



## **Governor Nikki R. Haley**

### **State of the State Message**

**As Prepared for Delivery**  
**Wednesday, January 18, 2012**

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

This and every year, we will continue the tradition that recognizes the certain truth that nothing said in this Chamber tonight, or done in this Chamber tomorrow, would be possible without the commitment and sacrifice of the men and women in uniform who bravely serve our state and nation.

The hardest part of my job is the calls I make to the families of our fallen heroes, but each time I put down the phone, I am touched and amazed by the strength, the grace, and the pride with which these brave survivors handle the tremendous sacrifice of their loved one.

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

Senior Airman Nicholas J. Alden

Sergeant First Class Alvin A. Boatwright

Staff Sergeant Thomas J. Dudley

Sergeant Lashawn D. Evans

Private First Class Kalin C. L. Johnson

Sergeant First Class Johnathan Bryant McCain

Gunnery Sergeant Ralph Earl Pate, Jr.

Private First Class Cheziray Pressley

Master Public Safety Officer Edward Scott Richardson

Sergeant Ryan D. Sharp

Chief Warrant Officer Terry L. Varnadore II

Sergeant First Class Anthony Venetz, Jr.

Private First Class Justin M. Whitmire

We will never forget.

We are a patriotic people, South Carolinians. We love our state, we love our country, and we love our men and women who put on the uniform, who keep us safe. They are our parents and our children, our husbands and our wives, our mothers, our fathers, our siblings, our friends.

We are honored to have with us the parents of one of those heroes, Lance Corporal William “Kyle” Carpenter from Gilbert, who was wounded in Afghanistan and is continuing his recovery at Walter Reed. The prayers of South Carolina continue to be with Kyle and all of our wounded veterans. Mr. and Mrs. Jim Carpenter, thank you for being here.

Tonight, there are 766 families across the state with loved ones in the South Carolina Army National Guard who are deployed and serving overseas, far from their homes.

Our family shares a special bond with the military families of South Carolina. Like them, we know the pride of watching our loved one wear the uniform of the strongest, proudest nation in the history of the world – loving his job. Please join me in welcoming my husband, an officer in the South Carolina Army National Guard, and the coolest first man ever, Michael Haley.

I have often said, and I firmly believe, that if I'm a good wife and a good mother, I will be a good governor. The greatest blessing of my life is being a mom to two little ones, a daughter who loves to dance, and a son who wants to be the next LeBron.

Please help me thank my two little ones who keep me humble every day and remind me that no matter what is going on in the world, the most important title I have will always be “Mom.” Rena and Nalin, give us a wave.

I have great love and great respect for our state motto, “Dum Spiro Spero,” meaning “While I Breathe, I Hope.” We adopted it in 1776, that fateful year that birthed the nation each of us is blessed to call our home. It described South Carolinians then – tough, resilient, and ever optimistic, and I believe it describes us now.

The people we call our friends and neighbors, the people known around the world as South Carolinians, cherish our faith, our families, and the values they instill in us.

We believe all is possible with hard work.

And our great hope lies in creating a better tomorrow for our children and our children's children.

Ladies and gentlemen, while I breathe, I hope, and it is with great faith in those words, the words chosen by our forefathers, that I say to you tonight that the state of our state is surging.

When this Administration came into office, just over a year ago, with unemployment in double digits and growing, our focus was almost singular – jobs.

The reason is fairly simple: if you give a person a job, you take care of a family. And we have a lot of families to take care of in South Carolina.

The good news is we've made great progress this past year. The bad news is we still have a ways to go. But my pledge to each of you sitting before me tonight, and more importantly, to the 4.6 million South Carolinians outside of these walls, is that I will not rest until we've created a climate in which every citizen of this state who wants a job, has a job.

We have grown and expanded our South Carolina family this year, welcoming in some wonderful new partners. And after all was said and done, due to the kind of cooperation through all branches and at all levels of government that can and should spread beyond the economic development arena, we were able to celebrate 5 billion dollars of investment in South Carolina, and the recruitment of almost 20,000 new jobs in our great state.

