

December 4, 2025

The Honorable Henry D. McMaster
Governor of the State of South Carolina
State House
1100 Gervais Street
Columbia, South Carolina 29201

Dear Governor McMaster:

Thanks to your leadership and the leadership of the General Assembly, the South Carolina Department of Transportation (SCDOT) has made tremendous strides in advancing the repair and reconstruction of South Carolina's transportation system since adoption of its 10-Year Plan required by the 2017 Roads Bill.

10-Year Plan Progress

In year eight, SCDOT achieved the following through its legislatively-mandated 10-Year Plan:

- Advancing to construction 1,209 miles of rural road safety projects, which has seen a 20% reduction in fatalities and serious injuries on corridors where we have completed a project.
- Putting under contract 10,017 miles of paving, getting work underway on approximately one-quarter of the state's 41,000-mile highway system.
- Replacing and rehabilitating 456 bridges to deal with South Carolina's rapidly aging bridge inventory and addressing closures and load postings. These efforts have been bolstered by one-time \$200 million appropriations in both FY 2024-25 and FY 2025-26.
- Delivering on 121 miles of interstate improvement projects including completing improvements on I-85, I-20, and I-26; while also advancing the widening of I-26 between Charleston and Columbia, improving I-95 at the Georgia border, and untangling Malfunction Junction in Columbia. The efforts on I-26 and I-95 were accelerated thanks to the General Assembly's appropriations in FY 2022-23 of \$453 million in American Rescue Plan dollars and \$133 million in non-recurring General Fund dollars.

Inflation's Impact on SCDOT's Program

While SCDOT is achieving or exceeding the targets it set out to achieve in the 10-Year Plan, it has done so in the face of rapid and unprecedented inflation that has affected the highway construction industry nationwide. At the same time, SCDOT's revenues have remained largely stagnant. The Federal Highway Administration's Highway Cost Index has seen a 65.7% increase since 2021.

This trend is consistent with experience here and SCDOT has seen a significant decrease in its buying power as a result of this inflation. For example, when the 10-Year Plan was adopted in FY 2017-18, SCDOT could pave 114 miles of two-lane highway with one penny of the gas tax (\$34-36 million). In FY 2024-25, SCDOT could only pave 87 miles of two-lane highway with one penny of the gas tax. What this means is that SCDOT is pushing out fewer projects while living within its budget. In the 2022-23 paving program, SCDOT could push out 1,133 miles of paving. In the 2025-26 paving program going out to bid now, SCDOT is only able to push out 727 miles of paving.



Options for Additional Resources

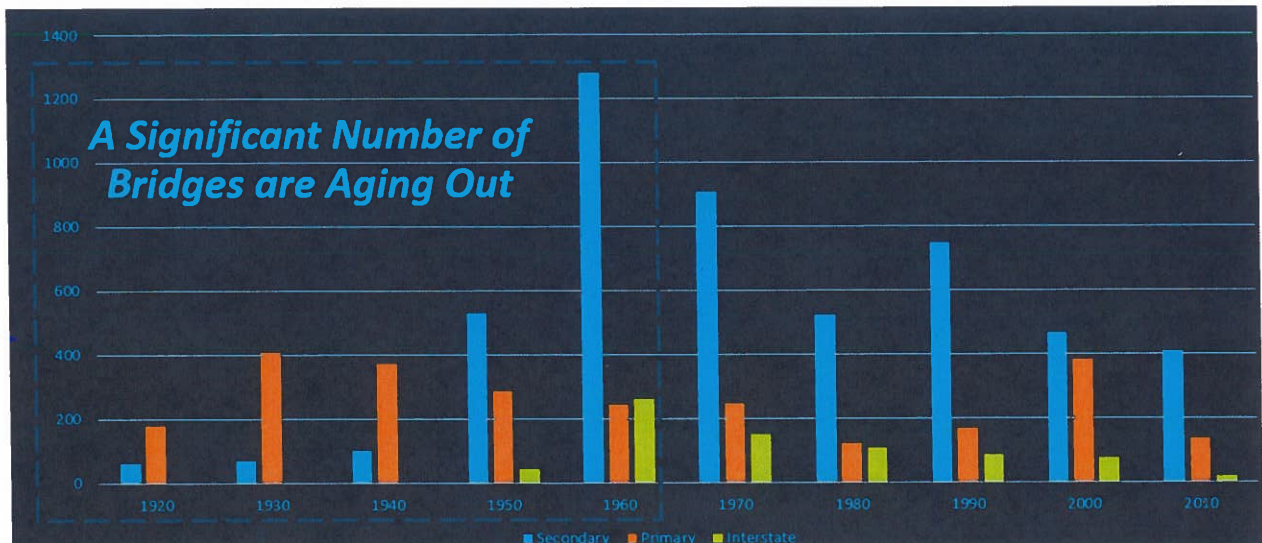
In its General Fund request for FY 2026-27 approved by the SCDOT Commission, SCDOT made the following requests:

