

Dear Mr. Speaker and Members of the General Assembly,

I am vetoing and returning without my approval certain line items in R293, H. 4950, the FY 2018-19 General Appropriations Act.

South Carolina is winning. Since January 2017, we have announced nearly 21,000 jobs and over \$6 billion in new capital investment. Our unemployment rate is at its lowest since 2000. And, with more and more companies moving here every month, starting and expanding every month, we continue to see record numbers of citizens who are gainfully employed and enjoying the new prosperity of the Palmetto State.

In that same timeframe, the General Assembly has done a great deal to address the many pressing issues which confront us. This year, you approved a ballot measure to bring accountability to our education system by making the Superintendent of Education a Cabinet-level position. And you passed an array of anti-opioid bills to combat this epidemic across the spectrum of law enforcement, education, health care and more.

This budget includes much that will keep South Carolina on the right track, including a number of provisions aligned with proposals from my Executive Budget. I applaud the General Assembly for directing funds to hire more school resource officers to keep our children safe. I thank you for taking steps to protect the rule of law by banning sanctuary cities, and I agree wholeheartedly that consolidating administrative functions for at-risk school districts is an important step toward a shared services model that will allow us to save money and reinvest it into our classrooms. Last, but certainly not least, I commend you for establishing a process to explore the sale of Santee Cooper –the only way to get permanent relief for the ratepayers of South Carolina.

At the same time, this budget demonstrates an unprecedented lack of transparency in one key area: higher education. At first glance, we appear to have reduced overall spending from last year by \$2.46 billion. But, upon examination, the reason becomes clear: \$3.45 billion in higher education spending is completely removed from “Other Funds” oversight and taken off-budget. Following last year’s attempt to strip the Commission on Higher Education of its proper role in the permanent improvement process, this budget goes further by attempting to remove higher education from the normal appropriations process and thus from the scrutiny of the people of this state who, in truth, are the owners of our public colleges and universities.

As stewards of the public trust, we must always be tireless advocates of government accountability and transparency. The vetoes below reflect these twin responsibilities and specify instances in which the legislature has acted unwisely and hastily with taxpayer dollars by directing public money to private interests or earmarking funds for parochial projects which serve little or no public interest and should be considered locally.

I urge the General Assembly to thoughtfully consider each of these vetoes and promptly sustain them on behalf of the people of this state.

Housekeeping

- Veto 1** **Part 1B, Page 334, Section 32, Department of Vocational Rehabilitation – Proviso 32.7, VR: Licensing Requirements for Disability Examiners**
- Veto 2** **Part 1B, Page 374, Section 53, S.C. Conservation Bank – Proviso 53.1, CB: Conservation Bank Trust Fund**
- Veto 3** **Part 1B, Page 403, Section 81, Department of Labor, Licensing and Regulation – Proviso 81.13, LLR: Amusement Park Rides**
- Veto 4** **Part 1B, Page 434, Section 102, Revenue and Fiscal Affairs Office – Proviso 102.6, RFAO: 911 Advisory Committee**
- Veto 5** **Part 1B, Page 439-440, Section 108, Public Employee Benefit Authority – Proviso 108.13, PEBA: Non-Revocation of Beneficiary Designations**
- Veto 6** **Part 1B, Page 440, Section 108, Public Employee Benefit Authority – Proviso 108.14, PEBA: Removal of Notarization Requirement for Retirement Systems**
- Veto 7** **Part 1B, Page 440, Section 108, Public Employee Benefit Authority – Proviso 108.15, PEBA: Suspension of Fiduciary Audit**
- Veto 8** **Part 1B, Page 441-447, Section 109, Department of Revenue – Proviso 109.10, DOR: Educational Credit for Exceptional Needs Children**
- Veto 9** **Part 1B, Page 488, Section 117, General Provisions – Proviso 117.117, GP: First Steps Reauthorization**
- Veto 10** **Part 1B, Page 492, Section 117, General Provisions – Proviso 117.125, GP: Pittman-Robertson Funds State Match**
- Veto 11** **Part 1B, Page 492, Section 117, General Provisions – Proviso 117.126, GP: North American Wetlands Conservation Act State Match**

Each of these provisos has been codified or otherwise addressed by legislation and is no longer necessary.

