



Executive Budget Summary FY 2021-22

COVID-19

In January 2020, South Carolina was in the midst of a stunning resurgence, with economic growth, innovation and a record low unemployment rate of 2.4% - one of the lowest in the country, and far outpacing the contemporaneous United States average of 3.6%. Over three years, the Palmetto State had added \$10 billion in new capital investment and announced 35,000 new jobs through the Department of Commerce.

Then, the COVID-19 pandemic came, and the damage was dramatic. To date, South Carolina has lost more than 5,000 of its citizens, with over 300,000 people having contracted the virus. Businesses and workers continue to experience serious financial ramifications. During the worst week of the Great Recession, we saw nearly 14,000 initial jobless claims filed. During the worst week of the COVID-19 pandemic, we saw more than 87,000.

Yet, confronted with these substantial challenges, South Carolina has established a public health and economic revitalization effort unprecedented in modern history.

Public Health Response. As of January 2, South Carolina has:

- Received more than 3.7 million test results, including results from 2,074,355 distinct individuals in South Carolina (40.3% of the state's population).
- Increased contact tracers from 20 people statewide prior to COVID-19 to more than 700 currently.
- Held more than 9,550 testing events and scheduled over 2,100 more events through January 21, 2021.
- Conducted over 20,000 virtual inspections of retail food establishments to maintain food safety standards.
- Provided 179 nursing homes with point of care antigen testing devices from the federal government.
- Dedicated over one million hours to response efforts.

America developed a coronavirus vaccine in record time – one of our most important accomplishments in decades. According to December 30 data from DHEC, South Carolina is above the national average of vaccine administrations per doses received. Based on current dashboards and reports, the utilization rates (doses administered and doses allocated and/or shipped of Pfizer and Moderna vaccine) indicates:

- South Carolina: 35,158/112,125 (31%)
- North Carolina 63,500/323,125 (20%)
- Georgia: 52,242/372,900 (14%)

- Alabama: 20,354/128,175 (16%)

Nationally, the vaccine administration percentage, based on doses distributed and doses administered is 19% as of December 30.

However, this pace remains slower than anticipated – and South Carolina must eliminate the bottlenecks which are slowing distribution down. It is imperative that South Carolinians have a complete and public accounting of the status and location of every COVID-19 vaccine dose received and distributed by state authorities. We must have 100% utilization as quickly as possible.

To maintain the public’s confidence and participation in the vaccination effort, Governor McMaster has asked DHEC to disclose this information on its online COVID-19 information dashboard. Further, DHEC has agreed to the Governor’s request that a deadline of January 15 be established for distribution of vaccines to phase 1(a) individuals, after which South Carolina will move on to phase 1(b) individuals.

accelerateSC. South Carolina’s reasonable approach of limited and measured actions targeted at slowing the spread of the virus allowed our state’s economy to weather the pandemic. In April, Governor McMaster created *accelerateSC* to serve as South Carolina’s coordinated economic revitalization task force. The group, consisting of business leaders, medical professionals, educators and legislators from across the political spectrum, created a set of recommendations that is to this day serving as our baseline for confronting this crisis – safely.

accelerateSC was made up of five total components: Response, Protection, Governance, Resources and Information. Each component carried the dual mandate of identifying specific issues created by COVID-19 and analyzing solutions and assets to be employed in response to those issues. Team members were asked to employ open lines of communication, collaboration and cooperation to recommend a phased, healthcare and data-driven path to safely re-invigorate South Carolina’s economy.

In carrying out its mission, *accelerateSC* held five whole-team and ten component-level meetings, all open to the public. Each meeting accepted both oral testimony and written recommendations from state leaders and officials from a cross-section of our state, including: business, healthcare, education, tourism, state political subdivisions and public interest organizations. The *accelerateSC* team then incorporated this information into its immediate, intermediate, and long-term recommendations.

Specific Sub-Group Missions

- **Response** – The “Response” sub-group was tasked with two assignments: 1) identifying challenges related to workforce capacity, workforce re-entry, critical industries, capital requirements, regulatory issues and supply chain logistics; and 2) providing recommended actions as restrictions were lifted.

- **Protection** – The “Protection” sub-group sought to identify protocols for protection in the workplace and in public, enhanced testing and contact tracing, obtaining adequate personal protective equipment and long-term mitigation efforts to ensure economic revitalization and minimize future outbreaks.
- **Governance** – The purpose of the “Governance” sub-group was to identify challenges faced by state and local governments, educational institutions, law enforcement, emergency services and first responders and to identify the impacts on these groups as the state proceeds with its economic revitalization.
- **Resources** – The “Resources” sub-group was tasked with: 1) providing input on how to expend the CARES Act funds allocated to South Carolina; and 2) recommending policies that ensure accountability and transparency of all expenditures.
- **Information** – As the coordinating agency for the accelerateSC Information sub-group, the Department of Administration (“Admin”) created, and continues to establish, multiple platforms for citizens to easily and centrally access information and resources related to COVID-19 and the state’s revitalization efforts, including accelerate.sc.gov – a one-stop, ombudsman-style website for all COVID-19 related information.

At the end of its thirty-day initial period, accelerateSC produced a report with 41 comprehensive recommendations for revitalizing South Carolina, including for allocation of funding from the federal Coronavirus Aid, Relief and Economic Security (CARES) Act. The General Assembly, in turn, adopted many of these recommendations. Specifically:

- South Carolina invested in broadband, approving \$50 million for infrastructure, hot spot distribution and the development of a statewide broadband plan so South Carolinians can learn and work remotely.
- South Carolina invested in small- and minority-owned businesses, creating grant programs to provide reimbursement for expenses and revenue loss due to COVID-19. 286 non-profits and 2,284 small and minority businesses received grants.
- South Carolina twice replenished the Unemployment Trust Fund, allocating more than \$835 million in CARES Act dollars to the Trust Fund and allowing us to freeze tax rates on South Carolina businesses.

Most importantly, Governor McMaster and accelerateSC took a carefully targeted approach, working closely with public health officials to identify those types of businesses where spread of the virus was most likely to occur – including entertainment venues, athletic facilities, close-contact service providers, retail stores – and produce guidelines for those businesses to guard against COVID-19, allowing our people to get back to work quickly and safely.

This approach has succeeded. At the peak of the pandemic’s economic impact, in April, South Carolina’s unemployment rate was 12.4%. Today, it is 4.4% - the lowest in the southeast and the 7th lowest in the nation. By contrast, other states which implemented draconian restrictions,

shuttering businesses and destroying livelihoods, continue to experience unabated spread of the virus, while hurting economically, too.

Federal Response/CARES Act. At the federal level, the Administration and the United States Congress, acting in concert, provided critical assistance to South Carolina citizens and businesses.

