**South Carolina General Assembly**

126th Session, 2025-2026

**H. 3927**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Gilliam, Hiott, G.M. Smith, Bailey, Ballentine, Bannister, Bowers, Bradley, Brewer, Brittain, Bustos, Calhoon, Caskey, Chapman, B.J. Cox, B.L. Cox, Crawford, Davis, Erickson, Forrest, Gagnon, Gatch, Gibson, Guest, Guffey, Haddon, Hager, Hardee, Hartnett, Hartz, Herbkersman, Hewitt, Hixon, Holman, J.E. Johnson, Jordan, Landing, Lawson, Ligon, Long, Lowe, Martin, McCravy, McGinnis, Mitchell, Montgomery, T. Moore, Moss, Murphy, Neese, B. Newton, W. Newton, Oremus, Pedalino, Pope, Rankin, Robbins, Sanders, Schuessler, Sessions, M.M. Smith, Taylor, Teeple, Vaughan, Whitmire, Wickensimer, Willis, Wooten, Yow, Terribile, Pace, Kilmartin, Beach, Edgerton, Magnuson, Cromer, Huff and Gilreath

Companion/Similar bill(s): 368

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Introduced in the House on February 6, 2025

Currently residing in the House

Summary: Diversity, Equity, and Inclusion

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/6/2025 House Introduced and read first time ([House Journal‑page 31](h:\hj\20250206.docx))

2/6/2025 House Referred to Committee on **Education and Public Works** ([House Journal‑page 31](h:\hj\20250206.docx))

2/11/2025 House Member(s) request name added as sponsor:
Terribile, Pace, Kilmartin, Beach, Edgerton,
Magnuson, Cromer, Huff

3/4/2025 House Member(s) request name added as sponsor: Gilreath

3/20/2025 House Committee report: Favorable with amendment **Education and Public Works** ([House Journal‑page 10](h:\hj\20250320.docx))

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**VERSIONS OF THIS BILL**

[02/06/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/3927_20250206.docx)

[03/20/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/3927_20250320.docx)

Indicates Matter Stricken

Indicates New Matter

Committee Report

March 20, 2025

H. 3927

Introduced by Reps. Gilliam, Hiott, G. M. Smith, Bailey, Ballentine, Bannister, Bowers, Bradley, Brewer, Brittain, Bustos, Calhoon, Caskey, Chapman, B. J. Cox, B. L. Cox, Crawford, Davis, Erickson, Forrest, Gagnon, Gatch, Gibson, Guest, Guffey, Haddon, Hager, Hardee, Hartnett, Hartz, Herbkersman, Hewitt, Hixon, Holman, J. E. Johnson, Jordan, Landing, Lawson, Ligon, Long, Lowe, Martin, McCravy, McGinnis, Mitchell, Montgomery, T. Moore, Moss, Murphy, Neese, B. Newton, W. Newton, Oremus, Pedalino, Pope, Rankin, Robbins, Sanders, Schuessler, Sessions, M. M. Smith, Taylor, Teeple, Vaughan, Whitmire, Wickensimer, Willis, Wooten, Yow, Terribile, Pace, Kilmartin, Beach, Edgerton, Magnuson, Cromer, Huff and Gilreath

S. Printed 3/20/25--H.

Read the first time February 6, 2025

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The committee on House Education and Public Works

To whom was referred a Bill (H. 3927) to amend the South Carolina Code of Laws by enacting the “Ending Illegal Discrimination and Restoring Merit-Based Opportunity Act” by adding Article 29 to Chapter, etc., respectfully

Report:

That they have duly and carefully considered the same, and recommend that the same do pass with amendment:

Amend the bill, by striking all after the enacting words and inserting:

SECTION 1. Chapter 1, Title 1 of the S.C. Code is amended by adding:

Article 29

Diversity, Equity, and Inclusion

Section 1-1-1910. (A) For the purposes of this section:

(1) “Public institution of higher learning” means any state-supported, postsecondary educational institution and includes technical and comprehensive educational institutions.

(2) “Quasi-state agency” means an entity that is a legally separate organization over which the State has no direct control but for which the State is accountable for purposes of financial reporting.

(B) Except as required by state and federal law, any state agency or quasi-state agency, including institutions of higher education, school districts, charter schools, and all political subdivisions of this State, shall not establish or support any office, unit or division within that agency that is established or exists in whole or in part, for the promotion of diversity, equity, and inclusion.

