

The Governor's accelerateSC task force has launched accelerate.sc.gov, South Carolina's one-stop-shop for COVID-19 response information.

Menu

The Governor

The First Lady

Lieutenant Governor

Newsroom

Executive Branch

Contact

[Home](#) » [Recent News](#) » Governor Henry McMaster's 2022 State of the State Address

Governor Henry McMaster's 2022 State of the State Address

January 19, 2022

State of the State Address
As Prepared for Delivery

Wednesday, January 19, 2022
The State House, Columbia, S.C.

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.

Lance Corporal Melton "Fox" Gore of the Horry County Police Department,

Chief William Edward "Eddie" McNeill Jr. of the Campobello Fire Department, and

Lieutenant John Stewart of the Lake City Police Department.

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

Thirty-three South Carolinians have received the Medal of Honor since it was created more than 150 years ago. The medal, which requires nominees to receive presidential approval before it is granted, is given to those who distinguish themselves "conspicuously by gallantry and intrepidity at the risk of his life above and beyond the call of duty."

Two South Carolinians were recently awarded the Medal of Honor.

Sergeant Major Thomas Patrick Payne, who now serves in the Army Special Operations Command as an instructor, was awarded the Medal of Honor for his actions during a hostage rescue mission in an area of northern Iraq controlled by the Islamic State. A graduate of Lugoff-Elgin High School, and a veteran of 17 combat deployments, Sergeant Major Payne has also received multiple other combat decorations, including Bronze Star medals for both valor and service and the Purple Heart. He and his wife Allison have three children and live in South Carolina.

Christopher Andrew Celiz was a Sergeant First Class in the Army and attended The Citadel before enlisting in the Army in 2007. Sergeant First Class Celiz was killed on his fifth deployment when he willingly exposed himself to heavy enemy fire to direct and lead a medical helicopter evacuation of wounded troops. A native of Summerville, Sergeant First Class Celiz was also awarded the Bronze Star medal and Meritorious Service medal.

The sacrifices these two men made in service of their country and fellow soldiers are difficult to comprehend. Their bravery in the face of imminent danger should inspire us all.

We are honored to have Sergeant Major Payne and his wife Allison, along with Sergeant First Class Celiz's wife, Mrs. KT Celiz, and their daughter Shannon here with us tonight. Though we will

never be able to adequately show our appreciation for what they have done, I would humbly ask them to stand and give us the opportunity to do our best now.

I am delighted to have with us once again tonight our First Lady, my bride Peggy, our son Henry Jr. and his wife Virginia, and also our daughter Mary Rogers and her husband Sam. Please stand and be recognized.

Also, our lieutenant governor, Pamela Evette, and her husband David. Please stand and be recognized.

Ladies and Gentlemen, South Carolina is booming. People from all over the world are visiting and falling in love with our state. Employers are creating new jobs, entrepreneurs are opening new businesses, and companies are deciding to relocate here. Our business and family-friendly environment has produced historic gains in new jobs, capital investment and population growth.

Since January of 2017, we have announced 58,803 new jobs with over \$17 billion in new capital investment in the Palmetto State. In the last twelve months, we've announced 15,000 new jobs and \$4.3 billion in new capital investment.

As of November 2021, there were 18,000 more South Carolinians employed than there were in February 2020. Our gross domestic product increased 10% during the COVID-19 pandemic and has increased 26% over the last five years.

The state's unemployment rate remains well below the national average and has improved every month of 2021 - dropping from 5.6% in November 2020 to 3.7% in November 2021. The 2020 U.S. Census data shows that South Carolina is the tenth fastest-growing state in the nation. I extend hearty thanks to all here tonight and to those who have gone before, for the excellent stewardship which has brought us to this day. For now, we have opportunity like we have never seen before.

Our new Secretary of Commerce, Harry Lightsey, is here tonight. He is a man of vision and accomplishment. Every indication is that this year, 2022, will be even better than last year for Team South Carolina's economic recruitment successes. Welcome Secretary Lightsey. Please stand and be recognized.

In the last year, we announced numerous transformative economic development victories. Some are represented here tonight.

In Spartanburg, Oshkosh Defense will invest \$155 million and will employ more than 1,000 Upstate residents to manufacture the Postal Service's new fleet of electric mail trucks that will replace the nation's current fleet of combustion engine mail trucks. Welcome Mr. Don Bent, Chief Operating Officer of Oshkosh Defense.

