

State of South Carolina Office of the Governor

NIKKI R. HALEY
GOVERNOR

1205 PENDLETON STREET
COLUMBIA 29201

June 11, 2014

The Honorable Robert W. Harrell, Jr.
Speaker of the House of Representatives
Statehouse, Second Floor
Columbia, South Carolina 29201

Dear Mr. Speaker and Members of the House of Representatives,

I am vetoing and returning without my approval certain line items in R304, H.4701, the Fiscal Year 2014-2015 General Appropriations Act.

Many have rightly described this year's spending plan as "the education budget," and I would like to thank the General Assembly again for embracing the series of reforms and initiatives that I proposed back in January. The adoption of that plan – in conjunction with the changes introduced by the *Read to Succeed* bill that I signed this morning – will have a real and lasting impact on the lives of children in this state for years to come.

We can be proud that we have again rejected efforts to force South Carolina to accept the Medicaid expansion under Obamacare. Unfortunately, this win for South Carolina's taxpayers has been put in jeopardy by Proviso 91.28, which creates an "Alternative Health Care Study Committee" in an attempt to try and force this issue back onto the table. I hope you will see through that ruse and sustain my veto.

This budget also contains dozens of earmarks and directed appropriations that benefit special interests at the expense of the general public. I have additionally vetoed several provisos that plainly undermine the rule of law. I know that, as a legislator, it is tempting to look at how each budget item benefits your own district, but as you prepare to act on these vetoes, I ask that you consider the unfortunate precedents that would be set by allowing some of these items to stand.

While we undoubtedly have different perspectives on some of the items that I have vetoed today, I'm sure we agree that we have made real accomplishments this year in creating the Department of Administration, improving the education we provide for our children, and – with luck – completing our work on an income and campaign disclosure bill that is a significant improvement over what we have today.

I look forward to working with you again next year.

I. Part IA – Funding

Controlling the Growth of Government

Veto 1 Part IA, Page 81; Section 26, Department of Archives and History; III. Archives and Records Management, New Positions – “Archivist IV”: \$122,500 General Funds

This budget provides the Department of Archives and History (DAH) with an increase in recurring General Fund support of over \$50,000 for the Department’s employee benefits costs. It also provides nearly \$350,000 in one-time funding for “Digital Access and Storage Initiative Operations.” Both of these items will now become law.

What this budget does not do is provide DAH with funding for the new IT Supervisor position that the agency requested in order to improve network security and implement the new digital records storage and index processes.

With this in mind, I have vetoed the establishment of four new Archivist IV positions and would ask that next year, we honor the Department’s request for an IT Supervisor and consider funding a more modest number of new Archivist positions instead.

Veto 2 Part IA, Page 151; Section 47, Department of Natural Resources; II. Programs and Services; G. Land, Water and Conservation; 2. Conservation, New Positions – “Program Coordinator II”: \$37,945 General Funds

This budget creates 18 General Fund positions and increases recurring appropriations to the Department of Natural Resources (DNR) by 12%. It also provides the Department with \$5.8 million in one-time funding for equipment, software, and other needs.

I have vetoed this position because this liaison to our soil and water conservation districts is the least essential position of those created within DNR in this year’s spending bill.

- Veto 3** **Part IA, Page 141; Section 45, Clemson University Public Service Activities; III. Agricultural Research, New Positions – “Research Associate”: \$90,000 General Funds**
- Veto 4** **Part IA, Page 141; Section 45, Clemson University Public Service Activities; III. Agricultural Research, New Positions – “Scientist”: \$90,000 General Funds**
- Veto 5** **Part IA, Page 141; Section 45, Clemson University Public Service Activities; IV. Cooperative Extension Service, New Positions – “Extension Associate”: \$180,000 General Funds**
- Veto 6** **Part IA, Page 142; Section 45, Clemson University Public Service Activities; IV. Cooperative Extension Service, New Positions – “Extension Agent”: \$45,000 General Funds**

I appreciate the important role that Clemson PSA serves in supporting agriculture, promoting conservation, and nurturing related research and job-creation activities across our state. That’s why my Executive Budget recommended an appropriation of \$750,000 from the Capital Reserve Fund for Agriculture and Natural Resource Equipment for Clemson PSA. Even though the final budget package provides substantially more – a total of \$3 million – for that purpose, I have not prevented that item from becoming law.

To limit the growth of Clemson PSA’s budget to a more sustainable level, I have vetoed the creation of the six new positions that have been consolidated into the four categories above.

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- Veto 7** **Part IA, Page 200; Section 70, Human Affairs Commission; III. Compliance Programs, New Positions – “Program Coordinator I”: \$160,000 General Funds**

Even after my veto of a new Attorney II position was sustained last year, the Human Affairs Commission received a net increase of over \$200,000 (more than 15%) in recurring funding for its programs.

This year, I proposed the creation and funding of a single Program Coordinator position and a modest increase in operating appropriations so that the Commission could begin to digitize its document processing and storage processes. The budget that arrived on my desk created four new positions instead of one, putting the Commission on track for another double-digit increase in its budget: 16.8%.

