



HENRY McMASTER  
GOVERNOR

June 20, 2023

Dear Mr. Speaker and Members of the General Assembly:

I am vetoing and returning without my approval certain line items in R-102, H. 4300, the FY 2023-24 General Appropriations Act.

Everywhere we look, South Carolina is growing. Our economy is booming. More and more people are visiting our state – with many deciding to stay for good. Employers are creating new jobs, entrepreneurs are opening new businesses, and companies are deciding to relocate here.

Last year was the most successful year for economic growth in our state's history, with the record for the largest capital investment project broken twice in the same year. This year, we are off to a great start. In just the first six months of 2023, we have announced 46 projects which will create over 9,408 new jobs with \$5.48 billion in new capital investment. Some of those projects have the ability to transform local economies forever.

The decision by global automaker Volkswagen to locate their new Scout electric sports utility vehicle manufacturing facility in the Midlands was a great victory for our state. It will bring opportunity and prosperity to the region for generations to come.

State government is in the best fiscal shape ever. We have the largest budget surplus, the largest rainy day reserve fund and the lowest debt – ever – in the history of our state. We've cut taxes on our small businesses, and we have returned money back to the taxpayers.

Until recently, South Carolina had the highest personal income tax rate in the southeast and the 12th highest in the nation. No more. Last year, I was honored to sign into law the largest income tax cut in state history. This year taxpayers will keep an additional \$96.2 million of their hard-earned money instead of sending it to state government.

Over the last six years, our successful partnership has produced resounding win after win for the people and prosperity of South Carolina. This year's budget includes a record number 283

Page Two  
June 20, 2023

proposals from my executive budget totaling – \$3.3 billion – an increase of 24 from last year and 117 from two years ago.

This legislative session may be remembered as one of the most substantial in decades. We have begun the long-overdue restructuring of the Department of Health and Environmental Control (DHEC), as well as South Carolina's siloed healthcare delivery agencies. The state's antiquated Certificate of Need (CON) healthcare statutes and regulations were repealed, unleashing entrepreneurship, capital investment, and competition into the free marketplace.

Progress was made toward closing the revolving door for repeat criminals with bond reform, but more remains to be done, including passing graduated penalties for illegal gun possession. Innocent lives will be protected with changes to the Fetal Heartbeat Act, and strong laws against fentanyl trafficking will give law enforcement and prosecutors the tools they need to put the drug dealers in jail.

That spirit is represented in this state budget.

As I have said before, economic growth and the preservation of our shared natural heritage and environment are not opposing objectives which must be balanced as in a competition, one against the other. Instead, they – and our educational successes – are complementary, intertwined, and inseparable, each dependent on the other.

This budget provides \$200 million to the Office of Resilience, for the purpose of identifying and preserving culturally or environmentally significant properties and tracts in which public access is in jeopardy of being lost forever due to development, mismanagement, flooding, erosion or from storm damage.

In the area of K-12 education, we continue to make remarkable progress in raising teacher pay. Six years ago the minimum starting salary of a teacher in South Carolina was \$30,113 and the average teacher salary was below the Southeastern average. Today, the minimum starting salary of a teacher in South Carolina is \$40,000, and the average teacher salary now exceeds the Southeastern average.

This budget increases teacher salaries by \$2,500 at every step of the state salary schedule, making the new minimum starting teacher salary \$42,500. My goal by 2026 is a minimum starting salary of at least \$50,000.

In addition, new education scholarships will give low-income parents the opportunity to choose the type of education environment and instruction that best suits their child's unique needs, while teachers and their spouses will now be provided parental leave for birth, adoption or fostering a child.

Placing an armed, certified school resource officer (SRO) in every school, in every county, all day, every day, has been one of my top priorities as governor.

At my request, the General Assembly began funding a grant program administered by the Department of Public Safety, to provide school districts with funds to hire more resource officers for our state's 1,283 public schools. The grant program has been very successful, going from 406 SROs in 2018 to 1,170 SROs in 2023, representing almost 94% of all schools in the state.

We also provided the South Carolina Law Enforcement Division with funds to create the *Center for School Safety and Targeted Violence*. Located at the old Gilbert Elementary School, this partnership with Lexington School District One will provide a state-of-the-art training center for law enforcement and school personnel from around the state.

