

MINUTES OF
Budget and
Control Board
Meeting

February 6, 1979
(Poll)

MINUTES OF BUDGET AND CONTROL BOARD MEETING

FEBRUARY 6, 1979

POLL

Executive Director William T. Putnam on this date completed a poll begun by Deputy Executive Director William A. McInnis of the following Budget and Control Board members on the item of business described below:

Governor Richard W. Riley (through Executive Assistant Clarke)
Mr. Earle E. Morris, Jr.
Representative Tom G. Mangum

STATE DEVELOPMENT BOARD - FOREIGN TRAVEL OF CHAIRMAN-NOMINEE -

Budget and Control Board members were advised that State Development Board Director Robert E. Leak has requested Board approval of the travel of Mr. Max Heller, to be accompanied by staff member Caleb Whitaker, to Europe during the February 10 - 20, 1979 period for the purpose of attending a seminar at the American Embassy in the Netherlands and calling on industrial prospects in other European countries.

Board members were advised that, although Mr. Heller's appointment as Chairman of the State Development Board has not yet been confirmed by the Senate, Senator Frank L. Roddey, Chairman of the Senate Labor, Commerce and Industry Committee, has indicated that it would be appropriate for Mr. Heller to assume his duties as Chairman of the State Development Board pending Senate confirmation.

The Budget and Control Board members polled agreed that the referenced travel of Mr. Heller should be approved.

A copy of Development Board Director Leak's letter has been retained in these files and is identified as Exhibit I.



STATE DEVELOPMENT BOARD

POST OFFICE BOX 927
COLUMBIA, SOUTH CAROLINA 29202

ROBERT E. LEAK
DIRECTOR

February 2, 1979

TEL. 803/758-3145
TWX NO. 810 666 2628

EXHIBIT I
RECEIVED 2/6/79
FEB 02 1979
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR
POLL

The Honorable William T. Putnam
Executive Director
Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

RECEIVED
FEB 02 1979
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Dear Bill:

Budget and Control Board approval is requested for our staff member, Caleb Whitaker, and Max Heller to travel to Europe, departing February 10 and returning February 20. The purpose of the trip is to attend a seminar at the American Embassy in the Netherlands and to call on industrial prospects in other European countries.

Mr. Heller's appointment as Chairman of the State Development Board went to the Senate on January 30, 1979, and is now in the Senate Labor, Commerce and Industry Committee. Senator Roddey advises that there is no question of confirmation but that there are certain procedures the committee must follow prior to confirmation. Senator Roddey stated that it would be in order for Mr. Heller to assume his duties as Chairman of the State Development Board pending confirmation and that he will call you regarding this.

Thank you for your assistance.

Sincerely,

Robert E. Leak
Director

REL/mam

THE END

MINUTES OF

Budget and

Control Board

Meeting

February 6, 1979

MINUTES OF BUDGET AND CONTROL BOARD MEETING

FEBRUARY 6, 1979 10:45 A. M.

The Budget and Control Board met at 10:45 a.m. on Tuesday, February 6, 1979 in the Governor's Conference Room with the following members in attendance:

Governor Richard W. Riley
Mr. Earle E. Morris, Jr.
Senator Rembert C. Dennis
Representative Tom G. Mangum

Also attending were Executive Director William T. Putnam, Governor Executive Assistant Katherine M. Clarke, State Auditor Edgar A. Vaughn, Jr., Budget Development Director E. C. Garvin, Planning Officer Jesse Coles, Board Secretary William A. McInnis and Donna K. Williams.

Mr. Grady L. Patterson, Jr., was absent due to illness.