By sustaining my veto, you can hold the annual increase for the Commission to a more reasonable and sustainable 6.2%.

Denying New Programs a Foothold in the General Fund

Veto 8 Part IA, Page 154; Section 49, Department of Parks, Recreation and Tourism; I. Administration; B. Administrative Services, Special Items – Undiscovered South Carolina: \$500,000 General Funds

This line in the Department of Parks, Recreation and Tourism's (PRT) budget would create a new program that was not supported in my Executive Budget.

Each year, I have worked with PRT to address the agency's capital needs, helping our state parks move towards a self-sustaining business model. The General Assembly has supported these efforts by appropriating several million dollars for asbestos mitigation, electrical and sewer upgrades, road improvements, and other infrastructure repairs. In the meantime, the legislature has also markedly increased funding for marketing initiatives through PRT.

If additional funds are to be made available for PRT, then let's use them to address the existing needs within our state parks or our welcome centers instead of looking past those challenges to create yet another grant program.

Rejecting New Earmarks

Veto 9 Part IA, Page 185; Section 63, Department of Public Safety; II. Programs and Services; E. Safety and Grants, Special Item – Local Law Enforcement Grants: \$300,000 General Funds

An earlier draft of the FY 2014-15 budget proposed to establish a non-recurring line of \$275,000 to support local law enforcement activities in one specific municipality. In the final version of the appropriations bill, this has become a \$300,000 recurring line and an \$800,000 non-recurring appropriation for "Local Law Enforcement Grants."

I ask that you sustain my veto of both of these lines (see also Veto 70), because local law enforcement should be funded locally and because I don't want to drag the Department of Public Safety into the business of doling out earmarks.

II. Part IB – Temporary Funding

Good Government

Veto 10 Part IB, Page 324; Section 1, Department of Education; Proviso 1.84, Academic Standards Adoption Procedure

In late May, I signed H.3893 into law, which defined a process through which South Carolina can replace Common Core with an alternate set of standards and a revised assessment system in the near future. That process is already underway, through the efforts of the Special Assessment Panel created by H.3893 to support and inform the procurement process.

This proviso – which states that “No funds shall be expended in the current fiscal year to revise or adopt any academic standards...if the changes being considered were not developed by the Department of Education” – was inserted into the budget prior to the enactment of H.3893 and directly conflicts with that law because the procurement for the new assessment system is being managed by the Budget and Control Board. By sustaining my veto of this proviso, the General Assembly can reaffirm the decision it made last month to let South Carolina once again set its own educational standards.

Veto 11 Part IB, Page 327; Section 1, Department of Education; Proviso 1.90, Retired Teacher Salaries

Last week, I signed S.1219 into law, which allows school districts to negotiate salaries below the standard teacher pay schedule for retired teachers who are not participating in the TERI program. Since S.1219 remains in effect until 2020, this proviso is no longer required.

Veto 12 Part IB, Page 395; Section 35, Department of Mental Health; Proviso 35.12, School Safety Task Force

Last week, I signed H.3365 into law, which creates the School Safety Task Force and provides for its dissolution once it has submitted its final report. The Department of Mental Health has requested that this item be vetoed, to avoid conflicts.

Veto 13 Part IB, Page 456; Section 95, Office of Secretary of State; Proviso 95.3, Notary Public Commission

I signed S.356 into law last week, which introduced new anti-fraud measures and overhauled the process through which notaries register their commissions with their legislative delegations and the Secretary of State’s Office. This proviso is no longer needed.

Veto 14 Part IB, Page 306; Section 1, Department of Education; Proviso 1.38, Replacement Facilities

This proviso was established in 2004 to support a joint-use school transportation and maintenance facility in Greenville County. Although the project was abandoned years ago, this proviso has remained on the books. The Department of Education has confirmed that this proviso no longer serves a purpose.

Veto 15 Part IB, Page 449; Section 91, Legislative Department; Proviso 91.18, Bonded Indebtedness Oversight Study

This proviso originally appeared in the FY 2007-08 budget, directing the Senate Finance Committee to “undertake a study of the state’s processes for oversight of bonded indebtedness...” The report has long since been completed, rendering this proviso obsolete.

Veto 16 Part IB, Page 499; Section 117, General Provisions; Proviso 117.49, Tobacco Funds

This proviso grants the Tobacco Settlement Revenue Management Authority permission to use resources from the Healthcare Tobacco Settlement Trust Fund in order to refund bonds. Now that the tobacco bonds have been fully paid off, this proviso is no longer necessary.

Veto 17 Part IB, Page 524; Section 118, Statewide Revenue; Proviso 118.5, Local Government Fund

This is a one-sentence proviso whose sole purpose is to suspend Section 6-27-30 of the 1976 Code. Proviso 110.5, which remains in the budget, suspends this same section. This proviso is therefore unnecessary.

Veto 18 Part IB, Page 519; Section 117, General Provisions; Proviso 117.126, Hunley Commission

The Hunley Commission consists of ten members – three members appointed by the presiding officers of each chamber, three members appointed by the Governor, and either the Lieutenant Governor or his designee.

