serving the lucrative Ohio Valley market," Robinson said.

Prior to the economic slowdown, the intermodal yard in Virginia was handling 30,000 cargo containers a year, reducing the number of trucks that had been contributing to congestion on nearby interstates, and serving to boost economic development in surrounding counties.

"We see this as adding value not just for one county, but for all of them, because there isn't a county in this state that is not in some way touched by the Port of Charleston," Robinson said.

From Orangeburg, some cargo would remain on rail, while the rest would leave the site by truck. The long-term plan calls for time-sensitive shipments to be directed to Columbia Metropolitan Airport.

"This really is about through-put," Robinson said. "We have an amazingly efficient port. In terms of container moves, it is one of the most efficient in the world.

"The creation of the intermodal facility and shuttle train system will only increase the volume of containers it can handle," he said.

Columbia airport

Michael Flack, executive director of Columbia Metropolitan Airport, said he didn't know anything about the proposal but said the airport would embrace the opportunity to be included in such a corridor.

"Certainly we would be happy to be part of that effort as it ties in to our air cargo operations," Flack said. "Our proximity to Orangeburg and Interstate 26 makes that an easy proposition.

"At the same time, both UPS and FedEx have good operations at this airport, so I would think that their participation would have to be helpful," he said.

Robinson deflected a suggestion that the proposal might be seen as favoring one developer -- Jafza -- over the Rockefeller Group, Hillwood Development and others developing distribution centers along the Interstate 26 corridor near Jedburg.

"I think this proposal will only enhance the success of their projects," he said. "Having more containers coming through the Port of Charleston rather than somewhere else is good for everybody."

Robinson also asserted that the plan would benefit truckers by moving their activities inland, and away from the overburdened roads around Charleston.

"There's an awful lot of backlash and conflict that they wouldn't have further inland, and they'd also be the beneficiaries of higher cargo volumes," he said.

Robinson said based on numerous studies conducted over the past five years, the corridor project would raise personal income in Orangeburg County by \$130 million and generate an additional \$382 million in additional business activity, while creating 3,765 jobs.

He said the project would also generate \$450 million in additional business activity in the rest of the state, amounting to a \$164

million increase in personal income in the state's other 45 counties, with the creation of an additional 5,294 jobs.

Robinson said if the strategy is implemented, by 2020, the county would be receiving an additional \$12 million in tax revenue from activities directly related to the corridor, with the state receiving another \$22.5 million, and the federal government approximately \$54 million.

#### Rail connection

But Robinson readily conceded the plan is not without challenges and that even with state and federal support, some heavy lifting needs to be done -- particularly in regard to the rail connection between the Port of Charleston and the proposed intermodal site.

To begin with, he said, the efficiency of the shuttle service would be dependent on there being "dual, competitive rail access" to the port's terminals, including the new, \$600 million facility being built at the former Charleston Navy base,

A memorandum of understanding between the S.C. State Ports Authority and the city of North Charleston currently prohibits cargo-laden trains from leaving the north side of the new facility, where the Norfolk Southern railroad's tracks enter the Navy base. CSX Transportation has rail access from the south side of the property. The OCDC plan calls for the S.C. Public Railways to run the shuttle train between the port and Orangeburg, after acquiring sections of rail near Creston and Pregnall currently belonging to the respective railroads, and getting permission to operate over existing CSX and Norfolk Southern tracks between Pregnall and the terminals.

"In our view, S.C. Public railways is the entity best positioned to provide fair, equitable, efficient and competitive rail shuttle service under our proposal," Robinson said.

S.C. Public Railways, a division of the State Department of Commerce, is in effect a holding company that owns and operates three railroad companies; two terminal yard-switching operations within Port of Charleston facilities, and a short line railroad in Berkeley County that serves BP Chemicals and Nucor Steel.

S.C. Public Railways President Jeff McWhorter confirmed that "very preliminary" discussions with the two railroads have occurred, but declined to discuss the specifics of those talks.

"There are some real benefits to the rail component of the proposal, a big one being the better management of congestion on Interstate 26," he said. "Another benefit would be cleaner area around Charleston, while also increasing capacity for the ports."

McWhorter, who accompanied Robinson to Washington, said he came away from the series of meetings hopeful that the project could receive funding through the federal stimulus package.

"Something we did learn is that the whole idea of projects having to be shovel ready for the receipt of funding is something that will be continuously evaluated," he said.

#### Ports Authority

And then, there's the matter of the current state of the Ports Authority itself, the subject of three bills before the Legislature that could result in major changes to its operating structure.

Senate Bill 392 and House Bill 3128 would dissolve the ports authority board of directors and invest power in a new director to be appointed by the governor. Senate Bill 351, on the other hand, would retain the board structure but require members to have extensive business experience relevant to running the port.

**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]>@gov.sc.gov>, Barton Swaim <bswaim@gov.sc.gov>, Ben Fox <bfox@gov.sc.gov>, First Lady Jenny Sanford <[REDACTED]>, Governor Mark Sanford <[REDACTED]>, Joel Sawyer <jsawyer@gov.sc.gov>, Scott English <senglish@gov.sc.gov>, Tim Pearson <tpearson@gov.sc.gov>  
**Date:** 3/8/2009 10:02:53 AM  
**Subject:** Sunday Clips - March 8, 2009

Sunday Clips - March 8, 2009

Newsweek interviews Governor Sanford  
<http://www.newsweek.com/id/188301>

Tussle over GOP leadership, party's future path  
<http://www.google.com/hostednews/ap/article/ALeqM5gmICGraFLbazRBnfhpHLWm949zFQD96PRABG0>

SC bailout will face ideology, planning conflicts  
<http://www.thestate.com/statewire/story/707415.html> (AP)

Brutal South Carolina budget fight ahead  
<http://www.thesunnews.com/news/local/story/811603.html>

Attention from Obama spotlights, not solves J.V. Martin's dilemmas.  
<http://www.thestate.com/local/story/707529.html>

Centerpiece of \$700 million Land for inland port would be given by Jafza  
<http://www.thetandd.com/articles/2009/03/08/news/13559920.txt>

Examiner says Lindsey Graham wants stimulus bill for South Carolina  
<http://www.examiner.com/x-3704-Columbia-Conservative-Examiner~y2009m3d8-Lindsey-Graham-wants-porkulus-stimulus-bill-for-south-carolina>

Taylor: Commerce has done well, can do better with data  
<http://www.thestate.com/editorial-columns/story/707808.html>

The State editorializes against House budget, government structure, state tax structure  
<http://www.thestate.com/opinion/story/707800.html>

Independent-Mail calls for transparency to be more than a buzzword  
<http://www.independentmail.com/news/2009/mar/08/dont-just-talk-about-it-open-government-everybodys/>

Times and Democrat editorializes against Voter ID  
<http://thetandd.com/articles/2009/03/08/opinion/doc49b195ba65595521518029.txt>

Herald says House should improve on Senate tax reform bill  
<http://www.heraldonline.com/opinions/story/1175612.html>

Post and Courier editorializes against Yucca Mountain decision  
[http://www.charleston.net/news/2009/mar/08/appalling\\_nuclear\\_waste\\_action74272/](http://www.charleston.net/news/2009/mar/08/appalling_nuclear_waste_action74272/)

Post and Courier editorializes in favor of fraud hotline  
[http://www.charleston.net/news/2009/mar/08/approve\\_citizens\\_hotline74263/](http://www.charleston.net/news/2009/mar/08/approve_citizens_hotline74263/)

Greenville News editorializes against budget cuts to local governments  
<http://www.greenvilleonline.com/article/20090308/OPINION/903080318/1008>

Instruction hasn't suffered despite classroom materials cut, principals say  
<http://www.greenvilleonline.com/article/20090308/NEWS01/90308001/1004>

Politicians are a-Twitter over new social media  
<http://www.goupstate.com/article/20090308/NEWS/903080998/1083/ARTICLES?Title=Politicians-are-a-Twitter-over-the-new-social-media>

Herald-Journal editorializes in favor of extending recent progress  
 with the Spartanburg delegation  
<http://www.goupstate.com/article/20090308/ARTICLES/903081006/1128/OPINION?Title=They-can-work-together>

Rep. Bedingfield: Employees would be undermined by lack of secrecy in  
 Employee Free Choice Act  
<http://www.goupstate.com/article/20090308/NEWS/903060946/1132/OPINION06?Title=Employee-Free-Choice-Act-Employees-would-be-undermined-by-lack-of-secrecy>

Guest Columnist: Corporations, legislators try to sell the Big Lie on  
 Employee Free Choice Act  
<http://www.goupstate.com/article/20090308/NEWS/903060944/1132/OPINION06?Title=Employee-Free-Choice-Act-Corporations-legislators-try-to-sell-the-Big-Lie>

S.C. bills seeking higher penalties for unlicensed drivers  
[http://charleston.net/news/2009/mar/08/s\\_c\\_bills\\_seeking\\_higher\\_penalties74277/](http://charleston.net/news/2009/mar/08/s_c_bills_seeking_higher_penalties74277/)

EPA calls for more air pollution testing around schools  
<http://www.greenvilleonline.com/article/20090307/NEWS01/90307008/1004>

Beaufort Gazette editorializes in favor of extra classroom time  
<http://www.beaufortgazette.com/opinions/story/723812.html>

Study finds incinerator helps curb emissions  
[http://www.charleston.net%2Fnews%2F2009%2Fmar%2F08%2Fstudy\\_finds\\_incinerator\\_helps\\_curb\\_emissions74279%2F](http://www.charleston.net%2Fnews%2F2009%2Fmar%2F08%2Fstudy_finds_incinerator_helps_curb_emissions74279%2F)

Expert: No oil off coast  
[http://charleston.net/news/2009/mar/08/expert\\_no\\_oil\\_off\\_coast74276/](http://charleston.net/news/2009/mar/08/expert_no_oil_off_coast74276/)

Dillon residents grateful for attention, but worry that media distort  
 area's image  
<http://www.thestate.com/local/story/707528.html>

Mathson shuts down less than 2 years after opening  
<http://indexjournal.com/articles/2009/03/08/news/a0308%20mathson.txt>

More cases raise questions about judge's decisions  
<http://www.thestate.com/local/story/707531.html>

Federal Reserve Chairman returns to Dillon to receive honor  
[http://www.scnow.com/scp/news/local/pee\\_dee/article/federal\\_reserve\\_chairman\\_returns\\_to\\_dillon\\_to\\_receive\\_honor/37396/](http://www.scnow.com/scp/news/local/pee_dee/article/federal_reserve_chairman_returns_to_dillon_to_receive_honor/37396/)

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Kevin Pazdernik

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[REDACTED]



**From:** Mary Neil Stroud  
**To:** MCS Road, [REDACTED]  
**Date:** 3/7/2009 5:58:44 PM  
**Subject:** Fw: GOPAC Chairman

I told this guy you were moving around this weekend but we'd try to have you call sometime tomorrow. Mr. Donatelli's # is [REDACTED]

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\*\*\*\*\*

**From:** Kevin Pazdernik <[REDACTED]>  
**To:** <[REDACTED]>@gov.sc.gov, Barton Swaim <bswaim@gov.sc.gov>, Ben Fox <bfox@gov.sc.gov>, First Lady Jenny Sanford <[REDACTED]>, Governor Mark Sanford <[REDACTED]>, Joel Sawyer <jsawyer@gov.sc.gov>, Scott English <senglish@gov.sc.gov>, <tpearson@gov.sc.gov>  
**Date:** 3/7/2009 9:54:19 AM  
**Subject:** Saturday Clips - March 7, 2009

Stimulus funds flowing to S.C.  
<http://www.thestate.com/local/story/706914.html>

Ex-HomeGold chairman sentenced to 5 years for securities fraud  
<http://www.thestate.com/local/story/706381.html>  
<http://www.greenvilleonline.com/article/20090307/BUSINESS/303070002/1004/NEWS01>

Andre Bauer op-ed takes shot at Governor's office while unveiling "the lieutenant governor's transparency initiative"  
<http://www.thestate.com/satopinion/story/706524.html>

Transparency proposals coming to Anderson  
<http://www.independentmail.com/news/2009/mar/06/transparency-proposals-coming-anderson/>

State to ease its cuts to counties  
<http://www.goupstate.com/article/20090307/ARTICLES/903071030/1083/ARTICLES?Title=State-to-ease-its-cuts>

Obama's state campaign director criticizes Governors stance on stimulus  
<http://www.thetandd.com/articles/2009/03/07/news/13569463.txt>

SRS might keep nuclear waste  
[http://chronicle.augusta.com/stories/2009/03/07/met\\_513879.shtml](http://chronicle.augusta.com/stories/2009/03/07/met_513879.shtml)

Aiken Standard editorializes against Yucca Mt. decision  
<http://www.aikenstandard.com/Editorial/0309-editorial2009-03-06T12-19-53>

Island Packet editorial calls for state to fund Catawba River lawsuit  
<http://www.islandpacket.com/opinion/story/775435.html>

Greenville News editorializes on need to conserve water  
<http://www.greenvilleonline.com/article/20090307/OPINION/903070301/1004/NEWS01>

Economist says NAFTA, national economy, started decline in SC jobs  
<http://www.greenvilleonline.com/article/20090307/NEWS01/90307007/1001/NEWS>

Chalk bill would lower real estate tax bite on rented homes  
[http://www.beaufortgazette.com/local\\_news/](http://www.beaufortgazette.com/local_news/)

S.C. bill strives to end practice of charging tolls for some in-county calls  
<http://www.thestate.com/local/story/706910.html>

District sues over charter school law  
[http://charleston.net/news/2009/mar/07/district\\_sues\\_over\\_charter\\_school\\_law/](http://charleston.net/news/2009/mar/07/district_sues_over_charter_school_law/)

Ralph Norman eyes bid for S.C. lieutenant governor  
<http://www.heraldonline.com/109/story/1183722.html>

Police await cash influx

[http://charleston.net/news/2009/mar/07/police\\_await\\_cash\\_influx74203/](http://charleston.net/news/2009/mar/07/police_await_cash_influx74203/)

Post and Courier editorializes in favor of Voter ID bill

[http://charleston.net/news/2009/mar/07/voter\\_id\\_secure\\_elections74194/](http://charleston.net/news/2009/mar/07/voter_id_secure_elections74194/)

Guest columnist highlights importance of charter schools

<http://www.thestate.com/satopinion/story/698927.html>

Bauer: Aid for elderly worth cost

<http://www.greenvilleonline.com/article/20090307/NEWS01/903070332/1001/NEWS01>

Open Land Trust makes Beaufort County a land-preservation leader.

