

Mr. Speaker, Mr. President, ladies and gentlemen of the General Assembly, my fellow South Carolinians:

We are here tonight to address challenges and opportunities.

But first, as in prior years, I'd like to recognize those in uniform whom we lost in the line of duty.

- Corporal Andrew J. Gillette of the Sumter County Sheriff's Office.
- Deputy Jeremy C. LaDue of the Charleston County Sheriff's Office.
- Captain John Durham Jr. of the Winnsboro Department of Public Safety.
- Private First Class Jacob William Hancher of the Myrtle Beach Police Department.
- Sergeant William Conley Jumper, Jr. of the Greenville County Sheriff's Office.
- Sergeant Gordon W. Best of the North Myrtle Beach Department of Public Safety.
- Army First Lieutenant Trevarius R. Bowman of the South Carolina National Guard.
- Deputy Jonathan David Price of the Marion County Sheriff's Office.

To the families and loved ones of these eight men, with all our hearts, we offer our condolences. We are eternally grateful for their service.

I am delighted to have with us once again tonight our First Lady, my bride Peggy, who is working to bring attention and energy to the areas of human trafficking, domestic violence, veterans' health and animal care and adoption. Thank you, Peggy. Please stand and be recognized.

Also, our lieutenant governor, Pamela Evette, who is meeting with businesses across the state to identify workforce and regulatory relief. She has focused on transportation, early childhood education and the census and has encouraged us all to "Grab a Bag" and eliminate litter.

Thank you, Lieutenant Governor. Please stand and be recognized.

And we have another special guest tonight, a man whose leadership of the United Nations World Food Program was recently recognized by award of the 2020 Nobel Peace Prize.

Please join me in welcoming back to the Statehouse, former Governor David Beasley and his bride Mary Wood.

Ladies and gentlemen, since we met last year, we have faced unprecedented challenges, from a disease we did not know, the course of which has not run.

We have experienced loss. We have suffered. But we are strong. We are resilient. And we have the commitment, capacity and courage to thrive and prosper once again – like never before.

In honor and memory of those South Carolinians who will no longer brighten our hearts with their smiles, their love, and their friendship. I invite you to join me in prayer.

This time last year, South Carolina was roaring into 2020 with a vibrant economy, innovation and a growing population.

Our unemployment rate was 2.4%.

More people were working than ever before. Personal income growth was at an all-time high. We had added over one million residents in twenty years. National rankings consistently listed us as one of the best states in which to do business, raise a family or visit.

And then came the virus, with disruptions and dislocations which tested us all. But we paused, took stock and persevered.

I've never been prouder of our people than right now.

From clerks, cashiers and grocery store workers to police officers, doctors and nurses; from linemen, farmers, and truck drivers to day-care workers, preachers, plumbers and carpenters; and to all those who went the extra mile to help total strangers who could not help themselves, thank you. Thank you for your strength.

In years past I have heard some say, "South Carolina is a small, poor state and we cannot accomplish much." I hope I never hear those words again - because they are not true. Our remarkable growth and progress in years before the pandemic - and our determined response to it - have

demonstrated to the world our strength and courage. And now it's time to act boldly.

South Carolina has excellent leadership – public and private – because we have great people. We have not succumbed to the controversies and spectacles of other states because we know better.

We all want the same thing. We want a happy, healthy and prosperous state. And we are working together in good faith to get there.

Since the pandemic began, we have stood up a public health effort unequaled in modern history.

Earlier this year, I asked leaders to join the accelerateSC task force to quickly coordinate our state's response to the COVID 19 pandemic and to make recommendations on how to keep our businesses open and our people safe in the workplace and the classroom. They also provided recommendations on how best to employ federal CARES Act funds to accelerate our economy out of the pandemic.

Leaders from the manufacturing, tourism, hospitality and service sectors, professional associations, public health experts, local governments, K-12 and higher education institutions, hospitals, medical providers, legislators and state agencies worked tirelessly - and literally around the clock - to quickly create and deliver a set of recommendations that - to this day - serve as our blueprint for confronting this crisis - safely.

Working together, by collaborating, communicating and cooperating - the General Assembly adopted virtually every recommendation of the accelerateSC task force.