Prior to January 1, federal and state authorities allocated \$1.2 billion in federal CARES Act resources to efforts that mitigated and combated the spread of COVID-19 in South Carolina. This includes:

- \$835 million for the Unemployment Trust Fund at DEW.
- \$385 million for COVID-19-related expenses by local and state government;
- \$222.7 million for the South Carolina Department of Education.
- \$135.6 million for DHEC & MUSC to administer statewide COVID testing.
- \$125 million for the Hospital Relief Fund.
- \$50 million for access to broadband internet through mobile hot spot devices and infrastructure.
- \$40 million for a minority and small business relief grant program.
- \$15 million for a nonprofit relief program.
- \$10 million for grant administration.

BUDGET, TAXES AND REGULATORY REFORM.

Responsible Fiscal Stewardship. South Carolina roared into 2020 with a vibrant economy, innovation and a growing population. The Palmetto State's success created a large, nearly \$2 billion surplus. These dollars allowed South Carolina to withstand the worst financial effects of the pandemic without raising taxes, taking on debt or making cuts to state government. With COVID-19 still surging around the country, such fiscal responsibility must continue.

In 2008, South Carolina produced a \$1 billion surplus for the first time ever. The General Assembly appropriated these dollars – and then the Great Recession hit, forcing the legislature to make significant, across-the-board cuts to state agencies in order to balance the budget.

Today, this state is in a similar situation – one which calls for continued conservative, intelligent budgetary decision-making. To that end, in August, Governor McMaster asked all Cabinet agencies to refrain from requesting any increase in base appropriations. He also recommended that the General Assembly not spend any new money until a better picture of South Carolina's economic future is available. The General Assembly wisely heeded this recommendation.

Today, if South Carolina had expended its surplus dollars, state government would be making cuts to public safety, education and in many other state sectors just as the General Assembly did in 2008. States around the country are doing exactly that. For example, as of late December, states have slashed their education budgets by an average of 8%, resulting in hundreds of thousands of jobs lost. In July, Georgia made cuts to education totaling \$950 million. Maryland enacted \$413 million in emergency spending cuts, including large cuts to colleges and universities. Florida cut \$1 billion in pre-pandemic spending, including money for community colleges and behavioral health services.

Instead, South Carolina has \$136,483,282 in recurring dollars and \$1,093,888,511 in non-recurring dollars – a fortuitous position, given the state of other states – but not an accidental one. Instead, it is the result of conservative and cautious decision-making on behalf of state government.

South Carolina's fiscal success has not gone unnoticed. In an August review of the fiscal health of state governments, National Public Radio said, "South Carolina's exceptionally strong economy over the last two fiscal years has allowed the state to weather the pandemic with little budget disruptions to date."

The pandemic has not curbed the appetites of state government. In recurring dollars alone, agencies requested \$934,747,900 in new spending this year. This budget proposes using state funds only for the vital purpose of laying a foundation for future growth – by investing in education, small businesses and savings to guard against future economic uncertainties, should they arise.

There are few threats more dangerous to the well-being of South Carolinians than state-wide economic ruin. This Executive Budget places \$500 million, or 38 cents of every new dollar, in

into South Carolina's Contingency Reserve Fund, so that the state continues to have a "rainy day" surplus to call on in the event virus-related economic hardship continues to impact the Palmetto State. By saving this money instead of spending it, something that has served our state well this year, South Carolina will be prepared for any eventuality.

Last year, South Carolina received \$525,000,000 in settlement funds from the federal government resulting from litigation surrounding the ongoing storage of nuclear materials at the Savannah River Site. In order to maintain full accountability, transparency and equitable distribution of these dollars, this Executive Budget does not propose allocation of any of these funds. Rather, that issue should be debated openly by the General Assembly via stand-alone legislation to allow for close public scrutiny.

With 2020 behind us, the time is now to reaffirm our responsible fiscal stewardship of this state – to protect our people and prosperity in the year ahead.

Taxes. Reducing the tax burden on people and businesses continues to be one of the most important ways South Carolina can lay a foundation for future growth. South Carolina maintains the highest marginal tax rate (7%) in the southeast and the 11th highest in the nation. We must take steps to make our state more competitive.

Last year, as in years past, Governor McMaster proposed a 1% rate reduction over five years for all personal income tax brackets, starting with an immediate \$160 million cut, paid for and certified in the FY 2020-21 Executive Budget.

In addition, Governor McMaster issued a \$69 million dollar (34%) cut to the unemployment insurance taxes paid by our state's employers thanks to successful reforms to the Department of Employment and Workforce's Unemployment Insurance Trust Fund. In 2020, by remaining frugal and supplementing the Unemployment Trust Fund with CARES Act dollars, we were able to freeze taxes on South Carolina businesses, saving them approximately \$172.4 million for 2021. Insurance tax rates for 86.3% of businesses will remain unchanged or will decrease in 2021 compared to 2020, and there will be no flat rate tax increases on employers as a result of the pandemic.

Given the economic damage inflicted by the COVID-19 pandemic, this budget – for the first time since Governor McMaster took office – does not propose an immediate tax reduction. However, it includes a triggering mechanism via proviso, which would implement the aforementioned 1% tax reduction over five years in the event South Carolina experiences a 5% or more increase in General Fund Revenue. Should the state bounce back faster than expected, this tax reduction will kick in, serving to reduce impediments on our people and future prosperity.

For the fourth year in a row, this budget also includes a full retirement income exemption for military veterans and first responders, including retired state and federal law enforcement, firefighters and peace officers. This exemption would be effective immediately upon ratification and extend into perpetuity. Under Governor McMaster's plan, retired veterans and first responders will never pay state taxes on their retirement income again – ever.

Regulatory Reform. The costs of regulatory creep are well studied. Nationally, according to estimates by the Competitive Enterprise Institute, regulatory compliance costs total \$1.9 trillion, constituting a “hidden tax” of \$14,615 annually per household. Researchers at the Mercatus Center at George Mason University have estimated that federal regulation is slowing national economic growth by about 0.8 percentage points a year.

Regulations also have the pernicious effect of distorting markets by influencing the decisions of companies – often serving as the determinative factor in where a company decides to do business. In South Carolina, Governor McMaster has focused on eliminating overburdensome regulations to better facilitate innovation, investment, vision, creativity and prosperity. In April of 2017, he issued an executive order requiring a reduction of regulatory scope and impact. Later that year, he embarked on a statewide listening tour to solicit suggestions from Main Street business owners about ways government can make it easier for them to do business.

South Carolina’s reputation as an attractive destination for business has benefited from this reform-based approach, and Governor McMaster remains committed to streamlining regulatory requirements for South Carolina businesses. Last year, the Governor signed legislation – reflecting a proposal included in his FY 2020-21 Executive Budget – which simplified how more than 200 local and county governments around the state assess and implement business license taxes. Different due dates, collection methods and appeals processes had created a tax scheme that was both overly and burdensome for businesses with locations in different jurisdictions. This legislation standardized the process and represents the kind of common-sense reform South Carolina needs to remain competitive in the COVID-19 era.