(C) Except as required by state and federal law, any state agency or quasi-state agency, including institutions of higher education, school districts, charter schools, and all political subdivisions of this State, shall not compel, require, induce, or solicit any person to provide a diversity, equity, and inclusion statement or give preferential consideration to any person based on the provision of a diversity, equity, and inclusion statement.

(D) Any state agency or quasi-state agency, including institutions of higher education, school districts, charter schools, and all political subdivisions of this State, shall not give preferential treatment on the basis of race, sex, color, ethnicity, gender, or sexual orientation to an applicant for employment and shall comply with the Constitution of this State and the Constitution of the United States by ensuring that all rules, policies, employment practices, use of state funds, and all other official actions treat people equally.

(E) Any state agency or quasi-state agency, including institutions of higher education, school districts, charter schools, and all political subdivisions of this State, shall not promote differential treatment, which is the intentional act of treating individuals or groups differently based on a protected characteristic, or provide special benefits to individuals on the basis of race, sex, color, ethnicity, gender, or sexual orientation. Nor shall any entity discriminate against any individual because of his or her race, color, sex or national origin, or classify or refer for employment any individual on the basis of his race, color, religion, sex, or national origin.

(F) All state agencies or quasi-state agencies, including institutions of higher education, school districts, charter schools, and all political subdivisions of this State, shall adhere to and comply with the Equal Protection Clauses of the Constitution of this State and the Constitution of the United States.

(G) Any state agency or quasi-state agency, including institutions of higher education, school districts, charter schools, and all political subdivisions of this State shall, not require an individual to participate in a program that encourages preferential or differential treatment on the basis of race, sex, color, ethnicity, gender, or sexual orientation.

(H) For purposes of an institution of higher learning:

(1) When determining admissions or employment decisions, a public institution of higher learning may not expend any funds appropriated or authorized to promise admission, benefits, or promote or engage in differential treatment to an applicant for admission, or hire or promote a faculty member or employee, on the applicant’s or faculty member’s or employee’s commitment to or making a declaration of personal support for or disagreement with any political ideology or movement, including a promise or statement regarding diversity, equity, inclusion, or other associated political issues.

(2) A public institution of higher learning may not ask for or demand any political promise or declaration from an applicant, or a faculty member or employee.

(3) If a public institution of higher learning receives a promise or declaration describing a commitment to any political ideology or movement, including a political promise or declaration regarding diversity, equity, inclusion, or other associated political issues, it may not promote or engage in differential treatment, grant or deny admission or benefits to a student, or hire or promote a faculty member or employee, based on the opinions expressed in the promise or declaration.

(4) A public institution of higher learning shall not require a faculty member or employee of the institution to complete or participate in mandatory training or other educational program regarding diversity, equity, inclusion. A public institution of higher learning shall not take an adverse employment action against a faculty member or employee of the institution for the faculty member’s or employee’s failure or refusal to participate in such training or program.

(5) A public institution of higher learning shall not infringe on a student, faculty member, or employee’s right to free speech provided by the Constitution of this State and the Constitution of the United States. A public institution of higher learning shall not discriminate on the basis of viewpoint discrimination.

(6) Nothing in this subsection prohibits a public institution of higher learning from complying with federal law or applicable court order, or acting against a student, faculty member, or employee for violations of federal or state law or requiring a student, faculty member, or employee to comply with federal or state law, including antidiscrimination laws.

(7) Nothing in this subsection may be construed to limit or prohibit an institution of higher learning or an employee or faculty member from:

(a) applying for a grant;

(b) complying with the terms of accreditation by an accrediting agency;

(c) submitting to the grantor or accrediting agency a statement that highlights the institution’s work in supporting student populations; or

(d) certifying compliance with state and federal antidiscrimination laws.

(8) Each public institution of higher learning shall provide each student, employee, and faculty member with an electronic copy of the language contained in this section.

(I) This section does not prevent any state agency or quasi-state agency, including institutions of higher education, school districts, charter schools, and all political subdivisions of this State from engaging in speech protected by the Constitution of this State or the Constitution of the United States.

(J) The attorney general shall enforce the provisions of this section and may bring an action for injunctive or declaratory relief in any court of competent jurisdiction to do so.

(K) Every state agency or quasi-state agency, including institutions of higher education, school districts, charter schools, and all political subdivisions of this State shall report to the Department of Administration by August first of each year the total number and nature of the complaints made to the respective entity regarding a violation of the provisions of this section and the resolution, or status, of the complaint. The department shall provide a report to the Speaker of the House of Representatives and the President of the Senate by October first of each year summarizing this information. Nothing in this subsection requires the disclosure of the identity of the individual who made the complaint.