In a few moments, I'm going to recognize a number of those new partners, who Michael and I have invited here tonight as our special guests.

But before doing so, I want to focus a little on the cooperation mentioned earlier, on what it looks like, and what it has meant for our state.

We all remember the excitement that swept across South Carolina back in the fall of 2009, when Boeing chose North Charleston as the location to build a new line of 787 Dreamliners.

We remember what 1,000 initial jobs meant to the people of our state, and we remember it as the lift our economy, and our spirits, needed.

We remember the promise of thousands of future aerospace jobs, both inside and out of the Boeing plant, and what those jobs will do for the next generation of South Carolinians.

It was the greatest economic development success the Palmetto State had celebrated in almost two decades, and the people of our state wrapped our arms around the newest member of the South Carolina family.

Part of the reason our enthusiasm for Boeing knew no bounds was we'd seen how they operated in Washington State – they took care of those that took care of them. While they were creating 1,000 jobs here, they were expanding 2,000 more in Washington State.

Not a single Boeing worker was hurt by their decision – in fact, just the opposite.

A commitment from Boeing – to a state, to a community, to a workforce – is a real commitment, a proven commitment, and we knew that the face of South Carolina would be forever changed.

Then, this spring, the National Labor Relations Board reared its head, suing Boeing in what will surely be remembered as one of the most fundamentally un-American decisions ever handed down by the federal government.

And South Carolina would not stand for it.

From every corner of our state, we pushed back. Our federal delegation. Business leaders. State and local officials. And most importantly, the citizens of South Carolina.

And Boeing stood tall. Under tremendous pressure from the President and his union allies, this great American company said no, we did nothing wrong and we refuse to cave. And late last year, the NLRB backed down and dropped its frivolous suit.

Please take a moment to join me in expressing our gratitude to a great American – and yes, a great South Carolinian, as he now has a home in the Lowcountry – Judge Michael Luttig, Executive Vice President and General Counsel for The Boeing Company, and a tremendous friend to the State of South Carolina.

I run through this story that many of us already know because there are a number of important lessons that lie within.

First is the lesson I want to make clear to the business community, both in and out of our state: when you're here, you're family. No one will fight harder for you, no one will do more to make and keep you competitive, than the state and the people of South Carolina.

Second, for the federal government, the lesson must be that if you pick a fight with South Carolina, you better be prepared for one, because South Carolinians take care of our own. We always have, we always will, and we will not tolerate indefensible attacks on our citizens.

And third, the lesson that I, and I hope you, take away from this episode is that together, speaking with one voice and driving toward a clear and focused goal, there is nothing that South Carolina cannot accomplish.

The sheer size of investment, and the raw number of jobs we have seen come our way this year – during a time when states and nations are struggling economically in ways the world has rarely seen – is a testament to the truth of that idea.

Coming into office a year ago, Secretary Bobby Hitt and I found an economic development community in South Carolina that was fractured. But job recruitment is, by its very nature, a team sport. You don't just sell a state; you sell a state, a county, a community, and a way of life.

They say all politics is local – that is twice as true for economic development.

And the team effort has worked.

We have so much to be excited about – and not just in the traditional economic hotbeds like Charleston and Greenville and Lexington, who we want to continue to thrive and grow, but also in the less populated areas like Orangeburg and Union and Denmark.

Please help me celebrate some of the great announcements we have had over the year. Every South Carolinian should be proud of the fact that, of all the places in the world these companies could have picked, they elected to make our home, their home.

Please stand and be recognized:

Representing Continental Tire, in Sumter, George Jurch

Representing TD Bank, in Greenville and Lexington, David Lominack

Representing Bridgestone Americas, in Graniteville, Steve Brooks

Representing Nephron Pharmaceuticals, in West Columbia, Lou and Bill Kennedy

Representing BMW Manufacturing, in Greer, who just produced their two-millionth car, Max Metcalf

Representing Otis Elevator, in Florence, Torsha Hicks

Representing ZF Group, in Duncan, Dr. Ludger Reckmann

Representing Innovative Composites International, in Orangeburg, Rubens Roque

Representing Be Green Packaging, in Ridgeland, Mark Blitzer and Dave Brown

Representing GKN Aerospace, in Orangeburg, Kevin Cummings

Representing TigHitco, in North Charleston, Jeff Winkler

Representing Gestamp South Carolina, in Union, John Craig

Please stand and give all of these friends of South Carolina a round of applause.

