

MINUTES OF  
Budget and  
Control Board  
Meeting

October 10, 1978

MINUTES OF BUDGET AND CONTROL BOARD MEETING

OCTOBER 10, 1978      10:00 A. M.

The Budget and Control Board met at 10:00 a.m. on October 10, 1978 in the Alcoholic Beverage Control Commission Hearing Room in the Edgar A. Brown State Office Building with the following members in attendance:

Mr. Grady L. Patterson, Jr.  
Mr. Earle E. Morris, Jr.  
Senator Rembert C. Dennis  
Representative Tom G. Mangum

Also attending were Executive Director William T. Putnam and State Auditor Edgar A. Vaughn, Jr.

Members of the Finance Division Budget Development staff attended the budget hearings and Donna K. Clark and William A. McInnis attended the regular business portion of the meeting.

1979-80 BUDGET HEARINGS - In the morning session, the Budget and Control Board heard 1979-80 budget requests from the following agencies:

Forestry Commission  
Clemson University PSA  
Higher Education Tuition Grants Committee  
Judicial Department  
Aeronautics Commission  
Commission on Aging

After a mid-day break, the Board heard 1979-80 budget requests from the following agencies:

State Personnel Division  
Arts Commission  
Department of Health and Environmental Control

At the conclusion of the budget hearing schedule, a regular business meeting of the Board was convened, with State Treasurer Grady L. Patterson, Jr., acting as chairman, to consider the following matters:

STATE HOUSING AUTHORITY MEETING REQUEST - Executive Director Putnam

advised the Board that the State Housing Authority is making preparations to issue housing bonds and, because it is operating under a tight schedule, that the Housing Authority has requested an opportunity to meet with the Board on October 26 for the purpose of seeking Board concurrence in the approach the Authority is taking in connection with the bond sale.

Following a brief discussion, the Budget and Control Board agreed to hold a regular business meeting on Tuesday, October 31, 1978, at 3:00 p.m.

STATE PERSONNEL DIVISION - PSYCHIATRIC RESIDENT PHYSICIANS' HOUSING

ALLOWANCE - Executive Director Putnam advised the Board that, although it is not legal to do so, the Department of Mental Health has contracted with its psychiatric resident physicians to provide a \$150 monthly housing allowance as a part of the compensation paid to these physicians. Mr. Putnam also noted that a legislative committee is presently studying the entire employee housing situation. He also reported that Dr. Hall had reviewed his agency's situation with a Board subcommittee and that Dr. Hall had stressed that the existing contracts with the resident physicians had been entered into in good faith and that an accreditation problem could be presented if these contracts were to be broken.

Following a discussion of this matter, upon a motion by Mr. Morris, seconded by Senator Dennis, the Budget and Control Board agreed that the existing contracts between the Department of Mental Health and its psychiatric resident physicians which provide for the payment of a \$1,800 housing allowance annually should be allowed to stand through the current fiscal year but that they should not be renewed in the future.

In response to queries by Representative Mangum and Senator Dennis, Mr. Putnam indicated that the legislative committee studying employee housing has not yet rendered its report and that it faces a difficult problem because of the need to examine virtually each case individually. He also pointed out

that no perquisites are permitted under existing law except those specific exceptions which are spelled out in the Appropriation Act.

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

DIVISION OF ADMINISTRATION - CONSULTANT SERVICES CONTRACT - Upon a motion by Senator Dennis, seconded by Representative Mangum, the Budget and Control Board approved an amendment to a contract between the Division of Administration and Thompson, Mann and Hudson to extend the contract through December 31, 1978 and to add an additional \$10,000 compensation to bring the maximum under the contract to \$30,000. The purpose of the contract is to enable the firm to continue to provide personnel assistance regarding policies, procedures and practices to the Governor.

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

MEDICAL UNIVERSITY - PROPOSED COMPUTER REPLACEMENT - Executive Director Putnam advised the Board that MUSC President Knisely has requested permission to appear before the Board to present a proposal for the replacement of an existing IBM 370/148 computer system.

