



# Executive Budget FY 2018-19 Overview

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HENRY McMASTER  
GOVERNOR

January 8, 2018

To the People of South Carolina and Members of the General Assembly:

I submit to you my Executive Budget for 2018-19.

South Carolina is on the cusp of unprecedented prosperity. In 2017 alone, we announced more than 17,200 new jobs from over 120 economic development projects, representing \$4.78 billion in new capital investment - beating 2016 by more than \$1 billion and over 5,000 jobs. Our unemployment rate is 3.9% - the lowest since 2001. More people are working than ever before. Yet, there remains much to be done.

The recent tax reform bill passed by Congress and signed into law by President Trump was a great victory for American taxpayers and our economy. As a result, many companies in South Carolina have already announced reinvestment and provided raises for employees. The elimination of the federal deduction on state income taxes makes it more important than ever for states like ours to cut taxes and enact serious reform.

South Carolina has the highest income tax rate (7%) of all states in the southeast and the 12th highest in the nation. With new changes in the federal tax structure, we must move quickly to maintain our state's superior ability to attract new jobs, capital investment, and economic opportunity. The time has come to remove the burden of our high income tax rate.

My executive budget proposes an income tax cut for every South Carolinian that will eventually total \$2.2 billion after five years. It will be phased in over the next five years and will gradually reduce the tax rate a full 1% for every state income tax bracket. The first year's cut is \$139 million. That means \$139 million which would have been taxed out of your paycheck will instead stay with you. We can do this without cutting government services.

Additionally, this executive budget permanently and fully exempts military veterans and retired first responders, including state and federal law enforcement, firefighters, and peace officers, from paying state taxes on retirement income. There's no way we can pay the men and women in uniform for the true value of the duties they perform for our state and our community. But this is one way we can show our gratitude and appreciation for their service: by easing the financial burdens of retirement.

Prosperity also requires that we continue increasing our commitment and investment to a skilled and trained workforce. We want bigger paychecks - and more of them - for South Carolinians, and we

understand that career and financial success can be achieved through internships and apprenticeships beginning in high school and continuing into higher education with associate's degrees and certificates from technical colleges, as well as four-year bachelor's degrees and beyond.

This budget provides tens of millions of dollars in new investment for enhanced workforce development initiatives aimed at increasing exposure to the high-paying skilled trade jobs that are in demand by employers all across our state. It also increases access to the training and educational opportunities available to start a career.

The Workforce Partnership initiative will incentivize local businesses, technical colleges, and high schools in rural areas of our state to collaborate on internship, dual credit, and certificate programs designed to develop a skilled labor workforce to meet the needs of businesses and manufacturers. New investments for Workforce Scholarships and Grants will provide financial assistance for certificate programs at our state's nationally acclaimed technical colleges.

Our state's workforce development strategy must also include investment into our criminal justice system. A key component to breaking the cycle of recidivism is the power of a job. Workforce training and re-entry programs at the Department of Corrections, Department of Juvenile Justice, and the Department of Probation, Parole and Pardon Services are designed to provide the skills and training to those who have paid their debt to society and earned release so they can get and keep a job in the community.

The challenges and changes of the 21<sup>st</sup> century economy require that we re-evaluate our education delivery system and the definition of success or failure. This budget makes a significant investment in education by raising the base student cost for our traditional K-12 system, while recognizing the value of investment in charter schools, which provide parents the choice and opportunity to select an education that best suits their children.

Too often we have seen crime and violence find their way into our schools and classrooms. Fear inhibits learning. A safe learning environment can be enhanced by the presence of a certified, trained police officer as a shield against disruption and tragedy. This budget provides \$5 million for a need-based grant program for school resource officers. Every school in every county should have a trained police officer on campus all day, every day.

School safety also requires safe transportation to and from school. My executive budget doubles the Department of Education's current recurring appropriation for its school bus leasing program and requires those funds to be used for the sole purpose of replacing the inadequate school buses that remain in the state's fleet, starting with the fire-prone and most dangerous.

Recently, I declared a public health state of emergency to bring the full power of the state's emergency management infrastructure, health care apparatus, and law enforcement resources to bear in responding to the growing opioid epidemic. This budget dedicates more than \$10 million for treatment, prevention, and education efforts by numerous agencies participating in the Opioid Emergency Response Team.

This budget also recognizes the tremendous difficulties our state health care agencies face in providing increased access to treatment while maintaining cost containment and efficiency. The increased demand for autism spectrum therapy requires an investment of state and federal funds to provide greater

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access for families. The budget also provides additional resources for our state's children's hospital network for medical treatment of child abuse victims.

Public safety priorities include "sanctuary city" enforcement and paying our State Troopers overtime pay for protecting us during hurricanes, floods, and other disasters. The demand for modern forensics analysis requires investment in a new laboratory at the State Law Enforcement Division and our correctional facilities require resources to hire and retain additional prison guards.

Maintaining the public's trust in government requires transparency and accountability. The Ethics Commission requires a significant investment in resources for their expanded enforcement and investigative mission, paid for by an increased registration fee for lobbyists.

State government can no longer afford to continue buying and owning buildings and vehicles that depreciate and are very costly to maintain. This budget requires state agencies to begin leasing, renting, and consolidating administrative services. This will save money, create efficiencies and improve effectiveness.

One year ago, it was the greatest of honors for me to begin service as Governor of South Carolina. With that office comes a broad set of responsibilities, foremost among them a duty to serve as a steward of the public trust – a duty I share with the members of the General Assembly. We have many opportunities and challenges ahead of us, but if we work together I am confident that we will accomplish great things.

The success and prosperity we see today is a reflection of an enduring philosophy we all share – one based on strength and self-determination, celebrated and championed by the people of the Palmetto State. I am proud to serve as your Governor, and privileged to work with the General Assembly as we endeavor to build an even brighter tomorrow.

Yours very truly,



Henry McMaster

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# TAX RELIEF

**Summary.** The 2018-19 Executive Budget proposes tax relief for South Carolinians in the form of:

- A 1% rate reduction over five years for all personal income tax brackets, which will result in \$2.2 billion in taxpayer savings through the course of implementation, starting with an immediate \$139 million cut that is paid for and certified in this budget;
  - An immediate and full retirement income exemption for military veterans and first responders, including retired state and federal law enforcement, firefighters and peace officers, representing \$22 million in relief the first year.
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Nothing kills prosperity quicker than overtaxing and overregulating. While in office, Governor McMaster has consistently reaffirmed his commitment to lowering the tax burden on South Carolina's businesses and its citizens, vetoing the largest tax increase in state history (the "Gas Tax"), enacting a double-digit tax cut for small business owners (reducing the unemployment insurance tax by 10.2%) and vigorously supporting President's Trump's tax reform package, which puts more money in the pockets of South Carolina taxpayers and allows more companies to invest, expand, hire and profit.

At the same time, Governor McMaster has taken aim at overburdensome regulations to better facilitate innovation, investment, vision, creativity and prosperity. In April, he issued an executive order requiring a reduction of regulatory scope and impact. In June, the Governor 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, as demonstrated by our strong economic performance. However, other states are always working to catch us; we must keep and enhance our competitive edge if we are to build for an even better tomorrow.

This budget reflects proposals to ease the tax burden on our citizens, aspiring to a state government characterized by accountability and fiscal restraint. The best way to spend less money is simple: collect fewer taxes.

**Tax Relief.** Taxes hurt individual prosperity, and government should always endeavor to take as little as possible from the pockets of hardworking Americans. We want bigger paychecks – and more of them.