EDUCATION

The FY 2021-22 Executive Budget dedicates:

For PreK-12:

- \$47,915,814 in Education Improvement Act (EIA) dollars for the statewide expansion of the full-day 4K program for at-risk children;
- \$35,223,664 in recurring dollars to maintain State Aid to Classrooms at the current level and to provide step increases for teachers;
- \$23,400,000 in recurring dollars to complete the placement of school resource officers in every school in every district – all day, every day;
- \$100,000,000 in non-recurring dollars for purchase of instructional materials;
- \$15,000,000 in recurring dollars and \$9,588,000 in non-recurring EIA dollars for charter schools to account for increased enrollment at brick-and-mortar and virtual charters;
- \$13,900,000 in certified surplus lottery dollars for the creation of Education Savings Accounts;
- \$7,000,000 in non-recurring EIA dollars for the South Carolina Department of Education’s Grants Committee;
- \$5,726,409 in recurring dollars for the Educational Television Commission;
- \$5,577,165 in EIA dollars to place a school nurse in every school – all day, every day;
- \$2,500,000 in EIA dollars for instructional costs at the Department of Juvenile Justice;
- \$1,250,000 in EIA dollars to expand the Teaching Fellows Program and other recruitment initiatives;
- \$700,000 in non-recurring EIA dollars for computer science and coding instruction; and
- \$600,000 in non-recurring dollars for \$1,500 signing bonuses for school mental health counselors.

For Higher Education:

- \$60,000,000 in lottery dollars for need-based grants at CHE;
- \$20,000,000 in lottery dollars for tuition grants at the Higher Education Tuition Grants Commission;
- \$750,000 in lottery dollars for scholarships for students with intellectual disabilities attending College Transition Programs.

No government function in South Carolina is more important than educating our children and young adults. Preparing young people for college career and real life is the objective.

This year, Governor McMaster urges the General Assembly to focus on providing an effective education for all students and ensuring access and affordability to higher education.

Full-Day 4K. Poverty is the enemy of education. Some of South Carolina’s children live in circumstances so dire that education is but a fleeting experience. For parents struggling to put food on the table, building a strong educational foundation can be a challenge – particularly

during the pandemic. Governor McMaster is calling on the General Assembly to invest in early childhood education – to at last offer choice to those without any.

Last year, Governor McMaster called on the General Assembly to expand full-day 4K to every Medicaid-eligible child in the state, as well as children with family incomes 185% or less of the federal poverty index. In his FY 2021-22 Executive Budget, the Governor renews this call, recommending \$47,915,814 for the full-day 4K program.

Full-day 4K means expanding statewide the full-day four-year-old program for “at-risk” children. Today, eligible four-year-old children in only 61 of the 79 traditional school districts in our state can participate.

Under Governor McMaster’s plan, parents may choose to enroll their child in a public school approved by the South Carolina Department of Education or in a private child-care center, military child-care facility or non-profit, independent school approved by the Office of First Steps to School Readiness. Parents need choices.

The Department of Education will receive \$27,035,912 and the Office of First Steps will receive \$20,879,902 to expand the program. Under this budget, the line item appropriation for the half-day 4K program is eliminated. A district that opts not to participate in the full-day 4K program may continue to receive funds to support half-day 4K programs. For any district that opts not to participate in the full-day 4K program, the Department of Education will be required to develop and implement inter-district transfer policies that give parents or guardians the option of their eligible child attending an out-of-district school that participates in the Child Early Reading and Development Education Program or enrolling with a private provider.

The need for expanded full-day 4K is clear. According to the *2019 State Report Card*, in the spring of 2019, pre-pandemic, only 39% of the students who graduated from our public high schools were college and career ready. In the fall of 2019, only 39% of the children who entered kindergarten in our public schools were “ready to learn.” That this number is identical is not a coincidence. The data clearly show that kindergarten readiness matters.

A 2019 study from University of Colorado entitled “The Effects of Full-Day Prekindergarten: Experimental Evidence of Impacts on Children’s School Readiness” explores the hypothesis that “expanding the length of the school day will provide children with more exposure to high-quality learning opportunities, which, in turn, will yield greater and longer lasting benefits.” The study provides compelling evidence that “a full-day, full-week preschool supports young children’s development.”

Such studies demonstrate what is already self-evident. We should provide all-day, high quality early childhood education for every four-year-old living in poverty in our state

Right now, in spite of the COVID-19 pandemic, South Carolina has more than 80,000 available jobs. The time is now to act, to take dramatic and decisive action – to secure our prosperity for generations to come, and to assure all of South Carolina’s parents that their children will not go forgotten.

Teachers and Learning. In FY 2019-20, we began the process of investing in South Carolina’s educational strength by raising all teachers’ salaries. In Governor McMaster’s 2020-21 Executive Budget, he asked the General Assembly to give each and every teacher in South Carolina a \$3,000 salary increase – to help attract the best and brightest young people and keep our successful and experienced teachers in the classrooms. This proposed teacher pay raise would have catapulted the Palmetto State into the top 25 states nationally for average teacher pay – for the first time ever.

The COVID-19 pandemic paused these bold plans – but they have not gone forgotten. Today, South Carolina continues to experience a disheartening departure of teachers from classrooms. According to a recent study, teacher vacancies in South Carolina are up 26% from the same time last year.

Officials know that low pay remains a key contributing factor in the ongoing teacher shortage. But poor working conditions also contribute to our inability to retain teachers in the profession. We must continue investing in our teachers, and in future teachers, to ensure that our young people receive the best education possible. To facilitate robust recruitment and retention, salaries must be competitive with fellow teachers in the southeast – and compelling enough to attract more to enter the profession.

In school year 2019-20, the average teacher salary in South Carolina was \$53,329, a 4.8% increase over the prior year and \$116 above the Southeastern average teacher salary \$53,213. In November of 2020, the South Carolina Revenue and Fiscal Affairs Office estimated that the Southeastern average teacher salary will be \$53,426 in 2021.

As soon as South Carolina is able, we must resume investment in our teachers.

As we await greener economic pastures, this Executive Budget proposes an appropriation of \$35 million to lift the current suspension of teacher step salary increases, while providing the necessary funding to resume them. According to the Office of Revenue and Fiscal Affairs, these dollars are more than sufficient to get teachers back on their expected salary trajectories.

In addition, this Executive Budget recommends \$1.25 million in new dollars to expand the number of ProTeam and Teacher Cadet classes and the number of Teaching Fellows Scholarships. The ProTeam program identifies middle school students who are interested in a teaching career, while the Teacher Cadet program serves as a dual credit course for high school students who are academically talented and considering teaching as a career. The South Carolina Teaching Fellows Program recruits high-achieving high school seniors into the teaching profession and equips them to become effective and successful educators. This Executive Budget also funds a teacher working conditions survey to better understand why our teachers, especially teachers in the first five years of their career, are leaving the profession. This request was recommended by the Education Oversight Committee.

