

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
DECEMBER 16, 1969

Pub. Mts
Lucc 12-16-69

gmv cfe
10:30

TR

ah: maw

Pinto Antib.

Pran - Rumbach

R: 29,000,000 P.J. Program

> Info.

U S C

James - Brunton

P.J.'s -

1) Phys Ed 2582,694

(Pun App 1,450)

Hidden' yarm -

H. B. W. grant 282,694

Best Pds 350,000

Cap. (R)

2) H. Capstone Dams (Replac
ed. H. H. H.)

- 3,030,000

- H. Rev. Bonds 2,220,177

- Best Pds 600,000

Cap. (R) 186

186

450

- 5

225,000

187

(2)

3) Summary (Old Smith 1908)

- 1,900,000

- Plant & Equip. funds : 500,000

- HEW Grants 200,000

School Bus Fund

McMaster - Gummerson, Local Mgr., I.H.

(See Report) (See M&M. Little)

Ask re-open modeling

>

No.

Advice Furman

Ed Dept

Recher, et al

Martin, et al

Re: RCA Computer Office

[Give names in middle of discussion]

(pm)

188

17:30

188

Ed Dept + Tech to submit in
writing ~~plan~~ cost of purchasing
computer, and proposed method of
payment

189

AGENDA

MEETING OF BUDGET AND CONTROL BOARD

10:30 A. M., TUESDAY, DECEMBER 16, 1969

CONFERENCE ROOM, GOVERNOR'S OFFICE

- o -

✓ 1. PORTS AUTHORITY

Representatives of the Ports Authority will appear before the Board for a presentation of their proposed permanent improvements. This will be the plans already publicized to some extent and which involves approximately \$49,000,000.00.

✓ 2. UNIVERSITY OF SOUTH CAROLINA

Representatives of the University will appear before the Board to discuss Permanent Improvement proposals.

✓ 3. PURCHASING OFFICE

The Purchasing Office, of the General Services Division, recently advertised for bids on school busses for 1971-71. (Bids are normally called for about this time of year in advance of the next school session.) Bids were advertised in State newspapers as required by law and, in addition, notices were mailed to known interested parties in accord with regulations of the Budget and Control Board.

International Harvester Company, manufacture of chassis, have participated in school bus business in South Carolina for a number of years and have, from time to time, been awarded a part of the annual purchases. In this instance, I. H. states that they failed to receive an individual notice and, therefore, did not submit a bid and were accordingly excluded from participation. They have made a formal complaint through their attorney, John Gregg McMaster of Columbia.

Mr. McMaster will appear before the Board in connection with this complaint.

✓ 4. EDUCATION DEPARTMENT

Representatives of the department will attend the meeting for a discussion of a recent offer by Radio Corporation of America (RCA) to make available to the department a computer installation at a rather sizeable discount of about \$1,000,000.00. Under present provisions of the General Appropriation Act the Board is required to pass upon any new, or expanded, data processing installation.

This proposal has been under consideration by technical and other interested personnel for some time.

5. BOARD OF CORRECTIONS

Over
The Central Laundry operated by the Board of Corrections was constructed about 1962 and was financed largely by a State Note issue of \$1,500,000.00. The terms of this Note provide for its retirement out of the proceeds of income from the operation of the Laundry.

The Board now finds that its current rate of charges for laundry work, of 4¢ per pound, is not adequate to cover expenses of operating the laundry and making the annual payments on this \$1,500,000.00 obligation. The principal difficulty arises from the fact that the laundry has now operated long enough to begin to require replacement of some of the major items of equipment. Funds generated from normal organization charges would be sufficient to cover equipment replacement, but must now be diverted to cover debt service.

Bill Leeke has suggested that payments on the laundry Note be taken over as a General Fund obligation, to be appropriated for directly in the General Appropriation Bill, thus relieving the laundry operation of this obligation; or that the rate of charges to outside agencies be increased enough to cover both equipment and debt service.

Since most of the laundry work is done for other agencies of the State Government, the question is whether to appropriate directly as he has suggested, or to increase the appropriation to those agencies using laundry service which, in effect, would amount to the same thing indirectly.

✓ 6. INDUSTRIAL REVENUE BONDS

The Board is requested to approve a resolution authorizing the issuance of \$2,900,000.00 of Lexington County Revenue Bonds for Litton Business Systems, Inc. The proposed plant will involve (1) embossed paper manufacturing and (2) electronic calculator assembling.

The usual resolution and other papers regarding this issue have been prepared by Sinkler, Gibbs & Simons.

✓ 7. BOARD OF HEALTH

The General Appropriation Act for this year provided funds for the Board of Health to establish a district plan of local administration of their several public health programs. In some instances the Board has experienced difficulty in finding space for the location of these district offices and has requested the Board to approve their purchase of three trailers, for office use, at a cost of approximately \$6,000.00 each.

✓ 8. RETIREMENT SYSTEM

Tatum Gressette is requesting an allocation of \$2,387.00 from the Contingent Fund to employ an additional Clerk-Steno II, for the remainder of this fiscal year, at an annual salary of \$4,774.00.

30 Days ✓ 9. WILDLIFE RESOURCES DEPARTMENT

Bob Lunz, Director of Bears Bluff Laboratories, is extremely ill and has exhausted the amount of sick leave to which he is regularly entitled under established regulations. Under the sick leave law, the Budget and Control Board is authorized to allow extended leave where circumstances appear justifiable.

Jim Webb is requesting an extension in this instance. Bob Lunz has been with the State in varying capacities for about 30 years.

Info 10. FEDERAL INTEREST SUBSIDY - COLLEGE BONDS

Under Federal College Financing programs, the old program of providing direct loans to colleges has been discontinued and an interest subsidy plan instituted. Under this arrangement, the government will subsidize interest costs on

on college bonds over and above a fixed interest rate. At present there are no State laws or Board regulations approving, or disapproving, this financing procedure. This subject is suggested for Board discussion.