South Carolina has the highest marginal tax rate (7%) in the southeast, and the 12<sup>th</sup> highest in the nation. President Trump's tax reform package was a great victory for this state and others. To

further reduce the burden on our citizens, the FY 2018-19 Executive Budget proposes and pays for a 1% rate reduction over five years for all personal income tax brackets, which will result in \$2.2 billion in taxpayer savings. Additionally, it 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 in perpetuity.

If implemented, these cuts would constitute one of the largest – if not *the* largest – tax cut in South Carolina history.

Moreover, they would reaffirm our unwavering commitment to the men and women of the Palmetto State who over a lifetime of service put themselves in harm's way to keep us safe. According to the South Carolina Revenue and Fiscal Affairs Office (RFA), there are currently 37,863 active duty military veterans and 20,370 retired first responders in South Carolina. We can never repay them for their sacrifice, but we can thank them when they retire. Under Governor McMaster's plan, retired veterans and first responders will never pay state taxes on their retirement income again – ever.

RFA has scored these proposals, determining that the majority of retired first responders under 65 will save an average of \$713 per year. Average yearly savings for retired first responders over 65 will average about \$102 due to preexisting income deduction eligibility. For military retirees, yearly savings will average \$524 for those under 65 and \$210 for those over 65.



# ECONOMIC DEVELOPMENT & WORKFORCE

**Summary.** The 2018-19 Executive Budget provides for the following funding increases:

- An additional \$11,950,000 to the Department of Commerce to maintain and expand upon South Carolina's strong economic development trajectory;
- \$9,432,046 for readySC to continue its workforce development efforts;
- \$5,000,000 for the creation of the South Carolina Workforce Partnership, establishing relationships between technical schools, high schools and business for workforce development programs;
- \$3,000,000 for workforce scholarships and grants to provide need-based financial assistance at our state technical schools;
- \$950,000 for the "Be Pro Be Proud" workforce initiative;
- \$900,000 for expansion of workforce training and reentry programs at the Department of Juvenile Justice (DJJ) and the Department of Probation, Parole and Pardon Services (PPP).

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By any objective economic measure, South Carolina is succeeding. In 2017 alone, we announced more than 17,200 new jobs from over 120 economic development projects, with \$4.78 billion in new capital investment – beating 2016 by more than \$1 billion and over 5,000 jobs.

Increasingly, we are recognized as one of the best places in the nation to do business. *Area Development* magazine ranked South Carolina as the #2 state for doing business and #2 for overall lowest cost of doing business. In July, a study by site-selection firm the Boyd Company called the Palmetto State the best place in the nation for manufacturing. Such accolades reflect a new reality to which we all should become accustomed: South Carolina is on the cusp of unprecedented prosperity.

We are the national leader in the export of ball and roller bearings (11% of the U.S. market) completed passenger vehicles (18% of the U.S. market) and tires (30% of the U.S. Market). Our agribusiness (\$41.7 billion annually), advanced materials (\$21.9 billion annually) and tourism (\$20.2 billion annually) industries are creating new jobs every day, while a burgeoning aerospace sector (\$19 billion annually) is forging a bold new path into the future, with more than 400 private sector firms in operation here in the Palmetto State. So many global brands call our state home; international firms employ a nation-leading 7% of our workforce. And new manufacturing plants from Volvo and Mercedes-Benz Vans will begin production in 2018, with Samsung set to construct a new \$380 million home appliance manufacturing facility in Newberry County.

Yet, there remain challenges that must be addressed if we are to remain competitive in an ever-evolving economy. The FY 2018-19 Executive Budget commits an additional \$11,950,000 to the Department of Commerce to maintain and expand upon our trajectory, while growing our workforce capacity through a series of innovative new programs.

**Workforce.** Right now, South Carolina’s unemployment rate is 3.9% - the lowest since 2001. More people are working than ever before. At the same time, according to the Department of Employment and Workforce, there are more than 60,000 available positions throughout the state – mostly in skilled technical fields: welders, masons, electricians, commercial truck drivers, plumbers, HVAC professionals and computer technicians.

That number is expected to grow. According to the South Carolina Chamber of Commerce, 42% of our workforce is over 50, and nearly a quarter will retire in the next ten years.

One of the top factors for businesses choosing where to locate or expand is the availability of a sustainable, educated workforce of technicians, managers, engineers and entrepreneurs. South Carolina has one of the best skilled workforces in the nation, but we must continue investing in our people so that they are prepared to fill the influx of jobs coming into our state. This budget calls for a multi-pronged approach to meet these needs.

- The FY 2018-19 Executive Budget contemplates the creation – through \$5,000,000 in initial funding – of the South Carolina Workforce Partnership (“Workforce Partnership”). This new program would incentivize businesses to participate with local high schools in apprenticeship programs for students interested in skilled technical trades. Utilizing a grant-based funding model administered by the South Carolina Technical College System, Workforce Partnership dollars would be disbursed to qualifying high schools that have established relationships with at least one business and one technical school. Businesses that join the Workforce Partnership would be required to make a 25% funding match and offer work-based learning opportunities to all members of the participating school. Through partnership and collaboration, these businesses can effectively create a skilled labor pipeline to meet their future needs, while providing valuable education and employment opportunities to students interested in good-paying careers right out of high school. The Governor will encourage the State Workforce Development Board to set aside an additional \$300,000 in Workforce Innovation and Opportunity Act funds for this effort.
- The South Carolina Technical College System administers a workforce scholarship and grant program for qualifying students. This executive budget provides \$3,000,000 in new dollars to bolster this important initiative.
- Currently, the Department of Corrections (DoC) and the Department of Employment and Workforce (DEW) conduct a joint workforce-training program for inmates who have completed their sentences and are re-entering the community. Before their departure, inmates go through a program focused on teaching “soft” skills – such as how to fill out a job application, how to dress and conduct themselves during an interview and how to locate available housing and transportation.

The FY 2018-19 Executive Budget calls for an expansion of this program with an additional \$1,730,507 in funding, as well as an expansion of similar initiatives at the Department of Juvenile Justice (DJJ) and the Department of Probation, Parole and Pardon Services (PPP) – so that juveniles leaving DJJ learn these skills instead of graduating to adult prison; so that recent parolees have more access to workforce opportunities; and so judges can make the completion of workforce training a requirement of probation sentencing. This budget allocates \$900,000 in furtherance of these critical efforts.

- This budget also includes \$950,000 for the “Be Pro Be Proud” workforce initiative. This program targets key audiences such as high school and nontraditional students, current skilled professionals, legislators, parents, teachers, career coaches and employers to dispel myths about the skilled trade professions, showcase current skilled professionals’ vocational pride, highlight the many career opportunities available within these trades and provide necessary resources and training to those interested. It will promote degree and certificate programs available at our technical schools. And it will illustrate the irrefutable guarantee that if you work hard, the American Dream can be still be yours. It is alive and well – right here in the Palmetto State.
- readySC is one of the oldest and most experienced workforce development programs in the United States, focusing on the recruitment and initial training needs of new and expanding businesses in South Carolina, at no expense to the companies. In FY 2015-2016, nearly 4,000 individuals were trained for 134 companies, with a cumulative total of more than 289,000 individuals trained since 1961. This budget recognizes readySC’s demonstrated record of success, dedicating \$9,432,046 to continue its extraordinary efforts.