Classroom Instruction. For many young children, being out of school is dangerous. Every summer, the Department of Social Services (DSS) sees a decrease in the number of reported

cases of child abuse and neglect. In 2020, DSS began seeing that decrease in April, when reports dipped nearly 50% from the previous year. The abuse didn't stop – it just went unreported. Teachers were not watching our children.

In addition, the South Carolina Department of Education lost contact with more than 10,000 students when schools closed. Through the concerted efforts of DSS, South Carolina has now reestablished contact with nearly all of them.

The fact remains that a generation of students is now being left behind. In the fall of 2020, students in grades 3–8 performed similarly in reading to same-grade students in the fall of 2019, but about 5-10 percentile points lower in math. More troubling, a quarter of students were missing from the data set entirely because they did not take the Measure of Academic Progress test this fall. According to this national research, these children are more likely to be from high-poverty schools and students of color.

We cannot abandon these young people. Governor McMaster firmly believes that we must re-open all schools for face-to-face instruction – now.

The evidence is clear: schools can be opened safely. Ten months into the coronavirus pandemic, researchers have now established more than sufficient data to clearly discern the extent to which COVID-19 is spread in schools. According to a recent report from the Center for Education Data & Research, the National Center for Analysis of Longitudinal Data in Education Research and the Education Policy Innovation Collaborative, as long as infection rates are under control, in-person classroom instruction does not significantly contribute to community spread.

In November, Governor McMaster's office conducted a survey of the 15 districts that had successfully reopened for full-day instruction to that point (seven additional districts have since reopened). By identifying and consulting with community leaders like local health care providers, public health officials, school nurses, and district and school personnel – school districts were able to develop innovative strategies and protocols for re-opening classrooms on time. These successes can and should serve as a model for other schools across the state.

It is absolutely critical that South Carolina's students, teachers, administrators, and other school employees are provided the resources they need to operate our schools in the safest possible manner. In August, Governor McMaster directed the Department of Administration to distribute \$10 million in masks and other personal protective equipment to 70 public schools around the state. In November, the Governor signed an executive order authorizing DHEC to provide all public schools with rapid antigen tests for use by students and school staff. These tests will give students, teachers, and faculty members another layer of defense against the virus.

It is also critical that parents in South Carolina are confident that their children are safe and secure when they are at school. Governor McMaster is calling on the General Assembly to invest \$23,400,000 to complete the process of placing a school resource officer (SRO) in every South Carolina school. Currently, 302 schools have no SRO on staff.

Further, Governor McMaster is proposing a \$5,577,165 appropriation to put a full-time nurse in every school in every district – all day, every day. These dollars would allow for the hiring of 78 new nurses and the conversion 32 part-time nurses to full-time. Finally, this budget includes \$600,000 non-recurring dollars for recruitment bonuses for school-based mental health counselors – to incentivize recruitment and begin the process of ensuring that every school-aged child in South Carolina has access to mental health services.

In the coronavirus era, providing resources to school children doesn't just mean safety and wellness. If we are to get our young people learning again, we must also re-double our commitment to ensuring they have sufficient funding for educational materials. The FY 2021-22 Executive Budget provides:

- \$100,000,000 in non-recurring dollars for new instructional materials at the Department of Education. These funds will ensure that all Common Core textbooks are replaced with textbooks aligned with South Carolina standards and values.
- \$15,000,000 in recurring dollars and \$9,588,000 in EIA dollars for charter schools to account for increased enrollment at brick-and-mortar and virtual charters.
- \$700,000 in recurring dollars for computer science and coding instruction to help prepare our students for post-pandemic career opportunities.

Due to the ongoing pandemic, the lack of options for parents in traditional public schools has resulted in a 25% increase in enrollment at South Carolina charter schools. As such, Governor McMaster is calling the General Assembly to fund charter schools through the General Fund, so that they no longer have to rely on EIA dollars every year. Growth in the number of charter schools represents an educational option our South Carolina parents are increasingly choosing.

In addition, the Governor is directing \$13,900,000 for the creation of Education Savings Accounts, pending a change in the law by the General Assembly. Every child deserves a fair shot at success, no matter their background or family income. Under this proposal, parents would be allowed to take a more active role in tailoring academic experiences of their children to address their individual needs.

Access and Affordability in Higher Education. South Carolina must continue its collaborative efforts to make public universities and colleges – technical and comprehensive – more affordable and accessible for all South Carolinians. In FY 2019-20, we took the dramatic step of freezing college tuition for in-state students.

According to 2020 data, South Carolina is #5 in the nation for student debt. Average borrower debt is \$38,300. This is unacceptable.

In spite of these high numbers, undergraduate enrollment for the 2020 school year in South Carolina was only slightly down – around 1%. This is significantly less than many other states. Nationwide, it's down an average of 4%, with 26 states exceeding that number. Enrollment is down 15.8% in Rhode Island, 10.6% in New Mexico and 9.7% in Michigan.

South Carolina has fared better than much of the nation, but we must maintain our commitment to our young people. We must not raise tuition at this critical time.

This budget makes a substantial investment in tuition scholarships and grants, including:

- \$236,771,166 in lottery dollars for LIFE Scholarships, \$71,173,280 in lottery dollars for Palmetto Fellows Scholarships and \$10,372,104 in lottery dollars for HOPE Scholarships;
- \$60,000,000 in lottery dollars for need-based grants at CHE to provide tuition assistance for every eligible student in private colleges;
- \$51,100,000 in lottery dollars for tuition assistance at 2-year institutions (CHE and Tech Board);
- \$20,000,000 in lottery dollars for tuition grants at the Higher Education Tuition Grants Commission.

In FY 2019-20, Governor McMaster proposed and signed into law a tuition mitigation plan which placed a 7% increase in higher education’s base appropriation (totaling \$42 million) with schools, which then had to verify that they had not increased tuition before spending a single dollar. Public colleges that pledged to forego tuition increases received these dollars on a pro-rata basis after certification by the Commission on Higher Education (CHE).

This year, the FY 2021-22 Executive Budget dedicates the entirety of the Capital Reserve Fund, \$176,095,044, to capital improvement projects at our institutions of higher education. This funding will be distributed on a pro-rata basis, based on in-student enrollment at each of our state colleges and universities. These dollars are for deferred maintenance only – not new construction projects.