Among other things, we planned and invested in building out our state's broadband infrastructure, distributing 92,542 wi-fi hot spots so students without internet access could receive instruction at home.

We provided financial relief through grants for small businesses, especially those in the hospitality and service industry, devastated by the loss of customers and revenue.

We replenished the state's Unemployment Trust Fund with close to one billion dollars from the CARES Act – thereby saving employers and small businesses from a crippling tax increase to replenish the fund.

While they could not be here with us tonight, I ask you to join me in thanking the members of accelerateSC for their volunteer service, sacrifice, vision and leadership. Their contributions have accelerated South Carolina through the pandemic stronger and laid the groundwork for a more prosperous future.

During the peak of the pandemic, the unemployment crisis was severe. During the worst week of the Great Recession in 2008 and 2009, we saw nearly 14,000 initial jobless claims filed. During the worst week of the COVID-19 pandemic, we saw more than 87,000.

In April, our unemployment rate was 12.4%. But, today, it is 4.4% - the lowest in the southeast and the 7th lowest in the nation.

After losing nearly 300,000 jobs through April, South Carolina has regained a total of 220,000 jobs – an 81.3% gain, vastly exceeding the country's job gains of 55%.

Our people are getting back to work, thanks to the General Assembly and accelerateSC, and thanks to the strength of all South Carolinians.

Political leaders in many states have gone too far. They have infringed on the Constitution and trampled personal freedoms. In Los Angeles, they set up a hotline to inform on neighbors for gathering together. In Chicago, they told people to cancel Thanksgiving. In New York, they tried to ban citizens from attending church. In San Francisco police were forced to stop a wedding before the couple could say "I do."

We took a road less traveled – a better road. We slowed down, but safely remained open. We never closed. Our reasonable steps of limited, measured and temporary actions allowed us to combat the virus without crippling our economy.

By freezing new spending and holding state government steady at last year's spending levels, we have been able to avoid cutting services, raising taxes, or borrowing money.

Today, South Carolina is in a stronger financial position than virtually every other state in the country.

That's because we were thinking ahead. Now, we must continue to think ahead.

In reviewing the fiscal health of state governments during the pandemic, one national news source said, and I quote: "South Carolina's exceptionally strong economy over the last two fiscal years has allowed the state to weather the pandemic with little budget disruptions to date."

Many other states are in deep trouble. New Jersey has taken on \$4.3 billion in debt to balance its budget. Massachusetts took on an additional \$1.4 billion, adding to an \$80.9 billion budget shortfall. In Georgia, they cut education funding by \$1 billion dollars.

In the last three years, the Palmetto State added \$10 billion in new capital investment bringing 35,000 new jobs. Over the course of a decade, our economy had grown faster than all but seven other states.

In 2020, the pandemic may have slowed us down, but not by much.

This year, we have announced some of the most transformative and important economic development projects, investments and expansions in the nation. For example:

Boeing announced that it would consolidate all 787 Dreamliner production to its North Charleston facility and bring hundreds of millions of dollars of investment and capital from Seattle.

Walmart announced plans to build a three million square foot distribution center in Ridgeville, creating 1,000 jobs and investing \$220 million.

A state of the art \$314 million Agriculture Technology Campus will create more than 1,500 new jobs in Hampton County, an investment that will transform the rural southern lowcountry forever.

Mark Anthony Brewing will build a new state-of-the-art brewery and production facility in Richland County. This \$400 million investment will create 300 jobs and will be one of the largest breweries built in the country in over 25 years.

Darlington Raceway was awarded a second NASCAR race to be held on Mother's Day bringing an additional \$64 million in economic impact to the Pee Dee and to the state.

Leisure Pools and Spas North America, a leading fiberglass in-ground pool manufacturer, announced plans to make a \$6.1 million investment that will create 200 jobs in Marion County.

The Port of Charleston has long been a powerful growing economic engine for South Carolina and is the nation's ninth busiest container port. It will soon be the deepest on the Atlantic coast. Construction will soon be completed on its world-class Intermodal Container Transfer facility in North Charleston. Once completed, cargo business will skyrocket with new and expanded rail access, traffic congestion will be eased in the low country and new jobs and investment will flow across the state.

Nephron Pharmaceuticals Corporation announced hundreds of millions of dollars in new investment in pharmaceutical and medical supply manufacturing as a global leader in the fight against COVID-19.