<http://npaper-wehaa.com/bluffton-today;see-NXrTi2W9U2qnP250#page-12;c-179448>

Academy for Creative Expression gives Houston education options

<http://www.goupstate.com/article/20090307/ARTICLES/903071054/1083/ARTICLES?Title=ACE-gives-Houston-education-options>

South Carolina Association of Counties op-ed says state budget cut would be devastating to our counties

<http://www.greenvilleonline.com/article/20090307/OPINION/903070305/1008>

Guest columnist highlights importance of academic heritage in education (Web Only)

<http://www.thestate.com/editorial-columns/story/705880.html>

State Forester pens op-ed on importance of forestry as an investment

<http://www.thestate.com/satopinion/story/706528.html>

Children found with boy who starved now in foster care

<http://www.thestate.com/local/story/706916.html>

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**From:** Patrick Franks  
**To:** mcsroad  
**Date:** 3/6/2009 5:53:39 PM  
**Subject:** Calls for this weekend

Ann Bluntzer  
Beaufort Co. Open Land Trust  
[REDACTED]

Dean Faile  
phone call instead of meeting  
[REDACTED]

Jim Roquemore  
[REDACTED]

John Kasich  
[REDACTED]

Nick  
[REDACTED]

**From:** Kevin Pazdernik  
**To:** [REDACTED], MCS Road  
**Date:** 3/6/2009 10:02:23 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text of Clips (2 of 2)

State may need to borrow \$300 million more for jobless pay

The state's unemployment trust fund may need to borrow almost \$300 million more from the federal government this year to pay benefits to the state's jobless, state Employment Security Commission officials told a Senate panel on Thursday.

The state has already borrowed \$157 million from the federal government this year and \$15 million last year, officials said Thursday, to prop up a fund that eight years ago held a balance of more than \$800 million.

Roosevelt "Ted" Halley, executive director of the agency, said officials project the state will need to ask for \$275 million more in loans this year.

ESC officials have recommended increasing the taxable wage base from \$7,000 to \$12,000 to help narrow the gap between what is being paid out in benefits and what is being contributed by employers, the panel was told.

The state's 8.8 percent unemployment rate ranks third highest in the nation. The state now pays weekly unemployment checks totaling about \$20 million and sends checks to more than 100,000 people, Halley said.

Halley and ESC commissioners testified for more than two hours before a Senate subcommittee Thursday that two weeks ago passed a bill restructuring their agency without any input from the agency.

ESC officials offered much the same testimony they did before a House Judiciary subcommittee two weeks ago, with more intense questioning.

Senators asked questions about the agency's operations, how it matches the jobless with jobs and how the state will work its way out of the trust fund problem.

Sen. Greg Ryberg, chairman of the Senate Labor, Commerce and Industry Committee, said after the hearing that he believes the state will need to borrow \$500 to \$600 million more in 2010 to pay unemployment claims.

"We're at a difficult road as to how we're going to work out payback," he said.

ESC officials told senators Thursday they first warned House and Senate leaders about the problem in 2006 and did so again each of the next years. They said they felt like they had done all they could in reporting the fund's pending insolvency.

Gov. Mark Sanford has criticized the ESC commissioners for not doing more to sound an alarm about the fund. The governor also has described the agency as "out of control" for its requests to borrow more from the federal government and threatened to fire the agency's three commissioners if they did not deliver certain unemployment data to his office, which they did.

The commissioners and Halley testified they saw no reason for a restructuring bill that would place control of their agency under Sanford. They said the trust fund and the state's high unemployment were the issues triggering criticism of the agency and neither problem was caused by the ESC.

Ryberg said the agency is, in effect, reporting to 170 bosses in the General Assembly, creating an accountability issue.

Several senators said Thursday they were not as interested in assigning blame for unemployment problems as they were in finding solutions.

"I want to know how we get out of this," Sen. Raymond Cleary, a Georgetown County Republican, asked about the trust fund's debt.

Sen. Nikki Setzler, a West Columbia Democrat, said legislators should be looking more at how to match unemployed with vacant jobs. He repeated his call for an immediate meeting between the ESC, Department of Commerce and other agencies to get people to work.

"The focus is all on the fight and not on putting people to work," he said.

ESC Commissioner Becky Richardson testified the commissioners predicted in 2006 the fund would become insolvent this year. She said the fund cannot stay afloat when plant closings dump 500 workers at a time on unemployment rolls and at the same time cut off the employer's contributions.

"It is almost a system designed to fail," she said.

The agency has made some recommendations to House legislators, ESC officials said, including raising

the taxable wage base to \$12,000, reducing the minimum tax rate and increasing the maximum tax rate paid by employers, and installing a ceiling for the trust fund. Employers currently pay a tax ranging from about 1 to about 6 percent on a worker's first \$7,000 in pay. The maximum in that range is the lowest in the region, senators were told. North Carolina has a lower rate but charges it on the first \$19,000 of pay. Senators said they want to know more details about their recommendations, including how much they would close the gap between what is paid out and what is paid in.

If the state does not pay back its loans in two years, S.C. employers will begin losing tax credits that could amount to \$21 per employee per employer each year, said Allen Larson, deputy director for unemployment at ESC.

"That gets expensive real quick," he told senators.

Legislators also are interested in banning or changing a practice started in the 1970s in which some employers lay off plant workers for weeks at a time and file unemployment claims on their behalf, then rehire them. House Majority Leader Kenny Bingham has criticized the practice as a wasteful subsidy of manufacturers and has said he wants to end it.

Larson testified that some employers have piled up large negative balances as a result of the employer-filed claims that would take many years to pay off.

**From:** Kevin Pazdernik  
**To:** [REDACTED]; MCS Road  
**Date:** 3/6/2009 10:02:15 AM  
**Subject:** Governor's Daily Press Briefing - Summary and Text of Clips (1 of 2)

Governor's Daily Press Briefing - Summary and Text of Clips - Fri., Mar. 6, 2009

Summary:

Jed Babbin Profiles Gov. Sanford in Human Events (NOT in regular clips)  
Columnist notes precedent for rejecting some federal funds found in New Deal  
Report looks at waste in defunct competitive grants program  
House members trade barbs about partisanship  
Legislators complain about marketing box rather than passing tax relief  
Bill would create waste reporting hotline  
State may need to borrow \$300 million more for jobless pay

Text of Clips:

Jed Babbin Profiles Gov. Sanford in Human Events (NOT in regular clips)  
Tall, lean and soft-spoken, South Carolina Gov. Mark Sanford comes across as a 21st Century version of a frontier sheriff telling the bad guys to "just hold it right there." In his CPAC speech a week ago, he invoked the Alamo, Pearl Harbor and 1776 as moments in American history comparable to today. He told the crowd of over 8,000 conservative activists that this was a "gut check moment" for America. And facing the onslaught of federal mandates for state spending in the Obama "stimulus" bill, Gov. Sanford is among the first governors to say "whoa."  
A few months ago, I was the guest speaker at a Freedom Alliance Foundation dinner given by my old friend Oliver North. Over dinner, before my speech, Ollie and I spoke of the many good conservatives who could lead the Republicans out of the wilderness and who might be good presidential candidates in 2012. After I rattled off about a dozen names, Ollie told me that I needed to get to know Mark Sanford. Ollie recited a long list of Sanford's attributes, but what got my attention was -- in the midst of talking about things military -- his statement that Sanford was "one of us," the highest compliment Ollie gives to anyone. Ollie is a tough grader: if you deserve a "D", you don't get a "B+." Anyone who Ollie gives an "A," as he did Sanford, was someone I had to talk with. And I did earlier this week.  
Sanford was the obvious target of a provision in the "stimulus" package added by Rep. James Clyburn (D-S.C.) that enables state legislatures to overturn a governor's decision to reject the "stimulus" funds. Why would a governor reject any of it? Because some of the funds -- such as increased unemployment benefits -- have to be funded by the states after the "stimulus" money runs out, and the future liabilities are both too large and create conflicts in state funding priorities.  
Sanford, along with Louisiana Gov. Bobby Jindal and several others, are looking at how they should reject some or all of the funds and whether the Clyburn provision is even constitutional. I asked Sanford what he planned to do.  
He said, "We're still deliberating. And frankly doing what Congress should have done. Obama talked about a five day window of transparency and having bills up on the internet so people could look at them. Didn't happen in this case. [The bill came out] on Thursday night, and in this case some people were voting on Friday. Governors across the country are going through it with a fairly fine tooth comb and going through the deliberative process that frankly should have been gone through at the congressional level. We're still doing that and we'll make a determination in the next couple weeks where we'll be."  
Sanford said he'd probably take some parts of the "stimulus" funds and reject others.  
Sanford -- citing chapter and verse on economic theory, labor law and practical politics -- said that the Obama administration needed to stop micro-managing the economy in order to restore economic stability. "It is a leftist policy that says we can micro-manage," he said. "This is a lot bigger question than the U.S. economy. This is a global economy question now. The global economy is \$67 trillion in size. So you talk about saying we'll throw in another, call it \$670 billion or call it a trillion dollars, so that's like a percent and a half or something. When is the last time a percent and a half made a difference in anything? In other words, if you left a percent and a half to the waitress, would that make a difference? Yea, it'd make a

difference, probably not positively."

The governor added, "We've gotten ourselves into is this 'boy crying wolf' thing where if you put between \$6 and \$7 trillion worth of stimulus into the economy between bailout, Federal Reserve activity, Treasury Department activity, everything else over the last year, and now they are saying, 'just trust me with another \$1 trillion.' So I'd say in terms of scale we need to take a breath, step back, quit pretending that the Treasury the Fed or whoever else can micro-manage a global economy that's \$67 trillion in size and six and a half billion folks in human scale.

"And so what I'd say is you need to send very clear and consistent messages, one of which is the truth."

Sanford also objects to what he calls our devolution into a "savior-based economy," endowing people such as Treasury Secretary Geithner with superpowers on the economic crisis that entitles them to require us to overlook their own real problems. Sanford said Geithner would have been "slammed" for those problems. "That's the opposite of what our country's been about. Our country's always been about nation of laws, not of men. No one person was indispensable and we didn't look for saviors," Sanford said.

Sanford objects to the continued enlargement of government in every aspect of our lives. The economic intervention is only the latest evolution. "It is symptomatic of a larger problem. With every crisis of late it's been another excuse for the federal government to double down and to grow its level of control and influence or impact on people's lives," he told me.

I asked the governor where he thought conservatism was now, and where it should go in the next couple of years.

He said, "I would say that, oddly enough, in some ways there is never been a time to be more hopeful as conservatives because in all the life there's reaction and counter-reaction. The Bible says, be hot, be cold but don't be lukewarm. I think some conservatives are sort of drifting through lukewarm. They had a president that did some things they didn't like so much but 'hey it's on our side so it's better than the alternative.'

"Everybody was sort of in a mushy state of either not wanting to offend anybody for legitimate reasons or being relatively content based on where the economy was headed or where their 401K was headed. All those things have been stripped away now. You have a president that in declarative terms wants to go the opposite way. You have an economy that is very much reminding people of the consequences of political decision making.

"When times are good, people say, 'you know, politics just really doesn't matter that much,' and I always say, 'You been to a third world country lately?' It positively does matter. We forget that when times are good. I think the people are going to be reminded of that based on the degree of degradation I think they're going to see in the economy. And so what all that means is, look at the cycle of life: birth, death, spring, fall, summer. We're going through a rough time right now, but the good thing -- particularly in this time of year -- is spring always follows winter."

Ollie North was right: Mark Sanford is a smart, tough and articulate conservative. He really is one of us.

Columnist notes precedent for rejecting some federal funds found in New Deal

Despite the flood of spending coming from the stimulus bill, several governors say they don't want to take the federal money if strings are attached because the states will have to pick up the expanded programs when the stimulus money runs out.

Gov. Jennifer Granholm, who says taking the federal cash is a "no-brainer," has accused the skeptical governors, who are Republicans, of posturing to run for president. Others have said the governors can say they won't take the money because their legislatures will overrule them and take the cash.

But the renegade governors have valid financial concerns and hold firm to principle. As Gov. Mark Sanford of South Carolina says of expanded Head Start and day care programs, "There's no way politically we're going to be able to push people out of the program in two years when the federal money runs out." In a similar manner, \$80 billion in Medicaid funds will run dry in 2011. Will the states have to raise taxes for Medicaid after 2011?

There is a historical precedent. In the 1930s, some governors rejected the massive spending of the Herbert Hoover and Franklin Roosevelt presidencies.

In 1932, under the Emergency Relief and Construction Act, welfare was first made a federal function.

Before that, states and private charities provided one-on-one relief service for the hungry and jobless in their communities.

With the promise of federal funds, the governor of Illinois and the mayor of Chicago declared urgent and



dramatic need. They secured more than \$55 million of this fund -- more than was received by New York, California and Texas combined. Likewise, Michigan's governor received almost \$22 million, the fourth largest total in the country.

Interestingly, Massachusetts, a state almost comparable with Illinois in population, neither asked for nor received any money during the first round of federal relief. Boston and many other parts of the state had serious needs, but Gov. Joseph Ely and other officials still believed relief should be a local and state function.

Massachusetts officials constantly worked to raise local money for local needs. A statewide unemployment drive raised more than \$3 million. The Boston Civic Symphony repeatedly gave concerts to benefit the jobless. Boston College and Holy Cross played an exhibition football game for charity in 1931. A benefit wrestling match at the Boston Garden supplied \$45,000 for local needs.

City officials helped Mayor James M. Curley of Boston raise a remarkable \$2.5 million from city employees. Even the city's school teachers donated 2 percent of their salaries for six months in 1931 to feed the poor.

"No major city assisted so high a percentage of its jobless" as Boston did in the early 1930s, historian Charles Trout wrote.

Five other states joined Massachusetts. They raised money locally and took none of the \$300 million. In effect, what that meant was that Massachusetts not only paid for all of its own relief, but for part of Illinois' as well through their federal taxes. They also paid state taxes and sometimes made charitable donations to relieve the hungry and jobless in Massachusetts. "Whatever the justification for relief," Ely said, "the fact remains that the way in which it has been used makes it the greatest political asset on the practical side of party politics ever held by any administration."

In 1934, Massachusetts succumbed to the pressures to take federal funds. Ely retired and James Curley won election to replace him. Under Curley, Massachusetts claimed massive federal need and received more than \$100 million for welfare by 1935.

One of the many dangers of today's economic stimulus package is that it removes incentives for states to solve problems they created and encourages states to look to Washington to try to secure more money than they pay in taxes. Hopefully, one or more governors will successfully reject the stimulus aid. As states, they could fulfill their mission as "laboratories of democracy," showing the benefits of rejecting built-in spending and tax increases by running their own pilot projects.

Granholtz is eager to accept the stimulus funds, but does she know the real cost of this Trojan horse from Washington? This is not responsible constitutional government, but grab-bag politics and democracy at its worst.

#### Report looks at waste in defunct competitive grants program

You've heard a lot lately about state government shortfalls and how state agencies are forced to cut their budgets. You've also seen where state employees are now required to take unpaid furloughs, or even lose their jobs.

So how did state government get into this mess? The South Carolina Policy Council, a government watchdog group, joins Gov. Mark Sanford in saying it is wasteful government spending.

"Families are making a lot of tough choices in their homes, and they expect state government to do the same thing," said Ashley Landess, president of the South Carolina Policy Council.

"Tragically, too often, it's a lot easier to spend somebody else's money than it is your own," said Sanford, the two-term Republican governor. "And there is not that same level of due diligence or watchfulness in spending public money than there is in spending one's own money."

