

Gov. Nikki R. Haley
State of the State Message
As Prepared for Delivery
Wednesday, January 16, 2013

Mr. Speaker, Mr. President, Ladies and Gentlemen of the General Assembly, Constitutional Officers, and my fellow South Carolinians:

This and every year, we will continue the tradition that recognizes the certain truth that everything we have in this state and this nation we owe, first and foremost, to the men and women in uniform who bravely serve on our behalf.

So now, please join me as we pay tribute to those who gave the last full measure of devotion in the service of their state and country this past year:

Chief David Lee Crenshaw, Pendleton
Sergeant Channing B. Hicks, Greer
Sergeant John D. Meador II, Columbia
1st Lieutenant Ryan D. Rawl, Lexington
Master Cpl. Sandra "Sandy" Rogers, Aiken
Private First Class Adam C. Ross, Lyman
Sergeant First Class Matthew B. Thomas, Travelers Rest

On behalf of all South Carolinians, to their families, know we will never forget.

We love and respect our men and women in uniform here in South Carolina - few things make me as proud as the level of patriotism that just radiates off our state and her people.

When I make that call to the families who just lost a loved one, I promise them that the people of South Carolina will wrap their arms around them and never let go.

And the citizens of this state have never let them down.

A wonderful example of that is the 4,150 volunteer members of the South Carolina Patriot Guard Riders.

You've all seen these selfless men and women - whether you know it or not.

Their mission is two-fold: to show their sincere respect for our fallen heroes, their families, and their communities, and to shield the mourning family and their friends from interruptions created by any protestors.

They do it magnificently.

Please join me in extending a warm South Carolina thank you to Bruce Ballou, the State Captain of the South Carolina Patriot Guard Riders. You make our state so proud, and may God continue to bless you and your volunteers for their service.

We have another very special guest with us tonight, a hardcore rockstar, Brigadier General Lori Reynolds, the commanding General of one of the greatest military institutions that's ever existed: the Marine Corps Recruit Depot, Parris Island. If you don't believe me, tour it yourself - but take my advice, don't mess with this General.

The Marine Corps has been at Parris Island since 1915 and has trained there for every major conflict of the 20th and 21st centuries. We are so proud of our Marine Corps, so proud that the most impressive Marine training facility in the world is located right here in South Carolina, and so proud that General Lori Reynolds now calls the Palmetto State home.

I'd now ask you to indulge me in a brief moment of personal privilege.

When we as a family started this Administration one of the biggest challenges was moving into a house that was, more than anything, a museum.

A wonderful, beautiful, historic building but a museum nonetheless. And so as a mom my biggest challenge was to make that house into a home for all of us.

We were blessed to have a mansion family that welcomed us and understood the games our kids would play by putting wigs on statues, giving each member of the security team a nickname, and playing jokes on the staff constantly.

We love them all. But there was one person that blessed our lives in a way that no one else could.

He did the same for the Hodges and the Sanford families.

He did the same for many of you.

Chamberlain Branch became a staple of the Residence, not for the job he did but for who he was.

He greeted many of you and other South Carolinians in a way that was Godly and unforgettable.

He made everyone feel special and welcome.

Most importantly, to this mom, he was the person my children couldn't wait to see when they got home and the one who truly turned that house into home for us.

Our family was blessed by his unselfish kindness to our children and everyone he came in contact with.

By now you all know that Chamberlain was tragically killed in December and our hearts remain broken.

Chamberlain has three young children - Chyann, Little Chamberlain, and Chaniya - who were staples running around that house, and we are blessed to have with us tonight his amazing wife Cherisse.

Please join me and the Hodges and Sanford families in recognizing Cherisse, and saying to Chamberlain Branch, one of the kindest, best men we ever knew, that while you will forever be missed you will never be forgotten.

I also have the pleasure of being humbled by two little ones who remind me how cool it is to be their mom every day.