That is just the beginning. South Carolina is truly open for business.

Last week I released my Executive Budget, which will provide South Carolina with the skilled workforce needed to compete for future jobs and investment.

I am proposing that the General Assembly allocate \$500 million - 38 cents of every new dollar - into our state's "rainy day" reserve fund. We must be prepared for any future economic uncertainties, should they arise.

If approved, the balance of South Carolina's "rainy day" accounts will be almost twice what they were last year, going from \$616 million to \$1.142 billion.

By saving this money instead of spending it, something that has served our state well this year, South Carolina will be prepared for any eventuality and a whole lot of rain.

We are also setting aside the \$525 million recently received from the Savannah River Site settlement with the federal government. These funds should be handled in a stand-alone bill which will allow for thoughtful

consideration and appropriate public scrutiny. This will ensure that the residents of Aiken, Barnwell and the surrounding counties are given priority in how the funds are spent.

Our small businesses, especially those in the hospitality and service industry, have borne the brunt of the pandemic's financial impact. We have already directed over \$40 million in CARES Act funds to provide relief to more than 2,000 small businesses.

But the requests for relief greatly exceeded the available CARES Act funds. So, we must do more.

According to recent data, one-in-four small business owners report that they will have to close their doors in the next six months if the current economic conditions don't improve.

Accordingly, to provide our small businesses with additional relief, my Executive Budget allocates an additional \$123 million in state funds for small business grants, administered by the Department of Commerce in the same manner as the CARES Act funds.

Our Department of Commerce has demonstrated through this pandemic that they are a forceful advocate and resource for small businesses. And as we know, small business owners and entrepreneurs are the state's top job creators. We should enhance the department's mission to help our small businesses grow, expand and flourish.

Another way we can also help our small businesses is by providing them common sense protection from unfounded pandemic related liability.

Currently, 32 states have adopted some degree of COVID-19 liability protections. The pandemic and the various governmental and private sector responses to it are likely to present novel questions of law and fact. Our businesses, our healthcare providers, and educational institutions should not be put at risk or competitive disadvantage through no fault of their own, particularly after following safety protocols. We should be careful not to let litigation kill what the pandemic could not.

Reducing the tax burden on people and businesses continues to be one of the most important ways South Carolina can lay a foundation for future growth. South Carolina's marginal tax rate of 7% is the highest in the

southeast and the 11th highest in the nation. We must take steps to make our state more competitive.

I propose that we cut our state's personal income taxes through a phased-in five-year 15% across-the-board tax reduction for all personal income brackets, keeping us competitive with our neighboring states. This cut was not included in this Executive Budget because of its contingency, it pauses if - in any year - our state's General Fund Revenue growth is less than 5%. However, we should not pause in enacting it.

The next generation's workforce must possess the education and skills necessary for South Carolina to compete for jobs and capital in the world's economy. Today marks the beginning of a rare opportunity for transformation.

We know: to change the path of a child's future, to enhance the prosperity of our economy, to maximize the success of our state, we must make sure that every student is ready to learn when he or she enters the classroom.

In 2006, the General Assembly funded full-day, four-year-old kindergarten programs for Medicaid-eligible children in public schools and private childcare centers. Currently 61 school districts are eligible to participate, and 18 districts are not. This leaves 13,000 lower income "at risk" children in 18 urban and suburban school districts without the option to attend full-day, four-year-old kindergarten.

Recently I directed \$7 million in CARES Act funds for expanding public and private day or summer programs for children eligible for the full day 4K program.

Once again, I am proposing that we unleash the free market and invest \$48 million to expand access to full-day kindergarten for every lower income, four-year old child in the state. This expansion will allow parents to choose the public, private or for-profit childcare provider that best suits their child's educational needs.

Also, I am setting aside \$13 million in lottery proceeds for the General Assembly to establish Education Scholarship Accounts. These accounts provide the opportunity for working or low-income parents to choose the

type of education environment and instruction that best suits their child's unique needs.

In last year's state budget, I proposed a \$3,000 across-the-board pay raise for each of our public school teachers, a raise that would have catapulted the Palmetto State into a "top 25" ranking of states for average teacher pay - for the first time ever. COVID-19 has delayed that raise, but not my commitment.