Access and affordability to higher education for every South Carolinian is essential to ensuring that our state has the trained and skilled workforce to compete for jobs and investment in the future. That means we must invest to make all higher education – our colleges, universities, and technical colleges – accessible and affordable for the sons and daughters of South Carolina.

Our state's booming economy has created 105,000 open jobs, virtually all in high-demand, skilled trades and professions. Working with the South Carolina Technical College System, we created Workforce Scholarships for the Future at our 16 technical colleges – so residents can get the degree or credentials they need to fill one of those open jobs in high-demand careers like manufacturing, healthcare, computer science, information technology, transportation, logistics, or construction.

In the last two years, this very successful program has allowed over 10,000 South Carolinians to earn an industry credential in high-demand careers.

This year marks the fourth consecutive year that we froze college tuition for in-state students, while providing additional funding for needs-based financial aid at any in-state public or private college, university, or at our 16 technical colleges.

Every South Carolinian who qualifies for federal needs-based financial aid – as measured by federal Pell Grants – has sufficient state financial assistance to attend any in-state public college, university, or technical college. Students at private, independent, and historically black colleges and universities will receive an additional \$20 million for tuition grants and assistance. And this state budget again provides one-time funds to address repairs needed at the aging, state-owned buildings, and infrastructure on the campuses of our colleges, universities, and technical colleges.

My executive budget proposed freezing tuition with an additional recurring annual appropriation of \$43 million, which represented a 5.2% increase to their operating budgets based on the Higher

Education Price Index (HEPI) for 2022, and it was allocated based on the number of in-state students enrolled at each public institution.

The General Assembly instead chose to provide colleges and universities with an additional recurring annual appropriation of \$124 million which is a 17% increase to their operating budgets. Needless to say, this is many times more than what each institution needs to hold the line on tuition.

While I have no doubt that each institution could make a compelling case as to why these additional recurring funds are necessary, I fear that parents and tuition payers may not share their confidence. Such an unprecedented investment in higher education demands greater accountability. And restraint and economy by the institutions when it comes to the total bill paid by college students and parents.

Therefore, when we begin the executive budget process in November, every college and university will be expected to provide my office with a detailed listing of the institutions plans to reduce tuition, fees, charges and any other items placed on the bill paid by our students and parents.

In addition, every college and university will be expected to provide a detailed listing of programs, degrees or other offerings that the institution will eliminate or consolidate to better align with the state's future workforce needs and to reduce operating costs.

To keep South Carolinians safe, we must maintain a robust law enforcement presence – and properly “fund the police.” Our state law enforcement agencies continue to lose valuable and experienced personnel because they are unable to remain competitive with pay and benefits.

Thanks to the comprehensive compensation review conducted by the Department of Administration, our state law enforcement and criminal justice agencies have begun to stem the tide of personnel loss with recruitment and retention pay raises provided. This budget continues that by providing an additional \$25.3 million for recruitment and retention pay raises in FY 23-24.

Finally, I applaud the General Assembly for passing the most transparent and accountable budget in modern times. After decades of overriding the vetoes of successive governors, the leadership of the Senate and House of Representatives now provides for not only the public disclosure of the sponsors and recipients of earmarked appropriations, but they also disclose the activity, function, or project for which the earmark is intended, the public purpose served, the budget, a description of community support, and details on the identity and function of the recipient organization.

I have included examples of some deliberative and meritorious “earmark” appropriations that were sponsored by members of the General Assembly.

Senator Shane Massey sponsored a \$14,382,500 earmark to construct a new campus and Advanced Manufacturing Center for Piedmont Technical College in Saluda County. The campus will operate in collaboration with three school districts: Aiken County School District, Lexington County School District 3 and Saluda County School District. The campus will serve as a regional center for high school students attending Ridge Spring-Monetta High School, Batesburg-Leesville High School, and Saluda High School.

This earmark is an example of how a strategic investment can transform a rural community. Rural communities have long played a vital role in our society, contributing to the economic and cultural fabric of our nation. However, they often face unique challenges in terms of citizens’ access to education and employment opportunities, particularly in industries that require specialized skills. Technical and advanced manufacturing training can be a powerful catalyst for transforming these communities by empowering their residents and fostering economic growth.