Whether it's getting them up and out the door every morning for school - sometimes fighting about what to wear or whether to go to school at all - or them not having a care in the world about me being on tv, they have a way of making me remember what truly is important in this life.

They put up with a lot but never lose the smiles on their faces, so please join me in welcoming Rena, who still loves to dance and Nalin, who still has a passion for the game of basketball.

Of course, our family is clearly missing someone tonight.

Michael is not with us as he has deployed with the South Carolina Army National Guard ADT 49 to Afghanistan.

We miss him terribly but he is doing exactly what he signed up to do - serve his country. He is excited to answer the call, and his only ask to me was to remind our state and country that we are just one of thousands of families that share the bond of knowing military service.

Michael, Rena, Nalin and I thank you for the many prayers and messages of support that have been sent to our family. It has given us strength and inspiration. And we look forward to having him and his entire unit back safely with us next year.

Ladies and gentleman, the state of our state is productive - in spite of the challenges that come our way.

The last half-decade or so has not been an easy one for our nation. Through the financial crisis and the deep recession that followed, we have watched Washington flounder on both sides of the aisle, bouncing from one so-called solution to another.

The result of our federal government's incompetence has been predictably poor: a stagnant recovery, listless jobs numbers, rising unemployment.

The opposite has been true in South Carolina over the last two years. 31,574 jobs announced. Over \$6 billion in new investment. Unemployment at a four-year low.

And two 11-win football teams.

Coming into office, I made a promise to the people of South Carolina, a promise to eat, sleep, and breathe jobs in our state.

We have all the tools to be successful.

A beautiful state, a place where any person would want to live, work and raise a family. A loyal, dedicated workforce with a burning desire to learn and a work ethic to match. And one of the lowest union participation rates in the country.

We needed to let the nation, and the world, know that South Carolina was open for business. Show them the positives of our great state, and the progress that we have made as a state and as a people.

And we have.

In two years, we have announced new jobs in forty-five of South Carolina's forty-six counties.

We've announced more than 6,300 new jobs to rural areas of our state.

We've cut taxes on small business - and special thanks to Chairman Brian White and Rep. Tommy Stringer for their fight to make that happen.

We've passed tort reform that, for the first time ever, puts a cap on lawsuit damages.

We've fought against the unionization of South Carolina, cherishing the direct relationship between our companies - who know how to take care of those that take care of them - and their employees.

We've, through Lillian Koller and the Department of Social Services, moved more than 14,000 families from welfare to work.

We've created an Agribusiness partnership to showcase the largest industry in our state.

We've been awarded, for the second consecutive year, a Gold Shovel in recognition of our economic development successes.

We've been ranked as the second best state in the nation as a place to do business. But as Secretary Hitt knows, we aren't going to stop until we're first.

We've announced \$5 billion in foreign investment.

And we've seen no less an authority than The Wall Street Journal say that, "Anyone still thinking the U.S. has lost its manufacturing chops hasn't been to South Carolina."

South Carolina is truly becoming the "It" state when it comes to economic development and job creation - not just in the United States, but worldwide.

With us tonight are a number of people who are proof positive that what we are doing is working, and I'd like to ask you to help me welcome these wonderful friends of South Carolina.

To those whose names I call, please stand and remain standing. And please hold your applause until the end.

- Representing 500 jobs in Anderson and Lexington Counties, from Michelin North America, Inc., Richard Kornacki
- Representing 126 jobs in Georgetown and Williamsburg Counties, from Agru America Inc., Vicky Thornton
- Representing 124 jobs in Union County, from Belk, Inc., Dave Penrod
- Representing 100 jobs in Colleton County, from SarlaFlex Incorporated, Krishna Jhunjhunwala
- Representing 1,000 jobs in Lancaster County, from Red Ventures, Mark Brodsky
- Representing 200 jobs in Berkeley County, from Nexans, Cam Dowlat
- Representing 80 jobs in Florence County, from McCall Farms, Inc., Henry Swink
- Representing 750 jobs in Richland County, from WNS North America Inc., Reese McCurdy
- Representing 190 jobs in Chesterfield County, from Schaeffler Group USA Inc., Bruce Warmbold
- Representing 50 jobs in Bamberg County, from Tobul Accumulator, Inc., Jim Tobul
- Representing Honda of South Carolina Manufacturing, Inc., Brian Newman, in celebration of the fact that they just produced their 2.5 millionth ATV.
- Representing Fujifilm Manufacturing USA, John Ueno, in celebration of the 25th anniversary of Fujifilm being in Greenwood, South Carolina.

