



HENRY MCMASTER
GOVERNOR

May 28, 2019

Dear Mr. Speaker and Members of the General Assembly:

I am vetoing and returning without my approval certain line items in R110, H. 4000, the FY 2019-20 General Appropriations Act. However, I am happy to celebrate our successful partnership in producing a resounding win for the people and prosperity of South Carolina.

South Carolina is on the rise. In the last two years alone, we have announced over \$9 billion dollars in new capital investment and over 28,000 new jobs. Our agricultural base is accelerating, our tourism industry is thriving, and we have become a major high-tech manufacturing hub. South Carolina is the nation's top exporter of tires and of completed automobiles.

Our average annual manufacturing employment growth is 16%, the highest in the southeast. Over and over we are recognized as one of the best places in the country to do business, to visit or to vacation.

The current economic competition for jobs, investment, business, knowledge and talent is as fierce and sophisticated as the world has ever known. It is a competition between states, nations, companies and continents which offers reward and security for those who succeed.

Viewed in this context of economic competition, it is clear what we must do for future generations of South Carolinians. We must compete. We must win.

In my inaugural address, I asked my colleagues in the General Assembly to work with me in a new spirit of communication, cooperation and collaboration. We may wear different jerseys, but we are all on the same team.

My executive budget contained bold proposals to keep South Carolina winning, and the General Assembly has embraced and adopted over sixty of them in this state budget.

Together, we recommitted ourselves to providing the highest quality education for all of South Carolina's children. Recruiting and retaining excellent teachers was enthusiastically embraced by both chambers and parties, resulting in the first of many steps to continue investing in our teachers and our classrooms. Increasing teacher compensation was our first bold step, and we will take more.

As I have previously noted, being perceived as weak in education is not good. But being perceived as weak in education and not being committed to fixing it is disastrous.

The Rural School District Economic Development Closing Fund proposed in my executive budget and included in this budget will provide the “spark” for recruiting jobs and investment into our state’s most impoverished school districts. This funding will enhance recruitment of companies in areas of the state which they might not otherwise consider – creating jobs, infrastructure and long-term revenue.

Creating jobs and careers in these school districts will help transform these communities - providing stability, keeping families together and offering the opportunities of prosperity. This state budget emphatically begins the process of making the words “Corridor of Shame” a fading memory.

Our classrooms and schools must also be safe, free from distraction and violence. That’s why I proposed placing a School Resource Officer, a trained law enforcement officer, in every school, in every county, all day, every day. The General Assembly has commendably provided significant recurring funding to begin this process right away.

This state budget also fully supports my proposal to provide every public school in our state with access to a mental health counselor through the Department of Mental Health’s school services program. This way, the warning signs of troubled behavior and violence can be detected before it occurs.

Thanks to a strong and vibrant South Carolina economy, our state enjoyed an unexpected surplus in state government revenue. A surplus offers a rare opportunity for prioritizing the essential needs of state government and then returning the balance to the taxpayers. While not as large as I proposed, the General Assembly did embrace my proposal for a refund. For the first time in recent history – and I hope not the last - South Carolina taxpayers will receive a one-time rebate check.

This state budget also funds my proposed one-year freeze on tuition and fees for in-state students at our public technical schools, colleges and research universities for the 2019 – 2020 academic year. I hope that this one-year tuition freeze will serve as the first step toward a comprehensive overhaul of higher education funding and tuition reform.

Prosperity requires that we increase our investment in developing a skilled workforce to fill the demands of today and tomorrow. The skills required in today's modern workplace require us to stay ahead of demand and adapt with rapid advancements in technology.

Accordingly, this budget directs more resources and funding toward enhancing workforce training and development than ever before. Workforce scholarships and grants, apprenticeships, skilled trade recruitment, and partnerships through our state’s technical colleges will continue to provide South Carolina businesses with a pipeline of future employees who are ready to work.

One of the most important roles of government is to provide for the safety of its citizens. Maintaining a sufficient law enforcement presence in South Carolina requires keeping experienced officers in their jobs, as well as hiring and training new ones. This state budget

includes several of my executive budget proposals for public safety, including pay raises, retention bonuses and the hiring of new officers. There are no finer law enforcement officers in the United States than our own in South Carolina.

To my colleagues in the General Assembly I say: The people of South Carolina saw the year begin with our pledges of cooperation, communication and collaboration. I believe this state budget embodies that commitment. Let us continue to work together vigorously, thereby ensuring that future generations of South Carolinians can keep winning and prospering.

