



State of South Carolina Office of the Governor

NIKKI R. HALEY
GOVERNOR

1205 PENDLETON STREET
COLUMBIA 29201

June 20, 2012

To the Members of the Conference Committees on H.3066 and H.4967,

Today, you have an historic opportunity to reshape South Carolina's state government by creating a Department of Administration, disbanding the Budget and Control Board, and passing meaningful pension reform that will both protect the taxpayers and also safeguard the pensions and benefits upon which our current and retired employees rely.

We need pension reform in order to assure credit rating agencies that we are responsible stewards of the public trust. We need to reduce our unfunded liabilities and put our retirement system back on the path to solvency, and H.4967 does just that.

All of us who have been part of this process have had to concede on some points in furtherance of the greater good. For instance, the Public Employee Benefit Agency (PEBA) will now provide administrative services for our retirement and employee insurance programs instead of the Department of Administration. But in the final analysis, these bills both represent enormous progress for our pension system and toward a more effective and accountable state government.

H.4967 will have a significant impact on our current and retired employees, both in terms of the contributions they will pay and the benefits they will receive, which is why it is appropriate to include the provisions creating PEBA in this bill. PEBA will administer and make decisions affecting all employee and retiree benefits – both health insurance and retirement – which I believe are directly and substantially related subjects.

I understand that the conferees on H.4967 have reached a consensus on a modified approach to PEBA that will add two additional members to represent the employer's – meaning the taxpayer's – interests, and to subject PEBA's decisions to ratification by the State Contracts and Accountability Authority. I support these decisions.

South Carolina is watching. Our families, our friends, and our neighbors expect us to follow-through on the commitments we made when we asked them to give us their votes and their trust. Let's show them that this trust was well-placed by passing both these bills into law.

Thanks for your dedication and your service on these crucial conference committees.

My very best,

A handwritten signature in black ink, appearing to read "Nikki R. Haley".

Nikki R. Haley