Please join me in showing our support to these great friends, old and new, and thanking them for making South Carolina their home.

And as if we didn't have enough to celebrate last year when Condé Nast named Charleston the best tourist destination in America, this year we've topped ourselves, as our beautiful Lowcountry city was named the number one tourist destination in the world.

Representing the Charleston Area Convention and Visitors Bureau tonight is Helen Hill, who along with the hospitality industry, our own people at PRT, and most importantly the citizens of Charleston deserves a round of applause.

I'm also of the mind that when any South Carolinian succeeds, it's a great day in South Carolina. And we should all be exceptionally proud of a great friend to this state and a proud Clemson Tiger, Dr. Louis Lynn.

In 1985, Dr. Lynn founded ENVIRO AgScience, Inc., and his successes and contributions have not gone unnoticed. This past year, the United States Department of Commerce gave Dr. Lynn the Ron Brown Award as the nation's Small Business Person of the Year. Congratulations, Dr. Lynn.

That the companies represented here tonight chose South Carolina to be their home is a tribute to the kind of state we have right now.

But we can absolutely do more.

And we will do more - because none of us should be satisfied until every person in South Carolina has the opportunity to find work.

First, we cannot rest on our laurels when it comes to our tax rates.

You've long heard me say that South Carolina needs to reduce our tax burden every single year. Never has that been more important than now, with our citizens opening their paychecks this month and seeing that, low and behold, Washington's tax hikes on the rich somehow got them too.

This year, I propose that we eliminate the six percent tax bracket.

This reform cuts taxes for the overwhelming majority of people who pay income tax, and not a single South Carolinian will pay more.

Other states have seen the successes we've had in South Carolina and are nipping at our heels. Look around the nation and see all the governors, the legislators, the states that are proposing slashing or even eliminating their income taxes. We have to keep up.

Second, we need to take a serious look at our regulatory environment.

If government is costing a business time, then government is costing that business money.

And while the legislature convenes annually to look at new legislation and regulations, I know of no joint legislative and executive effort that comes together to look at removing regulations that stymie the private sector and hold our economy back.

That changes this year.

Tonight I am announcing the formation of a Gubernatorial Task Force, largely to be made up of members of the business community, that will review regulations and recommend those that can be eliminated.

Some changes can and will be made at the agency level - which is why one of the appointments I make will be the Chairman of Commerce's Small Business Regulatory Committee, Dan Dennis, and why I will be directing by Executive Order all of my agencies to begin this review process.

But some may require legislative action, which is why I am asking you to join me in this effort and inviting Majority Leader Peeler, Minority Leader Setzler, Majority Leader Bannister, and Minority Leader Rutherford to each make an appointment to the task force.

It has always been my belief that the best way to recruit new businesses in our state is to take care of the businesses we already have - and that with the business community as our biggest cheerleaders, there is nothing we can't accomplish in the great state of South Carolina.

Third, we have to address our crumbling infrastructure.

Our roads, our bridges - they simply aren't up to standard. More than 1,000 of South Carolina's bridges are either load-restricted or structurally deficient.

First and foremost, it's a public safety issue. The citizens of South Carolina deserve to drive on roads that aren't littered with potholes and on bridges they know won't fall down.

It's a core function of government. But it's also an economic development issue.

South Carolina has announced our self as the new superstar of American manufacturing.

We build things.