BUDGET AND CONTROL BOARD - PROPOSED 1979-80 PAY PLAN FOR STATE EMPLOYEES - Governor Riley opened the meeting by asking State Employees Association Executive Director Larry G. Ellis if he would prefer to make a statement or to respond to the presentation to be made by Executive Director Putnam. Mr. Ellis indicated a desire to respond to the presentation whereupon Executive Director Putnam outlined the previous actions by the Budget and Control Board on this matter. Mr. Putnam pointed out that the Board had forwarded its budget recommendation to the General Assembly which included compensation proposals which the Board understood at the time were in compliance with President Carter's guidelines. Mr. Putnam also pointed out that the budget document was accompanied by a letter which advised the General Assembly of the Board's intention to comply with the President's guidelines and to monitor any further developments in this connection and to advise the General Assembly accordingly. Mr. Putnam then presented a recommendation by

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Corrected 2/13/79

the staff to amend the Board's budget report to the General Assembly in order to comply with the President's guidelines as they are now understood.

At the outset, Mr. Putnam emphasized that Budget and Control Board members had approached the 1979-80 pay question with a desire to do as much as was possible within the guidelines for State employees. He pointed out that when the budget development process began in July of 1978 the Board's first consideration was to provide adequately for State employees and that an across-the-board increase of 6% had been recommended in an effort to keep pace with the rate of inflation.

Mr. Putnam also noted that during the budget development process the Budget and Control Board had indicated a desire to reduce the sales tax on electric power if sufficient revenues could be identified. He noted that at the meeting at which final action on the recommended budget was taken the staff had reported that it had been unable to recommend any expenditure reductions which would make possible a reduction of the sales tax on electric power and he emphasized that there was no direct relationship between the Board's employee pay recommendations and its desire to reduce the sales tax on electricity.

Mr. Putnam outlined efforts which were made to ensure compliance with President Carter's guidelines and expressed the view that the staff now does have a clear understanding of those guidelines.

Mr. Putnam then indicated that the staff recommends that the Budget and Control Board adopt Plan B (as described in materials distributed by Mr. Putnam) and he recommended the adoption of the version of Plan B which provides for a general increase of 3.62% plus a \$450 across-the-board increase with no provision for the merit increment plan.

Mr. Putnam observed that the President's guidelines permit two extremes, i.e., a 7% across-the-board increase which, while possibly the

least costly to the State, would provide more benefit to those at the top pay levels than those at the lower end; and an across-the-board increase of, in South Carolina's case, \$986 which would disproportionately favor those at the lower pay levels to the point of getting those at or near the minimum wage out of line with local industry and would have the effect of compacting the pay scale. He stated that the staff had concluded that a combination approach which involves a fixed dollar increase plus a percentage increase across the board was the best solution.

(Secretary's Note: Senator Dennis joined the meeting at this point.)

Mr. Putnam called attention to the problem of grade reallocations and indicated that a number of these actions must be taken and recommended that \$500,000 be set aside to cover their costs in 1979-80.

Mr. Putnam then summarized the staff recommendation as follows:

- (1) Provide \$500,000 for needed grade reallocations;
- (2) Provide for a 3.62% across-the-board increase;
- (3) Provide for a \$450 across-the-board increase, with part-time positions being increased proportionately and with funding sources other than the State providing their proportionate shares of the costs; and
- (4) Hold the merit program in abeyance during 1979-80.

Mr. Putnam expressed the view that removal of the merit program would represent a distinct advantage to State employees during the guideline period.

Mr. Putnam strongly recommended the appointment of a blue-ribbon committee to study the merit compensation program and the overall pay plan if the Board accepts the idea of imposing a moratorium on the merit program. He expressed the view that the present pay plan has fallen into some disarray and that it has become compressed at the lower pay scales and at the top pay scales. He indicated that the State Personnel Division is prepared to

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recommend a new 50-grade pay plan which has more realistic spreads within and between grade levels and which could probably be adopted with very little initial cost.