(L) An individual making a report pursuant to this section is protected by the provisions set forth in Chapter 27, Title 8.

(M) Nothing in this section prohibits any state agency or quasi-state agency, including institutions of higher education, school districts, charter schools, and all political subdivisions of this State from complying with state or federal law.

SECTION 2. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 3. This act takes effect on July 1, 2025.

Amend the bill further, by striking all after the title but before the enacting words.

Renumber sections to conform.

Amend title to conform.

SHANNON ERICKSON for Committee.

statement of estimated fiscal impact

Explanation of Fiscal Impact

State Expenditure

This bill establishes restrictions on every state agency and all political subdivisions, including all institutions of higher learning and school districts, regarding DEI practices as defined in the bill. The bill prohibits promoting differential treatment or special benefits to individuals on the basis of race, sex, ethnicity, gender, or sexual orientation, to include hiring or employment practices, policies and procedures, or trainings, programs, or activities designed or implemented in reference to these previously stated identities. The bill also prohibits establishing or maintaining offices that promote DEI, bans compelling or preferential consideration for DEI statements, bans requirements to participate in DEI-related training, and prohibits hiring or assigning employees or third parties that promote DEI. Further, all agencies and subdivisions must require contractors, subcontractors, and grant recipients to certify that they do not operate any programs that promote DEI before entering into a contract or awarding any grant.

All departments, offices, or subdivisions are prohibited from spending authorized or appropriated funds until a report is submitted to the General Assembly certifying compliance with the requirements of this bill during the preceding fiscal year. The bill requires the State Auditor to periodically conduct compliance audits of each department or office at least once every four years, and violations must be cured within 180 days or SFAA, after being informed by the State Auditor of the failure to cure, may direct the State Treasurer to withhold distributions to the violating agency until the violations are cured.

**State Fiscal Accountability Authority.** SFAA provides state agencies and subdivisions with procurement services. From a statewide procurement perspective, in order to meet the requirements of the bill, SFAA expects a significant increase in workload to resolicit all state contracts. The agency is unable to quantify the potential impact of resoliciting all state contracts but believes that it would be considerable. SFAA indicates that the bill may also have significant impacts depending on whether contracts are allowed to expire or if they are terminated immediately for any entities that do not certify to the requirements, which could result in litigation for breach of contract. Additionally, SFAA notes that the provisions of this bill may have significant disruptive consequences for the state due to technology contracts that, unless private sector businesses agree to change their DEI policies and certify compliance with the bill, would not be able to be continued by state or local governments. Finally, SFAA expressed concerns that the provisions of Section 1-1-1920 may have an expenditure impact if bill results in fewer firms competing for state contracts, which could increase acquisition costs to the state.

**Attorney General.** The Attorney General is required to enforce the provisions of the bill, make recommendations to the General Assembly to improve compliance, and develop a platform whereby complaints of potential offenders of this act may be filed. The Attorney General must consult with relevant agency leaders for a report of compliance recommendations 120 days after the effective date of this act. The agency anticipates that this bill will have a significant fiscal impact and will require additional attorneys and other staff to fulfill the new responsibilities. The Attorney General indicates that a total of 9.0 FTEs will be needed due to the administrative and enforcement responsibilities of this bill. This includes an estimated $874,000 in annual salary costs and an estimated $402,000 in fringe for a total compensation cost of $1,276,000 for three attorneys, three senior consultant policy analysts, an investigator, a program coordinator, and a program assistant for reviewing agencies for potential violations of this bill. In addition, the agency anticipates an expenditure impact of $95,000 for equipment and other operating costs. Therefore, the anticipated expenditure impact to the Attorney General is $1,371,000 beginning in FY 2025-26. The agency anticipates requesting General Fund appropriations for these expenditures.

**Commission on Higher Education.** This bill requires CHE to review its internal policies in case any are in violation of the provisions of this bill and certify contractors or grant recipients do not operate any prohibited DEI programs. CHE indicates that this bill will increase the administrative workload significantly, and the commission expects to request 2.0 FTEs to lead compliance efforts with the commission’s vendors and agreements, at a total compensation cost of $167,000. Equipment and software for outfitting these FTEs is expected to total $8,000 annually. Therefore, the total expenditure impact for CHE is at least $175,000 annually, beginning in FY 2025-26. CHE also states that costs may potentially rise if vendors are found to be noncompliant with the provisions of this bill. If vendors were to be eliminated from consideration due to their internal policies, it is possible that this reduced competition could make procurement more expensive in the future. For information, CHE currently works with 128 vendors. Finally, CHE indicates that inter-state reciprocal programs may need to be studied for compliance under this legislation.