Earmarks and Pork

Veto 12 Part 1A, Page 9, Section 1, Department of Education, VIII. Education Improvement Act, F. Partnerships, Quaver Music, Total Funds \$100,000

Veto 13 Part 1B, Page 511, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 7(b), Department of Archives and History, Charleston Library Society Beaux Arts Building: \$250,000

Veto 14 Part 1B, Page 511, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 8, Arts Commission, SC Children’s Theatre: \$500,000

These lines would direct public funds to private entities perfectly capable of raising further dollars without taking them from taxpayers. While their missions may be valuable, South Carolina has well-identified needs which should take precedence.

Veto 15 Part 1A, Page 103, Section 38, Department of Social Services, I. State Office, E. Program Management, 1. Children’s Services, Strengthening Families Program, Total Funds \$700,000, General Funds \$700,000

This is a pass-through which was not requested by the Department of Social Services. Funding for DSS would be better used to protect South Carolina’s vulnerable children and adults.

Veto 16 Part 1B, Page 351, Section 34, Department of Health and Environmental Control – Proviso 34.51, DHEC: Greenwood Sewer Extension Line

Veto 17 Part 1B, Page 351, Section 34, Department of Health and Environmental Control – Proviso 34.54, DHEC: Alida Street Project

Veto 18 Part 1B, Page 370, Section 49, Department of Parks, Recreation and Tourism – Proviso 49.17, PRT: Horry County Museum

Last year, I vetoed these provisos because they revised the terms of earmarked money in past budgets from years ago. The General Assembly overrode these vetoes and yet, inexplicably, these same funds remain in the budget – again – with the associated dollars unspent. These provisos represent “zombie” earmarks that simply will not die. We owe it to the taxpayers of this state to see this money directed toward more meritorious uses, without carrying it forward for yet another year.

Veto 19 Part 1B, Page 428-429, Section 100, Office of Adjutant General – Proviso 100.21, ADJ: 2017 Hurricane Irma and 2014 Ice Storm FEMA Match

Ensuring that state and local government entities are reimbursed for their FEMA Public Assistance Program expenditures during Hurricane Irma and the 2014 Ice Storm is of vital importance, and I included a proviso in my Executive Budget that would have ensured proper

reimbursement. Unfortunately, the proviso included in this budget takes \$500,000 of funds the state has set aside for disaster preparedness and gives it out to legislatively selected non-profits for the purpose of renovating homes damaged during the 2015 flood. Worse there are no constraints to ensure the funds are only used for low-income families.

Additionally, this funding is duplicative because the South Carolina Disaster Recovery Office is already hard at work renovating homes damaged by the 2015 flood and has received \$126 million in federal funds for this purpose.

Veto 20 Part 1B, Page 421, Section 93, Department of Administration – Proviso 93.28, DOA: OCAB Head Start Program

This line takes money from the Office of Executive Policy and Programs and earmarks it for a bus purchase. OEPP administers many valuable initiatives, such as the Foster Care Review Board, the Division of Veteran’s Affairs and Guardian Ad Litem programs. These funds are better served where they originated to carry out these programs.

Transparency in Budgeting

Veto 21 Part 1B, Page 512, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 26, Department of Juvenile Justice, Child Advocacy Centers: \$170,000

Veto 22 Part 1A, Page 66, Section 26, Department of Archives & History, III. Historical Services, Historic Buildings Preservation, Total Funds \$200,000, General Funds \$200,000

Veto 23 Part 1B, Page 511, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 7(c), Department of Archives and History, Historic Buildings Preservation: \$500,000

Veto 24 Part 1B, Page 512, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 14, Department of Agriculture, Statewide Agribusiness Infrastructure: \$210,000

Veto 25 Part 1B, Page 512, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 17(e), Department of Commerce, Economic Development Hubs and Community Development Infrastructure: \$1,300,000

Veto 26 Part 1A, Page 134, Section 49, Department of Parks, Recreation & Tourism, II. Programs and Services, A. Tourism, Sales & Marketing, Sports Marketing Grant Program, Total Funds \$4,500,000, General Funds \$4,500,000

These lines represent a nebulous collection of appropriations devoid of explanation or justification. The extent to which they further agency missions is entirely unaddressed, and my

Cabinet members cannot tell me how this money will be spent or who requested it. These items should be put before the public and allowed to stand on their own merits, not rolled up, surreptitiously added to the budget and sheltered from scrutiny. A vote to sustain these vetoes is a vote for transparency.