Mr. Putnam then reviewed Plans A, B, and C and noted that Plan B would require about \$8,000,000 less than the amount included in the Board's original report to the General Assembly for employee compensation. Dr. Mullins noted that a 7% across-the-board plan, estimated to cost about \$33.5 million, would be the least costly plan for the State. Dr. Mullins also emphasized that the entire committee which developed the plans presented at this time approached the task with the idea of getting the most dollars for State employees and that it is the committee's consensus that the recommended plan is the best the State can do within the present guidelines.

A general discussion of the several plans ensued in which it was noted that Plan B does maximize the benefits to employees at the lower and middle pay ranges. In this connection, Dr. Mullins noted that an average increase of 11% would go to employees at the lower pay scales while those at the highest pay grades would receive approximately 4%.

Senator Dennis observed that the Budget and Control Board action on this matter today is tentative to the extent that it will continue to consider any and all intervening facts as they may develop before making any final determination on this subject.

State Employees Association Executive Director Larry G. Ellis prefaced his response to the plan proposed by noting that Messrs. J. P. Neal and LeGrand Rouse of the Association were present. Mr. Ellis then indicated that when the President had announced his guidelines he had expected that merit and longevity pay plans would be continued and that the presentation today was discouraging in those regards. Mr. Ellis complimented the Board and the staff on the recommendation as it now stands which provides higher relative increases

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Corrected 2/13/79

for those at the lower pay scales. Mr. Ellis expressed the view that other states likely will react harshly to the news of the approach proposed for South Carolina and stressed that his issue is with the federal government, not with the Budget and Control Board. Mr. Ellis reiterated his disappointment with the proposed plan and that the issue is one to be resolved with federal officials rather than the Budget and Control Board and described as very honorable the attention given to the lower paid employees in the proposal. He expressed concern over the proposed moratorium on the merit program.

Mr. Rouse expressed appreciation to Governor Riley for the receptive attitude of his office and Governor Riley indicated it is distasteful to him that some of his first actions as Governor are in this particular area. Governor Riley urged Mr. Ellis and others to follow the matter very closely and to keep Executive Director Putnam advised.

Mr. Putnam then commented that from the beginning Budget and Control Board members had expressed a strong desire to maintain the merit program and that they had only very reluctantly come to the position of agreeing with the staff recommendation to suspend it. He emphasized that the Board's position is that by suspending the merit increment program more dollars would wind up in the pockets of State employees than would otherwise be the case under the guidelines.

Following this discussion, upon a motion by Mr. Morris, later amended by Senator Dennis, seconded by Representative Mangum, the Budget and Control Board adopted Plan B which provides for a 3.62% and a \$450 across-the-board increase for all State employees in 1979-80, provided that the staff will continue to study the matter to determine if any higher amounts could be recommended and, provided further, that it is the sense of the Budget and Control Board that the \$8,000,000 difference between its recommendation

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previously forwarded to the General Assembly and the amount required under the terms of Plan B be kept intact until a final determination on this matter can be made.

Mr. Putnam then presented a listing of related actions required following the Board's adoption of Plan B, the first three of which were embraced in the action to adopt Plan B.

Mr. Putnam identified a fourth matter, relating to six agency head salaries, which he recommended be treated as special cases for which the original increases contained in the Board's original report would not be changed. Upon a motion by Senator Dennis, seconded by Mr. Morris, this recommendation by Mr. Putnam was adopted.

A fifth recommendation by Executive Director Putnam providing that where any salary is paid in whole or in part from funds other than State-appropriated funds, such other funds shall bear their proportionate part of any increases provided under the plan adopted by the Board and that an exception would be made for salaries paid under the CETA program where such salaries exceed \$10,000 and where, by rule or regulation, the federal government will not permit the use of federal funds for increasing those salaries. Upon a motion by Mr. Morris, seconded by Representative Mangum, the Budget and Control Board adopted this recommendation by Executive Director Putnam.

A sixth item recommended by Mr. Putnam provided that other non-State employees, including county auditors, treasurers, superintendents of education, veterans officers, school attendance and lunchroom supervisors, shall be increased in such manner as the General Assembly may see fit. Upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board adopted this recommendation.