The Policy Council points to programs like the Competitive Grants Program, which in 2007 funded \$30 million in local projects and festivals, as part of the reason for South Carolina's more than half a billion dollar budget shortfall.

One of those projects funded with competitive grants sits in the heart of downtown Darlington.

Just inside an old abandoned building a transformation is underway. It's a building that sat vacant for more than seven years, and it's well over 100 years old.

Darlington Mayor Tony Watkins worked to get a grant for \$30,000 to develop a public walkway right through that building.

"We decided if we could find a way to connect the public square with a public parking lot we would do that," Watkins said, so that shoppers could have ample and safe parking to shop downtown.

Watkins said that grant was the seed money the town needed to develop a \$1.4 million commercial and residential project he believes will revive a blighted downtown area.

"By using competitive grants money, by using DOT enhancement money and hospitality tax money, we put it all together and very soon you have a very large package that makes a big economic difference in your town," Watkins said.

Should state tax dollars go to these kinds of projects? Watkins says yes, under certain conditions. "I think so too, if they are carefully vetted. We as a local government have a responsibility to ask for no more than we need," Watkins said.

About 75 miles east of Darlington, the city of Surfside Beach asked the state for money, too, to dredge Floral Lake. The lake spans about five avenues in the heart of the town. Surfside Beach received \$100,000 in state taxpayer money to help them dredge it.

Surfside Mayor Alan Deaton was involved in the Competitive Grant request. Deaton says that \$100,000 was leveraged to do the work the Federal Clean Water Act mandated, but didn't fund.

Deaton says the city has nine lakes that were not maintained until the clean-up project started up. They began that process back in 2001, by raising taxes for Surfside Beach property owners five mills for five years. They raised \$5 million with that tax increase to clean up five basins. The Floral Lake dredging was the third phase of that project, and Deaton says it will be complete any day now.

State Sen. Ray Cleary helped the city get that grant. Cleary, a Republican who represents several coastal counties, said he was not a big supporter of the Competitive Grants Program, which has now not been funded for two years, although he explains that he did utilize it to help Surfside Beach.

"I felt the project was very worthwhile, but not maybe felt the competitive grants should be done," Cleary said. "I did my best for the local community whether it's Georgetown County or Horry County, to make sure we at least got our fair share back," Cleary explained.

Back in Darlington, Watkins believes local government leaders must rely on their legislative delegation in Columbia to make responsible judgments on where the money goes.

"We don't want to see the money wasted on projects that are not worthwhile," Watkins said. "But one person's needed project is another person's pork."

These local projects are only part of what has been funded with the Competitive Grants Program in the past.

Festivals with names that honor just about every food, fruit and vegetable you can imagine

From the Chitlin' Strut in Salley to the Collard Festival in Gaston, more than 60 festivals in South Carolina that honor just about every food, fruit and vegetable you can imagine received state taxpayer money in 2007.

More than a half dozen festivals in the Pee Dee and Grand Strand received state money that year, including the Marion Fox Trot, the Atlantic Beach BikeFest, and Darlington's Sweet Potato Festival.

Darlington's mayor said these festivals are the heartbeat of many communities.

"It's not only providing an opportunity for people to come from other areas to our town and explore our businesses," Watkins said. "But the impact on the economy is immediate and then it is long-term because those people will come back."

Sen. Tom Davis, a Beaufort Republican, takes aim at festivals and other projects in the now defunct Competitive Grants Program. He says the General Assembly allocated the money but the Budget and Control Board awards the grants.

In his opinion, that process lacked accountability. "They never actually go before the General Assembly for an up or down vote," Davis explained.

Davis joined the governor and the South Carolina Policy Council in saying lawmakers don't always know what they're voting for and the people of South Carolina have got to see what's voted on, and get more involved.

"Too often there's a vacuum in the world of politics," Sanford said, "where people say, 'Look that's what those people take care of. I gotta take care of my job and get my kids too and from soccer practice.'"

But how realistic is it that lawmakers in their time frame can debate every little item like a Green Bean Museum or a Sweet Potato Festival?

"Well you know, I think that's the process of having the budget out there for everyone," Landess said.

She's talking about transparency online. The Council is pushing to have every budget item posted online for a 72 hour "cooling off" period before the Legislature can vote on it.

But that means citizens must research and then speak out to their lawmakers. Who knows, citizen who get involved and do their homework may just tell lawmakers they like their festivals and local projects.

"You'll never completely stop all the pork that goes through any political system. It's the grease that makes the wheels turn, I suspect," Sanford relented.

Cleary said the festivals are not a bad investment, but he's not sure it's something state money should support.

He recommends taking the approach that Surfside Beach does. He called the city a model example for this. He said they fund festivals for three years, and then if the festivals can't stand on their own, the city doesn't give them any more accommodations tax money.

#### House members trade barbs about partisanship

House Democrats accused Republicans of fostering a more partisan State House during a second consecutive Thursday debate that stretched late into the afternoon.

The rancor started when a bill targeting childhood obesity sparked criticism from a Republican who accused Democrats of needlessly delaying bills by using House rules. That was followed by an hours-long debate about a plan to cut county and local government funding in the state budget, including a vote on whether to exempt each of the state's 46 counties.

Thursday continued a growing partisan trend this session, as Republicans closed rank to defend their proposals while Democrats stewed at their tactics.

Last week, House members of the Legislative Black Caucus walked out of debate on a handful of bills that would change state voting laws, including requiring a photo ID.

Lawmakers cited a number of reasons for the disputes:

- The growing number of Democrats in the House, who picked up two seats in 2008
- A more organized and vocal Democratic Party, partly emboldened by President Barack Obama and national gains by Democrats
- Division among Republicans over the state budget and other issues. Democrats are aiming to peel off some Republicans on some issues.

But the tactic that most riles Democrats has been the frequent use of cloture, which limits debate and the ability to change bills being considered. Four times on Feb. 26 and again Thursday Republicans voted for cloture. Republicans have voted for cloture more this session than in each of the previous three years under House Speaker Bobby Harrell, R-Charleston.

"It's clear that everything is our way or the highway," Rep. Anton Gunn, D-Richland, said of House Republicans. "If nobody's listening to you, what's the point? It's always so heavy-handed.

"The people who voted for me did (so) because they don't want a partisan person that's going to tow the party line."

Democrats have been more critical during House debate this year, particularly Rep. Chris Hart of Richland, who has said he will offer daily lessons on South Carolina's third-highest-in-the-nation unemployment rate. But Republicans said such tactics are intended to earn political points rather than raise policy points.

"Democrats are conflicted," said Rep. Jim Merrill, R-Berkeley. "They see gains at the national level, but not at the state level."

Merrill started Thursday by objecting to Democrats delaying bills and the "dilatatory actions of those across the aisle."

Rep. James Smith, D-Richland, agreed that Obama-inspired lawmakers have been a factor in the division, but Smith — known for offering waves of amendments on bills he disagrees with — felt Republicans had clamped down on debate this year.

A number of lawmakers said they were setting the stage for a long, contentious week of floor budget debate beginning Monday, something Harrell said would be the test of how partisan the House is this year. Harrell noted that Republicans voted for one of Gunn's amendments during the voting laws debate last week, and said cloture was appropriate when Democrats intend to waste time.

In the end, Harrell said, they view the issues differently.

"We simply don't agree with some of their amendments."

#### Legislators complain about marketing box rather than passing tax relief

Some South Carolina lawmakers say they're upset a new promotional package sent to state business leaders to attract industry includes goods made in China and Taiwan. They're questioning how well the

state department that came up with the material is creating jobs.

"What a reflection on our times," Rep. Gilda Cobb-Hunter, D-Orangeburg, said Thursday. "I think that is such an apt reflection on our jobs leaving this country that the agency charged with recruiting industry is using materials made outside of the country. There's just something wrong with that picture."

For weeks, South Carolina's unemployment rate - the nation's third highest at 8.8 percent in December - has brought into sharp focus the work of the state agency responsible for handing out unemployment checks.

Gov. Mark Sanford has criticized the state Employment Security Commission for not matching the jobless with vacant positions, and threatened to fire its commissioners if not provided with data about people out of work. He's also been pressing to control the agency. On Thursday, a Senate committee heard testimony on a measure that would move the agency into the governor's Cabinet, a move being made in part because jobless claims have bankrupted the state's unemployment fund and forced repeated federal borrowing.

Since December, the agency has borrowed more than \$170 million and needs more to get through the year.

"What it's looking like is we are going to have to have another loan to get us through 2009 of approximately \$275 million," Employment Security Commission Executive Director Ted Halley said Thursday.

But little public outcry has landed at the feet of the Commerce Department, which is under the control of the governor. The questions became more pointed with news of the \$75,000 spent on the promotional box of goodies sent by the department. Officials who created it say most of it was made in the US, even though the foreign country labels drew ire.

"I don't know what kind of message that sends. I really can't understand that," said Senate Finance Chairman Hugh Leatherman, R-Florence. "I have a real concern about our state not creating jobs for our people and obviously that's under the jurisdiction of Commerce."

Bill Sandifer, chairman of the House Labor, Commerce and Industry Committee, has sent Commerce Secretary Joe Taylor dozens of written questions about job creation efforts and use of federal money to update workers' skills. He was doubtful about the promotion.

"I look at how much bang for the buck you get and I can't help but question that expenditure for what you're getting back," Sandifer said.

The Commerce Department began distributing the material this week to get 800 South Carolina companies to partner with the agency to recruit suppliers.

Commerce Secretary Joe Taylor said he didn't think the content from China or Taiwan would get in the way of the message. "I believe it is something we can do to help our companies in the state of South Carolina become more competitive," Taylor said.

Sanford spokesman Joel Sawyer said the box and its contents only get in the way of the effort if legislators allow it to.

"If one supplier locates their business here because of this marketing effort, it more than pays for itself," Sawyer said.

Taylor said his agency is doing a good job promoting the state and recruiting business, noting that 2008 efforts brought in 18,993 new jobs and nearly \$4.2 billion in investments.

But jobless claims grew by more than 14,000 in December alone, according to the Bureau of Labor Statistics. Only Michigan and Rhode Island have higher unemployment rates.

The outlook's not that great this year with the agency losing nearly a quarter of its budget to cuts. "It's a difficult recruiting time. I don't think anybody in the world expects 2009 to be better than 2008," Taylor said. The box was printed with the image of grass and sky with signs sticking out of the ground saying "shave your costs," "be more competitive," and "trim operations costs."

Inside was a promotional brochure stuck into the spines of a plastic tray along with a pencil made from tree branch, a pen, a highlighter, a fold-out box cutter and ruler made from recycled money and plastic. A sticker on the tray said it was made in China in three languages and the box cutter was labeled as made in Taiwan.

The company handling the promotion said at least 80 percent of the material, including the printing, was from U.S. sources, with up to 50 percent made in South Carolina, said Doreen Sullivan, whose Columbia-based firm Post No Bills created the package.

"We're really proud to create a piece that is a good representation of our state," Sullivan said.

But that's precisely what's missing from the package, legislators said.

Sandifer said the package should have included items that say something about South Carolina's role in growing companies, perhaps a miniature BMW like the big ones rolling off a Greer assembly line, or a pack of coffee roasted and warehoused at a Starbucks operation in Calhoun County.

Bill would create waste reporting hotline

(AP - brief)

South Carolina lawmakers have advanced a bill that would establish a toll-free number for residents to report government fraud, waste or unethical conduct or to make suggestions.

The bill by Republican Sen. Mike Rose of Summerville was approved Thursday by a Senate panel. It now goes to the full Judiciary Committee.

The measure would require the governor's office to establish a toll-free number that is prominently displayed in all government buildings and on agency Web sites.

Spokesman Joel Sawyer said Gov. Mark Sanford thinks the hot line is a good idea, as long as the Legislature allots money to pay for it.

**From:** Barton Swaim  
**To:** [REDACTED]; MCS Road  
**Date:** 3/5/2009 10:44:21 AM  
**Subject:** text of press clips - Thurs., March 5

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State stimulus talks 'productive' — Governor, GOP senators both report progress on federal aid decision  
By Tim Smith, Greenville News

COLUMBIA -- Gov. Mark Sanford, an outspoken critic of federal stimulus funding, met behind closed doors with Republican senators about the stimulus Wednesday and said afterward that he likely would make a decision next week about using the money.

"We're getting pretty close to the end on that front," he told reporters afterward. "We're not going to let the clock run out."

The legislation gives lawmakers the power to accept stimulus money if the governor does not 45 days from the time the bill became law. The Senate Republican Caucus, concerned about what the governor planned to do, invited him to discuss his intentions Wednesday.

Both laughter and applause punctuated the 20-minute private meeting, which, like all Senate GOP caucus meetings was closed to the public.

Sanford called the meeting "productive." Senators said they were pleased at the governor's openness.

"He gave us some hope," Senate Majority Leader Harvey Peeler said after the meeting. "It appears we're not at odds."

Sanford, chairman of the Republican National Governors Association, has objected to the stimulus package for months, saying he doesn't believe a spending bill that will add significantly to the national debt is the solution for the nation's economic problems. His criticism has placed him in the national spotlight, one of only a few governors to publicly oppose the stimulus package.

His opposition caused House Majority Whip Jim Clyburn of South Carolina to insert language in the bill to allow legislators to accept stimulus funds if their state's governors do not.

"I would applaud the fact that they're looking for ways to balance that which is coming out of Washington, D.C. and that which we're hearing from a lot of people across South Carolina," Sanford said, "which is, very grave concerns about what this added indebtedness means to future generations of South Carolinians."

Senator David Thomas, a Greenville Republican, said the caucus wants to work with the governor and to avoid learning about his opposition while the budget is being debated on the Senate floor.

"My sense is the governor wants to work with us and we want to work with the governor," said Sen. Larry Martin, a Pickens Republican.

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Sanford to decide on stimulus soon  
By Jim Davenport, AP

South Carolina Gov. Mark Sanford said Wednesday he'll make decisions next week on how he'll handle federal stimulus money that he spent weeks railing against as chairman of the Republican Governors Association.

Sanford met with Senate Republicans for about 20 minutes in a closed-door meeting punctuated by occasional laughter that could be heard in the hall outside a Senate office building meeting room.

Legislators wanted the meeting so they'd be able to make decisions on how they'll handle spending.

"They're looking for ways to balance that which is coming to us from Washington, D.C., and that which we're hearing from a lot of people from South Carolina, which is very grave concerns about what this added indebtedness means to future generations of South Carolinians," Sanford said afterward.

"What I told them: We're getting pretty close to, you know, the end on that front and I would say by the beginning of next week we will just lay out where we are," Sanford said.

While South Carolina and residents stand to see as much as \$8 billion in spending and tax breaks, the state and local governments expect only about \$3 billion in direct spending they'll control, with Sanford's decisions affecting about a quarter of that, Sanford press secretary Joel Sawyer said.

