



HENRY McMASTER
GOVERNOR

September 9, 2020

The Honorable Harvey Peeler
South Carolina Senate
Columbia, South Carolina 29201

The Honorable James H. "Jay" Lucas
South Carolina House of Representatives
Columbia, South Carolina 29201

Dear Gentlemen:

I am providing for the General Assembly's consideration the attached recommendations for the Phase II authorization for expenditure of Coronavirus Relief Funds (CRF) from the federal Coronavirus Aid Relief and Economic Security (CARES) Act.

As you are aware, the AccelerateSC task force conducted a thorough review of the CARES Act and made expenditure reimbursement recommendations for COVID-19 prevention efforts and for measures to return our state's economic engines to full speed.

To maximize COVID-19 relief resources available to South Carolinians, the Department of Administration, working with the professional grant management services provider Guidehouse, should determine if state funds appropriated by the General Assembly to state agencies pursuant to Act 116 of 2020 are eligible for federal reimbursement through the CRF in the CARES Act.

In order to prevent our state's small businesses from paying higher taxes to replenish the Unemployment Trust Fund, an additional \$450 million should be authorized and made available should the Department of Employment and Workforce request them before the end of this year. In addition, I ask the General Assembly to authorize up to \$45 million to be made available in the form of grants to small businesses and non-profit organizations that did not receive federal Paycheck Protection Program loans from the Small Business Administration.

This spring, the General Assembly moved quickly to direct funds from the contingency reserve account to the Department of Health and Environmental Control (DHEC) and the Medical University of South Carolina (MUSC) to address the COVID-19 pandemic. These funds enabled DHEC and MUSC to establish and expand statewide testing and laboratory

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capabilities, and rapidly acquire resources. An additional \$93 million should be made available to reimburse DHEC and MUSC for these continued efforts.

The learning progress of our state's children has been significantly impacted by the closure of schools during the COVID-19 pandemic. For many South Carolina families, public schools provide the opportunity for parents to work, to provide housing, meals and economic security for their children. I am recommending that up to \$50 million be authorized to reimburse public school districts and charter school authorizers for COVID-19 related costs incurred by reopening and providing five-day in-person classroom instruction to students.

In addition, \$100 million should be authorized for the reimbursement of verified and legitimate COVID-19 related expenses incurred by state agencies, counties, municipalities, first responders, law enforcement agencies, public institutions of higher education and technical colleges between July 1, 2020 and December 30, 2020.

Thank you for your leadership and willingness to collaborate, cooperate and communicate on the COVID-19 pandemic. Working together, I am confident that our state will recover and return stronger and more prosperous than ever.

Yours very truly,



Henry McMaster



PHASE II RECOMMENDATIONS CORONAVIRUS RELIEF FUND

September 9, 2020

Governor McMaster recommends the General Assembly authorize the Department of Administration (Admin) and the Executive Budget Office (EBO) to disburse funds from the Coronavirus Relief Fund (CRF) for the following purposes and based on the following available CRF monies: \$668,172,613 which is the minimum balance in the CRF plus an additional \$100,000,000 which is the anticipated amount of authorizations for state and local government expenditures that were unexpended per Act 142 of 2020.

Recommendation 1:

Up to \$450,000,000 should be authorized for deposit into the South Carolina Unemployment Insurance Trust Fund to replenish to the balance of the fund before December 30, 2020.

Recommendation 2:

Up to \$73,000,000 should be authorized to reimburse the South Carolina Department of Health and Environmental Control for statewide COVID-19 prevention, testing and contact tracing efforts.

Recommendation 3:

Up to \$20,000,000 should be authorized to reimburse the Medical University of South Carolina for statewide COVID-19 prevention, testing and contact tracing efforts.

Recommendation 4:

Up to \$50,000,000 should be authorized to reimburse public school districts and charter school authorizers for COVID-19 related costs incurred in order to provide parents the option of five-day in-person classroom instruction for their children.

Recommendation 5:

Up to \$75,000,000 should be used to reimburse state agencies, including public institutions of higher education and technical colleges for expenditures directly related to the coronavirus pandemic and incurred between July 1, 2020 and December 30, 2020.

Recommendation 6:

Up to \$50,000,000 should be used to reimburse counties and municipalities, including first responders and law enforcement, for expenditures directly related to the coronavirus pandemic and incurred between July 1, 2020 and December 30, 2020.

Recommendation 7:

Up to \$30,000,000 should be authorized to reimburse the South Carolina Department of Revenue for providing grants in the amount of \$5,000 to small businesses that did not receive federal Paycheck Protection Program loans from the Small Business Administration.

Recommendation 8:

Up to \$15,000,000 should be authorized to reimburse the South Carolina Department of Revenue for providing grants to non-profit organizations that were not eligible to receive federal Paycheck Protection Program loans from the Small Business Administration.

Recommendation 9:

The Department of Administration, working with the professional grant management services provider, shall determine if state funds expended by state agencies pursuant to Act 116 of 2020 are eligible for reimbursement through the Coronavirus Relief Fund.

Recommendation 10:

Any unexpended funds remaining in the Coronavirus Relief Fund shall be deposited into the South Carolina Unemployment Insurance Trust Fund as the CARES Act and federal guidance allows.

Phase II Coronavirus Relief Fund Recommendations	Up to:
Unemployment Insurance Trust Fund	\$450,000,000
DHEC testing	\$73,000,000
MUSC testing	\$20,000,000
School districts COVID-19 in-person classroom instruction	\$50,000,000
State agencies, public, HBCU, technical colleges and universities	\$75,000,000
Counties, municipalities, first responders and law enforcement	\$50,000,000
Small business relief grants	\$30,000,000
Non-profit relief grants	\$15,000,000
TOTAL:	\$763,000,000