

MINUTES OF  
Budget and  
Control Board  
Meeting

July 25, 1980

MINUTES OF BUDGET AND CONTROL BOARD MEETING

JULY 25, 1980

POLL

On this date, a poll of the following Budget and Control Board members was conducted on the item of business described below:

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

RURAL IMPROVEMENT GRANT TO LANCASTER COUNTY - The Budget and Control Board members polled agreed to approve a rural improvement grant to the Lancaster County Water and Sewer District in the amount of \$200,000. These funds will be used for the completion of a water project to Indianland.

**THE END**

MINUTES OF  
Budget and  
Control Board  
Meeting

July 25, 1980



State of South Carolina  
**State Budget and Control Board**

RICHARD W. RILEY, CHAIRMAN  
GOVERNOR  
GRADY L. PATTERSON, JR.  
STATE TREASURER  
EARLEE MORRIS, JR.  
COMPTROLLER GENERAL



Box 12444  
Columbia  
29211

REMBERT C. DENNIS  
CHAIRMAN, SENATE FINANCE COMMITTEE  
TOM G. MANGUM  
CHAIRMAN, WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

July 29, 1980

MEMORANDUM

TO: Budget and Control Board Division Directors

FROM: William A. McInnis, Secretary *WAM*

SUBJECT: Summary of Budget and Control Board Actions at July 25, 1980 Meeting

At the referenced meeting, held at the Public Service Authority's Wampee facility, the Budget and Control Board took the following actions:

(1) After being briefed on major issues and problems relating to resource allocation in the 1981-82 budget preparation process, gave guidance to staff on allocation policy and procedures and on major issues in morning and afternoon sessions;

(2) In a mid-day regular business session, approved the minutes and ratified the actions described in the minutes of polls conducted on July 2 and 10, 1980;

(3) Authorized the Department of Corrections to carry forward into 1980-81 approximately \$525,000 of 1979-80 encumbrances on the condition that the Department of Corrections submit a satisfactory plan for absorbing the amount carried forward within the funds appropriated for 1980-81 and directed the staffs of the two agencies to establish appropriate monitoring procedures to assure adherence to the approved plan;

(4) Approved adding 2.75 FTE positions (which had been approved previously by staff as "other" funded positions) to the number authorized for Francis Marion College in a further effort to establish the 1980-81 baseline of authorized positions;

(5) Adopted a resolution authorizing the issuance of \$60,000,000 of Capital Improvement Bond Anticipation Notes;

(6) Approved a consulting services contract between the Governor's Office Division of Energy Resources and the South Carolina Textile Manufacturer's Association;

Summary of B&C Board Actions  
July 25, 1980 Meeting  
Page 2

(7) Authorized the State Board for Technical and Comprehensive Education to establish and proceed with a central energy facility project at the Florence-Darlington Technical College on the condition that the \$685,000 project be financed entirely from local and federal funds, subject to review by the Joint Bond Review Committee;

(8) Authorized the Office of Executive Director to pay to the Public Service Authority the food and lodging costs associated with this meeting from the Civil Contingent Fund;

(9) Authorized the Supreme Court to proceed with the establishment and filling of the five positions above the number authorized approved by the Board on July 8 because of the emergency situation faced by the Court with regard to filling the positions authorized and because the Joint Legislative Committee on Personal Service Financing and Budgeting is not yet organized and ready to perform its review and comment functions;

(10) Approved the expenditure by the Department of Health and Environmental Control of not to exceed \$5,200 for the actual moving expenses of Commissioner Robert Jackson after stipulating that this action is not to be considered a precedent, after noting that this obligation was made without Budget and Control Board agreement and after being informed that the arrangement with Dr. Jackson caused him to spend ten uncompensated days in South Carolina prior to becoming Commissioner;

(11) Rejected the decision of the State Employee Grievance Committee in one case involving the Department of Mental Health and received as information and let the time expire on that Committee's decisions in two other grievance cases involving the Department of Mental Health;

(12) Agreed to advise the Clerk of the House of Representatives that granting a salary increase of more than \$3,000 is approvable if an increase in duties and responsibilities and a promotion are involved in any particular case; and

(13) Ratified actions taken in executive session.

WAM:dw

MINUTES OF BUDGET AND CONTROL BOARD MEETING

JULY 25, 1980                      9:10 A. M.

The Budget and Control Board met at 9:10 a.m. on Friday, July 25, 1980 at the Wampee facility of the Public Service Authority with the following members in attendance:

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

Staff members attending included Executive Director William T. Putnam; Governor's staff members Donald R. Hinson, Katherine M. Clarke, William Prince, Sarah Shuptrine, Lee Thomas, and Steven Hooks; Assistant Comptroller General Ernie Cooler; State Auditor Edgar A. Vaughn, Jr., and Finance Division staff members Jesse Coles, Sam Griswold, George Oliver and Preston Cantrell; Finance Committee staff members William Jordan and Nettie Bryant; Ways and Means Committee staff members Robert Toomey, Beverly Beckwith, Nancy Stone-Collum, and Van Hegler; and Board Secretary William A. McInnis.

