



## **ECONOMIC DEVELOPMENT, INFRASTRUCTURE, AND WORKFORCE**

### ***FY 2024-2025 HIGHLIGHTS***

- \$95 million to support workforce industry scholarships (SC WINS)
- \$55 million to invest in State Ports Authority economic development
- \$50 million to invest in commercial airport expansion
- \$50 million to support Electric Vehicle (EV) training institutes
- \$37 million to support the state's economic recruitment strategies
- \$15 million to invest in SC Nexus

### ***AGENCY RECOMMENDATIONS***

#### **Department of Commerce (Commerce)**

- \$20 million non-recurring funds to support the state's Closing Fund;
- \$10 million non-recurring funds and \$5 million recurring funds to support SC Nexus, a new, federally-designated regional technology and innovation hub;
- \$7 million non-recurring funds for LocateSC;
- \$4 million non-recurring funds to invest in a North Charleston manufacturing expansion initiative;
- \$3 million non-recurring funds to create a campaign to educate parents and students about careers in manufacturing, science, technology, and engineering.

#### **State Ports Authority**

- \$55 million non-recurring funds to invest in land acquisition for future economic development.

#### **Department of Parks, Recreation and Tourism (PRT)**

- \$10 million non-recurring funds to support the revitalization of downtown Myrtle Beach, an economic engine for the state.

**South Carolina State University – Public Service Activities (PSA)**

- \$525,000 non-recurring funds to support small agribusiness entrepreneurs with technical assistance.

***Economic Development.*** Our state is home to over 5.3 million people of all backgrounds, ethnicities, ancestries, and religions. We’re known for our hard work and hospitality, which are two very strong selling points when recruiting businesses to build and expand their operations in South Carolina. The state’s economy is booming.

Since 2017, Governor McMaster has announced over \$36.47 billion in new capital investment with our manufacturing sector leading the charge. In 2023 alone, \$9.21 billion in capital investment from 81 projects was announced – and 14,120 new jobs created. According to its 2023 rankings, *Area Development* ranks South Carolina second among all states for its “Best State for Doing Business.” This is another year of improvement as the state was ranked third in 2022 and fourth in 2021. The publication ranked South Carolina as the most favorable regulatory environment and fourth-best workforce development programs in 2023. The 2023 Executive Survey of Site Selection ranked South Carolina sixth in the nation.

South Carolina is not only the best place in the world to live but also the best place in the world to do business. The evidence is clear, as demonstrated by our population growth. South Carolina was the fastest growing state according to the most recent statistics released by the U.S. Census Bureau. Nearly 91,000 people moved to South Carolina during the past twelve months, which yielded the nation’s largest growth rate at 1.7%. Additionally, our state’s personal income growth rate ranks second among all states at 4.9% through the third quarter of 2023.

Some of the largest announcements in 2023 included:

- Scout Motors, Inc. (\$2 billion and 4,000 jobs in Richland County);
- Albemarle Corporation (\$1.3 billion and 300+ jobs in Chester County)
- AESC (\$810 million and 450 jobs in Florence County);
- ZF Group (\$500 million and 400 jobs in Laurens County);
- e-VAC Magnetics (\$500 million and 300 jobs in Sumter County);

SC Nexus is working to innovate and strengthen domestic manufacturing and national energy security while developing exportable, high-demand products and tools critical to the national and global advanced energy supply chain. With its dynamic and growing manufacturing base, superior research capabilities, and demonstrated record of public-private collaboration, South Carolina is better positioned than any other state in the country to become a national leader in advanced energy and grid resilience. The potential for exponential growth and security would

impact South Carolina and the world for decades. This Executive Budget recommends \$15 million in recurring and non-recurring funds to support SC Nexus.

Of the long-term jobs created by SC Nexus, the consortium aims to source more than 40% of jobs from underserved and rural communities. Additionally, SC Nexus' geographic focus on South Carolina's Midlands and Upstate regions includes 60%+ of the state's distressed counties.

### **Division of Aeronautics**

- \$50 million non-recurring funds to expand commercial airports;
- \$300,000 non-recurring funds for aircraft refueling vehicle;
- \$210,000 recurring funds for retention and recruitment of critical agency personnel.

### **Rural Infrastructure Authority**

- \$5.7 million non-recurring general funds to support the water quality revolving loan program.

***Infrastructure.*** South Carolina is home to 58 publicly owned, public use airports including six commercial airports and 54 general aviation airports. More than 400 aerospace-related companies are located in our state, generating over \$16 billion for the state's economy and creating 122,000 jobs. Nearly 2.6 million visitors to our great state arrive by aircraft. To support this important industry, the Executive Budget recommends \$50 million in non-recurring funds to support expansion and renovation initiatives at commercial airports.

The water quality revolving loan program serves an important purpose as a low-cost financing option to improve water infrastructure. State funds are required to match federal capitalization grants, which is a 20% state match requirement. To draw down these federal funds, state funds must be available for the financial match. Water quality matters not only for economic development but the quality of life in a community. Access to clean and abundant water resources is paramount to sustainability in the local economy and the environment. The Executive Budget recommends \$5.7 million non-recurring funds for this important program.

### **Technical College System**

- \$95 million lottery funds to support (South Carolina Workforce Industry Needs Scholarships (SC WINS));
- \$50 million non-recurring funds to support EV training institutes;
- \$30 million surplus lottery funds for high-demand job skill training equipment;
- \$5 million lottery funds for ReadySC to support training needs for companies.

***Workforce Development.*** South Carolina has taken bold steps to empower the current and next generation's workforce. *Area Development* ranks South Carolina's workforce development programs among the top five states in 2023. These achievements did not occur randomly – it was intentional public policy initiatives to make South Carolina the best place in the world to do business. Governor McMaster has recommended hundreds of millions in additional funding

toward enhancing workforce training, development and education, more than any governor in modern times. The enactment of Act 67, the Statewide Education and Workforce Development Act of 2023, will further propel the state's workforce development strategy to be more coordinated and streamlined.

The results from these investments in the people of South Carolina are clear: the state's unemployment rate falling below 3% and per capita personal income has surpassed \$53,000 for the first time in state history, an increase of \$11,250 since 2017. The state's labor force participation rate during 2023 has increased to 57% and is approaching the pre-pandemic level.

The demand for a trained EV workforce is outpacing the number of qualified applicants. There are now about 600 manufacturers and suppliers around the state. In the Lowcountry alone are international manufacturers Mercedes-Benz Vans and Volvo Cars which together produced 69,000 vehicles last year. Both Volvo and Mercedes-Benz plan to go 100% all-electric by 2030. The Executive Budget recommends \$50 million in non-recurring funds to create or expand EV training institutes at technical college campuses where automotive technology programs exist to meet the workforce needs.

Strategic investment in the state's workforce development programs has been a key driver in the state's economic success, and now is not the time to pause those efforts. Despite the state's low unemployment rate, people remain out of work and businesses continue to face challenges in filling jobs. As of January 2, 2024, DEW reported that there are 72,467 jobs available throughout the state. This Executive Budget continues to place focus on training, reskilling, and upskilling South Carolinians to help them obtain a good-paying job.

Beginning in 2021, Governor McMaster created a scholarship program using one-time federal funds to bolster our state's workforce providing workforce tech scholarships to cover the cost of tuition and required fees at any technical college in South Carolina. This investment has prioritized in-demand positions that are critical to the state's economy, including manufacturing, nursing, information technology, and logistics, and has led to over 32,000 South Carolinians earning a post-secondary credential or degree in a high-demand field.

The General Assembly has collaborated with Governor McMaster to expand this initiative over the past three years. The FY 2023-2024 budget provides \$93.7 million for SC WINS, which more than doubled the funds available from the prior year. This Executive Budget recommends \$95 million for SC WINS to keep our momentum going and develop the workforce for the future. This initiative provides economic opportunity to thousands of South Carolinians and is a competitive advantage for South Carolina as we compete for new jobs and investment.



## **EDUCATION**

### ***FY 2024-2025 HIGHLIGHTS***

- \$611.6 million investment in undergraduate scholarships and grants
- \$250 million increase in State Aid to Classrooms to fund student enrollment growth and to increase minimum starting salary for teachers from \$42,500 to \$45,000
- \$49.8 million for tuition mitigation to freeze in-state tuition rates for a fifth consecutive year
- \$30 million for Education Scholarship Trust Fund
- \$25 million for school safety facilities grants and mapping
- \$21.1 million for increased enrollment in full-day 4K program

### ***AGENCY RECOMMENDATIONS***

#### **South Carolina Department of Education (SCDE)**

- \$250 million recurring funds to increase the State Aid to Classrooms formula to fund student enrollment growth and to increase the minimum starting teacher salary from \$42,500 to \$45,000;
- \$30 million non-recurring funds for the Education Scholarship Trust Fund;
- \$21.1 million recurring Education Improvement Act (EIA) funds for increased enrollment in the full-day 4K program in public schools and private providers;
- \$20 million non-recurring funds for safety upgrades at school facilities;
- \$15 million recurring EIA funds and \$100M non-recurring funds for quality instructional materials;
- \$12 million non-recurring funds to purchase/lease school buses;
- \$10.6 million non-recurring general funds for school bus driver retention bonuses;
- \$10 million recurring EIA funds for the Palmetto Math Project to improve teaching and learning of mathematics;

- \$5.7 million recurring EIA funds to annualize funding for Innovation Grants Committee, SC Teacher, and Carolina Collaborative for Alternative Preparation;
- \$5 million non-recurring general funds for uniform mapping of schools;
- \$3 million recurring EIA funds for early literacy training of full-day 4K teachers;
- \$1 million recurring EIA funds for the Jobs for America’s Graduates (JAG) Program.

**Department of Public Safety (DPS)**

- \$13.4 million recurring funds for School Resource Officers (SROs).

**Student Scholarships and Grants**

- \$285.7 million investment in lottery scholarship programs (LIFE, HOPE, Palmetto Fellows);
- \$95 million in lottery dollars for workforce scholarships and grants at the South Carolina Technical College System;
- \$80 million in lottery funds for need-based grants;
- \$70 million in surplus lottery funds for additional scholarships and grants for in-state students enrolled in four-year public colleges and universities;
- \$51.1 million for lottery tuition assistance at the South Carolina Technical College System;
- \$20 million in lottery funds for Tuition Grants;
- \$10 million in lottery funds for Nursing Initiative;
- \$6.2 million in lottery funds for National Guard repayment program;
- \$3.5 million in lottery funds for College Transition Program scholarships for students with special needs.