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Upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board agreed to suspend salary increases under the merit and longevity programs for State employees for fiscal year 1979-80 with the understanding that these programs will be reinstated if the President's guidelines are modified so as to permit additional payments to State employees and, further, that it is the intent of the Budget and Control Board to appoint a committee to develop a revised compensation plan to be recommended to the Board for approval and subsequent implementation.

Upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board approved the concept of a new 50-grade salary schedule to be presented at the February 13, 1979 Board meeting.

Upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board carried over its consideration of the staff proposal that, effective immediately, employees who receive grade reallocations shall be entitled to a pay increase resulting from such reallocations only to the extent necessary to bring the salary or wages of the employee to the minimum of the new grade.

(Secretary's Note: Senator Dennis excused himself from the meeting at this point to go to the Senate Chamber.)

The Budget and Control Board directed Executive Director Putnam to immediately communicate the Board actions relating to the 1979-80 pay plan to the House Ways and Means Committee.

Information relating to this matter has been retained in these files and is identified as Exhibit I.

MEDICAL UNIVERSITY - ALTERNATE FINANCING PLAN FOR PURCHASE OF BCD

BUILDING - Following a brief discussion, upon a motion by Mr. Morris, seconded by Representative Mangum, the Budget and Control Board approved an alternate financing plan for the acquisition of the BCD Building property by the Medical University which provided that the Medical University may use excess Plant Improvement Bond Reserve Funds to the extent possible, subject to the approval of the State Treasurer and Bond Counsel.

Information relating to this matter has been retained in these files and is identified as Exhibit II.

FUTURE MEETING - Board members were reminded that the next regular meeting of the Board is scheduled for Tuesday, February 13, 1979 at 10:30 a.m. in the Governor's Conference Room.

The meeting was adjourned at 12:10 p.m.

[Secretary's Note: In compliance with Section 9 of Act 593 of 1978 (the Freedom of Information Act), public notice of and the agenda for this meeting were posted on bulletin boards in the Office of the Governor's Press Secretary in the State House and near the Board Secretary's office in the Wade Hampton Building on February 5, 1979.]

PROPOSED COMPENSATION INCREASE PLANS

1979-80 BUDGET BASE

	TOTAL		STATE		% STATE
	NO. EMPLOYEES	AMOUNT	NO. EMPLOYEES	AMOUNT	
Classified Positions	51,836	\$532,586,427	33,550	\$286,363,106	
Increments Continued		16,609,809		8,611,666	
Increments Longevity - Continued		1,129,126		840,768	
		550,325,362		295,815,540	53.75 %
Unclassified	8,154	159,277,677	6,646	119,655,217	75.12
Agency Heads	207	7,551,896	202	7,276,008	96.39
Total	60,197	\$717,154,935	40,398	\$422,746,765	58.95 %

SUMMARY OF FUNDS INCLUDED IN 1979-80 BUDGET
FOR COMPENSATION INCREASES

	PERSONAL SERVICE STATE	EMPLOYER CONTRIBUTIONS STATE	TOTAL STATE
Agency Head	\$ 421,887	\$ 32,485	\$ 454,372
Base Pay Increases	24,957,165	3,451,576	28,408,741
Increments Classified	5,805,343	802,879	6,608,222
Increments Unclassified	5,978,370	826,809	6,805,179
Increments - Longevity	944,612	130,640	1,075,252
Total	\$ 38,107,377	\$ 5,244,389	\$ 43,351,766