Representatives Chris Murphy and Kambrell Garvin jointly sponsored a \$667,000 earmark for Turn90, a community-based charity operating in Charleston and Columbia areas whose mission is to reduce recidivism. According to Turn90, six in ten individuals who leave prison are rearrested within three years. Turn90 combines behavioral therapy, supportive services, transitional employment, and job placement to men returning home from prison. According to the 2022 Annual Report for Turn90, the organization increased from 60 to 135 the number of men who became employed. In addition, over the past two years, 95% of their graduates had no new arrests. The data provided to our office substantiated that this earmark is a worthwhile investment in a program to reduce recidivism.

Representatives Chris Murphy and Jackie Hayes sponsored a \$284,239 earmark for Man 2 Man, a father-focused nonprofit serving men in Darlington, Dillon, Florence, Marlboro, Marion, and Chesterfield Counties. The program provides education, services and support to fathers in such areas as employability, economic mobility and healthy relationships. Since 2014 the program has served 331 fathers in Dillon County alone. Man 2 Man receives referrals from the Department of Social Service and from family courts for fathers that are behind in child support. Supporting the creation of strong families is good policy.

Representative Jackie Hayes also sponsored a \$100,000 earmark for Healthy Learners, a ministry of the Sisters of Charity health system. Healthy Learners partners with schools and health care providers to provide needed health services to low-income children. These services address mental health, vision, hearing and medical needs of children. The

\$100,000 will support efforts to provide 14,670 services to 2,910 children, an increase of 26% over 2022. Ensuring that South Carolina has healthier students who can thrive in school is the focus of this worthwhile earmark.

However, I must repeat my proposal for a better way to accomplish this transparency and accountability for the taxpayers. I once again ask the General Assembly to consider my proposal to create a public, merit-based competitive grants process for these types of appropriations. Especially as it relates to non-governmental organizations. Administered by state agencies, funds would be made available only to entities which demonstrate required community support and missions consistent with the policy goals and outcomes intended by the General Assembly. Further, all applications and award criteria would be placed online, allowing for public scrutiny and total transparency.

To my colleagues in the General Assembly, I say: The people of South Carolina have benefited from our ongoing cooperation, communication, and collaboration. 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 you thoughtfully consider and sustain each of the following vetoes:

**Veto 1 Department of Education, Part IB, Section 1A, Page 318, Proviso 1A.63. Item 13, K12 Concussion Protocol, \$400,000 – Senator Katrina Shealy**

This veto deals with the direct appropriation of non-recurring Education Improvement Act (EIA) revenues to a private corporation that provides educational and health services. While this program may be meritorious, providing state dollars to a private corporation and bypassing the state's procurement and grants processes is not good policy.

In FY 2018-19, the General Assembly created a Grants Committee at the South Carolina Department of Education by proviso, whereby providers of educational programs and services apply for state funds. The objective of the Grants Committee was to replace earmark appropriations with a transparent and accountable process for vetting education programs to be piloted in our public schools. A seven-member Grants Committee evaluates the applications based on suggested criteria. Any application approved for funding must participate in an independent evaluation as prescribed by the Grants Committee to document its effectiveness.

In this budget the General Assembly has appropriated \$18.5 million to the Grants Committee. Application to the Grants Committee is the appropriate way to fund these services rather than by earmark.

**Veto 2 Department of Education, Part IB, Section 1A, Page 318, Proviso 1A.63. Item 14, SC Academic Tutorial Services, \$300,000 – Senator Vernon Stephens**

This veto deals with the appropriation of non-recurring EIA revenues to the South Carolina Retired Educators Academic Tutorial Services, Inc., bypassing the state's procurement and grants process. Information provided for this earmark states that this nonprofit organization provides tutoring in reading and mathematics in the current school year to fifteen students.

In this budget the General Assembly appropriated \$15 million for high intensity tutoring. A proviso in the budget specifies how the funds are to be allocated and expended and requires the Education Oversight Committee to evaluate the effectiveness of the academic support programs.

In addition, of the \$1.9 billion in Elementary and Secondary School Emergency Relief (ESSER) Funds allocated directly to school districts in South Carolina under the American Rescue Plan Act, up to \$1.5 billion remains to be spent by districts. At least 20% of these funds must be spent to address the academic impact of lost instructional time through the implementation of evidence-based interventions.

This non-profit organization, whose primary contact is a current state employee, should request funds through the Grants Committee or enter into a contract with a local school district to provide tutoring services rather than receiving funding through an earmark.

**Veto 3 Commission on Higher Education, Part1B, Section 11, Page 336, Proviso 11.20, CHE: Doctoral/Professional University Classification**

Act 41 of 2023 creates a new category of institutions of higher learning, Doctoral/Professional Universities. The law went into effect May 16, 2023; therefore, the proviso is no longer needed.