We have another reason to celebrate in South Carolina.

From the tidal creeks of Beaufort to the shores of Lake Keowee, South Carolina is blessed with the kind of natural beauty that makes us the envy of the nation.

And this was the year we finally beat San Francisco – Charleston was named the top tourist destination in America. Please join me in congratulating Charleston Mayor Joe Riley, who unfortunately couldn't be with us tonight.

But we can't rely on God's gifts alone to keep our tourism industry – the second largest industry in our state – turning. We have to sell South Carolina.

And there is no better opportunity, no better showcase for our state and our citizens, than the Heritage Golf Tournament.

For a generation, the Heritage had been backed by a long-time corporate sponsor. It was a shock to our system that we lost their support.

But that shock did not justify the knee-jerk response from some in our government. It is not now, nor will it ever be, the responsibility of the taxpayers of South Carolina to fund a golf tournament.

Instead, it is the responsibility of the leaders of our state to do the work necessary – sometimes hard, sometimes less-than-glamorous – to preserve the events that we value, that pump dollars into our economy and energy into our communities.

And the hard work of many – Duane Parrish, in particular, and a host of local stakeholders on Hilton Head Island – paid off.

The nation will again watch as the best in the world walk down the 18th fairway at Harbour Town, awed by the beauty of the setting, the state, and the graciousness of our people.

South Carolina has a new partner, a great friend, so please help me thank and welcome the title sponsor of the Heritage golf tournament, RBC, represented tonight by James Tricoli.

We'd also be remiss if we didn't thank, once again, Boeing, the local presenting sponsor of the RBC Heritage.

While we have made great progress, there is more work to do.

We will continue to sell our great state each and every day, to fight for the jobs our people need and for the financial security they deserve.

In order to better do that, we, in this room, need to focus on legislation that is pro-business and helps us create a more competitive environment.

I have long said that it is a wonderful thing when we recruit new companies to South Carolina, but when one of our own expands, that's when the real celebration begins.

We have to take care of the businesses we already have, and when they can grow and invest back into their people, their product, and our state, we're doing something right. As we talk with CEOs from around the world, their focus is clear: keep the cost of doing business

low.

Our agencies have taken strides to reduce regulations and fees, and to change the culture so that every single employee understands that if government is costing our businesses time, we are costing them money. And that is unacceptable.

Speaking of lost time and money, I want to thank Speaker Bobby Harrell and Senator Larry Martin for leading the charge on tort reform last year. Until 2011, South Carolina was the only state in the southeast that did not cap damages on lawsuits. Thanks to the people in this room, that is no longer the case.

That was a huge first step.

My ask of you today is to remember that there is always more to be done on tort reform. Looking at the states we compete with – the Tennessees, the Alabamas, the Virginias – it would be naïve to think they will settle for playing second fiddle to South Carolina in the economic arms race. They will scrap for jobs every bit as hard as we will.

And the greater the protection we give our people and businesses from frivolous lawsuits, the better positioned we will be to capitalize on other assets.

The next step in tort reform is a loser-pays system, so that there is a real cost to suits that waste the time and money of our businesses and our courts, and that our companies understand that South Carolina won't stand for trial lawyers playing games with their bottom line.

We also need to strengthen our workforce. It's critical on two levels.

First, the ability of our state to provide a company with the workers it needs, to quickly move products, is a huge component to getting them here in the first place. If they can't find workers here, they'll go somewhere else.

Second, and just as important, we want these jobs going to our people. Twenty-thousand new jobs coming to our state is a lot more exciting when it means that 20,000 more South Carolina workers will be walking out the door each morning with their heads held high, with a sense of purpose and pride, able to care for themselves and their families.

The tools for an effective job training program already exist – we just need to do a better job of putting the puzzle together. Our technical colleges and vocational rehab programs are as good as any in the country. readySC has proven, time and time again, it can deliver the workers our companies need – and deliver them swiftly.