So, in the meantime, I am proposing an appropriation of \$35 million to maintain the state's financial commitment to funding our classrooms and I am lifting the current suspension of teacher step salary increases. This will allow school districts to resume all scheduled step salary increases for our teachers.

Our public charter schools have seen an unprecedented 25% increase in student enrollment as parents seek in-person, five-day-a-week instruction for their children. This is parents and the free market at work. State dollars must follow these students to their new public schools, and my budget sends \$25 million to do just that.

We know that parents in South Carolina must be confident that their children are safe and secure when they are at school. Our concerns are highlighted due to months of unpredictable instruction, isolation and disruption of normal routines.

This year, my budget provides the necessary funding to put a certified law enforcement school resource officer in every school, in every county, all day, every day. It also provides a school nurse in every school in the state, as well as gives every student access to a mental health counselor.

Did you know that we still have a multitude of outdated "Common Core" textbooks being used in our classrooms - years after the General Assembly mandated their removal? This year - like year's past - I am proposing the funding necessary for the Department of Education to once and for all replace these books.

This pandemic has demonstrated that broadband connectivity is a necessity for health care, education, and remote access to the workplace. I am proposing that \$30 million be provided to the Office of Regulatory Staff to

continue critical expansion of broadband through public and private matches for shovel-ready infrastructure projects.

In the early days of COVID-19, we lost contact with more than 10,000 students when schools closed. The Department of Social Services launched a massive effort and was able to identify and locate almost all of them. Reports of child abuse and neglect dropped nearly 50% from the previous year, but we know the abuse didn't stop; it just went unreported because the children were not in the classroom.

Recently, I directed almost \$5 million in CARES Act funds to provide instructional materials, tutoring and technology enhancements for approximately 600 foster care children and disabled youth in our 74 group homes.

Such data and needs vividly illustrate our challenges. But the fact remains that a generation of students have lost significant learning progress due to simply being out of the classroom.

Working parents should not have to choose between their jobs and their children - they must have the option of having their children in school five days a week if they so choose. This is why they pay taxes.

This year school districts in our state have received over \$1.2 billion in COVID-19 relief from the federal government. The Department of Administration has distributed \$10 million dollars in masks and PPE to 70 public school districts around the state. DHEC has provided every public-school district access to rapid antigen tests for use by students and school staff. These tests will give students, teachers, and faculty members another layer of defense against the virus.

Along with state funds, school districts have been provided the resources necessary to operate full-time, and teach in-person, five days a week.

I ask the General Assembly to quickly send to my desk legislation for my signature that will require un-willing school districts to re-open their classrooms.

Access and affordability to higher education for every South Carolinian are essential to ensuring that we have the trained and skilled workforce necessary to compete for jobs and investment in the future. That means we

must invest to make all of higher education - our colleges, universities and technical colleges - accessible and affordable for the sons and daughters of South Carolina.

Therefore, I propose providing \$60 million so that every South Carolinian who qualifies for federal needs-based financial aid - as measured by federal Pell Grants - has additional state financial assistance to attend any in-state public college, university or technical college. Students at private, independent and historically black colleges and universities will receive an additional \$20 million for tuition grants and assistance.

Our technical colleges can provide retraining programs for South Carolinians negatively impacted by the virus which prepare them for employment in high-demand fields. Recently, I directed \$8 million in CARES Act funds to provide job training programs for 3,100 adults who have lost their jobs due to the virus.

To build on that, I propose an additional \$60 million for high-demand jobs skills training to help prospective manufacturers locating in our state. And an additional \$37 million for workforce scholarships and grants - so that more South Carolinians can receive skills-based certificates and accreditation at our state's technical colleges.

This year I am proposing that we invest lottery proceeds to create scholarships for students with intellectual disabilities as they transition from high school into college and eventually into the workforce. These academic programs at Clemson, Coastal Carolina, College of Charleston, USC and Winthrop teach students how to learn independently, how to maintain employment and how to live self-sufficiently.

For the second year in a row, I ask that the state pay 100% of college tuition for every active duty member of the South Carolina Army or Air National Guard. These citizen soldiers and airmen put their careers and families on hold to confront threats to us, both here and abroad. Such remarkable service must be recognized and encouraged.

