MINUTES OF BUDGET AND CONTROL BOARD MEETING

NOVEMBER 7, 1974

The Budget and Control Board met in the Governor's Conference Room at 3:00 p. m. on November 7, 1974, with the following members in attendance:

Governor John C. West
Senator Rembert C. Dennis
Mr. F. Julian LeaMond
Mr. Henry Mills
Mr. Grady L. Patterson, Jr.

Also in attendance were Messrs. P. C. Smith and W. T. Putnam.

The following business was conducted.

MEDICAL UNIVERSITY - The Budget and Control Board received a request from the Medical University for approval of additional floors to be added to the Clinical Science and Administration Buildings of that Institution. However, the Board had some question as to whether the funds which were proposed to finance the construction could be properly used for that purpose.

After discussion, the Board unanimously agreed to give tentative approval to the project contingent upon a favorable ruling by the Office of the Attorney General or the enactment of legislation authorizing the use of the proposed funds for this purpose.

DEVELOPMENT BOARD - The Budget and Control Board approved a request of the State Development Board for permission to enter into a cooperative funding agreement with Industrial Minerals, Inc. for a geochemical sampling program related to barite.

A copy of the letter of the State Development Board has been retained in these files and is identified as Exhibit I.

BUDGET AND CONTROL BOARD MINUTES - Budget and Control Board members, having been furnished with copies of the minutes of Board meetings between October 1 and October 29, 1974, approved these minutes as written.

ADJUTANT GENERAL'S OFFICE - The Budget and Control Board approved a request of the Office of the Adjutant General for permission to enter into an architectural contract with Larkin Jennings III & Associates for the construction of an addition to the armory at Hampton, South Carolina.

Data pertaining to this request has been retained in these files and is identified as Exhibit II.

MENTAL HEALTH COMMISSION - At its meeting of October 24, 1974, the Budget and Control Board requested that the Mental Health Commission take new bids on a building project known as Village "A". The Board has now received a letter from Dr. William S. Hall requesting information as to when the new bids should be taken.

Board members unanimously agreed that the new bids should be requested immediately and directed Mr. P. C. Smith to so advise Dr. Hall.

A copy of Dr. Hall's letter has been retained in these files and is identified as Exhibit III.

SOUTH CAROLINA ASSOCIATION OF COMMUNITY ACTION AGENCIES - In a letter dated October 29, 1974, Mr. C. S. Campbell, President of the South Carolina Association of Community Action Agencies, requested that the Budget and Control Board recommend an appropriation for the fiscal year 1975-76 in the amount of $3,283,893.00 for some sixteen Community Action Agencies. Mr. Campbell indicated that the request was based upon a formula of $5.50 per poor person in the State of South Carolina according to the 1970 census. The Budget and Control Board accepted the letter as information but took no formal action upon the request. A copy of the letter and attachments have been retained in these files and are collectively identified as Exhibit IV.

RETIREMENT DIVISION - Mr. Purvis Collins, Director of the Retirement Division, appeared before the Board to discuss the following items.

ACCOUNTING CHANGE - Mr. Collins requested Board permission to change the method of accounting relating to gains and losses on bond exchanges. He reported that the proposed change had received the approval of the State Treasurer, the State Auditor and the C. P. A. firm of Peat, Marwick, Mitchell & Co.

The Board gave unanimous approval to this request.

A copy of a letter pertaining to this matter from the firm of Peat, Marwick, Mitchell & Co. has been retained in these files and is identified as Exhibit V.

POLICE OFFICERS RETIREMENT - Upon recommendation of Mr. Collins, the Board unanimously approved a Resolution establishing new retirement tables for the South Carolina Police Officers Retirement System.

A copy of the Resolution has been retained in these files and is identified as Exhibit VI.

AERONAUTICS COMMISSION - In a letter dated October 23, 1974, Mr. John Hamilton, Director of the South Carolina Aeronautics Commission, advised that his Agency had received an appropriation of $175,000 for the purchase of a new helicopter but that the lowest bid was $193,143. Mr. Hamilton suggested that the difference could be paid from revenues received as reimbursement from other agencies and from aircraft registration fees.

Board members unanimously agreed that neither of the revenue sources was appropriate for this purpose and, therefore, felt that the purchase of the helicopter should be deferred until the Legislature has an opportunity to act upon a supplemental appropriation request. The

Board further agreed to endorse the request for supplemental appropriation.

Data pertaining to this matter has been retained in these files and is identified as Exhibit VII.

PERSONNEL DIVISION - Upon the recommendation of Dr. Jack Mullins, the Budget and Control Board unanimously approved an employee service award program developed by the Personnel Division.

A copy of this program has been retained in these files and is identified as Exhibit VIII.

GENERAL SERVICES DIVISION - Mr. Furman McEachern advised the Budget and Control Board that he had received several requests from Mr. Paul Macmillan of the Industrial Commission for permission to move his Agency from The Sumter Street Building (The old R. L. Bryan Building) to the Dutch Square area.

Budget and Control Board members agreed that no funds were available for such a move and requested that Mr. Furman McEachern discuss the matter further with Mr. Macmillan in order to see that the present quarters are made as satisfactory as possible.

Correspondence from Mr. Macmillan has been retained in these files and is identified as Exhibit XIII.

ECONOMIC ADVISORY COMMITTEE REPORT - Dr. James Morris, Mr. Thomas P. Evans and Mr. Robert C. Wasson, members of the Economic Advisory Committee appeared before the Board to present the current and projected economic outlook. The essence of their report was that the State's economy has slowed significantly along with the rest of the nation and that the outlook for the next few months is for further decline in real income and some increase in unemployment. However, they forecasted improvements beginning in mid year 1975.

The Economic Advisory Committee now estimates the General Fund revenue for the fiscal year 1974-75 will be $875,000,000, while the current projection for the fiscal year 1975-76 is $978,000,000.

Data pertaining to the report of the Economic Advisory Committee has been retained in these files and is identified as Exhibit IX.

REVENUE ESTIMATES - The Budget and Control Board formally adopted the revised revenue estimates of the Economic Advisory Committee. As indicated above, the revised General Fund Revenue estimate for the fiscal year 1974-75 is $875,000,000, while the estimate for the fiscal year 1975-76 is $978,000,000.

1975-76 BUDGET - Mr. P. C. Smith presented the Budget and Control Board with a first draft of proposed expenditures for the fiscal year 1975-76 showing that preliminary recommendations exceeded available funds by $23,803,094. Mr. Smith reviewed the recommendations for all departments calling attention to those having special needs as well as those having fixed requirements.

After much discussion, the following specific suggestions were made for guidance in further budget development:

Mr. Mills asked that the contribution to the Carolina Children's Home be raised to $35,000.

Senator Dennis recommended that the Aid to Subdivisions be frozen at the 1974-75 level.

Senator Dennis suggested that state employees and school teachers salary increases be computed at five percent. (Mr. Mills requested that the record show that he wished to grant state employees and teachers a ten percent base pay increase)

In further discussion pertaining to budgetary matters, several Board members indicated that a request should be made for a detail of the proposed expenditures of the Health Planning Group of a current appropriation of $5,000,000.

Mr. Smith agreed to develop a second draft of budget recommendations to be presented at the next meeting of the Budget and Control Board.

Board members agreed that Governor-elect James Edwards might wish to have some input with respect to the 1975-76 budget, and Mr. P. C. Smith was requested to contact him pertaining to this matter.

Mr. Smith advised that the final business of the day pertained to personnel matters; and the Board, therefore, unanimously declared itself in Executive Session.

Exhibit I
Nov 7, 1974


STATE DEVELOPMENT BOARD
POST OFFICE BOX 927
COLUMBIA, SOUTH CAROLINA 29202

F. EARL ELLIS
DEPUTY DIRECTOR

TELEPHONE
(803) 758-3333


November 1, 1974

The Honorable P. C. Smith
State Auditor
P. O. Box 11333
Columbia, S. C. 29211

Dear Pat:

Our Division of Geology is conducting a geochemical sampling program in the old barite belt of Cherokee County. Barite is a barium sulfate mineral used in oil drilling mud, paint, medical use, and other applications. The mining of barite by one company, Industrial Minerals, Inc. at Kings Creek (northeast of Gaffney), until 1966 caused South Carolina to be ranked fifth nationally. Production ceased because of the increasing amount of overburden, making the surface mining uneconomical.

The purpose of the geochemical sampling program is to find new sources of barite and related sulfide minerals. Industrial Minerals, Inc. is willing to contribute $2,000 to this program even though they understand they won't be given preferential treatment.

Enclosed is the draft of a letter agreement to L. G. Wilson, president of Industrial Minerals, Inc.

The Office of the Attorney General reaffirmed that it is legal (letter copy enclosed) for the State Development Board to accept funds from a private firm in a cooperative project.

The Development Board requests Budget and Control Board approval to enter into the cooperative funding agreement as outlined.

Sincerely,

Earl

F. Earl Ellis
Deputy Director

FEE:trp

Enclosures

The State of South Carolina

Office of the Attorney General

M. ELIZABETH CRUM
ASSISTANT ATTORNEY GENERAL

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-3970

DANIEL R. McLEOD
ATTORNEY GENERAL
JOSEPH C. COLEMAN
C. T. GOOLSBY, JR.
DEPUTY ATTORNEYS GENERAL

October 14, 1974

Mr. F. Earl Ellis
Deputy Director
State Development Board
Post Office Box 927
Columbia, SC 29202

Re: Use of cooperative funds from private industry by State agencies

Dear Mr. Ellis:

Your letter of September 6, 1974, has been referred to me for answer. You request an opinion as to whether or not a State agency may accept cooperative funds from private industry in a project designed to increase the mining of barite in the State of South Carolina. The private company, Industrial Minerals, Inc. is willing to contribute $2,000.00 toward the development of this program, even though they understand they will not be given the preferential treatment.