**Higher Education**

- \$70 million non-recurring funds for College of Veterinary Medicine at Clemson University;
- \$49.8 million recurring funds for tuition mitigation;
- \$44 million non-recurring funds for deferred maintenance and health/safety upgrades at our four-year comprehensive institutions, two-year branch campuses of the University of South Carolina (USC), and technical colleges;
- \$35 million non-recurring funds for Health Sciences Campus at USC;
- \$34 million non-recurring funds for campus resiliency at the Medical University of South Carolina (MUSC);
- \$20 million non-recurring funds for the Battelle Alliance at the Savannah River National Laboratory.

**Technical College System<sup>1</sup>**

- \$30 million in lottery surplus funds for high demand job skill training equipment;

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<sup>1</sup> More information about these initiatives can be found in the Economic Development, Infrastructure, and Workforce section.

- \$5 million in lottery funds for ReadySC.

**Early Learning and Kindergarten Readiness.** The data document that a child in poverty who participates in a full-day four-year-old (4K) program in a public school, private childcare center or private school is more likely to be ready for kindergarten than their peers who did not participate.

**Percentage of Children Entering Kindergarten Ready to Learn**

Fall	All Children	Children who Participated in full-day 4K program	Children in Poverty who did NOT Participate in full-day 4K program
2018	37%	36%	N/A
2019	39%	39%	N/A
2020	27%	21%	18%
2021	36%	33%	24%
2022	38%	41%	27%

N/A – not applicable. Data could not be disaggregated.

Since the statewide expansion of the full-day 4K program in school year 2021-22, enrollment in the program in public schools, private childcare centers, and private schools has increased significantly. Today, 17,437 students are enrolled in the program. Both the South Carolina Department of Education (SCDE) and the Office of First Steps to School Readiness (First Steps) anticipate an additional 2,500 will enroll in the program in school year 2024-25 at a cost of \$21.1 million in recurring funds. The Executive Budget includes funds for the increased student enrollment as requested by SCDE and First Steps.

**Student Enrollment in State-Funded Full-Day 4K Program by Type of Provider**

Fiscal Year	Private Providers (First Steps)	Public Providers (SCDE)	Total
2017-18	1,945	9,789	11,734
2018-19	2,458	9,812	12,270
2019-20	2,455	10,609	13,064
2020-21	2,131	7,822	9,953
2021-22	2,731	11,476	14,207
2022-23	3,178	13,706	16,884
2023-24 (estimate)	3,600	13,837	17,437



Note: Enrollment for Fiscal Years 2017-18 through 2022-23 are based on actual reimbursements for instructional costs. Enrollment for Fiscal Year 2023-24 is based on Fall 2023 enrollments.

Governor McMaster's long-term objective is to expand the program to more children in our state by eliminating the income threshold. For example, based on the current participation rates, expanding the program statewide to all four-year-olds would require at least an additional \$73 million in recurring funds.

The Executive Budget also includes \$3 million in recurring EIA funds to provide training in evidence-based foundational literacy skills for teachers in full-day 4K classrooms in public schools and to the staff of the Office of First Steps to School Readiness. This initiative is supported by SCDE and the Education Oversight Committee (EOC).

***Teaching and Learning.*** S.C. Code Ann. § 59-1-50 defines the educational objectives for all students in our state: students who graduate from a public high school should have the knowledge, skills, and characteristics to be college, career, and citizenship ready.

To achieve these objectives, the FY 2024-2025 Executive Budget invests in the following:

Teachers – Among school-related factors, research documents that teachers matter the most when it comes to student academic performance in reading and mathematics.

To invest in the current and future teacher workforce, this Executive Budget implements many of the Teacher Recruitment and Retention Task Force (Task Force) recommendations, which were published in May 2023.

First, as proposed by Governor McMaster and endorsed by the Task Force, South Carolina must raise the minimum starting salary for teachers to at least \$50,000 by 2026. To meet this goal, the FY 2024-2025 Executive Budget provides an additional \$250 million in recurring funds to State Aid to Classrooms. These additional funds will increase the minimum starting salary for a teacher from \$42,500 to \$45,000 while providing additional funds for growth in student enrollment. Ultimately, school districts decide their compensation strategy for their faculty and staff, but the research is clear. After the home environment, retaining and recruiting highly effective teachers is the best investment we can make in our children's education.

Second, the Executive Budget extends the State Minimum Teacher Salary Schedule from 23 years to 30 years, another recommendation of the Task Force. This proposal rewards teachers for their longevity and dedication to serving children.

Currently, for school year 2023-24:

- 45 of the 73 traditional school districts have local teacher salary schedules that compensate teachers for 30 or more years of service.

- 34 of the 73 traditional school districts have a minimum starting salary of at least \$45,000.
- 25 of the 73 traditional school districts have local teacher salary schedules that compensate teachers for 30 or more years of service and have a minimum starting salary of at least \$45,000.

Third, the Executive Budget recommends that the modernization of the antiquated State Minimum Teacher Salary Schedule begins now. Rather than paying teachers only for their years of experience and educational achievement, a new, simplified schedule must be created by which teachers receive additional compensation for advancement along a career ladder. As proposed by the Task Force, “We believe a reimagined salary schedule, based on a career ladder, would keep our most talented teachers in direct instructional roles with students, which will enrich and elevate the collective leadership capacity in our schools while improving student achievement.”

The Executive Budget simplifies the State Minimum Teacher Salary Schedule by compensating teachers with a bachelor’s degree and those with a graduate degree and extending the salary schedule from 23 to 30 years of service. The State Minimum Teacher Salary Schedule is designed to increase the lifetime earnings of teachers.

The Executive Budget recommends the following State Minimum Teacher Salary Schedule for FY 2024-2025. In the implementation of the new State Minimum Teacher Salary Schedule, no teacher employed in the same position over the same time period shall receive less total salary, including any normal incremental increase, than the teacher received for the prior fiscal year. As always, school districts have flexibility to pay above these levels:

Years of Experience	Bachelor’s Degree	Graduate Degree
0 to 2	\$45,000	\$50,000
3 to 5	\$47,000	\$52,000
6 to 8	\$49,000	\$54,000
9 to 11	\$51,000	\$56,000
12 to 14	\$53,000	\$58,000
15 to 17	\$55,000	\$60,000
18 to 20	\$57,000	\$62,000
21 to 23	\$59,000	\$64,000
24 to 26	\$61,000	\$66,000

27 to 30	\$63,000	\$68,000
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The Executive Budget also includes \$10 million in recurring funds to implement evidence-based strategic compensation programs to attract, reward, and recognize teachers. SCDE will work with schools and districts to create and model the system, which can then be used to create a career ladder.

Finally, the Executive Budget includes \$25 million in recurring funds for strategic compensation stipends to recruit and retain teachers in critical needs subject areas, another recommendation of the Task Force. To encourage teachers to enter and stay in classrooms in critical need subjects and critical need geographic areas, these funds would provide a graduated supplement structure to attract and retain teachers. Currently, the State Board of Education designates South Carolina's critical need subject areas and critical need geographic areas. For school year 2023-24, the three subject areas of highest critical need are Middle Education (all certification fields), Special Education (all certification fields), and Elementary Education. Critical need geographic areas are schools with an absolute rating of below average or unsatisfactory on their most recent report card, an average teacher turnover rate for the past three years of 20 percent or higher, or a poverty index of 70 percent or higher.

Other Teacher Recruitment and Retention Initiatives, of which many were also recommended by the Task Force, are included in the Executive Budget.

- \$2.7 million in recurring EIA funds to increase the amount of funds each teacher receives to offset the cost of purchasing classrooms supplies from \$350 to \$400 per teacher. Governor McMaster believes this amount should be increased to \$500 in the future, which is endorsed by the Task Force.
- \$1.09 million in recurring EIA revenues to state agencies to adjust the pay of all instructional personnel to the level provided in the school district in which the agency is located. These agencies include: Wil Lou Gray Opportunity School, School for the Deaf and Blind, the Governor's School for the Arts and Humanities, the Governor's School for Science and Mathematics, the Governor's School for Agriculture at John de la Howe, and Clemson University, where agricultural education teachers are located.
- \$727,650 in recurring EIA funds for TeachSC.org, a one-stop-shop digital platform with resources, tools, and services to assist individuals in pursuing teaching as a career. The initiative was first initiated by SCDE using one-time federal Elementary and Secondary School Emergency Relief (ESSER) funds. Since March of 2022, more than 60,000 individuals have accessed TeachSC.org, generating more than 100,000 visits to web pages that help them take steps toward entering the teaching profession. More than 7,500 site visitors have created accounts. The Task Force recommended that SCDE continue to

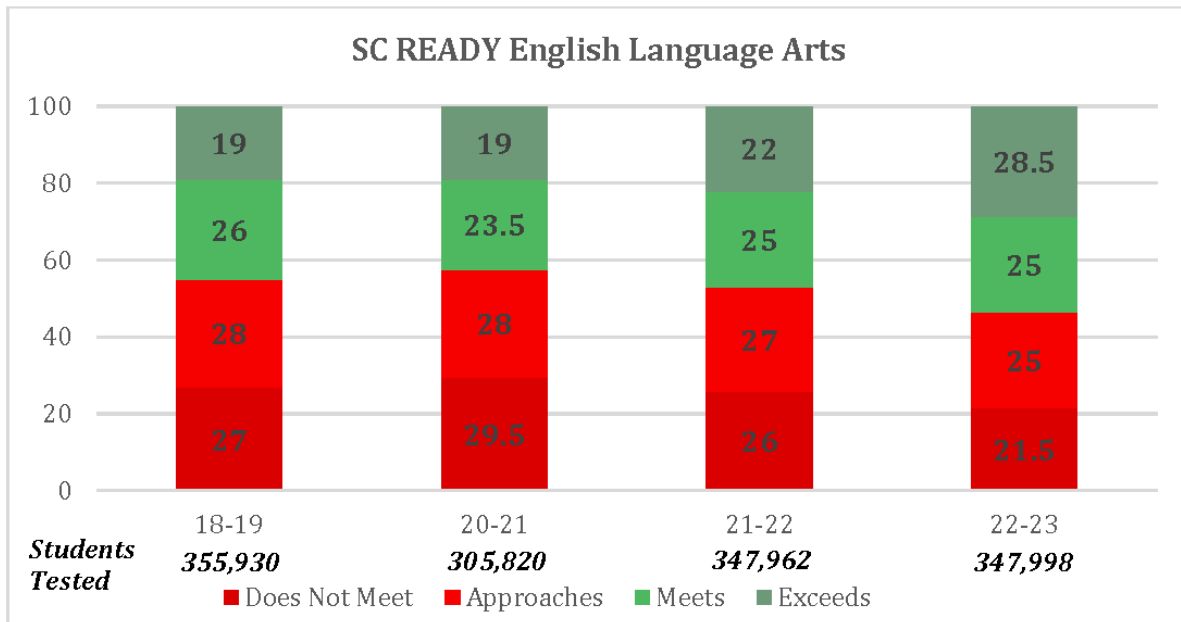
fund and monitor the effectiveness of TeachSC.org to “make applying to educator preparation quick and easy . . . (and to) “streamline the process to maintain certification.”