In Chester County, the Ernest and Julio Gallo Winery will locate their only bottling and cannery facility outside of California, with a \$423 million investment and almost 500 new jobs. Welcome Mr. Stein Edwards, Senior Director of Operations for Gallo Winery.

In Edgefield County, Generac Power Systems will construct a new facility to manufacture commercial and residential power generators, and has already announced an expansion. These projects will create a combined 750 new jobs. Welcome Mr. Tom Pettit, Chief Operations Officer and Mr. Steve Andrejack, Senior Director of Operations.

Walmart continues to invest in South Carolina with the construction of a new distribution center in Spartanburg with a \$450 million investment creating more than 400 new jobs. Welcome Mr. Jeff Holzbauer, General Manager, Walmart Import and Logistics.

In Kershaw County, Prestage Farms will open an agribusiness processing and canning facility investing \$150 million and creating almost 300 new jobs. Welcome Mr. Zach Prestage of Prestage Farms.

I would ask all these gentlemen to please stand and be recognized.

During the COVID-19 pandemic, many states shuttered their economies, closed businesses, and enacted draconian restrictions, many of which continue to this very day. We took a better approach. We never closed. Through our reasonable steps of limited, measured, and temporary actions, we have been able to combat the virus without crippling our economy.

Also, by being careful and conservative and freezing new spending in 2020, not only did we avoid cutting services, raising taxes, or borrowing money, we saw our State's booming economy create a large amount of new surplus revenues in 2021.

Compare this to New York, where there are 476,000 fewer people employed now than in February 2020. The New York state unemployment rate is the 3rd highest in the country, and 2.7% higher than it was in February 2020.

Or Michigan, where the unemployment rate in November 2021 was 5.9% - the 9th highest in the country. More Americans moved out of Michigan during the pandemic than nearly every other state in our nation.

Today, South Carolina's state government is in the strongest fiscal condition ever. We have the largest budget surplus, the largest rainy day reserve account balance, and the lowest debt in our history.

However, South Carolina is facing a new challenge – the dangerous, irresponsible, and sometimes unconstitutional behavior of the federal government. While we and other states have differed with federal authorities before, this last year has been alarming and unprecedented.

On his first day in office, President Biden canceled the immigration policies established by President Trump, and halted construction of the border wall, thus surrendering our own nation's sovereignty and security to millions of illegal and undocumented immigrants, including human traffickers, drug dealers, and foreign agents, who have freely crossed our southern border.

The resulting lawlessness and chaos required us to deploy troops from the South Carolina National Guard to defend the border, and to protect our state and others from the danger posed by the cartels and traffickers.

I traveled to the border to visit our troops and border patrol agents. The challenges they face are steep. The Biden administration - and the media - have turned their backs on these brave men and women, but South Carolina will not. We always answer the call for help, and we always step into the breach. We will carry the banner of freedom even if the federal government walks away.

The Biden administration also took aim at South Carolina's pro-life and pro-family policies. They challenged my policy of preventing taxpayer dollars from going to abortion providers like Planned Parenthood, which sued to overturn our Heartbeat Law and to stop the State from protecting the most precious of rights – the right to life.

They attacked South Carolina's faith-based foster care providers like Miracle Hill, despite a recent U.S. Supreme Court ruling that upheld the right of faith-based foster-care providers who choose to work with parents holding similar religious beliefs.

They even canceled South Carolina's requirement that Medicaid recipients must work, volunteer, or attend school to receive benefits. While at the same time, the Biden administration was paying people on unemployment to stay at home rather than return to work or get a job.

President Biden and his liberal allies sued to force South Carolina to adopt universal mask mandates in public schools, despite clear constitutional authority to the contrary.

And finally, the Biden administration has illegally attempted to impose vaccine mandates on private citizens all across the country, in clear violation of constitutional authority and of common sense.

Thankfully, President Biden has been about as successful in defending his mandates in court as he has been selling them to the American people.

Despite this barrage of unwarranted challenges, we will continue to grow and prosper. We will not let the federal government violate the Constitution and dictate decisions that rightly belong to South Carolina and her people. We will fight to defend the Rule of Law, preserve our State's sovereignty, and reject efforts to destroy individual liberty, wherever they occur.