Mr. Douglas Mauldin, staff member of The State newspaper, also was present.

STUDY SESSION ON 1981-82 BUDGET PREPARATION - Governor Riley recognized Executive Director Putnam who indicated that the main idea of this session is to provide the Board with a good picture of the revised process for preparing the 1981-82 budget and to provide the Board an opportunity to direct the staff along whatever lines it deems appropriate in that effort.



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State Auditor Vaughn stated that the purposes of the meeting are (1) to brief the Board on major issues and problem areas relating to the allocation of available financial resources; (2) to receive guidance from the Board on allocation policy and procedure; and (3) to receive guidance from the Board on major budgetary issues.

Following a slide presentation on the planning/budgeting process, Director of Planning Sam Griswold reviewed the structure of the plan/budget requests are to be filed in this budget cycle. He emphasized that the process does employ a version of the zero base and that it uses the program as the unit of analysis. Mr. Griswold noted that adjustments above the zero base can result from additional increases, internal reallocations among programs, and as a result of adjustments for inflation and that reductions below the zero base could result from internal reallocations and from the reduction schedule.

State Auditor Vaughn reviewed resource constraints anticipated in fiscal year 1981-82 and noted that the most recent projection of general fund revenue is \$1,865,000,000, some \$73 million under the level previously anticipated. He pointed out that the lower figure results from the loss of federal revenue sharing funds, state income tax indexing, reduction of the sales tax on utilities from 4% to 3%, and, in part, from the delayed impact of the recession.

Reductions in other federal funds also were noted as a contributing factor to the budgetary problems anticipated in 1981-82.



State Auditor Vaughn also noted that the expenditure and personnel limitations have to be considered although he acknowledged interpretation difficulties in both cases. He noted that the base year is a problem in that the statutes are not absolutely clear as to whether calendar year or fiscal year bases are to be used. He showed that use of a calendar year personal income increase factor using 1979, 1980 and 1981 as the previous three years would produce a potential expenditure limitation of \$1.908 billion in 1981-82 while a fiscal year basis, indicating an 11.1% growth, would indicate a potential expenditure limitation of about \$1.919 billion.

Using 1978, 1979 and 1980 as the previous three years, the calendar year basis would produce an expenditure limitation of \$1.932 billion and a fiscal year basis would mean a \$1.939 billion limitation. Mr. Vaughn also noted that the effect of Highway Department revenues and expenditures would have to be added and that a determination on the five percent reserve fund would have to be made. Mr. Vaughn noted similar problems in the application of the personnel limitation statute. He suggested that possible new positions could number as many as 770 under the present interpretation of the law.

In a further discussion of resource constraints for 1981-82, State Auditor Vaughn presented a summary of projected impacts of federal program reductions totalling \$43.3 million in fiscal year 1981-82 and additional state matching requirements in that year of \$3.4 million.

Budget Development Director Cantrell then presented a preliminary analysis of the items included in the 1980 Supplemental Appropriation Act which are recurring and which totalled \$29.1 million. Five hundred sixty-nine

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thousand dollars additional, appropriated for a nursing education program to vocational education, was identified as an additional recurring item from 1980 which should be included.

Governor Riley noted that ultraconservative revenue projections in the past had resulted in the inclusion of substantial appropriations for aid to subdivisions in the supplemental appropriation bill and argued that more reasonable revenue projections would enable the Board to put items like aid to subdivisions in the budget recommendations up front.

A brief discussion of the handling of operating costs associated with capital improvements ensued in which the possibility of including an allocation of debt service costs among individual agencies was discussed as was the possibility of including a depreciation factor.

Mr. Vaughn then noted that requests for new employees would have to be within the limitations and that, if necessary, to meet priority needs agencies should be encouraged to reallocate positions. He further expressed the view that priority should be given to reducing overhead or administrative positions first and service delivery type positions last. On the question of the possibility of using other operating funds for personal services, Governor Riley noted that the Board in the past had encouraged just the opposite and he urged that administrative costs be reduced before service reductions.

With regard to the reallocation of funds on the basis of priority reductions and increases, the Board agreed that internal shifts within agencies are expected as well as the possibility of interagency shifts to programs of higher priority.

On the subject of supplanting lost or capped federal funds with state funds, Board members generally expressed the view that such programs should not be picked up just because they had been reduced or dropped by federal agencies and that these issues should be reviewed on a program basis strictly. A brief discussion of the impact of inflation on operating expenses, using the Clemson University Public Service Activities budget as an example, ensued. The illustration showed a general decline in operating expense over the last eight fiscal years as a percent of total budget and as a percent of personal service costs, both total and state.

[Secretary's Note: Mr. Morris introduced Assistant Comptroller General Ernie Cooler of his staff and Mr. Douglas Mauldin of The State newspaper.]

The morning portion of the study session ended at 11:45 a.m. and was followed by a regular business session in which the items of business described below were considered beginning at 12:25 p.m.

MINUTES OF PREVIOUS MEETINGS - Budget and Control Board members previously had been provided with a draft version of the minutes of polls conducted on July 2 and July 10.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the referenced minutes as written and ratified the actions taken as described in those minutes.

