

INTERNAL STAFF UPDATE*

Wednesday, January 13, 2016

LEGISLATIVE:

Speaker Lucas – Today, the Speaker issued a press release commenting on the Governor's education reform initiative. SEE ATTACHED.

Senate Roads Working Group – The Senate Roads Working Group, created by Chairman Leatherman, will be meeting tomorrow, Thursday, January 14th after session to discuss an infrastructure package in the Senate. Members of the working group include Senators Massey, Bennett, Hutto, Cleary, Jackson, and Hayes.

DV Fatality Review Legislation – Today, Chairman Martin and Rep. Pope introduced companion legislation to establish Domestic Violence Fatality Review Committees (statewide and local), providing confidentiality for the process. This legislation was recommended by the DV Task Force.

Certificate of Need – H. 3250 pertaining to CON was discussed in Senate Medical Affairs Subcommittee today. The bill was passed out of subcommittee and to the floor with Senator Cleary's amendments which include deletion of the 2018 sunset language.

Secretary Hall's Appointment – Today, Secretary Christy Hall's appointment was officially read across the desk and referred to the Senate Transportation Committee.

Workers' Comp Bill – Today, Senator Martin's bill amending subsection (B) of Section 42-3-20 (allowing the Governor to reappoint the Chairman), was read across the desk in the Senate today and referred to Judiciary Committee.

CABINET:

Admin's Classification & Salary Study – Last year's budget required that DOA budget for an in-depth study of the state's classification and compensation system. Through the procurement process, the Department of Administration secured Kenning Consulting to conduct the study, which cost \$217,700. (The proviso directed that the cost of the study could not exceed \$300,000.) Key findings of the report are attached. SEE ATTACHED.

DSS DSNAP – In late December and January, two media outlets (*Greenville News* and *Post & Courier*) ran stories about DSNAP fraud.

The number of people that qualified for FEMA IA (appx. 28,000 approved with a 72% denial rate) is much lower than those that qualified for DSNAP (appx. 188,000 approved with a 12% denial rate). Several legislators (Fair, Smith, Turner, and

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Alexander) have reacted to these stories. DSS knew going in that fraud was a potential issue due to the manner in which the feds require the program be administered.

According to DSS, the feds do not allow the agency to ask for verification (whereas FEMA requires verification). And, DSNAP provides benefits to individuals affected by the flood in three ways (loss of income, unreimbursed expenses, or damage to home), where FEMA IA only provides assistance to those with damage to their home.

Our denial rate (12%) is in line with other states in similar disasters, with the exception of New Jersey. (Maryland – 2013 – 15% denial; Illinois – 2013 - 10% denial; Colorado – 2013 - 15% denial; New Jersey – 2012 – 49% denial). DSS plans to conduct a benefits integrity audit and recoup any funds fraudulently paid out. This may become an issue during Director Alford's budget hearing or in oversight meetings.

DV TASK FORCE – Sheriffs:

Tomorrow morning, Swati and Director Stirling will speak to 42 sheriffs during their annual meeting about the Task Force's Law Enforcement Toolkit and the Governor's request to have the sheriffs pledge to adopt the Toolkit. A short training video to accompany the Toolkit will be available by the end of the month. We will ask the sheriffs to commit to having their officers complete the training and begin using the Toolkit within six months – approx. August 1, 2016. The tentatively held date for the Governor's press conference with the sheriffs is in February.

Recall that the Toolkit is comprised of best practices and new forms for officers to fill out when at a DV incident call, including lethality assessments and checklists of questions about strangulation, coded language, control tactics, and mental health. The purpose of the Toolkit is to (1) better assess the danger level to better help victims; (2) better collect evidence and establish a record for prosecutors; and (3) better ensure uniformity across jurisdictions.

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Dept. of Admin. Classification and Salary Study