Responsible Use of Taxpayer Dollars

Veto 27 Part 1B, Page 512, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 17(d), Department of Commerce, Locate SC: \$4,000,000

LocateSC is a critical resource for companies looking to come to South Carolina. New business is the central driver of our economic prosperity, and I support every facet of our recruitment and retention apparatus. In its budget request, the Department of Commerce asked for \$4 million for LocateSC to continue this important work. They have already received \$6 million from the Capital Reserve Fund and an additional \$1 million in this budget which I have not vetoed. I am vetoing this \$4 million in excess funding because South Carolina has other needs for it. I encourage the General Assembly to find a better use these taxpayer dollars.

Veto 28 Part 1B, Page 271, Section 1, Department of Education – Proviso 1.52, SDE: Lee County Bus Shop

As was the case last year, this funding represents a solution in search of a problem. There are no plans to close the Lee County Bus Shop and this proviso represents special treatment which limits the ability of the Superintendent of Education to perform her duties.

Veto 29 Part 1A, Page 143, Section 53, S.C. Conservation Bank, I. Administration, New Position Attorney III, Total Funds \$70,000 1 FTE, General Funds \$70,000 1 FTE

Veto 30 Part 1A, Page 143, Section 53, S.C. Conservation Bank, I. Administration, New Position Program Manager I, Total Funds \$65,000 1 FTE, General Funds \$65,000 1 FTE

Veto 31 Part 1A, Page 143, Section 53, S.C. Conservation Bank, I. Administration, Other Operating Expenses, Total Funds \$85,335, General Funds \$85,335

Last year, I vetoed a proposal to shutter the state Conservation Bank. I remain committed to my belief that this organization serves a valuable purpose, protecting the natural resources that keep us competitive and contribute mightily to a thriving, \$20 billion tourism industry. However, my support for the Bank does not extend indefinitely. Despite shrinking the amount of grants that the agency issues by more than half, this budget grows the operational and staffing budget by almost 100%. The Conservation Bank does not need these funds to effectively accomplish its mission.

Veto 32 Part 1B, Page 512, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 16(d), Department of Parks, Recreation and Tourism, Murrells Inlet Channel Clearing: \$300,000

Channel clearing is outside the scope of the Department of Parks, Recreation and Tourism’s mission. Requiring agencies to take on new duties unrelated their original purpose is exactly the sort of regulatory bloat we should endeavor to avoid.

Higher Education

Veto 33 Part 1B, Page 511, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 4(a), Francis Marion University, Medical and Health Education Classroom Complex: \$5,000,000

Veto 34 Part 1B, Page 511, Section 118, Statewide Revenue – Proviso 118.15(B), SR: Nonrecurring Revenue, Item 4(b), Francis Marion University, Honors College: \$2,100,000

This year, the Capital Reserve Fund allocated \$49.7 million for capital projects to the state’s universities on an equitable and pro-rata basis. This funding represents special treatment above and beyond what was afforded to any other school.

Veto 35 Part 1B, Page 453, Section 117, General Provisions – Proviso 117.8(B), GP: State Institutions – Revenues & Income, Subsection (B)

For years, South Carolina’s higher education institutions have been characterized by spiraling tuition costs, rising out-of-state enrollment and lower retention rates. This year, no attempt was made to rein in spending or create new efficiencies. Instead, one year after an effort was made to strip authority from the Commission on Higher Education, spending for our state colleges and universities has been entirely removed from “Other Funds” oversight and moved off-budget, resulting in a budget that appears to shrink, but only because \$3.5 billion in expenditures have been removed from the public eye. The people of this state must be able to see how their dollars are being spent. I am vetoing this proviso, and I have called on the Other Funds Oversight Committee to immediately convene to ensure our state institutions of higher learning are able to continue their mission uninterrupted, and in a manner that is transparent to the people of this state. We cannot play politics with educational outcomes so critical to our future, but neither can we bypass accountability to the people of South Carolina.

