



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

Post Office Box 12267
COLUMBIA 29211

June 11, 2008

The Honorable Robert W. Harrell, Jr.
Speaker of the House of Representatives
Post Office Box 11867
Columbia, South Carolina 29211

Dear Mr. Speaker and Members of the House:

I am hereby vetoing and returning without my signature H. 4339, R-382, which allows National Guard members who joined after June 30, 1993, and have reached the age of 60 and have 20 years of service to receive a monthly pension.

Let me begin by saying that we sincerely respect and appreciate the service of all National Guard members. However, we believe that given the long-term financial uncertainty that our state faces, especially in regard to \$20 billion of unfunded promises to retirees in retirement benefits and health insurance, we should not be providing a permanent, recurring obligation for this pension plan as this bill does.

The FY 2007-08 budget included a temporary proviso that allowed for the pension payments provided in H. 4339 and provided \$3.9 million in funding for these payments. This year's budget removed the proviso but continued funding in the amount \$4 million. H. 4339 will remove the temporary nature of this pension system and will require annually recurring funding of approximately \$4 million for the next 28 years based on the actuarial estimates.

As well intended as this proposal is, every soldier lives by the notion of doing first things first, and, accordingly, we believe that the state needs to begin paying off its future unfunded liabilities of \$27 billion in retiree and health insurance benefits before it creates another retirement benefit. If the annual \$4 million appropriation anticipated over the next 28 years for National Guard pension payments under this bill was dedicated to the retirement reserves, we would be taking a small but meaningful step toward paying down the retirement system's unfunded liabilities. Instead, we are creating another burden on the next generation of taxpayers, many of whom may be soldiers, with a new pension system. We continue to believe that we should not be saddling our children with debts we cannot afford. I have struggled over this bill given my real admiration for members of the Guard, but part of the value system of the Guard is

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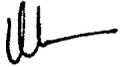
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tied to the notion of Honor. Accordingly, I believe we must first honor our existing obligations, indeed, before creating new ones.

For these reasons, I am vetoing H. 4339, R-382.

Sincerely,

A handwritten signature in black ink, appearing to be 'MS', with a horizontal line extending to the right.

Mark Sanford