But that's not even clear for now. "The step we're on right now is figuring out what we can do and then we'll decide what we should do," Sawyer said. Sanford already has agreed to enhanced unemployment benefits that increase weekly checks by \$25 in a state with the nation's third highest jobless rate — 8.8 percent in December.

Sanford has a 45-day window to decide how to spend stimulus cash from the bill President Obama signed into law two weeks ago.

On Tuesday, Senate Finance Committee Chairman Hugh Leatherman said he was concerned that Sanford would delay a decision long enough that money would end up being sent back to Washington or force the legislature to go around him in spending decisions.

"We're not going to let the clock run out," Sanford said. "We're just going to say here's where we are. We're not going to play it to the end where it gets decided for us at the 45-day window."

Legislators expect to hear more next week.

"He met with us and has given us some hope, but he has not decided yet," said Senate Majority Leader Harvey Peeler, R-Gaffney. "He's going to make his mind up pretty soon and we need that with the budget process going on."

The meeting was unusual given Sanford's chilly relationship with the Republican-controlled Legislature this year.

"It is tough times. We need to work together as South Carolinians to move forward," Peeler said.

Senators briefly debated stimulus cash on the floor Tuesday but took no action.

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Governor Sanford One on One  
WLTX

Governor Mark Sanford has voiced his opposition to the stimulus. Now that he has lost that debate, he spoke with WLTX to share his hopes for South Carolina.

"If solving economic problems was as easy as just printing money, Zimbabwe would be a very rich place. There are a whole host of countries across the age of time that have tried to solve these kinds of problems simply by going out and printing money and it never works," he said.

He said now that the stimulus has passed, there are things that can be done at a state level to complement what happens in Washington.

"That's why we proposed the zeroing out of corporate income tax in South Carolina, and paying for it with a group of long outdated incentives, that would help. Offering an alternative flat tax at 3.65 percent by increasing a lowest in the nation cigarette tax would help."

The unemployment rate in our state is third in the nation. Sanford says this is partially due to tens of thousands of workers migrating to the state from other states. Sanford said 140,000 more people are working in South Carolina in the last six years. Massachusetts, he said, has an unemployment rate that is half of ours, but they have 30,000 fewer people working there than six years ago.

"It's a mixed blessing. It bumps up our unemployment rate, but in the long run we are going to be stronger and more robust as an economy," he said.

Some in Washington argue that the stimulus means 50,000 more jobs for the Palmetto State. Sanford disagrees, saying that the market is based on a Free Enterprise system.

"Because you printed some money and sent it into different states and different localities I don't think it will work," he said.

Sanford doesn't think this problem was created overnight, nor does he believe it will be solved overnight.

"Debt grew at three times Gross Domestic Product over the last fifteen years. We got in this problem about fifteen years."

He wants South Carolinians to help each other in coming months, looking to community neighbors and church groups for support.

"I think it's important not just to look for Washington, DC for an answer or a cure or a stimulus or a bailout, but to look across the street and say how can I be a part of a bailout to my neighbor who is hurting," he said.

"What we are doing now is going through with a fine toothed comb and what makes sense and what doesn't make sense and here fairly shortly we are going to come up with where we stand on the passage and what we'll take and what we won't he said."

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Sanford says he's pressing for 'fiscal responsibility'  
WIS website

As contenders line up to run for governor, Gov. Mark Sanford is trying to press the state legislature to be fiscally responsible.

In a 500+ page budget for next year, South Carolina lawmakers are getting ready to spend almost \$1



billion in stimulus cash.

"Does it provide a temporary fix? Yeah," says South Carolina Governor Mark Sanford. "It may put us into a bigger whole going forward? Possibly yeah to that, too."

That's not all the governor doesn't support. Last year the governor vetoed a bill that would have raised the cigarette tax. He says if lawmakers do it right, he will sign it this time around.

"By all means let's raise the cigarette tax, but let's have an offset some other place so that you don't raise the net tax load," Sanford said.

Opponents say raising the cigarette tax would help offset cuts to essential programs like healthcare and education. Those two programs have already suffered millions of dollars in cuts, but may be in line to face the guillotine again.

"Are we going to see more cuts to education and or Medicaid? I suspect we will, because I don't think we are out of the woods in terms of the national slowdown. It's going to impact us here in South Carolina. It goes back to the point I've been raising for six years. Do not get ahead of yourself in regards to spending. We did so as a state, now we are going to suffer the consequences," Sanford said.

One of the solutions to fixing the problem is creating sustainable jobs, something the governor says the Employment Security Commission isn't focusing enough of its energy on.

And for that reason, he says, the state will not accept stimulus funds to extend benefits to part-time workers.

"If you can't even pay for the benefits you currently offer, how in the world are you going to expand benefits and pay for those?" asked Sanford. "It's sort of a Catch-22. We have to take care of the existing problems on the table, before we accept more."

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Scope: ESC should be overhauled, but not for the reason offered  
Cindi Scope

It's exciting to see the Legislature talking seriously about shutting down the last best logrolling opportunity for legislators with no particular job qualifications. It sorely needs reform.

But the case being made for overhauling the Employment Security Commission is fraught with misconceptions and misrepresentations that need clearing up.

First, eliminating the three commissioners (all former legislators selected by the Legislature) and letting the governor hire and fire the agency director is not a panacea. The governor does indeed need to be able to oust the agency director if he's doing a bad job, but to date there's been no demonstration that Director Ted Halley is doing a bad job. I'm not saying he isn't — merely that that hasn't been demonstrated. Demonstrating a passive-aggressive approach to the job perhaps, but for all we know that's the fault of his current bosses, and his approach would be far different if he worked for the governor. In that sense, he might be doing his job as one would expect if not necessarily hope — in a way that satisfies his bosses.

Mr. Haley and his bosses the former legislators should have been much more vocal about the problems the Legislature created when it slashed unemployment compensation taxes a decade ago. But the fact that the unemployment trust fund has dried up can hardly be blamed on the agency. The fund ran out of money and is having to be propped up by federal loans because annual tax rates were already too low to cover annual claims when our unemployment rate skyrocketed. It's simple math.

This is where the greatest confusion lies. Gov. Mark Sanford talks a lot about waste at the agency. He

never comes out and says it, but his words leave the unmistakable impression that this “waste” is the reason the state has to keep getting those federal loans to pay the monthly claims. In the way we normally think of government waste, nothing could be further from the truth.

Again, it might well be that Mr. Haley and the commissioners are squandering money on unnecessary travel and duplicative positions and bigger and fancier facilities than they need; I don't know. But let's assume for the sake of argument that they are. That is completely unrelated to how much money the state has to pay unemployment claims.

I'm over-simplifying this, but essentially the agency has two pots of money — the money to pay the people who work for the agency and keep the lights on and in other ways operate it from day to day, and the money to cover unemployment checks. The money to cover unemployment checks is sent immediately upon receipt to the state treasurer and then on to Washington; it comes back to Columbia daily as needed to cover each day's unemployment checks. (Federal loans are authorized to cover monthly increments. The reason the state needed a second loan just weeks after it got \$146 million to cover January-March payments was that it could use only the January portion to pay January claims.)

The only way “waste” could cause the trust fund to keep running dry is if the agency is distributing larger checks to more unemployed people than it should.

Now, it's certainly reasonable to debate what the rules should be and what the payments should be: How actively must a laid-off worker seek a new job in order to receive a check? Should a company be able to claim unemployment benefits for its workers while it shuts down its operations on schedule every year? And if so, for how long a period? Should people keep receiving unemployment payments if they accept part-time work? Should the state do more to verify that unemployment recipients have not accepted full-time work?

But even when we consider these questions, it's important to realize that we're talking about unemployment checks that max out at \$326 per week, and average \$244. We're talking about checks that continue to be delivered for a maximum of 59 weeks.. (The federal stimulus package will increase payments this year by \$25 per week.)

So what the governor is essentially suggesting is that the Employment Security Commission is “wasting” money by allowing people who have been laid off, through no fault of their own, to collect up to \$19,234 — in order to keep paying the mortgage and buying groceries — if they can't find work for 14 months.

The other part of the governor's attack has been to suggest that the agency has withheld vital data and by doing so has somehow contributed to our state's disturbing unemployment rate. That is ludicrous.

I certainly hope that Mr. Sanford and his team will be able to use the data the commission has provided him to recruit more jobs; heaven knows we need them. If he is, then we should change state law to make it clear that governors will always have access to these data — and that additional data will be collected if that is cost-effective.

But the data at the heart of this dispute were not designed for, and have not before been used or even requested for, economic development purposes. If the governor is able to use them for that purpose, that would be an extra.

When the governor complains that the Employment Security Commission acts like an insurance agency instead of an economic development agency, he leaves out some important context: That's what state law requires it to do so.

Maybe state law should be changed, to make economic development one of the agency's duties. But as the law currently stands, Mr. Sanford's complaint is akin to complaining that the Legislature acts like a Legislature rather than a bakery.

We might be better off if legislators were turning out cakes and pies instead of laws. But until we change the state law to require that, we can hardly fault them for not knowing their way around the kitchen.

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Ports need more autonomy, not less  
By ROBERT V. ROYALL JR.

There are some in our General Assembly who want to eliminate the State Ports Authority's Board of Directors and make the port a Cabinet agency under the governor. At the same time, they propose changing our port's operating style. This is not in the best interest of South Carolina.

For 10 years, I had the privilege of serving as chairman of the Ports Authority board. Historically, the board members have been successful business men and women giving of their time and professional talents in a true sense of public service. The board's driving interest has been to create jobs for South Carolinians by developing waterborne commerce through our ports.

Until 2000, fixed seven-year terms effectively immunized the board from fickle political winds. The body's institutional knowledge and seasoned members helped the organization achieve its mission and objectives. This 67-year track record of effective port governance resulted in world-class productivity and financial self-sufficiency that are the envy of ports across the country.

Unlike virtually every other U.S. port that enjoys some kind of public funding, the authority has pursued its mission largely on its own two feet. Nearly all of the so-called "privatized" port facilities rely on taxpayer-issued debt or a direct public subsidy, such as allocations from fuel, property and communications taxes.

In South Carolina, we enjoy the benefits of a modern public port system operating without on-going subsidy or capital funding from the state's taxpayers. In fact, since 1985 the authority has invested more than \$700 million in new port assets through the ports' earnings.

This should make you think about exactly what is driving this blind march to dismantle the state's port governance and operating models. There is ample evidence of the danger in eliminating the port's board and making the organization a Cabinet agency.

For example, the Maryland secretary of transportation, through the governor, has the authority to hire and fire the port's executive director. The Maryland Port Administration has a commission but has had eight executive directors in just the past two decades. In contrast, South Carolina has had only four port chiefs in 60 years. Quite obviously, the Department of Transportation model when applied to the port has not fared well in Maryland.

The state of Alabama ran away from what some are proposing as the silver bullet for South Carolina's ports, abandoning the Cabinet structure for its port in 2000. In an effort to improve organizational performance while minimizing political influence, Alabama passed a law to mirror South Carolina's port governance. It even added a requirement that board members can be removed only for cause.

Based on experience, Alabama determined that an effective and well-qualified board — not the hand of one politician — is the route to ensuring that clear-minded business decisions drive a port system's future. It recognized that unlike most state agencies, public ports operate in a highly competitive and dynamic environment. Port authorities have a 20-year planning horizon, sign long-term contracts with customers and establish relationships with business leaders around the world. Leaving total influence to one political office that ebbs and floods every few years will negatively impact the port's stability.

While all U.S. ports differ somewhat in their governance, 85 percent of all port authorities — and every major port — have some form of governing board.

There have been attempts to use the potential departure of Maersk as an example of why we need to put

the governor directly in charge of South Carolina's ports, and eventually move toward privatization. In reality, the reverse is true. Maersk publicly announced that it was prepared to sign a new 10-year agreement if it was allowed to leave its own terminal in Charleston for one operated more directly by the board-run Ports Authority. The move was stopped by labor, and Maersk subsequently announced its intention to leave the port. In other words, what it wanted was more involvement by the state Ports Authority — not the privatization plan that some are pushing. (The parties continue to discuss a positive resolution, and it is too early to dismiss the possibility of keeping Maersk in the state.)

This example demonstrates the folly of presuming that handing over the keys to our ports is what the market wants. Tinkering with the port's operating style is dangerous to our competitiveness with our neighbors to the south, who have nearly the same format.

Our ports are great public assets, owned by the people and industries of South Carolina. They should remain as such and need to be run like a private business for the public benefit. Therefore, decisions surrounding our state's ports are best left to capable, well-qualified board members, using their best judgment, free from political interference, and serving in the interest of the entire state.

Mr. Royall, a former banking executive, served as U.S. ambassador to the United Republic of Tanzania under George W. Bush and S.C. secretary of commerce under Gov. David Beasley.

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Disabilities agency must fix procedures  
[Greenville News editorial]

The director of the state agency serving the mentally and physically disabled resigned Feb. 27 after Gov. Mark Sanford and legislative leaders called for his ouster. The resignation of Stan Butkus, director of the state Department of Disabilities and Special Needs (DDSN), gives the agency an opportunity to reform a number of policies identified in a highly critical audit of the agency in December.

Whether it was necessary for Butkus to resign to bring change to the agency is debatable. Certainly Sanford and state Sen. David Thomas believed it was an important step. Thomas believes other top administrators need to resign as well. Sanford has called on four DDSN commissioners to resign.

Sanford's desire to bring greater accountability to this agency can be applauded. A hope is that, with a faltering state economy and record unemployment, Sanford will apply the same high level of accountability to other state agencies as well.

Sanford has argued rightfully that the governor has direct control over too few state agencies. The House Judiciary Committee recently approved legislation that would make the DDSN as well as the state Employment Security Commission directly accountable to the governor. Those are positive measures.

The most important task at DDSN, meanwhile, is to ensure that recommendations from the December audit are followed thoroughly. The audit found that DDSN reviews the quality of its adult residential facilities one-third as often as do other states. The agency also failed to conduct follow-up reviews of facilities with problems.

State auditors reviewed a sampling of 26 DDSN licensing reports for residential service providers and said one report found no quality deficiencies but 25 others should have required a follow-up.

Another sample of nine reports occurring after January 2007 showed more than 100 "Class II" quality deficiencies -- defined as quality problems that do not pose an immediate danger but that could put someone's "physical, emotional and financial well-being in jeopardy," the audit said. The deficiencies included a failure to document that medication was appropriately administered, the presence of expired foods, missing smoke detectors and water heaters set at temperatures too hot for consumers, but the agency conducted no follow-up visits to the facilities, the audit said.

DDSN serves more than 28,000 South Carolinians with mental retardation and related disabilities, autism, traumatic brain injury and spinal cord injury. Almost 5,000 of the agency's clients receive residential services in one of the agency's regional centers or in community residential homes. The remaining clients live at home and receive support there.

Whether or not more administrators or commissioners resign, DDSN needs to improve its procedures. A comprehensive follow-up audit is needed as well to ensure that DDSN is adequately and responsibly serving the needs of its vulnerable clients.

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DDSN may become absorbed into governor's cabinet  
Jack Kuenzie, WIS

The Department of Disabilities and Special Needs has already had a big shake-up at the top.