One of the purposes of the Department of Development and the State Development Board is "to assist the development of existing State and interstate trade, commerce and markets for South Carolina goods and in the removal of barriers to the industrial, commercial and agricultural development of the State." Section 9-303(7), Code of Laws of South Carolina (1962). Furthermore, pursuant to Section 9-309(11), the State Development Board has the authority to "accept gifts, grants, funds, property or services for the purpose of accomplishing its objectives and to dispose of such property and services as it may no longer need, subject to the approval of the State

Budget and Control Board." In light of Section 9-303 and 9-309, this Office sees no reason why the Division of Geology may not enter into a cooperative funding situation with Industrial Minerals, Inc., as long as the Division has the approval of the State Budget and Control Board as provided in Section 9-309(11).

Yours very truly,

M. Elizabeth Crum

M. Elizabeth Crum
Assistant Attorney General

MEC:hhh

D R A F T

Mr. L. G. Wilson
President
Industrial Minerals, Inc.
York, South Carolina 29745

Dear Garry:

Industrial Minerals, Inc. and Division of Geology

Joint Geochemical Exploration Program in Cherokee County

It was a genuine pleasure seeing you and Sy Beers in January. I know Dick Wagener and Dave Howell join me in thanking you for your willingness to participate financially in the geochemical program phase of the overall Cherokee County geologic project. I have asked Dave to be in charge of the geochemical program and any of its future related aspects.

As we discussed in your office, Garry, Industrial Minerals, Inc. and the Division of Geology, S. C. State Development Board, would share in the overall investment required for a geochemical investigation in the South Carolina part of the Carolina barite belt. It was agreed among us that we would invoice Industrial Minerals, Inc. over a period of four months, at $500.00 per month, until the maximum of $2,000 was paid. Payments could be paid on or before the tenth of each month or an alternate date (whichever is more convenient with you), beginning in ovember September. Analysis of the geochemical samples will be used to select an optimum number and sites for drill holes. Further data from selected drill sites will hopefully identify new exploration targets for barite and associated minerals.

In return, Industrial Minerals, Inc. will receive a copy of the final geochemical report and any interim progress report, including analyses of the geochemical samples and maps, as soon as these reports are released to open file. We will retain any samples remaining after the lab work has been completed for the subsurface samples repository, open to the public, located here in Columbia.

All analyses, evaluation, and related information become the property of the Division of Geology, South Carolina State Development Board.

Please sign your name below if the foregoing agreement is satisfactory with you.

Cordially,

GEOCHEMICAL EXPLORATION ACCEPTED:

______________________________

L. G. Wilson, President
Industrial Minerals, Inc.

______________________________

Norman K. Olson, State Geologist
Division of Geology
S. C. State Development Board

EXHIBIT II
NOV. 7, 1974

# Military Department

STATE OF SOUTH CAROLINA
OFFICE OF THE ADJUTANT GENERAL
NATIONAL GUARD ARMORY, 1225 BLUFF ROAD
COLUMBIA 29201

ROBERT L. McCRADY
MAJOR GENERAL
THE ADJUTANT GENERAL

/dwm

AGSC-FM

15 October 1974

State Auditor's Office
ATTN: Mr. William T. Putnam
Asst. State Auditor
Room 205, Wade Hampton Office Building
P. O. Box 11333
Columbia, South Carolina 29211

1. In accordance with State regulations, we are requesting approval for the hiring of an Architectural Firm for the design of an addition to the Hampton, South Carolina Armory. This is a 100% Federal Funded project but will be built on State property. The following Architectural Firms are listed in priority of our selection:

1. Larkin Jennings III & Associates, Greenville, S. C.
2. The Stetson Partnership, Greenville, S. C.
3. James D. Miller & Associates, Greenville, S. C.

2. We request prompt approval due to the short time available for the completion of this project. Thank you very much for your prompt consideration.

FOR THE ADJUTANT GENERAL:

Vernon E Amick
VERNON E. AMICK
CPT, SCARNG
Construction & Facilities Mgr.

/dwm

AGSC-FM 15 October 1974

State Auditor's Office
ATTN: Mr. William T. Putnam
Asst. State Auditor
Room 205, Wade Hampton Office Building
P. O. Box 11333
Columbia, South Carolina 29211

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FOR THE ADJUTANT GENERAL:

VERNON E. AMICK
CPT, SCARNG
Construction & Facilities Mgr.

| PROJECTS | ARCHITECT | COST |
| --- | --- | --- |
| CSMS Paint Booth Addition | Demosthenes, McCreight & Riley | 39,974 |
| Mt Pleasant Addition | David LeRoy Parrott | 27,263 |
| Warrenville Armory | Alexander & Moormann | 457,879 |
| Rock Hill OMS | Opsahl & Pate | 150,500 |
| Lockhart Armory | Carson & Williams | 411,250 |
| Andrews Armory | Edward P. Guerard | 386,000 |
| Edgefield Addition | Demosthenes, McCreight & Riley | 24,700 |
| Laurens Armory | Demosthenes, McCreight & Riley | 387,684 |
| Greenville Armory | Prather, Thomas, Campbell & Pridgeon, Inc. | 407,215 |
| Greenville OMS | Prather, Thomas, Campbell & Pridgeon, Inc. | 113,760 |
| Leesburg Latrine | Demosthenes, McCreight & Riley | 84,818 |
| Leesburg Mess Shelters (3) | Columbia Architectural Group | 46,475 |
| Leesburg Mess Shelter (Restoration) | Columbia Architectural Group | 25,000 |
| Leesburg WETEP Shop | Columbia Architectural Group | 385,000 |
| IDS | Holladay, Coleman, Williams & Assoc. | 176,000 |

ADVERTISEMENT FOR BID

The Office of The Adjutant General will require the services of a qualified Architectural Firm for the design and supervision of the construction of an Addition to a National Guard Armory to be located in Hampton, South Carolina.

This is to include complete design, drawings, specifications and supervision for a complete turn-key job.

Resume' of qualifications will be forwarded to The Adjutant General, 1225 Bluff Road, Columbia, South Carolina 29201, ATTN: CPT Vernon E. Amick, Construction & Facilities Mgr. Resum's will be forwarded no later than 20 September 1974.

STATE OF SOUTH CAROLINA
Military Department
Office of The Adjutant General

William O. Fulmer
Architect
614 Holly Street
Columbia, S. C. 29205

Paul E. Allen
AIA Architects
P. O. Box 5762
Columbia, S. C. 29205

Gill, Wilkins & Woods
A chitects & Planners
Drawer 3868
Florence, S. C. 29501

Maynard Pearlstine/William Anderson
AIA Architects/Planners
3106 Devine Street
Columbia, S. C. 29205

Piedmont Engineer
Architects/Planners
P. O. Box 1717
Greenville, S. C. 29602

James D. Miller & Associates
Architects and Planners, Ltd.
1010 East North Street
Greenville, S. C. 29501

McMillan, Bunes, Townsend, & Bowen
Architects-Engineers
P. O. Box 1508
Greenville, S. C. 29602

Greene & Lee Assocates
Architects, AIA
P. O. Box 5559
Greenville, S. C. 29606

The Stetson Partnership
Architects & Engineers
Piedmont Center, 291 Bypass/I-385
Greenville, S. C. 29607

Blume, Cannon and Ott
AIA Architects
2230 Devine Street
Columbia, S. C. 29205

J. Alison Lee
Architect -AIA
P. O. Box 3195
Greenwood, S. C. 29646

Larkin Jennings III and Associates
110 Manley Street
Greenville, S. C. 29602

Exhibit III
Nov. 7, 1974

# South Carolina Department of Mental Health

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

William S. Hall, M.D.
State Commissioner of Mental Health

October 30, 1974

Mr. P. C. Smith, Secretary
S. C. State Budget and Control Board
P. O. Box 11333
Columbia, South Carolina 29211

Re: Project No. 26-75
Village "A"

Dear Mr. Smith:

In response to the action taken by the Budget and Control Board regarding the awarding of the contract for Village "A", I would appreciate it if you could inform me when the Budget and Control Board will authorize the S. C. Department of Mental Health to rebid the project. This information is desirable for the planning of rebidding.

There are a number of requirements that would be necessary for rebidding, such as wage determinations, lapse of approvals of plans and specifications, and another important factor is the use of State and Local Fiscal Assistance Act of 1972 Funds (commonly referred to as Revenue Sharing) that must be under contract by June 30, 1975, per our understanding.

With anticipation, I will be waiting for your reply to the above request.

Thanking you for your assistance in the programs of the Department of Mental Health, and with kind personal regards, I am

Sincerely yours,

William S. Hall

William S. Hall, M.D.
Executive Secretary, S. C. Mental Health Commission
and
State Commissioner of Mental Health

WSH:PGRjr:em

EXHIBIT IV
NOV. 7, 1974

SOUTH CAROLINA
ASSOCIATION OF COMMUNITY ACTION AGENCIES

S. C.

P. O. Box 2668
Charleston, S. C. 29403

October 29, 1974

The State Budget and Control Board
P. O. Box 11333
Columbia, South Carolina 29211

Gentlemen:

The South Carolina Association of Community Action Agencies, which is hereinafter described, respectfully requests your consideration to providing in the Appropriations Bill for fiscal year 1975 the sum of $3,283,893.00.

This formula is based upon state funds being provided on the basis of $5.50 per poor person in the state according to the United States 1970 Census Report. The support for this request is attached as an enclosure. Also attached are the primary programmatic utilizations being made with the present funds and proposal for this request.

If there is additional information you require, we will be happy to furnish it.

Sincerely yours,

C S Campbell

C. S. Campbell, President
S. C. Association of
Community Action Agencies

CSC:lc

Attach.