- \$300 million for bridge replacements and repairs to address South Carolina's rapidly aging bridge inventory.
- \$25 million to implement a road "buy-back" program for local governments to assume responsibility for lower volume state highways.
- \$5.1 million to the Department of Parks, Recreation, and Tourism to remove SCDOT's responsibilities for Welcome Center funding.
- \$5 million for litter pick-up on non-interstate routes.

You have asked if SCDOT could utilize additional funds from nonrecurring General Fund sources in a manner to advance major strategic initiatives and offset inflation's impact. Upon review of the program and industry capacity, SCDOT believes additional investments of \$400 million in bridges, \$600 million towards construction on existing interstate programs, and \$150 million toward advancing the development of new interstate widening programs will yield positive results for South Carolina.

Bridge Investment

South Carolina has a bridge challenge. Of the 8,400 bridges in SCDOT's inventory, approximately 80 are closed and approximately another 700 are load posted which means vehicles of certain weights cannot pass over them. This impacts freight movement, public safety response times, and routes for school buses. SCDOT is pushing hard to solve this challenge because this is not just a quality-of-life issue, but it is a safety issue with consequences without decisive action. The General Assembly and you have already demonstrated commitment to this task and SCDOT has put those one-time dollars to work.



This is a result of South Carolina's aging bridge inventory with over 2,400 bridges older than 60 years old, the point where rehabilitation or replacement starts to be considered. This number will swell to over 3,900 bridges in 10 years absent additional investment from the General Assembly.

Since 2021, SCDOT has made significant reforms to its bridge program. This includes restructuring how it does inspections and adding district bridge maintenance crews in every corner of South Carolina. SCDOT has been able to dramatically increase the production of bridge projects – going from 23 bridges in 2017 to more than 66 bridges in 2025, thanks to the one-time appropriation in FY 2024-25. SCDOT is finalizing new low volume bridge design standards which should provide a common sense way to advance more projects in a more cost-effective manner.

The market has responded. In recent bid lettings, SCDOT has seen robust competition for bridges with an average of four to six bids per bridge, indicating competition and capacity in the industry. SCDOT continues to see new firms enter the market in each letting.

SCDOT dedicates \$213 million toward bridge replacement, rehabilitation, and preservation projects annually in its 10-Year Plan. In FY 2025-26, the General Assembly provided an additional \$200 million toward bridge projects that will become available in February, for a total of \$413 million. SCDOT currently anticipates having 73 bridges totaling \$543 million to be ready to let this fiscal year. This means approximately \$130 million will be deferred to FY 2026-27 when funds are available. In addition, SCDOT has approximately 70 bridges totaling \$573 million anticipated to be ready to let in FY 2026-27.

The SCDOT Commission approved submitting a request for \$300 million in bridges in the FY 2026-27. Based on market capacity present and a pipeline that will have more projects ready than funds available, SCDOT would be able to fully program \$400 million in bridges in FY 2026-27. This increase would allow SCDOT to continue its efforts to address closures and postings across South Carolina. Absent additional funding, SCDOT will need to defer approximately 50 shovel-ready bridge projects.