***Infrastructure.*** South Carolina’s infrastructure – including our port, roads and rail – is the central engine for our continued economic growth. The deepening of Charleston Harbor is the single most important action we are taking now to create prosperity down the line. In February, the first dredge will begin digging the Charleston Harbor. Once completed, Charleston will have the deepest harbor on the eastern seaboard, allowing post-Panamax ships to haul bigger loads through our waterways and spurring economic growth throughout the state.

This year, the Port of Charleston has repeatedly and consistently set new volume records. The South Carolina Inland Port opened in October of 2013, extending Charleston’s reach 212 miles to Greer. And, last March, construction of a second inland port got underway in Dillon. Such tremendous and growing distribution capacity has played a pivotal role in convincing new companies to do business in South Carolina. In addition to the ports, there are 2,300 miles of rail lines in South Carolina and more than 41,000 miles of state-maintained highways, with more than 208 million people within two days drive.

As the Trump Administration undertakes efforts to pass a comprehensive infrastructure package in the coming months, Governor McMaster will continue to prioritize infrastructure growth and development in South Carolina, including completion of ongoing port and highway projects.

# EDUCATION

**Summary.** The 2018-19 Executive Budget provides for the following funding increases:

- \$25,182,795 for base student cost (\$10 increase/student) at K-12 public schools;
  - \$18,808,341 in per pupil funding increases at S.C. charter schools (5% per pupil funding increase at \$5,684,042 plus \$13,124,299 to accommodate enrollment growth);
  - \$16,432,471 for need-based higher education scholarships;
  - \$5,000,000 for the South Carolina School Safety Program;
  - \$5,000,000 for school bus leasing;
  - \$3,300,000 for computer science and coding classroom instruction;
  - \$2,500,000 for charter school transportation;
  - \$500,000 for Clemson University's Call Me MISTER teacher retention and recruitment program.
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If South Carolina is to remain competitive for future economic development and investment, then students from all 46 counties must be ready to compete. Improving education outcomes requires a number of structural and operational reforms.

The Superintendent of Education should be made a cabinet-level position appointed by the Governor to bring accountability to the education delivery system. South Carolina is fortunate to have an outstanding Superintendent in Molly Spearman who supports school choice and reform, but the state has not always been so lucky, and when the governor's vision for education does not align with that of the Superintendent it creates dysfunction in the state education system. Last year, legislation advanced in the General Assembly that would have made this change; seeing it across the finish line will be one of Governor McMaster's top priorities in 2018.

Recruiting new jobs and economic investment will do more to improve educational opportunity than simply sending money from Columbia. When a school district prospers, the school *in* that district prospers. South Carolina's strong economic performance, if maintained, will do much to close education gaps and bolster performance well into the future. At the same time, we must provide students with the necessary resources to help them reach their full potential.

***Expanding Student Resources.*** In his first year in office, Governor McMaster has prioritized education, embarking on a tour of the eight districts affected by the *Abbeville* ruling. At each visit, it has become clear that South Carolina must do more to attract and retain teachers, while enhancing accountability to better empower principals to make employment decisions that advance underlying educational objectives.

Clemson University’s Call Me MISTER (Mentors Instructing Students Toward Effective Role Models) initiative is a teacher recruitment program which seeks to increase the pool of available teachers from diverse backgrounds, with a focus on underserved, socio-economically disadvantaged and educationally at-risk communities. Since the Recession, this program has not received state funding – that changes now. This Executive Budget provides \$500,000 in recurring dollars to supplement this important program.

Achieving better educational outcomes requires reaffirming our commitment to students, ensuring that they have the resources in place to meet the needs of a 21<sup>st</sup> century economy. This budget does so, with a \$10 base student cost increase, a figure that strikes an appropriate balance between available revenue and student need.

Also included is \$3.1 million in non-recurring dollars and \$200,000 in recurring funds under the Education Improvement Act for an initiative to train new computer science and coding teachers for every school in the state. Currently, there are 3,633 open computing jobs in South Carolina. This amounts to more than three times the average state demand rate, and approximately \$273,415,957 in unclaimed annual salaries (SC computing jobs boast an average annual salary of \$75,259). It is imperative that we align our educational objectives with our ever-evolving economy, and computer science is a critical component of South Carolina’s burgeoning industrial revolution.

We must continue to facilitate school choice. A robust charter school program allows parents to choose the best education opportunities for their children. Numerous studies by Stanford’s Center for Research on Education Outcomes (CREDO) illustrate the benefits of charter schools – particularly for children with special needs or in low-performing districts. A 2015 study entitled “Urban Charter School Study Report on 41 Regions,” found that schools serving “a disproportionately low income and minority student body” tend to provide “significantly higher levels of annual growth in both math and reading compared to their [traditional public school] peers.

This budget increases per-pupil funding for charter students by 5%, increasing funding by \$180 per-pupil for brick and mortar schools and \$95 per-pupil for virtual schools. Because charters do not receive local tax revenue like their public school peers, this increase constitutes a necessary commitment to enhance equity and underscore this state’s commitment to schools that provide parents with choice and opportunity that best suits their child.

An effective learning environment requires ensuring the safety of students and their teachers. By the end of his first term, Governor McMaster’s goal is to see to a certified law enforcement resource officer in every single school, in all 46 counties. Law enforcement remains the most effective deterrent against violence and crime, and this budget proposes the South Carolina

School Safety Program (SSP) to bring officers to schools in districts that cannot afford them. Funded with an initial \$5,000,000 budget allocation, SSP will allow the South Carolina Department of Education to contract directly with local law enforcement agencies to meet the requirements of schools with qualifying financial needs.

***Enhancing Student Access.*** The South Carolina Education Lottery was sold to the public as a mechanism to provide scholarships for students. Consistent with that intent, this budget effectively doubles need-based scholarship grants derived from lottery proceeds to \$16,432,471, allowing more students access to a high-quality education.

At the K-12 level, ensuring safe and reliable transportation is critical. Last year, the governor vetoed a budget proviso that would have allocated unavailable lottery dollars to replace failing school buses via a poorly prioritized “wish list.” This was not just an irresponsible budgeting practice – it was an irresponsible way to care for our children. Governor McMaster’s budget doubles the Department of Education’s bus allocation by \$5,000,000 in real, recurring dollars to replace South Carolina’s aging school bus fleet and requires leasing, rather than purchasing depreciating assets. Fire-prone buses will be replaced first and within a reasonable time frame. This will not only get dangerous school buses off the roads – it will save money.

To supplement the replacement program, Governor McMaster has encouraged the Department of Education to apply for the \$33,895,491 in class-action settlement funds that South Carolina is set to receive from Volkswagen’s intentional misrepresentation of emissions levels in its diesel cars over the course of a decades – funds which can be used to purchase approximately 415 clean diesel buses. The Department of Insurance is expected to make a decision on the settlement’s disbursal soon.

This budget also establishes a transportation program for South Carolina charter schools with \$2,500,000 in new recurring funds. To provide true school choice for all South Carolinians, we must reduce barriers to access and afford students the ability to attend better schools. These dollars will be distributed directly to the Department of Education, which will administer funding and incorporate existing charter authorizers – the South Carolina Public Charter School District and Erskine College – into its transportation program.

So many families lack the ability to get their children to and from school if transportation is not provided. A recent analysis conducted by Public Impact found that black and Latino students, specifically, may face access barriers. This program endeavors to close these gaps.