Deferred maintenance amounts by institution:

Two-, Four-Year and Research Universities

<u>Institution</u>	<u>Non-Recurring Dollars</u>
The Citadel	\$2,769,529.57
Clemson University	\$18,390,986.78
College of Charleston	\$7,449,765.42
Coastal Carolina University	\$6,001,232.42
Francis Marion University	\$4,553,869.48
Lander University	\$3,747,698.86
South Carolina State University	\$2,416,171.76
USC - Columbia	\$24,691,754.30
USC - Aiken	\$3,944,268.76

USC - Upstate	\$6,647,104.97
USC - Beaufort	\$1,983,249.94
USC - Lancaster	\$2,080,364.84
USC - Salkehatchie	\$932,536.99
USC - Sumter	\$1,564,368.83
USC - Union	\$1,164,208.67
Winthrop University	\$5,595,221.96
Medical University of South Carolina	\$2,478,184.88
Total	\$96,410,518.44

Technical Colleges

<u>Institution</u>	<u>Non-Recurring Dollars</u>
Trident Technical College	\$13,453,337.96
Northeastern Technical College	\$1,700,095.67
Florence Darlington Technical College	\$3,728,977.92
Greenville Technical College	\$11,791,854.23
Horry-Georgetown Technical College	\$6,486,806.89
Midlands Technical College	\$10,030,915.49
Orangeburg-Calhoun Technical College	\$2,584,660.25
Piedmont Technical College	\$5,378,761.05
Spartanburg Technical College	\$4,731,718.45
Central Carolina Technical College	\$3,363,919.52
Tri-County Technical College	\$6,090,156.90
York Technical College	\$4,852,234.52
Aiken Technical College	\$1,986,760.12
Denmark Technical College	\$545,247.48
Technical College of the Lowcountry	\$2,216,091.68
Williamsburg Technical College	\$742,987.44
Total	\$79,684,525.56

We must redouble our efforts to ensure more of our in-state students are able to get an education in South Carolina. To that end, this Executive Budget also dedicates \$750,000 to expand scholarships for South Carolina resident students with intellectual disabilities enrolled in College Transition Programs such as ClemsonLIFE, which offers a collegiate experience for young men and women with intellectual disabilities to prepare them for competitive employment and independent living through a combination of academic coursework and career exploration.

ECONOMIC DEVELOPMENT, WORKFORCE & INFRASTRUCTURE

The FY 2021-22 Executive Budget dedicates:

- \$123,205,312 in non-recurring dollars to create the Small Business Relief Grant Program at the Department of Commerce;
- \$30,000,000 in non-recurring dollars for broadband expansion at the Office of Regulatory Staff;
- \$20,167,126 in lottery dollars for workforce scholarships and grants at the State Board for Technical and Comprehensive Education;
- \$17,000,000 in lottery dollars for the SC WINS program at the State Board for Technical and Comprehensive Education;
- \$12,500,000 in lottery dollars for high-demand job skill training equipment at the State Board for Technical and Comprehensive Education;
- \$10,000,000 in lottery dollars for ReadySC at the State Board for Technical and Comprehensive Education;
- \$4,129,944 in non-recurring dollars for the Rural Infrastructure Fund at the Rural Infrastructure Authority;
- \$4,000,000 in non-recurring dollars for the “Locate SC” economic development recruitment program at the Department of Commerce;
- \$3,700,000 in non-recurring dollars for the Closing Fund at the Department of Commerce.

Following the first difficult months of the COVID-19 pandemic, Team South Carolina took swift and decisive action to reignite our economy. According to a December report from TD, “[a]n aggressive reopening strategy earlier in the year set the Palmetto State up for a swift economic rebound. By many accounts, this strategy appears to have paid off over the last few months.”

Indeed, as of October, about 66% of the payrolls lost in leisure and hospitality during the spring have been recovered, a higher share than at the national level (58%). After losing 272,700 jobs in April with the beginning of the pandemic, South Carolina added 16,300 jobs in November. This follows the addition of 11,700 jobs in October, 24,800 jobs in September and a total of 221,000 jobs since the initial loss in April. This represents an 81.3% gain, a figure which vastly exceeds broader U.S. job gains – 55.4% since April.

Our economic development figures remain strong. Over the past decade, South Carolina’s economy has grown faster than all but seven other states. Since 2017, we have announced \$12.7 billion in new capital investment and more than 43,000 new jobs through the Department of Commerce. According to Census data, we have the sixth fastest growing population in the nation; since 2000, we have added more than one million new residents. In recent years, we have added approximately 60,000 people annually – an average of more than 170 each day.

According to *Area Development* magazine’s 2020 ranking, which analyzes metrics such as cost of doing business and access to capital, South Carolina places third overall for best places in the country to do business. As a result, our economy continues to see tremendous wins, including in

our manufacturing sector. Boeing, for example, recently announced the consolidation of all its production lines here in South Carolina.

South Carolina remains open for business. We never close.

Small Businesses. In South Carolina, the Small Business Administration (SBA) issued over \$5.7 billion in Paycheck Protection Program (PPP) loans to 67,176 small businesses as well as \$2.1 billion in Economic Injury Disaster Loans to 46,576 small businesses.

Governor McMaster firmly believes these small businesses are the lifeblood of South Carolina's economy. However, in spite of federal programs created by the CARES Act, many of them are still hurting. According to the National Federation of Independent Businesses, one-in-four small business owners report that they will have to close their doors in the next six months if the current economic conditions don't improve, up 5% from last month. Another 22% of small business owners anticipate they will be able to operate no longer than 7-12 months under current economic conditions.

In November, Governor McMaster announced the Minority and Small Business Relief Grant Program and the Nonprofit Relief Grant Program, recommended by Governor McMaster and passed into law by the General Assembly using \$65 million in CARES Act dollars. In the first two weeks of their existence, these programs received over 11,000 applications. To date, they have directly assisted 2,284 businesses and 686 non-profits.

To qualify for either grant program, certain eligibility criteria were put in place. Specifically, they had to demonstrate that they:

- Employ 25 or fewer employees;
- Be physically located in South Carolina;
- Be in operation from Sept. 13, 2019, to present; and
- Be able to demonstrate a financial or operational impact due to COVID-19.

At the same time, due to the significant amount of interest and applications, more than 8,000 businesses were unable to receive these grants. This Executive Budget proposes the immediate establishment of the Small Business Relief Grant Program at the Department of Commerce using \$ 123,205,312 in non-recurring dollars. The Department of Commerce has significant experience with pandemic-impacted businesses, having worked diligently over the past ten months to help them with Paycheck Protection Program loans, advising them on guidelines and providing authorization for events. The agency is well suited to administer this exciting new program.

Employment and Workforce Development. The Department of Employment and Workforce has never faced a crisis like COVID-19. During the worst week of the Great Recession, we saw nearly 14,000 initial jobless claims filed. During the worst week of the COVID-19 pandemic, we saw more than 87,000.

Our people are getting back to work. Thanks to the General Assembly and accelerateSC, and thanks to the strength of all South Carolinians – we are maintaining our prosperity.

Over the course of the pandemic, South Carolina wisely used more than \$800 million in CARES Act dollars to replenish the Unemployment Trust Fund. To date, the South Carolina Department of Employment and Workforce has paid out \$4.7 billion in federal and state funds to help our friends and neighbors who have lost jobs. As we endeavor to regain lost jobs, we must also take steps to ensure businesses have access to a pipeline of future employees who are trained, educated and ready to work.

In recent years, South Carolina has taken bold steps to empower the next generation's workforce. Governor McMaster has directed more resources toward enhancing workforce training, development and education than ever before – to make sure all the assets and opportunities are in place to help South Carolinians achieve and sustain financial independence and prosperity.

