

MINUTES OF BUDGET AND CONTROL BOARD MEETING

NOVEMBER 15, 1963

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The Budget and Control Board met in the Conference Room of the State Auditor's Office at 10:30 A. M. on Friday, November 15, 1963, with all members present. Also present were J. M. Smith, State Auditor, and P. C. Smith, Assistant.

The following business was transacted:

UNIVERSITY OF SOUTH CAROLINA - Proposed Property Purchase

Mr. Thomas W. Lane, of the Columbia real estate firm of Lane, Taylor and Wolfe, appeared before the Board in the interest of certain contracts entered into by the University of South Carolina authorities for the purchase of property in the immediate area of the University.

The following pieces of property were those under consideration:

1621 College Street	-	\$ 18,000.00
902 Barnwell Street)		
906 Barnwell Street)		
910 Barnwell Street)	-	55,000.00
914 Barnwell Street)		
919 Gregg Street)		
915 Gregg Street	-	<u>70,000.00</u>
		\$ 143,000.00

It was noted that the University had formally contracted for the purchase of this property whereas, formal approval by the State Budget and Control Board has not yet been obtained. Mr. Lane stated that contracts had been entered into some-time ago and owners of the property were anxious to conclude transfers.

The Board gave consideration to the matter but took no action at this time.

RETIREMENT SYSTEM - Proposed Amendment to Present System

Senator Rembert Dennis, Senator J. M. Waddell, Representatives Joe Rogers, Harris Smith and Ruth Williams, together with Mr. Tatum Gressette, Director of the State Retirement System, and Mr. Harry Gershenson appeared before the Board with

proposals to amend the operation of the State Retirement System. The group represented a committee of the Legislature appointed to study the System.

The changes recommended involved principally an increase in retirement benefits. The Committee submitted for the Board's consideration a printed outline indicating the extent to which benefits would be increased and other details of proposed changes. (See attached report) (No. 6)

It was noted that the employer contribution to the Retirement System would have to be increased by approximately \$4,250,000.00 per year, based upon prevailing salary levels, in order to provide the increased level of benefits to members. Individual employees would be required to increase their contributions by 1% under the proposed plan.

The Board reviewed the proposals of the Committee in detail but took no action at this time.

STATE BUDGET FOR 1964-65 - Preliminary Draft

A preliminary draft of a proposed State Budget for 1964-65 was submitted to the Board by State Auditor J. M. Smith. The Board gave general approval to the Budget as proposed, with some modifications being agreed upon.

The Board also agreed to recommend that the General Assembly appropriate sufficient funds for the purchase of new school busses for the current year, 1963-1964, in lieu of the issuance of bonds that would otherwise be necessary for this purpose.

SECRETARY OF STATE - Allotment from Civil Contingent Fund

The Board agreed to supply from the Civil Contingent Fund the sum of \$1,800.00 to the Secretary of State for the employment of an additional steno-clerk during the remainder of the current year.

No further business was considered and the Board adjourned at 12:45 P.M.

No. 6

Nov. 15, 1963

PROPOSED NEW TYPE OF FORMULA
(A simplified formula)

Upon retirement at age 65 or later, the normal retirement allowance will be equal to 1% of the first \$4,800 (maximum wages covered under Social Security) of average final salary, plus 1 1/2% of the salary in excess of \$4,800, multiplied by the number of years of creditable service.

"Average final salary" shall mean the average salary for the best five (5) consecutive fiscal years of the last ten (10) years prior to retirement.

Example:

A member retiring at age 65, with 35 years of service and averaging \$5,400, his retirement allowance would be calculated as follows:

$$\begin{array}{rcl} \$5,400 & & \\ \underline{4,800} & \text{times } 1\% & = \$48.00 \\ \$600 & \text{times } 1\frac{1}{2}\% & = \underline{9.00} \\ & & \$57.00 \end{array}$$

\$57.00 times 35 years = \$1,995.00 annual allowance or \$166.25 monthly.

PROPOSED CONTRIBUTION RATE FOR MEMBERS AND EMPLOYERS

The present 3% contribution rate for members would be increased to 4% and the 5% rate would be increased to 6%.

Cost of new formula will be provided by our Actuary, Mr. Harry Gershenson.

VARIOUS GROUPS

GROUP I

Persons who retired with 20 or more years of creditable service prior to July 1, 1945.

The proposed increment in Group II shall be applicable to this Group.

GROUP II

Persons who retired with 20 or more years of creditable service and are not eligible for primary social security benefits.

Proposed additional supplement to eliminate some of the present inequities as follows:

\$80 per month for 20 years of service
\$81 per month for 21 years of service
\$82 per month for 22 years of service
\$83 per month for 23 years of service

No limit to the number of years of service.

GROUP III

Persons who have retired with 20 or more years of creditable service and are eligible for primary social security benefits.

Continue minimum monthly allowance of \$70.

GROUP IV

Persons who may retire and whose membership was prior to July 1, 1964.

Will receive the higher of two formulas:

1. Present benefits (including supplement)
2. New proposed formula

GROUP V

Persons whose membership becomes effective on and after July 1, 1964.

Average final salary formula will determine retirement benefits. There will be no supplement for this group.

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