Older buildings on our college, university and technical college campuses are in dire need of repair, replacement and renovation.

We must pay down the state's deferred maintenance liability on them by utilizing the Capital Reserve Fund – with the funds being distributed pro-rata to each institution based on their fall 2020 in-state enrollment. Let's act now, while we can, rather than borrowing money and creating debt through a bond bill.

Finally, I believe events and trends of the last year, indicate that many in our nation may need a remedial course in history, properly and accurately contextualized for modern understanding, and not revised, erased or fictionalized. State law requires students to be taught the U.S. Constitution, the Declaration of Independence and the Federalist Papers prior to graduation from our colleges and universities. A few schools offer the class, but most don't. College students need this class now more than ever.

Ladies and gentlemen, the right to life is the most precious of rights – and the most fragile. We must never let it be taken for granted.

For the fourth year in a row, my budget includes a proviso preventing the funneling of taxpayer dollars to abortion providers like Planned Parenthood. And let this be the year that we further protect the sanctity of life – with the heartbeat bill. It's time to vote. Send me the heartbeat bill and I will immediately sign it into law.

To keep all South Carolinians safe, we must maintain a robust, highly trained, law enforcement presence - and properly "fund the police." Our state law enforcement agencies continue to lose valuable and experienced personnel – officers who willingly put their lives in danger every day - because of non-competitive pay and benefits. And the lack of funding for continued and routine education and training jeopardizes not only their safety, but also the lives of the citizens they serve.

This budget dedicates over \$13 million in new dollars to law enforcement, public safety and first response agencies for recruitment and retention. This includes pay raises for troopers, state law enforcement division agents, wildlife officers, probation agents and corrections officers. It also eliminates the income cap for our police officer retirement system, so that retired law enforcement officers can return to duty. And we are providing funds for valuable post-traumatic stress disorder treatment for officers, firefighters and their families.

In addition, once again, I call on the General Assembly to eliminate all state income taxes on the retirement pay of career military veterans and first responders, as well as retired state and federal law enforcement officers, firefighters and peace officers. Many states have already done this. The decision-makers at the Department of Defense take note of such actions or lack of them as they weigh decisions on base closures, realignment and new missions for America's military. Our state's military installations are at risk, like all others. It is past time for the General Assembly to act on this issue.

The Department of Corrections has been unable to carry out the death penalty by lethal injection since 2015 because the companies which make the drugs will not sell them unless their identities are shielded by state law from anti-death penalty activists. We have no means to carry out a death sentence in South Carolina – and the murderers know it.

Fourteen states have enacted such a shield law. Director Bryan Stirling and I have been asking the General Assembly to fix this for years. Legislation was almost approved on the final day last year. I ask the General Assembly: fix this. Give these grieving families and loved ones the justice and closure they are owed by law.

This year - 2021 – is a good year for reform in state government. We must always look for ways to be more efficient, transparent and accountable for how business is conducted and how taxpayer dollars are spent. Maintaining the public's confidence depends on it.

We've heard the alarm bell for years. Now the deadline is closing in for reform of our state pension system. The best answer is a date-certain transition away from "defined benefit" pension plans to "defined contribution" plans for new state employees.

Of course, we must maintain our commitment to the 11.5% of South Carolinians who rely on the state retirement systems. Accordingly, my budget reinstates and funds the annual 1% employer contribution increase.

So, once again, I am asking that we – at the end of this year – close enrollment in the current "defined-benefit" plan. Putting money into an open system is like trying to fill a bathtub with the drain open. We must close enrollment first.

There is no state agency in more need of reform or dissolution than Santee Cooper. This rogue agency and its leadership have displayed arrogance and contempt for state law and the truth. Their incompetence helped create the largest nuclear power fiasco in modern times. They have saddled their customers with billions of dollars in debt and have ignored the authority of our constitutional officers and this General Assembly, creating a toxic environment inside this Statehouse. Errant board members are shielded by laws governing appointment and removal so cumbersome, onerous, litigious - and politically designed years ago to discourage and prevent a governor from acting - that they are immune from discipline or accountability. The time has long passed for the resolution of Santee Cooper's fate.