***Consolidating School Districts.*** Though the South Carolina Supreme Court recently found the *Abbeville* ruling to have been decided in error, the Court’s initial observation regarding “the creation of school districts burdened with administrative costs disproportionate to their size” remains both accurate and astute. Spiraling administrative costs have a direct, causal relationship to adverse educational outcomes in these districts

Consolidating school districts in small counties will reduce costs, slash paperwork, limit duplication and put more money and resources into the classrooms for children. A recent Department of Education study identified between \$126-338 million in savings over five years if

consolidation efforts are undertaken. This shared services model will not only optimize effectiveness and put more money into the classrooms, it will allow districts greater purchasing power during the procurement process, saving tax dollars well into the future.

# PUBLIC SAFETY

**Summary.** The 2018-19 Executive Budget:

- Establishes the position of “immigration compliance recorder” within the South Carolina Law Enforcement Division (SLED);
- Moves South Carolina’s Immigration Enforcement Unit from the Department of Public Safety (DPS) to SLED;
- Provides for two additional immigration officers at SLED;
- Funds plans developed by SLED under the SC Critical Infrastructure Cybersecurity Program designating \$667,150 for new personnel, as well as \$242,000 to incorporate the South Carolina National Guard;
- Commits \$600,000 in recurring dollars to fund the South Carolina Military Base Task Force;
- Provides additional funding increases in the following areas:
  - \$30,552,513 for SLED, to include \$2,133,114 in funding for personnel and supplies to reduce backlogs at the SLED forensics laboratory, \$484,416 for new vice personnel to respond to the ongoing opioid crisis and \$20,000,000 towards a new, \$52,000,000 forensics laboratory;
  - \$13,977,361 for the Department of Corrections, to include \$4,999,374 for officer hiring and retention;
  - \$2,882,751 for the Department of Probation, Parole & Pardon Services, including \$1,146,080 to lease new vehicles from State Fleet Management and \$863,408 for expansion of the Offender Supervision Specialist (OSS) Program;
  - \$2,524,797 for the Department of Public Safety, to include \$2,025,000 in unpaid overtime for the South Carolina Highway Patrol and \$499,797 for modern rifles;
  - \$1,514,958 for the Department of Juvenile Justice, to include \$1,014,958 for officer hiring and retention.

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During his first year in office, Governor McMaster made public safety a priority. In June, the Governor made clear he will not tolerate lawlessness, committing all available law enforcement and prosecutorial resources to the City of Myrtle Beach following a short – and quickly squelched – spike in crime in that area. In September, the Governor was at the helm for



Hurricane Irma, declaring a state of emergency and mobilizing one of the best and most effective emergency response teams in the world to provide support to those in coastal areas. And, in December, Governor McMaster declared a public health emergency to combat the ongoing opioid crisis, bringing the full power of the state's emergency management infrastructure, health care apparatus and law enforcement resources to bear in responding to the growing epidemic of opioid deaths, addiction and abuse.

***Sanctuary Cities.*** Legal immigration is a foundational cornerstone of this country; it should be encouraged, maintained and supported. At the same time, law and order is both a reasonable expectation and a necessity for any nation that wishes to retain its security and status as a sovereign state. We must support the vigorous enforcement of our immigration laws, and oppose lawlessness by prohibiting the disbursal of state dollars to so-called “sanctuary” cities.

Currently, there is no way for the people of South Carolina to know whether their local government enforces state and federal immigration laws. Accordingly, in October, Governor McMaster was joined by Members of the General Assembly to announce a new mechanism to ensure compliance, while demonstrating to the public at large that government is adhering to the law.

Legislation pre-filed by Rep. Bruce Bannister will prohibit distribution of funds to so-called “sanctuary cities,” requiring that reasonable efforts be made by law enforcement officers to determine whether a person in custody and charged with a criminal offense is an unlawful alien. Further, it will require political subdivisions – defined as any local government entity eligible for funding from the Local Government Fund – to verify compliance with state immigration laws to the South Carolina Law Enforcement Division (SLED) before July 1 of each fiscal year. If a political subdivision is found to be non-compliant, that subdivision will be deemed ineligible for Local Government Fund appropriations for a minimum of three consecutive fiscal budget years, and subject to subsequent SLED oversight.

The FY 2018-19 Executive Budget calls for the establishment of an “immigration compliance recorder” position within SLED to ascertain whether political subdivisions are acting in accordance with their obligations under the law. Further, it moves South Carolina's Immigration Enforcement Unit from the Department of Public Safety (DPS) to SLED in order to centralize oversight and streamline processes – while also providing for two additional immigration officers.

The operative principle is “trust, but verify” – in order to better keep our neighborhoods and communities safe.

***Cybersecurity.*** Cyberattacks are among the most common and potentially crippling offenses facing our state. This threat lacks distinct borders, involves adversaries with evolving tactics and endangers both the public and private sectors. In order to defend vital networks, critical infrastructure owners and operators, as well as federal, state and local governments, must work together. In 2015, Governor Haley wisely formed the South Carolina Critical Infrastructure Working Group (the “Working Group”) – consisting of representatives from the South Carolina

Attorney General's Office, the South Carolina Department of Administration, SLED and the South Carolina Military Department – to develop recommendations to better protect our state.

Governor McMaster recognizes the critical importance of meeting the cyber threat head-on, and his administration has made implementing the recommendations of the Working Group a top priority. In April, the Governor established a Cybersecurity Task Force (the “Task Force”) to bridge capability gaps in our state cybersecurity infrastructure and oversee enactment of the Working Group's proposals. This is an intricate and ongoing process, which involves the creation of individualized security plans and response protocols for companies with assets and networks vital to the interests of South Carolina.

This budget funds plans developed by SLED under the SC Critical Infrastructure Cybersecurity Program designating \$667,150 for new personnel, as well as \$242,000 to incorporate the South Carolina National Guard. It reflects the first of many steps designed to better protect the Palmetto State now and into the future.

***Supporting the Military.*** Governor McMaster is committed to supporting the men and women of the armed forces, and to bolstering the close bond between military communities and the State of South Carolina. The military has a \$24.1 billion economic impact on the Palmetto State. We are home to eight major military installations and many other critical defense facilities, supporting a total of 62,250 Department of Defense personnel. It is vital that we maintain a strong relationship, characterized by frequent communication and ongoing collaboration. In addition to the proposed tax cut for veterans, this budget commits \$600,000 in recurring dollars to fund the South Carolina Military Base Task Force, which assists government and military communities on issues affecting military personnel in the Palmetto State.

# HEALTH CARE

**Summary.** The 2018-19 Executive Budget provides for the following funding increases:

- Over \$10 million in new state funding for treatment, prevention and education efforts to combat the ongoing opioid crisis, including:
    - \$4,350,000 to the Department of Health and Human Services (DHHS) for new opioid treatment clinics throughout the state;
    - \$1,250,000 to the Department of Alcohol and Other Drug Abuse Services (DAODAS) for enhanced response to opioid use disorder;
    - \$3,000,000 for infrastructure improvements to the DAODAS 301 System;
    - \$1,000,000 to the Department of Health and Environmental Control for prescription drug monitoring;
    - \$484,416 for new vice personnel at SLED for augmented opioid response;
  - \$3,848,880 for targeted rate and service increases for autism therapy, constituting a minimum 40% increase in the provider reimbursement rate;
  - \$7,030,749 for Department of Mental Health, including:
    - \$250,000 for school-based services;
    - \$512,728 for the Sexually Violent Predators Program,
    - \$2,000,000 for the Campbell Veterans Nursing Home;
    - \$1,852,294 for other support, including the DMH Deaf Services Program, the Alzheimer’s Association and the Individual Placement and Support (IPS) Supported Employment Programs;
  - \$2,250,000 for South Carolina Children’s Advocacy Medical Response System to provide forensic medical evaluations for incidents of child abuse and neglect.
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Improving the health and well-being of all South Carolinians is a top priority for this administration. Obamacare was an unprecedented encroachment on state sovereignty; ill-conceived federal mandates undercut the states’ ability to innovate and adopt approaches tailored to their needs. The cost increases resulting from this top-down, one-size-fits-all approach have resulted in higher insurance premiums and rising health care costs.