A determined warrior in our effort is with us tonight, our Attorney General, Alan Wilson. Please stand and be recognized.

As you are aware, the AccelerateSC task force has played a vital role in the State's response to the COVID-19 pandemic. This task force is comprised of volunteers from every sector of our State's economy, along with officials from state and local agencies, and organizations.

Almost two years ago, the AccelerateSC task force produced recommendations which guided us in taking very targeted and limited measures to combat the spread of the COVID-19 virus without shutting down our state's economy.

In addition, AccelerateSC conducted a thorough and complete review of the CARES Act and the American Rescue Plan Act (ARPA) for the purpose of providing expenditure recommendations to my office.

I believe that AccelerateSC is the model for collaboration, cooperation and communication between the government and the private sector, and on behalf of our entire state, I thank them for their extraordinary accomplishments.

Tonight, we have the leaders of this remarkable effort with us: former Senator Greg Ryberg served as chairman, and Mr. James Burns, served as the executive director. Thank you for your service. Please stand and be recognized.

South Carolina's booming economy, with almost \$3 billion in surplus revenue, along with the \$2.4 billion in ARPA funds - presents us with a once in a lifetime opportunity.

We know that the competition for jobs and investment is fierce, both nationally and globally. We cannot be complacent. We must act. We must make big, bold, and transformative investments in the areas of education, infrastructure, workforce, and economic development to strengthen the foundations of our prosperity for generations to come.

For the second year in a row, my Executive Budget places \$500 million into our state's "rainy day" reserve fund. By saving this money instead of spending it - something that served our state well last year - we will double the size of our reserves and will be prepared for any future economic uncertainties, should they arise.

I ask the General Assembly to consider maintaining a minimum balance in the rainy-day reserve account equal to 10% of the total amount of funds available to be appropriated in any year.

Despite our great successes, South Carolina's marginal income tax rate of 7% is the highest in the southeast and the 12th highest in the nation.

For example, Tennessee and Florida have no income tax at all. Louisiana is at 6%. Arkansas is at 5.9%, Missouri at 5.4%. Georgia and Virginia are at 5.75%. North Carolina is at 5.25% and just

passed legislation to cut it again. Alabama, Mississippi, and Kentucky are at 5%.

This makes South Carolina less competitive for new jobs and capital investment.

This year marks the fourth year that I have proposed a 1% rate reduction over five years for all personal income tax brackets, starting with an immediate \$177 million cut.

A tax cut has the impact of a pay raise; and more money in the pockets of our people to spend is a catalyst for even more economic growth and prosperity.

Ladies and gentlemen, we have almost one billion dollars in surplus recurring revenue available for this state budget. Our State's booming economy will likely create more. Our work will not be done this session unless I am able to sign an income tax cut into law.

We must also re-examine those issues, practices and laws that make our State less competitive and make it difficult for our businesses and entrepreneurs to invest, grow and thrive.

One issue in need of re-examination is in the area of civil litigation known as joint and several liability. Business owners should not be penalized for the actions of others, simply because they have money. Nor should they be absolved of their actions. We can find a balance that provides the opportunity for justice without damaging our economy.

There is no infrastructure more in need of big, bold, and transformative one-time investments than our State's roads, bridges, highways, and interstates. Our booming economy and rapid population growth have outpaced the State's ability to keep up with improvements to our transportation infrastructure.

Utilizing a combination of \$660 million in federal ARPA funds and \$600 million from surplus revenue, I am recommending that the General Assembly provide no less than \$1.26 billion to the Department of Transportation to accelerate construction, expansion, or improvements to our State-owned roads, bridges, highways, and interstates.

This one-time investment of over one billion dollars will allow the DOT to accelerate the start and completion of some of their highest priority projects. Projects such as the widening of Interstate 26 to six lanes between Columbia and Charleston, the widening of Interstate 95 to six lanes in the Lowcountry, lane widening on Interstate 85 in the Upstate and the long-awaited start of construction on I-73 from the Pee Dee to the Grand Strand.

In addition, DOT will have sufficient state matching funds to apply for an additional \$250 million in federal funds each year for the next five years. These federal matching funds will allow the DOT to expedite completion of local and regional projects designed to relieve traffic congestion, to repair or replace over 400 bridges, and to enhance repaving and resurfacing on our local and secondary roads.