FINANCE DIVISION - DEPARTMENT OF CORRECTIONS ENCUMBRANCE CARRY FORWARD REQUEST - Commissioner William D. Leeke advised the Board that the Department of Corrections anticipates that its deficiency, based upon encumbrances which exceed available funds, is in the \$500,000 to \$525,000 range. Mr. Putnam noted that the Board probably has no other recourse at this point than to



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allow the agency to carry the encumbrances forward into the next fiscal year although he expressed the view that the staff should write agencies of the state government to call to their attention the fact that the Board does not and will not condone this sort of action.

Mr. Patterson observed that the Board probably does not have the authority to approve these sorts of actions.

Governor Riley directed Mr. Putnam to communicate with all of the agencies of the state government and advise them that the Board does not and will not condone the incurring of deficits and suggested that the Board approve the Department of Corrections request on the condition that that agency submit a satisfactory plan to absorb this deficiency from its 1980-81 appropriation.

State Auditor Vaughn indicated that there is no way that his auditors cannot take an exception to the actions of the Department of Corrections which resulted in this situation.

Following this discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board authorized the Department of Corrections to carry forward into 1980-81 approximately \$525,000 of 1979-80 encumbrances on the condition that the Department of Corrections submit a satisfactory plan for absorbing the amount carried forward within the funds appropriated for 1980-81 and directed the staffs of the two agencies to establish appropriate monitoring procedures to assure adherence to the approved plan.

Information relating to this matter has been retained in these files and is identified as Exhibit 1.



FINANCE DIVISION - HEADCOUNT ADJUSTMENT FOR FRANCIS MARION COLLEGE -

The Board was advised that, as a part of a further effort to establish the 1980-81 baseline of authorized positions, an addition of 2.75 full-time equivalent positions (financed from other than State appropriations) should be added for Francis Marion College. The Board was advised also that these positions had been approved previously as "other" funded slots under a prior delegation of authority to the staff.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved adding 2.75 full-time equivalent positions to the number authorized for Francis Marion College in a further effort to establish the 1980-81 baseline of authorized positions.

Information relating to this matter has been retained in these files and is identified as Exhibit 2.

TREASURER'S OFFICE - CAPITAL IMPROVEMENT BOND ANTICIPATION NOTE

RESOLUTION - Mr. Patterson observed that the bond market during the last six weeks has continued to deteriorate and, as a result, he has continued to follow the policy of staying out of the bond market. In lieu of issuing bonds, Mr. Patterson urged adoption of a resolution authorizing the issuance of \$60,000,000 of Capital Improvement Bond Anticipation Notes to be dated August 4 and expressed to mature on December 15, 1980. Mr. Patterson advised the Board that he had negotiated an interest rate of 4.25% on these notes with a syndicate of six financial institutions including Bankers Trust of South Carolina, the Citizens and Southern National Bank of South Carolina, the South Carolina National Bank, First National Bank of South Carolina, Morgan Guaranty Trust Company of New York, and Salomon Brothers.

Following this discussion, upon a motion by Mr. Morris, seconded by Representative Mangum, the Board adopted a resolution authorizing the issuance of \$60,000,000 of Bond Anticipation Notes in anticipation of the issuance of Capital Improvement Bonds in a like amount.

Information relating to this matter has been retained in these files and is identified as Exhibit 3.

GOVERNOR'S OFFICE (ENERGY RESOURCES) - CONSULTANT SERVICES CONTRACT -

Following a brief discussion in which Executive Assistant William Prince advised that the textile industry had been chosen for this project because it is a large energy user and because management had been receptive to the idea. Governor Riley congratulated the textile industry for its willingness to participate in the project.

Following this discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved a consultant services contract between the Governor's Office Division of Energy Resources and the South Carolina Textile Manufacturers Association under which that Association would conduct a two-day energy audit in five textile plants, prepare an energy conservation manual designed to assist textile plants conduct energy audits, and present two one-day seminars to review contents of the manual and the energy savings possible in the South Carolina textile industry.

Information relating to this matter has been retained in these files and is identified as Exhibit 4.

TECHNICAL AND COMPREHENSIVE EDUCATION - RELEASE OF PERMANENT IMPROVEMENT PROJECT FINANCED BY LOCAL AND FEDERAL FUNDS - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized the State Board for Technical and Comprehensive Education to establish and proceed with a central energy facility project at the Florence-Darlington Technical College on the condition that the project, which is estimated to cost \$685,000, be financed entirely from local and federal funds, subject to review by the Joint Bond Review Committee.

Information relating to this matter has been retained in these files and is identified as Exhibit 5.

EXECUTIVE DIRECTOR'S OFFICE - CIVIL CONTINGENT FUND ALLOCATION FOR COSTS OF THIS MEETING - Upon a motion by Representative Mangum, seconded by Mr. Patterson, the Board authorized the Office of Executive Director to pay to the Public Service Authority the food and lodging costs associated with this Board meeting from the Civil Contingent Fund.