- A proviso is included in the Executive Budget requiring the Education Oversight Committee (EOC) to evaluate the existing teacher recruitment and retention programs that are supported by state funds to determine which programs have the most impact on the recruitment and retention of teachers during their first five years of employment. In FY 2023-2024, the EOC estimates at least 16 teacher recruitment and retention programs currently receive approximately \$69 million in recurring EIA revenues.

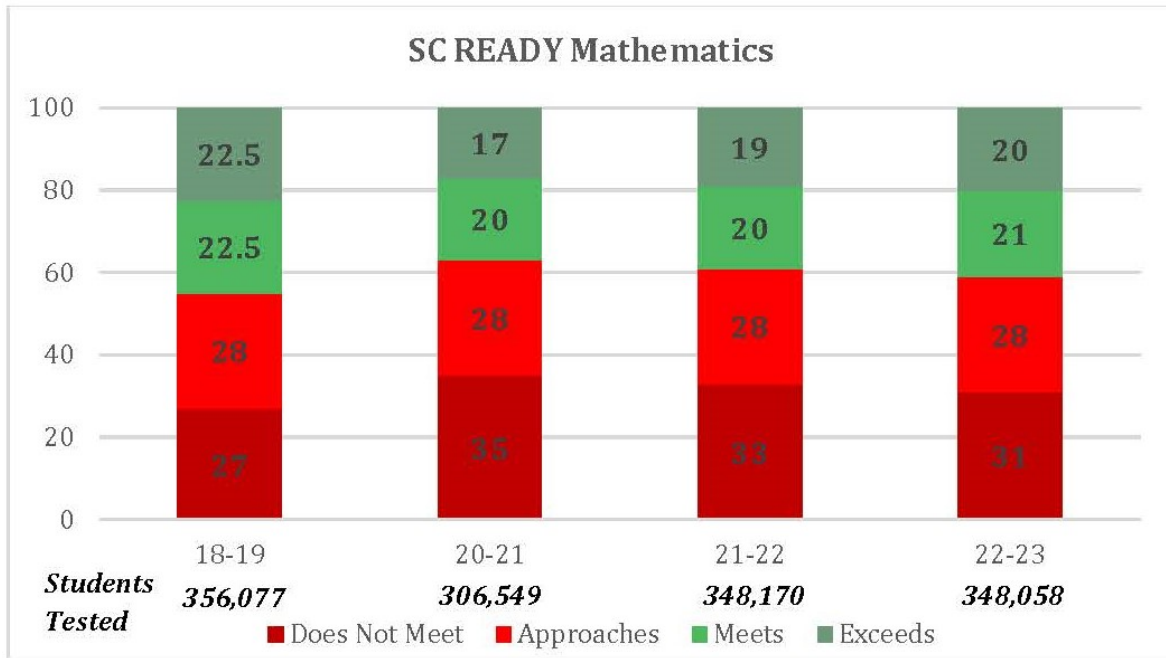
Improving Teaching and Learning – In September of 2023 the South Carolina Department of Education released the results of the South Carolina College- and Career-Ready Assessments (SC READY) in English language arts (ELA) and mathematics for school year 2022-23. For the first time in recent history, at least half of students in grades 3 through 8 met or exceeded grade level standards in ELA. Continuing to invest in early literacy and professional development in the science of reading ensure that all children can be reading on grade level by the end of third grade. We know that students who cannot read proficiently by third grade are four times more likely to drop out of high school.

However, only 41% of students in grades 3 through 8 in school year 2022-23 met or exceeded grade level standards in mathematics.

The following charts provided by SCDE document the assessment results over the past four administrations of SC READY.



*\*The chart shows the last four SC READY ELA assessment results. SC READY was not administered to students during the 2019-2020 school year under state Proviso.*



*\*The chart shows the last four SC READY Mathematics assessment results. SC READY was not administered to students during the 2019-2020 school year under state Proviso.*

The FY 2024-2025 Executive Budget invests in the following initiatives:

- \$15 million in EIA recurring revenues and \$100 million in non-recurring funds are recommended to purchase quality instructional materials. The funds will be used to purchase instructional materials in mathematics due to the adoption of new mathematics standards.
- \$10 million in recurring EIA revenues for the Palmetto Math Project. The funds will be used to hire numeracy specialists to serve in elementary and middle schools where one-half or more of grades 5 or 8 students scored at the lowest level on the state summative mathematics assessments. The funds will also be used for instructional materials, professional learning, and high dosage tutoring in these schools. The funds were requested by SCDE and recommended by the EOC.
- \$1 million increase in recurring EIA revenues to the South Carolina Technical College System to expand the Jobs for America's Graduates (JAG) Program, a successful national dropout prevention program. Since 2009, South Carolina JAG students have graduated from high school at a rate of 96 percent, well above the state average of 85 percent. JAG students secure jobs at twice the rate of their peers. As a result, South Carolina's JAG program has been recognized as one of the highest-achieving JAG programs in the country for the last 12 years. In school year 2023-24 there are 33 high schools participating in the program. The additional funds will increase the number of high schools participating to 50, with the long-term goal of having at least 100 high schools in our state participating in the JAG program.

**School Safety.** Despite recent labor challenges, South Carolina continues to see significant progress in hiring and placing School Resource Officers (SROs) in public schools.

In school year 2018-19, there were 406 full-time SROs, both state and locally funded, in our public schools. In October 2023, the Department of Public Safety (DPS) conducted on-site visits to schools to document the number of SROs funded for our schools. DPS determined that in school year 2023-24, there were a total of 1,109 full-time SROs funded for our public schools – 678 funded with local funds and 431 funded with state monies. The following chart documents the state investments in this program over time.

**School Resource Officers**

<b>Fiscal Year</b>	<b>Number of Full-Time SROs in Public Schools</b>	<b>State Appropriations</b>
2018-19	406	\$2,000,000
2019-20	No data reported by SC Department of Education	\$11,935,000
2020-21*	714	\$11,935,000
2021-22	879	\$18,935,000
2022-23	982	\$18,935,000
2023-24	1,109	\$33,102,500

*\*Department of Public Safety took over the administration of the program.*

*Note: Number of full-time SROs includes SROs funded with state appropriations and those funded with local revenues.*

This Executive Budget includes \$13.43 million in recurring general fund monies to hire an additional 175 SROs for school year 2024-25. This investment will ensure that South Carolina has funding for a certified law enforcement officer in every school, in every county, all-day every day. Unexpended funds in the current fiscal year will be used to purchase the equipment for these additional 175 SROs.

Parents in South Carolina must be confident that their children are safe and secure at school. The presence of a certified law enforcement officer in every school is more important now than ever.

At the request of SCDE, this Executive Budget also includes \$5 million in non-recurring funds to procure a uniform mapping system of schools. This system will equip law enforcement personnel responding to emergency calls at schools.

The Executive Budget includes \$20 million in non-recurring general fund monies for school facilities safety upgrades. In the current fiscal year, school districts submitted requests of \$40 million for school facility safety upgrades, exceeding the \$20 million appropriated for this purpose.

School safety extends to school buses as well. The Executive Budget recommends \$12 million in non-recurring funds to purchase of new buses and \$10.6 million for one-time retention bonuses for school bus drivers, up to \$2,500 per bus driver.

***Education Scholarship Trust Fund.*** Act 8 of 2023 established the Education Scholarship Trust Fund to provide scholarships to eligible students for qualifying expenses to attend a public or private school of their choice. In school year 2024-25, up to 5,000 students whose household income does not exceed 200 percent of the federal poverty guidelines are eligible to receive up to \$6,000 for a scholarship from the Education Scholarship Trust Fund. This Executive Budget recommends \$30 million in non-recurring general funds for the Education Scholarship Trust Fund.

***Sustainability, Accessibility, and Affordability in Higher Education.*** South Carolina must continue its collaborative efforts to make public universities and colleges – technical, comprehensive, and research – more affordable and accessible for all South Carolinians.

This effort comes at a crucial time in our nation’s history when:

- Americans are losing confidence in higher education institutions. A summer 2023 survey by Gallup found that only 36 percent of Americans have “a great deal” or “quite a lot” of confidence in higher education, down from 57 percent in 2015.
- This fall, the National Student Clearinghouse reported that freshman enrollment in public and private colleges and universities declined nationwide by 3.6%, which represents only a 0.8% increase above the fall 2021 enrollment. Freshman enrollment in bachelor’s programs at public four-year institutions fell 6.9% and at private nonprofit four-year institutions by 4.7%.
- Lower birthrates during the Great Recession will reduce the college-age population in 2025 by at least 15 percent, resulting in what is referred to as the “enrollment cliff.” The decline in the college-age population will vary significantly by region and by institution with comprehensive four-year colleges and universities impacted the most.

In South Carolina, enrollment in higher education from the fall of 2018 to the fall of 2023 is up slightly. However, the percentage of students enrolled in college in the fall immediately after high school was 56 percent in 2022, down from 63 percent in 2015 as reported by the National Student Clearinghouse.