There are currently sixteen Community Action Agencies which operate through funding from the Office of Economic Opportunity on an 80-20 matching basis. These agencies cover thirty-nine of the forty-six counties in South Carolina. The seven counties which are "uncapped" nevertheless have programs and services provided to them by satellite agreements with adjacent Community Action Agencies.

The future of the Office of Economic Opportunity, at the federal level, is somewhat in doubt at this particular time. Although a bill has been passed by the House of Representatives by a substantial majority, the companion bill from the United States Senate differs in some regard. This, of course, would necessitate a Conference Committee Report to finalize this legislation.

It has been the practice of some states, namely Ohio, Pennsylvania, New Jersey and others to annually appropriate funds to support the programs being carried out by the Community Action Agencies.

Last year, the South Carolina General Assembly appropriated $1.409 million dollars which was distributed to the Community Action Agencies on a formula based upon $5,000 per county plus $8.70 per poor family by county.

In view of inflationary costs and general increases in prices and activities this year, we are requesting $5.50 per poor person in South Carolina based on the 1970 United States Census Report. This would total $3,283,893 based on 594,938 poor people as reflected in the 1970 Census Report.

These monies would be utilized for programs for the poor and disadvantaged to meet the need of delivery of services which are beyond the financial and programmatic capabilities of the social services oriented agencies in the state.

The sixteen Community Action Agencies presently conduct in excess of 150 programs which are primarily designed to help the poor to help themselves.

These agencies are responsible for the administration and operation of programs for a total of $25,826,000 per year in federal funds. These agencies and their programs vary from county to county depending on the needs and assessments made on that basis.

South Carolina was the first state in the nation to appropriate funds as the General Assembly did last year with a "no strings attached" allocation. The purpose of this appropriation was to keep alive the community action effort and agencies in the event that the Office of Economic Opportunity was phased out and that source of federal funding was discontinued.

As we are faced virtually with the same proposition this year as we were last year, heretofore mentioned above, we respectfully request that the Budget and Control Board approve and recommend in the General Appropriations Bill the sum of $3,283,893 based on the formula described in the cover letter to assist and maintain the Community Action Programs as they are currently being conducted in South Carolina.

We cannot ignore the fact that the state, as well as local political subdivisions, has an obligation to provide the means for those less fortunate than ourselves, to up-grade them and have them take their rightful place in the mainstream of American life. This is an opportunity for our state to again lead the way in the support of these activities. This is the mission and function of the Community Action Agencies.

The work area programs for which these funds are and will be used are in areas which are not supported or which need expansion to take care of the needs of the poor and/or the aged. The primary work programs involved are establishment or expansion of transportation facilities where none exist, day care centers, nutrition and recreation for the aged, supplementary increase for the Energy Crisis Plans which were established last year, and out-reach programs. These funds are also used as matching funds to obtain further federal funds for programs requiring cash matching funds.

All programs are administered in accordance with State guidelines and audit trails and accountability are strictly maintained.

EXHIBIT V
NOV. 7, 1974

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
FIRST FEDERAL BUILDING
GREENVILLE, SOUTH CAROLINA 29602

November 25, 1974

State Budget and Control Board
Post Office Box 11333
Columbia, South Carolina

Attention: Mr. P. C. Smith, State Auditor

Re: South Carolina Retirement System
South Carolina Police Officers Retirement System
Retirement System for Members of the General Assembly of South Carolina

Gentlemen:

You have advised us that the State Budget and Control Board is considering requests received from the South Carolina Retirement System, the South Carolina Police Officers Retirement System and the Retirement System for Members of the General Assembly of South Carolina (Systems) requesting permission to change their method of accounting relating to gains and losses on bond exchanges (i.e., sales and reinvestments in similar bonds). You have asked us to submit a recommendation concerning an acceptable method of accounting for gains and losses on bond transactions applicable to public employee retirement systems. In this letter we will discuss two of the methods used to record gains and losses resulting from bond transactions.

<u>Completed Transaction Method</u>

Traditionally, generally accepted accounting principles required that gains and losses from bond sales should be recognized in the accounting periods in which they were incurred regardless of the reason for the transaction producing the gains and losses (e.g. management's objectives or rationale). This method is known as the completed transaction method. If the proceeds from the sale of bonds are not reinvested in similar securities the completed transaction method is very reasonable. The gains or losses are recognized in the accounting period in which the sale occurred.

However, when the completed transaction method is used in accounting for gains and losses arising from bond exchanges in a public employee retirement system certain questionable results become apparent which are noted below:

1. Distortion of and creation of artificial peaks and valleys in the annual operating statements.

2. Improper allocation of revenue between accounting periods.

3. Creation of a deterrent or obstacle to effective management of the portfolio by imposing restraints on the sale of bonds which results in less future revenue from bond investments.

4. Distortion of the value of assets (bonds acquired through exchanges).

5. Creating a distortion in the unfunded liability of a system.

Deferred Yield Adjustment

If the proceeds from sales of bonds were reinvested in similar bonds the completed transaction method produces questionable results. Only book gains and losses have been incurred. An exchange has taken place - assets have been replaced with a similar asset. Therefore, this is not a "completed" transaction in the same sense as an outright sale with no reinvestment in similar instruments. If no real gains or losses have taken place then the current operating statement should not show gains or losses, nor should the statement of financial position disclose materially different carrying values for similar bonds.

In order to account for this type of exchange, a method other than completed transaction accounting is required. The alternate method we recommend is described as the "deferred yield adjustment" method. Under this method the difference between the proceeds from the sale of a bond and the book value of the bond sold would not be recorded as a gain or a loss but would be recorded in the financial statements as an amount to be amortized - spread over - the future life of the bond sold (generally) to offset the future accretion of any discount or amortization of any premium which resulted in the purchase of bonds to replace the bond sold.

Recognizing the long term yield objectives of these investments, the deferred yield adjustment method provides a more reasonable basis within a public employee retirement system to account for bond exchanges and accordingly, the use of the method provides better financial information as discussed below:

1. The net carrying value (adjusted amortized cost - amortized cost plus unamortized losses or minus unamortized gains) most fairly presents the long-term investment value of bonds in a public employee retirement system.

   Such a method of valuation conforms to the basic investment objectives of a public employee retirement system to obtain maximum yield consistent with preserving the purchasing power of the assets, by recognizing that gains and losses on exchanges properly represent a modification of interest earnings in the same manner as do premiums and discounts on original purchases.

2. The deferred yield adjustment method most fairly presents operating results by making a proper allocation of investment income, including yield adjustment because of bond exchange gains and losses between accounting periods.

3. Most importantly, the deferred yield adjustment method more accurately reflects from an accounting standpoint the substance of the transaction. Specifically, the substitution of an asset for a similar asset and the net actual yield realized.

Recommendation to Adopt the Deferred Yield Adjustment Method

In view of the foregoing, we would recommend that the State Budget and Control Board approve the request of the Systems to change their method of accounting for bond exchanges, and further, that the Board direct the Systems, effective July 1, 1971, to adopt the deferred yield adjustment method of accounting for bond exchanges according to the following guidelines.

Deferred Yield Adjustment Method Guidelines

Guidelines should be established to determine whether a transaction qualifies as a bond exchange, and to establish accounting procedures for the deferral and amortization of gains and losses.

1. What qualifies a transaction as an exchange?
   a. Both ends of the transaction must be in sight.
   b. The transaction must be consummated in a reasonable period of time.
   c. The investments must be bought and sold in a similar market.
   d. Substantially all of the proceeds of sale should be reinvested.
   e. The sale and purchase must involve similar investments.

2. What type of security can be involved - bonds, stock, mortgages?

   Bonds only - government, corporates or utilities, etc.

3. What grade of bonds could be involved in an exchange?

   Only those bonds eligible under South Carolina law.

4. How does a call feature affect the exchange?

   Both callable and noncallable bonds can be involved in the purchase or sale. The earliest call date at par of bonds acquired can be a factor in selecting the period of amortization of the gain or loss.

5. What is the effect of differing maturities in the bonds sold and purchased?

   Maturities can be equal, shorter or longer.

6. How is the "take out" or "pay up" of bond proceeds in the transaction to be accounted for? Should it be deferred along with the gain or loss? Should it be netted against the gain or loss?

   No special accounting appears to be required. It would be accounted for through proper recording of both the sale and purchase. A key point relating to the proceeds of sale is that the total proceeds should be substantially reinvested. Also, it does not appear necessary to limit the exchange to bonds of equal par value if the proceeds of sale are substantially reinvested. What is important is that there is an increase in income or yield resulting from the transaction. If there are situations where no increase in income results, it is likely there will be some immediate recognition of loss required in the transaction.

7. Over what period of time can such an exchange be consummated? How should these ends of the transaction be treated at a cut-over date, either at fiscal year-end or for an interim accounting period?

   Most transactions can be completed within a one or two day period. Certainly, one week appears to be a maximum reasonable period within which exchanges can be consummated. The transaction at a cut-over date should be treated just as an exchange would be at any other time.

8. What period of amortization should be used? Life of the old issue? Life of the new issue? A combination of these? The call date of the new issue?

   Gains and losses should be amortized over the life of the bonds sold. However, in situations where the maturity of the acquired bonds is shorter, the shorter life should be used. Also, if the bonds acquired are callable at an early call date at par, this may be used.

9. What type of allocation procedure should be used?

   The straight-line method should be used since the straight-line method is used for amortizing premiums and accreting discounts. The important thing is that the allocation procedures are consistent.

10. Can multiple issues be involved in the sale or purchase?

    Yes. A formula should be established to determine the gain or loss for each issue sold and amortize the gain or loss over the appropriate maturity of the issues as determined in guideline 8.

11. What is the accounting treatment and valuation on the balance sheet?

    The unamortized gain or loss should be accumulated with the amount of investment at cost and the unamortized premium or accreted discount to establish the net carrying value (i.e. adjusted amortized cost).