**Department of Commerce.** This bill requires the South Carolina Department of Commerce to review its grant recipients and ensure that they do not have DEI policies are prohibited by the provisions of this bill. Commerce states that this bill will have a fiscal impact, however, the impact is not quantifiable at this time. Commerce has also expressed uncertainty regarding the impact that this bill may have on the department’s ability to provide commercial incentives to companies that locate or expand in South Carolina.

**Department of Public Health.** DPH interprets this bill as requiring the agency to ensure all entities receiving funds from DPH does not have a DEI policy in place. DPH states that this bill would pose a significant, but undetermined, administrative burden as the number of staff and resources necessary to verify that each payee does not have a DEI policy in place is unknown. Additionally, DPH noted that these provisions may significantly impact functioning of agency operations due to the importance of essential vendors to provide technology services, operational needs, and maintain both the electronic health records and the vital records system. Verifying that these vendors do not violate the provisions of this bill may be time consuming and difficult or could disrupt agency operations by preventing payments to essential vendors. If this workload becomes significant, then DPH expects to request additional General Funds appropriations.

**First Steps.** First Steps indicates that the impact of implementing the requirements of Section 1-1-1910 are minimal and can be managed with existing staff and resources. However, the time and resources required to bring the agency to compliance with Section 1-1-1920, which includes provisions making sure contractors, vendors, and grant recipients do not have DEI policies, is undetermined and may require considerable time and resources to evaluate. It is currently unknown if any current contractors or vendors or grant recipients have DEI policies in place, and if they would be willing to comply with the certification requirements of this bill.

**Office of Resilience.** Resilience expects that while existing team members may be able to identify potential violations of this policy, the agency would need an additional 2.0 FTEs to investigate, evaluate, and ensure compliance with these provisions. Resilience estimates that the personnel cost of these FTEs would be $86,000 salary and $56,000 fringe for a total compensation cost of approximately $142,000. Additionally, there would be one-time equipment costs of $4,000 and recurring costs of $22,000 for these new FTEs. Therefore, the expected expenditure impact of this bill to Resilience is $168,000 in FY 2025-26 and $164,000 thereafter. Resilience expects to request General Fund appropriations for these expenditures.

**Retirement System Investment Commission.** RSIC indicates that the agency is currently only allowed to consider pecuniary factors when making investment decisions for South Carolina’s defined benefit retirement plans. RSIC believes that the existence or non-existence of DEI programs at a prospective investment manager would not be considered as a pecuniary factor, so RSIC believes that the provisions of this bill dealing with contractors would not apply. However, if the provisions of this bill were construed to apply to RSIC, it would significantly alter operations of the agency. Based on RSIC’s review of current external investment managers, RSIC anticipates that approximately 90 percent of these managers have policies that may not be certified. Additionally, RSIC’s investment consultants, its custody bank, and other third-party service providers would likely not be certified under this bill. RSIC indicates that most of its potential partners would not likely be certified under this bill.

Therefore, if RSIC is obligated to comply with provisions of this bill, RSIC would need to bring the investment and management of the retirement system’s assets in-house. RSIC believes that this would require at least 75.0 FTEs with a total expenditure impact of at least $83,500,000 to attempt to manage the portfolio of retirement system assets as it is currently managed. However, RSIC indicates that this may still lack the economies of scale and access to types of investments that it gains currently through its external investment managers, which may have a significant fiscal impact to the revenues related to long-term return on investments as discussed in the State Revenue section of this analysis.

**South Carolina State Library.** This bill requires the South Carolina State Library to review its internal policies for violations of the provisions of this bill and certify contractors or grant recipients do not operate any prohibited DEI programs. In order to comply with the administrative workload of these provisions, the State Library anticipates the need to hire 4.0 FTEs at a total cost of $397,000 including salary and fringe benefits as well as furniture, equipment, and software for these FTEs at a one-time cost of $36,000 and recurring cost of $20,000 in software. Therefore, the State Library expects a fiscal impact of $453,000 in FY 2025-26, and $417,000 annually thereafter. The State Library anticipates requesting additional General Funds appropriations for these expenditures.