EXHIBIT I
2/6/79

PROPOSED COMPENSATION INCREASE PLANS

PLAN A

	2.76 % + \$500 LIMITED PROVISION FOR MERIT PLAN			3.26 % + \$500 NO PROVISION FOR MERIT PLAN	
	TOTAL	STATE		TOTAL	STATE
a. Classified:		(53.75 %)			(53.75 %)
500 X 51836	\$25,918,000	\$13,930,925	500 X 51836	\$25,918,000	\$13,930,925
2.76 % X 550,325,362	15,188,980	8,164,077	3.26 % X 550,325,362	17,940,607	9,643,076
Reallocation	930,232	500,000		930,232	500,000
Merit Increment .0025 X 550,325,362	1,375,813	739,539		-	-
b. Unclassified		(75.12 %)			(75.12 %)
500 X 8154	4,077,000	3,062,642	500 X 8154	4,077,000	3,062,642
2.76 % X 159,277,677	4,396,064	3,302,323	3.26 % X 159,277,677	5,192,452	3,900,570
Merit Increment .005 X 159,277,677	796,388	589,247		-	-
c. Agency Heads		(96.39 %)			(96.39 %)
500 X 207	103,500	99,764	500 X 207	103,500	99,764
2.76 X 7,551,896	208,432	200,908	3.26 % X 7,551,896	246,192	237,304
Total	<u>52,994,409</u>	<u>30,589,425</u>		<u>54,407,983</u>	<u>31,374,281</u>
Employer Contributions	7,310,004	4,212,086		7,503,187	4,292,446
Grand Total	<u>\$60,304,413</u>	<u>\$34,801,511</u>		<u>\$61,911,170</u>	<u>\$35,666,727</u>

PROPOSED COMPENSATION INCREASE PLANS

PLAN B

	3.12% + \$450 LIMITED PROVISION FOR MERIT PLAN			3.62% + \$450 NO PROVISION FOR MERIT PLAN	
	TOTAL	STATE		TOTAL	STATE
a. Classified:		(53.75 %)		(53.75 %)	
450 x 51,836	23,326,200	12,537,833	450 x 51,836	23,326,200	12,537,833
3.12% x 550,325,362	17,170,151	9,228,956	3.62% x 550,325,362	19,921,778	10,707,956
Reallocation	930,232	500,000		930,232	500,000
Merit Increments .0025	1,375,813	739,539			
b. Unclassified:		(75.12 %)		(75.12%)	
450 x 8,154	3,669,300	2,756,378	450 x 8,154	3,669,300	2,756,378
3.12% x 159,277,677	4,969,464	3,733,061	3.62% x 159,277,677	5,765,851	4,331,307
Merit Increments .005	796,388	589,247			
c. Agency Heads		(96.39 %)		(96.39 %)	
450 x 207	93,150	89,150	450 x 207	93,150	89,150
3.12% x 7,551,896	235,619	227,113	3.62% x 7,551,896	273,379	263,510
Totals	52,566,317	30,401,277		53,979,890	31,186,134
Employer Contributions	7,249,588	4,185,109		7,442,951	4,290,932
Grand Total	59,815,905	34,586,386		61,422,841	35,477,066

PROPOSED COMPENSATION INCREASE PLANS

PLAN C

	3.98% + \$400 LIMITED PROVISION FOR MERIT PLAN			3.98% + \$400 NO PROVISION FOR MERIT PLAN	
	TOTAL	STATE		TOTAL	STATE
a. Classified:		(53.75%)			(53.75%)
400 x 51,836	20,734,400	11,144,740	400 x 51836	20,734,400	11,144,740
3.48% x 550,325,362	19,151,322	10,293,836	3.98% x 550,325,362	21,902,949	11,772,835
Reallocation	930,232	500,000		930,232	500,000
Merit Increments .0025	1,375,813	739,539			
b. Unclassified		(75.12%)			(75.12%)
400 x 8154	3,261,600	2,450,114	400 x 8154	3,261,600	2,450,114
3.48% x 159,277,677	5,542,863	4,163,798	3.98% x 159,277,677	6,339,252	4,762,046
Merit Increments .005	796,388	589,247			
c. Agency Heads		(96.39%)			(96.39%)
400 x 207	82,800	79,811	400 x 207	82,800	79,811
3.48% x 7,551,896	262,806	253,319	3.98% x 7,551,896	300,565	289,715
Total	52,138,224	30,214,404		53,551,798	30,999,261
Employer Contributions	7,189,531	4,158,231		7,382,713	4,264,546
GRAND TOTAL	<u>59,327,755</u>	<u>34,372,635</u>		<u>60,934,511</u>	<u>35,263,807</u>