12. What happens in the event of subsequent sale of an issue acquired in a bond exchange?

    If the subsequent investment transaction does not qualify as a bond exchange the unamortized balance of gain or loss in the original exchange should be written off in the recording of the sale.

In connection with the foregoing recommendation relating to the change in the method of accounting for gains and losses resulting from bond exchange transactions, we submit the following information as to the accounting practices the Systems have followed, the results obtained, and our recommendation as to the accounting treatment required under the circumstances.

The South Carolina Retirement System and the South Carolina Police Officers Retirement System have followed accounting practices, which were not uncommon among retirement systems of recording the amounts (carrying values) of securities as follows: The costs (carrying values) of the securities included: (1) the amounts of cash paid at the time of the original security purchase, (2) cash paid for replacement securities, less cash received from sales of replaced securities and (3) the accrued interest purchased. Accrued interest receivable included in the purchase prices was not written off until the securities were sold. Premiums were not amortized nor were discounts accreted. Generally, when securities were sold, the proceeds were used to purchase replacement securities. These replacement transactions were recorded without recognizing gains or losses. The costs of the securities were increased by the additional amounts of cash required to purchase the replacement securities, or decreased by the excess of cash received which exceeded the amounts required to purchase the replacement securities. The carrying values of the securities for reporting purposes were determined using the aforementioned method. Both the maturity values and the carrying values were reported in the Systems' financial statements.

The results from following the aforementioned accounting practices produced security carrying values which were in excess of the values as determined by applying either the completed transaction method or the deferred yield adjustment method of accounting for the sale transactions and adjustment of premiums and discounts.

The excess as of July 1, 1971 in the South Carolina Retirement System amounted to approximately $22,600,000, and the excess in the South Carolina Police Officers Retirement System at the same date amounted to approximately $221,000. There was no excess in the Retirement System of the Members of the General Assembly of South Carolina at July 1, 1971.

Recommendation to Adopt Deferred Yield Adjustment Amortization Method

We recommend that the State Budget and Control Board approve the following accounting treatment - that the excesses in each system, as stated above, effective July 1, 1971 be classified as deferred yield adjustments and that the adjustments be amortized through charges to the Systems' investment earnings using the straight-line method over a twenty year period beginning July 1, 1971 (which 20 year period is less than the average life of the portfolio).

* * * * *

We will be pleased to discuss our recommendations with you at your convenience.

Very truly yours,

Peat, Marwick, Mitchell & Co.

WB:MFF

EXHIBIT VI
NOV. 7, 1974

ADOPTION OF TABLES HEREIN PRESENTED

WHEREAS, The investigation of the experience of members and beneficiaries of the South Carolina Police Officers Retirement System which was prepared as of June 30, 1969 indicated that certain of the tables previously used require modification in order that they may reflect more closely the actual past experience of the membership, and

WHEREAS, The actuary has prepared new tables based on the experience, which he recommends for adoption, therefore be it

RESOLVED, That in accordance with Subsection 5, Section 61-333 of the retirement law and on the basis of the recommendations of the actuary the State Budget and Control Board hereby discontinue the use of the active service and retirement tables previously used and approves for use instead the attached rates of separation, and be it further

RESOLVED, That the attached mortality tables for service pensioners and beneficiaries be used in the valuation in determining the liabilities on account of service and early retirement allowances for men and women and all liabilities for dependent beneficiaries, and be it further

RESOLVED, That the attached mortality table for disability pensioners be used in the valuations in determining the liabilities on account of disability allowances, and be it further

RESOLVED, That the new mortality tables be used for the purpose of computing option factors, and be it further

RESOLVED, That the attached salary scale be used in the valuations in determining the probable rates of salary increase in the future and be it further

further

RESOLVED, That the annuity factors currently in use for the purpose of computing additional allowances from accumulated additional contributions be continued in use, and be it further

RESOLVED, That the annuity factors currently in use for the purpose of determining supplemental allowances be continued in use in connection with determining the portion of retirement allowances provided by member contributions under the minimum provisions, and be it further

RESOLVED, That the new tables be used in the actuarial valuation of the liabilities of the System as of June 30, 1973 and thereafter, and on and after July 1, 1974 for the purpose of computing option factors.

---

The State Budget and Control Board for the South Carolina Police Officers Retirement System at a meeting held on NOV. 7, 1974 passed the preceding resolutions.

THE STATE BUDGET AND CONTROL BOARD FOR THE SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

By ______________________
Chairman

Attest

______________________
Secretary

EXHIBIT VII
NOV. 7, 1974


# South Carolina Aeronautics Commission

BOX 1769 • COLUMBIA, SOUTH CAROLINA 29202 • TELEPHONE 803-758-2766

JOHN W. HAMILTON, DIRECTOR
JOHN F. BARRY, DEPUTY DIRECTOR




October 23, 1974

Mr. P. C. Smith
State Auditor
Wade Hampton Office Building
Columbia, South Carolina

Dear Mr. Smith:

Enclosed are copies of the submitted bids on the new helicopter. The Aeronautics Commission was appropriated $175,000.00 for the purchase of a new helicopter. With 4% sales tax added to the bid of $185,712.50, the total price will be $193,141.00. This is $18,141.00 short of our appropriation.

We anticipate income of $18,493.00 from trips flown for other agencies and $13,610.00 from Aircraft Registration fees and fixed base operators.

We could take the $18,141.00 out of the account Navigational Aids temporarily and apply revenue funds as it is collected and reimburse the Navigational Aids account from revenue funds.

Yours very truly,

John W. Hamilton
by Joy Eickert

John W. Hamilton
Director

Called 10/31
to return call with info requested

1972 acts
# 1164
page 2679

JWH/jmd

Enclosure (2)

RECEIVED
Division of General Services
Central State Purchasing
OCT 21 1974
A.M. 7 8 9 10 11 12 1 2 3 4 5 6 P.M.

# State of South Carolina
## DIVISION OF GENERAL SERVICES
BUDGET AND CONTROL BOARD
PURCHASING OFFICE
Columbia, S. C. 29201

# NOTICE

Date October 7, 1974

bids for furnishing NEW AIRCRAFT - HELICOPTER

the conditions on the reverse hereof, and all provisions, etc., set forth herein and attached, will be received at this
11:00 A.M.E.DT. October 21, 1974 then publicly opened. The commodities and/or services
rnished as described and specified, delivered at shipping point.
rices bid must include all costs of transportation to the required destination.

ailed bids,
1299, Columbia, S. C. 29202

DIVISION OF GENERAL SERVICES

4-000-0102-10/21/74
Show this number on envelope

JAMES H. BARNES State Purchasing Officer

Walter E. Butler

| QUANTITIES AND COMMODITIES, OR SERVICES | UNIT | UNIT PRICE | AMOUNT Dollars | Cents |
|---|---|---|---|---|
| Direct inquiries to Walter E. Butler, Buyer. | | | | |
| NOTE: These sheets are mechanically assembled. This notice consists of 6 sheets. | | | | |
| New 1974 Gas Turbine Powered Helicopter with five person seating capacity complete with all standard equipment, meeting and complying with the attached specifications. | | | | |
| per enclosed Pro Forma Invoice | 1 | | $185,712 | 50 |
| | | | 7428 | 50 |
| plus 4% S. Co. Tax | | | 193,141 | 00 |

205

TO BIDDERS: Bids must be submitted on this form. Bids made otherwise will be subject to rejection. All taxes

# State of South Carolina
## DIVISION OF GENERAL SERVICES
BUDGET AND CONTROL BOARD
PURCHASING OFFICE
Columbia, S. C. 29201

Division of General Services
Central State Purchasing
OCT 21 1974
A.M. 7 8 9 10 11 12 1 2 3 4 5 6 P.M.

## NOTICE

Date October 7, 1974

bids for furnishing NEW AIRCRAFT - HELICOPTER

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rices bid must include all costs of transportation to the required destination.

ailed bids,
1299, Columbia, S. C. 29202

DIVISION OF GENERAL SERVICES

74-000-0102-10/21/74
Show this number on envelope

JAMES H. BARNES State Purchasing Officer

Walter E Butler

| QUANTITIES AND COMMODITIES, OR SERVICES | UNIT | UNIT PRICE | AMOUNT Dollars | AMOUNT Cents |
|---|---|---|---|---|
| Direct inquiries to Walter E. Butler, Buyer. | | | | |
| NOTE: These sheets are mechanically assembled. This notice consists of 6 sheets. | | | | |
| New 1974 Gas Turbine Powered Helicopter with five person seating capacity complete with all standard equipment, meeting and complying with the attached specifications. | | | | |
| per enclosed Pro Forma Invoice | 1 | | $185,712. | 50 |
| | | | 7428 | 50 |
| plus 4% & [illegible] | | | 193,141. | 00 |



TO BIDDERS: Bids must be submitted on this form. Bids made otherwise will be subject to rejection. All taxes

State of South Carolina
DIVISION OF GENERAL SERVICES
BUDGET AND CONTROL BOARD
PURCHASING OFFICE
Columbia, S. C. 29201

RECEIVED
Division of General Services
Central State Purchasing
OCT 21 1974
A.M. 7|8|9|10|11|12|1|2|3|4|5|6 P.M.

# NOTICE

Date October 7, 1974

Sealed bids for furnishing NEW AIRCRAFT - HELICOPTER

subject to the conditions on the reverse hereof, and all provisions, etc., set forth herein and attached, will be received at this office until 11:00 A.M.E.DT. October 21, 1974 then publicly opened. The commodities and/or services must be furnished as described and specified, delivered at shipping point.

The prices bid must include all costs of transportation to the required destination.