Thousands of disabled South Carolinians and their families are waiting to see what happens next.

On the south side of the State House, a wintertime rally was held for a summer camp in trouble.

The event was designed to call legislative attention to the funding crisis at Camp Burnt Gin -- the camp program in Wedgefield that serves Bill Green and hundreds of other children with disabilities and illnesses. Green's father, Dr. William Green is a USC psychiatrist.

"I just think it would be a real tragedy for South Carolina to close that. It's probably one of the few things that I truly think state government works wonderfully in, is Camp Burnt Gin," Green said.

The rally was aimed to reverse budget cuts that have put the camp's future in doubt.

Just one part of day-long effort by advocates for those with disabilities to save what they say are essential services.

This year, the annual Disability Advocacy Day comes at a sensitive time for those in charge of protecting the disabled.

The state's Department of Disabilities and Special Needs is in a state of transition.

A highly critical legislative audit and four of seven commissioners on the way out along with long-time director Stan Butkus.

He resigned last Friday as lawmakers and others continued to press for changes in leadership and control.

"Right now we're taking the steps we can take. We've made the changes with regard to board membership. That's so we can then make a change with the executive director. We've been working with house and senate to try to move this legislation forward," Gov. Mark Sanford said.

"We hopefully bring in somebody new that has no background with this agency, that has some international or national standing, and can come in and take over and make the agency what we know the agency is capable of being and doing," State Sen. David Thomas said.

Kelly Floyd is one of the three DDSN commissioners who will stay on.

"I think that the events that happened were necessary. And I think that the department will be better for it," Floyd said.

But some remain skeptical that putting DDSN in the governor's cabinet will guarantee better administration.

"According to theory, the Department of Corrections is very accountable because it's a cabinet agency. But the problems of the agency are demonstrated by the amount of legal settlements they're paying," State Sen. Phil Leventis said.

Thomas continues to call for a housecleaning of other administrative positions under the director. He still sees questions about money flow and how the agency is being operated on a functional level.

But while Thomas supports putting DDSN in the cabinet, he too says that won't guarantee performance. He believes constant legislative scrutiny will help.

**From:** Patrick Franks  
**To:** mcsroad  
**Date:** 3/5/2009 9:15:17 AM  
**Subject:** 10 legislators

1) Rep. Jim Harrison  
[REDACTED]

\* Thank him for his work on the ESC/Dept of Workforce bill that passed full committee Tuesday. Ask him if there is a chance of amending the bill back to implementation in 30 days from signature versus January 2010 when the bill is on the floor.

\* Ask him if there is anything you can do to help on the Dept of Administration bill that passed in Judiciary sub-committee Wednesday.

2) Rep. Jim Merrill  
[REDACTED]

\* Check in with him on the ports bill. He has agreed to attempt to amend the Senate passed version to a DOT style. Thank him and see if there is anything you need to be doing to help. FYI – the Senate bill and Jim's ports bill haven't been put on the subcommittee/committee calendar in the House.

3) Sen. Nikki Setzler  
[REDACTED]

\* Check in with Nikki on the ESC bill. He has spoken to Joe Taylor and aired some concerns. The hearings start today (Thursday) in the Senate LCI and he serves on the subcommittee.

4) Rep. Tom Young  
[REDACTED]

\* Tom serves on House Judiciary. Thank him for sponsoring all of the constitutional officer bills that came up in Judiciary sub-committee yesterday. Thank him for help on ESC bill.

5) Rep. Kenny Bingham  
[REDACTED]

\*General check in. Touch on the House budget to come up next week and may want to touch some of the stimulus items as they relate to the budget (ie met with Senate Caucus yesterday and touch on a few things) Also thank him again for help on ESC bill.

6) Rep. Wendy Nanney  
[REDACTED]

\*She hates the overall stimulus bill and is writing and op-ed about not taking the money. Good to reach out to and could help defend us on our decision of stimulus money.

7) Rep. Gary Simrill  
[REDACTED]

\*Good person to just touch base with and good overall MS person. He sponsored our Corp. Tax bill in House and had highway sign bill (making private citizen pay for sign) reconsidered.

8) Sen. Larry Martin  
[REDACTED]

\*Sen. Martin showed interest in supporting us if we don't accept stimulus for additional unemployment benefits (ie part-time workers not looking for work). Ask if he will help build support in the Senate if we do this.

\*Also bring up Restructuring bills (ie Dept. of Admin.). Just passed House subcommittee Wednesday. When can we get the bill moving in the Senate? Note: Martin is trying to get McConnell to put on subcommittee agenda.

9) Sen. David Thomas  
[REDACTED]

\*A chance he will help build support in Senate if stimulus is turned down or if put towards other

"conservative agenda" items (ie tax cuts)

10) Sen. Paul Campbell

[REDACTED]

\*Also showed interest in supporting us if we don't accept stimulus for additional unemployment benefits (ie part-time workers not looking for work). Ask if he will help build support in the Senate if we do this.




**From:** Marisa Crawford  
**To:** MCS Road  
**Date:** 3/3/2009 9:37:57 PM  
**Subject:** Re: Calls per MS

Will do. Need to edit because of passage today.

-----  
Marisa Joye Crawford  
Office of Governor Mark Sanford  


\*\*\*\*\*  
\*\*\*\*\*

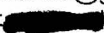
-----Original Message-----

From: MCS Road  
To: Marisa Crawford <@gov.sc.gov>  
Creation Date: 3/3 9:33 pm  
Subject: Re: Calls per MS

Please give to me

\*\*\*\*\*  
\*\*\*\*\*

-----Original Message-----

From: Marisa Crawford  
To: Mary Neil Stroud <mstroud@gov.sc.gov>  
Patrick Franks <pfranks@gov.sc.gov>  
CC: MCS Road <@gov.sc.gov>  
Creation Date: 3/3 10:47 am  
Subject: Calls per MS

5 calls per MS's request. Please let me know if he connects with any of them. Thanks.

**From:** Paula Rauch  
**To:** governors\_office\_all  
**Date:** 3/3/2009 4:25:16 PM  
**Subject:** Annual Health Screening

It's time for our annual health screening and we have a great opportunity for us this year from Providence Hospital. Our employee screening will be held on Thursday, April 2, 2009, from 8:00 a.m. - 11:00 a.m., in room #467. A 12-hour fast will be required. To register for a time slot, call me at 4-0502 ASAP to reserve your time. Appointments will be scheduled every 5 minutes.

The screening will include:

- A Personal Wellness Profile (PWP) that will cover history and lifestyle questions.
- Blood pressure, height, and weight (body mass index).
- Blood work for a Full Lipid Profile to include total cholesterol, high density lipoprotein (HDL), low density lipoprotein (LDL), and triglycerides.
- A Chemistry profile to include BUN (a protein marker), creatinine, glucose and electrolytes.
- A Hemogram to test red/white blood cells, hemoglobin and hematocrit.

In addition to the screening, after you receive your results, Providence Hospital staff will return for a one-on-one follow-up consultation to review your results with you. If you are covered by any of the state's insurance plans, the cost of the screening will be \$15 , payable by cash or check at the time of screening. Employees or family members who are not covered on a state insurance plan will pay \$40.

Providence Hospital has also agreed to offer free quarterly health education programs for our staff over the next year. These will be scheduled at a later date.

We hope you all will take advantage of this great opportunity to assess your own health and wellness.

Thank You.

Paula Rauch  
Human Resources Specialist  
Human Resources  
Office of the Governor  
803-734-0502  
prauch@oepp.sc.gov

**From:** Marisa Crawford  
**To:** Mary Neil Stroud; Patrick Franks  
**Date:** 3/3/2009 10:47:48 AM  
**Subject:** Calls per MS

5 calls per MS's request. Please let me know if he connects with any of them. Thanks.

**CC:** [REDACTED]@gov.sc.gov

**From:** Barton Swaim  
**To:** [REDACTED] MCS Road  
**Date:** 3/3/2009 10:44:28 AM  
**Subject:** text of Tuesday press clips

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- \*Guest columnist praises Gov. Sanford, Sen. DeMint for stance on government bailout
- \*The State: Keep legislators from pulling strings at DHEC
- \*DDSN head resigns amid calls for reform
- \*18,967 coastal acres protected in '08
- \*Ex SC DSS admin to be in court on theft charges

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Online Extra: Government broke economy, not free market

By DIANA W. STEVENSON

[FYI: This is Hal Stevenson's wife. I'm drafting a letter to her. -Barton]

In his recent column taking Gov. Mark Sanford and Sen. Jim DeMint to task ("The priest and the Levite," Feb. 19), the Rev. Dr. Neal Jones of the Unitarian Church claims that our benevolent government is not to blame for our current economic woes. He blames the free market.

But if you review what most economists say, our current situation was brought about by the collapse of the housing market. This was brought on by our government under an abundance of regulation — not a lack of it.

Banks and mortgage companies were encouraged and even required to make loans to people who would not normally qualify. Under the pressure and guarantee from Fannie Mae and Freddie Mac, loans were made and houses sold to people who could not afford them. Mortgage companies, knowing these loans would be backed by our government, did things that they would not normally do in a free market.

I have used this analogy with my students in my economics class: If you break your leg, you can take enough drugs to numb the pain, but it doesn't help your leg. You may be able to continue using your leg, but because of the effects of the drugs you are taking to eliminate the pain, you may actually be causing much more damage to your leg. And eventually, the pain will return, and you will have to deal with the problem.

This is what has happened in our economy. Our government has decided to ignore the laws of economics and artificially encourage activity that is not healthy. Now the drugs have worn off, and the pain has become evident.

Contrary to Dr. Jones' assessment, corporations do not exist only to make a profit. They also exist to provide people with goods and services. I think most businesses in America recognize this and take pride in what they do. Are there some greedy individuals who take advantage of circumstances? Of course; this will always be the case. But the answer is not more regulation or more government control. When we let our free market work without government interference, we will have a much more stable, honest and transparent economy.

One of my students asked me a few weeks ago why 93 percent of CEOs from bailed-out corporations were still in their positions. My answer: The government kept them there. If the government had not come to these companies' rescue, I can guarantee you that the boards of these companies would not have allowed them to stay. They would have been fired without any bonus (you can't give a bonus if you don't have any money) and would probably be looking for a job today. But with the bail-out, these executives were able to convince their boards to let them keep their jobs, and many even received a bonus.

I am thankful for the vigilance and courage of Sen. DeMint and Gov. Sanford, who have stayed faithful to the American ideals of freedom and individual responsibility that have made this country great. It is the system that built our country and made it the envy of most others. As Albert Einstein once said, "Everything great and inspiring is created by the individual who can labor in freedom."

Mrs. Stevenson is a former school director who teaches high school economics at Excelsior Academy in Columbia.

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Keep legislators from pulling strings at DHEC  
(Editorial in The State)

SO NOW IT appears that the legislator whose complaint to the Department of Health and Environmental Control led to a well-respected investigator being called off an illegal dumping case and demoted was Sen. Jake Knotts.

Does that matter? Not particularly.

What matters, as Christopher Phillips' attorney told The State's Sammy Fretwell, is how DHEC responded to a legislator's complaint (which Mr. Phillips claims included a demand that he be reprimanded or even fired). Identifying the complainer does nothing to change that. The agency took Mr. Phillips off the case and eventually transferred him to a non-police job that significantly reduces his retirement benefits.

What matters is that this is merely one of the higher-profile cases — with allegations clearly spelled out in court documents — of DHEC apparently caving to pressure from individual legislators when it started doing its job a little too well. It's impossible to know how many more such cases there are, because the tactic works best when the legislators are able to keep it quiet. If DHEC eased off the friend of a lawmaker after the lawmaker went public with his spurious complaints, the legislator would usually pay a political price.

Of course, DHEC wouldn't have a price to pay, and that's why this can happen: The public has no way of holding DHEC accountable for its decisions. And DHEC is understandably afraid to stand up to legislators who bully it in private, because individual legislators who are determined to do harm to an independent fiefdom of a state agency usually are able to get away with it.

Putting the governor in charge of DHEC would not guarantee that the agency would stand up to meddlesome legislators who are more interested in protecting their friends and campaign contributors than watching out for the public health; for all we know, a governor might demand similar favors. It wouldn't guarantee that a public outcry over the agency's permitting decisions or its tepid enforcement would result in a change in policy — it might be the governor who insists on that.

But the thing is that we would know. The agency would have a champion — with a bullier pulpit than the one any individual legislator could mount — who could expose self-dealing legislators and protect the agency from retribution. The agency also would have an overseer who could insist that it do its job aggressively and consistently and in the public interest. The voters would be able to take the candidates' positions on environmental protection into account when selecting a governor — and hold the governor responsible if he failed to live up to them.

We must admit there's something ironic about Mr. Knotts, who brags of his own two-fisted past as a police officer and works to maintain that persona inside the State House, complaining that Mr. Phillips used a "cowboy style of law enforcement" during his investigation of illegal asbestos dumping outside Swansea. But his contention that the investigator was out of line because he didn't kowtow to what looked very much like dangerous polluters is wrongheaded. Yes, public employees should be friendly and courteous to the people they serve — under most circumstances. We're not sure we want the police to be friendly and courteous to the drug dealer who's trying to destroy evidence before they can confiscate it. Or suspected

hazardous waste dumpers who already razed a building full of evidence.

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Embattled Disabilities head resigns:  
Butkus leaves S.C. disabilities department amid outcry for reform  
By RODDIE BURRIS in The State

The state director of the Department of Disabilities and Special Needs abruptly resigned Friday, ending a 13-year stint at the helm of the agency charged with caring for the state's disabled.

Stan Butkus, hired by the department's commission to lead the agency in 1996, leaves his \$157,765 post amid continuing upheaval at DDSN and public calls for reform.

Butkus joined the ranks of four agency commissioners, a board majority, who were fired less than two weeks ago by Gov. Mark Sanford.

The department has been the subject of long-standing criticism by advocates and caregivers who have complained of secrecy, mistreatment of patients and mismanagement of agency funds.

A December state audit drew the ire of state lawmakers and some caregivers of the 28,000 patients for which DDSN is responsible. The audit found possible conflicts of interest in the way DDSN licenses care facilities, a failure by the agency to make sure bad employees are kept out of the system, and state funds intended to care for children with autism left unspent.

"Given what was found in the audit, we believe this was an appropriate step to take," said Sanford spokesman Joel Sawyer of Butkus' resignation.

When the commissioners were let go Feb. 19, Sawyer said the agency needed "a new direction" adding Sanford, in a bid to reshape the agency, would have preferred to make some administrative changes at the time.

The state Constitution blocks Sanford's intrusion into the agency's operations, however, because it is not a part of the governor's cabinet. Sanford appoints the agency's seven commissioners, who must be approved by the state Senate.

The commission then hires a director, who is responsible for the department's day-to-day operations.

Commissioners John Vaughn of Greenville, Edythe Dove of North Charleston, John Powell of Walhalla, and William Bishop of Leesville will be replaced by Sanford.