It is our responsibility to ensure that the left hand is talking to the right, that we aren't wasteful, and that every dollar directed to workforce training is actually spent training our workforce. Before the month is out, you will see us unveil a restructuring of our workforce training program. Under the direction of General Abe Turner, and in partnership with one of the most respected and effective private sector companies in America, we will get our communities ready and put South Carolina back to work.

Finally, I love that we are one of the least unionized states in the country. It is an economic development tool unlike any other.

Our companies in South Carolina understand that they are only as good as those who work for them, and they take care of their employees.

The people of South Carolina have a strong work ethic, they value loyalty, and they take tremendous pride in the quality of their work.

We don't have unions in South Carolina because we don't need unions in South Carolina.

However, as we saw with the assault from the NLRB, the unions don't understand that. They will do everything they can to invade our state and drive a wedge between our workers and our employers. We can't have that.

Unions thrive in the dark. Secrecy is their greatest ally, sunlight their most potent adversary.

We can and we will do more to protect South Carolina businesses by shining that light on every action the unions take. With the help and support of Chairman Bill Sandifer and Director Catherine Templeton we will create a competitive playing field for the companies that choose to call our state home.

We will require unions to tell the people of South Carolina how much money they are making on our backs, which politicians they are funding, and how much they are paying themselves.

We will protect the right of every private and public citizen to refuse to join a union, and, by Executive Order, I will make it clear that our state will not subsidize striking workers by paying them unemployment benefits.

And we'll make the unions understand full well that they are not needed, not wanted, and not welcome in the State of South Carolina.

All of the strong, pro-business policies we put into place won't matter, however, if we do not keep our fiscal house in order.

During the past several years, agencies have faced financial challenges and used fund balances and flexibility to shift money between accounts to cover expenses like rent and payroll. With revenues increasing, state government needs to stop these non-transparent accounting practices. It's time for truth in budgeting.

In my Executive Budget, we have funded agency operations with recurring funds so that taxpayers can see how much and where money is spent.

No more agency shell games. No more one-time money for multi-year expenses.

Much of the so-called "growth" in this budget is not growth at all, but simply us being honest about how much it costs to operate state government.

To permanently control spending, our government can and must function within a spending cap. And as you've heard me say time and time again, any General Fund dollars above and beyond that cap must go towards tax relief, debt relief, or reserve funds.

We cannot continue to spend every dollar we have. If it is bad policy in our homes and in our businesses – which I think we can all agree that it is – then it is bad policy in state government. It has to end.

Milton Friedman, the famed economist, once said, "One of the great mistakes is to judge policies and programs by their intentions rather than their results."

We agree.

In order to stay within the spending cap and deal with massive expansions in federally-mandated

programs like Medicaid, we have had to make unpopular decisions.

But we've also tried to restore some of the programs and agencies that do pass that test, that do fulfill core functions of government.

The protection of our citizens and communities allows for us to have the quality of life we enjoy in our state. Which is why, last week, our budget strengthened the South Carolina Law Enforcement Division.

We have restored funding to our DNA lab, so that SLED can clear the backlogs. We have increased the number of SLED agents, equipment, and their technology budget. And we've brought Chief Mark Keel home, where he belongs, so that SLED can return, quickly, to its intended mission: serving the sheriffs and chiefs across South Carolina.

We've also bolstered mental health, recognizing that failing to provide basic care to those who suffer from mental illness will cost us more in the long run, both in dollars and human costs. These are people who, if treated, can live safe and productive lives. If left untreated, they often end up one of two places: our emergency rooms or our jails.

Finally, every child in South Carolina learns differently, some more so than others. It is our responsibility as the leadership of this state to embrace that reality, not fight it, and give all of our children the chance to learn, to grow, and to thrive.

And so the time to make a real investment in our charter schools has come – and our budget does just that.

Charters are innovators – we need those fresh insights and ideas to help us improve our educational system for all of South Carolina's children.

Yes, we can, have, and will cut spending in the State of South Carolina. But we must be smart about it. The time of across-the-board cuts is over.