These statistics confront our state’s workforce needs. The Commission on Higher Education has set a goal that by 2030 at least 60 percent of South Carolinians need a high-quality postsecondary credential because the jobs of the 21<sup>st</sup> century demand these skills and knowledge. Today, the Lumina Foundation estimates that 48.3% of South Carolinians have a postsecondary credential.



The public research, professional/doctoral, four-year, and two-year branch campuses of the University of South Carolina requested a total of \$1.7 billion in recurring, non-recurring and capital projects for FY 2024-2025.

Recurring Requests	\$ 177,013,212
Non-Recurring Requests	\$ 118,053,140
Capital Requests	<u>\$1,401,312,885</u>
<b>Total:</b>	<b>\$1,696,379,237</b>

The South Carolina Technical College System requested a total of \$626 million in recurring, non-recurring and capital projects for FY 2024-2025.

Recurring Requests	\$ 20,000,000
Non-Recurring Requests	\$181,100,000
Capital Requests	<u>\$424,567,060</u>
<b>Total:</b>	<b>\$625,667,060</b>

When asked for the unrestricted fund balances at our public institutions of higher education, the following information was provided to the Office of the Governor.

<b>Type of Institution</b>	<b>Unrestricted Fund Balances</b>	<b>Unrestricted Fund Balance per Institution as a % of Operating Budgets Ranged from:</b>
Research, four-year and two-year branch campuses of the University of SC (USC)	\$1,498,022,326	9.4% to 63.0%
Technical Colleges	\$166,421,701	-2.14 to 72.37%

Note: The figures above do not include the Medical University of South Carolina. Information was not available for Northeast Technical College, which had not submitted its audited financial report as of December 1, 2023.

Given the declining birth rate in our state and nation and the increased demand for South Carolinians to have a high-quality postsecondary credential, the Executive Budget includes \$3 million for a systemic review of our state’s public higher education system. Like the study commissioned for our healthcare agencies, this study will address the sustainability, accessibility, and affordability of public higher education. Using state and national experts, the study seeks an assessment of the utilization of existing physical space at our colleges and universities, and the certificates and degrees awarded as compared to the projected workforce needs of our state. The Executive Budget charges the Education Oversight Committee, a nonpartisan committee composed of legislators, educators, and business representatives, to oversee the study.

**Tuition Mitigation.** Making postsecondary education more accessible and affordable begins with keeping tuition and mandatory fees frozen. FY 2023-2024 marked the fourth consecutive year that college tuition for in-state students has been frozen. Governor McMaster recommends in this Executive Budget that the General Assembly continue this policy for a fifth consecutive year.

The FY 2024-2025 Executive Budget allocates \$49.8 million in recurring funds to public institutions of higher education for tuition mitigation. The funds are based on a 4.5% Higher Education Price Index (HEPI). HEPI is an indicator of inflation for colleges and universities, and covers operational costs of colleges and universities, including salaries and fringe benefits for faculty, administration, and other employees, utilities, and supplies and materials. In exchange for receiving these funds, each institution agrees that there is no in-state tuition or mandatory fee increase for the 2024-25 academic year.

The funds are allocated accordingly:

<u>Institution</u>	<u>Recurring Dollars</u>
The Citadel	\$ 982,381
Clemson University	\$ 7,769,553
College of Charleston	\$ 2,297,990
Coastal Carolina University	\$ 1,392,048
Francis Marion University	\$ 1,440,235
Lander University	\$ 942,362
South Carolina State University	\$ 1,084,936
USC - Columbia	\$ 11,828,440
USC - Aiken	\$ 947,338
USC - Upstate	\$ 1,398,559
USC - Beaufort	\$ 638,859
USC - Lancaster	\$ 432,091
USC - Salkehatchie	\$ 242,752
USC - Sumter	\$ 402,050
USC - Union	\$ 244,602
Winthrop University	\$ 1,515,466
Medical University of South Carolina	\$ 5,761,949
SC Technical College System	<u>\$ 10,463,525</u>
Total	<b>\$49,785,136</b>

***Scholarships and Grants:*** The Executive Budget expands upon the substantial investments made in scholarships and grants that support in-state students earning degrees and industry credentials from our colleges and universities:

- \$210.3 million for LIFE scholarships, \$63.3 million for Palmetto Fellows Scholarships, and \$12.1 million for HOPE scholarships;
- \$95 million in lottery dollars for workforce scholarships and grants at the South Carolina Technical College System;
- \$80 million in lottery dollars for need-based grants to provide tuition assistance for every eligible student;
- \$51.1 million in lottery dollars for tuition assistance at 2-year institutions (CHE and South Carolina Technical College System);

- \$10 million in lottery dollars for the continuation of the Nursing Initiative;
- \$6.2 million in lottery dollars for the National Guard Tuition Repayment Program;
- \$3.5 million in lottery dollars for the College Transitions Programs, which provide scholarships for South Carolina residents with intellectual disabilities to complete a postsecondary education program, which includes academic coursework and career exploration, thereby preparing them for independent living and employment.

***Tuition Grants.*** For students attending private colleges and universities, the Executive Budget recommends \$20 million in lottery dollars for tuition grants. Tuition Grants are awarded directly to eligible South Carolina students attending a private college or university in our state and can only be used toward the payment of tuition. By state law, the maximum Tuition Grant cannot exceed the average state appropriation from the previous year for each full-time student enrolled in a four-year undergraduate degree program in a public college or university, which is currently \$5,831.

***Lottery Surplus.*** According to the Executive Budget Office, the Commission on Higher Education carried forward from FY 2022-2023 to FY 2023-2024 approximately \$151.7 million in lottery funds that had previously been appropriated by the General Assembly for scholarships and other programs. Of this surplus, the Executive Budget reallocates \$100 million non-recurring funds for the following initiatives:

- \$70 million to the public research, doctoral/professional, and four-year colleges or universities for the following purposes: additional need-based tuition grants; Palmetto Fellows, HOPE, and LIFE scholarship awards for a ninth semester to scholarship recipients who can demonstrate sufficient academic progress towards degree completion; or for tuition subsidies for a Maymester or summer class that leads to completion of an undergraduate degree.
- \$30 million to the South Carolina Technical College System for the purchase of high-demand job skill training equipment.

***Capital Projects and Deferred Maintenance.*** This Executive Budget prioritizes investments in initiatives that address existing priorities at our public higher education institutions and immediate workforce needs.

- \$70 million non-recurring funds for College of Veterinary Medicine at Clemson University;
- \$44 million non-recurring funds for deferred maintenance and health/safety upgrades at our four-year comprehensive institutions, two-year branch campuses of the University of South Carolina, and technical colleges;
- \$50 million non-recurring for Electric Vehicle (EV) Institutes at technical colleges to address existing workforce needs;
- \$35 million non-recurring funds for Health Sciences Campus at USC;

- \$34 million non-recurring funds for campus resiliency at MUSC;
- \$1 million for the Anne Frank Center at USC with \$500,000 recurring funds for the operations of the Center and \$500,000 non-recurring funds for security upgrades;
- \$1 million non-recurring funds for the Center for Civil Rights History and Research at USC.

***Battelle Alliance.*** This Executive Budget recommends \$20 million in non-recurring funds to continue funding for the Battelle Alliance, a collaborative nuclear science research partnership between the University of South Carolina, Clemson University, South Carolina State University, and the Savannah River National Laboratory. The Alliance will develop workforce training programs designed to fill engineering, science, research, and management positions for nuclear facilities operated by the Department of Energy. The Alliance received \$40 million in non-recurring funds in the current fiscal year.



## **CONSERVATION & THE ENVIRONMENT**

### ***FY 2024-2025 HIGHLIGHTS***

- \$33 million to invest in the preservation and conservation of land of cultural and environmental importance
- \$23.5 million to support the environmental program implementation of the DHEC Restructuring bill
- \$10 million to support the Disaster Relief and Resilience Reserve Fund
- \$5.7 million to invest in water quality infrastructure

### ***AGENCY RECOMMENDATIONS***

#### **Department of Natural Resources (DNR)**

- \$6 million non-recurring funds for the preservation and conservation of land of cultural and environmental importance;
- \$1.4 million non-recurring funds for information technology improvements;
- \$1.3 million non-recurring funds for body worn camera implementation;
- \$1.2 million recurring funds for retention and recruitment of critical agency personnel;
- \$1 million non-recurring funds for law enforcement boat replacement.

#### **SC Office of Resilience (SCOR)**

- \$10 million non-recurring funds for the protection and conservation of land of cultural and environmental importance;
- \$10 million non-recurring funds for the Disaster Relief and Resilience Reserve Fund.

#### **Conservation Bank**

- \$10 million non-recurring funds for the preservation and conservation of land of cultural and environmental importance.

#### **Department of Parks, Recreation and Tourism (PRT)**

- \$7 million non-recurring funds for beach renourishment;
- \$5 million non-recurring funds for sports marketing grants;
- \$5 million non-recurring funds to support new state park development;
- \$5 million non-recurring funds to support existing park renovations;
- \$3 million non-recurring funds for park revitalization grants;
- \$2.8 million recurring funds for retention and recruitment of critical agency personnel;
- \$1 million non-recurring funds for state park road paving;
- \$1 million non-recurring funds to support statewide marketing campaigns;
- \$250,000 non-recurring funds to support “Undiscovered SC” grants.

### **Forestry Commission**

- \$1.2 million recurring funds for retention and recruitment of critical agency personnel;
- \$300,000 non-recurring funds for equipment and supplies to support a forest inventory initiative.

### ***Preservation and conservation of culturally and environmentally significant habitats.***

Governor McMaster’s commitment to conserving as much land as possible in South Carolina coupled with his commitment to invest in resilience will improve the quality of life in South Carolina. The investments included in this Executive Budget will help preserve and conserve significant natural resource lands, wetlands, historical, and archaeological properties and urban parks for future generations to enjoy.