As the health care debate in Washington continues, Governor McMaster will work with state agencies to ensure we have a stable regulatory framework that is ready and able to meet our health care challenges head-on, while addressing some of the pervasive problems that place strain on the system. This includes the ongoing opioid crisis, finding new means of effectively treating those with autism, and providing reliable health care to children and the most vulnerable.

***Opioids.*** The opioid epidemic is now affecting every state, region, town, community and demographic in this nation. For three years running, opioid-related overdose deaths in South Carolina outpaced homicides by nearly double. In 2016, this silent hurricane killed 616 people, compared to 366 murders. Opioid related deaths increased 21% from 2014 to 2016. Fatal overdoses related to heroin increased 67% from 2014 to 2016. Since 2015, the SLED forensic laboratory has seen a more than 700% increase in the number of drug cases involving fentanyl-related compounds.

In December, Governor McMaster took a bold new approach to this unprecedented problem, issuing an Executive Order declaring a statewide public health emergency for the State of South Carolina. This designation allows the Governor to bring the full power of the state's emergency management infrastructure, health care apparatus and law enforcement resources to bear in responding to the growing epidemic of opioid deaths, addiction and abuse. He has directed the Adjutant General to utilize the emergency management infrastructure of this State to have all hands combat this crisis.

To facilitate effective coordination of federal, state and local resources, Governor McMaster established the Opioid Emergency Response Team to assess outcomes, evaluate new information and develop further strategic plans. The Governor also issued an Executive Order directing DHHS and the South Carolina Public Employee Benefit Authority to limit initial opioid prescriptions for acute and post-operative pain to a maximum of five days for Medicaid recipients and members of the State Health Plan. The state must be a leader in the utilization management of pain medications and should encourage all health care providers to adopt a common policy on opioid prescribing limitations.

In addition to the substantial federal funds these agencies are also receiving, this Executive Budget calls for \$4,350,000 in new dollars to DHHS for opioid treatment clinics throughout the state, \$1,250,000 to the Department of Alcohol and Other Drugs Abuse Services (DAODAS) for enhanced response to opioid use disorder, \$3,000,000 for infrastructure improvements to the DAODAS 301 system and \$484,416 for new narcotics agents at SLED.

DAODAS has already begun comprehensive efforts to address patient-centered treatment priorities. State and other federal funds will go toward: increasing the availability of opioid abuse disorder treatment medications like methadone, buprenorphine, vivitrol and naloxone; distribution of naloxone opioid overdose kits to law enforcement and patients; expanding behavioral treatment options for patients, including individual and group counseling and intensive outpatient therapy to compliment methadone assisted treatment; building capacity by meeting core staffing needs, including pharmacists, physicians, case managers, nurses and counselors; and workforce development and training, to increase professional proficiency and enable enhanced clinical supervision.

***Autism.*** We must find better means of treating those with afflictive illnesses and conditions, including autism. Governor McMaster understands the emotional, physical and financial burden that families confronting autism face every day. At the same time, he recognizes the financial difficulties that many providers encounter in offering affordable access to treatment due to problems with Medicaid reimbursement rates. The FY 2018-19 Executive Budget proposes a \$3,848,880 increase for targeted rate and service adjustments for autism therapy, constituting a minimum 40% increase in the provider reimbursement rate. This brings the total increase for autism services – including federal dollars – to \$13,272,000. In the future, we should take a data-driven approach as we consider further adjustments.

***Other.*** Protecting vulnerable populations is an important function of the government health care apparatus. The FY 2018-19 Executive Budget funds a number of important programs at the South Carolina Department of Mental Health (DMH), including: \$250,000 for school-based services; \$1,362,527 for contractual adjustments to inpatient services, \$512,728 for the Sexually Violent Predators Program, \$2,000,000 for the Campbell Veterans Nursing Home and \$1,852,294 for other support, including the DMH Deaf Services Program, the Alzheimer's Association and the Individual Placement and Support (IPS) Supported Employment Programs.

This budget further provides \$2,250,000 to the South Carolina Children's Advocacy Medical Response System at the University of South Carolina School of Medicine. This critical program assists children's hospitals throughout the state with treatment guidelines and standards of care in the delivery of services stemming from allegations of child abuse and neglect.

## GOOD GOVERNMENT & ETHICS

**Summary.** The 2018-19 Executive Budget:

- Provides \$3,000,000 to establish an IT Shared Services Program Management Office at the Department of Administration (DOA);
- Requires agencies to utilize consolidated administrative services through DOA;
- Establishes a centralized real property and facilities management process for all state government agencies;
- Directs DOA to establish develop and issue uniform written standards and guidelines for data entry into the Statewide South Carolina Enterprise Information System (SCEIS);
- Allocates \$364,369 for investigation and enforcement enhancement at the State Ethics Commission by doubling the registration fee for lobbyists and lobbyist principals from \$100 to \$200, and requires anyone paid to influence decisions made by county, city or town councils to register as lobbyists.

**Shared Services.** A recent analysis issued by the Department of Administration entitled “IT Shared Services: 2017 Report on Agency Compliance” found that “[i]nitial implementation of the Statewide Strategic Information Technology plan has produced greater IT-related cost savings and enhanced the security of the state’s systems and data.” Specifically, the report identifies \$14.25 million in annual savings achieved through brokerage of inter-agency shared services contracts, such as K-12 internet. Beyond savings, the IT shared services model is expected to enhance reliability, data protection and accessibility of government services. As the report found, a “common IT infrastructure will provide an important foundation...to provide cross-agency, collaborative services for citizens.”

However, the shared services paradigm is not limited to IT. This concept is scalable; cost savings and efficiencies can be generated through consolidation of services across agencies and within similar functions – e.g. human resources, accounts payable, procurement, budgeting, reporting and maintenance. This budget includes three provisos intended to shift state government toward the shared services model, conserving taxpayer dollars and moving us to a more sustainable model of governance.

The first proviso – based on the results of a 2014 study performed by the former Budget and Control Board entitled “Proviso 101.33 Consolidation of Administrative Functions” – authorizes the Department of Administration to provide to all agencies consolidated administrative services that promote cost savings for the state. All state agencies shall be required to utilize such consolidated administrative services as they become available.

The second proviso establishes a comprehensive, centralized real property and facilities management process to provide for the needs of state government agencies while achieving maximum efficiency and economy in the use of state-owned, state-leased and commercially leased facilities. All state agencies are directed to work with the Department of Administration to meet prescribed uniform space standards, site selection criteria and reporting requirements.

The third proviso directs the Department of Administration to develop and issue uniform written standards and guidelines for data entry into the Statewide South Carolina Enterprise Information System (SCEIS). All agencies are directed to adopt these standards when issued. Doing so will increase transparency of state finances, help identify savings and ensure that funds are being spent appropriately.

In each case, the Department of Administration shall provide a report to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee detailing agency compliance.