Address mailed bids,
P. O. Box 1299, Columbia, S. C. 29202

DIVISION OF GENERAL SERVICES

Bid No. 74-000-0102-10/21/74
Show this number on envelope

JAMES H. BARNES State Purchasing Officer

Walter E Butler

| | QUANTITIES AND COMMODITIES, OR SERVICES | UNIT | UNIT PRICE | AMOUNT Dollars | Cents |
|---|---|---|---|---|---|
| | Direct inquiries to Walter E. Butler, Buyer.<br><br>NOTE: These sheets are mechanically assembled. This notice consists of 6 sheets. | | | | |
| 1 | New 1974 Gas Turbine Powered Helicopter with five person seating capacity complete with all standard equipment, meeting and complying with the attached specifications, except as noted in the enclosed Hughes Helicopters' letter dated October 10, 1974, including Exhibits A, B, C, and D thereto.<br>Notes:<br>1. Price quoted is FAF, Culver City, CA<br>2. No State sales taxes are included in the quoted price.<br>3. Please refer to attached letter for additional information.<br><br>Note: In the event of inconsistency between the State of South Carolina helicopter specification and the data presented in Hughes Helicopters' letter dated October 10, 1974, including Exhibits A, B, C and D thereto, the latter shall prevail. | Ea. | | $158,399 | 00 |

206

NOTICE TO BIDDERS: Bids must be submitted on this form. Bids made otherwise will be subject to rejection. All taxes on any item, that the State may be required to pay, must be shown separately, not included in the price bid.

Exhibit VIII
Nov 7, 1974

STATE OF SOUTH CAROLINA

EMPLOYEE SERVICE AWARD PROGRAM

I. Purpose

To recognize and show appreciation to those employees who have demonstrated their interest in serving the citizens of South Carolina through continued employment with South Carolina State Government.

II. Eligibility

Employees of all agencies of South Carolina State Government are eligible to receive the appropriate service award after completing 5, 10, 20, 30, 40 and 50 years of service. For the purpose of this program, all employment with the State will be cumulative; if an employee leaves State service and later is reemployed, whether by the same agency or by a different agency, the length of both periods of employment shall be added together in order to determine eligibility. However, only those periods of employment during which the employee was scheduled to work not less than one-half of the employing agency's normal workweek may be counted.

For teaching personnel and officials of academic rank at the State operated institutions of higher learning, only those years during which the employee was considered full-time by the employing institution for not less than the equivalent of two full semesters may be counted.

III. Awards

During the year that an employee reaches one of the service milestones set forth above, he or she will be awarded the appropriate service pin and certificate. The pins for all milestones are of the same design; the metal used and the stones set on each pin will denote the years of service it represents.

| | |
|---|---|
| Five Years | Sterling Silver |
| Ten Years | 1/10 10K Gold Filled |
| Twenty Years | 10K Gold with three amethysts |
| Thirty Years | 10K Gold with one diamond and two amethysts |
| Forty Years | 10K Gold with two diamonds and one amethyst |
| Fifty Years | 10K Gold with three diamonds |

IV. Administration

The Employee Service Award Program shall be coordinated by the State Personnel Division.

On a timely basis, each year, the State Personnel Division will provide a listing to each agency of the agency's employees who, according to their records, will reach a milestone during the year. Each agency will be asked to review its list to insure that it is complete and correct. After making any necessary additions or corrections, the agency will return the corrected list to the State Personnel Division. This agency will have a certificate prepared for each employee on the list and provide these certificates and the service pins to the various agencies.

Each agency should determine the most appropriate method of presenting these awards to its employees. It is suggested that the awards be made at a time when most of the agency's employees will be present, such as the agency's Christmas party or a general staff meeting.

V. Exceptions

This program is provided for all agencies of South Carolina State Government. However, any agency which had an employee service award program in operation on June 27, 1974, may elect to continue awarding its own distinctive service pins and certificates. Such agency may also elect to present the State service certificate in addition to or in lieu of the agency certificate.

These agencies may adopt the State program at any time. An agency electing to discontinue its own program in favor of the State program must notify the State Personnel Division no later than the first of September in order to be included in the program beginning on the first of July of the following year.

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State of South Carolina
PERSONNEL DIVISION
1205 Pendleton Street
Columbia, South Carolina 29201

Jack S. Mullins, Ph.D.
Director

803-758-3331

October 29, 1974

TO: Members of the State Budget and Control Board

FROM: Jack S. Mullins JSM
State Director of Personnel

SUBJECT: Approval of the Employee Service Award Program

Attached for your review and approval is the Employee Service Award Program.

This program is written so that all State agencies will be covered by a service awards program, while allowing those agencies which have ongoing programs to continue them.

With the Board's approval, we will distribute copies of the program to the several agencies for implementation.

Attachment

EXHIBIT IX
NOV. 7, 1974

Economic and Revenue Outlook
1975-76

Recent data on the economy verify that the nation is experiencing a recession which may extend into the middle of 1975. Leading indicators point in that direction and they are supported by data on slackening in consumer spending, easing of the increase in investment spending and a slowing of expansion of government spending. Unemployment is growing, now at a level of 6 percent, while inflation continues unabated.

The prospects for 1975 are that real growth in total output will be less than 1 percent with inflation levels of 9 percent. Now that elections are over it can be anticipated that Congress and the President will provide a plan of economic action designed to reduce inflationary pressures while at the same time restraining further declines in economic activity. It is likely that monetary policy will be eased somewhat as tighter controls are placed on government spending. The key problem is in wage and profit pressures on prices which may call for imposition of wage-price controls if "jaw-boning" does not work.

Economic activity is projected to improve beginning in mid-year with gradual easing of inflation and resumption of real growth. It is expected that by 1976 the real GNP should be expanding normally at about 5 percent and that inflation should be no more than 5 to 6 percent.

The South Carolina economy is now reflecting more closely national trends in terms of employment and output. Unemployment is rising, although still well below national levels, and output is being reduced in the State's major industry, textiles. Considering the situation, the industrial development effort is holding up well and development of new plants in recent years is now being reflected in corporate tax revenues. Nonetheless the state's economy has slowed significantly and most of the income expansion represents price increases. The outlook for the next few months is for further declines in real income, some increase in unemployment, but with growth in total income in current dollar terms because of continued high levels of inflation.

Tax revenues will continue to increase during this year but likely at declining rates. Receipts should exceed the budgetary estimates for the 1974-75 year, as indicated in the attached tables. Because of anticipated modest growth in real output beginning in mid 1975 together with continued inflation at lower levels general fund revenue in 1975-76 should exceed those of 1974-75 by almost one hundred million dollars.

These estimates are based on data from the tax commission, and economic models from two different sources. In making the estimates it has been assumed that actions taken at the national level to ease inflationary pressures and to set the stage for continued economic growth should become effective by mid 1975. Given the many economic uncertainties which face the nation and the state, however, prudence in budgeting policy is essential.

Board of Economic Advisors
November 8, 1974

JAM/vhb

Adopted by
B.C. Bd.
11/7/74

## REVENUE PROJECTIONS FOR 1974-75 AND 1975-76

There are two basic approaches to revenue forecasting:

(1) Economic assumptions for national and State economies and relationships of selected categories of revenue to the economic variables.

(2) Seasonal adjustment and trend analysis of the revenues themselves. In this category fall the Box-Jenkins techniques which have proved useful in many areas of forecasting.

Because there is no perfect system for forecasting the future, the Division has employed both methods above in preparing the revenue estimates for the current fiscal year and 1975-76. The results are shown on the attached tables A and B.

It is interesting to note that the two methods are in substantial agreement for the total General Fund revenues and the sales taxes. As inflation is expected to continue at a relatively high rate in 1975, the sales tax is expected to show relatively large gains in Fiscal 1975-76.

Individual income and corporate income taxes are projected to continue increasing in 1975-76 but at a slower rate than in recent experience.

The growth rate in the "all other" category is projected to slow also, although the dollar gain should be about the same, $14 million between 1973-74 and the current year, and 1974-75 to 1975-76. In this category we have utilized agency projections of individual revenues wherever possible. In some cases estimates for individual taxes or revenues have been raised or lowered in order to balance to a control total for the group.

A comparison of the Fiscal Year projections for total General Fund Revenues and Sales Taxes follows:

(IN MILLIONS)

| FISCAL YEAR | RECOMMENDED FORECAST | | | BOX-JENKINS TECHNIQUES FORECAST | | |
|---|---|---|---|---|---|---|
| | TOTAL | SALES | INCOME AND OTHER | TOTAL | SALES | INCOME AND OTHER |
| 1974-75 | $ 875 | $ 350 | $ 525 | $ 881 | $ 350 | $ 531 |
| 1975-76 | 978 | 396 | 582 | 980 | 393 | 587 |
| NET GAIN | $ 103 | $ 46 | $ 57 | $ 99 | $ 43 | $ 56 |

TABLE A

GENERAL FUND REVENUE
ASSUMPTIONS AND PROJECTIONS

| ITEM | ACTUAL 1973-74 | PROJECTIONS 1974-75 | 1975-76 |
|---|---|---|---|
| ASSUMPTIONS | | | |
| GNP (Billions) | $ 1,295 | $ 1,400 | $ 1,550 |
| Personal Income (Millions) | $10,582 | $11,900 | $13,300 |
| Population (Thousands) | 2,724 | 2,784 | 2,825 |
| Per Capita Income | $ 3,885 | $ 4,274 | $ 4,708 |
| Consumer Price Index | 133.1 | 147.7 | 161.8 |
| Real Personal Income (Millions) | $ 7,950 | $ 8,057 | $ 8,220 |
| Unemployment Rate - % | 3.6 | 4.2 | 4.5 |
| GENERAL FUND REVENUES (In Millions) | | | |
| TOTAL | $ 783.2 | $ 875 | $ 978 |
| Sales | 314.7 | 350 | 396 |
| Individual Income | 192.7 | 230 | 269 |
| Corporation Income | 78.3 | 80 | 84 |
| "All Other" | 201.5 | 215 | 229 |
| AS % OF PERSONAL INCOME | | | |
| TOTAL | 7.40 | 7.35 | 7.35 |
| Sales | 2.97 | 2.94 | 2.98 |
| Individual Income | 1.82 | 1.93 | 2.02 |
| Corporation Income | 0.70 | 0.67 | 0.63 |
| "All Other" | 1.90 | 1.81 | 1.72 |
| REVENUES PER CAPITA | $ 287.30 | $ 314.30 | $ 346.19 |