We build planes.

We build cars.

We build tires.

We build more ATVs than anywhere else in the world.

We need roads and bridges that match the quality of the companies that manufacture in our great state.

And we will get them.

But I will not - not now, not ever - support raising the gas tax.

The answer to our infrastructure problems is not to tax our people more, it's to spend their money smarter.

Why would we raise the gas tax to improve infrastructure when all the gas tax dollars we currently collect don't go to improving our infrastructure?

Millions of dollars each year in gas tax revenue are being diverted away from our bridges and our highways. Let's change that.

And then let's invest more of the money we already have into this vital area.

Every year you hear me talk about the "money tree" that falls during session, whereby new dollars appear above and beyond what was available when we balance our budget in December or January.

Let's prioritize that money differently this year.

We've released an Executive Budget that is balanced, funds the core functions of our government, strengthens underfunded needs like mental health and law enforcement AND identifies an estimated \$90 million this year for road and bridge improvements.

Let's follow that blueprint. We can make our state safer - and our business climate even more dynamic.

With us today is Warden Mike McCall, one of the unsung heroes of South Carolina state government. Warden McCall runs Lee Correctional Institution - one of our most dangerous prisons, housing the worst of the worst of our convicts.

As a legislator, it was always my belief that giving money to corrections was giving money to criminals, and that there were better, more noble places our tax dollars should go.

Warden McCall will tell you that's not true.

Twice in the past year, the Warden has had the prisoners take control of parts of his prison. He has seen one of his guards viciously beaten and left for dead in a janitor's closet.

Yet Lee Correctional has no towers, no wands, and few cameras. I've been there. I've seen it.

Warden McCall will tell you that if we give money to his facility it's not going to the prisoners, it's going to the guards. And that for them, it's a matter of life or death.

Join me in thanking Warden Mike McCall - and then join me this budget year in helping to keep him, and all our prison guards, safe and secure.

Of course, we can't talk about security in South Carolina without talking about the Department of Revenue and the protection of the personal data of the people of our state.

Plenty has been said and written about the international criminal hacking that took place at DOR - I'm not here to rehash that or to look backwards, except to say this: when it comes to data security, the state of South Carolina should have done better in the past and will do better in the future.

That does not mean that we will be 100 percent protected. The toughest lesson I have learned is that in today's world there is no such thing as absolute security. That is true for conventional terrorism and homeland security threats, and it is true for cyberterrorism and cybersecurity threats. It's a hard reality, but reality nonetheless.

What it does mean is that we will do everything we can to make sure that no state in the country has better security measures in place than we do.

Already we have taken a number of steps in that direction at the Department of Revenue.

We are encrypting all personal and sensitive data.

This month we will have completed implementation of two-factor identification for DOR employees.

We are segmenting our networks to make sure that our most sensitive information is protected separately and securely.

We have created a Security Council within the Department, a team of professionals that will meet regularly to discuss the state of our security in this changing world and constantly update our processes.

And we have changed the organization of the Department so that the Chief Information Security Officer reports directly to Bill Blume, the director of the agency.

By the end of this process the Department of Revenue's data will be as secure as any data in the private or public sector.

But it's not just DOR that requires our attention. In October I asked Inspector General Pat Maley to review the IT standards and practices across state government.

His report made clear the following: while cybersecurity policies were carried out on a near-daily basis in almost every agency, South Carolina lacks a single entity with the authority necessary to better secure our systems.

We must fix that, and fix that this year.

I have also directed every single cabinet agency to work with our state IT department to make sure that twenty-four hours a day, seven days a week, fifty-two weeks a year, our systems will be watched.

These measures are not cost-free, but they are necessary, and I want to thank Chairman Hugh Leatherman and Chairman Brian White for their help in enabling the state to respond forcefully to this attack.

My ask to you tonight is to ensure that it's not just cabinet agencies, but every agency in state government that is working with our state IT department to provide our citizens the security they deserve.