EMPLOYER CONTRIBUTIONS - STATE EMPLOYEES
1979-80 BUDGET

	1978-79		1979-80		CHANGE		PER CENT CHANGE	
	TOTAL	STATE	TOTAL	STATE	TOTAL AMOUNT	STATE AMOUNT	TOTAL	STATE
State Retirement - State Employer	\$ 46,114,955	\$ 28,841,163	\$ 50,891,161	\$ 31,440,406	\$ 4,776,206	\$ 2,599,243	10.36%	9.01%
Police Officers Retirement	4,109,976	2,136,111	4,787,340	2,491,206	677,364	355,095	16.48	16.62
General Assembly Retirement	492,500	492,500	696,899	696,899	204,399	204,399	41.50	41.50
Judicial - Solicitors Retirement	-	-	778,772	778,772	778,772	778,772	-	-
Group Life Insurance - State Employees	1,937,106	1,174,863	2,147,993	1,289,131	210,887	114,268	10.89	9.73
Group Life Insurance - Police Officers	209,815	107,639	248,154	128,867	38,339	21,228	18.27	19.72
Social Security - State Employees	41,816,636	24,815,089	46,083,465	26,749,051	4,266,829	1,933,962	10.20	7.79
Workmen's Compensation Insurance	1,477,306	869,324	1,659,920	958,927	182,614	89,603	12.36	10.31
Health Insurance	19,536,021	11,162,187	20,332,056	11,953,486	796,035	791,299	4.08	7.09
Unemployment Compensation Insurance	2,782,837	1,652,600	3,128,467	1,845,547	345,630	192,947	12.42	11.68
Pensions - Judges, Justices & Widows	258,152	258,152	-	-	-258,152	-258,152	-	-
Pensions - Retired Guardsmen	129,845	129,845	183,385	183,385	53,540	53,540	41.23	41.23
Pensions - Confederate Widows	3,500	3,500	1,500	1,500	-2,000	-2,000	-57.14	-57.14
Total	\$118,868,649	\$ 71,642,973	\$130,939,112	\$ 78,517,177	\$ 12,070,463	\$ 6,874,204	10.15%	9.60%

*As Revised
after meeting*

ACTIONS TO BE TAKEN

BUDGET AND CONTROL BOARD

1. Approve the basic pay plan:

- A. 3.62% increase for each State employee.
- B. \$450 for each full-time employee (proportionate reduction for part-time employees) after 3.62%.
- C. A sum of \$500,000 of State funds to be appropriated to the Budget and Control Board to assist agencies in providing for reallocations.
- D. Except for six special cases, agency heads will be recommended for the increases as provided in A & B above. The following agency heads will be recommended for the same increases as reflected in the Budget and Control Board's original report:

Director, Legislative Audit Council
Executive Director, Children's Bureau
Chief, State Law Enforcement Division
Director, Department of Youth Services
Director, Confederate Relic Room
Director, Human Affairs Commission

- E. Where any salary is paid in whole or in part from funds other than State appropriated funds, such other funds shall bear their proportionate part of any increases provided in Paragraphs A through D of this section. An exception shall be made for salaries paid under the Comprehensive Education Training Act (CETA) where such salaries exceed \$10,000 and where, by rule or regulation, the Federal Government will not permit the use of Federal funds for the increasing of these salaries.
- F. Other non-State employees shall be increased in such manner as the General Assembly may see fit. This group includes county auditors, treasurers, superintendents of education and veterans officers as well as school attendance and lunchroom supervisors.
- G. Recommend that the difference between the cost of the original recommendation of the Budget and Control Board for salary increases and those which would be due under the present plan be retained in the budget for use for additional salary increases if the President's guidelines are so modified as to permit additional payments. Staff of the Budget and Control Board is further directed to continually monitor the progress of the implementation of the President's guidelines to determine if additional pay increases might be granted.