Division of Research and
Statistical Services
November 1, 1974

TABLE B

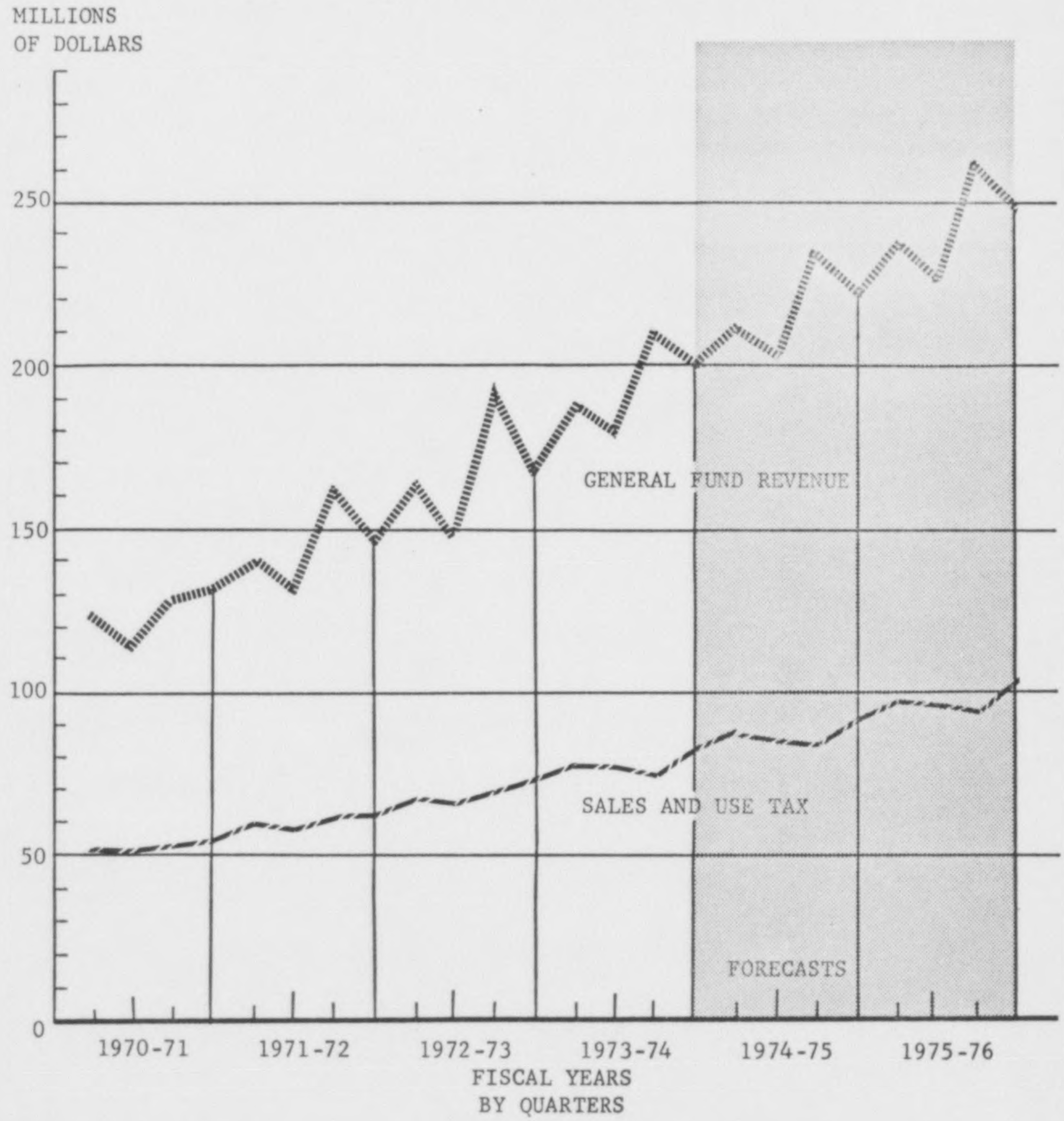
"BOX-JENKINS" PROJECTIONS
(By Quarter)
TOTAL GENERAL FUND REVENUES
AND SALES TAXES
(In Millions)

| FISCAL YEAR AND QUARTER | PROJECTED | | | ACTUAL* | | |
|---|---|---|---|---|---|---|
| | TOTAL | SALES | TOTAL LESS SALES | TOTAL | SALES | TOTAL LESS SALES |
| 1974-75 | | | | | | |
| July-Sept. | $215.3 | $ 87.2 | $128.1 | $222.7 | $ 85.5 | $134.2 |
| Oct.-Dec. | 204.4 | 85.8 | 118.6 | | | |
| Jan.-Mar. | 236.9 | 84.5 | 152.4 | | | |
| Apr.-June | 224.1 | 92.7 | 131.4 | | | |
| | $880.7 | $350.2 | $530.5 | | | |
| 1975-76 | | | | | | |
| July-Sept. | 239.8 | $ 97.6 | $142.2 | | | |
| Oct.-Dec. | 227.4 | 96.2 | 131.2 | | | |
| Jan.-Mar. | 263.6 | 94.9 | 168.7 | | | |
| Apr.-June | 249.3 | 104.5 | 144.8 | | | |
| | $980.1 | $393.2 | $586.9 | | | |

* These columns will be used to monitor revenue changes by quarter.

Division of Research and
Statistical Services
November 6, 1974

SOUTH CAROLINA GENERAL FUND REVENUE AND SOUTH CAROLINA SALES AND USE TAX
FROM 1970-71 TO 1975-76, BY QUARTERS
(IN MILLIONS OF DOLLARS)




Division of Research
and Statistical Services
November 6, 1974

Projections for 1974-75 and 1975-76 approved by BC Bd. Nov. 7, 1974

RS

# GENERAL FUND REVENUE COLLECTIONS
## FISCAL YEAR __________

(IN THOUSANDS)

| REVENUE ITEM | ACTUAL | | PROJECTED | | | |
|---|---|---|---|---|---|---|
| | 1972-1973 | 1973-1974 | 1975-1975 | 1975-1976 | | |
| ADMISSIONS TAX | 2,895 | 3,453 | 4,000 | 3,200 | | |
| ALCOHOLIC LIQUORS | 23,479 | 28,177 | 29,600 | 31,600 | | |
| BANK TAX | 1,703 | 2,227 | 2,400 | 2,500 | | |
| BEER & WINE | 31,784 | 35,822 | 39,100 | 43,600 | | |
| BLDG. & LOAN ASSOC. | 911 | 1,051 | 1,100 | 1,150 | | |
| BUSINESS LICENSE | 20,505 | 21,602 | 22,600 | 24,500 | | |
| COIN OPERATED DEVICE | 1,085 | 1,035 | 1,100 | 1,250 | | |
| CONTRACTORS LICENSE | 321 | 363 | 350 | 400 | | |
| CORPORATION LICENSE | 6,685 | 7,181 | 7,500 | 8,450 | | |
| DOCUMENTARY TAX | 5,757 | 6,091 | 6,100 | 7,300 | | |
| EARNED ON INVESTMENTS | 10,282 | 19,679 | 22,500 | 21,000 | | |
| ELECTRIC POWER TAX | 8,629 | 9,194 | 9,900 | 11,000 | | |
| ESTATE TAX | 4,361 | 5,502 | 5,500 | 5,800 | | |
| FERTILIZER INSPECTION | 251 | 281 | 280 | 290 | | |
| GASOLINE TAX-COUNTIES | 14,621 | 14,739 | 14,500 | 14,600 | | |
| GIFT TAX | 569 | 408 | 310 | 500 | | |
| INSURANCE TAX | 18,811 | 20,662 | 22,450 | 25,000 | | |
| MOTOR TRANSPORT FEES | 1,350 | 1,228 | 1,450 | 1,525 | | |
| RETAILERS LICENSE | 422 | 568 | 450 | 470 | | |
| SOFT DRINKS TAX | 8,981 | 9,355 | 9,500 | 10,100 | | |
| WORKMANS COMPENSATION | 1,723 | 1,997 | 2,100 | 2,300 | | |
| PUBLIC SERVICE ASSES. | 690 | 912 | 1,001 | 1,000 | | |
| PUBLIC SERVICE AUTH. | 1,007 | 1,093 | 1,100 | 1,100 | | |
| DEPT. OF AGRICULTURE | 5,263 | 5,096 | 5,157 | 5,300 | | |
| MISC. DEPT. REVENUE | 1,978 | 1,995 | 2,149 | 2,150 | | |
| DEPT. SUPPORTED APPR. | 1,402 | 1,760 | 2,825 | 2,950 | | |
| TOTAL ALL OTHER TAXES | 175,465 | 201,473 | 215,022 | 229,035 | | |
| RETAIL SALES TAX | 286,191 | 314,726 | 350,000 | 396,000 | | |
| INCOME TAX TOTAL | 243,910 | 267,002 | 310,000 | 353,000 | | |
| INDIVIDUAL | 183,228 | 192,712 | 230,000 | 269,000 | | |
| CORPORATION | 60,681 | 74,289 | 80,000 | 84,000 | | |
| TOTAL GENERAL FUND | 705,567 | 783,200 | 875,022 | 978,035 | | |
| TOTAL CUMULATIVE | | | | | | |
| | | | | | | 216 |

Division of Research
and Statistical Services
November 6, 1974

EXHIBIT X
NOV. 7, 1973
November 7, 1974
Budget and Control Board

# 1975-76 BUDGET

## FIRST DRAFT OF RECOMMENDATIONS

| | | |
|---|---|---|
| Recommended | | $ 1,096,053,200 |
| Less: Allowance for lapse of compensation items | | 10,000,000 |
| | Net | $ 1,086,058,200 |
| Available | | 1,062,250,106 |
| | Over | $ ( 23,803,094) |

Mr. Mills - asked that contribution to Carolina Childrens ~~Home~~ Home be raised to $35,000.