To date, more than 1.1 million of South Carolina's citizens and businesses have signed up for credit protection, either through Experian or through Dun and Bradstreet.

They are good, honorable companies who will help keep our information protected and at the same time be respectful to the citizens of South Carolina who have turned to them in our time of need. So to every South Carolinian watching tonight, let me say this: if you have not signed up yet for protection, if your parents have not signed up for protection, if your friends or your coworkers or your neighbors or your siblings have not signed up for protection, please, please urge them to do so.

It is so important. Please visit: www.protectmyid.com/scdor and use the activation code SCDOR123.

There is no question that what happened at the Department of Revenue was a jolt to all of us. My pledge to the people of our state is that as with all crises, all challenges, we will do everything in our power to come out the other side stronger than before.

We've come now to the portion of the evening that may feel to some like déjà vu. Restructuring.

Few of us would deny that our government structure is outdated, broken, and does not well serve the citizens of South Carolina.

Every year governors as far back as Dick Riley have stood before you and pleaded to bring our government into the modern era.

And every year it feels like we end up in the same place, preaching the same changes, facing the same obstacles.

This year I want to keep it simple - two critical changes to the way South Carolina is structured.

First, our Department of Education.

Last year, for the first time ever, the House passed a bill that would allow governors to appoint the Superintendent of Education.

I cannot overstate how important this change is.

And all we are asking is that we give the voters the opportunity at the ballot box to make this constitutional change.

General Zais supports it.

The South Carolina House of Representatives supports it.

And I believe that if given the opportunity the people of South Carolina will support it at the ballot box.

Let's give them that opportunity. They deserve it.

And now to the Department of Administration.

Each of the last two years, I have made the argument as to why ridding our state of the unaccountable "Big Green Monster" that is the Budget and Control Board would move South Carolina forward.

Some of you, like Senators Larry Martin and Shane Massey, have made that argument with me.

For me to do so again tonight would be redundant.

I believe most of you know it is the right thing to do.

Instead, I will make this observation: if one came to South Carolina from another state or country and saw the way the Department of Administration bill was handled last year, he or she would surely be confused.

The Senate unanimously voted in favor of it. A large majority in the House voted for it. And still, it didn't pass.

How is that possible, one might wonder. How did the Senate not even take a vote on the final day? That's not the way our system is supposed to work.

One might conclude that some of the votes in favor of restructuring were contrived. One might even think that some wanted to be on the record in favor of it while at the same time trying desperately to stop it from happening.

Well, to that, I will say this.

I wish a warm welcome to all the newly elected members of the House and Senate, but I want to extend a special welcome to the new senator from Lexington County, Katrina Shealy. Senator Shealy represents one less excuse for those who don't want to change the wasteful and inefficient way state government operates.

There are no more excuses left. Let's pass the Department of Administration this year.

Unfortunately, our structure of government isn't the only place South Carolina lags behind the rest of the country.

In recent years, there has become a palpable sense among the people of our state that something is fundamentally wrong with the way many elected officials have conducted themselves.

In some ways that sense is unfounded. The vast majority of our elected officials are honest and honorable people. But in other ways, the public's unease is fully justified.

For too long, votes weren't being recorded.

Hundreds of would-be challengers were thrown off the electoral ballot while incumbents skated by untouched.

The people, by and large, believe that South Carolina government is set up in a way that serves the public officials of our state rather than the other way around.

We have made some progress over the last years, starting with the passage of a bill that for the first time ever requires that every single vote on the floor of the General Assembly be on-the-record - and I thank you for making that a reality.

But we still haven't done nearly enough.

The State Integrity Investigation took a look at every state's risk for corruption and gave South Carolina an "F".

We got an "F" for our ethics enforcement agencies.

We got an "F" for our legislative, executive, and judicial accountability.

We got an "F" for our public's access to information.

We got an "F" for our state budget processes.

We got an "F" in nine of the fourteen categories they considered.

