State of South Carolina
Office of the Governor

NIKKI R. HALEY
GOVERNOR

1205 PENDLETON STREET
COLUMBIA 29201

June 14, 2011

The Honorable Ken Ard
President of the Senate
State House, First Floor, East Wing
Columbia, South Carolina 29201

Dear Mr. President and Members of the Senate,

I am vetoing S.785, R84, a bill that would allow the Florence County School District No. 4 to issue general obligation bonds for school operation expenses to defray the loss of stimulus funds.

As stated in my letter to the General Assembly on May 17, 2011, my objection to this type of legislation is based on basic principles of finance – **we should not fund short-term operational costs with long-term debt backed by taxpayers. Having disastrous effects in other states, like California, such financing schemes are simply unsustainable** in that they turn debt-service into a back-door education tax that allows local school districts to live outside of their means. Rather than relying on a finite stream of one-time stimulus funds for recurring expenses, school districts should have better managed their budgets and prepared for the end of this funding source.

While we are sympathetic to schools and local governments struggling through tough economic times, we cannot support further burdening taxpayers who are also struggling to make ends meet.

For these reasons, I am vetoing S.785, R84.

Sincerely,

Nikki R. Haley