Already, we have proved that the shared services model is workable in South Carolina. Now, we take the next steps – to provide better service to our citizens and show them their tax dollars are being used smartly and efficiently.

***Ethics.*** Elected leaders are stewards of the public trust, and as such must be tireless advocates for good government. Along with 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. The goal of this administration is to see them all enacted.

That means 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. It means requiring anyone paid to influence decisions made by county, city or town councils to register as lobbyists. And it means requiring that Members of the General Assembly comply with the Freedom of Information Act. Right now, the legislature shields itself from FOIA requests. If we are to hold all public servants accountable, then this self-imposed exemption must end immediately.

South Carolinians must trust their representatives, and representatives must demonstrate they are deserving of that trust. This Executive Budget fully funds budgetary requests for the State Ethics Commission, allocating \$174,995 for staffing and other purposes. Further, it includes a proviso doubling the registration fee for government affairs professionals. Currently, lobbyists only have to pay \$100 to register; doubling the fee to \$200 will increase agency revenue by more than \$185,000 and enable the Ethics Commission to increase investigator and attorney staff to bring better accountability and transparency to state government.

# ENERGY & ENVIRONMENT

**Summary.** The 2018-19 Executive Budget:

- Provides \$11,000,000 for beach re-nourishment and \$10,000,000 to rebuild cabins at Hunting Island State Park;
  - Funds the State Conservation Bank with \$6,000,000 in non-recurring dollars;
  - Provides an additional \$1,500,000 to the Department of Natural Resources for statewide public wildlife and fisheries management projects, and \$2,200,000 to reopen hatcheries closed since the recession.
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**Energy.** South Carolina is blessed with clean, plentiful and inexpensive power. This has been a key factor in our economic resurgence, creating a competitive advantage that has brought tens of thousands of new jobs and billions of dollars in investment into our state.

As the demand for power grows, so too will the need for increased production from sources like solar, wind and hydropower. In 2016, South Carolina installed 106 megawatts of solar power in the state — enough to power roughly 14,000 homes for a year. This was a 300% increase from 2015. We stayed on track in 2017, announcing five new solar farms, totaling 186 megawatts, including a \$100 million project in Aiken County and a \$115 million project in Orangeburg County. South Carolina is projected to be among the top states in the country for solar growth. This is a sensible move for a state like ours with so many sunny days.

We are not without our share of energy challenges. The decision by SCANA and Santee Cooper to abandon construction of two new nuclear reactors at the V.C. Summer Nuclear Station was a jarring break of faith with the people of South Carolina, who had already sunk billions into the project through inflated rate payments. State-owned Santee Cooper, which owes \$4.3 billion on the V.C. Summer project, remains poised to pass on its debt to its customers. This both is unconscionable and, from a budgetary perspective, highly undesirable.

Allowing Santee Cooper to continue its debt spiral will not just end up hurting ratepayers, but taxpayers, who could be forced to pick up the slack for a failing state-owned asset. Governor McMaster's primary goal is to make ratepayers whole and keep the burden of Santee Cooper's debt off the citizens of South Carolina. To that end, the only feasible solution is its sale. The Governor looks forward to working with the General Assembly in the coming months as we consider purchase proposals.

**Environment.** South Carolina's natural resources are a central driver of our economic prosperity, supporting a \$20 billion tourism industry. For this reason, Governor McMaster



vetoed in May a short-sighted attempt to shutter the South Carolina Conservation Bank (the “Bank”), emphasizing its value as an important tool for economic development.

Yet, it is clear that some reforms at the Bank may be necessary; a recent Legislative Audit Council report included a series of troubling observations about its operations. In November, the Governor urged Inspector General Brian Lamkin to conduct a thorough inspection and review of these practices. If the Bank wishes to continue as a force for protecting undeveloped land, it should implement each and every recommendation that the Inspector General suggests and conduct itself in accordance with the expectations of taxpayers. This budget funds the Bank with \$6,000,000 in non-recurring dollars.

The FY 2018-19 Executive Budget also calls for expanded access to state land, providing \$1,500,000 to the Department of Natural Resources for statewide public wildlife and fisheries management projects and \$2,200,000 to reopen hatcheries closed since the Recession. South Carolina’s taxpayers hold title to our public lands – they should be able to enjoy them. This line is intended to provide citizens greater purchase on all that the Palmetto State has to offer.

# PENSION REFORM

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South Carolina's \$20 billion unfunded pension liability is a "sword of Damocles" which threatens to place unprecedented strain on state government if immediate steps are not taken to address this crisis.

Last year, the General Assembly wisely passed – and 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. Pursuant to this legislation, Governor McMaster's executive budget funds the 1% employer contribution increase. While recognizing the necessity of this new funding, the Governor requests that the General Assembly this year take on the task of making the hard decisions, and implement systemic reforms that will correct the problem rather than merely keep us afloat.

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;
- Prohibiting unfunded cost-of-living adjustments;
- Exploring changes to age of retirement eligibility;
- Considering contribution enhancements to new, 401-k style plans as recognition for employees' years of service, promotions or other criteria.

Adopting these reforms 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.



## GOVERNOR'S RECOMMENDED APPROPRIATIONS

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### Public Safety and Criminal Justice

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#### **Administrative Law Court (Sec. 58)**

- \$80,000 in one-time funds to replace outdated courtroom technology.

#### **Attorney General (Sec. 59)**

- \$60,000 for a new Capital Litigation Paralegal.
- \$216,500 for additional personnel to implement the Anti-Money Laundering Act.

#### **Commission on Indigent Defense (Sec. 61)**

- \$127,192 for information technology services.

#### **State Law Enforcement Division (Sec. 62)**

- \$956,131 for law enforcement officers' rank promotion.
- \$883,114 for additional forensic laboratory personnel and a one-time allocation of \$400,125 for associated personnel equipment purchases.
- \$484,416 for five (5) additional narcotics agents in the Vice Unit and a one-time allocation of \$276,375 for associated personnel equipment purchases.
- \$185,000 for expansion of a disaster recovery system.
- \$144,307 for the Pee Dee and Piedmont SLED office space.
- \$1,250,000 for operating funds for the Forensics Department.
- \$667,150 for the SC Critical Infrastructure Cybersecurity Program (SC CIC) and one-time allocations of \$704,600 for cybersecurity training and \$126,475 for associated personnel equipment purchases.
- \$242,000 for SC CIC National Guard Participation.
- \$134,296 for two additional Immigration Officers.
- \$71,455 for a new Immigration Compliance Recorder position to track compliance with proposed legislation to prevent sanctuary cities.
- \$1,000,000 in one-time funds for technology equipment and software support.

- \$1,430,000 in one-time funds for upgraded forensics equipment to replace outdated instruments.
- \$490,000 in one-time funds to replace the HVAC at the Criminal Justice Information Services (CJIS) building.
- \$355,000 in one-time funds to replace the roof at the CJIS building.
- \$20,000,000 in one-time funds towards the construction of a new forensics lab.

**Department of Public Safety (Sec. 63)**

- \$2,025,000 for Highway Patrol overtime pay.
- \$499,797 in one-time funds to provide Highway Patrol Officers with rifles.

**Law Enforcement Training Council (Sec. 64)**

- \$212,980 for instructor salary increases.
- \$500,000 for an expansion of the existing officer training program as well as a one-time allocation of \$22,500 for associated personnel equipment purchases.
- \$192,000 in one-time funds for information technology equipment for Division of Information Technology (DIT) and CJIS security.