This proviso changes the composition of the Hunley Commission by removing all four members representing the Executive Branch. Reconstituting the governing panel of a state agency within the budget is an extremely dangerous precedent that I ask you to reject by sustaining my veto.

Veto 19 Part IB, Page 522; Section 117, General Provisions; Proviso 117.133, Joint Transportation Corridor Study Committee

The infrastructure needs we have will not be solved by yet another study. In January, I asked that when the revenue estimate was subsequently raised – as it was – the additional funds be dedicated to our transportation network. I appreciate that this budget (including the Capital Reserve Fund) directs \$15 million of those new revenues to county transportation needs, but the majority of the new resources were instead spread throughout the rest of the budget.

I will continue to work with you to address our infrastructure needs, as we did last year when we took action together to invest more than \$1 billion in our roads over the next decade, all without raising taxes.

In the meantime, we don't need another report. Last year, 111 members of the House of Representatives sustained my veto of this proviso. I hope you will do so again.

Veto 20 Part IB, Page 513; Section 117, General Provisions; Proviso 117.103, RSIC Performance Incentive Compensation Plan

In its amended form, this proviso requires that the Senate Finance Retirement Subcommittee and the House Ways and Means Legislative, Executive, and Local Government Subcommittee both approve the Retirement Systems Investment Commission's (RSIC) performance incentive compensation plan before that plan may be implemented.

I have vetoed this proviso, because it violates both permanent law and the separation of powers doctrine by delegating to two legislative subcommittees decisions about employee compensation and performance management, which are matters for the RSIC to decide.

Section 9-16-315(G) clearly states that RSIC "shall employ a chief investment officer," who "must receive the compensation the commission determines appropriate," and that RSIC shall also "employ the other professional, administrative, and clerical personnel it determines necessary and fix their compensation."

In *McLeod v. McInnis*, the Supreme Court found the Joint Appropriations Review Committee to be unconstitutional because the legislature had "attempted to delegate to JARC the power to control expenditure of state and federal funds." This action was found to be "constitutionally invalid" because the relevant law "would permit [JARC] to control expenditures by administration rather than by legislation. JARC would have, in effect, a veto power."

Proviso 117.103 states that RSIC's performance incentive compensation plan "must not be implemented without legislative approval." This requirement renders the proviso unconstitutional.

Impairing Effective Service Delivery – Micromanagement

Veto 21 Part IB, Page 311; Section 1, Department of Education; Proviso 1.68, Lee County Bus Shop

This proviso first appeared two years ago and forces the Department of Education to fund two specific bus shops at precisely the same levels as in the prior year. This action interferes with the Department's ability to deploy its resources in the most effective manner on a statewide basis.

For those who are concerned that sustaining this veto would harm the workers employed by these facilities, Superintendent Zais has confirmed in writing that, if this veto is sustained, no employee will lose his or her job as a result.

Veto 22 Part IB, Page 327; Section 1, Department of Education: Proviso 1.93, Prohibit Air Conditioned Bus Purchases

Several provisos already limit the Department's discretion to make decisions about how to lease or purchase school buses. For instance, one proviso dictates which states' specifications may be used in making purchasing decisions, while another determines what percentage of new buses must use alternative or dual fuels. This new proviso goes even further by declaring that the Department may only purchase buses with air conditioning if the buses are used to transport children with "special needs" that are not defined in the proviso.

The Department has reported that a number of students have Individualized Education Plans (IEP) requiring that they be provided with climate-controlled environments. In some cases, this proviso could interfere with school districts' efforts to meet their legal obligations associated with those IEPs.

At some point, we have to give agencies the latitude to make some decisions for themselves. This proviso goes too far.

Veto 23 Part IB, Page 532; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 36(c) Department of Health and Human Services – Palmetto Project: \$100,000

In the FY 2013-14 budget, the General Assembly similarly appropriated \$100,000 to the Department of Health and Human Services for the Palmetto Project. I am vetoing that line this year because the organization has failed to meet the basic performance standards contained in the agreement they made with the Department.

With the funds earmarked for them in FY 2013-14, Palmetto Project was to develop a school-based strategy to ensure that eligible children are enrolled in Medicaid, working with enrollment data for the free and reduced-price lunch program in a handful of selected school districts.

Palmetto Project was to design and pilot a tool-kit that could be used across the state to support school-based enrollment best practices; however, it has been unable to successfully complete this task. Also, the reporting to the Department about the progress of the Palmetto Project's efforts has been incomplete and has not credibly demonstrated that the organization's school-based initiatives have had a meaningful impact.

We don't need another year of this.

Rejecting Obamacare

Veto 24 Part IB, Page 451; Section 91, Legislative Department; Proviso 91.28, Alternative Health Care Study Committee

Obamacare advocates continue to find inventive new ways to try to sneak in their Medicaid expansion. Last year, it was by attaching a proviso to the Department of Health and Human Services' budget, which the House of Representatives joined me in overwhelmingly rejecting. This year, their plan is to create an "Alternative Health Study Committee" that has been carefully designed to ensure – after months of additional discussion analyzing how other states were able to implement Medicaid expansions by rebranding it under another name – that the Committee will recommend that we fully implement Obamacare.