This Executive Budget recommends \$33 million in non-recurring funds spread across four resource agencies – DNR, PRT, SCOR, and the Conservation Bank – for the preservation and conservation of land of cultural and environmental importance. Additionally, the Executive Budget renews, and strongly supports, proviso language that requires resource agencies to communicate, collaborate, and cooperate to maximize the funds available for the greatest public benefit. Some of these opportunities become possible only for a short period of time, and the state cannot wait while agencies settle their turf wars. There is more than enough credit to be shared by working together to preserve and conserve as much habitat as possible for future generations of South Carolinians.

### **Department of Environmental Services (DES)**

- \$9.3 million recurring funds to retain and recruit an experienced workforce (DHEC Restructuring bill);
- \$5.8 million non-recurring funds and \$4.5 million recurring funds to support technology needs (DHEC Restructuring bill);
- \$1.3 million recurring funds and \$642,000 non-recurring funds to support facilities needs (DHEC Restructuring bill).

### **Department of Agriculture (SCDA)**

- \$926,000 recurring funds and \$1 million non-recurring funds to provide food protection services (DHEC Restructuring bill);

- \$811,000 recurring funds for retention and recruitment of critical agency personnel;
- \$603,000 recurring funds for information technology improvements.



## **Department of Transportation (SCDOT)**

- \$5 million non-recurring funds to support litter control for off-interstate roadways.

***Protecting our environment for future generations.*** South Carolina is the most beautiful state in the country. From the Blue Ridge Mountains in the west to the Atlantic Ocean coast in the east, all our rivers, lakes, sandhills, wetlands, forests, and beaches, we're blessed to live here. The natural beauty of our state makes it the best place in the country to live, work, and raise a family. Therefore, we must protect our environment with common-sense policies and best practices recommended by scientists and experts.

One of the most significant state government restructuring acts was Act 60 of 2023, commonly called the DHEC Restructuring bill. Working with the new Department of Environmental Services (DES), the Department of Agriculture (SCDA), and the Department of Administration (Admin), this Executive Budget recommends approximately \$23.5 million in recurring and non-recurring funds to support the implementation of this legislation.

The state park system is one of our most important resources for students, adventurers, and tourists to experience. The Executive Budget recommends significant investments – \$14 million in non-recurring funds – to renovate existing state parks, develop new state parks, provide grants for park revitalization, and ensure state park roads are accessible. PRT is the lead agency for tourism marketing, and this Executive Budget recommends \$6.25 million in non-recurring funds for marketing campaigns, including funding for the historic “Lady in Black” – Darlington Raceway, which currently hosts two NASCAR races each season. North Carolina is investing heavily in its race tracks and the two NASCAR races not only have a significant economic impact, but are a source of great state pride as Darlington is one of NASCAR’s most important venues.



## **LAW ENFORCEMENT AND PUBLIC SAFETY**

### ***FY 2024-2025 HIGHLIGHTS***

- \$23 million to invest in cell phone interdiction at state correctional institutions
- \$17.8 million to increase law enforcement officer salaries
- \$13.4 million to recruit 175 additional school resource officers
- \$1.92 million to expand the state's cybersecurity capabilities
- \$566,286 to combat criminal activity associated with animal fighting gangs

### ***AGENCY RECOMMENDATIONS***

#### **Department of Public Safety (DPS)**

- \$13.4 million recurring funds for an additional 175 school resource officers (SROs). With this recommendation, and the cumulative funding provided to DPS since FY 2021-2022, there are funds to provide a state-funded SRO in every public school in South Carolina, fulfilling a commitment by this Administration;
- \$3.2 million non-recurring funds for vehicle and equipment maintenance;
- \$3 million non-recurring funds for local enforcement grants for law enforcement agencies that do not qualify for existing DPS federal grant programs;
- \$2.2 million non-recurring funds for information technology improvements and shared services with the Division of Technology Operations within the Department of Administration;
- \$1.7 million recurring funds for law enforcement salaries due to step increases;
- \$1.5 million non-recurring funds for DPS weapons transition program;
- \$902,400 recurring funds for Highway Patrol officers overtime compensation.

#### **State Law Enforcement Department (SLED)**

- \$2.7 million non-recurring funds for information technology and data privacy improvements;

- \$2 million non-recurring funds for equipment to support counter terrorism, forensics, and communications needs;
- \$1 million non-recurring funds and \$879,300 recurring funds to support the South Carolina Critical Infrastructure Cybersecurity Program (SC CIC), which provides critical services and shares cybersecurity intelligence to prevent cyber threats, incidents, or attacks that could affect the more than 90% of the state’s critical infrastructure organizations;
- \$552,433 recurring funds for law enforcement salaries due to rank promotions;
- \$500,000 non-recurring funds for vehicle replacement;
- \$348,486 recurring funds and \$217,800 non-recurring funds to recruit three new SLED agents dedicated to combating criminal activity related to and associated with animal fighting gangs.

### **Law Enforcement Training Council**

- \$620,519 non-recurring funds for security system improvements as the current system is inadequate for the South Carolina Criminal Justice Academy (SCCJA) campus;
- \$70,825 recurring funds for SCCJA instructor salaries due to step increases.

***Safe communities.*** Public safety will always be among Governor McMaster’s highest priorities. The past three budgets have seen a tremendous partnership with the General Assembly to provide tens of millions in additional funding to increase compensation for law enforcement officers in several state agencies. This Executive Budget builds upon that investment by recommending approximately \$17.8 million in new recurring funds for compensation to recruit and retain law enforcement officers at the State Law Enforcement Division (SLED), the Department of Public Safety (DPS), Probation, Parole, and Pardon Services (PPP), the Department of Corrections (SCDC), the Law Enforcement Training Council, Forestry Commission, and Department of Natural Resources (DNR).

As important as compensation is for any profession, respect for the profession is just as important. Unlike many other states, the people of South Carolina respect law enforcement. The “defund the police” movement never gained any traction in South Carolina, and many large metropolitan areas that embraced this ill-conceived policy have retreated from it as crime rates have risen in their cities. We should thank South Carolina’s law enforcement officers for their dedicated public service to keep our communities safe.

However, the work to reduce crime in every corner of the state never ends. One area where the General Assembly needs to step up and help law enforcement is to pass legislation creating graduated penalties for illegal firearm possession. According to SLED, the weapon violation law rate increased 11.1% from 2021 to 2022, which was the ninth consecutive yearly increase. Among juvenile offenders, there was 44.2% increase in the weapon violation law rate from 2021 to 2022. From 2013 to 2022, the weapon violation law rate increased a staggering 106%.

Governor McMaster, a former state and federal prosecutor, has repeatedly called on the General Assembly to act and close the revolving door for repeat offenders and career criminals. Act 83 of 2023, the Bond Reform bill, although watered-down during the legislative process, was a step in the right direction. There is more work to be done to make our communities safer and keep career criminals behind bars.

Governor McMaster strongly urges the General Assembly to appropriate additional funds to increase law enforcement pay. Our state is poised for lower crime rates in the future and the time to act on crime is now. School resource officers serve a critical purpose in our schools. This budget recommends \$13.4 million in recurring funds to recruit and hire an additional 175 new SROs. We make these investments to keep our young people safe because without maintaining a safe and secure environment in our schools and communities, our students will never reach their full potential. If the General Assembly funds this recommendation, we will fulfill a promise to the public by funding an SRO in every public school in every community in South Carolina.

Animal fighting, especially dog fighting, is one of the cruelest criminal activities in our society. In September 2022, a SLED agent dedicated to combating animal fighting, working in collaboration with other law enforcement agencies, executed the “biggest takedown of a dogfighting operation in South Carolina history,” according to the U.S. Attorney’s office. The Executive Budget expands upon this success by recommending \$566,286 in recurring and non-recurring funds to hire three additional SLED agents dedicated to taking down more animal fighting operations in South Carolina and assisting local law enforcement agencies that investigate this type of criminal enterprise.

The South Carolina Critical Infrastructure Cybersecurity (SC CIC) Program is a SLED initiative whose mission is to provide critical services and share cybersecurity intelligence to prevent cyber threats, incidents, or attacks that could affect the more than 90% of the State’s critical infrastructure organizations. SC CIC has several partnerships including the National Guard, institutions of higher education, utility providers, critical infrastructure operators, local law enforcement agencies, and local governments. SC CIC personnel are highly trained at analyzing, protecting, responding to, mitigating, and recovering from the effects and consequences of any such incidents or attacks on municipalities, counties, and private critical infrastructure to ensure the health, safety, and well-being of South Carolina’s citizens and businesses. This Executive Budget recommends \$1.92 million in recurring and non-recurring funds for this important public safety initiative that is the fastest growing threat to our state and its citizens.

#### **Department of Corrections (SCDC)**

- \$15 million non-recurring funds and \$8 million recurring funds to support the agency’s cell phone interdiction initiative;
- \$12 million non-recurring funds for Phase 1 of an agency-wide information technology system initiative;
- \$3.7 million non-recurring funds for security vehicles and radio replacements;

- \$955,462 recurring funds for retention and recruitment of critical agency law enforcement personnel;
- \$545,000 non-recurring funds to create a transitional care unit for inmates requiring palliative or other specialized care, and expanding the agency's K9 capacity from three to eight teams by training five new K9's.

### **Department of Juvenile Justice (DJJ)**

- \$3 million recurring funds for retention and recruitment of critical agency personnel, specifically non-law enforcement personnel in the Community Services Division;
- \$1.5 million recurring funds for juvenile offenders for whom an in-state, community-based placement is more appropriate, or an out-of-state placement is necessary due to a lack of in-state facilities with the appropriate support systems;
- \$1.5 million non-recurring funds for increased workers' compensation costs and vehicle rotation;
- \$800,000 recurring funds for increased information technology costs.

### **Department of Probation, Parole, and Pardon Services (PPP)**

- \$414,685 non-recurring funds for body worn cameras;
- \$45,092 recurring funds for law enforcement salaries due to step increases.

***Correctional, rehabilitative, and reentry programs.*** In July 2023, SCDC became the first corrections agency in the nation to utilize a process, established by the Federal Communications Commission (FCC), to submit a request to permanently disable over 300 contraband phone numbers and devices detected by an FCC-certified contraband interdiction system (CIS) at Lee Correctional Institution. This Executive Budget recommends \$23 million in recurring and non-recurring funds to begin the implementation of CIS at each of the SCDC's twenty-one institutions and reduce the criminal activity that is taking place in correctional facilities because of contraband cell phones. Additionally, this Executive Budget supports the agency's request to begin Phase 1 of a multi-year information technology system program with a recommendation for \$12 million in non-recurring funds, as well as \$955,462 in recurring funds for SCDC law enforcement officers' compensation.