11. PERMANENT IMPROVEMENT PROPOSALS

Permanent Improvement Proposals have been compiled from State agencies totalling in excess of \$400,000,000.00. It is suggested that the Board determine at this meeting its procedure for the handling of these proposals.

on college bonds over and above a fixed interest rate. At present there are no State laws or Board regulations approving, or disapproving, this financing procedure. This subject is suggested for Board discussion.

11. PERMANENT IMPROVEMENT PROPOSALS

Permanent Improvement Proposals have been compiled from State agencies totalling in excess of \$400,000,000.00. It is suggested that the Board determine at this meeting its procedure for the handling of these proposals.

Re: RCA Computer Proposal

From Ed Dyrt
12/16/69
McCord Hilly

EDUCATIONAL DATA CENTER

The South Carolina State Department of Education and the Technical Education Commission, recognizing the mutual need to establish and maintain a system of information for administering, planning and evaluating the state's educational enterprise, do jointly state the following:

1. That the State Department of Education and Technical Education have agreed to establish an educational data center. (see Appendix A)
2. That the two agencies have sought and obtained an educational grant from RCA in the amount of \$1,000,000 to assist in establishing the Educational Data Center.
3. That the Data Center will serve as a prototype in developing the state information system and will incorporate services to other major state educational agencies as soon as feasible and practical.
4. That the Educational Data Center serve Technical Education by providing instruction at six regional centers, administrative applications at the state level and in all regional centers and a management information system.
5. That the Educational Center serve the State Department of Education by providing administrative applications and a Management Information System.
6. That a coordinating committee will be established to develop procedures and approve priorities for the center. (see Appendix B)
7. That the State Department of Education will serve as the agency for managing and operating the central data center.
8. That the two agencies have sought and obtained concurrence from the State Data Processing Review Committee concerning the advisability of purchasing. (see Appendix C)
9. That the two agencies will jointly finance the purchase of the computer system and jointly finance the operation of the Educational Data Center. (see Appendix D)

RESOLUTION

Whereas, The South Carolina State Board of Education adopted a Statement of Educational Philosophy on April 7, 1967 calling for the development of a state five-year plan for educational improvement, a one-year plan for improvement in each local school district and an annual evaluation of educational quality in each school district, and,

Whereas, these plans and evaluations should be developed on a broad base of educational information, and,

Whereas, the several state agencies involved in education have a common need to share these data,

Now, therefore, be it resolved, that the South Carolina State Board of Education encourage the development of an Educational Information Center to serve the planning and administrative needs of the several state public education Boards and agencies.

COORDINATING COMMITTEE

1. A coordinating committee will be established to develop procedures and approve priorities for the center.

Member	Appointed by:
State Board	Board Chairman
State Department of Education	State Superintendent
TEC Commission	TEC Chairman
TEC Staff	TEC Director
State D. P. Staff	Governor

2. The coordinating committee will be expanded as additional state agencies are added. The director of each new agency will appoint one staff member to represent his agency on the committee.



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

P. C. SMITH
STATE AUDITORMEMORANDUM

Date: November 26, 1969

TO: Mr. James S. Konduros
Executive Assistant to the Governor

FROM: Review Committee

RE: R C A System for the Department of Education and the Advisory
Committee on Technical Training

At your request the Review Committee has given consideration to the proposed R C A computer system which is to serve the State Department of Education and the Advisory Committee on Technical Training. It is the recommendation of this Review Committee that a R C A computer system be placed on order so that the State of South Carolina might avail itself of the educational grant of \$1,000,000.00.

The above conclusion is based upon a statement of principles set forth jointly by the officials of the Department of Education and the Advisory Committee on Technical Training and upon conclusions and recommendations of the consulting firm of McManis Associates. (A copy of the statement and the consultants' report have been filed with your office.) However, the Review Committee wishes to call specific attention to certain observations which are included in the consultants' report. These observations are stated below:

- (1) Additional space will be needed to house the proposed system.
- (2) Substantial additional personnel costs will be incurred as the system is developed.
- (3) There will be a need for consulting services if the proposed implementation schedule is to be met.
- (4) The final commitment for the system will depend upon the acceptance by R C A of certain contract negotiations.

The entire Review Committee which is composed of Charles H. Forbes, John R. Turnbull, Willis E. McMillan and William T. Putnam has approved the aforementioned statements and has authorized the undersigned to submit this paper on its behalf.

Respectfully Submitted,

William T. Putnam

William T. Putnam

OPERATING BUDGET FOR EDUCATION COMPUTER CENTER
Fiscal Year 1970-71

Staff	\$ 191,850
Supplies (paper)	30,000
Computer Supplies	6,000
Facilities	-0-
Maintenance	75,000
Transmission Costs	36,000
Equipment	<u>298,278</u>
Total	637,128
Miscellaneous	<u>20,000</u>
	\$ 657,128

Source of Funds:

State Department	\$ 195,143
Technical Education	<u>359,416</u>
Total	554,559
1970-71 Requested Budget Increase	
State Department of Education	<u>131,018</u>
Total	\$ 685,577

P. Michael

STAFFING FOR COMPUTER CENTER

1970-71

Computer Center Manager	\$ 16,050
Systems Analysts 2	24,000
Programmers 5	50,000
Manager of Operations	11,000
Senior Operator	8,800
Computer Operators 6	42,000
Key Punch Operators 6	34,000
Data Systems Manager	<u>6,000</u>
Total	\$ 191,850

ALTERNATE OPERATING BUDGET FOR EDUCATION COMPUTER CENTER
Fiscal Year 1970-71

Staff	\$ 159,822
Supplies (paper)	25,000
Computer (supplies)	4,000
Facilities	-0-
Maintenance	73,263
Transmission Costs	25,000
Equipment	<u>298,278</u>
Total	585,363
Miscellaneous	<u>15,000</u>
	\$ 600,363

Source of Funds:

State Department	\$ 195,143
Technical Education	<u>359,416</u>
Total	554,559
1970-71 Requested Budget Increase (Adjusted)	
State Department of Education	<u>45,804</u>
Total	\$ 600,363