**Department of Corrections (Sec. 65)**

- \$4,999,374 for a Correctional Officer hiring rate adjustment and retention plan.
- \$1,258,921 for an electronic health record system.
- \$1,730,507 to increase workforce and reentry services for level II and III institutions.
- \$368,559 to implement information technology security policies.
- \$3,120,000 in one-time funds for general maintenance of security equipment and detention systems.
- \$2,500,000 in one-time funds for roof replacement.

**Department of Probation, Parole and Pardon Services (Sec. 66)**

- \$1,146,080 to lease additional agent vehicles through the Department of Administration's Master Lease Program (Phase 2 of 2).
- \$863,408 to fund the expansion of the Offender Supervision Specialist Program.
- \$473,263 to migrate agency servers to the State Data Center.
- \$400,000 for workforce and reentry programs for offenders.

**Department of Juvenile Justice (Sec. 67)**

- \$1,014,958 for Juvenile Correction Officers and Community Specialists salary increases.
- \$500,000 for workforce and reentry programs juvenile offenders.

**Adjutant General Office (Sec. 100)**

- \$263,000 for a new position and operating expenses for the Emergency Management Division.
- \$120,000 for South Carolina State Guard personnel cost increases.
- \$225,000 in one-time funds to construct female latrines at Statewide Readiness Centers.

## K-12 Education and Cultural

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### **Department of Education (Sec. 1)**

- \$25,182,795 for a \$10 increase to the Education Finance Act (EFA) Base Student Cost from \$2,425 in FY 2017-18 to \$2,435 in FY 2018-19.
- \$5,000,000 to double the Department of Education's annual appropriation for school bus leases.
- \$2,000,000 for the VirtualSC program to expand access to courses not offered in a student's local school.
- \$347,381 for two personnel to implement Act 23 of 2017 which will better ensure South Carolina's local school districts are using best fiscal and budgetary practices.
- \$2,500,000 to expand access to S.C. Public Charter Schools by providing transportation for charter school students to and from their schools.
- \$188,475 for two personalized learning positions at the Department of Education.
- \$2,654,809 for reading coaches to implement Read to Succeed.
- \$3,000,000 to defray the costs to students of industry certification and credentialing exams that are taken in secondary school.
- \$750,000 for a student engagement survey as required by South Carolina's Every Student Succeeds Act (ESSA) state plan submitted to the U.S. Department of Education.
- \$11,000,000 to increase technical assistance funding at the Department of Education to address underperforming schools and an additional \$100,000 for an additional Technical Assistance Education Associate at the Department.
- \$7,000,000 reduction to the National Boards Certification program to align funding to the program's expenditures since the program is closed to new entrants.
- \$5,000,000 for the School Safety Program to provide certified law enforcement officers to serve in schools that would otherwise be unable to incur this cost.
- \$3,100,000 in one-time funds to train a computer science and coding teacher for every school in South Carolina as well as \$200,000 in recurring support for computer science and coding professional development for classroom instruction.
- \$1,459,000 in additional one-time funds for Aid to Districts – Technology to support broadband infrastructure upgrades in all of South Carolina's school districts.
- \$3,000,000 in additional one-time funds for Career & Technology Education to purchase state of the art workforce training equipment across South Carolina's school districts.
- \$18,808,341 in additional funding for charter schools across South Carolina to support a 5% increase in per-pupil funding and enrollment growth.
- \$142,448 for a centralized data system that will allow the Office of First Steps to monitor the service performance of its partners across the state as well as \$595,000 in one-time funds for associated non-recurring costs.
- \$250,000 in one-time funds for the Office of First Steps to purchase a financial management system.
- \$137,252 to the Governor's School for Science and Math for district salary alignment.

- \$87,100 to enable the Governor’s School for Arts and Humanities to expand its footprint across our state by establishing a Director of Outreach and Engagement position.
- \$59,802 to the Governor’s School for Arts and Humanities for district salary alignment.
- \$480,000 in one-time funds for the Governor’s School of Arts and Humanities to upgrade its fire protection systems.
- \$65,000 in one-time funds for the Governor’s School of Arts and Humanities to replace a core switch.

**Educational Television Commission (Sec. 8)**

- \$46,799 for a new Tower Management Engineering Coordinator position to provide support for ETV’s tower and operations efforts.

**Department of Archives and History (Sec. 26)**

- \$200,000 in one-time funds to conserve South Carolina’s original constitutions.

**State Library (Sec. 27)**

- \$166,500 to meet the increasing cost for the Discus program, South Carolina’s virtual library.

**Economic Development and Natural Resources**\_\_\_\_\_

**Forestry Commission (Sec.43)**

- \$640,000 for five new firefighting positions, including operating costs, to increase the agency’s firefighting capacity.
- \$200,000 for additional state forest personnel to increase access to our state’s resources.
- \$3,500,000 in one-time funds to purchase enclosed cab bulldozers for firefighter safety.

**Department of Agriculture (Sec. 44)**

- \$2,000,000 in one-time funds for Statewide Agribusiness Infrastructure to recruit competitive agribusiness projects and development to South Carolina.

**Department of Natural Resources (Sec. 47)**

- \$502,000 for systematic hardware and software upgrades in the information technology program.
- \$403,934 for law enforcement officers’ rank promotion.
- \$1,500,000 for statewide public wildlife and fishery management projects to increase access to state owned land as well as \$2,000,000 in one-time funds to reopen the state’s freshwater fisheries.
- \$100,000 for maintenance and operations of stream gages.
- \$62,418 for a new climatologist position to address statewide drought and water conservation issues.
- \$400,000 in one-time funds to complete coastal vulnerability studies and offshore mapping.

**Clemson Public Service Authority (Sec. 45)**

- \$30,570 in EIA funds for district salary alignment.

**Department of Parks and Tourism (Sec. 49)**

- \$11,000,000 in one-time funds for beach renourishment.
- \$10,000,000 in one-time funds to repair and replace cabins at Hunting Island State Park damaged in hurricanes.
- \$319,000 in one-time funds for deferred maintenance at the Lace House.

**Department of Commerce (Sec. 50)**

- \$2,500,000 for the Closing Fund as well as an additional \$2,700,000 in one-time funds.
- \$150,000 for the Appalachian Regional Commission statewide assessment.
- \$1,000,000 for Applied Research Centers as well as an additional \$1,000,000 in one-time funds.
- \$600,000 for the Military Base Task Force.
- \$4,000,000 in one-time funds for LocateSC for economic development site preparation efforts.

**South Carolina Conservation Bank (Sec. 53)**

- \$6,000,000 in one-time funds for the Conservation Bank Trust.

**Health and Social Services**

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**Vocational Rehabilitation (Sec. 32)**

- \$426,000 for services to youth and adults with disabilities to increase skill gains, attain credentials and enhance post-secondary outcomes.
- \$900,000 in one-time funds for IT technology, security, and computer purchases.

**Department of Health and Human Services (Sec. 33)**

- \$26,416,551 to continue current service provision to beneficiaries eligible for Medicaid under existing criteria.
- \$3,848,880 to increase the reimbursement rate for autism-related Applied Behavior Analysis (ABA).
- \$11,402,071 appropriation transfer from the Department of Disabilities and Special Needs to meet fiscal authority requirements and recommendations for the BabyNet program.
- \$1,368,235 appropriation transfer to the Department of Disabilities and Special Needs as a permanent measure to account for state matching funds for the Community Support Waiver and Home and Community Based Waiver.
- \$4,350,000 for a series of efforts to address opioid use abuse.
- \$7,741,075 in one-time funds for the Medicaid Management Information System.