2. Recommend the suspension of salary increases under the merit and longevity programs for State employees for the fiscal year 1979-80 with the understanding that these programs will be reinstated if the President's guidelines are so modified as to permit additional payments to State employees. Further, it is the intention of the Budget and Control Board to appoint a committee to develop a revised compensation plan to be recommended to the Budget and Control Board for approval and subsequent implementation at such time as the merit program can be reinstated.

3. Approval of new fifty grade salary schedule (to be presented to the Budget and Control Board at its February 13, 1979 meeting).

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ACTIONS TO BE TAKEN

BUDGET AND CONTROL BOARD

1. Approve the basic pay plan:
 - A. 3.62% increase for each State employee.
 - B. \$450 for each full-time employee (proportionate reduction for part-time employees) after 3.62%.
 - C. A sum of \$500,000 of State funds to be appropriated to the Budget and Control Board to assist agencies in providing for reallocations.
 - D. Except for six special cases, agency heads will be recommended for the increases as provided in A & B above. The following agency heads will be recommended for the same increases as reflected in the Budget and Control Board's original report:
 - Director, Legislative Audit Council
 - Executive Director, Children's Bureau
 - Chief, State Law Enforcement Division
 - Director, Department of Youth Services
 - Director, Confederate Relic Room
 - Director, Human Affairs Commission
 - E. Where any salary is paid in whole or in part from funds other than State appropriated funds, such other funds shall bear their proportionate part of any increases provided in Paragraphs A through D of this section. An exception shall be made for salaries paid under the Comprehensive Education Training Act (CETA) where such salaries exceed \$10,000 and where, by rule or regulation, the Federal Government will not permit the use of Federal funds for the increasing of these salaries.
 - F. Other non-State employees shall be increased in such manner as the General Assembly may see fit. This group includes county auditors, treasurers, superintendents of education and veterans officers as well as school attendance and lunchroom supervisors.
2. Recommend the suspension of salary increases under the merit and longevity programs for State employees for the year 1979-80 with the understanding that a revised compensation plan will be developed by a committee appointed by the Board. This revised plan will be recommended to the Budget and Control Board for approval and subsequent implementation when the Presidential guidelines will permit.
3. Approval of new fifty grade salary schedule (to be presented to the Budget and Control Board at its February 13, 1979 meeting).
4. Approve a rule that, effective immediately, employees who receive grade reallocations shall be entitled to a pay increase (received as a result of such reallocation) only to the extent necessary to bring the employees' salaries or wages to the minimum of the new grade.

*South Carolina
State Employees Association*

2001 ASSEMBLY ST. • P. O. BOX 5206 • COLUMBIA, SOUTH CAROLINA 29250 • (803) 765-0680

January 31, 1979

Mr. William T. Putnam
Executive Director
Budget and Control Board
Wade Hampton Office Building
Box 11333
Columbia, S. C. 29211

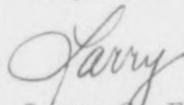
Dear Bill:

I understand that the Budget and Control Board will soon discuss its recommendations for a pay increase for State employees for fiscal year 1979-80.

Representatives of the South Carolina State Employees Association would very much appreciate the opportunity to present its views on this issue at that meeting.

Thank you very much for the Board's consideration of this request.