ALTERNATE STAFFING FOR COMPUTER CENTER

Computer Center Manager	\$ 16,050
System Analysts 1 - 12 months 1 - 6 months	18,000
Programmers 3 - 12 months 2 - 6 months	35,200
Manager of Operations	11,000
Senior Operator	8,800
Computer Operators 3 - 12 months 3 - 6 months	30,772
Key Punch Operators 6	34,000
Data Systems Manager	<u>6,000</u>
Totals	\$ 159,822

Dr. Cyril B. Busbee,
State Superintendent of
Education
and
Mr. A. Wade Martin,
Director, Committee for
Technical Education
1429 Senate Street
Columbia, South Carolina 29201

RCA

Dear Dr. Busbee and Mr. Martin:

December 12, 1969

It is my pleasure to inform you that the RCA Board of Directors, at its December meeting, has approved an educational contribution to the South Carolina Technical Education Centers and the Department of Education. This contribution in the amount of one-million dollars will be used toward the purchase of an RCA Spectra 70/55 Data Processing System.

We are extremely pleased at this opportunity to serve the State of South Carolina in furthering the development of its educational facilities. I am personally gratified in that this order from you has paved the way for the opening of our RCA office in Columbia. Our new office in Columbia is in the Baker Building and will enable us to provide you with a continuing and professional level of service.

Thank you for your confidence in RCA.

Sincerely,

H. A. Maxwell

H. A. Maxwell,
Manager, Carolinas District
Charlotte

HAM/sa

*File in
RCA Folder*

PURCHASE AGREEMENT

between

RCA CORPORATION

INFORMATION SYSTEMS DIVISION

CHERRY HILL

CAMDEN, NEW JERSEY 08101

and

Greenville Technical Education Center, Spartanburg
Technical Education Center, York Technical Education
Center, Richland Technical Education Center, Florence
Technical Education Center, Charleston Technical
Education Center - COMMITTEE FOR TECHNICAL EDUCATION AND STATE
at 1429 Senate Street DEPARTMENT OF EDUCATION

STREET ADDRESS

Columbia, South Carolina 29201

CITY

STATE

ZIP CODE

RCA Corporation, Information Systems Division, a Delaware Corporation, hereinafter called RCA, by its acceptance hereof, agrees to sell and the undersigned Purchaser agrees to purchase, subject to the terms and conditions set forth below, the equipment listed on Schedule A hereof.

1. DELIVERY. RCA will deliver the equipment, f.o.b. point of shipment.

2. PRICE AND PAYMENT TERMS. The price of the equipment, packed for shipment, is stated on Schedule A. Invoices shall be rendered at the time of delivery and are payable 30 days after delivery of the equipment or, if RCA is to perform the installation of the equipment, invoices shall be payable 30 days from the date of installation or 60 days after delivery, whichever date first occurs. All transportation, rigging and drayage charges will be borne by the Purchaser.

3. PRICE ADJUSTMENT. If RCA's established price for any equipment shall be lower upon the date of shipment than the price for such equipment shown on Schedule A, the Purchaser shall have the benefit of such lower price. If RCA's established price for any equipment shall be higher upon the date 12 months prior to the scheduled delivery date, then RCA shall so notify the Purchaser and the price of such equipment shall be increased accordingly. The Purchaser shall in such event have the right to cancel the order for such equipment or to cancel this Agreement by written notice at least six months prior to the scheduled delivery date.

5. WARRANTY AND DAMAGES. RCA warrants the equipment purchased to be free from defects in material and workmanship under normal use and service for a period of 12 months from the date of delivery; except that expendable items such as diodes and transistors are warranted for a period of 90 days from date of delivery. The equipment may contain used parts; if so, they are warranted equivalent to new in performance when used in the equipment. RCA's obligations under this warranty are limited to the repair or replacement of such parts which examination shall disclose to RCA's satisfaction to have been thus defective and to the shipment of such repaired or replacement parts to the Purchaser f.o.b. shipping point. Equipment furnished by RCA but specified on Schedule A (by footnote "a") to be manufactured by another shall bear only the warranty given by such other manufacturer. THE FOREGOING WARRANTIES ARE IN LIEU OF (1) ALL OTHER WARRANTIES EXPRESS, IMPLIED OR STATUTORY and (2) all obligations or liabilities on the part of RCA for damages, including but not limited to indirect, incidental, consequential or special damages, arising out of or in connection with the sale, use or performance of the equipment.

7. INSURANCE. The Purchaser shall be relieved of all responsibility for any loss or damage from any external cause as respects the property covered by this Agreement while in transit.

9. PATENTS. The Purchaser agrees that RCA has the right to defend, or at its option to settle, and RCA agrees, at its own expense, to defend or at its option to settle, any claim, suit or proceeding brought against the Purchaser on the issue of infringement of any United States patent by any product, or any part thereof, supplied by RCA to the Purchaser under this Agreement. RCA agrees to pay, subject to the limitations hereinafter set forth in this article, any final judgment entered against the Purchaser on such issue in any such suit or proceeding defended by RCA. The Purchaser agrees that RCA at its sole option shall be relieved of the foregoing obligations unless the Purchaser notifies RCA promptly in writing of any such claim, suit or proceeding, and at RCA's expense, gives RCA proper and full information and assistance to settle and/or to defend any such claim, suit or proceeding. If the product, or any part thereof, furnished by RCA to the Purchaser becomes, or in the opinion of RCA may become, the subject of any claim, suit or proceeding for infringement of any United States patent, or in the event of an adjudication that such product or part infringes any United States patent, or if the use, lease or sale of such product or part is enjoined, RCA may, at its option and its expense: (1) procure for the Purchaser the right under such patent to use, lease or sell, as appropriate, such product or part, or (2) replace such product or part with other suitable products or parts, or (3) suitably modify such product or part, or (4) if the use of such product or part shall be prevented by injunction, remove such product or part and refund the aggregate payments and transportation costs paid therefor by the Purchaser, less a reasonable sum for use and damage and any maintenance furnished hereunder. RCA shall have no liability for any infringement arising from: (i) the combination of such product or part with any other product or part not furnished hereunder to the Purchaser by RCA, or (ii) the modification of