Butkus' resignation came in a letter dated Feb. 27 from the commission chairman, Bobby Harrell, sent to employees, consumers and their families. In the letter, Harrell said Butkus' resignation would take effect immediately.

"Dr. Butkus has done an outstanding job for our state and department in many ways," Harrell said in the two-page letter. "He is innovative and also willing to make the really tough decisions.

"It is with great regret that I announce on behalf of the Commission receipt of his resignation."

Butkus did not return a phone call for comment Monday.

Harrell said Butkus did not give a reason for his resignation. He said the commission has had no contact with Sanford's office about replacing the fired commissioners, and Harrell said he would appoint a search committee to find a replacement for Butkus.

Some of the agency's loudest critics welcomed the change.

"The reign of terror at the South Carolina Department of Disabilities and Special Needs is finally coming to an end," said Columbia attorney Patricia L. Harrison, who had a relative die while under state care at a Columbia facility for the disabled.

"So many families and people who receive services from the agency have suffered terrible abuses and reprisals," Harrison said. "Some, like our relative, Billy Cothran, paid the price with their lives."

She said employees have been threatened with their jobs for refusing to "cover up abuses" by the state.

But DDSN, citing the legislative audit report, disagreed. The agency points out findings favorable to the agency from the federal Centers for Medicare and Medicaid Services included in the audit.

"The (state audit) was requested to audit if there were any merit to reports of reprisals by DDSN on clients," the agency said in a statement. "The (audit) had no (such) findings."

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18,967 coastal acres protected in '08  
By Schuyler Kropf, Post and Courier

The Lowcountry Open Land Trust ranks 2008 as the most productive in its 23-year history, with conservation easements placed on 16 tracts of land throughout coastal South Carolina, adding 18,967 protected acres.

The figure is nearly double the previous record of 10,500 acres, set in 2007.

Will Haynie, executive director of the group, said three reasons behind the record year include available funds from the Charleston County Greenbelt Bank, tax breaks that are set to expire in 2009 and "plain momentum."

The acreage total was most significantly boosted by the addition of a 12,500-acre Brosnan Forest easement in Dorchester County, which was donated by Norfolk Southern Corp. It is considered the single largest corporate gift of conservation in the state's history.

"No subdivisions; imagine that," Haynie said of the Brosnan property between Summerville and St. George. "It will remain one huge tract."

Another large addition included two easements in Jasper County.

The Lowcountry Open Land Trust now conserves 76,546 acres across the Lowcountry, totaling more than 220 properties.

At the group's annual meeting, the land trust paid posthumous tribute to four dedicated conservationists who died during the year: Strachan Donnelley, Margaret Pepper, Rutledge Moore and former trustee Nancy Hawk.

## BY THE NUMBERS

Lowcountry Open Land Trust 2008 Conservation Easement Properties by Region:

Focus Area — Easements Added — Acres Added

Charleston Rural — 4 — 474

ACE Basin — 6 — 13,352  
 Four Holes Swamp — 2 — 136  
 South Lowcountry — 4 — 5,005  
 Totals — 16 — 18,967

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Ex SC DSS admin to be in court on theft charges  
 Associated Press

The former finance director of the South Carolina Department of Social Services accused of embezzling more than \$5 million from the agency is expected in federal court.

Court records show Paul Moore is scheduled to be arraigned Tuesday on federal theft and fraud charges.

Moore was indicted last month on charges of theft of federal program funds, mail and wire fraud, and conspiracy.

Prosecutors say Moore led a scheme to embezzle more than \$5 million by recruiting others to cash checks from the agency worth about \$7,000 each. Moore would then take a cut of the money.

Several others have been arrested and accused of cashing the checks.



**From:** Kevin Pazdernik  
**To:** [REDACTED]; MCS Road  
**Date:** 2/27/2009 10:02:49 AM  
**Subject:** Governor's Daily Press Briefing Text of Clips (2 of 2)

The agency lost \$137 million in state dollars, but, when federal matching funds were included, it cut \$500 million worth of programs.

"We were very fast in making eligibility cuts," said Sue Berkowitz, executive director of the low-income advocacy group South Carolina Appleseed Legal Justice Center. "The agency jumped the gun in finding ways to deal with budget cuts."

#### Agreement with feds frees up \$173 million in Medicaid funding

(AP) A deal reached Thursday will send \$173 million immediately to South Carolina's Medicaid programs to restore money lost to budget cuts for everything from cancer treatments to wheelchair ramps.

The federal Centers for Medicare and Medicaid Services announcement sends an immediate cash infusion into South Carolina's Medicaid programs mostly by reimbursing the state at a higher rate for health care service billings between October and March. It's like the state getting a refund check on previously paid bills.

The South Carolina payments appeared this week to be in jeopardy because the state Department of Health and Human Services couldn't immediately show how it would restore programs lost to \$1 billion being carved from a \$7 billion budget since July in the midst of the recession.

That played out as Gov. Mark Sanford, the chairman of the Republican Governors Association, became an outspoken critic of federal stimulus efforts. Sanford continues to sort out which elements of the federal stimulus he supports and opposes.

HHS Director Emma Forkner told legislators earlier this month the budget slashing caused a series of gut-wrenching decisions on which programs to cut. Now the state will restore most of those, starting first with eligibility standards and then with services, HHS spokesman Jeff Stensland said.

For instance, South Carolina had offered two years of Medicaid eligibility for people returning to work from welfare. But the budget cuts slashed that to one year of health care services.

They changed the eligibility criteria for breast and cervical cancer so women could only use one program to qualify for care, Berkowitz said. But that program only handled women who are 40 or older. "So, if you're under 40, you couldn't be seen," Berkowitz said.

Restoring eligibility was a key requirement under federal stimulus legislation that adds nearly \$1 billion to the \$5.6 billion budget the House Ways and Means Committee passed a week ago.

On the service front, Stensland said the state would next look to a variety of programs that were reduced or eliminated, including continued hospice care, hot meals delivered to the homebound, adult dental care and wheelchair ramps.

Some things won't be restored. "We used to cover over-the-counter cough medicine," Stensland said. "We realized this was probably something we shouldn't be covering anyway."

#### Waste industry gears up for landfill fight

Plans to temporarily halt construction of new landfills in South Carolina brought waste industry representatives to the State House on Thursday, signaling the start of what could be a major Legislative fight.

As many as 30 landfills in 23 counties face delays in expanding or opening if a two-year moratorium on the disposal sites gains approval from the Legislature, statistics show. And for companies that have invested time and money planning landfills, a moratorium would be painful, waste company officials say.

The proposal would affect both municipal garbage dumps and construction and demolition landfills.

Representatives of Waste Management, Allied Waste and MRR Southern, which has proposed two mega-landfills in the Pee Dee, were among the business interests that packed into Thursday's Senate medical affairs subcommittee meeting.

Calvin Booker, a vice-president of public affairs with Waste Management Inc., said the proposed ban could hurt expansion of Richland County's landfill on Screaming Eagle Road. The site needs more room

to accommodate the waste it buries, which the company says comes mostly from South Carolina.

"We'd be opposed to" a moratorium, Booker said. "We want to protect our assets."

Representatives of Allied Waste North America and MRR Southern were not available afterward for comment.

Records show the waste industry has hired at least a dozen lobbyists to influence state legislators this year.

Sen. Brad Hutto, D-Orangeburg, said the Legislature needs to consider how a moratorium would affect existing plans.

"A lot of these folks have planned for long periods of time," Hutto said. "For them to be unnecessarily held up and caused additional financial issues to come about ... is not fair."

But supporters say the two-year ban is needed. South Carolina is being overrun by out-of-state waste and has been targeted for new mega-garbage dumps. In 2007, nearly 30 percent of the municipal garbage buried in South Carolina came from other states.

In the past 20 years, the S.C. Department of Health and Environmental Control has approved landfills with far more capacity than the state needs to bury its own garbage. That, critics say, makes the sites attractive to other states. One mega-landfill in Lee County imports garbage by rail from along the East Coast.

A moratorium would give South Carolina time to tighten regulations governing out-of-state waste and mega-landfills, supporters say.

"I don't like the reputation of being the nation's pay toilet," Sen. Tom Davis, R-Beaufort, said. "It offends me as a South Carolinian."

Sens. Gerald Malloy, D-Darlington, Phil Leventis, D-Sumter, and John Scott, D-Richland, also spoke in favor of the ban at Thursday's meeting.

"The reason they are coming here is because it is so cheap to flush in South Carolina," Leventis said of other states.

Committee chairman Sen. Danny Verdin, R-Laurens, said he likely will hold a public hearing on the proposed ban the week of March 16. The date would give the Legislature time to decide the matter. The Legislature adjourns the first week in June.

Gov. Mark Sanford separately has proposed raising the state's garbage fees to discourage out-of-state waste.

#### Sen. Land plays politics with Dillon school

If the conditions in one South Carolina school were poor enough to draw President Barack Obama's attention, one state senator said it's high time for Gov. Mark Sanford to pay it a visit.

Senate Minority Leader John Land of Manning, a frequent critic of the Republican governor, said Thursday that Sanford owes it to eighth-grader Ty'Sheoma Bethea and her classmates to see the conditions at J.V. Martin Junior High School in Dillon for himself.

Ty'Sheoma stood next to first lady Michelle Obama in Washington for the president's address Tuesday after she wrote a letter that asked Congress to send money to fix schools such as hers.

Sanford, meanwhile, has been on the national television circuit to tell the world all the reasons why he believes the \$787 billion federal stimulus package is a terrible mistake. The governor still is deciding whether to accept the money available to South Carolina, although the Legislature could take the money if Sanford does not.

Land thanked Ty'Sheoma for helping share with the world the problems faced by South Carolina schools, especially rural ones.

"Sanford needs to cut back on his national travel schedule and look within his own state at the problems that can be addressed with recovery dollars from the federal government," Land said.

Sanford's press secretary Joel Sawyer explained that the governor is very tuned-in to the problems in the public schools, and has spent his tenure in office highlighting the issues and pushing for change.

Sanford wants to give parents the option of sending their children to private schools by providing tax credits or vouchers toward tuition. Critics say his plan takes away public money that could be used to improve public schools.

Sawyer said, "The governor has both visited and guest taught at dozens of schools throughout the state, not only in his time as governor but while he was in Congress as well."

"He's visited schools in cities such as North Charleston and Greenville and in rural counties such as Allendale and Marion alike. As such, he's acutely aware that the educational challenges faced by this state

go well beyond Dillon County."

Choice that extends to private schools empowers parents and students to find an education setting that works best for them, Sawyer said.

"It's very interesting to hear this coming from Senator Land, as hard as he's fought against these kinds of changes that we believe would have a positive and lasting impact on education in our state," Sawyer said. The last governor to tour the Dillon school was Jim Hodges, who served from 1999 to 2003.

NYT story talks to jobless in states where governors consider rejecting some benefits

As governors in nine states, mostly in the South, consider rejecting millions of dollars in federal stimulus money for increased unemployment insurance, there is growing anger among the ranks of the jobless in those states that they could be left out of a significant government benefit. The stimulus bill recently passed by Congress includes incentives to states to expand benefits to many more jobless people, including part-time workers and those who have cycled in and out of the work force, who are not covered in many states.

The Republican governors of Alabama, Georgia, Louisiana, Mississippi, South Carolina and Texas, along with Alaska and Idaho, have raised protests, saying that expansion could eventually require them to raise taxes.

On Wednesday, Gov. Phil Bredesen of Tennessee became the first Democratic governor to express reservations on the issue.

For people like Henry Right, 59, of Austin, Tex., the possibility that the money might be turned down is a deeply personal issue.

Mr. Right, who worked for more than three decades as an engineering technician, discovered in September that because of complex state rules, he was not eligible for unemployment insurance after losing a job at a major electronics manufacturer he had landed at the beginning of the year.

Unable to draw jobless benefits, he and his wife have taken on thousands of dollars in credit-card debt to help make ends meet.

It is precisely these kind of regulations, involving such matters as the length of a person's work history or reason for leaving a job, that the federal government is trying to get the states to change. Such a move could extend benefits to an estimated half-million more people, according to the National Employment Law Project, a liberal group in New York that supports the changes.

Mr. Right and other unemployed workers said they were incensed to learn they were living in one of a handful of states — many of them among the poorest in the nation — that might not provide the expanded benefits.

"It just seems unreasonable," Mr. Right said, "that when people probably need the help the most, that because of partisan activity, or partisan feelings, against the current new administration, that Perry is willing to sacrifice the lives of so many Texans that have been out of work in the last year."

He was referring to Gov. Rick Perry of Texas, who has said he may decline the extra money rather than change state policy.

"I remain opposed to using these funds to expand existing government programs, burdening the state with ongoing expenditures long after the funding has dried up," Mr. Perry wrote in a letter to Mr. Obama last week.

The governors contend that once the federal money ran out, they would have to continue providing the new benefits, which they say would force them to raise taxes on businesses. The federal money will end in two or three years in some states, or much later in others, depending on the size of the state allocation. Proponents say that nothing would prevent states from changing the laws back at that time.

The anger at the governors' positions goes beyond just the unemployed workers who could directly benefit from the changes. Because eligibility rules for unemployment insurance are complicated and vary by state, many unemployed people do not even know whether they would be affected.

There is also confusion over what parts of the stimulus money are in danger. The governors have mostly said they do not object to the stimulus bill's \$25 per week increase in unemployment benefits, or a new federal extension of benefits.

As a result, many laid-off workers across the South have been fretting over precisely what they might lose out on, even as they express astonishment that they might not receive the help that jobless people in other states will get.

"I don't understand the whole thing," said Kelley Joyce, 43, of Myrtle Beach, S.C., about indications from

Gov. Mark Sanford that he may reject some of the stimulus financing in that state. "Apparently because he has money and he doesn't have to worry about everybody else who doesn't have money."

South Carolina, which has the nation's third-highest unemployment rate at 9.5 percent, ruled Ms. Joyce was ineligible for benefits for the same reason as Mr. Kight after she lost her job as a marketing assistant in November. The first third of the \$7 billion available to states to expand unemployment benefits is contingent on the states' changing eligibility rules in such a way that Mr. Kight and Ms. Joyce would receive benefits. It requires states to consider an "alternative base period" when determining someone's eligibility.

Currently, when considering a person's work history, most states do not include his wages in the current or preceding quarter. Instead, they look to see what the person earned in the four quarters before that, which can often hurt low-wage workers, women and others just entering or returning to the work force.

In Mr. Kight's case, he was unemployed for the second half of 2007, after losing an earlier job he had at a different electronics manufacturer in a downsizing. As a result, when he applied for unemployment benefits, he did not have enough immediate work history to qualify.

"I have worked for so many years, a total of probably 30 years, contributing to the support system that helps people when they get in a tough spot like I'm in," Mr. Kight said. "I haven't needed it too much in the past, but I sure could use it right now."

About 40 percent of applicants who are now disqualified from receiving benefits because they do not earn enough would qualify if states offered an alternative base period, according to the National Employment Law Project.