SUPREME COURT - POSITIONS ABOVE NUMBER AUTHORIZED - In response to a request by Senator Dennis, the Board without objection agreed to add to the present agenda further consideration of its July 8 action which authorized the Supreme Court to establish five positions above the number authorized subject to the review and comment of the Joint Legislative Committee on Personal Service Financing and Budgeting.

Sneator Dennis pointed out that Chief Justice Lewis needs the funds and the positions filled now and that the referenced committee is not yet organized and functioning.



Senator Dennis moved that the Board authorize the Supreme Court to proceed with the establishment and filling of the five positions above the number authorized approved by the Board on July 8 without requiring further approval by the Joint Legislative Committee on Personal Service Financing and Budgeting because of the emergency situation faced by the Court with regard to filling the positions authorized and because the referenced Committee is not yet organized and ready to perform its review and comment functions. The motion was seconded by Mr. Patterson and it was approved. In the discussion which ensued Senator Dennis, in response to a question from Mr. Morris, expressed the opinion that the referenced Committee would not object to this action by the Board in that the situation is an emergency one and because that Committee is not yet ready to conduct its business.

EXECUTIVE SESSION - Executive Director Putnam announced that one contractual matter, three grievances and one personal service item had been proposed for consideration in executive session. Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board agreed to consider these matters whereupon Governor Riley 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 Mr. Morris, seconded by Mr. Patterson, the Board ratified the following actions taken in executive session:

(1) Rescinded a prior action on this matter and approved the expenditure by the Department of Health and Environmental Control of not to exceed \$5,200 for the actual moving expenses of Commissioner Robert Jackson, after stipulating that this action is not to be considered a precedent, after noting that this



obligation was made without Budget and Control Board agreement, and after having been informed that the arrangement with Dr. Jackson caused him to spend ten uncompensated days in South Carolina prior to his having been named as Commissioner;

(2) Rejected the decision of the State Employee Grievance Committee in one case involving the Department of Mental Health and received as information and let the time expire on that Committee's decision in two other grievance cases involving the Department of Mental Health; and

(3) Agreed to advise the Clerk of the House of Representatives that granting a salary increase of more than \$3,000 is approvable if an increase in duties and responsibilities and a promotion are involved in any particular case.

This portion of the meeting was adjourned at 12:22 p.m. after which the Board reconvened to continue its study session in preparation for the 1981-82 budget at 1:30 p.m.

STUDY SESSION FOR PREPARATION OF 1981-82 BUDGET, CONTINUED - A  
briefing on specific and significant budget issues was presented by the staff. This discussion covered employee salary increase possibilities, other employee benefits, debt service, aid to subdivisions, the Department of Education, higher education institutions, the Department of Social Services, Mental Health, Mental Retardation, DHEC, Department of Corrections, Clemson PSA, and other agencies.

Deputy State Auditor Coles summarized the guidance given by the Board on policy issues during the course of this study session. The Board

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agreed to continue on the schedule outlined by the staff which begins the budget process formally on August 18.

[Secretary's Note: Representative Mangum excused himself from the meeting at this point.]

State Auditor Vaughn concluded the staff presentation by indicating that the general fund situation is one in which there is too much budget but not enough surplus. He presented a preliminary analysis of revenues and expenditures for 1981-82 which showed a \$92.8 million shortfall in revenues as opposed to expenditures projected.

Mr. Vaughn expressed appreciation to the Board for its attentiveness throughout the day and Governor Riley expressed appreciation to the staff for the excellent presentations. Governor Riley indicated that the years ahead will be tough ones but that with background materials such as were presented at the study session today the Board and the State could go into those years with their eyes open.

Information relating to these matters has been retained in these files and is identified as Exhibit 6.

The meeting was adjourned at 2:47 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 Office Building on July 24, 1980.]

1206

# EXHIBIT

STATE BUDGET AND CONTROL BOARD

JUL 25 1980

NO. 1

REGULAR SESSION AGENDA

MEETING OF July 25, 1980

ITEM NUMBER

3

STATE BUDGET & CONTROL BOARD

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Agency: Finance Division

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Subject: Department of Corrections Encumbrance Carry Forward Request  
(Please refer to attachment for details)

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Board Action Requested:

Consider proposals to be presented

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Staff Comment:

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Attachments:

Dorn July 18 memo to Coles and Cantrell plus attachments

1267

# EXHIBIT

JUL 25 1980

NO. 1

July 18, 1980

STATE BUDGET & CONTROL BOARD

TO: Dr. Jesse Cole, Jr.  
Preston T. Cantrell

FROM: George Dorn

SUBJECT: Request by SCDC to carry forward approximately \$525,000 of  
FY 79-80 encumbrances into FY 80-81

REFERENCE: See attachments

## BACKGROUND:

SCDC notified the Budget and Control Board in mid-year (79-80) of an impending shortfall in excess of one (1) million dollars. Follow-up letters indicated that implemented austerity measures brought the estimate down to approximately \$700,000, then subsequently to \$364,000 with all applicable transfers and with \$250,000 supplemental appropriation. Final estimate as of July 18th, appears to be between \$500,000 and \$525,000.

The pending request is to carry forward approximately \$525,000.