such product or part unless such modification was made by RCA, or (iii) the use of such product or part in practicing any computer-controlled chemical, manufacturing or physical control process except where such product or part was sold or leased for the agreed written specific purpose of practicing such process, or (iv) the furnishing to the Purchaser of any information, data, service or application assistance, exclusive of software, programs, maintenance or operational handbooks supplied with the products or parts furnished hereunder. RCA shall not be liable for any costs or expenses incurred without RCA's written authorization. The foregoing states the entire warranty by RCA, and the exclusive remedy of the Purchaser, with respect to any alleged patent infringement by such product or part. No sale or lease hereunder shall convey any license by implication, estoppel or otherwise, under any proprietary or patent rights of RCA, to practice any process with such product or part, or for the combination of such product or part with any other product or part.

10. GENERAL.

- a. The foregoing terms and conditions shall prevail regardless of any variation in the terms and conditions of any order submitted by the Purchaser.
- b. This Agreement is transferable in whole or in part only with RCA's prior written consent.
- c. Neither party shall be considered in default in performance of its obligations hereunder if performance of such obligations is prevented or delayed by acts of God or government, labor disputes, failure or delay of transportation, or by vendors or subcontractors, or any other similar cause(s) or any cause(s) beyond the reasonable control of the party.
- d. Modifications of the equipment by RCA or its suppliers may be made from time to time, prior to delivery, for reasons such as improvement in performance, simplification in design, availability of materials, etc., but not to such an extent that the performance will be adversely affected.
- e. At any time up to four months prior to scheduled delivery of the equipment, the Purchaser may delete any or all items on Schedule A or (subject to mutually agreed-to delivery dates) may add items to Schedule A, with appropriate adjustment in prices.
- f. This Agreement, including only modifications or additions agreed to in writing and incorporated herein by reference prior to acceptance by RCA, expresses the entire understanding and agreement of the parties with reference to the subject matter hereof and no representations or agreements modifying or supplementing the terms of this Agreement shall be valid unless in writing, signed by persons authorized to sign agreements on behalf of both parties.
- g. If the Purchaser requests, RCA will offer to maintain the equipment after purchase in accordance with its then current standard Maintenance Agreement.
- h. This Agreement is subject to acceptance by RCA at the Home Office in Cherry Hill, New Jersey.
- i. This Agreement is subject to a Grant to the Purchaser from RCA in the Sum of \$1,000,000.00.
- j. The remainder of the purchase price may be paid in four equal annual installments. Interest at 6% shall accrue on the unpaid

Accepted by: balance.

The above is agreed to:

- k. Payment of unpaid balance dependent on appropriation of funds.

RCA CORPORATION
INFORMATION SYSTEMS DIVISION
CHERRY HILL, NEW JERSEY

COMMITTEE FOR TECHNICAL EDUCATION,
DEPARTMENT OF PURCHASER
EDUCATION

By _____

Name _____

Typed _____

Title _____

Date _____

By _____

Name _____

Typed Wade A. Martin Cyril B. Busbee
Director, State Superintendent
Committee for Technical of
Education Education

Date _____

SCHEDULE A

Quantity	Model	Description	Unit Purch. Price Without Installation	Total Purch. Price Without Installation	Unit Purch. Price With Installation	Total Purch. Price With Installation
			\$	\$	\$	\$
1	70/55-G	262K Processor			666,900	666,900
1	70/97-20	Console			17,250	17,250
1	5001-55	Memory Protect			7,300	7,300
1	5002-55	Elapsed Time Clock			2,450	2,450
1	5022	4 Selector Channels			38,800	38,800
1	70/237-21	Mark Sense Card Reader			40,050	40,050
1	70/236-10	Card Punch (300 CPM)			36,400	36,400
1	70/243-51	Upper/Lower Case Printer			60,650	60,650
1	70/243-30	Printer (1250 LPM)			50,950	50,950
1	70/472-208	Tape Controller (2X8)			47,350	47,350
6	70/445-2	120 KB Tape Units			35,300	211,800
1	70/590-5	145,000,000 Bytes R. A. Storage			169,890	169,800
1	70/668-31	Communications Controller			53,350	53,350
32	70/720-21	ADS Line Buffers			2,050	65,600
10	70/721	SDS Line Buffers			2,050	20,500
7	70/752	Video Data Terminals			8,325	58,275
17	6740	Teletype Data Terminals			5,850	99,450
17	SF563	Data Set Coupler			350	5,950
17	SF 585	X-on, X-off Feature			325	5,525
6	70/740-21	Remote 300 LPM Printer			40,400	243,000
6	70/741	Remote 300 CPM Reader			9,000	54,000
6	5753	Card Reader Adapter			1,125	6,750

Total Purchase Price \$ 1,962,190

NOTE: "a" before the quantity indicates that the provisions of Art. 5 apply.

INSTALLATION AGREEMENT

1. The Purchaser, by signing in the space below, elects to have RCA perform installation of the equipment specified on Schedule A of this Purchase Agreement to which this Installation Agreement is an attachment.
2. In such event, RCA will:
 - a. Make all physical and electrical connections between and to the equipment, including electrical connections from the equipment to adjacent power feeder lines (installed by the Purchaser) in the equipment site. If this is precluded by local laws or Union agreements, RCA will supervise the installation. Any additional costs caused thereby will be borne by the Purchaser.
 - b. Furnish cabling, connectors, etc., required to perform work specified in the preceding paragraph and not otherwise supplied as part of the equipment.
 - c. Test the installed equipment and connections prior to turning on of power to the equipment.
 - d. The Purchaser shall provide a suitable place of installation, with all required facilities as specified by RCA, by the time the equipment is scheduled to be delivered, and shall furnish all labor required for unpacking and placing each machine in the desired location (RCA will supervise the unpacking).
 - e. Adjust mechanical and electrical portions of the equipment.
3. Installation does not include rigging, drayage, or site preparation nor the furnishing of such site preparation items as:
 - a. Electric power equipment and other electrical accessories and supplies (except as indicated in Paragraph 2 above).
 - b. Racks, supports, race-ways, and conduits.
 - c. Air and electrical ducting.
 - d. Air handling units.
 - e. Dust filtration equipment.
 - f. Central refrigeration equipment.
4. The Purchaser requests RCA to perform installation as indicated in Paragraph 2 of this Installation Agreement.