The Department of Health and Environmental Control needs attention. It is a massive agency with thousands of talented, experienced employees but two different and equally complex missions - health and the environment. A jack of all trades is the master of none. The pandemic - against the backdrop of our expanding economy - has highlighted the agency's need to move and act in a more nimble and responsive fashion.

I believe it should be split. I ask the General Assembly to consider such restructuring after conducting vigorous analysis. But at a minimum, the department should be made directly accountable to the governor and the governor directly accountable to the people for the agency's performance - as a cabinet agency.

This year I was honored to sign legislation creating a third Governor's School, the Governor's School for Agriculture at John de la Howe. To provide additional transparency and financial accountability, my Executive Budget restructures how the General Assembly funds the Governor's School for Science and Mathematics and the Governor's School for Arts and Humanities - in the same manner as John de la Howe.

South Carolina has over 300 magistrate judges who hear thousands of cases each year. A South Carolinian is more likely to see a magistrate judge than any other type of judge in our judicial system. As has been detailed in the media, these judges receive little public scrutiny before they are confirmed, receive limited legal training and are not required to be lawyers in good standing with the Bar.

The first step in reform is transparency and accountability. Magistrate judges must be required to be attorneys in good standing and certified by the Bar to practice law. Second, they should be publicly screened in hearings similar to those used for circuit and family court judges. And each member of the Senate should vote on the record on each magistrate's confirmation.

For further accountability, we must strengthen the statutory definition on what constitutes "lobbying" when it comes to influencing or communicating with state agencies on decisions, procurement or actions taken by the agency or its employees.

Also, we must have stronger and expanded authority for the State Ethics Commission on the local level. Anyone who is paid to influence decisions made by county, municipal, or school board officials must be required to publicly register with the State Ethics Commission as a lobbyist, just like persons who lobby the legislature.

This year, I am again encouraging the General Assembly to end the practice of appropriating undisclosed "pork-barrel" earmarks in the budget, which are shielded from public view and scrutiny.

There is a better way for the taxpayers. It is time that such appropriations be publicly disclosed, debated and allowed to stand on their own merits.

My Executive Budget creates a public competitive grants process. Funds will only be made available to entities with demonstrated community support and missions which advance the agencies' underlying objectives. Further, all applications and awards will be placed online, allowing for public scrutiny and total transparency.

In addition, I suggest that it's time for members of the General Assembly who are attorneys - to stop suing the bodies in which they serve, stop suing state agencies in plaintiff actions, and stop suing elected officials. It diminishes the public's confidence in their elected representatives and their state government.

Some have expressed legal concerns about successive states of emergency during the COVID-19 crisis. It was likely never contemplated in the past that our state and the whole country would find itself in need of a long-term

state-of-emergency like this pandemic required. It was also likely never contemplated that a future General Assembly would be unable to meet and conduct business for such a long period of time.

I believe that the legislation being offered by Senators Chip Campsen and Tom Davis in the Senate and Speaker Jay Lucas and Representatives Jay Jordan and Jeff Johnson in the House strike the right checks and balances for both the Executive and Legislative branches. I offer my support for their proposals.

Finally, we all know this has been a tumultuous year, with shocking and disturbing displays of violence, lawlessness, anger and rage all across the country. We recently witnessed the shocking and sad desecration in our beloved Capitol in Washington. The voices and volume have become so loud that many Americans are not listening to each other. But this too shall pass. It will.

I'm reminded of a thought that I shared with you at the inauguration two years ago. I think it's more appropriate now than it was then.

We are not competitors; we are all on the same team. A team with different jerseys representing different ideas, philosophies, perspectives and experiences - but a team none the less - committed to doing what we think is best for the future prosperity, success, health and happiness of over five million South Carolinians.

South Carolina is not a building, not a monument, not a flag or words on paper - South Carolina is her people - and its been that way for over 300 years.

As most of you know, I love South Carolina. I always like to urge people, especially the young people, to be proud of their state.

And through our deeds, our actions and our words - we should strive to make them proud of us, too.

I see before us the brightest of futures. We must think big. With good conscience our only reward and knowing that even small deeds are better than the greatest unfulfilled intentions, we must have confidence and be bold. We will do things we have not done before. And we will succeed.

May God bless you, the great state of South Carolina and the United States of America.