Now is not the time to pause those efforts. With many people out of work, and with 80,000 jobs available throughout the state, this Executive Budget continues to place focus on training and re-training our people – to get these jobs and prosper in them. We must give South Carolinians every advantage.

According to the South Carolina Department of Employment and Workforce, “critical needs” jobs account for 45% of the workforce, while only 29% of people have the necessary skills to fill those jobs. And, according to a report by the Lumina Foundation, by 2025, 60% of Americans will need some type of high-quality credential beyond high school to participate in the workforce.

South Carolina has all the people and all the resources it needs – what is important is that we expand our investment in technical education and workforce development so that our people continue to play a decisive role in recruiting new business.

To help achieve this goal, the FY 2021-22 Executive Budget provides a total of \$73,567,126 in workforce development dollars, including:

- \$ 37,167,126 in lottery dollars for workforce scholarships and grants at the State Board for Technical and Comprehensive Education;
- \$17,000,000 in lottery dollars for the SC WINS program at the State Board for Technical and Comprehensive Education;
- \$12,500,000 in lottery dollars for high-demand job skill training equipment at the State Board for Technical and Comprehensive Education;
- \$10,000,000 in lottery dollars for direct training through ReadySC at the State Board for Technical and Comprehensive Education.

Infrastructure and Broadband. South Carolina's unmatched global connectivity continues to provide unlimited opportunities for our people. The Palmetto State has one of the nation's fastest-growing container ports, two innovative inland ports, 2,300 miles of rail lines and more than

41,000 miles of state-maintained highways. There are 208 million people within two days drive of South Carolina.

With global trade rebounding, activity at South Carolina ports is up – in November, the South Carolina Ports Authority set a record for number of containers handles (up 12% from the previous year). The port will continue to benefit from WalMart’s newly-announced distribution center – a large scale investment expected to create 1,000 full-time jobs, while boosting port volumes by 5%.

The FY 2021-22 Executive Budget includes \$5,000,000 for continued construction of the Jasper Ocean Terminal, a 1,500-acre site along the north bank of the Savannah River in Jasper County, which will increase the region’s capacity to efficiently handle cargo throughput into in the region over the next 35 years.

By continuing to invest in our infrastructure and logistics assets, we will ensure that South Carolina maintains its unmatched global connectivity.

Gaps in our online connectivity require a significant investment this year. Broadband is a powerful catalyst for economic and social advancement. It is no longer a luxury – it is a necessity, critical to ensuring a level playing field for those in rural areas. Emergency response, health care access, education – all rely increasingly on Internet access.

In South Carolina, nearly half a million people (434,725) are below the Federal Communications Commission standard for broadband connectivity – 94% of them are in rural areas. 160,655 people in rural South Carolina are completely unserved.

The COVID-19 pandemic laid bare these inadequacies. Accordingly, accelerateSC recommended a substantial investment in broadband and the General Assembly, with Governor McMaster’s support, acted in short order – approving \$50,000,000 for infrastructure, hot spot distribution and the development of a statewide broadband plan to address gaps in our wireless infrastructure.

Further steps are required. The FY 2021-22 Executive Budget dedicates \$30,000,000 for the Office of Regulatory Staff to continue its critical efforts to expand broadband in South Carolina. Specifically, these dollars will go to the South Carolina Broadband Infrastructure Program, intended to emphasize services to rural communities with a high prevalence of COVID-19 or with demographics consistent with risk factors for COVID-19. The program provides reimbursement for expenditures for infrastructure expansion necessary for the COVID-19 public health emergency and must increase capacity for distance learning, telework or telehealth.

Working together, we can level the playing field for all South Carolinians, regardless of where they live.

LAW ENFORCEMENT, PUBLIC SAFETY AND VETERANS

The FY 2021-22 Executive Budget dedicates:

- \$15,000,000 in non-recurring dollars for continued construction of the National Guard Readiness Center and Cyber DreamPort;
- \$10,200,000 for non-recurring dollars for the creation of a case management at the Prosecution Coordination Commission;
- \$5,000,000 in recurring dollars for continued start-up costs at new state veterans' nursing homes administered by the Department of Mental Health;
- \$4,000,000 in recurring dollars for pay increases at the Department of Public Safety;
- \$3,500,000 in non-recurring dollars for armory revitalization at the Adjutant General's Office;
- \$3,000,000 in recurring dollars for recruitment and retention at the Department of Corrections;
- \$2,085,300 in recurring dollars for recruitment and retention at the Department of Probation, Parole and Pardon Services;
- \$2,000,000 for Personal Protective Equipment (PPE) Warehouse Operational Expenses at the Adjutant General's Office;
- \$1,483,670 in recurring dollars for recruitment and retention at SLED;
- \$1,301,389 in recurring dollars for recruitment and retention at the Department of Juvenile Justice;
- \$1,200,000 for repairs at the Olympia Armory;
- \$1,000,000 in recurring dollars for expansion of the drug court system;
- \$1,000,000 in non-recurring dollars for new firefighting equipment and \$1,000,000 in non-recurring dollars for equipment replacement at the Forestry Commission;
- \$850,000 for the Urban Search and Rescue Task Force and the Helicopter Aquatic Rescue Team at the Department of Labor, Licensing and Review;
- \$750,000 in non-recurring dollars for the Alston Wilkes Society at the Department of Probation, Parole and Pardon Services;
- \$706,066 in recurring dollars for recruitment and retention at the Department of Natural Resources;
- \$597,204 in non-recurring dollars for COVID-related law enforcement overtime at the Department of Natural Resources;
- \$356,298 in recurring dollars and \$452,500 in non-recurring dollars to stand up the Department of Veterans' Affairs;
- \$250,000 in non-recurring dollars for SLED and \$250,000 in non-recurring dollars at the Department of Labor, Licensing and Review for PTSD treatment.

There has never been a more difficult time to be in law enforcement. Over the past year, police officers in America have been subjected to a disgraceful level of disrespect and abuse – from both sides of the aisle.

Governor McMaster's top priority is keeping South Carolinians safe. The first step is maintaining a robust law enforcement presence – and funding the police. The FY 2021-22

Executive Budget makes a significant investment in law enforcement recruitment and retention, dedicating \$13,173,629 in new, recurring dollars across agencies for pay and step increases, including at: the State Law Enforcement Division, the Department of Public Safety, the Department of Corrections, the Department of Probation, Parole and Pardon Services, and the Department of Juvenile Justice.

The Department of Corrections (SCDC), in particular, needs new and continued investment. Every member of the General Assembly is aware of the struggles facing the men and women working at SCDC. Each day they are confronted with the challenges of contraband, violence, gangs, staffing, health care and facilities that are inadequate, outdated or simply broken – a problem exacerbated by the pressures of the COVID-19 pandemic. This budget dedicates \$3,000,000 for retention increases. Further, this budget includes a proviso allowing SCDC to utilize up to \$100,000,000 in carry-forward dollars available after COVID-19 reimbursements for prison safety upgrades.