PURCHASER

By _____

Name _____
Typed _____

Title _____

Date _____



WILLIAM D. LEEKE
Director

SOUTH CAROLINA DEPARTMENT OF CORRECTIONS

POST OFFICE BOX 766
COLUMBIA, SOUTH CAROLINA
29202

Board of Corrections

RICHARD A. PALMER
CHAIRMAN
Florence, S. C.

THOMAS P. STONEY
VICE-CHAIRMAN
Charleston, S. C.

NORMAN KIRKLAND
SECRETARY
Bamberg, S. C.

W. M. CROMLEY, JR.
MEMBER
Saluda, S. C.

CHARLES C. MOORE
MEMBER
Spartanburg, S. C.

GOV. ROBERT E. McNAIR
MEMBER, EX-OFFICIO
Columbia, S. C.

December 11, 1969

Mr. P. C. Smith
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

Pursuant to an Act passed by the 1969 General Assembly, authorizing the Department of Corrections to use revenue derived from the sale of timber for permanent improvements, we wish to advise that to date we have sold and collected the sum of \$ 95,352.58 for saw timber and pulpwood.

We have also received, under terms of our contract with Becker County Sand and Gravel Company, the sum of \$ 28,000.00 for certain buildings located in the mining area. This amount is over and above the revenue received from gravel royalties pledged to the retirement of the \$ 500,000 bond held by the Insurance Sinking Fund. I might add that on January 10, 1970 we will have retired \$ 130,000 on the principal of this bond which does not mature until July 10, 1978.

We have several critical renovation and equipment replacement problems, as well as additional vocational facilities, confronting us at the present time and we feel it imperative that we begin alleviating this situation immediately since we have the funds available.

We, therefore, respectfully request authority to obligate the funds on hand for the following purposes:

1. Continue construction on the Building for the Aged and Infirm \$ 42,352.58

All funds in the appropriation of \$ 120,000 have been exhausted and unless additional funds are available immediately we will be forced to halt construction work and discharge construction personnel assigned to this project.

2. To complete New Administration Building \$ 20,000.00

As you know, this building was constructed at no cost to the tax payers. This amount is needed for completion.

3. New Boiler System - Pre-Release Center 9,000.00

This system was installed in 1937 when the building was constructed. It has been condemned by the Boiler Inspector as absolutely unfit for service.

4. Dental Laboratory - Manning Correctional Institution 5,000.00

This laboratory will be used for training technicians in dental prosthetics. We will make false teeth and partial plates for the Department as well as other State institutions.

5. Vocational Facility - Manning Correctional Institution 7,000.00

This facility would be used in connection with the vocational program for Youthful Offenders.

6. Spartanburg Community Pre-Release Center 7,000.00

This facility has been leased from Spartanburg County for \$ 1.00 per year. It can be placed in operation with a minimum of renovation and equipment.

7. Renovation and Equipment replacement of kitchen and dining areas at all institutions 33,000.00

The State Board of Health is insisting that we begin immediately to make certain renovations and equipment replacement in areas which they have condemned as a health hazard. This is one of our more pressing needs.

TOTAL - \$ 123,352.58

SOURCE OF FUNDS

Sale of Timber 95,352.58
Becker County Sand & Gravel Company 28,000.00

TOTAL - \$ 123,352.58

Expenditure of these funds will not nearly meet our present needs. However, we have singled out our most urgent areas which must receive immediate action. We, therefore, earnestly solicit immediate approval of this proposal in order that we may proceed without delay.

Respectfully submitted,

William D. Leeke

William D. Leeke, Director

WDL/EHC/rp

211

South Carolina State Board of Health

J. MARION SIMS BUILDING
COLUMBIA 29201

EXECUTIVE COMMITTEE

W. WYMAN KING, M.D., CHM. - - - - - BATESBURG
JOHN B. MARTIN, JR., M.D., V.-CHM., ANDERSON
R. W. HANCKEL, M.D. - - - - - CHARLESTON
O. B. MAYER, M.D. - - - - - COLUMBIA
KEITT H. SMITH, M.D. - - - - - GREENVILLE
J. HOWARD STOKES, M.D. - - - - - FLORENCE
W. R. WALLACE, M.D. - - - - - CHESTER



EXECUTIVE COMMITTEE

HOWARD B. HIGGINS, D.D.S. - - - - - SPARTANBURG
RAY G. WHITLOCK, Ph.G. - - - - - SPARTANBURG
MRS. MARIE R. HARRIS, R.N. - - - - - GREENVILLE
L. D. RODGERS, D.V.M. - - - - - GREENWOOD
DANIEL R. MCLEOD, ATTY. GEN. - - - - - COLUMBIA
HENRY MILLS, COMP. GEN. - - - - - COLUMBIA

E. KENNETH AYCOCK, M.D.
SECRETARY AND STATE HEALTH OFFICER

November 24, 1969

The Honorable Pat C. Smith
Secretary, State Budget and Control Board
Wade Hampton Building
Columbia, South CARolina 29201

Dear Mr. Smith:

We are experiencing some difficulty in establishing district headquarters in certain areas of the State, due to crowded conditions within health departments which are located at the logical point for district headquarters. Because of this we are asking your approval of our request to purchase not more than three trailers, at a cost of approximately \$6,000 each, equipped as offices, out of the funds appropriated for the establishment of districts.