Following a brief discussion, the Budget and Control Board without objection agreed that this matter should be included on the agenda for the October 31 meeting.

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

EXECUTIVE SESSION - Executive Director Putnam announced that two personnel matters had been proposed for consideration in Executive Session. Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board agreed to consider these matters whereupon Mr. Patterson declared the meeting to be in Executive Session.

RATIFICATION OF EXECUTIVE SESSION ACTIONS - Following the Board's consideration of Executive Session items, the meeting was opened and, upon a motion by Representative Mangum, seconded by Mr. Morris, the following action taken by the Board in Executive Session was ratified:

(1) Directed the staff to advise the Advisory Council on Vocational and Technical Education that it must adhere to the law limiting merit pay increases.

Following the ratification of the Executive Session action, the Budget and Control Board continued in open session for the purpose of considering the following items:

DEPARTMENT OF SOCIAL SERVICES - USE OF EARNED FUNDS - Executive Director Putnam advised the Board that DSS Commissioner Conrad has requested permission to move approximately \$200,000 of funds currently held in an "earned funds" account to the Medicaid program. Mr. Putnam noted that the funds involved had been identified previously by Commissioner Conrad as a reserve which he would expend only with Budget and Control Board approval and that the funds transferred would apply toward the projected deficit in the Medicaid program for 1978-79.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board approved the use of \$200,000 currently held in an "earned funds reserve account" for the Medicaid program provided the DSS request for a supplemental appropriation for the Medicaid program is reduced accordingly.

(SECRETARY'S NOTE: Subsequent to this meeting, it was determined that the funds in question in the foregoing item were Public Law 95-216 funds and that Commissioner Conrad had requested permission to earmark the remaining balance of these funds, amounting to approximately \$691,000, as an offset of the projected deficit in the Medicaid program for 1978-79.)

STATE LAW ENFORCEMENT DIVISION - EXEMPTION FROM VEHICLE IDENTIFICATION

REQUIREMENTS - Following a brief discussion, upon a motion by Mr. Morris, seconded by Senator Dennis, the Budget and Control Board agreed that Chief Strom should be given blanket authority to make judgments on his agency's compliance with state law relating to license tags and other vehicle identification requirements.

The meeting was adjourned at 4:30 p.m.

[SECRETARY'S NOTE: In compliance with Section 9 of Act 593 of 1978 (the Freedom of Information Act), public notice of this meeting was posted on bulletin boards in the office of the Governor's Assistant for Public Affairs in the State House and near the Board Secretary's office in the Wade Hampton Building at mid-morning on October 3, 1978.]

MINUTES OF BUDGET AND CONTROL BOARD MEETING

OCTOBER 10, 1978

EXECUTIVE SESSION

The following item of business was considered:

STATE PERSONNEL DIVISION - EXCESSIVE MERIT INCREMENT PAYOUT BY  
ADVISORY COUNCIL ON VOCATIONAL AND TECHNICAL EDUCATION - Executive Director Putnam advised the Budget and Control Board that the Advisory Council on Vocational and Technical Education had granted merit pay raises to its two employees but that the aggregate increases exceed the 5% limitation set by law. Mr. Putnam also reported that the Council agency head had indicated that he would like to defend this action and that Dr. Mullins had advised Dr. White by letter that the law limits these increases to an aggregate of 5% for each agency.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Representative Mangum, the Budget and Control Board directed the staff to advise the Advisory Council on Vocational and Technical Education that it must take whatever steps are required to adhere to the law limiting aggregate merit pay increases to an average of 5% in each agency.

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

STATE BUDGET AND CONTROL BOARD

MEETING OF October 4, 1978

AGENDA ITEM NUMBER 9

EXHIBIT I  
10/10/78

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Agency: State Personnel Division

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Subject: Supplemental housing allowance for psychiatric resident physicians at the Department of Mental Health.