In that spirit, I ask that the General Assembly thoughtfully consider and sustain each of the following vetoes:

Veto 1 **Department of Archives and History** - Part IA, Section 26, Page 72 - III.
Historical Services, Historic Buildings Preservation - \$200,000

This line represents a pass-thru earmark void of necessary transparency. The appropriation lacks disclosure or explanation, justification, description, purpose, location or amount. These earmarks should be publicly disclosed and debated through the normal appropriations process and allowed to stand on their own merits, not rolled up into one line thereby sheltered from scrutiny.

Veto 2 **Department of Parks, Recreation and Tourism** - Part IA, Section 49, Page 147- II. Programs and Services, A. Tourism Sales & Marketing, Sports Marketing Grant Program- \$6,500,000

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Veto 3 **Department of Public Safety** - Part IA, Section 63, Page 176 -II. Programs and Services, E. Safety and Grants, Local Law Enforcement Grants -\$2,000,000

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Veto 4 **Department of Education** - Part IB, Section 1, Page 281, Proviso 1.51, SDE:
Lee County Bus Shop.

This proviso has been vetoed year after year because the Superintendent of Education and the Department of Education have no plans to close the Lee County Bus Shop. This year saw progress, as the House of Representatives removed it from their version of budget.

Veto 5 **Department of Education** - Part IB, Section 1, Page 295, Proviso 1.93, SDE:

Reserve Suspension.

This proviso provides an exemption from the cash reserve limitation requirements of Act 593 of 1992 for Dorchester County School District 2. This proviso alters permanent local legislation that has been in effect since 1992 and should be dealt with by separate, permanent legislation.

Veto 6 **Department of Education** - Part IB, Section 1, Page 296, Proviso 1.97, SDE: Capital Improvement Payments.

This proviso allows local developmental impact fees to be used for debt service. Using this local nonrecurring revenue source for debt service is not a wise long-term solution to local school district building projects.

Veto 7 **Department of Education** - EIA - Part IB, Section 1A, Page 320, Proviso 1A.79, SDE-EIA: McCormick County Schools.

This proviso directs funds from the state agency John de la Howe School to the McCormick County School District. New leadership is now in place at John de la Howe. 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 8 **State Board for Technical and Comprehensive Education** - Part IB, Section 25, Page 339, Proviso 25.11, TEC: Tech Awareness and Education.

South Carolina has a well-known technical education system that provides our businesses with a pipeline of future employees who are ready to work. This \$500,000 appropriation is best utilized providing affordable access to job training and education, rather than paying for a public relations effort, which can be accomplished through other means.

Veto 9 **Department of Health and Human Services** - Part IB, Section 33, Page 350, Proviso 33.24, DHHS: Personal Emergency Response System.

This proviso is a pass-thru earmark and an unfunded coverage mandate that was not requested by the Department of Health and Human Services. Allowing this proviso to become law sets a poor precedent and is a dangerous invitation to dozens more that will certainly follow behind it.

Veto 10 **Department of Health and Environmental Control** - Part IB, Section 34, Page 361, Proviso 34.51, DHEC: Greenwood Sewer Extension Line.

This proviso is no longer needed, as the funds for this project have been expended.

Veto 11 **Department of Health and Environmental Control** - Part IB, Section 34, Page 362, Proviso 34.55, DHEC: Hazardous Waste Fund County Account.

This proviso bypasses local government control over statutorily authorized Hazardous Waste Contingency Fund dollars, allowing funds to be directed for

unknown and unaccountable purposes with no public transparency or fiscal oversight. This is dangerous and invites fraud and abuse.

Veto 12 **Department of Social Services** - Part IB, Section 38, Page 373, 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 child-welfare laws, which prioritize family preservation and reunification. However, this proviso focuses on attachment, which is only one factor among many that must be considered in making an appropriate determination regarding the best interests of a child.

While bonding with a foster parent is a desired result for each child who needs foster-care placement, this proviso represents an unfunded mandate, which seeks to alter existing law and force DSS to implement new policies by utilizing resources that are already under the strain of comprehensive reform initiatives, including those driven by the Michelle H. settlement, the Federal Child and Family Services Review, and the Family First Prevention Services Act of 2018.

Veto 13 **Patriots Point Development Authority** - Part IB, Section 52, Page 387, Proviso 52.2, PPDA: Clamagore Reef - \$1,000,000

Creating artificial reefs off South Carolina's coast as a deterrent to storm surge, and to alleviate the threat of coastal flooding is a meritorious idea. However, the sinking of the USS Clamagore does not serve this purpose. Rather, it is a well-intentioned proposal that creates a taxpayer-funded limited public access destination for off-shore sport fishing and underwater diving excursions. South Carolina taxpayer dollars should be directed toward a more cost-efficient means of disposing of the USS Clamagore.

Veto 14 **Election Commission** - Part IB, Section 101, Page 442, Proviso 101.14, ELECT: Third-Party Consultant.