I believe that South Carolina can provide necessary care to the truly needy without resorting to the massive expansion of an open-ended federal entitlement program; we can do this by continuing to pursue the Healthy Outcomes Initiatives that was approved and funded by the legislature last year and again this year. In addition, there is no practical way that any analysis of the effects of Medicaid expansion could meaningfully be accomplished when these states will have less than six months of available data and, in many cases, have not even received federal approval to implement their so-called alternatives.

Please defeat this back-door attempt to implement Obamacare by sustaining my veto.

Rejecting Irresponsible Budget Practices

Veto 25 Part IB, Page 460; Section 97, Office of State Treasurer; Proviso 97.14, Municipality Accommodations Tax Withholdings

Earlier this year, the Supreme Court ruled in *City of Myrtle Beach v. Tourism Expenditure Review Committee* that the City of Myrtle Beach had illegally diverted hundreds of thousands of dollars of accommodations tax proceeds directly into the City's General Fund.

The accommodations tax exists to promote tourism and related industries, not to subsidize local government's own operations. There are longstanding penalties in permanent law for local governments that misallocate these funds.

This proviso is essentially a get-out-of-jail-free card for municipalities that are caught breaking the law, because it would allow those local governments that are caught misusing these funds to put the money back where it belongs, without penalty.

I have vetoed this proviso because it circumvents the Supreme Court's ruling and undermines the law.

**Veto 26 Part IB, Page 410; Section 49, Department of Parks, Recreation and
Tourism; Proviso 49.12, State Park Service**

For years, supporters of the State Museum have reasonably argued that it made little sense to exempt visitors to non-profit museums from the admissions tax while continuing to impose that levy on visitors to the State Museum.

In each of the last two years, many of the same advocates have pushed for a budget proviso that they argued would provide the State Museum with comparable treatment to its peer institutions. Unfortunately, I was forced to veto that proviso on both occasions because it was written not to direct the State Museum to stop collecting the admissions tax – which would be identical treatment to the non-profit museums – but to instead allow the State Museum to keep charging the tax, but pocket the proceeds instead of remitting collections to the General Fund.

I appreciate that the General Assembly sustained my veto on both occasions and also honored my request to send S.474 to my desk, which will finally give the State Museum the equitable treatment it sought – and on a permanent basis.

Now this year, a new proviso has been inserted into the budget that would work the same way as the twice-vetoed State Museum admissions tax proviso, except on behalf of our state parks instead.

I am vetoing this proviso for two reasons. First, unlike the State Museum, there is no equity argument – this proviso would not afford equal tax treatment to a state institution and its non-profit counterparts. Second, the net effect of this proviso is to provide the state parks with funds that would otherwise be remitted to the General Fund. This proviso introduces a needlessly opaque method of increasing funding for our parks and therefore stands in contrast to my efforts to make our budgets more transparent.

I am proud of our state parks and am willing to work with you to get them the resources they need, but let's do that in an open and forthright manner.

Higher Education Earmarks

- Veto 27** **Part IB, Page 359; Section 3, Lottery Expenditure Account; Proviso 3.5, Lottery Expenditure Account FY 2014-15 Lottery Funding – Item 6, Commission on Higher Education, Non-Profit, Four-Year Institution of Higher Learning, Founded in 1956, is a Member of ACSI, Whose Campus Has Been Continuously Situated in the Same Location in this State Since 1961; Maintenance and Improvement in Classroom, Library, Laboratory, or Other Institutional Facilities: \$150,000 Recurring Funds**
- Veto 28** **Part IB, Page 359; Section 3, Lottery Expenditure Account; Proviso 3.5, Lottery Expenditure Account FY 2014-15 Lottery Funding – Item 7, Commission on Higher Education, Non-Profit, Bachelors Level Institution of Higher Learning, Established in 1894, is a Member of TRACS, with 60% or More Low-Income Students; Maintenance and Improvement in Classroom, Library, Laboratory, or Other Institutional Facilities: \$150,000 Recurring Funds**
- Veto 29** **Part IB, Page 359; Section 3, Lottery Expenditure Account; Proviso 3.5, FY 2014-15 Lottery Funding – Item 8, Commission on Higher Education, Non-Profit, Four-Year Comprehensive Institution of Higher Learning, First Established as a College in 1908, is SACS Accredited, with 40% or More Minority Enrollment; Support for Memorial Professorships for the Purpose of Helping the College Recruit and Retain Faculty Members Whose Research, Teaching and Service Uniquely Contribute to the Mission of the College: \$150,000 Recurring Funds**

Although not openly identified as such, these three items would appropriate \$150,000 each to Southern Methodist College, Clinton Junior College, and Coker College, none of which are state-owned institutions. The Education Lottery was not passed in order to subsidize private colleges.