**State Auditor.** This bill requires the State Auditor to conduct audits of state agencies to ensure that they are in compliance with the requirements of this bill. The Office of the State Auditor indicates that the stipulated schedule of at least once every four years for each agency may be handled within existing staff and resources, as the State Auditor already conducts extensive internal audits of state agencies. However, if the compliance audit workload becomes too much for existing resources, then the State Auditor expects to request additional staff and funding to maintain its audit capabilities.

**SC Educational Television Commission.** SCETV indicates that it is currently unable to quantify the fiscal impact that this bill will have for the agency due to uncertainty around procurement and administration of the bill. However, SCETV anticipates that this bill would substantially impact the South Carolina Procurement Code and the minority business enterprise utilization plan. SCETV currently meets the Procurement Code’s standard of 10% utilization of minority businesses. Guidance would be necessary to meet the provisions of this bill against the Procurement Code to manage the distribution of funds to contracts and vendors. Additionally, SCETV notes that the agency has significant ongoing long-term capital projects. This bill may have significant costs to restart these procurement processes and find vendors that could certify under this bill’s provisions.

**The Medical University of South Carolina.** This bill requires MUSC to review its internal policies for any violations of the provisions of this bill and certify contractors or grant recipients do not operate any prohibited DEI programs. MUSC indicates that this bill would increase the administrative workload significantly, and the agency expects to request 3.0 FTEs to lead compliance efforts with the agency’s vendors and agreements, at a total salary cost of $258,000 and fringe cost of $148,000. This totals to a compensation cost of $405,000. Therefore, the total expenditure impact for MUSC is $405,000 annually, beginning in FY 2025-26. anticipates requesting additional General Funds appropriations for these expenditures.

Additionally, the Medical University Hospital Administration (MUHA), within MUSC, expects that this bill’s provisions will increase the administrative workload significantly, and the agency expects to request 3.0 FTEs to lead compliance efforts with their vendors and agreements, at a total salary cost of $287,000 and a fringe cost of $163,000, for a total of $450,000. Therefore, the total expenditure impact for MUHA is $450,000 annually, beginning in FY 2025-26.

**The University of South Carolina.** USC indicates that this bill may have a substantial fiscal and operational impact. Extensive compliance, reporting, and audit requirements may place demands on USC administrative staff that could divert funding and attention from core educational missions or strategic initiatives. USC also notes that many of the university’s current and potential corporate partners have DEI policies, and these partners may be unwilling to comply with this bill’s provisions and instead sever relationships with USC, which will fiscally and operationally impact the university. USC indicates that these corporate relationships could impact research funding, development opportunities, and career pathways for students. USC additionally indicates that this bill’s provisions will restrict the number of vendors and contractors that are available to solicit from, potentially raising costs, in addition to increased administrative costs.

**Clemson University.** Clemson anticipates that the provisions of the bill that require vendors, contractors, and grant recipients to certify that they do not operate DEI policies may limit the number of vendors and contracts available, potentially raising costs. In addition, Clemson indicates that these policies may impact contracts for banking partners, information technology, architecture, and construction, that may have fiscal and operational impacts on the university. Due to the unknown impact of this bill on vendors and contractors, Clemson anticipates this bill will have an undetermined fiscal impact on the university.

**The Citadel.** The Citadel anticipates that the provisions of the bill requiring vendors, contractors, and grant recipients to certify that they do not operate DEI policies may limit the number of vendors and contracts available for solicitation, potentially raising costs. The Citadel also indicates if existing contractors or vendors are required to and decline to certify with the provisions of this bill, this may lead to operational disruptions in addition to potentially raising costs.

State Revenue

**Office of Resilience.** Resilience indicates that this bill may substantially impact the grant revenue South Carolina receives. As the agency reviews contractors, vendors, and grant recipients for DEI policies, if Resilience is unable to determine the certifications needed under this bill, then projects that are currently using federal grant revenue may have to be delayed or cancelled. In turn, federal grant programs that are project-based may be cancelled or South Carolina may otherwise be obligated to return funds if the funds cannot be distributed due to these provisions. According to Resilience, federal grant funds that may be at least partially impacted include approximately $100,000,000 in the American Rescue Plan Act State and Local Recovery Funds (ARPA), approximately $162,000,000 in Community Development Block Grant for Mitigation (CDBG-MIT) federal grants and approximately $151,000,000 in Community Development Block Grant for Disaster Recovery for Hurricane Helene (CDBG-DR). Resilience also expressed concern that the provisions of this bill may limit the ability of South Carolina to enter into or stay in interstate coalitions.