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Board Action Requested: The Department of Mental Health request that the Budget and Control Board defer until July 1, 1979, the personnel subcommittee's decision on the discontinuance of the \$1800 housing allowance paid to psychiatric resident physicians.

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Staff Comment:

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Attachments:

See Attached



## 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

August 29, 1978

Mr. Robert G. Hall  
Director, Classification - Compensation  
State Personnel Division  
Post Office Box 50367, Five Points  
Columbia, South Carolina 29250

Dear Mr. Hall:

Reference is made to the attached memorandum from Mr. Forest P. Newman, Jr., Chief Administrative Services, William S. Hall Psychiatric Institute.

As stipulated in Mr. Newman's memorandum there are certain problems associated with the recent Budget and Control Board ruling on supplemental housing allowance provided our Psychiatric Residents. It is requested that this information be referred to the appropriate authorities in order that this situation can be given additional consideration.

If any further information is required, please feel free to contact us. Your assistance on this matter will be appreciated.

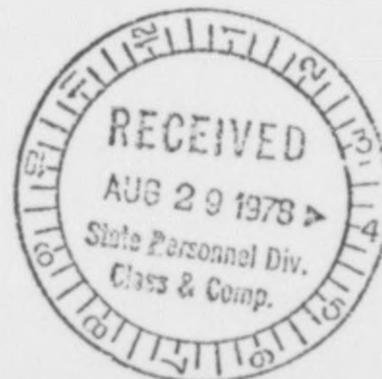
Yours very truly,

WILLIAM S. HALL, M. D.  
STATE COMMISSIONER OF MENTAL HEALTH

By *R. Brooks Galloway*  
R. Brooks Galloway  
Assistant Personnel Director

WSH:RBG:gna

cc: Mr. Forest P. Newman, Jr., WSHPI



MEMORANDUM

TO: Mr. R. Brooks Galloway, Assistant Personnel Director  
South Carolina Department of Mental Health

FROM: Chief, Administrative Services  
William S. Hall Psychiatric Institute

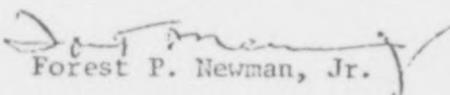
SUBJECT: Supplemental Housing Allowance

Reference is made to memorandum, dated August 22, 1978, from Personnel Division, Budget and Control Board, directing the discontinuance of the \$1800 per year housing allowance for psychiatric residents effective September 1, 1978, and increasing the residents salary scale by \$1800 on September 1, 1978.

It is requested that the Budget and Control be asked to reconsider this action for the following reasons:

1. It places an unnecessary and unbudgeted financial burden on the Institute and the State. Fringe benefits amounting to 13.79% will have to be paid from State appropriations once the \$1800 is changed to salary. Fringe benefits for the current fiscal year will cost an additional \$5709 increasing to \$7717 for fiscal year 1979-80.
2. The accrediting agency for our residency training program requires that we execute a written contract with each resident on an annual basis. In accordance with this requirement, each resident has a contract which includes an \$1800 housing allowance. The changing of the \$1800 from housing allowance to salary will require that \$218 be deducted from each residents pay during this fiscal year for retirement and social security.

In the event the Budget and Control Board will not reverse this ruling, it is then requested that it be deferred until the end of the current fiscal year in order that we may abide by the terms of our contract with the residents.

  
Forest P. Newman, Jr.