South Carolina State University, on the other hand, is a state-owned institution – and one that will clearly require additional state support in order to get back on its feet again. Proviso 19.2 creates a Blue Ribbon Advisory Committee for SC State and tasks the Budget and Control Board with identifying funds that must be used to implement a turnaround plan for that university. Sustaining these three vetoes will make \$450,000 available to support the only historically black college or university (HBCU) for which the state is truly responsible.

Veto 30 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 16(c) Commission on Higher Education – Lowcountry Graduate Center: \$300,000

The Lowcountry Graduate Center is a shared setting in which a consortium of colleges and universities offer a limited number of their programs. Although I support expanded access to higher education, this Center is already receiving \$785,009 through this budget. If operating this site is such a money-loser for these institutions, then they should either recapture this from the students enrolled in courses at this site or else consider another method of offering this instruction.

Veto 31 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 7(g) Department of Commerce – Capital IT-oLogy Coursepower Project: \$400,000

The CoursePower initiative is an emerging effort to develop a six-course minor in Applied Computing that gives students several specializations to choose from. The program was piloted at four colleges and universities in FY 2013-14 – without direct state support – and intends to expand into several more in the upcoming year.

I am pleased to see that the partner institutions are collaborating to promote education in the high-tech field but believe they should share the burden among themselves or with the students who are enrolled in these particular courses instead of seeking an earmark to sustain this program.

Earmarks for Museums, Historical, and Cultural Facilities

Veto 32 Part IB, Page 534; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 55, Arts Commission – SC Artisans Center: \$50,000

Through the years, this facility has received support from a number of state and federal programs, including rural development grants from the U.S. Department of Agriculture, funding from the South Carolina Arts Commission, and promotional contracts with the Department of Parks, Recreation and Tourism. If this site provides an experience that visitors value and which meets the grant or contract standards set by these various programs, then a direct earmark like this one should not be necessary.

Veto 33 Part IB, Page 532; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 35(a), State Museum Commission – Acquisitions: \$200,000

The FY 2014-15 budget provides the State Museum with an additional \$300,000 in recurring support, plus an extra \$75,000 in one-time funding to address technology needs. This is on top of the \$151,434 General Fund increase that the State Museum received last year. Although the agency has elected to take most of those increases in the form of higher appropriations for personnel, the State Museum should be able to prioritize its use of these additional resources in a way that will allow it to release some funding for any needed acquisitions.

- Veto 34** **Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(d) Department of Parks, Recreation and Tourism – Greenville Children’s Museum: \$150,000**
- Veto 35** **Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(h) Department of Parks, Recreation and Tourism – Historic Columbia, Woodrow Wilson Family Home: \$250,000**
- Veto 36** **Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(l) Department of Parks, Recreation and Tourism – Town of Eastover, Historic Site Preservation: \$75,000**
- Veto 37** **Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(n) Department of Parks, Recreation and Tourism – Walhalla Civic Auditorium Historic Preservation: \$200,000**
- Veto 38** **Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(m) Department of Parks, Recreation and Tourism – SC Hall of Fame: \$100,000**

In each of our communities, we have historic sites, museums, and cultural centers that could benefit from a renovation, refreshed exhibits, or new artifacts. The right way to finance these undertakings is by selling memberships, collecting admissions fees, and soliciting philanthropic support. The wrong way to do it is by earmarking state funds to choose one site over another to support.

Earmarks for Health and Social Service Providers

- Veto 39** **Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 10(e) Department of Health and Environmental Control – Sea Haven: \$250,000**
- Veto 40** **Part IB, Page 533; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 38(d) Department of Disabilities and Special Needs – Charles Lea Center: \$100,000**

When last year's budget earmarked \$200,000 for Sea Haven through the Department of Mental Health (DMH), 34 members of the Senate voted to sustain my veto. This year's budget replaced DMH with the Department of Health and Environmental Control as the intermediary, but I hope your response will be the same. The Senate similarly sustained my veto of direct funding for the Charles Lea Center when its most recent earmark appeared two years ago.

We should let agencies choose their service providers based on objective evaluations and the needs of those they serve.

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- Veto 41** **Part IB, Page 533, Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 45, Prosecution Coordination Commission – SC Centers for Fathers and Families: \$400,000**

The Center has been a contracted service provider to the Department of Social Services for over a decade, receiving an average of \$1.8 million annually for its efforts. If we receive a set of defined services in exchange for those funds, then why would we just hand them this additional \$400,000 earmark in exchange for nothing?

Excessive Spending

Veto 42 Part IB, Page 444; Section 84, Department of Transportation; Proviso 84.14, Horry-Georgetown Evacuation Route

Proviso 84.15 will become law today, transferring \$4 million from the I-74 account in order to plan and design the Horry-Georgetown Evacuation Route. That proviso is appropriate because it applies those funds to another project in the same region.

On the other hand, I am compelled to veto Proviso 84.14 because the additional \$500,000 that it would dedicate to the Horry-Georgetown Evacuation Route would be carved out of another unspecified area in the Department of Transportation's budget. I consider \$4 million a reasonable start for the evacuation route and do not think that an extra half-million is so important in the upcoming fiscal year that it should cannibalize other projects in our transportation system.