The Executive Budget also outlines a number of policy initiatives that will continue to move South Carolina forward and make us more competitive – and, importantly, it pays for them.

Tax reform is critical to our state – every conversation we have with CEOs at some point drifts to our tax structure, and we have been communicating with Representative Tommy Stringer and his tax reform committee on how we move forward with real changes this year.

Our budget includes almost 140 million dollars in tax cuts for the people and businesses of South Carolina. These cuts will flatten the individual income tax from six brackets to three, reduce taxes for the citizens of our state by almost 80 million dollars, and phase out the corporate income tax over a four year period, injecting much needed dollars back into our businesses and giving us an unbelievable economic development tool.

The tax relief we ultimately adopt must be broad-based, offering relief to as many South Carolinians as possible. And these tax cuts should mean lower rates – not more credits, exemptions, and loopholes that only benefit a chosen few.

What we have laid out in the budget is a blueprint for how we believe the dollars available for tax reductions can best be spent. Together, I believe we can agree to a set of tax cuts that make South Carolina more competitive and send more dollars back where they belong – in the pockets of the people and businesses of our state.

The Executive Budget also presents a plan to give local school districts more control over school buses. There is absolutely no reason for South Carolina to remain the only state in the nation that

runs a bus fleet. It is cumbersome, it is wasteful, and it prevents our Department of Education from focusing its efforts where they need to be – on educating the next generation of South Carolinians.

Under the new system, individual school districts would be given the opportunity to decide whether to operate bus fleets themselves, to choose a private operation, or to develop a hybrid solution. The goal here is to give districts as much flexibility as possible, as every district is made up of different students with different needs.

We're not interested in mandating bus choices down on our locals – what we are interested in is giving them options and getting the State of South Carolina out of the school bus maintenance business.

I know many in this Chamber are concerned about the situation with our ports. The concerns are valid, because our ports are vital. Let me start by assuring you that no one will work harder to get the funding necessary to deepen the Port of Charleston – starting with the creation of a port infrastructure fund in this year's executive budget.

Part of South Carolina's advantage in recruiting industry is the Port of Charleston. It is a huge part of why companies like Bridgestone, like Continental, like Michelin come to and expand in our state.

From the first day of our Administration, I have worked with our federal delegation to clear away all of the impediments to making Charleston the premier port in the southeast – starting with getting the port to the post-Panamax depth of 50 feet.

There has been much discussion about DHEC's decision and whether two viable ports in the region are good or bad for the economics of South Carolina businesses and our state. I have said it before, and I will say it again: I am not afraid of a 48-foot Georgia port, 36 miles up the Savannah River, confined to one-way traffic. You should not be either.

Let's quit bickering and work together to see Charleston return to its greatness, Jasper have a future, and Georgetown have a purpose.

Finally, the Executive Budget calls for an evolution of the way we fund higher education. Our intention is twofold: reward the schools that well-serve our students while providing real motivation for those that need to improve.

I was a legislator. I remember the pressure that comes with the budget. I also know that there needs to be a better, more consistent way to fund higher education, one based on merit and accountability, not on which school is the most popular.

By adopting a new accountability-based funding formula for higher education, we all win. The schools get stability and flexibility. Legislators will no longer be faced with university lobbyists demanding dollar after dollar. And above all, South Carolina's parents and students will know that their education is fairly and appropriately funded.

When this Administration took office, we were facing massive deficits in three agencies: Corrections, Social Services, and Health and Human Services. I told you then that deficits were unacceptable in the Haley Administration, and tonight, I am proud to say that not one Cabinet agency is running a deficit of even a single dollar.

I'd like to request that the best cabinet a governor could ask for please stand and be recognized.

The largest of those deficits was HHS, facing a hole of 228 million dollars. In response, I asked you to release the handcuffs off the Department so they could truly manage our Medicaid program. Under the leadership of Senator Harvey Peeler, you did, and for that, I thank you.

Since then, HHS has moved aggressively to find problems and fix them. Today, the program is on budget and has avoided the massive service and reimbursement cuts that other states continue to experience. And this past week, we announced enhanced fraud prevention and quality control to reduce eligibility and payment errors found in audits of the Agency's work under previous administrations.