**Retirement System Investment Commission.** RSIC indicates that the agency is only allowed to consider pecuniary factors when making investment decisions for South Carolina’s defined benefit retirement plans. RSIC believes that the existence or non-existence of DEI programs at a prospective investment manager would not be reasonable construed as a pecuniary factor, so RSIC believes that the provisions of this bill dealing with contractors would not apply. However, if the provisions of this bill are construed to apply to RSIC, RSIC would need to bring the investment and management of the retirement system’s assets in-house. RSIC indicates that bringing these activities in-house may lack the economies of scale and access to types of investments that it gains currently through its external investment managers. If RSIC has to shift to a simplified stocks/bond approach to investment as part of the transition to internal management, it is expected that RSIC’s 30-year annual expected return will fall from 7 percent to 6 percent. This would result in approximately $7,800,000,000 less in expected investment return over a ten-year period. In turn, the reduced rate of return would increase the net present value of the system’s liabilities by $8,900,000,000, which may necessitate an increase in contributions from state and local employers to make up the difference. Finally, RSIC indicates that failure to find a certified custody bank or failure to replicate these services internally means the agency would be unable to operate at all. In this analysis, RSIC assumes that their service providers will maintain their DEI policies and practices and not certify compliance.

**Medical University of South Carolina.** MUSC indicates that the provisions of this bill may lead to a loss of grant funding based on the interpretation of DEI policies in the grants. While current MUSC grants are being reviewed to ensure compliance with federal law and guidelines and there should be no impact to federally funded research grants, there is approximately $20,000,000 of MUSC grants that may have some element of DEI that may be at risk depending on legal interpretation of this bill. MUSC also notes that some grant-funded programs awarded by private foundations may be at risk for the loss of funding due to their DEI components. Finally, MUSC indicates that while “scholarly research” is excluded from prohibited activities, they are uncertain to the extent medical research grants or mentorship training grants for students may be impacted by this bill.

Local Expenditure

This bill establishes restrictions on every state agency and all political subdivisions, including all institutions of higher learning and school districts, regarding DEI practices as defined in the bill. This bill will require local school districts, counties, and municipalities to comply with these requirements. Further, local governments will have to require that contractors, subcontractors, and grant recipients certify that they do not operate any programs that promote DEI before entering into a contract or awarding any grant. The impact on local governments is also expected to vary widely depending on the number of contracts and vendors that must be reviewed.

RFA surveyed all counties and MASC, and the South Carolina Department of Education surveyed the regular and charter school districts for the potential impact of this bill. Two counties and 18 school districts responded. Most respondents did not anticipate a fiscal impact as they do not have policies that would be impacted. Five districts expect that they will need to hire one or more additional staff to comply with the requirements. Two districts and one county expect that the bill will have a significant impact due to the provisions regarding contractors and grants but are unable to quantity the cost.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

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A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS by ENACTing THE “ENDING ILLEGAL DISCRIMINATION AND RESTORING MERIT-BASED OPPORTUNITY ACT” BY ADDING article 29 to Chapter 1, title 1 SO AS TO PROHIBIT EVERY OFFICE, DIVISION, OR OTHER UNIT BY ANY NAME OF EVERY OFFICE OR DEPARTMENT OF THIS STATE, AND ALL OF ITS POLITICAL SUBDIVISIONS, INCLUDING ALL INSTITUTIONS OF HIGHER LEARNING AND SCHOOL DISTRICTS, FROM PROMOTING DIVERSITY, EQUITY, AND INCLUSION, AND TO PROVIDE EXCEPTIONS; and TO PROMOTE INDIVIDUAL INITIATIVE, EXCELLENCE, AND HARD WORK; AND TO SPECIFY APPLICABILITY.