### **Judicial Department**

- \$1.5 million recurring funds to support one family court law clerk in each of the state's sixteen judicial circuits.

### **Attorney General**

- \$282,148 recurring funds to expand Internet Crimes Against Children Task Force by recruiting one additional attorney and one additional investigator.

***A constitutionally-based, impartial judicial system.*** Currently no judicial circuit is meeting the family court benchmark of resolving 80% of family court cases within 365 calendar days. According to the Department of Social Services, access to family courts and a court's ability to process cases in a timely manner is critical to improving conditions for children in South Carolina. The addition of family court law clerks will improve the efficiency of Family Court and reduce the time in resolving cases. The law clerks will also promote consistency and provide much needed support to the Family Court bench.

### **Department of Labor, Licensing and Regulation (LLR)**

- \$3 million non-recurring funds for a grant program for local fire departments;
- \$1 million non-recurring funds for the State Fire Marshal's office, specifically the Urban Search and Rescue (USAR) mission;
- \$503,095 non-recurring funds to meet federal grant program state financial match requirements.

***Emergency Response.*** South Carolina Task Force 1 (SC-TF1) is an Urban Search and Rescue (USAR) team providing a coordinated response to disasters in urban environments. Emphasizing location and extrication of victims trapped in largely populated areas, the task force is capable of responding to state and national disasters including earthquakes, hurricanes, widespread tornadoes, and man-made technological and terrorist events. This Executive Budget recommends over \$1 million non-recurring funds to support SC-TF1's mission. There are four specializations:

- Search operations, including hazard assessment, physical, canine, and electronic searches;
- Rescue operations, including wood, steel, and concrete structures (reinforced and unreinforced);
- Medical treatment, including injured task force members and entrapped victims;
- Technical support for task force operations, including structural integrity assessment, HAZMAT assessment, weapons of mass destruction, and liaison with heavy equipment operators.

Additionally, the Executive Budget recommends \$3 million in non-recurring funds for a local fire department grant program to support the needs of first responders in their local communities.



## **VETERANS AND MILITARY COMMUNITIES**

### ***FY 2024-2025 HIGHLIGHTS***

- \$81.3 million to support and invest in veterans nursing homes
- \$6.3 million to expand the State Emergency Operations Center
- \$5 million to invest in the Military Enhancement Grant Program
- \$3.3 million to invest in armory revitalization
- \$1.3 million for improvements at the M.J. “Dolly” Cooper Veterans Cemetery

### ***AGENCY RECOMMENDATIONS***

#### **Department of Veterans’ Affairs (SCDVA)**

- \$49 million non-recurring funds for capital improvements to veterans nursing homes, including \$40.6 million for the state match for the future facility located in Lexington County. The remaining funds will be used to make improvements at existing veterans nursing homes with the exception of Stone Veterans Pavilion, which \$5 million in non-recurring funding has been recommended in the budget for the Department of Mental Health;
- \$25.5 million recurring funds to support the operations of four existing veterans nursing homes and the fifth facility under construction in Sumter County, as part of the transfer of veterans nursing homes operations from the Department of Mental Health to the Department of Veterans’ Affairs as prescribed in the DHEC Restructuring bill. If the DHEC Restructuring bill had not been enacted, veterans nursing homes would have still required additional resources;
- \$5 million non-recurring funds for the Military Enhancement Grant program, which South Carolina communities with military installations can access funding to support their local bases;
- \$1.3 million non-recurring funds to construct a second committal shelter used for internment and burial services at the M.J. “Dolly” Cooper Veterans Cemetery;



- \$954,244 recurring funds to implement the recommendations of the Boston Consulting Group and contract with third party vendors to provide support for the operations of the veterans nursing homes, such as resident billing, auditing, cost reporting, and adverse incident reviews (DHEC Restructuring bill);
- \$866,392 recurring funds for retention and recruitment of critical agency personnel to provide oversight of the veterans nursing homes, as recommended by the Boston Consulting Group on the transfer of veterans nursing homes operations (DHEC Restructuring bill);
- \$182,000 non-recurring funds to expand the programming of the Military Child Education Coalition in South Carolina;
- \$169,945 non-recurring funds to contract for personnel services – a service officer and a program coordinator – to provide South Carolina veterans support when receiving care at the Charlie Norwood VA Medical Center in Augusta, Georgia, which is the closest VA facility for many South Carolina veterans.

### **Office of the Adjutant General**

- \$6.3 million non-recurring funds to expand the State Emergency Operations Center (SEOC), which includes expansions of the SC National Guard’s Joint Operations Center (JOC), additional office space for the South Carolina Emergency Management Division (SCEMD), and increased facility parking;
- \$3.3 million non-recurring funds for armory revitalization;
- \$275,821 recurring funds for retention and recruitment of critical agency personnel.

***Veterans and Military Communities.*** South Carolina is a proud military state. We have more than 50,000 active duty and reserve members of the military, eight major military installations and almost 400,000 veterans who call South Carolina home. Additionally, 50% percent of all soldiers entering the Army each year come through Fort Jackson and more than 50% of Marines come through Parris Island annually.

We want South Carolina to continue to be known as the most military-friendly state in the country. In 2022, and after years of advocacy by this office, Governor McMaster signed Act 156, the Workforce Enhancement and Military Recognition Act, into law that exempts all military retiree pay from state income taxes. This tax cut represents nearly \$8 million annually that our military retirees will not pay in income taxes.

Act 60 of 2023, the DHEC Restructuring bill, transferred responsibility for the oversight and operations of the state’s veterans nursing homes from the Department of Mental Health (DMH) to the Department of Veterans’ Affairs (SCDVA) in two stages: all facilities except for Stone Veterans Pavilion (Stone) are the responsibility of SCDVA beginning July 1, 2024, and then responsibility for Stone is transferred on July 1, 2025.

This Executive Budget recommends \$27.3 million in recurring and \$49 million in non-recurring funds directly tied to the state’s veterans nursing homes that will be the responsibility of SCDVA

beginning July 1, 2024. The largest request is approximately \$40.6 million in non-recurring funds to meet the state financial match requirements to construct a new veterans nursing home in Lexington County. The remaining \$8.4 million in non-recurring funds allocated to SCDVA would be used to make repairs and renovations to existing state veterans homes located in Anderson, Cherokee, Colleton, and Florence counties. While not included in the SCDVA request, \$5 million in non-recurring funds for repairs to Stone have been recommended in this Executive Budget through DMH.

Regarding recurring funds, \$25.4 million in recurring funds are requested to support the operations of four existing veterans nursing homes (excluding Stone) and when the new facility in Sumter County opens in 2024. These operating funds would have been requested by DMH even if there had been no legislation mandating the transfer of responsibility for veterans nursing homes. Boston Consulting Group, an expert hired by the Department of Administration to assist in the transfer process, recommended additional staffing and services needed by SCDVA to provide oversight of the veterans nursing homes at a cost of \$1.8 million in recurring funds.

This Executive Budget recommends \$5 million in non-recurring funds for the Military Enhancement Grant program administered by SCDVA, which supports our communities with military installations as they promote the importance of these bases. These funds will be distributed as grants to improve the operational capability of a military installation or improve the quality of life for military families in the local community. These projects strengthen South Carolina's military installations if the federal government was to initiate a base realignment and closure (BRAC) program in the future. To honor our veterans, the Cooper Veterans Cemetery is recommended to receive \$1.3 million in non-recurring funds to construct a second committal shelter used for internment and burial services.

The Executive Budget recommends \$3.3 million in non-recurring funds to the Office of the Adjutant General for armory revitalization. The State Emergency Operations Center (SEOC) needs repairs and expansion to provide an appropriate facility to command state operations. Therefore, the Executive Budget recommends \$6.3 million in non-recurring funds to expand the SEOC, which includes expansions of the SC National Guard's Joint Operations Center (JOC), and additional office space for the South Carolina Emergency Management Division (SCEMD).

The SEOC and JOC provide a central location for the coordination of responses to emergencies and disasters affecting the state and its residents. This mission requires around-the-clock operational capability, as well as space for the Federal Emergency Management Agency (FEMA) to be on-site during a federally-declared disaster. The current facility needs additional space to coordinate the state's responses more effectively and efficiently, and to support daily recovery, mitigation, and preparedness actions.



## **HEALTH AND SOCIAL SERVICES**

### ***FY 2024-2025 HIGHLIGHTS***

- \$94.6 million to invest in the state's Medicaid program, Healthy Connections
- \$20 million to support the public health implementation of the DHEC Restructuring bill
- \$14.3 million to enhance child welfare placement stability
- \$10 million to support a pilot project to reduce homelessness
- \$5 million to provide working families childcare scholarships

### ***AGENCY RECOMMENDATIONS***

#### **Department of Health and Human Services (DHHS)**

- \$44.7 million recurring funds to maintain access for patients to their doctors and medical professionals by increasing provider reimbursement rates;
- \$36.1 million recurring funds for Medicaid maintenance of effort;
- \$13.8 million recurring funds to maintain access for patients to behavioral health professionals by increasing provider reimbursement rates;

#### **Department of Public Health (DPH)**

- \$11.8 million non-recurring funds and \$4.2 million recurring funds to support technology needs (DHEC Restructuring bill);
- \$5 million recurring funds for retention and recruitment of critical nursing professionals;
- \$3.7 million non-recurring funds and \$347,000 recurring funds to support facilities needs (DHEC Restructuring bill);

#### **Department of Mental Health (DMH)**

- \$10 million non-recurring funds to support a pilot project to reduce homelessness through a public-private partnership to provide a comprehensive resource center and services;

- \$5 million non-recurring funds to complete upgrades and improvements at the Stone Veterans Pavilion;
- \$100,000 recurring funds for a mental health clinician stationed at the Capitol Complex.