A year ago, many of us argued that our number one health care problem in this country was its high cost— and that the way to provide better health to our citizens was not just massively expanding a broken system by giving it more government money.

Medicaid is that broken system – there is too much waste, too much fraud, and too little focus on prevention and personal responsibility. And almost all of those problems are caused by the mandates of the federal government.

But here in South Carolina, under the leadership of Director Tony Keck, we are tackling the root causes of our problems, not just the symptoms.

Healthcare providers are now working in partnership with us to improve quality and lower costs. We identified payment reform to align incentives between health care providers, payers, and patients as a top priority and are implementing strategies to do just that.

We are shifting towards Medicaid managed care, which independent studies show saves us money and delivers better quality than traditional Medicaid. And for the first time, we are giving managed care companies a financial stake in improving quality year after year.

No longer will the State of South Carolina bear the costs of poorly managed healthcare alone.

We will continue to push back against the federal takeover of our healthcare system. South Carolina does not want, and cannot afford, the President's healthcare plan. Not now, and not ever.

To that end, we will not pursue the type of government-run health exchanges being forced on us by Washington. Despite the rose-colored rhetoric coming out of D.C., these exchanges are nothing more than a way to make the state do the federal government's bidding in spending massive amounts of taxpayer dollars on insurance subsidies that we can't afford. We will have no part in that.

Instead, we will continue to fight to increase transparency between patients and doctors and doctors and insurance companies and to get South Carolinians invested again in their health care. As a nation, we can no longer allow ourselves to be divorced from the true cost of our health care – and in South Carolina, we won't be.

Last year, we spoke openly and honestly about the fact that it was a tough budget year, and for some groups, some programs, it was going to hurt. In some respects, the same thing is true this year.

I have been pleased to see what's been accomplished on pension reform in the past few months. Specifically, I want to recognize Senator Greg Ryberg, who has literally been banging the drum on this problem for years, as well as Senators Hugh Leatherman and Thomas Alexander, Representatives Brian White and Jimmy Merrill, and Retirement Director Bill Blume. The seriousness and focus with which you have approached reforming our retirement system is commendable.

Let's be clear – the size of our pension system's unfunded liability has ballooned from 199 million dollars in 1999 to 17 billion dollars this year. If we are to honor our commitments to those who have already dedicated their careers to public service, then no one can dispute that this is an issue we must resolve to deal with today.

Fortunately, some steps have already been taken. The recent decision to lower the assumed rate of return was an important one – not just because it means we will finally be more honest about how much we can expect our retirement systems to earn, but also because it forced us to confront the fact that our current policy of automatically awarding cost of living increases is irresponsible and unsustainable.

To protect our pension funds, we must stop granting cost-of-living increases to our retirees in years when the funds are losing money. It may not be politically popular, but it's the only responsible thing to do.

There are a number of other reforms that we must adopt in order to shore up the retirement systems and to curtail further abuses. We need anti-spiking provisions that keep employees from using sick leave and vacation to artificially inflate their pension payouts.

For new enrollees, we need to close the doors to the TERI program once and for all to prevent double-dipping.

And while we're on the subject of double-dipping, we need to shut down the General Assembly's own retirement system. It's time that legislators receive the same benefits as other state employees.

If we take these steps now, we can ensure that our state employees have a reasonable, sustainable, comfortable retirement. If we don't, if we continue to stick our heads in the sand, they may not have a retirement at all.

The retirement system is not the only reform we need to move forward with – just this summer, we were reminded what happens when you have an agency that answers to more than one boss.

At the Department of Transportation, we have a Secretary, appointed by the Governor, who runs day to day operations, and a Commission that sets policy and approves projects. It's a balancing act, one that has the entire Department answering to two bosses.

Worse, the Commission system is entirely political and pits the regions of our state against each other. How can we possibly have a statewide road plan when every project is initiated because of parochial needs and interests? The honest answer is we cannot.