In addition, via proviso, this budget removes the \$10,000 retirement cap for anyone enrolled in the Police Officers Retirement System, which limits the pay of retirees who return to work for state or local agencies. In previous budgets, Governor McMaster has pledged to place a school resource officer in every school, in every county – all day, every day. Removing this cap will incentivize retired law enforcement to return to work in schools and in other law enforcement organizations to help us ensure that all our people are safe.

The FY 2021-22 Executive Budget also makes a substantial investment in law enforcement infrastructure. Specifically, it includes \$10,000,000 to create a statewide case management system at the Prosecution Coordination Commission and \$1,000,000 to expand the drug court system to judicial circuits where drug court programs do not currently exist.

While a strong law enforcement is critical to ensuring South Carolina's safety, ending recidivism is equally important. On a logistical level, limited docket time due to the pandemic has made it difficult to expeditiously adjudicate many cases. Drug courts play a vital role in this process, offering a public health approach in which the judiciary, prosecution, defense bar, probation, law enforcement, mental health, social services, and treatment communities work together to help addicted offenders into long-term recovery.

Military and Veterans. South Carolina is a military state. We have more than 50,000 active duty and reserve members of the military, eight major military installations and more than 400,000 veterans in South Carolina. 50% percent of all soldiers entering the Army each year come through Fort Jackson.

Governor McMaster was proud to work with the General Assembly to support legislation creating the South Carolina Department of Veterans' Affairs. Veterans in South Carolina now have a gubernatorial-appointed secretary leading this cabinet-level agency to act as their advocate on the state and federal level. This budget provides \$808,798 in combined recurring and non-recurring dollars to continue efforts to stand-up this critical new agency.

This Executive Budget also provides \$2,500,000 to expand the South Carolina National Guard College Assistance Program (SCNG CAP). Currently, SCNG CAP offers financial assistance to members of the South Carolina Army and Air National Guard as an incentive for enlisting or remaining for a specified period of time in either body. Recipients may receive up to a maximum of \$4,500 for the Army National Guard and up to a maximum of \$9,000 for the Air National Guard per academic year, with the cumulative total not to exceed \$18,000. In many cases, these dollar amounts are not sufficient to cover all tuition costs at our state institutions of higher education. With this additional investment, based on FY 2019-20 numbers, SCNG CAP recipients will have all of their tuition covered.

We should always seek to honor and reward those that dedicate their time and efforts to serve our nation. This adjustment will do so – and may also encourage more in-state enrollment in the process. In other words, if you join the South Carolina Army or National Guard, and you meet qualifications, your tuition will be paid for – all of it.

Finally, this budget includes significant funding for facility repair and construction, including \$15 million for phase two of construction of the National Guard Readiness Center and Cyber DreamPort – a state-of-the-art facility that will provide cyber training and modernization of the National Guard’s cyber mission. The facility will provide the basis for a collaborative effort between military, education, business, industry, and research centers to be able to protect the infrastructure and continue to attract new industry to the state. Further appropriations include significant dollars for equipment and facility revitalization, including \$4,700,000 in non-recurring dollars for armory revitalization and \$2,000,000 for the Personal Protective Equipment Warehouse at the Adjutant General’s Office.

GOOD GOVERNMENT & HEALTH

The FY 2021-22 Executive Budget dedicates:

- \$32,411,836 in recurring dollars for increased employer contributions to the state pension system;
- \$30,225,247 in non-recurring dollars for deferred maintenance at state agencies;
- \$20,000,000 in recurring dollars and \$5,000,000 in non-recurring dollars for the “Caring for South Carolina’s Children” initiative at the Department of Social Services;
- \$13,730,000 to end roll-up appropriations and replace them with a competitive grant appropriation for each agency;
- \$10,000,000 in recurring dollars for maintenance of effort annualization at the Department of Health and Human Services;
- \$5,928,000 to maintain the State Health Plan at current levels;
- \$3,000,000 in recurring dollars for sustainability of addiction crisis efforts at the Department of Alcohol and Other Drug Abuse Services.

Budgetary Reform. Too often, the General Assembly uses the practice of “rolling up” funding in the budget for individual earmarks, pet projects and “pork” commonly intended for local projects in certain legislators’ districts. They are placed on lines inside a specific state agency budget and given vague names like “Parks Revitalization” and “Sports Marketing.” Ninety percent of the membership – and one hundred percent of the public, to whom these tax dollars actually belong – is unaware of the intended recipients of these appropriations, as no public list is provided. In practice, months after the budget has become law, an agency head is contacted by legislators or their staffers and instructed where and to whom these funds are to be sent.

In FY 2019-20, Governor McMaster vetoed over \$20 million in “roll up” funds in the FY 2019-20 General Appropriations Act and provided the following explanation:

“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.”

These vetoes were subsequently overridden by the General Assembly and became law. This has become a routine exercise between governors and the legislature.

This budget takes steps towards maintaining the public’s trust in government by implementing new procedures to ensure transparency in the appropriations process – ending rollups and replacing them with a competitive grant appropriation for each agency. Agencies shall establish a process for entities, organizations and individuals to apply for funding. Applications will be required to provide detailed explanation, justification, description and intended use of these funds. Agencies shall also post online all information about grants, the application process, required criteria and award information.

In the future, organizations, festivals, tournaments and other standard recipients of earmarked dollars will apply for these grants and awards will be determined through a merit-based process established by an agency director. This new process will be transparent and accountable to taxpayers. Moreover, it will demonstrate to the people of South Carolina that their money is being spent wisely.

Amounts appropriated to each agency will be based on last year's funding levels, totaling \$13,730,000. Line-item appropriations are clearly delineated in this budget, as follows:

- Medical Contracts (DHHS) - \$3,000,000
- Local Law Enforcement Grants (DPS) - \$2,000,000
- Historic Preservation and Community Development Grants (DAH) - \$2,000,000
- Parks Revitalization Grants (PRT) - \$3,000,000
- Sports Marketing Grants (PRT) - \$3,000,000
- Cultural Arts and Theater Grants (Arts Commission) - \$450,000
- Local Fire Department Grants (LLR) - \$280,000

Revenue expenditures should always be listed on the line. The Governor has made clear – if the General Assembly allows these allocations to stand on their own merits, he will issue a veto only where they fail to live up to the standards expected by the taxpayers, who are the true owners of every government brick and building in the state.

Ethics. South Carolinians must trust their representatives, and representatives must demonstrate they are deserving of that trust.

Along with former Attorney General Medlock, Governor McMaster co-chaired the South Carolina Ethics Commission, and made a series of ethics reform recommendations – some of which have been implemented, and some of which have not. It is the continued goal of the McMaster Administration to see them all enacted.

South Carolina needs stronger and expanded investigative authority for the State Ethics Commission to obtain, verify and confirm information related to campaign finance disclosures and statements of economic interest. This budget doubles the registration fee for lobbyists from \$100 to \$200, allowing for increased investigation and enforcement efforts by the State Ethics Commission.