Three years ago, on the south steps of this Statehouse, I pledged that we would work together as a team. I proposed that we make bold reforms to K-12 education in South Carolina, so that every student is ready to learn when he or she enters the classroom. And that the words "Corridor of Shame" would soon become a fading memory.

I proposed that we unleash the free market and expand access to full-day kindergarten for every lower income, four-year old child. Parents should be able to choose the public, private, or for-profit childcare provider that best suits their child's educational needs.

Today, we have fully funded full-day, four-year-old kindergarten programs for every Medicaid-eligible child in South Carolina.

As a result, the Education Oversight Committee reports that 4K enrollment has increased 47% or by 4,600 children. There are 50 new private, nonprofit, and faith-based providers who have opened 66 new 4K classrooms. In our public schools, there are 120 new 4K classrooms.

In a recent survey by First Steps, two out of three parents reported that enrolling their child in First Steps 4K also allowed them to go to work or continue their own education.

We know that parents in South Carolina must be confident that their children are safe and secure when they are at school. The presence of a certified law enforcement school resource officer in every school is more important now, than ever.

We must also recognize that a mental health crisis exists in South Carolina, especially among our young people who have weathered two years of disruptions, virtual instruction, isolation, and constant changes to normal routines. This crisis is here, right now. Students must have access to professional mental health counseling and services.

Because sixty percent of South Carolina children are served by Medicaid, I have directed Health and Human Services Director Robbie Kerr to initiate an immediate review of our State's behavioral health funding and delivery system. Time is of the essence. We must do better. The cost of doing nothing is unimaginable. And the damage, well, the damage will likely be immeasurable.

South Carolina's system of state-run treatment programs and facilities need a modern-day refreshment, re-evaluation, and re-invention. I also suggest to members of the General Assembly that the time has come to evaluate whether the State should privatize behavioral health services currently provided by the Department of Mental Health.

When the Education Finance Act of 1977 was signed into law, there were only three line-item appropriations for K-12 education. Today, there are approximately 29. This 44-year-old funding system is archaic, confusing, and inadequate.

The way we fund K-12 education must be simplified and it must be transparent and accountable. State funds must follow students directly to the classroom. School districts must be held accountable for how they spend the taxpayer's money – and graded on their results.

I have proposed that funds for K-12 education be appropriated in a manner that is simple and easy to understand. School districts will receive the funds necessary to support an average ratio of 11.7 students per teacher, with an average salary of \$66,524 including benefits.

In exchange, every school district must disclose how they spend every dollar, be it local, state, or federal. This information must be published online by the state Department of Education, so parents and taxpayers will know where their money is being spent. In the classroom? Or is it being spent on administration? Or overhead? Or somewhere else?

My Executive Budget also raises the minimum salary for a starting teacher from \$36,000 to \$38,000. We have made progress in raising teacher pay. Just five years ago, the minimum salary for a brand-new teacher was \$30,113.

Tonight, we have the 2022 South Carolina Teacher of the Year with us. Ms. Amy Carter is an English teacher from Chapin High School and is here representing our state's classroom teachers.

We're also joined by the Superintendent of Kershaw County School District, Dr. Shane Robbins. Dr. Robbins' innovative leadership helped guide his school district through the pandemic with minimal disruption to the classroom, remaining open for in-person instruction throughout.

Ms. Carter, Dr. Robbins, please stand and be recognized.

Charter schools in our state have seen explosive growth in both enrollment and demand. The South Carolina Public Charter School District and the Charter Institute at Erskine are expected to authorize a total of 67 charter schools for the school year starting in August. My Executive Budget provides an additional \$60.2 million to meet the growing demand of parents seeking new educational opportunities and in-person classroom instruction for their children.

In addition, I am proposing \$20 million be used to create education savings accounts, which by the way, have been available to parents in "red" and "blue" states for years. Although some may say otherwise, we know that parents know what's best for their children. They know the type of education environment and instruction that works best for their child's unique needs.

Speaking of parents, we need more parental involvement in the classroom - not less. You may have been as surprised as I was when the Attorney General of the United States, Merrick Garland, instructed the FBI to begin investigating parents who attend school board meetings. In the annals of dangerous ideas, that one takes the cake.