Veto 43 Part IB, Page 532; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 34(b) Department of Archives and History – Marine Artifacts: \$220,000

This item would pass \$220,000 through the Department of Archives and History to the University of South Carolina's Institute of Archaeology and Anthropology to pay for the curation of various artifacts on loan from the federal government. These items were originally excavated decades ago from the Santa Elena site on the southern tip of Parris Island.

A private foundation would like to renew the excavation project but will not be permitted by the federal government to begin this work until the state honors its past commitments to preserve and maintain the items already removed from the site.

Instead of rushing to appropriate funds to cover those costs, we should be sure we have exhausted all possible private and philanthropic sources of funding first.

Veto 44 Part IB, Page 533; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 48(c) Department of Natural Resources – Drill Rig/Water Truck: \$570,000

The Department of Natural Resources (DNR) received a 12% General Fund increase this year and was appropriated a total of \$12.8 million in non-recurring funds for various projects in the past three budgets, including \$4.4 million for water-related projects.

It is important that we take a disciplined approach to managing both our natural and our financial resources.

Veto 45 Part IB, Page 533; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 48(d) Department of Natural Resources – Waddell Center Infrastructure: \$1,100,000

In FY 2013-14, the Department of Natural Resources (DNR) requested \$903,000 in non-recurring funds to address the Waddell Center's capital and maintenance needs. Instead, they received a special item in the General Fund worth more than \$350,000 on a recurring annual basis. This year's budget maintains that recurring special item but also grants DNR a one-time allocation of \$1.1 million for the Waddell Center.

I have vetoed this non-recurring line because we shouldn't be paying both ways. Either retain the recurring special item and allow DNR to use those resources to make incremental facility improvements each year, or else delete those recurring funds and give DNR the money all at once through an item like this.

Veto 46 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(i) Department of Parks, Recreation and Tourism – Parks and Recreation Development Program: \$1,000,000

My Executive Budget recommended full or partial funding for many of the Department of Parks, Recreation and Tourism's (PRT) requests for funding in the upcoming year. I appreciate that the General Assembly honored several of these recommendations by allocating resources through the Capital Reserve Fund.

Unfortunately, other priorities identified by PRT and contained in my Executive Budget – including road repairs, cabin renovations, and improvements to the parks' comfort stations – were not funded in the final budget. I have vetoed this additional \$1 million for the Parks and Recreation Development program because we should address the needs of our state-owned facilities before we provide funding for other park or recreation organizations.

Veto 47 Part IB, Page 534, Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 50, Lieutenant Governor's Office – Caregivers: \$2,000,000

This budget increases funding for the Home and Community Based Services program in the Lieutenant Governor's Office by \$3 million, representing a 31% increase in the recurring General Fund appropriations for the agency. Four years ago, the General Fund budget for the Lieutenant Governor's Office was \$4.5 million; in FY 2014-15, it will be \$12.7 million.

I appreciate that the increase in funding for Home and Community Based Services is largely tied to the federal government's gradually declining support for that program, but the bottom line is that spending levels in this agency are rising too rapidly. We should not tack-on an additional \$2 million, even if it's on a non-recurring basis.

Earmarks for New Programs

Veto 48 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 7(c) Department of Commerce – Community Development Corporation Initiative: \$350,000

The Department of Commerce did not request funding for this program, which has not been given new funding since FY 2009-10. Last year, the House of Representatives sustained my veto of this item, because we don't need to bring another unnecessary program back to life. I ask that you do so again.

Veto 49 Part IB, Page 533; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 42 Sea Grants Consortium – Stormwater Research Partnership: \$100,000

The Sea Grant Consortium received a generous increase of 21.8% in recurring General Fund support in this year's budget. We shouldn't compound this by adding an extra \$100,000 above and beyond that for yet another new initiative.

Veto 50 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(o) Department of Parks, Recreation and Tourism – Undiscovered South Carolina: \$500,000

During the past three years, appropriations to the Department of Parks, Recreation and Tourism's (PRT) marketing programs have increased substantially. Funding for Destination-Specific Marketing has grown by 50 percent – some \$4 million – alone. My Executive Budget for FY 2014-15 did not recommend funding for the proposed Undiscovered South Carolina program, because I believe that the rise in marketing costs has been quite enough. Furthermore, if we are to provide PRT with additional resources, then I would ask that it be to help our state parks make the improvements that are needed for the system to achieve self-sufficiency, instead of raising spending levels to create another program.

Old-Fashioned Pork

Veto 51 Part IB, Page 534; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 48(f) Department of Natural Resources – State Lakes: \$250,000

These funds have been earmarked for Lake Ashwood in Bishopville, which is not actually owned by the Department of Natural Resources but is instead part of the Department's leased lands management program. We should not be earmarking funds for a lake that isn't even state property.

Veto 52 Part IB, Page 534; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 48(i) Department of Natural Resources – Lake Paul A. Wallace Authority: \$150,000

The Department of Natural Resources requested additional recurring operating support for the management and maintenance of our state lakes, but did not request a \$150,000 earmark for this specific lake.