My study of this matter in both the 79-80 year and the 80-81 budget year, leads me to several assumptions that brought this on:

1. 78-79 budget cuts
2. 79-80 budget—all equipment cut from budget
3. 78-79/79-80-20% inflation in fuel, food and such which are big SCDC items.
4. Austerity measures not applied soon enough.
5. 80-81 budget had to concentrate on opening new facilities and could not concentrate on catching up the "operational" lag.

## OTHER POINTS:

Maintenance Budgets estimate SCDC needs approximately 12.8 million "other operating" for 80-81; current 80-81 budget has 11.6-- = 1.2 estimated shortfall; this carry forward of costs would cause about 1.7 million total estimated shortfall by the end of 80-81. This can be made up either with Administrative Transfers or by Supplemental Appropriations, or both.

NOTE: 81-82 Budget requests have addressed this other operations problem as first priority.

## ALTERNATIVE:

There appears to be only two viable solutions to the current 79-80 problem:

1. Enforce Bond
2. Approve carry-over

1253



# EXHIBIT

JUL 25 1980

NO. 1

## STATE BUDGET & CONTROL BOARD

RECOMMENDATION: I recommend approval of the carry forward of the encumbrances within the following guidelines:

1. SCDC certify explicit austerity measures which will remain in effect for the balance of 80-81.
2. That as of approval, SCDC present to Finance Division an 80-81 projected operating budget proposing how they would absorb the total deficit by year's end.
3. That SCDC render a monthly report to the Finance Division to be monitored by state budget analyst for:
  - a. Absorbing the 79-80 encumbrances
  - b. Working out the 80-81 problem.

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south carolina  
department of corrections

P.O. BOX 21787/4444 BROAD RIVER ROAD, COLUMBIA, SOUTH CAROLINA 29221  
TELEPHONE (803) 758-6444  
WILLIAM D. LEEKE, Commissioner

EXHIBIT

JUL 25 1980

NO. 1

STATE BUDGET & CONTROL BOARD

July 18, 1980

Mr. William T. Putnam  
Executive Director  
Budget and Control Board  
212 Wade Hampton Office Building  
Post Office Box 12444  
Columbia, South Carolina 29202

Dear Bill:

This is a follow-up to my letters to you dated June 18, 1980, concerning the agency's deficiency situation for FY 1979-80. At that time, we estimated our net operating deficit to be \$364,000 after accounting for all projected transfers and applying the then estimated \$250,000 Supplemental Appropriation to our needs. As of July 18, 1980, we are preparing to close out the current fiscal year and we now anticipate that our deficiency, based upon encumbrances exceeding available funds, will be closer to the \$500,000 to \$525,000 range.

Accordingly, we specifically request the following:

(1) Permission to carry forward up to \$525,000 of encumbrances to Fiscal Year 1980-81; and

(2) Official recognition by the Budget and Control Board pursuant to Section 129 of the 1979-80 Appropriations Act concerning such deficit.

As indicated in the June 18 letter, we believe that we can absorb the amount carried forward in our total Budget for 1980-81 without impairing our operations.

In making an all out effort to reduce this continuing deficiency problem, we have taken the following actions:

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BOARD OF  
CORRECTIONS

• THOMAS N. ZEDLER  
Chairman  
Florence, S.C.

NORMAN KIRKLAND  
Vice Chairman  
Barnesville, S.C.

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

CHARLES C. MOORE  
Member  
Spartanburg, S.C.

CLARENCE E. WATKINS  
Member  
Camden, S.C.

BETTY M. CONDON  
Member  
Mt. Pleasant, S.C.

LLOYD RICHARD W. RILEY, Member, Ex Officio, Columbia, S.C.

# EXHIBIT

JUL 25 1980

NO. 1

STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam  
July 18, 1980  
Page Two

(1) We are maintaining our Austerity Program from the first day of the new fiscal year, and we will place special emphasis on controlling travel, telephone, supplies, and any personnel requests deemed non-essential; and

(2) We have sought to address these problems in the requested increases for 1981-82 as part of our Five Year Plan before initiating any new increases.

We look forward to any assistance you can render in securing authorization for the requested carry forward and official recognition.

Sincerely,

*William D. Leeke Hmc*

William D. Leeke

WDL:cdg

cc: Mr. George Dorn

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south carolina  
department of corrections

P.O. BOX 21787/444 BROAD RIVER ROAD/COLUMBIA, SOUTH CAROLINA 29221  
TELEPHONE (803) 758-6444  
WILLIAM D. LEEKE, Commissioner

EXHIBIT

JUL 25 1980

NO. 1

STATE BUDGET & CONTROL BOARD

June 18, 1980

Mr. William T. Putnam  
Executive Director  
Budget and Control Board  
212 Wade Hampton Office Building  
Post Office Box 12444  
Columbia, South Carolina 29202

Dear Bill:

Per the request of our agency's budget analyst, Mr. George Dorn, I am sending this letter to outline to the Budget and Control Board the Department of Corrections' position relative to the current year's expected deficiency.