So did assertions that “*parents have no business telling schools what they should teach.*” Parents have every right to express their concerns to a teacher, to a principal, or to members of the school board. In fact, it is their duty.

Recently, a group of concerned parents contacted my office about a book containing age inappropriate, sexually explicit, obscene, and pornographic images, which was available in their school’s library.

If school personnel had performed even a cursory review in this instance, it would have revealed that the book contains sexually explicit and pornographic depictions, which easily meet or exceed the statutory definition of obscenity.

For explicit materials of this nature to have been introduced or allowed into a South Carolina school, without oversight, without public review, and without parents’ prior knowledge, is highly troubling and destroys public confidence in our schools.

Parents must know what their children are hearing, seeing, and learning in the classroom.

South Carolina, just like every state in the nation, is facing a historic labor crisis. It has affected every sector of our economy. With one hundred thousand open jobs, there is a paycheck waiting for anyone willing to work.

I’d like to share with you an innovative public-private initiative designed to fill those open jobs. SC Future Makers is a first-in-the-nation program that connects students and individuals with internship, apprenticeship, and career opportunities throughout the state.

SC Future Makers has reached virtually every high school, is available to all 16 technical colleges, and is now engaging our state’s military community to connect our servicemen and women with the many opportunities available in South Carolina. This innovative approach in using technology to enhance connectivity throughout our state is a valuable resource for addressing our workforce needs.

In addition, to fill those open jobs, I am requesting that the General Assembly invest \$124 million to expand *Workforce Scholarships for the Future*, a program that allows residents to earn an industry credential or an associate degree in high-demand careers. Careers in manufacturing, healthcare, computer science, information technology, transportation, logistics, or construction.

We know this program will work.

Last year, we partnered with the South Carolina Technical College System to create these scholarships and we dedicated \$29 million in federal relief funds to start the program. In that short period, over 5,000 South Carolinians have been retrained and employed.

For example, the program has produced:

- 485 Nursing Assistants
- 283 Commercial Truck Drivers
- 253 Emergency Medical Technicians (EMTs)
- 239 Welders
- 235 Phlebotomists
- 177 received Information Technology (IT) Certifications
- 130 received the SC Manufacturing Certification
- 79 certified as Forklift Operators
- 61 certified as Heavy Equipment Operators

In fact, we have a few of those students with us tonight in the balcony.

Lilianna Cruz, 25, grew up in Indiana. Justin Smith, 25, grew up in Georgia. Now they live in Clemson. Both were raised by parents who didn't complete high school. They enlisted in the Marine Corps after high school. They met while they were stationed in Japan. After completing their service, they began taking classes at Tri-County Technical College.

Lilianna's goal was to become an architect, and Justin's was to own his own business. When the pandemic hit and classes went online, they went to work instead. Online classes didn't work for them. Justin was making \$18 an hour and Lilianna was making \$16 an hour. Neither of them enjoyed the work or the pay. They hoped to find a new and better opportunity. And they did.

Last month Lilianna and Justin completed the five-week commercial truck driving program at Tri-County Tech. Before they finished, they were offered a job driving as a team for Schneider National. Now they have a combined salary of \$140,000.

Tasha Frazier of Sumter went through the Certified Nursing Assistant program at Central Carolina Technical College. She successfully earned her accreditation and was immediately offered a job with McLeod Health in Manning.

William Westbrook lives in Graniteville and had worked for many years at a local chemical company. He was laid off in 2019 and continued to look for work. He enrolled at Aiken Technical College after learning about these scholarships and obtained his Manufacturing Certification at no cost. William was hired immediately after graduation by Central States Manufacturing.

I'd also like to recognize Dr. Tim Hardee, the President of the South Carolina Technical College System, who is with us tonight. Dr. Hardee and his staff worked with our 16 technical colleges to successfully implement this program.

Some of the presidents of those colleges are also here with their former students: Dr. Galen DeHay, President of Tri-County Technical College, Dr. Kevin Pollock, President of Central Carolina

Technical College, and Dr. Forest Mahan, President of Aiken Technical College.

Thank you all for joining us tonight. Please stand and be recognized.

Access and affordability to higher education are essential to ensuring that our state has the trained and skilled workforce to compete for jobs and investment in the future. That means higher education - our colleges, universities, and technical colleges - must be accessible and affordable for the sons and daughters of South Carolina.