Whereas, longstanding state and federal civil rights laws protect individual South Carolinians from discrimination based on race, religion, color, sex, age, national origin, or disability. These civil rights protections serve as a bedrock supporting equality of opportunity for all South Carolinians; and

Whereas, the General Assembly finds it necessary to ensure that these laws are enforced for the benefit of all South Carolinians; and

Whereas, the General Assembly finds that roughly 60 years after the passage of the Civil Rights Act of 1964, critical and influential institutions of American society, including the Federal Government, major corporations, financial institutions, the medical industry, large commercial airlines, and institutions of higher education have adopted and actively used dangerous, demeaning, and immoral race- and sex-based preferences under the guise of so-called “diversity, equity, and inclusion” (DEI) or “diversity, equity, inclusion, and accessibility” (DEIA) that can violate the civil rights laws of this State and Nation; and

Whereas, illegal DEI and DEIA policies not only violate the text and spirit of our longstanding state and federal civil rights laws, they also undermine our national unity, as they deny, discredit, and undermine the traditional American values of hard work, excellence, and individual achievement in favor of an unlawful, corrosive, and pernicious identity-based spoils system. Hardworking South Carolinians who deserve a shot at the American Dream should not be stigmatized, demeaned, or shut out of opportunities because of their race or sex; and

Whereas, these illegal DEI and DEIA policies also threaten the safety of men, women, and children across South Carolina by diminishing the importance of individual merit, aptitude, hard work, and determination when selecting people for jobs and services in key sectors of American society, including all levels of government, and the medical and aviation communities. Yet in case after tragic case, South Carolinians have witnessed first-hand the disastrous consequences of illegal, pernicious discrimination that has prioritized how people were born instead of what they were capable of doing. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. This act may be cited as the “Ending Illegal Discrimination and Restoring Merit-Based Opportunity Act.”

SECTION 2. Chapter 1, Title 1 of the S.C. Code is amended by adding:

Article 29

Diversity, Equity, and Inclusion

Section 1‑1‑1910. (A) As used in this section, promoting “diversity, equity, and inclusion” means any attempt or effort to:

(1) influence hiring or employment practices with respect to race, sex, color, ethnicity, gender, or sexual orientation other than through the use of color‑blind and sex‑neutral hiring processes in accordance with any applicable state and federal antidiscrimination laws;

(2) promote differential treatment of or providing special benefits to individuals on the basis of race, sex, color, ethnicity, gender, or sexual orientation;

(3) promote policies or procedures designed or implemented in reference to race, sex, color, ethnicity, gender, or sexual orientation for any purpose other than ensuring compliance with any applicable court order or state or federal law; or

(4) conduct trainings, programs, or activities designed or implemented in reference to race, sex, color, ethnicity, gender, or sexual orientation, other than trainings, programs, or activities developed for the sole purpose of ensuring compliance with any applicable court order or state or federal law.

(B) Except as required by federal law, every office, division, or other unit by any name of every office or department of this State, and all of its political subdivisions, including all institutions of higher learning and school districts, is prohibited from:

(1) establishing or maintaining an office or division or other unit by any name whose purpose, in whole or in part, is the promotion of diversity, equity, and inclusion;

(2) hiring or assigning an employee or contracting with a third party to promote diversity, equity, and inclusion;

(3) compelling, requiring, inducing, or soliciting any person to provide a diversity, equity, and inclusion statement or give preferential consideration to any person based on the provision of a diversity, equity, and inclusion statement;

(4) giving preference on the basis of race, sex, color, ethnicity, gender, or sexual orientation to an applicant for employment, an employee, or a participant in any function of the office or department; or

(5) requiring as a condition of enrolling at an institution or performing any institution function any person to participate in diversity, equity, and inclusion training, which:

(a) includes a training, program, or activity designed or implemented in reference to race, sex, color, ethnicity, gender, or sexual orientation; and

(b) does not include a training, program, or activity for the sole purpose of ensuring compliance with any applicable court order or state or federal law.

(C) Every office, division, or other unit by any name of every office or department of this State, and all of its political subdivisions, including all institutions of higher learning and school districts, shall adopt policies and procedures for appropriately disciplining, including by termination, an employee or contractor who violates the provisions of subsection (B).

(D) Nothing in this section may be construed to limit or prohibit an institution of higher education or an employee of an institution of higher education from, for purposes of applying for a grant or complying with the terms of accreditation by an accrediting agency, submitting to the grantor or accrediting agency a statement that:

(1) highlights the institution’s work in supporting:

(a) first‑generation college students;

(b) low‑income students; or

(c) underserved student populations; or

(2) certifies compliance with state and federal antidiscrimination laws.

(E) For purposes of an institution of higher learning, nothing in subsection (B) may be construed to apply to:

(1) academic course instruction;

(2) scholarly research or a creative work by an institution of higher education’s students, faculty, or other research personnel or the dissemination of that research or work;

(3) an activity of a student organization registered with or recognized by an institution of higher education;

(4) guest speakers or performers on short‑term engagements;

(5) a policy, practice, procedure, program, or activity to enhance student academic achievement or postgraduate outcomes that is designed and implemented without regard to race, sex, color, ethnicity, gender, or sexual orientation; or

(6) data collection.