We should require anyone paid to influence decisions made by county, city or town councils to register as lobbyists. And we should require that Members of the General Assembly comply with the Freedom of Information Act (FOIA). After all these years, the legislature still shields itself from FOIA requests. If we are to hold all public servants accountable, this self-imposed exemption must end.

Pensions. We have been ringing the alarm bell for years. South Carolina's \$24 billion unfunded pension liability threatens to place unprecedented strain on state government if steps are not taken to address this crisis.

In 2017, Governor McMaster signed into law legislation increasing employee and employer contributions to the South Carolina Retirement System (SCRS) and Police Officers Retirement System (PORS), an unfortunate but necessary first step to begin reducing the state's unfunded liability. To that end, this Executive Budget includes \$32,411,836 to account for this time. However, it is time for the legislature to make some hard decisions and implement systemic reforms to correct this problem.

We must maintain our commitment to the 11.5% of South Carolina's population that relies on state retirement systems, while protecting taxpayers from bearing any additional financial burden caused by inaction or indecision. That means enacting a date-certain transition away from defined benefit pension plans to defined contribution retirement plans for new state employees. This budget includes proviso language which closes enrollment in the South Carolina Retirement System (SCRS) to new members. A person who otherwise would have been required or eligible to become a member of SCRS and employed by the state after December 31, 2020, instead shall join the State Optional Retirement Program (State ORP) administered by the South Carolina Public Employee Benefit Authority (PEBA).

Adopting this reform will require a concerted expenditure of political willpower on behalf of the General Assembly. Yet, it pales in comparison to the cost of inaction, which threatens a much more permanent paralysis.

Santee Cooper. South Carolina's bright economic future and continued job growth require an abundant supply of clean and affordable energy. Without it, we are at a competitive disadvantage.

Governor McMaster has pushed for Santee Cooper's sale for years and commends the General Assembly for approving a process to field and evaluate offers from companies to purchase or take over management of the utility, which supplies power to 2 million South Carolinians.

However, continued delay in fielding purchase offers has backfired. At a time when all South Carolinians are tightening their belts, this rogue agency took on \$100 million in new debt, directly contravening the will of the General Assembly and its own customers, while muddying the waters for a potential sale.

Governor McMaster urges the men and women of the General Assembly to again consider the sale of Santee Cooper. Ratepayers deserve it and prudence demands it.

We must provide the state with the best solution possible, one which protects ratepayers while recognizing the valuable contributions of current and former employees of Santee Cooper, both now and in the future.

Health and Social Services. Effectively protecting the health and well-being of all South Carolinians is critical to good governance – made all the more important in the COVID-19 pandemic.

During these uncertain times, many South Carolinians may have feelings of stress and anxiety. South Carolinians are currently experiencing depression at three times the rate of the national average, according to the CDC. Alcohol and drug abuse, consequently, has risen significantly during the COVID-19 pandemic.

The FY 2021-22 Executive Budget includes \$3,000,000 in recurring dollars for sustainability of addiction crisis efforts at the Department of Alcohol and Other Drug Abuse Services. With this funding, the South Carolina Department of Alcohol and Other Abuse Services will be better able to ease the trauma and anguish attendant to alcoholism and drug abuse.

Our health care system must not be used to funnel tax dollars to organizations which do not represent South Carolina values or priorities. For the fourth year in a row, this budget includes a proviso preventing the funneling of taxpayer dollars to abortion providers like Planned Parenthood. There are a variety of agencies, clinics, and medical entities in South Carolina that receive taxpayer funding to offer important women's health and family planning services without performing abortions. South Carolinians do not want their money spent that way; this budget safeguards against spending tax dollars in a manner that is contrary to the values we hold dear.

ENERGY AND ENVIRONMENT

The FY 2021-22 Executive Budget dedicates:

- \$9,500,000 in non-recurring dollars for conservation grants at the Conservation Land Bank;
- \$2,995,000 in non-recurring dollars for maintenance of the State Water Plan at the Department of Natural Resources;
- \$250,000 in recurring dollars to hire a Chief Resiliency Officer and an Administrative Assistant at the South Carolina Office of Resilience;

Resilience. So far this year, South Carolina has largely escaped the wrath of a major hurricane. But we know well what to expect. In South Carolina, four major flooding disasters affected us in the period between 2012 and 2018. Collectively, these events resulted in 37 deaths and damage to nearly 150,000 homes. Financially, the cost exceeded \$800 million, with an estimated total loss of \$320 million in tourism dollars.

It's a challenge of the utmost urgency. That's why Governor McMaster took a proactive approach to mitigate disaster and protect our people, property and way of life.

In 2018, he created the South Carolina Floodwater Commission. Thousands of hours of volunteerism went into producing a report which endeavors to address our many challenges in a balanced, holistic manner. One of the top recommendations: consolidating flood response under a single entity.

S. 259, passed by the General Assembly and signed by the Governor in 2020, created the South Carolina Office of Resilience, to be governed by a Chief Resilience Officer appointed by the Governor who will develop, implement, and maintain the Statewide Resilience Plan with the goal of coordinating statewide resilience and disaster recovery efforts with federal, state, local and non-governmental entities. This Executive Budget includes funding to hire a Chief Resilience Officer and administrative support.

Many Floodwater Commission recommendations have yet to be implemented. We must address deferred maintenance of our state's drainage systems. We must plant more native vegetation – to deter erosion and aid in groundwater infiltration. We must protect, replenish and expand our marshes. We must ensure under-resourced local governments have the means to apply for and access much-needed recovery funds.

Offshore Drilling. For years, Governor McMaster has opposed the prospect of seismic testing and oil exploration off the coast of South Carolina.

Our beaches, sea islands and marshes are among the most beautiful in the nation, drawing 28.5 million people to South Carolina each year. Our 187-mile coastline and 2,876 miles of coastal shoreline drive a \$24 billion tourism industry – one of our largest. From Myrtle Beach to Charleston to Hilton Head, our seaside communities are dependent on a pristine coastline that

brings visitors here from all over the globe. Such reliance means we simply cannot afford to accept the risk of adverse environmental impacts attendant to offshore drilling.

Every town council along the South Carolina coastline has voted to oppose seismic testing. They are right to do so. Our commercial seafood fishing industry enjoys a vibrant offshore ecosystem. The impacts and habitat disruption that marine life might suffer due to seismic testing is simply not worth whatever benefit our state might see from placing oil rigs offshore.

In 2019, Governor McMaster signed into law a budget proviso prohibiting the construction of industrialized infrastructure on South Carolina soil. In 2020, he strongly opposed the ruling by the National Oceanic and Atmospheric Administration suggesting that searching for oil “outweighs any potential short-term, limited, and localized adverse coastal effects to fisheries and sea turtles.” In September, the Trump Administration halted this proposal.

Governor McMaster will continue to oppose all efforts to despoil our coastline – by any means necessary.