South Carolina taxpayers should not bear the cost of funding a third-party consultant to provide instruction and education for Richland County Election Commission members on how elections are to be conducted. The Richland County legislative delegation is accountable for appointing competent individuals to the county election commission who are tasked with hiring competent employees to run the office and county election activities.

Veto 15 **Department of Revenue** - Part IB, Section 109, Page 452, Proviso 109.13, DOR: Food Manufacturing Equipment.

This proviso creates a new "temporary one year" sales tax exemption, joining the hundreds of existing piecemeal sales tax exemptions that hurt our state's ability to compete for jobs, investment and capital. Comprehensive tax reform must happen. Our neighbor states have reformed their tax codes and structure, leaving our state at a competitive disadvantage.

Veto 16 **General Provisions** - Part IB, Section 117, Page 509, Proviso 117.170, GP: Early Childhood Education Study Committee.

While always well intentioned, the creation of new study committees each year has become so commonplace that it diminishes their impact and effectiveness. Fostering communication, collaboration and coordination among early childhood education providers and stakeholders is a simple function of leadership.

Veto 17 **Statewide Revenue**, Part IB, Section 118, Page 513, Proviso 118.11, SR: Tobacco Settlement, Subsection (A)(2)

This subsection of the proviso would allow the Office of the Attorney General to utilize, expend and carry forward funds from the Tobacco Master Settlement Agreement escrow fund for agency information technology expenses and agency building infrastructure upgrades. These funds are best used for enforcing and ensuring the State's compliance with the terms of the Tobacco Master Settlement Agreement or for enhancing state criminal prosecutorial efforts.

Veto 18 **Statewide Revenue** - Part IB, Section 118, Page 513, Proviso 118.14, SR: Non-recurring Litigation Recovery Revenue.

It is unclear why this proviso is necessary. If the State recovers a onetime monetary award in any litigation managed by the State through a party other than the Attorney General, or by a tax collection – in an amount exceeding \$25 million – it should be credited to the General Fund and considered for non-recurring appropriation in the following fiscal year by the General Assembly through the normal transparent and accountable state budgeting process.

Veto 19 **Department of Archives and History** - Part IB, Section 118, Page 516, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 21(c), Historic Preservation - \$3,400,000

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Veto 20 **Department of Archives and History** - Part IB, Section 118, Page 516, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 21(d), Community Development Grants - \$2,000,000

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Veto 21 **Arts Commission** - Part IB, Section 118, Page 518, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 41(b), Cultural Arts & Theater Center Renovation - \$450,000

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Veto 22 **Department of Health and Human Services** - Part IB, Section 118, Page 515, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 12(b), Medical Contracts - \$3,500,000

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Veto 23 **Department of Parks, Recreation and Tourism** - Part IB, Section 118, Page 515, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 11(f), Parks Revitalization - \$6,500,000

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Veto 24 **Patriots Point Development Authority** - Part IB, Section 118, Page 518, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 45, USS Clamagore Veteran Memorial Reef - \$1,700,000

Creating artificial reefs off South Carolina's coast as a deterrent to storm surge, and to alleviate the threat of coastal flooding is a meritorious idea. However, the sinking of the USS Clamagore does not serve this purpose. Rather, it is a well-intentioned proposal that creates a taxpayer funded limited public access destination for off-shore sport fishing and under water diving excursions. South Carolina taxpayer dollars should be directed toward a more cost-efficient means of disposing of the USS Clamagore.

Veto 25 **Judicial Department** - Part IB, Section 118, Page 515, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 17(a), Case Management System Modernization - \$11,000,000

The General Assembly has been very disciplined and effective in using the power of appropriation to un-silo state government IT services, championing shared services collaborative cooperation between state agencies to increase

stakeholder access and efficiencies on behalf of taxpayers. The time has now come for our courts, solicitors, attorneys, advocates, law enforcement and criminal justice agencies to embrace a modern statewide uniform case management system. I look forward to funding this type of proposal in my next Executive Budget.

Veto 26 **Department of Public Safety** - Part IB, Section 118, Page 516, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 24(b), Local Law Enforcement Grants - \$2,000,000

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Veto 27 **Department of Juvenile Justice** - Part IB, Section 118, Page 516, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 26(b), Child Advocacy Centers - \$170,000

This is a pass-through which was not requested by the Department of Juvenile Justice. Funding for DJJ would be better used on efforts to curb recidivism through education and workforce training.

Veto 28 **Department of Labor, Licensing, and Regulation** - Part IB, Section 118, Page 518, Proviso 118.16, SR: Nonrecurring Revenue, Subsection B, Item 39(b), Local Fire Department Grants - \$280,000

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For the foregoing reasons, I am vetoing and returning without my approval the above provisions in R110, H. 4000, the FY 2019-20 General Appropriations Act.

Yours very truly,



Henry McMaster