Every single one of us knows that is not good enough, that the people of South Carolina deserve better, and that it is our responsibility - our obligation - to give it to them.

I think we each also know that if the public is going to trust the changes we make to a system that almost exclusively governs us then we should not be deciding alone what those changes look like.

Instead our ethical standards should be determined NOT by those inside this Capitol but by those who have no stake in our rules.

That's why, in October, I created a panel of individuals of unimpeachable personal and professional credentials to help us navigate this reform process.

The panel includes former prosecutors.

It includes former members of our ethics commission.

It includes former legislators.

It includes members of the press.

It includes appointees made from each of your bodies.

It includes Democrats and Republicans.

Most importantly it is made up of people who have nothing to gain from their participation other than the satisfaction of moving South Carolina forward.

Rarely has such a talented and diverse group of people gotten together and worked so quickly, so meticulously, and so diligently toward the task at hand.

While every member of the South Carolina Ethics Reform Commission deserves our thanks and praise, the co-chairs of the Commission are here with us this evening, and I ask you to join me in recognizing two wonderful statesmen, two former Attorneys General, Travis Medlock and Henry McMaster.

They have thrown themselves into this process with an intensity and sense of purpose that gives me great hope for the recommendations they will deliver to us within the next two weeks.

They have been thorough and thoughtful, taking testimony and gathering research from those within the system as well as those outside it.

And I have every faith that their recommendations will make South Carolina stronger.

Our citizens must have confidence in how we do our jobs. That confidence will come from adopting the recommendations of this bipartisan, professional, and unbiased group of experts. Our citizens deserve no less, and we should accept no less.

Now let's talk about health.

For all the debate we will have over health care in the coming legislative session I believe we all agree that we want and need a healthier South Carolina.

And no one can deny that this administration - working with legislators like Rep. Murrell Smith and Sen. Thomas Alexander - has made health a priority.

We started 2011 with a Medicaid budget out of balance and we brought it under control.

We started with one of the lowest rates of insured children in the country and now South Carolina is recognized for adopting leading edge strategies to reach more kids.

We started with mental health and addictive disorder programs hobbled by cuts and together we have reinvested in both.

We started with a Medicaid program that required little accountability for quality or cost and we've demanded better value.

These are successes we should celebrate.

But let us ask a simple question. "Are taxpayers getting the most health for the money they spend on health care?" My answer is no - not by a long shot.

We spend more money for health services per person than any nation on earth. Year after year we devote a larger and larger portion of our paychecks, our payrolls and our state and federal budgets to health care services.

Maybe we wouldn't worry about all of this spending if our outcomes were better, but they aren't.

The United States is falling behind the rest of the world in infant mortality and life expectancy - and here in South Carolina we have one of the lowest life expectancies and highest infant mortality rates in the U.S.

With such high costs and such poor outcomes, why would we throw more money at the system without first demanding improved efficiency, quality, and accessibility?

The Affordable Care Act, known as ObamaCare, says expand first and worry about the rest later.

Connecticut expanded early under ObamaCare and just reported a \$190 million Medicaid deficit - in spite of subjecting their citizens to a massive tax increase.

California just raised taxes in part to cover their Medicaid deficit and yet needs \$350 million more to pay for ObamaCare next year.

That's not us. That's not South Carolina.

The federal government likes to wave around a nine dollar match like it is some silver bullet, some extraordinary benefit that we cannot pass up.

But what good do the nine dollars do us when we can't come up with the one?

And what good are any dollars when they come through a program that doesn't allow us the flexibility to make the decisions that are in the best interest of the people of South Carolina?

In the end, I cannot support this expansion for a very simple reason: it avoids addressing our health system's high costs and poor outcomes.

As long as I am governor, South Carolina will not implement the public policy disaster that is ObamaCare's Medicaid expansion.

Instead, we need to improve health care value. And we will.

We are taking a lead in payment reform. This year alone over \$40 million of payments are tied to performance - which means better outcomes for Medicaid patients and for South Carolina taxpayers.