Should these headquarters be established as planned, it will be necessary for us to pay the light and water bill, and possibly to furnish some supplies. These trailers will be located on county health department or State Board of Health property, and no rent will be required.

Your careful consideration of this request will be appreciated.

Sincerely,

E. Kenneth Aycock
E. Kenneth Aycock, M.D., *M.D.*
State Health Officer

South Carolina Retirement System

TATUM W. GRESSETTE
DIRECTOR



1001 MAIN STREET
P. O. BOX 1495

Columbia
29202

December 9, 1969

Mr. P. C. Smith, State Auditor
State Auditor's Office
Wade Hampton State Office Building
Columbia, South Carolina 29201

Dear Mr. Smith:

During a recent meeting with you in your office, I pointed out that the 1969 General Assembly made several major changes in the Retirement Laws and it was too late in the Session to request an additional employee to handle the extra work; consequently, when the Board meets on December 16, I request permission to employ a Clerk-Stenographer II at an annual salary of \$4,774. Since the new employee will begin work on January 1, 1970, I will need \$2,387 from the Contingent Fund for the remainder of this fiscal year.

Thanking you for your cooperation in this matter, I am

Sincerely,

Tatum W. Gressette

TWG:kf

December 17, 1969

Mr. William D. Leeke, Director
Department of Corrections
P. O. Box 766
Columbia, South Carolina 29202

Dear Mr. Leeke:

At a meeting of the Budget and Control Board yesterday the matter of providing relief to your laundry operation was discussed. The question was whether or not to recommend to the General Assembly that a direct appropriation be made to cover debt service on the \$1,500,000.00 Note, or to increase appropriations to departments using laundry services in order that you might increase your rate of charges.

Although the Board did not come to any definite decision the consensus was that it would be simpler to propose an appropriation to cover the Note. I will be glad to join you in making such a proposal to the Ways and Means Committee when the General Appropriation Bill is being drafted.

We must realize, of course, that even though the amount of money involved is comparatively small there will be more difficulty than we normally have in finding additional money this year.

Very truly yours,

P. C. Smith
State Auditor

PCS:dr

November 18, 1969

Mr. William D. Leeke, Director
Department of Corrections
P. O. Box 766
Columbia, South Carolina 29202

Dear Mr. Leeke:

This is with reference to your correspondence regarding the Laundry situation and your necessity of securing additional revenue for this operation.

We believe it might be better to raise the rate of charges rather than request the General Assembly to take over payment of the remaining balance on the Laundry Note. We will discuss this with the Budget and Control Board at its next meeting and let you know the Board's reaction.

Very truly yours,

P. C. Smith
State Auditor

PCS:dr



WILLIAM D. LEEKE
Director

SOUTH CAROLINA
DEPARTMENT OF CORRECTIONS

POST OFFICE BOX 766
COLUMBIA, SOUTH CAROLINA
29202

Board of Corrections

RICHARD A. PALMER
CHAIRMAN
Florence, S. C.

THOMAS P. STONEY
VICE-CHAIRMAN
Charleston, S. C.

NORMAN KIRKLAND
SECRETARY
Bamberg, S. C.

W. M. CROMLEY, JR.
MEMBER
Saluda, S. C.

CHARLES C. MOORE
MEMBER
Spartanburg, S. C.

Gov. ROBERT E. MCNAIR
MEMBER, EX-OFFICIO
Columbia, S. C.

November 10, 1969

Mr. P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina

Dear Mr. Smith:

Recently I discussed with you my concern over the indebtedness at our Central Laundry at the Manning Correctional Institution. My concern is that the Legislature of South Carolina might pass legislation whereby the State Highway Department would issue only one license plate and that possibly the counties of South Carolina might issue another plate for tax collection purposes. Such a development might possibly jeopardize the amount of revenue available to us in order to pay off the indebtedness at our Central Laundry.

I am attaching a copy of a clipping which indicates that more and more there is discussion toward this possible change. In view of the uncertainty as to the license plate situation in South Carolina, and our obligation to pay off our indebtedness on the laundry through the profits derived from the sale of license plates, I would again emphasize that we would prefer to have the Legislature include this \$1,400,000 in the bond issue, should there be one this year. Our other alternative, as you are aware, would be to receive a two-cents per pound increase for our laundry services. I am writing this letter just to emphasize again that we are uncertain what the future situation may be on the license plates and the profits necessary to pay off the laundry indebtedness.

Kindest regards.

Sincerely yours,

William D. Leeke

WDL:rc

Local License Legislation Is Endorsed

Charleston Evening Post, Thurs., Nov. 6, 1969

By HORTENSE ROACH
Columbia Bureau

COLUMBIA — A bill replacing ad valorem taxation of motor vehicles with county and municipal license plates got high endorsement at a legislative committee meeting today.

The local license plates would take the place of one of the two state plates presently required. Fees for the local plates would be based on the value and age of the vehicle.

Giving their endorsement to the proposed legislation which is aimed at attaining additional revenue by getting at the free-loaders, and not by imposing an additional burden on the citizen who pays the taxes on his automobile, were the Municipal Association of South Carolina and the South Carolina Association of Counties.

Representatives of those groups met today with the joint legislative committee on municipal problems and county government, headed by Sen. Claymon Grimes Jr. of Georgetown. Rep. Abney A. Smith of Charleston is a member of the committee.

James C. Shipman, executive director of the association of counties, said the legislation also has the endorsement of the state tax commissioner who considers it a good way to secure additional tax receipts for counties and municipalities.

Shipman is awaiting a letter from the South Carolina Highway Commission giving its viewpoint.

THE BILL WAS introduced in March by Charleston Senators Robert B. Scarborough, J. Kenneth Rentiers and Allen R. Carter and is still pending.

Oren Brody, Spartanburg County Treasurer, told the Municipal and County Legislative Committee that the bill would "mean about a quarter of a million dollars more every year in Spartanburg County without taxing the people any more, just picking up on those who are free-loaders."