Good Government

Veto 36 Part 1B, Page 362-363, Section 38, Department of Social Services – Proviso 38.30, DSS: Foster Care Child Placements

The Department of Social Services works every day to reunite children with their families, in accordance with federal and state public child welfare laws which prioritize keeping families intact. The South Carolina Children’s Code directs the Department “to make reasonable

efforts to preserve or reunify a family,” and DSS currently exceeds national standards for reunification of children within 12 months.

This proviso seeks to undo codified child welfare law to provide foster parents with preference for adoption when a child resides with them for nine months. This is contrary to federal requirements that South Carolina is required to meet, as well as state law which champions reunification with parents as a first priority. Utilizing an arbitrary timeframe to place foster parents above biological parents and relatives of a child would create unnecessary and dramatic competition.

This line also imposes a substantial policy mandate on the Department of Social Services. The state budget is not the place to make such determinations. If changes are made, they should be informed, and should occur only after robust debate with expert guidance.

Veto 37 Part 1B, Page 394, Section 65, Department of Corrections – Proviso 65.29, CORR: CBD Pilot Program

Arguments for the effectiveness of cannabinoids in treating chronic illness and traumatic injury – are compelling. However, a program to test CBD on prisoners goes well beyond the scope of the Department of Corrections’ rehabilitative mission.

Veto 38 Part 1B, Page 499-501, Section 117, General Provisions – Proviso 117.156, GP: South Carolina Industry, Workforce and Education Data Warehouse

Establishing a statewide longitudinal data system for our workforce development needs is a good idea – South Carolina’s workforce requirements are urgent and ongoing, and I thank the General Assembly for endeavoring to resolve the problem. However, more accountability is needed before we implement a program with such far-reaching implications in order to ensure the trust and confidence of the people. I encourage the General Assembly to amend this proposal to ensure that sufficient controls are in place to protect the privacy of our citizens.

Veto 39 Part 1B, Page 310, Section 1A, Department of Education-EIA – Proviso 1A.87, SDE-EIA: McCormick County Schools

This proviso directs \$418,000 in non-recurring funds from John de la Howe School for McCormick County Schools. New leadership is now in place at John de la Howe, and no students are transferring to McCormick. This funding needs to remain at John de la Howe so that the new leadership can carry out its mission to improve the school.

Veto 40 Part 1B, Page 420, Section 93, Department of Administration – Proviso 93.24, DOA: Emerging Leaders Program

The Emerging Leaders program focuses on attracting recent college graduates into careers within state government. While this is a worthy endeavor, state agencies have been reluctant to hire additional staff necessary to ensure the effective administration of this program. The Department of Administration has requested that this proviso be deleted in order to give

them the flexibility necessary to shift focus toward creating leader pools from existing state employees with less than five years of experience. This approach will save resources, increase effectiveness and better create the next generation of talent in state government.

Veto 41 Part 1B, Page 352, Section 34, Department of Health and Environmental Control – Proviso 34.56, DHEC: Hazardous Waste Fund County Account

This proviso, which I also vetoed last year, bypasses local control over Hazardous Waste Contingency Fund dollars, allowing individual legislators to use them for their own means and ends. It also broadens the definition of infrastructure to include almost any activity relevant to a project with any economic impact. This is a dangerous abdication of accountability, and invites abuse. I am vetoing this proviso – again.

Preventing Taxpayers from Subsidizing Planned Parenthood

Veto 42 Part 1A, Page 76, Section 33, Department of Health & Human Services, II. Program and Services, A. Health Services, 3. Medical Assistance Payments, Family Planning, Total Funds \$15,779,259, General Funds \$2,208,596

I have made clear that I will never allow taxpayer dollars to fund radical pro-abortion advocacy groups like Planned Parenthood, which do not represent the values of South Carolina or its citizens. Earlier this year, I issued an executive order prohibiting state tax dollars from being used to fund Planned Parenthood or any other abortion clinic. South Carolina is one of only two states – along with Texas – to have requested a waiver from the federal government to ensure that attendant federal dollars do not go to other institutions which also offer abortions.

Because this waiver is still awaiting approval from the federal government, I am left with no choice but to veto this funding, some of which has been used in past years to subsidize abortion clinics. I ask the General Assembly to sustain this veto with all due haste.

For the foregoing reasons, I am vetoing and returning without my approval the above provisions in R293, H.4950, the FY 2018-19 General Appropriations Act.

Yours very truly,

Henry McMaster