(F)(1) Every office, division, or other unit by any name of every office or department of this State, and all of its political subdivisions, including all institutions of higher learning and school districts, is prohibited from spending any money appropriated or authorized to the office or department until the governing board or chief executive officers, as applicable, submits to the General Assembly a report certifying compliance with this section during the preceding fiscal year.

(2) Additionally, in the interim between each regular session of the General Assembly, the individual that certified the report required by item (1) may, at the discretion of the standing legislative committees with primary jurisdiction over the department or office, be required to testify at a public hearing of the committee regarding compliance with this section.

(3) The State Auditor shall periodically conduct a compliance audit of each department or office to which this subsection applies as to whether the money has been expended in violation of this section. The State Auditor shall adopt a schedule by which the State Auditor will conduct compliance audits under this subsection. The schedule must ensure that each department or office is audited at least once every four years.

(4) If the State Auditor determines pursuant to a compliance audit conducted pursuant to item (3) that a department or office has spent state money in violation of this section, the department or office:

(a) must cure the violation no later than the one hundred eightieth day after the date on which the determination is made; and

(b) if the department or office fails to cure the violation during the period described by subitem (a), the State Auditor shall inform the State Fiscal Accountability Authority. If the authority determines necessary, the authority may direct the State Treasurer to withhold all future distributions to the department or office until the authority determines that the violation is cured.

Section 1-1-1920. (A) Before any agency, office, division, or other unit by any name of every agency, office, or department of this State, and all of its political subdivisions, including all institutions of higher learning and school districts may enter into any contract or award any grant, the applicable contractor or grant recipient must certify that they do not operate any programs that promote equity, diversity, and inclusion, such as the programs prohibited by Section 1-1-1920(B). Further, before such contractor may hire a subcontractor for the project, the subcontractor must certify that it does not operate any such programs that promote equity, diversity, and inclusion.

(B) Before any agency, office, division, or other unit by any name of every agency, office, or department of this State, and all of its political subdivisions, including all institutions of higher learning and school districts may make a contribution, disbursement, transfer, or distribution of any funds, regardless of source and including lottery scholarship funding, to an organization, the organization must certify that it does not operate any programs that promote equity, diversity, and inclusion, such as the programs prohibited by Section 1-1-1920(B).

SECTION 3. (A) It is the policy of the State of South Carolina to protect the civil rights of all citizens of South Carolina and to promote individual initiative, excellence, and hard work. Accordingly, all agencies and institutions of this State, and all of its political subdivisions, including school districts, must:

(1) terminate all discriminatory and illegal preferences, mandates, policies, programs, activities, guidance, regulations, enforcement actions, consent orders, and requirements;

(2) enforce the state’s longstanding civil rights laws and to combat illegal private-sector DEI preferences, mandates, policies, programs, and activities; and

(3) seek the assistance of the Attorney General so as to take all appropriate action with respect to the operations to advance in the private sector the policy of individual initiative, excellence, and hard work.

(B) The Attorney General, within one hundred twenty days of the effective date of this act, in consultation with the heads of relevant agencies required by subsection (A)(3), shall submit a report to the General Assembly containing recommendations for enforcing civil rights laws and taking other appropriate measures to encourage the private sector to end illegal discrimination and preferences, including DEI.

SECTION 4. (A)(1) This act does not apply to lawful state or private sector employment and contracting preferences for veterans of the U.S. Armed Forces or persons protected by the Randolph-Sheppard Act, 20 U.S.C. 107, et seq.

(2) This act does not prevent state or local governments, contractors, or federally funded state and local educational agencies or institutions of higher education from engaging in First Amendment-protected speech.

(B)(1) This act is not intended to and does not create any private right or benefit, substantive or procedural, enforceable at law or in equity by any party against the State, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

(2) The Attorney General shall enforce the provisions of this act and may may bring an action for injunctive or declaratory relief in any court of competent jurisdiction to do so. The Attorney General may make recommendations to the General Assembly when necessary to improve the compliance of this act. The Attorney General shall develop a process and platform whereby complaints may be filed regarding potential offenders of this act.

SECTION 5. This act takes effect upon approval by the Governor and first applies to Fiscal Year 2025‑2026 and School Year 2025‑2026.

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