Very best wishes,



Larry C. Ellis
Executive Director

LGE:gsr



MEMBER-ASSEMBLY
OF GOVERNMENTAL
EMPLOYEES (AGE)

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

EXHIBIT II
2/6/79

MEETING OF February 6, 1979

ITEM NUMBER 2

Agency: Medical University

Subject: Source of Funds for Purchase of BCD Building Properties

At its 12/21/78 meeting, the Budget and Control Board approved the acquisition by the MUSC of the BCD Building and related properties at a price of \$1,946,000 on the condition that the House-Senate Bond Review Committee concur in that action. The Board action authorized the use of \$2,000,000 of Plant Improvement Bond funds for this purpose (as had been requested by the MUSC).

Following the 12/21/78 meeting, Senator Frank L. Roddey, Chairman of the House-Senate Bond Review Committee, advised the Board of his Committee's concurrence in the referenced Board actions.

The MUSC now desires to use excess Plant Improvement Bond Reserve funds instead of Plant Improvement Bond funds as the source of the moneys needed to finance this project.

Board Action Requested:

Amend the action taken on 12/21/78 so as to authorize the MUSC to use Plant Improvement Bond Reserve funds to finance the purchase of the BCD Building and related properties.

Staff Comment:

The referenced funds are identified in the Treasurer's records as PI Bonds Res Fund - MUSC, account number 24100062. The balance in this account at the close of business 2/1/79 was \$2,068,811.68.

Attachments:

MUSC

* PLANT IMPROVEMENT BONDS RESERVE FUND
(ACCOUNT # 24100062)

BALANCE AT CLOSE OF BUSINESS 2/1/79 \$2,068,811.68

REQUIRED RETENTION (HIGHEST ANNUAL
DEBT SERVICE IN ANY SUCCEEDING FISCAL
YEAR)

(484,112.50)

EXCESS AVAILABLE

\$ 1,584,699.18

WHOLE BCD PROJECT

\$2,000,000.00 Need
1,584,699.18 Available
415,300.82 Short

PURCHASE PROPERTY ONLY

\$1,946,000.00
1,584,699.18
361,300.82

* THIS RESERVE IS IN ADDITION TO THE DEBT SERVICE
RESERVE REQUIRED.

SINKLER GIBBS & SIMONS
PROFESSIONAL ASSOCIATION
ATTORNEYS & COUNSELLORS AT LAW
2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

February 5, 1979

Hon. Grady L. Patterson, Jr.
Treasurer of the State of
South Carolina
P. O. Box 11778
Columbia, SC 29211

Re: Medical University Plant Improvement Bonds

Dear Mr. Patterson:

The Medical University is authorized pursuant to provisions of Act 1654 of 1972 as now amended to issue not exceeding \$11,260,000 of Plant Improvement Bonds. Pursuant to this authorization, the University issued as of June 1, 1976, \$4,750,000 of such bonds. Of these, \$4,250,000 are now outstanding. To secure the payment of the bonds, there have been pledged certain fees and revenues referred to in the Act as the "Sources of Revenue."

The Act requires and the proceedings create a Bond Reserve Fund. It is provided that the Bond Reserve Fund shall be maintained at the level of the maximum annual principal and interest requirements of Bonds then outstanding for any subsequent Fiscal Year. However, it is further provided that "whenever the value of the cash and securities in the Bond Reserve Fund shall exceed the then applicable maximum therefor, it shall be the duty of the Trustees to apply such excess to Plant Improvements or for any other lawful purpose."

According to our calculations, maximum annual principal and interest required for bonds now outstanding will occur in the bond year beginning June 1, 1979, and ending May 30, 1980. According to our calculations, this amounts to \$485,112.50. Hence it is entirely proper that all sums in excess of this sum be used by the Trustees for Plant Improvements. Plant Improvements include "real property acquired for the use of the Medical University when such acquisitions have been approved by the State Board." Since the State Budget and Control Board has approved the acquisition of the "B.C.D." Building, it may now quite properly authorize the use of the surplus in the Bond Reserve Fund to meet the cost of the property.

Respectfully yours,

Henry Simons

HS/mr

THE END