Spartanburg has more than a million dollars in delinquent taxes on the books now and 65 per cent or better is on automobiles, Brody said.

Under the proposed legislation without paying county or municipal taxes, including back taxes on the vehicle no license

plate would be issued and an auto without a license plate would be easily spotted by law enforcement personnel. A driver wouldn't be able to operate a car without the two license plates, Brody pointed out.

"There is a lot of money there that is going down the drain under the present operation," — that of signing a statement for the highway department that all taxes on the vehicle are

paid, James N. Caldwell, executive director of the Municipal Association said.

"We are missing the money, there is no question about it," Brody said.

JAMES THOMASON, Spartanburg councilman, remarked he might as well quit as to suggest raising taxes but "if we just could collect what's owed us we would do all right."

Jack Gerrald, Horry County auditor, called the present system which permits a person to get away without paying ad valorem taxes on his motor vehicle "as an unwritten law just exempting 10 per cent of the people."

Consequent increases in levies to meet expenses are "just penalizing those who are paying," Brody said.

Caldwell pointed out that the revenue gained would be higher for the counties "but we (municipalities) also have lost money and even a few thousand lost in town hall is a bad situation."

BRODY POINTED out that in Spartanburg the license fees would be collected and the license plates sold by the county and the municipalities' shares remitted to them. "There would be no tax collection for the municipalities," he said.

The Scarborough, Rentiers Carter bill, referred to the Senate Committee on Finance after first reading in March, exempts passenger automobiles, station wagons motorcycles and motor scooters from ad valorem taxes. It requires only one state license tag on the rear of the vehicle and provides for a front county license plate including a decal for municipalities.

DEPARTMENT OF CORRECTIONS
PRISON INDUSTRIES - LAUNDRY
COMPARATIVE STATEMENT OF PROFIT AND LOSS
JULY 1 1966 to JUNE 30 1969

<u>Detail</u>	Fiscal Year <u>1966-67</u>	Fiscal Year <u>1967-68</u>	Fiscal Year <u>1968-69</u>
Sales	369 370 63	382 299 48	403 575 56
<u>Cost of Goods Sold</u>			
Inventory - July 1	3 092 61	4 223 74	2 616 77
Purchases	28 160 76	25 264 55	30 815 97
	31 253 37	29 488 29	33 432 74
Inventory - June 30	4 223 74	2 616 77	4 345 32
	27 029 63	26 871 52	29 087 42
Gross Profit	342 341 00	355 427 96	374 488 14
<u>Expenses</u>			
Salaries	68 077 35	83 579 83	90 814 48
Inmate Labor	24 147 80	33 173 20	36 185 95
Office Supplies	215 49	465 54	309 69
Travel	139 86	629 73	463 15
Telephone	333 79	322 17	349 43
Maintenance and Repair - Equipment	39 114 50	58 821 00	49 000 92
Maintenance and Repair - Building	2 292 96	1 518 63	2 369 77
Utilities	40 819 99	48 387 39	50 340 52
Advertising	51 61		
Insurance	1 080 58	1 204 95	765 00
Freight	1 117 00	119 65	207 30
Dues	60 00	60 00	65 00
Miscellaneous	1 986 08	1 939 53	1 469 84
Equipment Rental	215 00	1 141 98	663 30
Maintenance and Repair - Motor Vehicle	3 009 27		5 264 35
Small Tools	911 75	186 06	161 15
Janitorial Supplies	884 22	2 050 86	2 630 36
Employees Subsistence	406 65	1 145 74	515 95
Depreciation	78 937 97	82 161 82	78 439 84
Waste Treatment and Claims	1 846 70	2 508 35	2 180 95
Consultant Fees		1 091 99	2 222 46
Interest	66 750 00	65 625 00	64 500 00
Total	332 398 57	386 133 42	388 919 41
Net Profit or (Loss)	9 942 43	(30 705 46)	(14 431 27)

George -

Note attached correspondence from Lake on Laundry financial problems.

Do we have an itemized cost of operation statement of the Laundry for the past 3 years that would reflect any increasing difficulties in making ends meet?

Depreciation charge-off, and equipment replacement, should be compared in this instance, as we did recently in the case of the Port's Auth.

Look this over when you can & we'll discuss it.

JS

11/8/69



WILLIAM D. LEEKE
Director

SOUTH CAROLINA DEPARTMENT OF CORRECTIONS

POST OFFICE BOX 766
COLUMBIA, SOUTH CAROLINA
29202

Board of Corrections

RICHARD A. PALMER
CHAIRMAN
Florence, S. C.

THOMAS P. STONEY
VICE-CHAIRMAN
Charleston, S. C.

NORMAN KIRKLAND
SECRETARY
Bamberg, S. C.

W. M. CROMLEY, JR.
MEMBER
Saluda, S. C.

CHARLES C. MOORE
MEMBER
Spartanburg, S. C.

GOV. ROBERT E. MCNAIR
MEMBER, EX-OFFICIO
Columbia, S. C.

October 30, 1969

Mr. P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

You will recall in our hearing before the Budget and Control Board on October 7, 1969, we discussed the operation of the prison industry division, particularly in the area of the operation of the central laundry.

The laundry has been in operation for six years. A flat price of four cents per pound was set at that time and this same price is still in effect today. The only exception is a five-cent rate for the mental retardation unit at Summerville, known as the Habilitation Center. This one cent barely covers transportation costs since we pick up and deliver laundry for them.

During the past six years, all costs of operation have continually advanced. We have just been faced with a twenty-five per cent increase in water rates and, as you know, water is the main factor in any laundry. The maintenance of equipment is gradually becoming higher and higher as the equipment grows older. The motor vehicle equipment, used for deliveries, is six years old and badly in need of replacement. Salaries have increased under the new state classification system and the incentive pay plan for inmates has more than doubled since the laundry began operating. This is partly caused by the necessity to assign more inmates to laundry work so that all personnel can participate in rehabilitation programs.