Sen. Dennis - reduce salary increase to 5% + hold aid to sub-divisions be frozen.

Mr. Mills still for 10%.

~~Sen. Dennis~~ - request that Health Group furnish a break down on proposed expenditure of $5,000,000

November 6, 1974

218

FIRST DRAFT

RECOMMENDED BUDGET FOR 1975-76

| Agency | 1974-75 Appropriation | 1975 - 1976 Request | Recommended | Change Recommended: Classified Plan | Other | Total | Number of New Positions: Requested | Recommended |
|---|---|---|---|---|---|---|---|---|
| Legislative Department | | | | | | | | |
| The Senate | 1,222,723 | 1,231,244 | 1,231,244 | 5,521 | 3,000 | 8,521 | | |
| House of Representatives | 2,120,074 | 2,292,008 | 2,292,008 | | 171,934 | 171,934 | | |
| Special Services for Both Houses | 67,143 | 110,374 | 110,374 | | 43,231 | 43,231 | 2 | 2 |
| Legislative Council | 765,558 | 735,558 | 735,558 | | -30,000 | -30,000 | | |
| Research, Auditing & Govt. Operations | 102,600 | 102,600 | 102,600 | | | | | |
| Total Legislative Department | 4,278,098 | 4,471,784 | 4,471,784 | 5,521 | 188,165 | 193,686 | 2 | 2 |
| Judicial Department | 2,065,117 | 2,262,715 | 2,262,715 | 59,267 | 138,331 | 197,598 | | |
| Executive & Administrative Division | | | | | | | | |
| Governor's Office | | | | | | | | |
| Executive Control of State | 445,809 | 462,782 | 462,782 | 16,973 | | 16,973 | | |
| Law Enforcement Division | 4,065,064 | 4,781,422 | 4,751,422 | 145,710 | 540,648 | 686,358 | | |
| Division of Administration | 4,354,853 | 3,015,032 | 3,015,032 | 12,817 | -1,352,638 | -1,339,821 | | |
| Health & Social Development | 250,000 | 323,986 | 323,986 | 10,188 | 63,798 | 73,986 | 9 | 9 |
| Mansion and Grounds | 142,852 | 145,621 | 145,621 | 2,769 | | 2,769 | | |
| Total Governor's Office | 9,258,578 | 8,728,843 | 8,698,843 | 188,457 | -748,192 | -559,735 | 9 | 9 |
| Lieutenant Governor's Office | 54,028 | 57,178 | 57,178 | 3,150 | | 3,150 | | |
| Secretary of State's Office | 276,787 | 298,745 | 298,745 | 11,320 | 10,638 | 21,958 | | |
| Comptroller General's Office | 1,481,484 | 1,615,988 | 1,615,988 | 64,434 | 70,070 | 134,504 | 4 | 4 |
| State Treasurer's Office | 1,430,961 | 1,211,790 | 1,211,790 | 16,405 | -235,576 | -219,171 | | |
| Attorney General's Office | 1,826,820 | 2,718,938 | 2,390,403 | 79,898 | 483,685 | 563,583 | 19 | 10 |
| Adjutant General's Office | 647,572 | 863,727 | 863,727 | 21,008 | 195,147 | 216,155 | 6 | 6 |
| State Election Commission | 1,551,593 | 681,200 | 679,200 | 8,046 | -880,439 | -872,393 | | |
| Budget and Control Board | | | | | | | | |
| Finance Division | 2,120,177 | 2,445,173 | 2,373,673 | 58,082 | 195,414 | 253,496 | 13 | 9 |
| Research & Statistical Services | 344,350 | 423,397 | 409,408 | 14,882 | 64,165 | 79,047 | 2 | 1 |
| General Services | 4,175,866 | 4,110,357 | 4,074,319 | 74,244 | -175,791 | -101,547 | 13 | 11 |
| Retirement System | 993,173 | 1,119,029 | 1,108,029 | 48,099 | 66,757 | 114,856 | 8 | 6 |
| Personnel Division | 1,160,895 | 1,441,151 | 1,395,935 | 25,574 | 209,466 | 235,040 | 10 | 7 |
| Employee Benefits | 103,286,998 | 124,869,066 | 124,869,066 | | 21,582,068 | 21,582,068 | | |
| Total Budget and Control Board | 112,081,459 | 134,408,173 | 134,230,430 | 220,881 | 21,928,090 | 22,148,971 | 42 | 38 |
| Total Executive & Administrative Division | 128,609,282 | 150,584,582 | 150,046,304 | 613,599 | 20,823,423 | 21,437,022 | 80 | 67 |

| Agency | 1974-75 Appropriation | 1975-1976 Request | 1975-1976 Recommended | Change Recommended: Classified Plan | Change Recommended: Other | Change Recommended: Total | Number of New Positions: Requested | Number of New Positions: Recommended |
|---|---|---|---|---|---|---|---|---|
| Educational Division | | | | | | | | |
| Commission on Higher Education | 1,117,069 | 1,494,179 | 1,247,338 | 12,502 | 117,767 | 130,269 | 4 | 0 |
| — Higher Education Tuition Grants | 6,080,000 | 8,500,000 | 7,938,960 | | 1,858,960 | 1,858,960 | 6 | 6 |
| Colleges and Universities (excl. Medical Univ.) | | | | | | | | |
| University of South Carolina | 41,467,106 | 55,440,150 | 46,839,263 | | 5,372,157 | 5,372,157 | 451 | 451 |
| USC Auxiliary Services | 145,633 | | | | -145,633 | -145,633 | | |
| USC Regional Campuses | 5,189,096 | 7,559,123 | 5,992,745 | | 803,649 | 803,649 | 89 | 85 |
| Clemson University | 25,082,857 | 31,457,650 | 26,164,904 | | 1,082,047 | 1,082,047 | 174 | 81 |
| Clemson Auxiliary Services | 106,557 | | | | -106,557 | -106,557 | | |
| The Citadel | 5,241,301 | 5,714,100 | 5,372,334 | | 131,033 | 131,033 | | |
| Winthrop College | 6,339,807 | 7,110,790 | 6,498,302 | | 158,495 | 158,495 | 4 | 4 |
| Winthrop Auxiliary Services | | 387,500 | 387,500 | | 387,500 | 387,500 | | |
| S. C. State College | 5,943,245 | 7,085,999 | 6,091,826 | | 148,581 | 148,581 | 8 | 8 |
| Francis Marion College | 3,247,573 | 4,035,048 | 3,551,874 | | 304,301 | 304,301 | 23 | 23 |
| College of Charleston | 6,319,422 | 8,478,677 | 7,079,767 | | 760,345 | 760,345 | 93 | 65 |
| Lander College | 2,247,104 | 2,643,690 | 2,303,282 | | 56,178 | 56,178 | 22 | 17 |
| Total Colleges & Univ. (excl. Medical Univ.) | 101,329,701 | 129,912,727 | 110,281,797 | * | 8,952,096 | 8,952,096 | 864 | 734 |
| Medical University | 40,637,265 | 45,884,494 | 43,182,860 | 970,755 | 1,574,840 | 2,545,595 | 297 | 110 |
| — Department of Education | 307,023,558 | 360,885,388 | 316,642,775 | 251,995 | 9,367,222 | 9,619,217 | 9 | 7 |
| Adv. Council on Voc. & Tech. Education | 15,000 | | | | -15,000 | -15,000 | | |
| — Technical and Comprehensive Education | 27,134,125 | 31,387,914 | 29,778,257 | 1,120,566 | 1,523,566 | 2,644,132 | 380 | 253 |
| Educational Television Commission | 6,939,388 | 9,508,780 | 8,911,532 | 92,675 | 1,879,469 | 1,972,144 | 55 | 9 |
| S. C. Opportunity School | 613,538 | 697,997 | 659,707 | 19,781 | 26,388 | 46,169 | 1 | 0 |
| School for the Deaf and the Blind | 3,336,287 | 3,841,322 | 3,649,054 | 72,068 | 240,699 | 312,767 | 7 | 6 |
| Department of Archives and History | 1,289,062 | 1,591,237 | 1,496,880 | 36,221 | 171,597 | 207,818 | 22 | 7 |
| Confederate Relic Room | 41,807 | 45,520 | 43,792 | 1,280 | 705 | 1,985 | | |
| S. C. State Library | 1,627,722 | 2,080,007 | 1,820,956 | 15,108 | 178,126 | 193,234 | | |
| S. C. Arts Commission | 597,855 | 2,490,490 | 896,783 | 22,360 | 276,568 | 298,928 | 21 | 2 |
| State Museum Commission | 142,876 | 210,776 | 167,876 | 2,400 | 22,600 | 25,000 | | |
| Total Educational Division | 497,925,253 | 598,530,831 | 526,718,567 | 2,617,711 | 26,175,603 | 28,793,314 | 1,666 | 1,134 |
| Health Division | | | | | | | | |
| Health and Environmental Control | 30,132,193 | 48,620,798 | 30,447,450 | 680,781 | -365,524 | 315,257 | 737 | |
| Nuclear Advisory Council | 25,000 | 86,418 | 50,000 | | 25,000 | 25,000 | 4 | 2 |
| — Department of Mental Health | 40,729,405 | 52,167,353 | 46,386,216 | 1,422,741 | 4,234,070 | 5,656,811 | 896 | 300 |
| — Department of Mental Retardation | 25,875,689 | 33,138,704 | 29,761,727 | 875,797 | 3,010,241 | 3,886,038 | 626 | 200 |
| Commission on Alcohol & Drug Abuse | 1,022,127 | 1,706,673 | 1,220,236 | 22,535 | 175,574 | 198,109 | -15 | -15 |
| Total Health Division | 97,784,414 | 135,719,946 | 107,865,629 | 3,001,854 | 7,079,361 | 10,081,215 | 2,248 | 487 |