Once again, my Executive Budget freezes college tuition for in-state students, in exchange for an indexed appropriation based on the number of in-state students enrolled at each public institution. Funds for deferred maintenance are also distributed pro-rata and based on a school's in-state enrollment.

Also, every South Carolina resident who qualifies for a federal Pell Grant will be eligible for 100% of their tuition to be paid for with a grant at any in-state public college, university, or technical college.

The college transition program was created for students with intellectual disabilities as they transition from high school into college and eventually into the workforce. The program teaches students how to learn independently, how to maintain employment, and how to live self-sufficiently.

This year I am proposing that we invest an additional \$4.3 million in lottery proceeds to enhance scholarships for the college transition programs offered at Clemson, Coastal Carolina, the College of Charleston, the University of South Carolina, and Winthrop University.

Tonight, we are joined by two students from the college transition program, Michael Harmon from CarolinaLIFE, and Hunter Hopkins from ClemsonLIFE. Gentlemen, please stand and be recognized.

In rural South Carolina, water and sewer is key to life, to good public health and economic health. And it's key to a community's health. The right water and sewer assets in a county can transform a tax base. That means jobs, good schools, strong families, and a safe and vibrant community.

The state's rural water, sewer and stormwater infrastructure is becoming old and outdated. Many of these systems have exceeded their useful life, some are barely hanging on.

I have proposed that we use \$500 million in federal funds to transform these water, sewer, and stormwater systems in our state's poorest counties. To upgrade or replace deficient rural water and wastewater systems. And to incentivize large systems to "connect" with smaller and faltering systems.

In recent years, facilitating access to broadband connectivity has become a top priority for South Carolina. From health care to education, more people are working or learning from home. Quality internet service has quickly become a necessity for the prosperity of our state and people.

I ask that the General Assembly appropriate an additional \$400 million in federal funds for the State's Broadband Infrastructure Program being overseen by the Office of Regulatory Staff.

The Good Lord has richly blessed South Carolina, from the mountains to the sea. Our pristine coastline is a major economic driver for the state, as well as a source of beauty and happiness. It is roughly 2,876 miles long with approximately 200 miles of direct beachfront. The coastline contains several ecosystems including marshes, estuaries, barrier islands, tidal creeks, and beaches. The State's 35 barrier islands and the surrounding marshes are natural mechanisms for absorbing energy, flooding, and storm surge.

Three years ago, I issued an Executive Order creating the South Carolina Floodwater Commission, a collaborative effort charged with providing short and long-term recommendations to alleviate and mitigate the impact of flooding. One recommendation was for the governor to appoint a Chief Resilience Officer to lead a new state resilience office.

Last year, I had the honor of appointing Mr. Ben Duncan, who was serving as the director of the Disaster Recovery Office, as South Carolina's first Chief Resilience Officer. At the time, South Carolina was one of a handful of States with a chief resilience officer. Mr. Duncan is here with us tonight. Please stand and be recognized.

To protect South Carolina's abundant natural resources, I am proposing the General Assembly provide the state Office of Resilience with \$300 million in federal funds.

A portion of these funds should be used to complete the construction of homes in the Pee Dee that were destroyed by Hurricane Florence, as well as completing green stormwater mitigation projects throughout the state. In addition, I am recommending that the Office identify pristine coastline properties and tracts where public access may be in jeopardy of being lost, or destroyed by flooding, erosion, or storm damage.

Also, these funds should be used for a complete remediation and removal of hazardous materials from the hull of the USS Yorktown, including hundreds of thousands of gallons of old petroleum, polluted ballast waters, and polychlorinated biphenyl compounds, or PCBs, that were not removed from the ship's 428 vessel tanks and compartments by the Navy.

I can think of no more meritorious use of taxpayer funds than to protect our pristine natural resources for future generations of South Carolinians.

With the opening of the new Hugh K. Leatherman Terminal in North Charleston, the Port of Charleston is no longer the only major container port on the east coast of the United States

without significant near dock rail access.

The new Navy Base Intermodal Container Transfer Facility will provide near dock “dual” rail access for both Norfolk Southern and CSX, allowing for the movement of goods and commerce throughout the United States.

In 2021, the General Assembly appropriated \$200 million toward the \$500 million cost of construction. My Executive Budget proposes \$300 million to complete construction on time and debt free.