Veto 53 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(a) Department of Parks, Recreation and Tourism – Palmetto Trail: \$150,000

The Palmetto Trail already has access to a variety of federal, state, and philanthropic funding sources. I welcome the Palmetto Conservation Foundation's efforts to complete the remaining segments of the trail but believe we should address the needs of the State Park System before we provide funding for other park or recreation organizations.

Veto 54 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(t) Department of Parks, Recreation and Tourism – Francis Marion Commission: \$100,000

As noted above, I believe we should address the needs of the State Park System before we provide funding for other park or recreation organizations.

Veto 55 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(b) Department of Parks, Recreation and Tourism – Sports Development Fund: \$2,000,000

These items would provide the Department of Parks, Recreation and Tourism (PRT) with \$2 million that would be distributed in the form of grants to youth sports organizations. Although the associated proviso language calls for a dollar-for-dollar non-state match, state government has no business handing out taxpayer dollars to soccer teams, even if there is debatably a positive economic impact.

Veto 56 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(c) Department of Parks, Recreation and Tourism – Marketing, International: \$400,000

Each year's budget already distributes millions of dollars through the Department of Commerce and the Department of Parks, Recreation and Tourism for various tourism-related marketing efforts. The items vetoed here would add an additional \$400,000 for international marketing, of which \$200,000 would be earmarked for the "Coastal, South Carolina USA" international tourism campaign and \$100,000 would be provided to the Myrtle Beach Area Chamber.

I have vetoed these items because we already provide adequate funding for various marketing efforts and because scattering these earmarks all throughout the budget makes it harder for the administering agencies to hold the ultimate recipients of these funds accountable for their use.

Veto 57 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(f) Department of Parks, Recreation and Tourism – Football Exhibition Games: \$300,000

These funds were not requested by the Department of Parks, Recreation and Tourism. Although the budget contained no language directing the use of these funds, it's hard to imagine that these resources would be used to provide an essential state service.

Veto 58 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(g) Department of Parks, Recreation and Tourism – SC Equine Park: \$100,000

The Equine Park has made real progress raising funds from users of the facility and from the local community. The Foundation should continue to target its fundraising efforts there, rather than seeking an earmark from the state's taxpayers.

Veto 59 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(j) Department of Parks, Recreation and Tourism – Southeastern Wildlife Expo: \$200,000

Each year, the budget contains a \$200,000 appropriation for the Southeastern Wildlife Exposition (SEWE), and each year, I veto it for a variety of reasons.

First, we shouldn't be spending taxpayer dollars to promote an event that has had no trouble attracting attendees even without our help. That's not the government's role.

Second, SEWE doesn't need this money. In its most recent publicly-available submission to the IRS, Southeastern Wildlife Exposition, Inc. reported that during its 2012-13 fiscal year – which coincided with the state's – that the organization increased its net assets or fund balances by \$256,263. My veto was overridden in FY 2012-13, and so \$200,000 of the money that SEWE put in the bank that year was courtesy of the people of the State of South Carolina.

Third, the President/CEO of this organization not only draws a salary from Southeastern Wildlife Exposition, Inc. but also owns half of SEWE, LLC, which was paid a \$188,739 "management fee" in FY 2012-13. This six-figure compensation package doesn't need to be taxpayer-subsidized.

Please sustain this veto, and please stop putting this earmark in each year's budget.

Veto 60 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(k) Department of Parks, Recreation and Tourism – State Park Fire Department, Jones Gap: \$50,000

These funds were not requested by the Department of Parks, Recreation and Tourism.

Veto 61 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(p) Department of Parks, Recreation and Tourism – Panthers Training Camp: \$75,000

The National Football League is an enormously successful multi-billion dollar organization and we're proud to host the Panthers' training camp in Spartanburg, but it's hard to imagine they need \$75,000 from South Carolina's taxpayers.

Veto 62 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(s) Department of Parks, Recreation and Tourism – Black Expo: \$150,000

These items provide \$150,000 to be used exclusively for the marketing and promotion of the Columbia, Charleston, and Upstate Expos. These events are organized by the Thomas Media Group, LLC, which is a for-profit corporation. Taxpayers should not be subsidizing the marketing of these events.

Veto 63 Part IB, Page 530; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 11(r) Department of Parks, Recreation and Tourism – Multi-Purpose Business/Entertainment/Sports Complex, City/County of Spartanburg: \$200,000

The Department of Parks, Recreation and Tourism did not request these funds and is not associated with this project.

Veto 64 Part IB, Page 413; Section 50, Department of Commerce; Proviso 50.16, Council on Competitiveness

Veto 65 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 7(b) Department of Commerce – SC Council on Competitiveness: \$750,000

Last year's budget provided the Council on Competitiveness with \$650,000 "to provide funds for existing business economic development activities" and required that those funds be matched dollar-for-dollar with private funds. This new budget appropriates \$750,000 for the same purpose and waters down the match requirement to be for "non-state appropriated" funds instead of private money. Arguably, this means that state money (if in the form of "other funds") could now serve as the match in what may be becoming a public-public partnership, instead of the public-private one that was advertised.