#### **Department of Disabilities and Special Needs (DDSN)**

- \$3 million non-recurring funds for DDSN’s partnership with the Greenwood Genetics Center for a research initiative studying Alzheimer’s disease to be named in honor of former Governor Carroll Campbell, Jr.;
- \$2 million non-recurring funds for DDSN’s partnership with the Greenwood Genetics Center for its genomic initiative to provide more personalized treatment plans for individuals with intellectual disabilities and those on the autism spectrum. This constitutes the fifth year of a five-year strategic plan to invest \$10 million in this initiative.

#### **Department of Aging**

- \$500,000 recurring funds to support caregivers who provide care to people living with Alzheimer’s disease or dementia;
- \$63,450 recurring funds for retention and recruitment of critical agency personnel;

#### **Commission for the Blind**

- \$311,536 recurring funds for retention and recruitment of critical agency personnel;
- \$292,572 recurring funds to increase services for persons age 55 and older.

**Public health.** The delivery of health care is experiencing unprecedented change. According to industry experts in public reports, private sector employer-provided health insurance plans are likely to increase in cost by 6-7% in 2024. These increases put a pinch on family budgets and pose a risk to accessing health care due to a person’s ability to afford care.

In South Carolina we’re addressing access by unleashing the free market and creating more competition between providers. A great example of this is the repeal of the state’s Certificate of Need (CON) program this year. As Governor McMaster wrote to the House of Representatives on May 2, 2022, “I believe that CON has become antiquated and ineffective in today’s modern free marketplace, much in the same way that rotary phones are no longer practical for telecommunication purposes. CON stifles entrepreneurship, capital investment, and competition, while limiting access and creating monopolies in South Carolina’s healthcare market. This practice has the practical effect of delaying access to healthcare services in rapidly growing areas of our state, it provides no incentive for capital investment in our rural counties, and it provides no relief to our citizens from rising healthcare costs.”

South Carolina is not an island in the national health care ecosystem, and we must understand what is happening in health care to prepare for the future. That is why last year Governor McMaster proposed, and the General Assembly funded, a \$5 million health care agency restructuring study that must be completed by June 30, 2024. Because the recommendations of this study may have long-term ramifications, this Executive Budget makes targeted investments

in health care agencies to help patients and beneficiaries today while state government leaders await the final report on the future structure of the health care delivery system.

To support Healthy Connections, the state's Medicaid program, the Executive Budget recommends approximately \$94.6 million in recurring funds. To ensure patient access to a quality network of providers, \$44.7 million in recurring funds is recommended for provider rate increases including primary care physicians, dentists, speech, occupational, and physical therapists. Behavioral health providers would realize rate increases with an additional \$13.8 million in recurring funds allocated to DHHS. Lastly, to meet federal requirements, \$36.1 million in recurring funds is recommended for the Medicaid maintenance of effort.

Act 60 of 2023, the DHEC Restructuring bill, created the Department of Public Health (DPH). This Executive Budget recommends approximately \$20 million in recurring and non-recurring funds to support the implementation of the legislation.

Three important initiatives are recommended for funding at DMH. First, \$10 million in non-recurring funds for a public-private partnership to pilot a comprehensive resource center with wraparound services to reduce homelessness in the Columbia area. This project is based upon a model used in the Houston, Texas metropolitan area. After a dozen years of this model, Houston saw a 64% reduction in homelessness and an astounding 17% decline in 2023 alone. If this model proves successful it could be replicated in other communities in the state.

The Executive Budget recommends \$5 million in non-recurring funds to repair portions of Stone Veterans Pavilion, which must remain in operation until a new veterans nursing home is constructed in Lexington County. DMH will operate Stone Veterans Pavilion until July 1, 2025, when responsibility for the facility and its operations will transfer to the Department of Veterans' Affairs per the DHEC Restructuring bill. Lastly, the Capitol Complex is a central location that many people who are homeless, have substance abuse issues, or mental health conditions seek out for help. To aid these individuals, this Executive Budget requests \$100,000 to fund a mental health clinician onsite at the Capitol Complex.

For the seventh year in a row, this Executive Budget includes a proviso preventing taxpayer dollars from going to abortion providers like Planned Parenthood. There are a variety of agencies, clinics, and medical entities in South Carolina that receive taxpayer funding to offer important women's health and family planning services without performing abortions. South Carolinians' tax dollars must not be funneled to organizations that do not represent South Carolina values or priorities.

### **Department of Social Services**

- \$14.35 million recurring funds to enhance placement stability for children/youth by increasing provider rates via family-like foster homes and group/congregate foster care facilities, therapeutic foster care rates, child placement services, and emergency stabilization beds;

- \$5 million non-recurring funds to support working families childcare scholarships;
- \$5 million non-recurring funds for information technology and data privacy upgrades.

**Department of Children's Advocacy**

- \$800,000 recurring funds for retention and recruitment of critical agency personnel in the Cass Elias McCarter Guardian ad Litem Program and Heart Gallery;
- \$85,000 recurring funds and \$82,400 non-recurring funds for information technology.

***Social Services.*** This Executive Budget recommends over \$14 million in recurring funds to ensure compliance and implementation of the final settlement agreement associated with the *Michelle H., et.al.* This includes funds to increase provider rates for family-like foster homes and group/congregate foster care facilities, therapeutic foster care rates, child placement services, and emergency stabilization beds.

Additionally, with the oversight of the Division of Technology Operations under the Department of Administration, \$5 million in non-recurring funds is recommended to further software development to replace a 35-year-old system that verifies eligibility and delivers SNAP and TANF benefits to 630,000 individuals.

This budget recommends \$967,400 to support the Department of Children's Advocacy in holding state agencies accountable for the services provided to children and families, including the Cass Elias McCarter Guardian ad Litem Program.



## **GENERAL GOVERNMENT OPERATIONS & SECURE ELECTIONS**

### ***FY 2024-2025 HIGHLIGHTS***

- \$1.16 billion rainy day fund – an increase of \$54.3 million
- \$900.6 million for recurring tax relief
- \$107.5 million for the state health plan and no employee premium increase for the 12th consecutive year
- \$44 million to recruit and retain critical state agency personnel
- \$39.5 million for first responder income tax credits
- \$9.1 million to ensure a fair and fraud-free election in 2024

### ***AGENCY RECOMMENDATIONS***

#### **Taxes and Rainy Day Fund**

- \$800.8 million recurring funds for the Tax Relief Trust Fund;
- \$99.8 million recurring funds to decrease the individual income tax rate to 6.3%;
- \$54.3 million non-recurring funds to increase the state's rainy day fund to over \$1.2 billion, which is 10% of the general funds available in the General Appropriations Act and is the largest rainy day fund in state history;
- \$39.5 million recurring funds to implement a \$2,000 nonrefundable state income tax credit for every active-duty law enforcement officer, firefighter, first responder, and emergency medical technician employed by a public entity.

#### **Aid to Subdivisions**

- \$291.3 million recurring funds to fully fund the Local Government Fund.

***Conservative budgeting.*** Governor McMaster has consistently advocated for conservative budgeting principles, such as lowering taxes and increasing reserve funds. This Executive

Budget increases the state's rainy day fund to 10% of the general funds available in the General Appropriations Act. If the General Assembly allocates \$54.3 million in non-recurring funds, the state's rainy day fund will be at its highest level in state history. This is prudent financial management when interest rates are at their highest level since 2001.

The state's economy continues to expand due to the hard work of South Carolina's businesses and their employees. The statutory threshold for revenue growth has been met to automatically reduce the individual income tax rate to 6.3% for tax year 2024. Additionally, this Executive Budget calls for a \$2,000 nonrefundable state income tax credit for every active-duty law enforcement officer, firefighter, first responder, and emergency medical technician employed by a public entity. These public servants put their lives on the line each day. Not only does this policy recognize the inherent risk they assume, but it can also be a recruitment tool for hard-to-staff positions in law enforcement and emergency response agencies.

#### **Department of Administration (Admin)**

- \$18.7 million recurring funds and \$17.6 million non-recurring funds to support the health care agency campus relocation initiative due to the DHEC Restructuring bill;
- \$5 million recurring funds to invest in the Division of Information Security for enhanced cybersecurity capabilities;
- \$5 million recurring funds for facilities owned and maintained by Admin, which would eliminate deferred maintenance backlogs and support operational needs in all Admin buildings for several future fiscal years;
- \$1 million non-recurring funds to invest in communications equipment to provide communications and internet connectivity services to South Carolina's state agencies, counties and citizens in the event of a natural disaster or emergency incident;
- \$200,000 non-recurring funds to study the Capitol Complex and determine if relocating power transmission lines would increase public safety and the aesthetics of the State House grounds.

#### **Comptroller General**

- \$500,000 recurring funds for retention and recruitment of critical agency personnel.

#### **Revenue and Fiscal Affairs Office**

- \$500,000 recurring funds for retention and recruitment of critical agency personnel and to implement Act 67, the Statewide Education and Workforce Act of 2023;
- \$150,000 recurring funds for information technology and data security upgrades.

#### **Secretary of State**

- \$100,000 recurring funds for retention and recruitment of critical agency personnel.

#### **Department of Insurance**

- \$325,000 recurring funds for retention and recruitment of critical agency personnel.



**Department of Motor Vehicles**

- \$6 million non-recurring funds for information technology modernization.

***Providing excellent customer service.*** The people of South Carolina are the customers of state government, and they should receive excellent customer service. For state agencies, they too need excellent customer service. They receive it from the Department of Administration (Admin), which is led by one of the true unsung heroes in our state, Director Mrs. Marcia Adams. This Executive Budget proposes several funding increases that support the core functions of the agency.

Admin owns and maintains several state buildings. An investment of \$5 million recurring funds, when combined with the \$10 million recurring fund investment in FY 2023-2024, will allow Admin to eliminate the deferred maintenance backlog and planned capital improvements for several future fiscal years. It is fiscally prudent to allocate these funds to complete these repairs today before maintenance delays cause costs to increase, as well as eliminates the need for Admin to make multiple requests over multiple budget cycles. Governor McMaster thanks the General Assembly for providing two-thirds of this funding in FY 2023-2024 and recommends the remaining one-third in the FY 2024-2025 budget.

Cybersecurity is the fastest growing threat to state government, institutions of higher education, health care providers, and businesses. This Executive Budget recommends over \$5 million recurring funds to enhance the cybersecurity capabilities of Admin's Division of Information Security. This is a critical service provided to state agencies, which protects the citizens and the data they choose to share with state agencies when accessing services.