KEY FINDINGS

1. **The State's current classification and compensation plan, which provides a broad-banded approach, is 20 years old and should be redesigned to help the state become competitive in retaining and attracting highly qualified employees.**
 - The broad-banded plan, which consists of ten pay bands, is primarily administered on a decentralized basis for the majority of state employees. Currently, agencies have significant authority for classification and compensation decisions made in pay bands 1–6. **That represents 87.4 percent of all classified employees.** The Division of State Human Resources reviews positions classified in pay bands 7-10.
 - The study found that decentralized decision making, broad-banded job classifications and wide salary bands may contribute to internal equity and salary disparity between agencies — one agency's salary for a certain position may be different from the salary another agency pays for the same position.
2. **On average, State employees are paid below the midpoints of the various pay bands. In most systems, the midpoint is tied to market. However, the midpoints of the State's pay bands are the mathematical midpoint between the minimum and maximum of the pay bands.**
 - The study determined that the State's overall compa-ratio, or salary expressed as a percentage of the midpoint of a band, is 91 percent. That means, on average, the State pays its employees 91 percent of its midpoints.
 - When comparing current State salaries with the market, South Carolina's salaries are behind those of other states (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, Tennessee, Virginia and West Virginia) by an average of 15 percent. That number is 16 percent when comparing State salaries to those in the in-state public sector market, and 18 percent when comparing State salaries to those in the in-state private sector market.
3. **South Carolina's benefits package does not offset the level of competitiveness of salaries.**
 - State employees contribute 8.16 percent of every paycheck to the retirement plan. That percentage is the highest in the Southeastern states (same states as listed above).
 - When it comes to healthcare, the State employee cost sharing of 21.3 percent is above the 7–15 percent for employees in other state governments. However, it is in line with the 15-29 percent in South Carolina's private sector.
 - As compared to other state governments and the private sector, annual leave and the holiday schedule are above market for State employees.
 - Even though the State's leave is above average and State employee cost sharing for healthcare is in line with the private sector, the study concluded that the State's benefits are not excessive and should not distract from the need to redesign the classification and compensation plan and move toward funding salaries at a more competitive level.
 - The study commends the State for taking proactive steps related to employee contributions to the Defined Benefit Plan, offering a Defined Contribution Plan and addressing health care costs.

4. **South Carolina does not have a significant issue with longer serving employees receiving lower pay than newer employees.**
 - Overall, analysis shows there is a higher average pay for employees who have greater time in a certain job classification than newer employees in the same job classification. In other words, as employees advance through State government, so do their salaries.
 - The study commends the State for discontinuing longevity pay and notes that other states that still use longevity pay have incurred significant annualized costs.
5. **The study endorsed the legislated ending of the Teacher and Employee Retention Incentive Program (TERI), which allows employees to retire and return to work while their retirement benefits amount is held in trust for up to five years.**
 - The TERI program will end in 2018. While the program was originally designed for employee retention, it may have inhibited effective workforce planning, talent management and career progression.
6. **Based on the study's data and conclusions, the climate for changing the classification and compensation plan will have to be determined. Moving forward, the study recommends that the State can use two methods to begin addressing the lag to market**
 - Provide targeted salary adjustments for positions determined a priority by the General Assembly based on criteria to be developed by the Division of Human Resources.
 - Provide general funding increases based on movement in the market for the cost of labor and affordability. Currently, each one percent of funding is \$13,295,828 in actual pay. (The cost to the State would be less than that amount, because some jobs are funded with federal and other dollars.) Since 2007–2008, there have been four legislated general increases to State salaries. Those four increases total 9 percent, which according to the study is less than increases for both the relevant other state governments and the private sector.
7. **South Carolina needs to develop a Compensation Philosophy Statement that serves as a guide to link compensation with other human resources objectives.**
 - The statement would:
 - Set the legislative and executive intent for the State's compensation plan;
 - Increase consistency across the State when it comes to making compensation decisions;
 - Provide a framework to consider total reward;
 - And, clearly identifies roles and accountabilities.
 - Once a Compensation Philosophy Statement is defined, the study recommends applying the philosophy in redesigning the State's classification and compensation system before defining and implementing increases in compensation.

Speaker Lucas Responds to Governor Haley's Education Proposal

Looks forward to working together to advance reform

(Columbia, SC) – House Speaker Jay Lucas (District 65-Darlington) issued the following statement in response to Governor Nikki Haley and Superintendent Molly Spearman's education press conference in Gaston, SC.

"Education reform is a long overdue, critical conversation that must take place to protect our state's economic and societal prosperity," Speaker Jay Lucas stated. "Governor Haley has embraced this issue and we are encouraged by her advocacy for reforms intended to give our children access to the education they deserve.

"Superintendent Molly Spearman, Chairwoman Rita Allison and the members of our House Education Taskforce worked tirelessly for ten months on a proposal that seeks to fundamentally transform our public education system. Our plan offers assistance to struggling school districts and prioritizes 21st century learning so that every child in every part of our state is given the opportunity to succeed. I look forward to joining Governor Haley in her efforts so that together we can make education reform a reality in South Carolina."

The House Education Policy and Review Task force is a seventeen-member panel chaired by Representative Rita Allison (District 36-Spartanburg) and included delegates from the rural school districts in the Abbeville Supreme Court decision. The group was appointed by House Speaker Jay Lucas last January and successfully drafted a comprehensive report after studying the issue for ten months. The panel addressed family engagement, curriculum advancement, teacher and administrative retention, and infrastructure needs. To view the report, click [here](#).