DOT cannot repeat the mistakes of this past summer, and they will fix the structural issues causing the problems – but it is time for the two-boss system to go. I ask that you support Speaker Pro Tempore Jay Lucas, who has more than 60 cosponsors joining him in his effort to restructure the Department of Transportation.

Many in this room worked on this issue in 2007. We knew then that the actions we took were simply the first step. It is time we finish the job and dissolve the Transportation Commission.

Speaking of restructuring, two decades ago, Governor Carroll Campbell made the following comment in his State of the State Address:

Ladies and gentlemen, 1992 is the time to start whipping government into shape. We must reform government and we must start now. ... For at least 62 years, governors have stood at this podium appealing to the General Assembly for an efficient government, accountable to the people. Eight studies spanning 70 years echoed this call, yet much of government answers to no one.

Twenty years later, we are closer than we have ever been to ridding the people of South Carolina of a backwards, 19th century government structure that continues to keep us down. Chairman Jim Harrison got the bill rolling in the House, and our office has worked on the development of the Davis/Massey Amendment in the Senate. We ask that you support it. It is time to abolish the Budget and Control Board.

The bill is now on the Senate floor. Many in the Senate committed to the people of our state last June that Department of Administration will be the first task you complete this year. I thank you for that – and I know that the people will hold you to your commitment.

I understand all-too-well the politics that stand in the way of this bill landing on my desk. But the leadership of South Carolina has for far too long put politics ahead of progress, and our constituents deserve better.

They deserve a government that hears them when they speak, that responds to their needs, that wastes less and serves better. And they deserve a government that is truly, finally, accountable to them.

Please, don't get distracted. This is not about politics. This is not about power. This is simply about moving our state forward and responding to the will of the people. It's time to put this issue behind us, celebrate together, and move on.

The first year of anything new brings challenges and opportunities, pleasant surprises, and regrettable disappointments. This last year, for me, has been no different.

I have been pleasantly surprised by the willingness of legislators to work together and find common ground for the betterment of the people of South Carolina. It is my sincere hope that

that willingness remains and that we can continue to make progress on the issues we've touched on tonight.

My biggest disappointment has been just as surprising, although less pleasantly so. I simply do not understand the culture of negativity that exists within our political class. The initial response to almost every action is for someone to say "can't" and "no" and then run to file a lawsuit.

I think differently. I believe the only way we make South Carolina a better, stronger state is if we turn that same negative energy into a positive, and focus on "can" and "will" instead of "can't" and "won't".

No greater example of this negativity exists than the response of a few naysayers to the phone greeting we created for state employees.

Let me tell you the story of how that came about.

While my primary focus, day-to-day, is on getting our state working again, I also understand I am the Chief Executive of South Carolina, and I've tried to do what I can to improve the morale of state employees and remind them that our mission is customer service.

One afternoon, I was in my office, thinking about that culture of negativity that we're trying so hard to change. So I made my way to see Sheila Jones, our receptionist, and I asked her to try answering the phone, "It's a great day in South Carolina, how may I help you?" and to let me know the response.

On the first try, the caller responded, "You know what, it is a great day in South Carolina!"

It was all the confirmation I needed. The goal was for state employees to feel proud of where we live and what we do, and have a constant reminder that we work for the person on the other side of the line. What could possibly be so wrong with that?

Let's think about this: in 2011, we started with a deficit and ended with a surplus.

We announced almost 20,000 jobs and five billion dollars in new investments.

Our legislature showed the people they understood the importance of putting their votes on the record and passed tort, unemployment, and Medicaid reforms.

We protected the integrity of our election process from voter fraud and our citizens from the dangers of illegal immigration.

We saved the Heritage Golf Tournament and won the fight with the National Labor Relations Board.

Those are all reasons to celebrate.

But what I love is that we are a great state with good, hardworking people. We are patriotic and love our country. We appreciate the simple blessings of life. We understand that the hospitality we show visitors is reflective of all of us. Through our challenges, we never forget the importance of holding on to our faith and families and always taking care of our neighbors. That to me, is more than enough reason to say, it is a great day in South Carolina.

And we've only just begun.

Thank you, God bless you, and may He continue to smile on South Carolina.