The General Assembly established a Department of Commerce for a variety of purposes, such as "to enhance the economic growth and development of the State through strategic planning and coordinating activities." Increasing the subsidy for an independent organization that has a mandate so similar to the Department's may help us achieve common goals but diminishes the Department's ability to fulfill its statutory coordination mission.

I am not necessarily opposed to the work carried out by New Carolina, but I do object to this style of earmarking. The Department of Commerce should have greater discretion to choose its partners and the ability to insist on performance standards in its contracts – earmarking undermines both of these principles.

Veto 66 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 7(d) Department of Commerce – Columbia Minority Business Development Agency: \$60,000

The Minority Business Development Agency is a program of the U.S. Department of Commerce. Columbia's office is administered by DESA, Inc., a for-profit corporation. We don't need to send state taxpayers' dollars to a for-profit business to help them run a federal program.

Veto 67 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 7(e) Department of Commerce – Railroad Spur, I-26/95: \$600,000

This railroad spur was already constructed – using alternate funding sources – to lay the foundation for Project Steel, which brought Universal Trade Solutions to Orangeburg. The \$600,000 identified here is not needed to complete this project.

Veto 68 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 7(h) Department of Commerce – Marion County Workforce Training Facility: \$100,000

This project has nothing to do with and was not requested by the Department of Commerce. Instead, Marion County's recently consolidated school district would like to relocate some adult education and technical training programs into an underutilized building on the campus of the Academy for Careers and Technology.

Veto 69 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 7(i) Department of Commerce – 340 Industrial Park: \$750,000

The Department of Commerce, the Rural Infrastructure Authority, and other state entities have a variety of tools at their disposal to build the infrastructure and develop the sites we need in order to attract and retain jobs in South Carolina. In fact, this year's budget allocates more than \$37 million to the Closing Fund, plus \$6.5 million more through the Capital Reserve Fund, to bolster our site inventory.

We don't need to undermine our coordinated economic development strategies by earmarking funds for a specific industrial park.

Veto 70 Part IB, Page 533; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 46(c) Department of Public Safety – Local Law Enforcement Grants: \$800,000

As I noted in Veto 9, local law enforcement should be funded locally. I am concerned that the funds supplied here and in Part IA for "Local Law Enforcement Grants" may be veiled replacements for a line that appeared in an earlier draft of the budget to support local law enforcement activities in just one specific municipality. Please don't drag the Department of Public Safety into the business of distributing earmarks.

Veto 71 Part IB, Page 534; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 54(a) Department of Transportation – Fripp Island Waterline: \$300,000

The Department of Transportation's current bridge design standards do not call for water, sewer, or other utility lines to be affixed to newly constructed bridges.

Even though it violates this standard, I have allowed Proviso 84.18 to become law because McCormick County has agreed to absorb all the costs of attaching its water lines to the new bridge over Lake Strom J. Thurmond.

On the other hand, I have vetoed these items for the new Fripp Island bridge, because they would violate the design standard and also leave the state's taxpayers to foot the bill. Furthermore, since the Department does not intend to replace the bridge until 2017, it would be inappropriate to provide funding to the Fripp Island Special Purpose District in this budget anyway.

Veto 72 Part IB, Page 534; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 53, Budget and Control Board – Cherry Grove Building Roof Repair: \$150,000

The Budget and Control Board does not own any of the buildings at the Cherry Grove FFA Camp in North Myrtle Beach and did not request these funds.

Veto 73 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 10(g) Department of Health and Environmental Control – Public Swimming Pool, ADA Compliance, Walhalla: \$100,000

Veto 74 Part IB, Page 533; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 38(c) Department of Disabilities and Special Needs – Special Needs Park, Savannah's Playground, Myrtle Beach: \$200,000

I appreciate the value of local pools and playgrounds, but each community must decide for itself how (and if) to fund these facilities. These are not projects that the state's taxpayers should be financing.

Veto 75 Part IB, Page 529; Section 118, Statewide Revenue; Proviso 118.16(B), Non-recurring Revenue; Item 10(j) Department of Health and Environmental Control – City of Laurens, Asbestos Abatement: \$150,000

The Department of Health and Environmental Control did not request these funds and is not associated with this project.

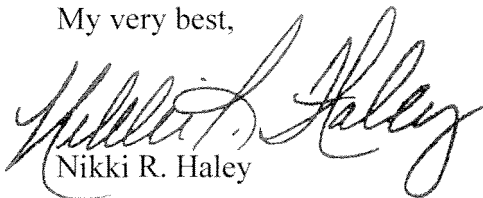
Legislative Pay Raise and Pension Increase

Veto 76 Part IB, Page 452; Section 91, Legislative Department; Proviso 91.29, In District Office

In a budget that gives state employees a 2% raise, the General Assembly has decided to raise its own pay by \$12,000. I don't believe this is appropriate, nor do I believe the public will see it as an acceptable expenditure of taxpayer dollars.

For these reasons, I am vetoing the aforementioned line items and sections in R304, H.4701.

My very best,


Nikki R. Haley