Tonight, we have the CEO of the South Carolina Ports Authority with us, Mr. Jim Newsome. As you know, he is retiring this year. I ask that you join me in thanking Mr. Newsome for providing the port with years of exceptional leadership and vision. You will be missed.

Mr. Newsome, please stand and be recognized.

To keep South Carolinians safe, we must maintain a robust law enforcement presence - and properly “fund the police.”

Our state law enforcement agencies continue to lose valuable and experienced personnel because they are unable to remain competitive with pay and benefits. My Executive Budget dedicates \$31 million in new dollars to law enforcement, public safety, and first response agencies for recruitment and retention pay raises.

We must also keep our law enforcement officers safe while they are on-the-job. My Executive Budget proposes providing \$21 million for grants to local law enforcement agencies for additional body cameras and bulletproof vests.

And once again, I am calling on the General Assembly to eliminate all state income taxes on the retirement pay of career military veterans and South Carolina 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 inactions when they make 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. Before it is too late.

Our booming economy and record low unemployment sometimes place state agencies at a disadvantage with the private sector – when they are recruiting or retaining the best employees.

I believe the question of state employee compensation needs re-examination. Across-the-board pay raises for state employees are less effective than those based on performance, merit, success, or longevity. Agency directors should be empowered to incentivize their personnel.

My Executive Budget takes the \$46.6 million which would equal a 2% across-the-board pay raise - and directs that those same funds be used instead for merit-based pay raises.

However, each agency must submit their merit-based pay raise plan to the Department of Administration's Division of Human Resources for review and approval, to ensure that the raises are awarded consistently across state government and are in accordance with official policies and procedures.

We've heard the alarm bell for years. With inaction - it gets louder every year. The longer we wait, the harder it will be to fix our pension system's huge unfunded liability.

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 this retirement system is like trying to fill a bathtub with the drain open. We must close enrollment first.

The best answer is a date-certain transition away from "defined benefit" pension plans to "defined contribution" plans for new state employees. And of course, we must maintain our commitment to retired South Carolinians who rely on income from the pension plan.

The right to vote is the single most important right protected by the United States Constitution.

However, in 2020 we learned that our state's election laws were not being applied properly and consistently by county election officials. Speaker Jay Lucas has sponsored legislation to standardize and ensure the uniform and legal conduct of elections in all 46 counties.

In addition, my Executive Budget proposes creating a new Election Integrity and Compliance Audit Program at the State Election Commission. Teams of auditors, working for the State, will conduct regular and routine examinations to confirm the integrity of elections conducted on the state and local level. Send these election reforms to my desk, and I will sign them into law.

To maintain the public's confidence in their elected representatives at all levels of government, we must expand the resources and authority of the State Ethics Commission and the Office of the Inspector General. The public should know if their tax dollars are being spent properly by the recipients, like a school district or a non-profit organization.

The public should also know who is getting paid to influence decisions made by county, municipal, or school board officials. These paid advocates should be required to register with the State Ethics Commission as lobbyists, just like those who are paid to lobby the legislature. What's good for the Statehouse - is good for the Courthouse.

In the last decade, we have consistently seen ethical issues arise surrounding some of our state's 46 county sheriffs. I have proposed that the Law Enforcement Training Council at the South

Carolina Criminal Justice Academy develop and conduct annual ethics training for every county sheriff.

In meetings and conferences in other parts of the country, I am often introduced as the 117th governor of the great State of South Carolina. What is interesting is that as other governors are introduced, they may be the 23rd governor of Arizona, or the 40th governor of California or the 48th governor of Kansas. It makes you think: Our state was one of the original thirteen colonies, one of the thirteen that produced the Declaration of Independence in 1776 and one of twelve which created and signed the United States Constitution in 1787.

Our people – from then until now – have endured and overcome every obstacle and challenge created by man and nature. We have seen it all and endured it all. With that heritage, we stand today in a moment brimming with opportunity and promise.

So, let us seize this moment by thinking big, by being bold, confident and by making transformative investments. In this way, I believe we will set our State on a course that will provide the opportunity for prosperity, success, and happiness for generations of South Carolinians.

Let us continue working together. Let’s keep winning. I believe in South Carolina and I believe in America. And I believe in each and every one of you. The best is yet to come.

God Bless the Palmetto State. And God Bless her extraordinary people.

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