**Veto 4 Department of Health and Human Services, Part1B, Section 34, Page 351, Proviso 33.24, DHHS: Personal Emergency Response System**

This proviso is no longer needed. The Department of Health and Human Services has previously issued a request for proposals pursuant to this proviso.

**Veto 5 Department of Health and Environmental Control, Part1B, Section 34, Page 363, Proviso 34.50, DHEC: Hazardous Waste Fund County Account**

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

unaccountable purposes, with no public transparency or fiscal oversight. This is a dangerous invitation for fraud and abuse.

**Veto 6 Law Enforcement Training Council**, Part 1B, Section 64, Page 412, Proviso 64.3, LET: Center for Excellence in Policing and Public Safety

This proviso is no longer needed. The Center for Excellence in Policing and Public Safety was funded in last year's state budget. All funds have been transferred from the Law Enforcement Training Council to the University of South Carolina School of Law, pursuant to this proviso.

**Veto 7 Department of Revenue**, Part 1B, Section 109, Page 469, Proviso 109.12, (DOR: Food Manufacturing Equipment)

This proviso creates a 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. Provisions like this should be debated and if warranted, adopted into permanent law.

**Veto 8 Statewide Revenue**, Part 1B, Section 118, Page 549, Proviso 118.19. (SR: Nonrecurring Revenue) (68) H030 – Commission on Higher Education (b) New Perspectives Media Local Television Partnership, \$250,000 – **Senator Vernon Stephens**

From the information provided, the funds will be used as “startup” funding to build support for the creation of a local broadcast cable television channel. The stated purpose is to provide television coverage of athletic events at SC State University, Voorhees University and Claflin University, as well as high school athletic events in Orangeburg, Bamberg and Calhoun Counties.

This is not an appropriate use of state funds. Instead, if those in the community are interested in providing expanded television coverage of local athletic events, they should contact the leadership at South Carolina Educational Television (SCETV). SCETV has communications infrastructure, resources and assets in every corner of the state and at every public school that may accomplish the stated goal of this proviso.

**Veto 9 Statewide Revenue**, Part 1B, Section 118, Page 552, Proviso 118.19. (SR: Nonrecurring Revenue) (76) J120 – Department of Mental Health (f) Mental Wealth Alliance – Mental Health Gym, \$275,000 – **Representative JA Moore**

This is not an appropriate use of state funds. This earmark provides the California-based Mental Wealth Alliance (MWA), founded by entertainer Charlamagne Tha God, \$275,000 for the purchase of two massage chairs, rent, operating costs, personnel costs,



and services such as arts and crafts, yoga, mindfulness training, healthy cooking, and financial wellness programs.

An almost identical earmark was included in the FY 2022-23 State Budget for MWA for \$250,000, albeit with much less information on the organization. MWA did not submit a request for the distribution of these funds until February of 2023, the invoice for which was not cleared until May of 2023.

Once again, details on this earmark have been difficult to obtain, and representatives of the organization have been less than responsive at times. It is unclear how the current year's funding will be expended, or what Charleston area entity will be responsible for implementing this program. In addition, it is unclear how funding for this endeavor will be sustained in the future.

**Veto 10 Statewide Revenue**, Part 1B, Section 118, Page 553, Proviso 118.19. (SR: Nonrecurring Revenue) (79) L040 - Department of Social Services, (j) M.A.D. USA, \$250,000 – **Representative Leon Stavrinakis**

This earmark is duplicative. There is already \$350,400 in state funds earmarked for Men Against Domestic Violence USA. The explanations for both earmarks are the same; therefore, I am vetoing the lesser amount of the two earmarks.

**Veto 11 Statewide Revenue**, Part 1B, Section 118, Page 553, Proviso 118.19. (SR: Nonrecurring Revenue) (79) L040 - Department of Social Services, (n) Nicholtown Child and Family Collaborative – Parent Café, \$30,000 – **Representative Chandra Dillard**

To maintain the public's confidence in the budgeting process, I am vetoing this earmark due to the fact that the sponsor is the Chair of the Board of Directors for the Nicholtown Child and Family Collaborative.

For the foregoing reasons, I am vetoing and returning without my approval the above provisions in R-102, H. 4300, the FY 2023-24 General Appropriations Act.

Yours very truly,



Henry McMaster