



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

Post Office Box 12267
COLUMBIA 29211

March 17, 2009

The Honorable Barack Obama
President
United States of America
1600 Pennsylvania Avenue, Northwest
Washington, D.C. 20500

Dear Mr. President,

I'd first thank you and Director Orszag for your response of March 16 to my letter of the previous week. Likewise, I have to express my disappointment that our substantive dialogue about the best way to adapt this stimulus to the unique situations of states across this country was interrupted by the Democratic National Committee's launching of a petty attack ad against us even before we had received your response.

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. 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. 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 spirit of moving forward, I'd offer the following as a clarification to our using a portion of the stimulus funds to paying down our state's sizable debt. With regard to the Education Stabilization Fund monies (ARRA § 14002(a)(1)) that must be used "for the support of ... education," we think it would be consistent with statutory requirements to use this \$577 million to pay down the roughly \$579 million of principal for State School Facilities Bonds and Research University Infrastructure Bonds over two years. 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, which could then be directed towards other educational purposes – just as paying off a mortgage early frees up the typical monthly payment for other uses.

The Honorable Barack Obama
Page 2
March 17, 2009

Regarding the \$125 million in the Fiscal Stabilization Fund (ARRA § 14002(b)(1)) headed to South Carolina, we'd lay out a few options for your consideration: first, 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; second, paying down debt related to state retirees, since that would seem to satisfy the statutory requirement that these funds be used for "other government services"; or third, paying down other bonded indebtedness at the state level.

We trust these alternative proposals fit both the statutory requirements and spirit of the stimulus legislation. Thank you again for your response, and we would again appreciate your opinion as soon as possible given that 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.

I also await your response on pulling down the attack ads. 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. I look forward to your response.

Sincerely,



Mark Sanford

cc: The Honorable Peter R. Orszag, Director
Office of Management and Budget