Existing Interstate Corridors

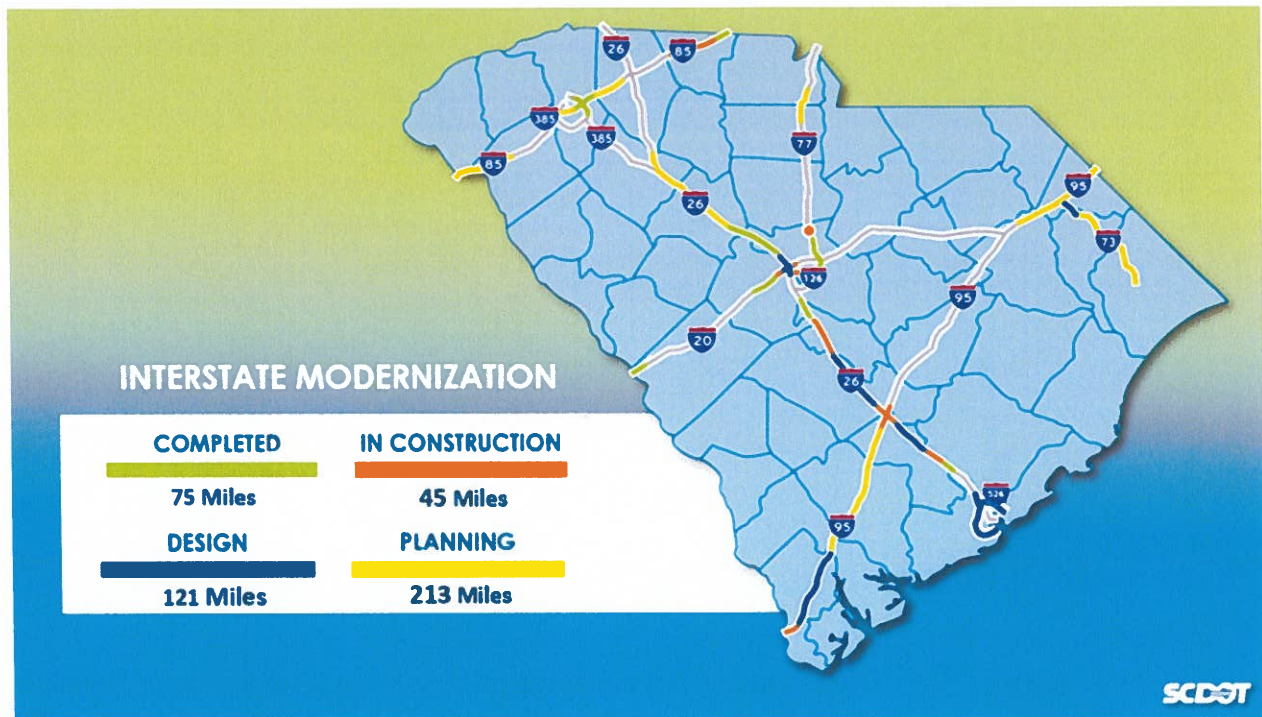
SCDOT has initiated the most aggressive interstate investment program since the construction of the interstates in the 1950's and 1960's. Since 2017, SCDOT has completed 75 miles of interstate capacity projects and has 45 miles under construction now. SCDOT's current focus is on widening I-26 between Charleston and Columbia, I-95 between the Georgia border and Point South, and Carolina Crossroads in Columbia.

The General Assembly's appropriation of \$453 million in American Rescue Plan Act (ARPA) and \$133 million in one-time dollars in 2022 have allowed these programs to accelerate. However, the inflation noted previously has eaten into funds available and impacts the ability of SCDOT to deliver its program. The anticipated cost in 2022 to today on completing each of the three major programs has risen as follows:

- I-26 Between Columbia and Charleston: \$2.02 billion to \$3.03 billion, or a 50% increase
- I-95 Between Georgia and Point South: \$977 million to \$2.27 billion, or a 132% increase



- Carolina Crossroads: \$2.062 billion to \$2.751 billion, or a 33% increase.



In total, these increases are very consistent with the increases seen in highway construction nationally. SCDOT has used several strategies to manage the cost increases through a variety of means including:

- Effectively using the one-time dollars granted to SCDOT in 2022. For instance, according to reports from the Department of Administration, SCDOT has consumed 69% of its ARPA allocation, the second-fastest of any state agency. SCDOT is on-track to expend all funds granted to it well-ahead of the December 31, 2026 spend deadline and has indicated to the Department of Administration that it can absorb an additional \$200 million if necessary to assist the state in avoiding lapse of ARPA funding.
- Aggressively seeking After-August funding from the Federal Highway Administration to use federal funds not used by other states and federal grant programs. Since 2022, SCDOT has received the following After-August distributions:
 - 2022: \$190,529,098
 - 2023: \$149,512,712
 - 2024: \$94,955,009
 - 2025: \$124,227,908
- Re-sequencing projects as necessary. Under former Secretary Hall, SCDOT re-sequenced Carolina Crossroads based on work to mitigate risks related to utility relocation and to maximize industry competition for projects over \$1 billion. This pushed completion to the mid-2030's as a result. In addition, SCDOT reviewed the sequence for I-26 and I-95 to apply the lessons learned from the I-85 project and is timing projects so that no stretch of interstate has a work zone longer than approximately 20 miles at any one time.



SCDOT programs approximately \$450-500 million per year into interstate projects. Absent additional funding, SCDOT will need to defer completion of I-26 widening between Columbia and Charleston to 2038 instead of 2035 and defer completion of I-95 widening between Georgia and Point South to 2035 instead of 2033. As SCDOT has seen, these delays only lead to additional cost increases, a vicious cycle that is challenging departments across the nation as they work to deliver critical infrastructure.

In total, SCDOT anticipates needing an additional \$776 million over the next eight years to complete both I-26 and I-95 on the more aggressive schedule. An additional appropriation of \$600 million would allow the next phases of I-26 (widening between Exits 136 and 145 and Exits 172) and the next phase of I-95 (widening between Exit 8 and Exit 21) to remain on track for lettings in 2026, 2027, and 2028. SCDOT will continue to develop projects in the future years and refine cost estimates accordingly and would be prepared to seek additional appropriations if necessary to maintain this aggressive program.

New Interstate Corridor Widening

While SCDOT takes pride in the progress made on the numerous interstate projects, South Carolina's population growth continues to accelerate and congestion continues to impact both urban and rural interstate corridors. Additional preconstruction work totaling \$150 million could be initiated to begin addressing these issues now.

The next rural interstate corridors on the priority list for widening would be I-85 in Anderson and Oconee counties and I-77 in York and Chester counties. It would be 2035 at the earliest before SCDOT could begin work on these corridors. An appropriation of \$75 million could allow SCDOT to design both corridors and position them for future appropriations or grant applications to accelerate their construction.

In addition, SCDOT has substantial urban congestion challenges on I-26 and I-526 in the Charleston area and on I-85 in Greenville, Spartanburg, and Anderson counties. Due to the cost and complexity of those projects, SCDOT has been exploring the use of choice lanes to address congestion in those areas. Choice lanes are toll lanes – oftentimes done through a public-private partnership – that add capacity, allowing drivers willing to pay the toll with the option to choose to buy their way out of congestion while also providing traffic benefits to drivers who choose not to take the lanes.

In addition, SCDOT is working with the North Carolina Department of Transportation on their choice lanes project in the Charlotte-area on I-77 in making sure that the project works for South Carolina. An appropriation of \$75 million would allow SCDOT to initiate the necessary studies and procurement documents to pursue choice lanes on I-26/I-526, I-85, and I-77 in order to address congestion on those corridors now rather than waiting until 2035 and beyond for capacity to emerge in our current program.

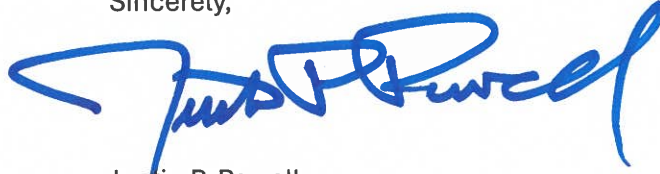
Conclusion

SCDOT has made significant strides to improve the condition and function of South Carolina's most critical infrastructure. Investments of \$400 million in bridges, \$600 million to advance construction on existing interstate corridors, and \$150 million to advance the development new interstate corridors will continue to advance South Carolina's progress continues unabated.



Please do not hesitate to let me know any questions or if you need additional information.

Sincerely,



Justin P. Powell
Secretary of Transportation

CC: President Thomas Alexander, South Carolina Senate
Speaker Murrell Smith, South Carolina House of Representatives
Chairman Harvey Peeler, Senate Finance Committee
Chairman Bruce Bannister, House Ways and Means Committee
South Carolina Department of Transportation Commission