FPNjr/npt

August 28, 1978

EXHIBIT II  
10/10/78

STATE AUDITOR'S OFFICE  
REPORT ON CONSULTANTS

Name of State Agency: Division of Administration, Office of the Governor

Date of Report: October 6, 1978 Prepared by: Jerry W. Eranham

Name of Consultant or Firm: Thompson, Mann and Hudson

Address of Consultant or Firm: 222 Daniel Building, Greenville, S. C. 29602

Terms of Consultant Contract:

Beginning Date: July 1, 1977 Ending Date: December 31, 1978

This Amendment, \$10,000

Rate of Pay: \$ \_\_\_\_\_ per \_\_\_\_\_; Maximum under this contract: \$ 30,000

Source of Funds: 10,000 (100%); \_\_\_\_\_ ( \_\_\_\_\_ %); \_\_\_\_\_ ( \_\_\_\_\_ %).  
(State) (Federal) (Other)

Purpose or Goal of Consultant:

Continue to provide to the Governor of South Carolina Personnel assistance regarding policies, procedures and practices.

This Amendment extends the contract period through December 31, 1978, and adds an additional \$10,000.

Was this Individual or Firm Selected through the Submission of Bids or Proposals?

Yes \_\_\_\_\_ No X

If yes, How many Bids or Proposals were Received? \_\_\_\_\_

Original contract approved September 14, 1978.

APPROVED  
OCT 10 1978  
Budget & Control Board  
WAM

EXHIBIT III  
10/10/78

STATE BUDGET AND CONTROL BOARD

MEETING OF October 4, 1978

AGENDA ITEM NUMBER

3

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Agency: Medical University

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Subject: Proposal to Replace Existing IBM 370/148 Computer System

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Board Action Requested:

Consider

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Staff Comment:

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Attachments:

Knisely 9/8/78 letter to Governor Edwards

OFFICE OF THE PRESIDENT  
(803) 792-2211



Medical University of South Carolina

171 ASHLEY AVENUE / CHARLESTON, SOUTH CAROLINA 29403

September 8, 1978

The Honorable James B. Edwards  
Office of the Governor  
State House  
Columbia, South Carolina 29201

Dear Governor Edwards:

The Medical University of South Carolina requests permission to meet before the State Budget and Control Board, at the earliest date possible, for the purpose of presenting a proposal to replace the current IBM 370/148 computer system. Justification for this request will be provided to Mr. Charles H. Burr, Director, Division of Computer Systems Management.

Your cooperation in this matter is appreciated.

Sincerely,

William H. Knisely, Ph. D.  
President

WHK:an

cc: The Honorable Grady L. Patterson, Jr., State Treasurer  
The Honorable Earle E. Morris, Jr., Comptroller  
The Honorable Rembert C. Dennis, Chairman, Senate Finance Committee  
The Honorable Tom G. Mangum, Chairman, House Ways and Means Committee  
Mr. William T. Putnam, Executive Director, State Budget & Control Board  
Mr. Charles H. Burr, Director, Computer Systems Management

MST



State Budget & Control Board  
PERSONNEL DIVISION  
1205 Pendleton Street  
Columbia, South Carolina 29201

Bill  
EXHIBIT IV  
10/10/78  
This needs to be  
on a Bd agenda  
w.p.

Jack S. Mullins, Ph.D.  
Director

803-758-3334

MEMORANDUM

TO: William T. Putnam  
FROM: Jack S. Mullins *Jack S. Mullins*  
DATE: September 28, 1978  
SUBJECT: Excessive Merit Increment Payout by Vocational Education Advisory Council

The Vocational Education Advisory Council has two employees, both of whom have received six percent merit increments. E. M. Shealy received an annualized merit increment of \$524.00 on August 22, or 6% of the \$8,748 salary following the June 23 general increase. M. G. Black received an annualized merit increment of \$985.00 on July 20, or 6% of the \$16,417 salary following the June 23 general increase. Five percent of the total salaries of \$24,165 equals \$1,258, but merit increments awarded total \$1,509. This is in excess of the legally allowable merit increment awards of five percent by \$251.00.

There appears to be no discretion left to the Budget and Control Board in such instances because of the language of the Appropriations Act. I suggest that this issue be brought before the Board for guidance as to how we should proceed. Dr. White has indicated that he would like to defend his position on the award of six percent merit increments to both of his employees.

JSM/omc

**THE END**