We are asking Medicaid beneficiaries to be more engaged in their health. If a patient doesn't follow a doctor's advice to stop smoking or doesn't take their medication as prescribed we end up spending more money than necessary, and more importantly, they'll never get healthy.

We have to improve patient engagement - and stop rewarding bad behavior.

And we are working on hotspots of poor health.

We've already reduced harmful early elective deliveries by half, and we are one of the first states in the nation to no longer pay for this poor practice.

We are investing in rural health, because if you have Medicaid and live in Marlboro or Bamberg it is likely you aren't as healthy as if you have Medicaid and live in Greenville or Lexington.

This is true for reasons that go far beyond health care, but that doesn't mean we can't implement changes that make a difference.

We've long known that rural hospitals face challenges that larger hospitals don't, and now, for the first time ever, the State of South Carolina is going to treat them that way. Health and Human Services now pays rural hospitals differently from urban hospitals, and starting next year we plan to fully reimburse rural hospitals for their uncompensated care.

This isn't new money - but money shifted from areas where we need it less to where we need it more, and we will continue to get creative as we work to improve health in the parts of South Carolina that for too long have been pushed aside.

As we go forward together through this debate on health, I ask that we keep the following in mind.

First - health and well-being is ultimately driven most by income, education, personal choices, genetics and support from family and community.

Second - when South Carolina says we are going to do something we have to do it well and we have to pay for it.

We can't promise expanded Medicaid but cut reimbursements so low that doctors won't see Medicaid patients. We can't promise expanded Medicaid while we continue to underfund mental health. And we can't promise expanded Medicaid while maintaining waiting lists for long-term care services. We need to meet our current commitments before promising more.

Third - there is enough money in our public and private health care system today to make the system work. We can't spend our way out of this problem - that's too easy in the short term and too painful in the long term.

The next three years is an extremely risky time for our state budget and for our health system, and while it may be easier to take the federal money and figure out how to pay for it later, I am not willing to commit us to a short-sighted decision we will not be able to back away from. Instead of expanding a broken program we will continue working together to implement real health solutions for South Carolinians - because a health system that delivers the highest value will be able to thrive regardless of what the future throws at us.

Finally, tonight, let us talk about education.

First, it would be wrong to have a discussion about education without first taking time to remember the victims of the tragedy at Sandy Hook Elementary School. Please join me in a moment of silence.

Thank you.

In South Carolina, we have done some useful things on education in the last couple of years.

We've reaffirmed our commitment to charter schools.

We've invested in innovation with a focus on both rural and urban areas through programs like Teach For America.

General Zais has pushed the federal government for more flexibility to manage and evaluate our schools and educators - and he won.

So we've seen some progress. But our state still has a long, long way to go.

There is no surer path out of poverty and toward a quality life than having a good education.

But it's not only that. Having a well-educated workforce is a real factor in attracting more businesses and jobs to our state. There's a real economic element to improving education as well.

I know there are some strong school choice bills that are making their way through the General Assembly, and as I've always said I support school choice. It will be good for the parents and children of our state to be able to make their own family decisions, and it should have happened a long time ago.

But I have never been one who believes that choice is the only way to improve education. It is one way, a truly important way, but we have to do other things as well.

Tonight, I want to start a conversation about the way we fund K through twelve schools in South Carolina.

I say "I want to start a conversation," for two reasons.

Number one, I am not by nature patient person but I know from painful experience that the General Assembly is a body that does not often move quickly. So I figure let's start with a constructive conversation rather than a controversial piece of legislation and let's see where that takes us.

Number two, I know that when we start to talk about how we fund our schools, a lot of people can get really nervous really quickly. So let's take this calmly, and just start with a conversation.

As we all know, sometimes conversations lead to more.

My starting point for this conversation is personal.

Michael and I are the proud parents of two children in Lexington County public schools.