We have been able to retire only \$100,000 on the principal of the \$1,500,000 bond issue which will mature in 1982. Principal payments will begin to increase with the year 1970. Due to interest payments on this bond issue, the laundry operation has

Mr. P. C. Smith
October 30, 1969
Page two

shown an operating deficit each year during its existence.
Principal payments are not included in the deficit.

We respectfully request serious consideration of the Budget and Control Board in appropriating necessary funds to the various institutions served by the laundry to permit an increase of two cents per pound. We feel this amount is essential to cover increased operating costs, replacement of worn out equipment, and retirement of the bond. We are listing for your information the amount that would be needed by each institution based on laundry production for the fiscal year 1968-69.

<u>INSTITUTION</u>	<u>POUNDS PROCESSED</u>	<u>AMOUNT NEEDED</u>
S.C. Dept. of Mental Health		
Crafts Farrow	3,462,648	
Columbia Division	<u>4,016,571</u>	
	7,479,219	\$149,584
 Pineland Training School	 920,494	 18,410
 S. C. Children's Habilitation Center, Summerville	 375,935	 7,519
 S. C. State Sanatorium	 273,836	 5,477
 S. C. State College	 197,817	 3,956
 S. C. Department of Corrections	 <u>695,004</u>	 <u>13,900</u>
	9,942,305	\$198,846

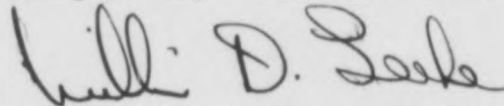
We strongly feel that this additional revenue is essential if we are to operate the laundry on a break-even basis and retire the bonded indebtedness.

Mr. P. C. Smith
October 30, 1969
Page three

As an alternate to this proposal, we would be able to maintain our present price on laundry if the Legislature would appropriate \$1,400,000 to retire the balance due on the bond issue.

We earnestly solicit your serious consideration of this matter.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "William D. Leeke". The signature is written in a cursive style with a large, stylized "W" and "L".

William D. Leeke

WDL:rc

COMPARATIVE SELLING PRICES - OTHER STATES

NORTH CAROLINA: 7,000,000 Pounds Per Year

Their charges are:	Flat and Tumble	\$.045 per pound
	Press work	.20 per pound

Based on South Carolina's 7,500,000 pounds per year and 86% flat and tumble, 14% press and bundles, the revenues would be: \$400,250 per year, or at the rate of \$.0534 per pound.

WISCONSIN: 8,500,000 Pounds Per Year

Their charges are:	Flat and Tumble	\$.0342 per pound
	Press work	.1816 per pound
	Personal Bundles	.2147 per pound

Based on the same 7,500,000 pounds with 86% flat and tumble, 12% press work and 2% personal bundles, the revenues would be: \$416,235 per year or at the rate of \$.0554 per pound.

CONNECTICUT: 1,500,000 Pounds Per Year (in process of expansion)

Their charges are:	Flat, tumble, and press	\$.055 per pound
--------------------	-------------------------	------------------

Request is now in to raise the price by a \$.015 to \$.07 per pound as of July 1, 1970.

NOTE: IN THESE INSTANCES, THE LAUNDRIES HAVE BEEN EITHER PAID IN FULL BY THE STATE OR ARE TOTALLY AMORTIZED.

WDL:rc
10-30-69



WILLIAM D. LEEKE
Director

SOUTH CAROLINA DEPARTMENT OF CORRECTIONS

POST OFFICE BOX 766
COLUMBIA, SOUTH CAROLINA
29202

Board of Corrections

RICHARD A. PALMER
CHAIRMAN
Florence, S. C.

THOMAS P. STONEY
VICE-CHAIRMAN
Charleston, S. C.

NORMAN KIRKLAND
SECRETARY
Bamberg, S. C.

T. K. McDONALD
MEMBER
Winnsboro, S. C.

W. M. CROMLEY, JR.
MEMBER
Saluda, S. C.

CHARLES C. MOORE
MEMBER
Spartanburg, S. C.

GOV. ROBERT E. MCNAIR
MEMBER, EX-OFFICIO
Columbia, S. C.

September 5, 1969

Mr. P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina

Dear Mr. Smith:

Recently I met with Governor McNair and in the course of our conversation I mentioned that the laundry operation at our Manning Correctional Institution is at full capacity, and due to the growth of the South Carolina Department of Mental Health as well as the Department of Corrections, it appears we will have to add a satellite laundry in order to handle the increased amount of laundry from the two departments.

As you are aware, the laundry was built several years ago with the stipulation that this indebtedness would be paid off through the profits of the prison industries programs. Only \$ 75,000 has been paid on the principle, leaving a balance of \$1,425,000. Due to the low price we are charging the Department of Mental Health, we are doing well to break even on the laundry operation, and it is taking revenue from other prison industry operations, such as the sale of license plates, to even pay the interest on this note. Each year I find myself forced to lobby against license plate Legislation for fear it will cut our source of revenue which is needed to continue to pay on this indebtedness.

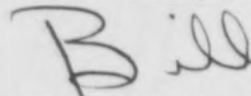
Governor McNair mentioned that it would be well to bring this to your attention to see if there might be any way this note could be paid through other revenue. If you have any ideas or feelings on this matter, I would deeply appreciate hearing from you at your convenience.

Another matter that is of extreme concern to me is the matter of using computers within the Department of Corrections. As you are aware, we have an IBM 1401 computer system which is used primarily for the training of inmates and was acquired through a grant from Manpower Development Training Act. It appears doubtful this project will be refunded next year; however, we

Mr. P. C. Smith
September 5, 1969
Page two

have compiled data and will need time on the computers as our Youthful Offender Division, Jail Inspection Program, Correctional Industries, etc., data is collected and requires the use of the computer. I understand a study is being made on the use of computers in the state and I would like to go on record stating I feel we will need to have time on a computer, but do not know what the state's plan will be. If you have any suggestions or ideas, I would like to hear from you on this matter also.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Bill", written in a cursive style.

William D. Leeke

WDL/nk

E N D