As you will recall, our communications regarding Corrections' financial plight started in January when I alerted you to our impending deficiency. At that time, you advised me that Corrections should do everything within our power to avoid such a situation because the Budget and Control Board might impose sanctions and restrictions (i.e., by forcing a reduction in critically needed staff) that the agency would perhaps wish to avoid. Although we took many internal actions and expected that we could control the deficiency through our own means, the Board of Corrections determined that undue risk would occur and therefore decided that the agency should seek additional funds as a Supplemental Appropriation. Details of our financial short-fall, strategies employed to reduce the amount of the expected deficit (including the freezing of non-security positions, delaying the purchase of essential equipment and supplies), and our final needs have been documented through several correspondences between my office and the Budget and Control Board and its Divisions. Although we were successful in cutting our financial problem in half, we were still left with better than a half million dollars of deficiency prior to the Supplemental Appropriation.

The \$614,000, as requested on May 5, 1980, is still our best estimate as to our true need for supplemental funds this fiscal year in order to avoid a deficiency. Additionally, we have never been officially recognized by the Budget and Control Board as being in a deficit operation and therefore, find that our situation may be even more untenable than the pure deficiency itself. It is our understanding that the General Assembly appropriated \$250,000 as a Supplemental for our deficiency. Assuming that the Governor does not veto this \$250,000 Supplemental Appropriation, we will still be short by \$364,000. We will have no option but to carry that amount forward into next fiscal year.

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BOARD OF  
CORRECTIONS

EUGENE N. ZIGLER  
Chairman  
Florence, S.C.

NORMAN KIRKLAND  
Vice Chairman  
Ranchburg, S.C.

W. M. CROMLEY, JR.  
Secretary  
Spartanburg, S.C.

CHARLES C. MOORE  
Member  
Spartanburg, S.C.

CLARENCE E. WATKINS  
Member  
Camden, S.C.

BETTY M. CONDON  
Member  
Mt. Pleasant, S.C.

GOV. RICHARD W. RILEY, Member, Ex-Officio, Columbia, S.C.



# EXHIBIT

JUL 25 1980 NO. 1

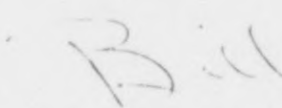
STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam  
June 18, 1980  
Page Two

I have in a separate letter to you developed a strategy for our covering that carryover into next year. We would prefer not to carry a deficit over as Corrections has been traditionally underfunded; however, we appear to have no other choice in the matter.

I urgently await the Board's recognition of our problem and any relief that it may offer. If you have any questions, please call me at your earliest convenience.

Sincerely,



William D. Leeke

WDL:bac

cc: Mr. George Dorn  
Mr. Edgar A. Vaughn, Jr.

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south carolina  
department of corrections

P.O. BOX 21787/4444 BROAD RIVER ROAD/COLUMBIA, SOUTH CAROLINA 29221  
TELEPHONE (803) 758-6444  
WILLIAM D. LEEKE, Commissioner

June 18, 1980

EXHIBIT

JUL 25 1980 NO. 1

STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam  
Executive Director  
Budget and Control Board  
212 Wade Hampton Office Building  
Post Office Box 12444  
Columbia, South Carolina 29202

RECEIVED

JUN 24 1980

STATE AUDITOR'S OFFICE  
BUDGET DIVISION

Dear Bill,

In order to develop a strategy for covering any deficit carryover into next year, we have made a projection of our financial situation for 1980-81 exclusive of any carryforward. The projection dealt only with positions allocated, and not with those needed by our Department. A severe shortage in authorized positions will still remain.

Based on our projection, we anticipate approximately a \$1.3 million surplus in Personal Service and an approximate \$1.0 million deficit in Other Operating Expense next year for the reasons indicated below. The Personal Service surplus is expected due to the normal Personal Service slippage (\$400,000) plus that due to the revised hiring schedules for new institutions (\$900,000).

Increases in Other Operating Expense, after allowing for needs at new institutions, together with savings due to the revised opening dates for the new institutions caused by construction delays, are not expected to be sufficient to offset the projected deficit in Other Operating Expense. Factors contributing to this deficit are listed below.

- a. Since the number of inmates in the South Carolina Department of Correction's (SCDC) facilities or under its jurisdiction is projected to continue to increase, we do not anticipate that our continued austerity program will result in any decrease in Other Operating Expense from this year's level. In fact, since this year's deficit was reduced by cuts in food and clothing inventories and by eliminating purchases for supplies, we expect the base deficit will increase next year. Also, without a substantial appropriation increase for 1981-82, we are projecting an even larger deficit for that year.
- b. There was no appropriation increase to permit maintenance of the same level of purchasing power and to offset a projected inflation rate of no less than 9%, assuming the recession continues, or a greater rate otherwise.

1274

BOARD OF  
CORRECTIONS

EUGENE N. ZEIGLER  
Chairman  
Florence, S.C.

NORMAN KIRKLAND  
Vice Chairman  
Barnesburg, S.C.

W. M. CROMLEY, JR.  
Secretary  
Sakara, S.C.

CHARLES C. MOORE  
Member  
Spartanburg, S.C.