I am grateful every day that my children attend public schools where the teachers are exceptional, the facilities are first-class, and the sense of opportunity and hope for the future pulsate through the classrooms and hallways.

But let's be honest in this conversation. What I'm describing is not what schools are like in all parts of our state.

I grew up in Bamberg, going to school in a brick box. My education was wonderful because of very special teachers, but when it came to resources, we didn't know what we didn't have. I know what it's like in Bamberg and in many other rural and poorer areas of our state.

I am NOT one who believes that more money is the answer to our education problems. There are other bigger factors, including poverty and broken families.

But the amount of money that actually touches a teacher and student in the classroom is without a doubt a factor in the differences between those schools - and between the education that those children receive.

Now, here's the tricky part.

We must not do anything that undermines the quality of our schools in Lexington or Greenville or in any of the economically vibrant parts of our state. The parents of those students pay the taxes that fund their education, and I will play no part in diminishing the return they receive.

But we do have to figure out a better way to bring up the schools in the poorer parts of our state, and history shows that we cannot count on their own depressed local tax bases and restrictive federal dollars to do it.

We need to spend our dollars smarter. We need to be more accountable. And we need to better serve all the children in South Carolina.

So, I want to start a conversation.

And I want to start it with three distinguished members of this General Assembly.

The first two are Senator John Courson and Representative Phil Owens, respectively the Chairmen of the Senate and House Education Committees.

The third person I want to reach out to for that conversation is Senator Nikki Setzler.

Now Senator Setzler and I have had some differences. That's ok. That's politics.

But I respect his commitment to public education. I know he shares my interest in keeping our Lexington County schools as great as they are. And as the newly elected Senate Democratic leader, I know he and his caucus have at heart the areas of our state that are in most need of attention on education.

So Senators Courson and Setzler, Representative Owens, I invite you to join me in this conversation.

I'm convinced that we can change our policies in ways that improve educational quality for all our children. But I'm also convinced that we can't do that without touching some sensitive topics, and without bipartisan support and consensus from all parts of our state. Let us begin that conversation.

This new year, I have found myself reflecting on the last two.

I came into office wanting to make changes that move us forward in a way the people could feel it in their homes and businesses.

We've had some great successes together whether they be job announcements, taking our pensions system from the red to the black, reducing taxes, fighting to protect Boeing from the federal government, or creating an Office of Inspector General.

In the same vein we have had some challenges, watching a two year restructuring effort fall in the Senate on the last hour, learning firsthand what businesses have been fighting for years as criminal hackers targeted our state, or watching with frustration as both parties in Washington are unable to find resolutions that help states but instead place further burdens on them.

I come away from these reflections very optimistic because I know what we in South Carolina are capable of when we work together.

I know that we have added over 31,000 new jobs in South Carolina because we have acted as a team, from the county level to the economic development alliances to the state.

The success we've had in the jobs arena shows what can happen when there is a willingness to work together.

The challenges come in when we lose focus on the issue and the finger pointing begins.

My goal is to continue to strive for a positive environment that produces results.

I ask that you join me in proving to the people of South Carolina that we are and will be more productive in the new year.

We won't always agree but we should always be willing to respectfully work towards a resolution for the good of the state.

The people of our state have enough challenges, and they deserve the satisfaction of knowing that Columbia is working for them.

We have a choice this year. We can spend our time playing politics. We can snipe at each other. We can use the pulpits we all have access to - the wells of these distinguished bodies, the microphones on top of a podium - to score political points.

But I believe our state deserves better.

I believe this is the year we can make the people of South Carolina proud by giving them successes on restructuring, on tax relief, on regulatory reform, on strengthening protections in cybersecurity, on healthcare, on education and by raising the bar on the ethics of public officials.

It is a great day in South Carolina, but it will only continue if we make it so.

I for one look forward to the fingers going down and the handshakes of celebration beginning.

Thank you, God bless you, and may He continue to bless the great State of South Carolina.