To be eligible for the other two-thirds of the money set aside for unemployment benefits, states would have to provide benefits to at least two of these four groups of unemployed people: those only available to work part-time; workers who left their jobs for a compelling family reason, like a spouse moving to take another job, to take care of a sick child, or in cases of domestic violence; workers with dependent children seeking additional benefits; and workers who need additional benefits to last them through re-training.

On Tuesday, Erica Greer, 32, and her mother, Candace Foss, 59, who lost her job as a data management specialist at Home Depot in late January, went to the State Capitol in downtown Atlanta from Kennesaw, Ga., a suburb where they live, to deliver a message to Gov. Sonny Perdue not to reject any of the stimulus money.

Mr. Perdue has said he fears the long-term consequences of accepting the money.

Ms. Foss got a severance package from Home Depot, so she has not yet applied for unemployment benefits. It appears she would be eligible for benefits, but she and her daughter said they wanted to stand up for unemployed Georgians and fight for their benefits. They wound up speaking to an aide to the governor for about 10 minutes and submitted a letter to Mr. Perdue.

"I don't think he truly understands the plight of his citizens," Ms. Foss said. "He's surrounded by people with good jobs, who make good salaries. He's not surrounded by people like me."

Story extolls provisions of Omnibus bill pushed by Clyburn, no mention of pork

As President Barack Obama sent Congress his first budget, House Majority Whip Jim Clyburn introduced a \$26 billion bill to quadruple the number of community health centers that now treat 16 million uninsured and low-income Americans, including 300,000 in South Carolina.

Money for Clyburn's Access for All Americans Act, which Sen. Bernie Sanders of Vermont introduced in the Senate, could come eventually from the \$634 billion health care fund Obama set up in his budget. Clyburn said he felt compelled to write his new measure because the community health centers have a three-decade track record of providing primary medical, dental and mental health treatment to Americans who often don't have access to other care. "This is the next step to comprehensive and universal health care for all of our citizens," said Clyburn, D-S.C.

There are 1,067 federal funded centers operating 6,700 clinics across the country. Twenty-two centers in South Carolina run 143 clinics.

About one-third of the centers' funding comes from Washington, with Medicaid, Medicare, private insurance, individuals and states providing the rest. The state government provides only about \$1 million to the South Carolina centers and clinics, less than any other state in the Southeast.

The White House budget office under President George W. Bush cited the centers as one of the most cost-effective health care programs in the country, and they have received national recognition for care, including early detection of diabetes.

Clyburn noted that his wife's diabetes was diagnosed and is treated at a center in Columbia.

Columnist criticizes Gov. Sanford for not attending conference

Before recent history fades from our memories, let us not forget ...

South Carolina was experiencing its worst economic downturn in decades. Its major economic driver, the tourism industry, was suffering, having endured \$4 gasoline last summer. Our unemployment rate was expected to rise into the double digits and our unemployment benefits apparatus has been exposed as being too weak to handle the load.

Antsy state legislators were underestimating the power of advertising. They planned to provide the tourism industry fewer of the needed funds to attract more visitors to put heads in beds, bellies at buffets and bikinis on the beach to create more revenue and jobs.

Don Schunk, Coastal Carolina University research economist, has said local business revenue could fall by \$415 million this year if travelers - those tourists we won't be spending enough to attract - decrease their spending by an expected 10 percent, with another \$166 million lost because of ripple effects.

"It's maybe an optimistic statement to say it's going to be a challenging year. It may be even worse than that," Schunk told one of our reporters.

So how did Gov. Mark Sanford respond to the business climate? He skipped, for the first time, the governor's conference on tourism. He had better things to do, such as making the rounds on national TV, on the Fox News Channel and CNN and whoever wanted him to talk down the economic stimulus package passed by Congress.

He took what was described as a principled stance and said the stimulus would be horrible for the country's future. Those principles seemed to stop mattering once the money became a reality.

It's funny how Sanford spent so much time talking down something over which he had little control and skipped the one conference at which his presence was paramount. If ever there was a time the state's most important industry needed a pep talk, that was it.

I would say his actions shouldn't be forgotten during his re-election campaign. But Sanford is in his final term, so there won't be another chance to express our thoughts about his actions. I did hear, though, that something is happening in 2012 ...

**From:** Kevin Pazdernik  
**To:** [REDACTED]; MCS Road  
**Date:** 2/27/2009 10:02:46 AM  
**Subject:** Governor's Daily Press Briefing Text of Clips (1 of 2)

Governor's Daily Press Briefing - Fri., Feb. 27, 2009

Summary:

Gov. Sanford discusses stimulus funds  
Sen. Tom Davis editorializes on right approach to managing ports  
Report says going around governors to capture stimulus funds may not be easy  
James Carville takes swipe at southern governors opposed to stimulus  
World Magazine contrasts two approaches to stimulus  
Voter ID law passes House  
Agreement with feds frees up \$173 million in Medicaid funding  
Waste industry gears up for landfill fight  
Sen. Land plays politics with Dillon school  
NYT story talks to jobless in states where governors consider rejecting some benefits  
Story extolls provisions of Omnibus bill pushed by Clyburn, no mention of pork  
Columnist criticizes Gov. Sanford for not attending conference

Text of Clips:

Gov. Sanford discusses stimulus funds

South Carolina Gov. Mark Sanford is still going through the 1,700 page federal stimulus plan so he hasn't made a final decision yet about whether he'll request the money for the state. But he does say, "I think expectations are probably higher than the reality of what these monies will do. And I think in some cases it's going to come with such strings attached that we probably can't accept some of the money."

South Carolina's share of the stimulus money is about \$8 billion. One example of the strings attached to the money is unemployment benefits. The stimulus plan requires states to offer unemployment benefits to part-time workers who lose their jobs, which the state doesn't do now. The state has already had to borrow millions from the federal government to be able to keep paying benefits. "If you can't pay for the current benefits, can you really afford to expand benefits? So there are some Catch-22s in the bill like that," Gov. Sanford says.

He fought the bill before it was passed and continues to believe it will cause more problems than it will solve. "What I think it means for South Carolina is what I think it means for the nation as a whole, which is a mistake. I think it means, frankly, deepening and, over the long-run, worsening the economic crisis we're in. And I think it means debt and deficits for our kids and grandkids. I don't think a problem that was ever created by too much debt will be solved by issuing yet more debt," he says.

U. S. Sen. Lindsey Graham of South Carolina also fought against the stimulus plan. But now that it has become law, he says the state should accept the money. His reasoning is that, if we don't take the money, it'll go to other states but South Carolina taxpayers will still be paying it back.

Gov. Sanford disagrees, saying it's not current taxpayers who will be paying this money back; it'll be our children and grandchildren. But even if it's our children paying it back, he's still not certain we should take it. "I can't assume where my boys are going to live. At the end of the day they're Americans before they're South Carolinians. And so any decision that I think is going to be borne and paid for by them, I think that you need to look at through an American perspective rather than simply a local perspective."

So if he's against the stimulus plan, what's his plan for improving the state's economy? "Well, we laid out a couple of different pieces of that plan. We think it makes a lot of sense, for instance, not to raise taxes in this environment but certainly to re-look at the way taxes are currently divvied up or spent," he says. His plan includes lowering taxes on businesses so they can expand and create jobs and offering individuals an optional flat tax of 3.65 percent, without deductions, instead of 7 percent with deductions.

He says what's important to turning around the state's economy, and improving its third-highest-in-the-nation unemployment rate, is to improve the soil conditions for business.

He won't say when he'll make a final decision about requesting the stimulus money, but says there's a 45-day window before state lawmakers can ask for it instead.

Sen. Tom Davis editorializes on right approach to managing ports

The most important question facing our nation is this: Should government or private enterprise be responsible for creating economic growth? That's essentially the question our leaders in Washington, D.C., have been debating for the last several months, and the result has been a massive spending bill under the guise of "economic stimulus." Our state Legislature faces the same question as it deals with the crisis at our State Ports Authority. And with the bill that passed our state Senate last week, our senior state senators have given their answer: Bureaucrats and politicians, instead of businesses and capitalists, should call the shots at our state's most important economic asset.

The Port of Charleston's national ranking has recently dropped from No. 4 to No. 8, and a few weeks back its largest client announced plans to send its business to our competitors. To their credit, Sens. Glenn McConnell and Larry Grooms have diagnosed the problem: Decisions at our State Ports Authority are too often based on politics instead of best business practices.

But their prescription -- a bill stripping our governor of the power to remove members of the State Ports Authority board -- is dead wrong. They say this would allow board members to make decisions "free from politics." It won't.

South Carolina's governmental structure makes the executive and judicial branches weak and the Legislature powerful. We essentially have a one-branch system of government, in contrast to the three-branch, checks-and-balances model we learned about in grade school.

As a consequence, our state Legislature -- or more accurately, the most senior members of that branch -- both make and execute our public policy. That is certainly the case at our State Ports Authority. I served on that board and witnessed firsthand how senior legislators are ready, willing and able to dictate agency action, often in ways that make no economic sense.

Recognizing this, Sen. Mike Rose proposed an amendment to the ports bill that would have required our State Ports Authority to maintain a public log of all contact between its board members and legislators if that contact involved potential agency action. By a vote of 28 to 15, the state Senate refused to even consider that amendment.

And in the face of this, we are told that eliminating our governor's right to remove members of the State Ports Authority's board -- that stripping the executive branch of the power to hold those members accountable for their decisions -- will free that agency from politics. That is nonsense.

The truth is, until we abandon our ports' antiquated "total state control" model, decisions there will always be corrupted by politics. In today's highly competitive marketplace, we simply cannot allow anything other than best business practices to rule, and to that end we must start engaging the private sector.

I believe unequivocally and unapologetically that job creation, capital investment and higher income levels come directly from the private sector taking the lead. The best thing government can do is stay limited to certain well-defined core functions -- and then stay out of the way.

Sen. Grooms disagrees, arguing in opinion pieces and in legislative debate that our state-owned port system is preferable to one operated by the private sector because: "Private operations exist for the benefit of owners. Our State Ports Authority exists for the benefit of the people of South Carolina."

Yes, private operations exist for the benefit of owners. But that is the essence of our free market economy, the idea that the pursuit of self-interest benefits society as a whole since competition leads to lower prices, improved quality, less corruption, less red tape and quicker delivery.

That is why, worldwide, 93 of the top 100 ports have privately operated marine terminals. And why our sister states are moving quickly to leverage private capital and expertise. Even in these difficult economic times, private companies are willing and able to invest billions of dollars to make our ports system competitive again. But we shut them out.

That's why, along with Charleston Rep. Jimmy Merrill, I have filed legislation that would replace our State Ports Authority board with a president/CEO who is appointed by and directly accountable to future governors. Sen. Grooms opposes that bill because, in his words, "it creates an easy path to privatization." I support it for that very same reason.

Business practices driven by politics have almost scuttled our state's most competitive asset. Now we must begin the process of partnering with the private sector to rid our port operations of that crippling influence, once and for all.



## Report says going around governors to capture stimulus funds may not be easy

Lawmakers in the South could be poised for a showdown with Republican governors who have said they may refuse some of the money available from a \$787 billion federal stimulus package.

Govs. Haley Barbour of Mississippi, Mark Sanford of South Carolina and Bobby Jindal of Louisiana are among a handful of governors who have said they don't want to accept portions of the stimulus money available under a bill signed earlier this month by Democratic President Barack Obama.

The bill also includes a provision that gives state lawmakers the ability to accept the money even if their governors don't want it.

The governors have questioned whether the money available for education, health care and infrastructure will help the economy.

Barbour said he'll refuse about \$56 million in unemployment compensation because it would require Mississippi to expand benefits to part-time workers. The state's overall share of the package is \$2.8 billion.

Democratic lawmakers in his state - the poorest in the nation - have balked at his stance.

"We need to keep Mississippi first and national politics second," House Speaker Billy McCoy, a Democrat from Rienzi, said Thursday.

McCoy said he would lead the effort to overrule Barbour. But Barbour has until April 3 to say whether he wants the total package, and by then, the 2009 legislative session will have ended. It is unlikely Barbour would force legislators to return. Only the governor can call lawmakers back for a special session.

Similar political maneuvering might be necessary in Louisiana, where Jindal has also opposed the unemployment provisions on the grounds that maintaining them after the federal money runs out will be costly for the state.

But Rep. Kevin Pearson, a Republican from Slidell, said Jindal's position on unemployment puts \$98 million at stake and that's "a lot of money to turn away."

The Louisiana Legislature, which convenes in April, could put the money in its budget and wait to see if Jindal makes good on his threat of a line-item veto, said Rep. Patricia Smith, a Democrat from Baton Rouge.

She said lawmakers would then have to decide whether to go into a veto session to override the governor. Both chambers have a Democratic majority.

There hasn't been a strong effort to approve a stimulus plan of action in South Carolina, where Republicans control the House and Senate and the state has had to cut \$1 billion from its \$8 billion budget. South Carolina's stimulus share is about \$8 billion, including tax breaks.

Senate Majority Leader Harvey Peeler, a Republican from Gaffney, said the governor hasn't yet said which parts of the stimulus he might or might not accept, so it's not clear what lawmakers might need to do.

Just in case, Rep. Phil Leventis, D-Sumter, has introduced a resolution making the South Carolina Budget and Control Board the recipient of the funds. He said all the members are Republican, "but they will give it a serious look, and look at the reality that the state faces."

## James Carville takes swipe at southern governors opposed to stimulus

Over the course of history, governments, political regimes and leaders have done some stupid things despite all arguments to the contrary, at times even against their own self-interest.

Pulitzer Prize-winning author Barbara Tuchman (best known for "The Guns of August") chronicled this in "The March of Folly," examining the Trojan War, the provocation by the Renaissance Popes that led to the Protestant secession, the unnecessary loss of American colonies by Britain and the now well-documented United States loss in Vietnam.

Fast forward to 2009. The Republican Party has just suffered a bad but not unprecedented defeat. The U.S. economy is in shambles. And the patch of ground some leading figures in the GOP have chosen to occupy to rally back is to oppose expanded unemployment benefits in the middle of a recession.

They could have chosen a stronger national defense and terrorism policy, personal responsibility or even market-based health care reform. Arguing that President Obama's publicly-supported economic stimulus bill was full of wasteful spending (Rush Limbaugh termed it "Porkulus") was not enough.

No, their cause in this time of crisis is to deny expanded unemployment benefits to tens of thousands of



jobless workers by saying they would not accept added federal funding for them. So my home state governor, creationism-toting Bobby Jindal, the newly-tapped spokesperson of the Rush Limbaugh-led Republican Party, and a handful of Southern governors, took their stand on expanded unemployment benefits which make up about 2 percent of the economic recovery package.

This, despite the fact that economists from all political ideologies concluded that extending the length of time that workers can collect unemployment insurance benefits would be one of the most effective stimulus measures.

A 2008 Congressional Budget Office memo stated that it would be an effective measure for Congress to pass because "it seems likely that recipients would spend most of those benefits."