Governor McMaster was proud to appoint Mr. Brian Gaines as the state's Comptroller General on May 12, 2023. Comptroller Gaines is a true public servant who stepped up when the state needed him most in a critical role. Mr. Gaines is rebuilding the Office of the Comptroller General and the Executive Budget recommends \$500,000 recurring funds to finish this reorganization.

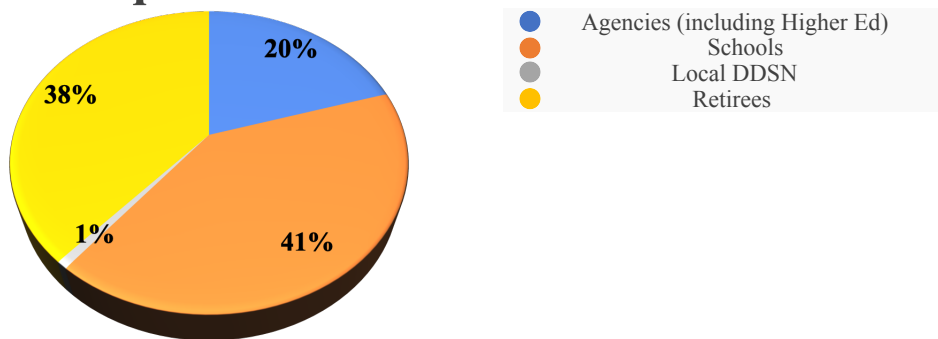
### **State Employee Recruitment and Retention**

- \$44 million recurring funds to provide funding for retention and recruitment initiatives for critical agency personnel across all state agencies.

### **Public Employee Benefit Authority (PEBA)**

- \$107.6 million recurring funds for the State Health Plan with no resulting employee premium increase, maintaining the provision of an annual wellness visit and an OBGYN annual visit with no patient cost sharing. Below is a pie chart and data table showing the share of this request by beneficiary group.

### **State Health Plan Requirements**



<b>Beneficiary Group</b>	<b>Funding Share (\$)</b>	<b>Funding Share (%)</b>
Public Schools (PK-12)	\$43.602 million	41%
Retirees	\$41.318 million	38%
State Agencies (includes Higher Education)	\$21.781 million	20%
Local DDSN Boards	\$854,000	<1%

***Supporting state employees.*** This Executive Budget recommends there be no increase in employee premiums for State Health Plan participants by proposing \$107.55 million in recurring funds. This is the 12<sup>th</sup> consecutive year without an increase in the employee premium contribution for the State Health Plan. The annual wellness visit and annual OBGYN visit with no patient cost sharing will be maintained.

Governor McMaster has consistently called for the General Assembly to address the long-term solvency of the South Carolina Retirement System (SCRS). The SCRS has one of the largest unfunded liabilities in the nation at nearly \$25 billion. This includes an increase of \$236 million in its unfunded liability over the past year, according to PEBA’s actuarial valuation report

presented to the PEBA board on December 6, 2023. The SCRS funded ratio, a measure of the health of a defined benefit plan, was 57.9% according to the report, a level not reached since 2016 when the funded ratio was 59.5%. The report estimates the SCRS will not be fully funded until 2039 at the earliest, if certain market assumptions come to pass including at least a 7% return on the plan's market assets.

We must maintain our commitment to South Carolina's population that relies on state retirement systems, while protecting taxpayers from bearing any additional financial burden caused by inaction or indecision. That means enacting a date-certain transition away from defined benefit pension plans to defined contribution retirement plans for new state employees.

This budget includes proviso language which will close enrollment in the SCRS to new members. A person who otherwise would have been required or eligible to become a member of SCRS and employed by the state after December 31, 2024, instead shall join the State Optional Retirement Program (State ORP) administered by PEBA. Adopting this reform will require a concerted expenditure of political willpower on behalf of the General Assembly. Yet, it pales in comparison to the cost of inaction, which threatens a much more permanent paralysis in the form of future higher taxes on the general population or significant budget cuts to important public services, in order to keep SCRS solvent for beneficiaries.

#### **State Election Commission**

- \$5.28 million non-recurring funds for grants to county election commissions;
- \$3 million non-recurring funds to increase compensation for poll workers;
- \$326,200 recurring funds for retention and recruitment of critical agency personnel;
- \$300,000 recurring funds for election integrity and security upgrades;
- \$216,977 non-recurring funds to meet federal funding match requirements of the Help America Vote Act (HAVA).

*Securing a fair and fraud-free election in 2024.* Voters must have confidence in the integrity of our elections if they are to have confidence in elected officials in local, state, and federal governments. The Executive Budget recommends \$9.1 million in recurring and non-recurring funds to support the State Election Commission, county election commissions, and poll workers so that the 2024 election is fair and fraud-free.

#### **Commission on Minority Affairs**

- \$250,000 recurring funds to support state-recognized Native American Tribes and Groups.

#### **State Museum Commission**

- \$292,520 recurring funds for retention and recruitment of critical agency personnel.

#### **Department of Archives & History**

- \$3 million non-recurring funds for the SC American Revolution Sestercentennial Commission for activities leading up to the United States Sestercentennial held July 4, 2026;
- \$250,000 recurring funds for shared services information technology costs.

**Human Affairs Commission**

- \$66,882 recurring funds for retention and recruitment of critical agency personnel.

**South Carolina ETV (SCETV)**

- \$1 million non-recurring funds and \$410,705 recurring funds to support statewide state government transparency initiatives, such as live streaming of state boards, commissions, and the General Assembly.

***Cultural agency support.*** The Executive Budget proposes funding recommendations for agencies that support our shared culture, arts, and history. The 250th anniversary of the Declaration of Independence is 30 months away. This once in a lifetime event is an opportunity for the people of the United States of America to come together and recommit ourselves to the ideals of life, liberty, and the pursuit of happiness. The Executive Budget recommends \$3 million non-recurring funds for South Carolina’s Sestercentennial Commission and its associated activities leading up to this historic event.

The importance of Native Americans on the history of South Carolina cannot be understated. Long before Europeans arrived on the shores of South Carolina, indigenous peoples such as the Ashepoo, Bohicket, Catawba, Combahee, Edisto, Escamacu, Etiwan, Hoya, Kiawah, Kussah, Kussoe, Mayon, Sampa, Sewee, Stalame, Stono, Touppa, Wando, Wimbee, and Witcheaugh hunted in the forests, fished in the rivers, and raised families off the land.

This Executive Budget recommends \$250,000 non-recurring funds to the Commission on Minority Affairs to support state-recognized Tribes and Groups:

- Beaver Creek Indians;
- Edisto Natchez-Kusso Tribe of South Carolina;
- Pee Dee Indian Nation of Upper South Carolina;
- Pee Dee Indian Tribe;
- Piedmont American Indian Association;
- Santee Indian Organization;
- Sumter Tribe of Cheraw Indians;
- Waccamaw Indian People;
- The Wassamasaw Tribe of Varnertown Indians;
- Chaloklowa Chickasaw Indian People;
- Eastern Cherokee, Southern Iroquois and United Tribes of South Carolina;
- Natchez Tribe of South Carolina;
- Pee Dee Indian Nation of Beaver Creek.

***Ethical and transparent government.*** South Carolinians must trust their representatives, and the state's representatives must demonstrate they are deserving of that trust.

Along with former Attorney General Travis Medlock, Governor McMaster co-chaired the South Carolina Commission on Ethics Reform and made a series of ethics reform recommendations, some of which have been implemented, and some of which have not. Governor McMaster's continued goal is to see each ethics reform recommendation enacted. This Executive Budget proposes that anyone paid to influence decisions made by county, city, town councils, and school boards should be required to register as a lobbyist, just as they are required to do so at the state level.

Governor McMaster applauds the General Assembly for passing the most transparent and accountable budget in modern times last year. After decades of overriding the vetoes of successive governors, the leadership of the Senate and House of Representatives now provides for not only the public disclosure of the sponsors and recipients of earmarked appropriations, but they also disclose the activity, function, or project for which the earmark is intended, the public purpose served, the budget, a description of community support, and details on the identity and function of the recipient organization. To further increase transparency, these earmarks have been posted online on the official Office of the Governor [website](#).

However, there is a better way to accomplish this transparency and accountability for the taxpayers. Governor McMaster once again asks the General Assembly to consider his proposal to create a public, merit-based competitive grants process for these types of appropriations, especially as it relates to non-governmental organizations. Administered by state agencies, funds would be made available only to entities which demonstrate required community support and missions consistent with the policy goals and outcomes intended by the General Assembly. Further, all applications and award criteria would be placed online, allowing for public scrutiny and total transparency.

***Adoption of Shared Services.*** As the issues that face South Carolina's state government continue to evolve and require new and flexible skill sets, it makes sense to centralize as many back-office and support functions as possible across state government. The South Carolina Department of Administration, our state's central administrative agency, is best positioned to lead in the adoption of a shared service model, which is frequently used by large organizations in the private sector.

In this year's Executive Budget, we strongly urge the General Assembly to retain two provisos calling for the adoption of shared services models at the Department of Administration to support state agency needs in IT and human resources.

Numerous studies have not only shown the potential for significant cost savings through a shared services model, but also cited security concerns with "islands of computing" across numerous state agencies. Adopting a common IT infrastructure allows South Carolina to respond more

quickly and effectively to emerging security threats that pose risks to all agencies. Adopting a shared IT services model will also allow the state to better leverage its overall buying power.

Many South Carolina state agencies use and purchase similar applications and products. Purchasing and managing these items through a shared model will empower the state to share costs, achieve economies of scale, and lower the cost to the taxpayer while purchasing needed IT solutions more easily. Finally, successfully adopting a shared services model will provide the Department of Administration with an opportunity to connect agencies to brokered services available through state contract, which reduces procurement timelines and offers maximum value for the state.

Adopting a shared services model to support the human resources needs of state agencies has some of the same benefits as a shared IT model. A shared services model can help the state make more data-driven staffing and salary decisions. Supporting state government-wide human resources functions through the Department of Administration will help better evaluate agency compensation, hiring, and vacancy trends by allowing for easier comparisons across multiple state agencies.