*Colleges and universities - "other" includes "increments."

| | 1974-75 Appropriation | 1975-1976 Request | 1975-1976 Recommended | Change Recommended: Classified Plan | Change Recommended: Other | Change Recommended: Total | Number of New Positions: Requested | Number of New Positions: Recommended |
|---|---|---|---|---|---|---|---|---|
| Social Rehabilitation Services Division | | | | | | | | |
| Department of Social Services | 60,886,075 | 89,578,930 | 66,983,676 | 371,306 | 5,726,295 | 6,097,601 | | |
| Vocational Rehabilitation | 5,090,707 | 6,193,000 | 5,635,582 | 86,407 | 458,468 | 544,875 | 7 | 5 |
| John de la Howe School | 659,754 | 709,715 | 709,715 | 16,334 | 33,627 | 49,961 | | |
| Children's Bureau | 485,470 | 513,357 | 509,357 | 10,949 | 12,938 | 23,887 | 1 | 1 |
| Commission for the Blind | 1,325,149 | 1,462,307 | 1,401,738 | 24,689 | 51,900 | 76,589 | 16 | |
| Commission on Aging | 418,790 | 485,781 | 477,549 | 7,798 | 50,961 | 58,759 | | |
| State Housing Authority | 444,345 | 433,879 | 432,679 | 10,343 | -22,009 | -11,666 | -1 | -1 |
| Commision on Human Affairs | 263,165 | 412,473 | 393,419 | 11,018 | 119,236 | 130,254 | 2 | 2 |
| Total Social Rehabilitation Services Div. | 69,573,455 | 99,789,442 | 76,543,715 | 538,844 | 6,431,416 | 6,970,260 | 25 | 7 |
| Correctional Division | | | | | | | | |
| Department of Corrections | 14,739,492 | 22,354,179 | 19,095,286 | 349,216 | 4,006,578 | 4,355,794 | 274 | 200 |
| Probation, Parole & Pardon Board | 2,234,284 | 4,427,664 | 2,499,437 | 45,300 | 219,853 | 265,153 | 173 | 15 |
| Department of Youth Services | 5,872,541 | 7,503,693 | 6,738,743 | 240,445 | 625,757 | 866,202 | 88 | |
| Department of Juvenile Placement & Aftercare | 435,694 | 555,006 | 509,288 | 17,487 | 56,107 | 73,594 | 10 | 2 |
| Total Correctional Division | 23,282,011 | 34,840,542 | 28,842,754 | 652,448 | 4,908,295 | 5,560,743 | 545 | 217 |
| Conservation, Natural Resources & Development | | | | | | | | |
| Water Resources Commission | 615,955 | 990,672 | 720,496 | 5,379 | 99,162 | 104,541 | 9 | 3 |
| State Land Resources Conservation Commission | 855,184 | 1,407,043 | 954,189 | 18,605 | 80,400 | 99,005 | 5 | |
| State Forestry Commission | 5,681,039 | 6,124,694 | 6,048,194 | 175,997 | 191,158 | 367,155 | | |
| Department of Agriculture | 2,361,402 | 2,575,298 | 2,534,248 | 84,026 | 88,820 | 172,846 | | |
| Agricultural Marketing Commission | 108,755 | 114,552 | 111,702 | 1,962 | 985 | 2,947 | | |
| Clemson University - P.S.A. | 12,050,228 | 13,879,237 | 12,864,450 | 290,842 | 523,380 | 814,222 | 48 | 10 |
| Wildlife and Marine Resources | 4,090,133 | 6,104,505 | 4,922,523 | 103,490 | 728,900 | 832,390 | 40 | 10 |
| Parks, Recreation and Tourism | 4,396,464 | 5,229,489 | 4,943,394 | 104,990 | 441,940 | 546,930 | | |
| State Development Board | 2,504,222 | 2,939,066 | 2,676,004 | 52,730 | 119,052 | 171,782 | | |
| Patriot's Point Development Authority | 104,760 | 401,314 | 283,560 | 1,866 | 176,934 | 178,800 | 21 | 10 |
| Public Railways Commission | 285,000 | 282,334 | 282,334 | -2,666 | | -2,666 | | |
| Total Conservation, Nat. Res. & Development | 33,053,142 | 40,048,204 | 36,341,094 | 837,221 | 2,450,731 | 3,287,952 | 123 | 33 |

220

| | | 1 9 7 5 - 1 9 7 6 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Change Recommended | | | | |
| | 1 9 7 4 - 7 5 Appropriation | Request | Recommended | Classified Plan | Other | Total | Requested | Recommended |
| Regulatory Division | | | | | | | | |
| Public Service Commission | 1,642,972 | 1,839,692 | 1,795,833 | 21,124 | 131,737 | 152,861 | 5 | 5 |
| Industrial Commission | 808,988 | 926,343 | 885,570 | 18,202 | 58,380 | 76,582 | 8 | 4 |
| State Workmen's Compensation Fund | 208,527 | 256,958 | 241,090 | 6,582 | 25,981 | 32,563 | 1 | 1 |
| Insurance Department | 2,134,973 | 2,169,940 | 2,169,940 | 35,960 | -993 | 34,967 | | |
| Board of Bank Control | 569,556 | 612,983 | 606,170 | 15,051 | 21,563 | 36,614 | | |
| Department of Consumer Affairs | 132,000 | 209,486 | 209,486 | 4,709 | 72,777 | 77,486 | | |
| State Dairy Commission | 169,793 | 182,769 | 179,269 | 3,645 | 5,831 | 9,476 | | |
| Department of Labor | 1,177,960 | 1,495,134 | 1,396,247 | 50,699 | 167,588 | 218,287 | 21 | 13 |
| Aeronautics Commission | 1,151,012 | 1,157,954 | 1,081,454 | 11,713 | -81,271 | -69,558 | | |
| Contractors' Licensing Board | 95,605 | 112,294 | 104,084 | 3,219 | 5,260 | 8,479 | | |
| State Tax Commission | 8,143,861 | 9,097,836 | 9,047,726 | 231,464 | 672,401 | 903,865 | 20 | 20 |
| Alcoholic Beverage Control Commission | 760,410 | 791,620 | 787,210 | 14,572 | 12,228 | 26,800 | | |
| Disaster Preparedness Agency | 618,228 | 628,360 | 597,166 | 11,496 | -32,558 | -21,062 | 5 | 3 |
| Department of Veterans Affairs | 595,841 | 667,976 | 664,976 | 12,177 | 56,958 | 69,135 | 1 | 1 |
| Employment Security Commission | 61,920 | 67,038 | 67,783 | 3,562 | 2,301 | 5,863 | | |
| Total Regulatory Division | 18,271,646 | 20,216,383 | 19,834,004 | 444,175 | 1,118,183 | 1,562,358 | 61 | 47 |
| Debt Service | 20,609,956 | 27,587,387 | 27,587,387 | | 6,977,431 | 6,977,431 | | |
| Miscellaneous Division | | | | | | | | |
| Miscellaneous Appropriations | 955,441 | 987,101 | 455,441 | | -500,000 | -500,000 | | |
| Contributions Division | 280,730 | 259,930 | 243,530 | | -37,200 | -37,200 | | |
| Aid to Subdivisions | 67,429,000 | 73,500,000 | 73,500,000 | | 6,071,000 | 6,071,000 | | |
| Total Miscellaneous Division | 68,665,171 | 74,747,031 | 74,198,971 | | 5,533,800 | 5,533,800 | | |
| Total General Fund | 964,117,545 | 1,188,798,847 | 1,054,712,924 | 8,770,640 | 81,824,739 | 90,595,379 | 4,750 | 1,994 |

+ 7% Increase for State Employees
+ teachers.

November 6, 1974

GENERAL FUND

Revised Budget, 1974-75

\- o -

| | | |
|---|---|---|
| Available Funds | | |
| Brought Forward from 1973-74 - | | |
| Regular General Fund | $ 15,275,470 | |
| Revenue Sharing Funds | 6,205,333 | |
| | | 21,480,803 |
| Estimated Revenue | | |
| Regular Tax Sources (Revised) | 875,000,000 | |
| Revenue Sharing | 28,715,000 | |
| | | 903,715,000 |
| Total Available | | $ 925,195,803 |
| Appropriations | | 954,227,986 |
| Balance | | ($ 29,032,183) |

November 6, 1974

## SURPLUS FUNDS

| | |
|---|---|
| Balance, End of 1973-74 | $ 95,282,289 |
| Less: Appropriated (1974) to Housing Bond Reserve Fund | 10,000,000 |
| | 85,282,289 |
| Less: Projected General Fund Loss, 1974-75 | 29,032,183 |
| Projected Balance, End of 1974-75 | $ 56,250,106 |

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## 1975-76

| | |
|---|---|
| Available Funds (Estimated) | |
| Surplus, End of 1974-75 | $ 56,250,106 |
| Revenue - | |
| Regular Tax Sources | 978,000,000 |
| Revenue Sharing | 28,000,000 |
| Total Available | $1,062,250,106 |
| Operating Appropriations - 1974-75 | 949,607,923 |
| Increased Revenue Available | $ 112,642,183 |