Mark Zandi, former economic adviser to Sen. John McCain's campaign, estimates that for every \$1 invested in unemployment benefits assistance, \$1.64 in economic activity is generated.

Gov. Jindal is being joined in this folly by Mississippi Gov. Haley Barbour and South Carolina Gov. Mark Sanford, whose states have high jobless rates and could use the most economic assistance.

Worse, the right's new hero is CNBC's Rick Santelli, a man who on September 2, 2008, said the economy was healthy and blamed the business media for the financial crisis.

He has taken a similarly small, eroding patch of ground to mount a charge against the government's recovery package by suggesting that the government should let more homes needlessly fall into foreclosure.

In his latest tirade, Santelli comments the government is "promoting bad behavior" and that it's going to "subsidize the losers' mortgages." Well Mr. Santelli, President Obama's home affordability plan will help stave off even more foreclosures and allow those who are barely staying afloat to refinance their mortgages, both of which are in the best interest of the American economy as each foreclosed home reduces nearby property values by as much as 9 percent.

This is the same guy who recently said that the all-white, all-male stock traders next to him represented "a pretty good statistical cross-section of America. The silent majority." This from a former derivatives trader --

a patriotic profession up there with the likes of soldiers, teachers and farmers. Like what America needs now is advice from a derivatives trader. iReport.com: Share your thoughts on Jindal, Obama

Today's Republican Party, the lowest-held political party in the history of modern polling, should be in agony. They have just committed a serious blunder -- a folly have you.

If the great Mrs. Tushman were still alive, she'd surely call this latest Republican gambit the Cap Pistols of February.

#### World Magazine contrasts two approaches to stimulus

Minutes before television cameras rolled at a recorded breakout session of the National Governors Association meeting in Washington, D.C., a high-energy makeup artist patted Gov. Arnold Schwarzenegger's nose and forehead under the glare of bright lights. Another assistant brushed lint off the Republican governor's shiny gray suit and deep purple tie as audience members craned their necks to see the famous Californian.

During an on-camera discussion moderated by Robert MacNeil, former co-anchor of the long-running MacNeil/Lehrer NewsHour, Schwarzenegger joined Pennsylvania Gov. Edward Rendell, a Democrat, in praising President Barack Obama's economic stimulus plan, including the \$135 billion slated for state governments. The pair wished the plan included more funding for infrastructure projects, and Schwarzenegger quipped: "We've got to come up with a sexier word than infrastructure."

After the broadcast Republican Gov. Mark Sanford of South Carolina sat on a padded bench in a dim hallway nearby, visibly weary from a -grueling schedule that includes duties as chairman of the Republican Governors Association. Bearing dark circles under his eyes, Sanford wasn't worried about finding sexier ways to talk about his opposition to Obama's stimulus plan. "We need to be telling the truth," he said. "There's going to be pain."

Pain isn't a popular political -message, but even the most optimistic observers agree economic recovery won't be easy. There's far less -consensus on how to foster recovery, and the disagreements are particularly stark among one group: Republican governors grappling with their states' stakes in the massive stimulus bill. The two poles—represented by Schwarzenegger and Sanford—point to a deeper struggle within the party, and a tug-of-war for the identity of the GOP.

Every Republican House member voted against the president's \$787 billion economic stimulus plan, and only three Senate Republicans supported the bill. But as political scientist Larry Sabato of the University of

Virginia points out: "It's much easier to be an ideologue as a legislator." Political purism is harder for governors tasked with the day-to-day management of their states, says Sabato: "They're where the rubber meets the road."

So while Republican legislators can vote against funding, Republican governors must decide whether to accept or reject the funds. That's a tough spot for cash-strapped state leaders: States face a combined \$270 billion in deficits through 2010, estimates The Center on Budget and Policy Priorities.

Still, a handful of the nation's 22 Republican governors insist increased spending doesn't solve economic problems. At least six GOP governors openly criticized Obama's stimulus plan: Sanford, Bobby Jindal of Louisiana, Haley Barbour of Mississippi, Sarah Palin of Alaska, C.L. Otter of Idaho, and Rick Perry of Texas. Sanford won headlines in February when he warned the country was moving toward "a savior-based economy"—what you see in authoritarian countries "where it -matters not how good your product is to the consumer but what your political connection is to those in power."

At least three of the six governors went further: Jindal, Barbour, and Sanford said they would likely reject portions of the funds for their states. Jindal announced he would reject \$98.4 million in federal incentives to expand unemployment coverage. Barbour said he's likely to make a similar decision, and Sanford said: "I would say that it's probably a no-brainer that we would likely be in the same spot."

The governors focused on unemployment insurance because the stimulus bill attaches strings to the federal aid: Accepting the funds would require states to extend unemployment benefits to part-time workers and would increase employer taxes. "It would be like spending a dollar to make a dime," said Jindal.

Sanford agrees, saying his state's employment commission already asked his office to endorse more than \$300 million in federal loans to pay for unemployment benefits in South Carolina because the commission didn't have sufficient funds: "It's nonsensical to think that the only way we can be -eligible for federal funds is to expand the program to part-time workers—which we've never done before—when the program can't pay for the current level of benefits."

Other Republican governors are grappling with other parts of the plan, though they haven't announced whether they'll reject any of the funds. Indiana governor Mitch Daniels said he's worried about how his state will fund expanded education, welfare, and health-care programs once the federal dollars are gone. "Some school systems will see a gusher of money the like of which no one has seen before," said Daniels. "When the federal funds stop coming, there will not be any way to replace all that."

Critics of the Republican governors opposed to Obama's plan said the leaders should prove their fiscal convictions by rejecting all the funds offered to their states. But Sanford disagrees: "I fought as hard as I could, and I fought for a long time. But those of us who wanted to derail the stimulus lost." Sanford said he wouldn't block all the funds passed by Congress but will consider rejecting funds that could harm the state or prove particularly wasteful.

Obama pledged his administration would implement the stimulus plan "without waste, inefficiency, or fraud" and tapped Earl Devaney, inspector general of the Interior Department, to oversee the spending. But governors expressed confusion over how they should allocate funds, even as the administration released a 25,000-word document on how agencies should report their spending.

David Quam of the governors association said a large chunk of the dollars would flow to the states through existing programs, but states will have to decide how to pick projects within those programs. State officials will also have to decide whether to compete for grants. Some grants could require changes to state laws, something governors may avoid. Tensions between governors and legislatures could also prove problematic: Democratic governor Ted Strickland of Ohio appointed a temporary "infrastructure czar." The state's Republican legislature responded with a separate "spending blueprint."

GOP governors may find it difficult to reject even a portion of the funds. Rep. Jim Clyburn, a South Carolina Democrat outraged by Sanford's opposition to the stimulus, engineered a loophole in the bill: If governors reject stimulus funds, state legislatures may ask the federal government for the money anyway. Conservative blogger Michelle Malkin called the provision "The Punish Mark Sanford Amendment."

While another handful of Republican governors remained silent about the stimulus, at least four GOP leaders -vigorously supported the plan: Schwarzenegger called the plan "terrific," and Charlie Crist of Florida campaigned with Obama to support the bill. Jim Douglas of Vermont and M. Jodi Rell of Connecticut joined the pair in signing a letter with 14 Democratic -governors praising Obama's plan. Crist, a popular governor considered a possible running mate during Sen. John McCain's presidential bid, said Florida needs the funds to plug a hole in a projected \$5 billion budget shortfall this year. "As a governor, the pragmatism that you have to exercise because of the constitutional pull to balance your

budget is very compelling," he told The New York Times. But in January, Crist vetoed \$365 million in spending cuts passed by his Republican legislature to help close the budget gap. Schwarzenegger—fresh from signing a \$130 billion California budget that includes sweeping sales and income tax increases for the first time in 17 years—said he would accept any money GOP governors reject: "Governor Sanford says that he does not want to take the money. I want to say to him: 'I'll take it.' I'm more than happy to take his money."

(Democrats appeared happy to do the same: New York Senators Charles Schumer and Kirsten Gillibrand sent a letter to the president asking for any unwanted stimulus funds.)

Being at odds with fellow Republicans isn't new for Sanford. The 48-year-old governor spent six years in Congress battling spending increases. (The famously fiscal Sanford slept on the couch in his D.C. office to save taxpayer funds for congressional housing.) The now two-term governor regularly butts heads with the Republican majority in his state legislature: Sanford has used his line-item veto over 500 times since 2002, though lawmakers usually override him. Sanford is particularly tough on pork-barrel spending: He once carried a pig under each arm into the House chamber to protest earmarks.

In November, Sanford was the first governor to speak against the bank -bailouts, penning a column for The Wall Street Journal called "Don't bail out my state." When Obama introduced his economic stimulus plan, Sanford traveled to Washington to oppose the measure.

It's not that South Carolina isn't needy: The state has the third-highest unemployment rate in the nation and a deep budget deficit. Thousands of jobs have evaporated as manufacturing has gone overseas. But Sanford says spending more isn't the answer. He favors tax cuts and blames his state's deficit on a 40 percent increase in spending between 2004 and 2008.

For Sanford, the issue is a moral one, and the member of the evangelical Seacoast Church in Mount Pleasant, S.C., says biblical principles like avoiding debt and exercising self-control apply to economic decisions, even on a governmental level: "The rules in the Bible are ultimately about protecting us from ourselves."

Sanford also says poor decisions yield unavoidable consequences, and the government shouldn't "prop up -people who made fundamentally bad decisions for a long number of years." Instead, Sanford says government should have a limited role in economic recovery. "We're going to go through deleveraging, and it's going to be painful, and a lot of people are going to get hurt," he said. "And you can stick a bunch of Band-Aids on it, but you can't make it go away."

Some Republicans downplay the schism between GOP governors, but Sanford sees the tension as a serious debate about fundamental questions: "What are we about as a party?" As some Republican governors embrace big-spending plans, Sanford thinks returning to conservative -principles is key: "Our problem is that we've run as conservatives and -governed in a different way. And that disconnect is deadly."

Some political observers believe Sanford and other high-profile governors like Crist and Jindal are posturing for presidential aspirations in 2012. Sanford demurs on the question. But Dave Woodard, a GOP expert and -political scientist at Clemson University in South Carolina, says he thinks Sanford is just being Sanford: "He just doesn't want to do this, and even if the stimulus package works, he's still not going to change. He's so convicted, he will not budge."

#### Voter ID law passes House

A bill that would require voters to present a photo ID at the polls won key approval from the S.C. House on Thursday, but not before House Democrats — equating the proposal to segregation-era efforts to disenfranchise voters — walked out.

About 30 members of the Legislative Black Caucus and other House Democrats staged the walkout as debate moved into its fourth hour and it became clear the bill would pass.

"You've made it clear it's your way or the highway," state Rep. David Weeks, chairman of the Legislative Black Caucus, said to House Republicans, moments before the walkout. "There are many of us who will not take 'your way.' We will take the highway."

After Democrats marched out of the House chamber, the bill — which would require voters to present a valid S.C. driver's license, passport, military ID or other photo ID approved by the state Department of Motor Vehicles at the polls — passed 65 to 14.

Currently, voters at the polls can present a voter registration card that does not feature a photo.

Republicans said the bill is a safeguard against voter fraud. It is based on Indiana's voter ID law, which

was upheld last year by the U.S. Supreme Court. Georgia has a similar law.

"Integrity in the ballot leads to greater voter participation," said state Rep. Alan Clemmons, R-Horry, noting Indiana has seen an increase in voter participation since its law went into effect.

"To say that requiring a picture ID to vote creates an undue burden is absurd," said House Speaker Bobby Harrell, who sponsored the bill. "A picture ID is required to do just about anything in our society, except to vote."

Of the state's nearly 2.9 million registered voters, more than 2.2 million already have a state-issued photo ID, according to the House Judiciary Committee.

Democrats questioned the need for photo IDs.

They said there were no official reports of voter fraud in South Carolina's 2008 general election and charged the bill's goal is to suppress voter turnout among the elderly, the poor and other likely Democratic voters.

"This is clearly a backlash against (President) Obama," said state Rep. Chris Hart, D-Richland.

In November's general election, a record 1.9 million S.C. voters cast ballots, including many African-Americans and young voters who overwhelmingly favored Democrat Barack Obama.

The influx of new voters has raised Democrats' hopes of building a stronger state party and winning more legislative and statewide races in coming elections.

"The more people who vote, (the Republicans) lose control and power," Hart said. "They want to keep control of the State House and the state."

Weeks and S.C. NAACP president Lonnie Randolph said they will consider legal action if the bill passes the Senate.

"It's analogous to literacy tests, to poll taxes," said Randolph, who said his father had to interpret portions of the Mississippi Constitution before being allowed to vote decades ago. "We know what this is about."

Clemmons and other Republicans called the charges of attempts to dissuade voters from casting ballots a sham.

"I wish we had 100 percent (voter) participation," said state Rep. Mike Pitts, R-Laurens, who backed the bill. "Then I wouldn't get so many uneducated questions about what we're doing down here. I see (the bill) as security, to be able to identify that the person is who they say they are."

Republicans struck down 23 amendments Democrats offered, including ones to allow recent utility bills and work ID cards as identification, and another to exempt the elderly and disabled from the ID requirement.

The bill, scheduled to receive final House approval today before heading to the Senate, would cost the state Transportation Department nearly \$1 million.

Republicans included language that repeals the \$5 fee for a state-issued photo ID, making it more affordable for South Carolinians to get IDs.

Waiving the fee could cost the Transportation Department's highway fund more than \$700,000 a year. That fund pays to resurface state roads.

"In these times, they're taking away money from an economic development fund," said state Rep. Bakari Sellers, D-Bamberg. "It doesn't make sense."

**From:** Scott English  
**To:** MCS Road; Sanford, Mark  
**Date:** 2/26/2009 6:41:02 PM  
**Subject:** REAL ID

Following up on our conversation today, Marcia has come to us asking to apply for grant money provided by the Department of Homeland Security.

There would be two requests:

1. \$756,500 to support photo up front, which would take pictures of customers when they walk in the door, rather than at the end and scanning of source documents.
2. \$501,000 to support improving the security of our credentials.

If you recall, when we wrote Secretary Chertoff last year on not complying with the REAL ID Act, we did commit to completing these three items because we believe they would improve our security, as mandated by state law.

The certification letter that Marcia would send would also state very clearly that state law prohibits compliance with the REAL ID Act, but these are items that we have committed to doing.

We've spoke with an attorney at the Department of Homeland Security, who was Secretary Napolitano's General Counsel while she was Governor of Arizona. According to the attorney, Napolitano sent a grant request in prior to being named Secretary - but also made it clear that the state's law prohibited compliance with the REAL ID Act and their intent was to use the money for security upgrades.

Senator Larry Martin, who sponsored our REAL ID bill here in South Carolina also contacted us today and said he thought applying for the grants would be fine, as long as we indicated state law prohibited REAL ID.

Since you sent your letter to Secretary Napolitano earlier this month, we have been working with Department of Homeland Security staff and the NGA on a more state-friendly bill to address the privacy and unfunded mandates in the bill.

I recommend allowing Marcia to apply for the grants.

Scott