**Department of Health and Environmental Control (Sec. 34)**

- \$350,000 to continue services provided by the EMS Performance Improvement Center.
- \$192,461 for additional staff to ensure the sustainability of groundwater resources through management of permitting facilities as well as \$106,354 in one-time funds for personnel equipment.
- \$250,000 for the assessment and cleanup of petroleum releases from above ground storage tanks (ASTs) or other unregulated sources.
- \$1,000,000 in one-time funds for improvements to the prescription drug monitoring system.

**Department of Mental Health (Sec. 35)**

- \$250,000 for school-based mental health services
- \$1,362,527 for contractual obligations in FY 2018-19 related to Consumer Price Index (CPI) adjustments for forensics programming and veterans' nursing homes.
- \$512,728 for increased costs associated with census growth of Sexually Violent Predators Program.
- \$1,852,294 to fund FY 2017-18 annualizations for Care Coordination, Deaf Services, IPS/Employment Program, Alzheimer's Association, and Psychiatric Residential Treatment Facility (PRTF) placements.
- \$53,200 for costs associated with vaccinations for shingles (Zostovax).
- \$2,000,000 in one-time funds for renovations to the Campbell Veterans Nursing Home.
- \$1,000,000 in one-time funds for deferred maintenance to community buildings.

**Department of Disabilities and Special Needs (Sec. 36)**

- \$200,000 for post-acute rehabilitation program for individuals who experience a traumatic brain or spinal cord injury.
- \$11,402,071 appropriation transfer to the Department of Health and Human Services to meet fiscal authority requirements and recommendations for the BabyNet program.

**Department of Alcohol and Other Drug Abuse Services (Sec. 37)**

- \$1,250,000 for prevention, treatment, and recovery activities for opioid use disorder (OUD).
- \$3,000,000 in one-time funds for infrastructure improvements to the substance abuse provider system.

**Department of Social Services (Sec. 38)**

- \$20,281,214 to fund 234 positions to increase child welfare services and reduce caseloads.
- \$2,665,562 for the Adult Protective Services (APS) program which investigates noncriminal reports of alleged abuse, neglect, and exploitation of vulnerable adults.
- \$313,606 for additional Benefit Integrity Unit staff responsible for the detection and prevention of fraud and misuse of benefit programs.
- \$686,394 to help meet state match requirements for the federal Child Care and Development Fund as well as \$1,992,185 in matching funds through a one-time allocation.
- \$25,000,000 in one-time funds for the Child Support System.



### **Commission for the Blind (Sec. 39)**

- \$25,000 for additional technology and other assistive devices for the Children's Services program.

## Higher Education

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### **Commission on Higher Education (Sec. 11)**

- \$16,432,471 in additional funds for Need Based Grants.
- \$120,000 for agency technology needs and information security initiatives.
- \$222,740 for Southern Regional Education Board (SREB) contract programs and assessments.
- \$150,000 in one-time funds for technology upgrades.

### **Higher Education Tuition Grants Commission (Sec. 12)**

- \$2,302 for an adjustment to the agency director's salary, as approved by the Agency Head Salary Commission.

### **Clemson University (Sec. 14)**

- \$500,000 for Call Me Mister to supplement existing institutional support.

### **University of South Carolina (Sec. 20A)**

- \$2,250,000 for the child abuse and neglect medical response program.

### **State Board for Technical and Comprehensive Education (Sec. 25)**

- \$5,000,000 to initiative the Workforce Partnership Grant program.
- \$9,110,101 in one-time funds for STEM equipment for high-demand job skills training.
- \$9,432,046 in one-time funds for ReadySC.
- \$3,000,000 for additional Workforce Scholarship and Grants awards.
- \$4,780,241 for additional Tuition Assistance awards.

## Regulatory

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### **State Ethics Commission (Sec. 110)**

- \$66,484 for a new Program Assistant to assist in the review of campaign disclosures, statement of economic interest forms and lobbyist fillings.
- \$35,646 for the increase in office rent due to the agency's recent relocation.
- \$52,107 for a new Law Clerk/Paralegal to assist with legal research, writing and administrative duties.
- \$5,000 for law enforcement training and supplies.
- \$15,758 for an adjustment to the agency head's salary as approved by the Agency Head Salary Commission.

- \$185,000 or more in new agency revenue from doubling the lobbyist and lobbyist principal registration fee to be used for additional investigation and legal staff.

### **Department of Employment and Workforce (Sec. 83)**

- \$950,000 for the Be Pro Be Proud workforce initiative.

## Transportation

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### **Department of Motor Vehicle (Sec.82)**

- \$379,122 for costs associated with implementing requirements of federal REAL ID legislation, specifically costs to establish a State to State Help Desk.
- \$2,500,000 to support anticipated growth in budget programs previously supported by earmarked funds, no longer retained by the agency.
- \$428,000 to support the implementation of Act 89 of 2017, the Moped Bill, and costs associated with personnel expenses and registration materials.
- \$220,000 to support the implementation of Act 40 of 2017, the S.C. Infrastructure and Economic Development Reform Act, and costs associated with the collection and distribution of fees as well as an additional \$330,800 in one-time funds.
- \$5,637,990 in one-time funds for the implementation of READ ID.
- \$412,450 in one-time funds to offset costs associated with TERI payouts.

### **Division of Aeronautics (Sec. 87)**

- \$100,000 in one-time funds for airport facilities security system replacement.

## General Government

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### **Department of Administration (Sec. 93)**

- \$3,000,000 to create a Program Management Office to implement initiatives associated with Information Technology Shared Services and lead governance groups for statewide information technology decisions.
- \$1,040,000 for the Guardian Ad Litem program to meet National Court Appointed Special Advocates standards.
- \$4,800,000 in one-time funds to replace the Wade Hampton Building chilled and hot water distribution system.
- \$1,150,502 in one-time funds for repairs to the Adjutant General building.

### **Office of Inspector General (Sec. 94)**

- \$7,560 for information technology support to meet increased standards.
- \$4,713 for new agency head salary.

### **Lieutenant Governor's Office (Sec. 95)**

- \$19,808 to increase state match for additional federal funding for senior citizens services.

**Comptroller General's Office (Sec. 97)**

- \$64,000 for an additional Accounts Payable position.

**Election Commission (Sec. 101)**

- \$250,000 to purchase services and products to better secure the state's election infrastructure to include the statewide voting system and voter registration system.
- \$10,000,000 in one-time funds towards the replacement of the statewide voting system.
- \$4,000,000 in one-time funds to refresh the existing statewide voting system.
- \$650,000 in one-time funds as a recoupment to the special election fund.

**Revenue and Fiscal Affairs Office (Sec. 102)**

- \$197,670 for a new Statistician and Applications Analyst position to develop a longitudinal data system as required by Act 94 of 2017.

**Statewide Employee Benefits (Sec. 106)**

- \$59,174,238 to cover employer's share for the State Health Plan to include addition of adult well visits and increase in patient liability.
- \$32,411,836 for required 1% SCRS and PORS retirement increase.

**Capital Reserve Fund (Sec. 107)**

- \$6,228,557 to meet statutory funding requirements.

**Debt Service (Sec. 112)**

- \$117,439,635 reduction to meet funding requirements.

**Aid to Subdivisions (Sec. 114)**

- \$5,659,247 reduction to match FY 2018-19 formula funding requirements.