



## State of South Carolina Office of the Governor

NIKKI R. HALEY  
GOVERNOR

1205 PENDLETON STREET  
COLUMBIA 29201

May 23, 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 and returning without my signature S.586, R-50, a bill which expands participation in the State's health and dental plan to include non-state agencies, including joint electric and power agencies and sanitation special purpose districts.

**I am vetoing S.586 because I believe the continuous expansion of the State Health Plan to non-state, quasi public-private entities will lead to unintended fiscal consequences.** Since the 1980s, the General Assembly has passed legislation to open the State Health Plan to dozens of optional special groups, many of which have very little nexus to state government, including public-private entities, non-profits, and associations that receive no state funds. During a time when public pensions and healthcare trust funds are facing massive liabilities, both state and local governments cannot risk further liabilities to these funds.

Currently, the State's unfunded liability for the future health benefits of state and school district retirees over the course of 30 years is \$9.145 billion, according to the state's Retiree Health Care Plan Actuarial Valuation Report issued this month. To close this gap, the State would need to put approximately \$417 million into the trust fund each year, over and above each year's current retiree health costs. It is only reasonable that all optional participants – including Palmetto Pride, federally qualified health centers, legislative caucus committees, South Carolina Student Loan Corporation, special purpose districts, counties, local boards, and South Carolina Education Association, among many others – have similar unfunded liabilities. Taxpayers and current participants in the system are facing enough financial burdens and should not have to worry about further risks to already unsustainable systems.

For these reasons, I am vetoing S.586, R-50.

My very best,

A handwritten signature in black ink, appearing to read "Nikki R. Haley".

Nikki R. Haley