CLARENCE E. WATKINS  
Member  
Camden, S.C.

BETTY M. CONDON  
Member  
Mt. Pleasant, S.C.

GOV. RICHARD W. RILEY, Member, Ex Officio, Columbia, S.C.

Mr. William T. Putnam  
June 18, 1980  
Page Two

# EXHIBIT

JUL 25 1980 NO. 1

## STATE BUDGET & CONTROL BOARD

- c. Expenditures will be required to restore to proper levels the inventories which were reduced in an effort to minimize the deficit this year. These would include food, medicines, and medical supplies.
- d. Expenditures not previously incurred are expected to be required to comply with revisions in laws governing our operations.
- e. Substantial increases in Other Operating Expense are anticipated to be needed for repairs and maintenance, as a result of the significant underfunding of equipment needs.

In addition to the projected unmet needs in the Other Operating Expense category, another major problem resulting from our efforts to cut costs and from an inadequate appropriation for next year is a continued equipment replacement need. The amount requested for next year was substantially cut in our appropriation. Also, a portion of our equipment appropriation for this year was deferred to help reduce the current operating deficit. As a result, SCDC has been left with a substantial unmet equipment replacement need for next year. If worn out equipment is not replaced, substantial increases in repairs and maintenance can be anticipated.

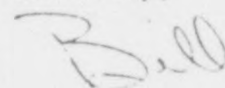
Based on the above projections, it will make the Department's situation that much worse if we are required to carry forward \$364,000 in unpaid bills for this year.

In reviewing the above financial situation, only one strategy appears to have the potential of providing the impact needed. The Department could possibly avoid a deficit if authority were granted to transfer all of the projected Personal Service surplus to Other Operating Expense and in particular into Equipment. However, we cannot give any assurance that there still would not be a funding deficit in the Department next year, since we were not given enough operating funds this year.

There is no way to avoid a deficit in Other Operating Expense in FY 1980-81. Our best estimate is that our deficit in this category will be \$1.0 million, in addition to the amount of unpaid bills we must carry forward from the current fiscal year. If authorization can be given to transfer Personal Service funds for these purposes, we may be able to avoid a deficiency next year. I wish to reemphasize, however, that severe personnel shortages exist in many areas of the Department of Corrections. No funds or positions were provided to alleviate these shortages for next fiscal year.

We will make a concerted effort to minimize next year's projected deficit and to continue to operate under a program of austerity. We look forward to any assistance that you can render in implementing the above-described strategy.

Sincerely,



William D. Leeke

1275

WDL:dac

cc: Mr. George Dorn  
Mr. Edgar A. Vaughn, Jr.



# EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF July 25, 1980

JUL 25 1980

NO. 2

REGULAR SESSION AGENDA

ITEM NUMBER 4

## STATE BUDGET & CONTROL BOARD

Agency: Finance Division

Subject: FTE Headcount Adjustment (Francis Marion College)

In a further effort to establish the 1980-81 baseline of authorized positions, Budget Development staff request an addition of 2.75 FTE positions (financed from other than State appropriations) for Francis Marion College. These positions were approved previously by staff as "other" funded slots.

### Board Action Requested:

Approve addition of 2.75 FTE positions to number authorized for Francis Marion College.

### Staff Comment:

### Attachments:

Rush July 17 memo to Cantrell

1276





STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR  
P. O. BOX 11333  
COLUMBIA  
29211

EDGAR A. VAUGHN, JR., CPA  
STATE AUDITOR

7-17-80  
Jessie -  
We need to put  
this on B+C Board  
agenda for confirmation  
Preston

EXHIBIT

JUL 25 1980 NO. 2

STATE BUDGET & CONTROL BOARD

TO: Preston T. Cantrell

FROM: Jim Rush *Jim Rush*

DATE: July 17, 1980

SUBJECT: Total FTE Headcount Increase for Francis Marion College.

Please increase the total authorized FTE Count from 251.09 to 253.84.

The increase is accounted for as follows:

|   |               |
|---|---------------|
| Total FTE Per Bill  | 251.09        |
| Additions:  |               |
| 1 Director of Auxiliary Enterprises -<br>Approved 4-28-80 | 1.00          |
| 1 Director of Housing -<br>Approved 4-28-80               | 1.00          |
| 1 Student Counselor -<br>Approved 6-17-80                 | .75           |
| Total   | <u>253.84</u> |

The delay in submitting the increase is an oversight on my part.

1277

TELEPHONES (AREA CODE 803)

ADMINISTRATION  
758-3108

BUDGET DIVISION  
758-7415

AUDITING DIVISION  
758-8408

GRANTS AND CONTRACTS  
758-7707

ENGINEERING  
758-2657

# EXHIBIT

JUL 25 1980

NO. 3

ORIGINAL

STATE BUDGET & CONTROL BOARD

A RESOLUTION

AUTHORIZING THE ISSUANCE OF SIXTY MILLION DOLLARS OF BOND ANTICIPATION NOTES OF THE STATE OF SOUTH CAROLINA, DATED AUGUST 4, 1980, IN ANTICIPATION OF THE ISSUANCE OF STATE CAPITAL IMPROVEMENT BONDS OF THE STATE OF SOUTH CAROLINA.

BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF THE STATE OF SOUTH CAROLINA:

## SECTION 1

As an incident to the adoption of this Resolution and the issuance of the Bond Anticipation Notes herein authorized, the State Budget and Control Board of the State of South Carolina (the State Board) finds:

1. The State Board is authorized by Act No. 1377 of the Acts of the General Assembly of the State of South Carolina for the year 1968, as amended (Act 1377) to make provision for the issuance of State Capital Improvement Bonds in order to raise funds for the expenditures authorized by Act 1377.

2. Act 1377 was duly enacted by the General Assembly in the year 1968 and became effective upon its approval by the Governor on June 24, 1968. It has been amended by statutes enacted by the General Assembly during each annual session of the General Assembly thereafter, including the 1980 session.

3. The statutory limit now controlling the issuance of State Capital Improvement Bonds is fixed at \$774,566,214.10, exclusive of bonds issued on behalf of the Mental Health Commission as provided in Act 1276 of 1970 and Act 1272 of 1970, and bonds issued on behalf of the Commission on Mental

Retardation as provided in Act 1087 of 1970. Heretofore, \$410,380,000 of State Capital Improvement Bonds have been issued, leaving unissued a substantial balance of the existing authorization. Notwithstanding, State Capital Improvement Bonds must be issued in such fashion that the provisions of subparagraph "c" of paragraph 6 of Section 13 of new Article X of the Constitution of South Carolina and the statutory limitation imposed by the General Assembly in 1980 are complied with. The limitation (5% instead of the 7% constitutional limitation) appears in the General Appropriation Act for 1980-81.

Insofar as the issuance of bonds is concerned during the fiscal year 1980-1981, the 5% limitation referred to above would relate to General Fund Revenues in excess of \$1.594 Billion collected in the fiscal year ended June 30, 1980 and permit maximum annual debt service in future fiscal years of more than \$79 Million.

#### SECTION 2

The State Board find that it is necessary to raise \$60 Million at this time in order to provide funds with which to pay the cost of the construction of projects authorized by Act 1377. It has been determined that this sum should be raised through the sale of \$60 Million of Bond Anticipation Notes which are authorized by this Resolution.

In so determining, the State Board has taken note of the fact that there are now outstanding Bond Anticipation Notes of the State of South Carolina as follows:



- a) \$10 Million of Notes dated March 6, 1980 and due October 10, 1980 and bearing interest at 7.75%.
- b) \$60 Million of Notes dated April 10, 1980 and due April 10, 1981 and bearing interest at 9.4%.

The margin between existing annual debt service requirements and that to result from the issuance of all bonds necessary to retire outstanding Bond Anticipation Notes is ample to permit compliance with the statutory limitation of 5%.

#### SECTION 3

The State Board is authorized by Chapter 17, Title 11, Code of Laws of South Carolina, 1976, to issue Bond Anticipation Notes to provide the funds in anticipation of the receipt of Bond proceeds of bonds authorized by law to be issued.

#### SECTION 4

Accordingly, it is the purpose of this Resolution to:

- a) authorize the Governor and State Treasurer to effect the issuance of \$60 Million of Bond Anticipation Notes to raise the moneys with which to pay costs of projects authorized by Act 1377; and
- b) obligate the State of South Carolina to effect the issuance of sufficient State Capital Improvement



Bonds to provide funds with which to pay the \$60 Million of Bond Anticipation Notes herewith authorized as well as all other Bond Anticipation Notes now outstanding.

SECTION 5

It is hereby determined that temporary financing pursuant to Chapter 17, Title 11, Code of Laws of South Carolina, 1976, to the extent of \$60 Million in anticipation of the issuance of State Capital Improvement Bonds, shall be immediately undertaken, and that authorization be given to the Governor and State Treasurer which will enable such officers to comply with the directives of this Resolution.

SECTION 6

There shall be issued by the State of South Carolina Bond Anticipation Notes of the State of South Carolina, in the aggregate principal amount of \$60 Million, which shall be dated August 4, 1980, and which shall be expressed to mature on December 15, 1980 (the Notes).

The proceeds of the Notes shall be applied to the costs of any of the projects and undertakings whose funding is authorized by Act 1377 except that none of the proceeds of the notes herewith authorized shall be expended for the Gasohol Development Loan Program referred to as Item 2 of Section 1 of Part I of Act 194 of 1979 unless, prior to any such expenditure a decision of the Supreme Court of South Carolina shall have been rendered holding that the

expenditure of bond proceeds for such purpose does not violate the provisions of paragraph 3 of Section 13 of new Article X of the Constitution of South Carolina.

#### SECTION 7

The Notes shall bear interest from August 4, 1980, payable upon the stated maturity thereof, at the rate negotiated by the State Treasurer, viz., four and one-quarter per centum (4.25%) per annum.

#### SECTION 8

The Notes shall be numbered from 1 to 2400, inclusive, and shall be in the denomination of \$25,000 each. The Notes shall be payable, both principal and interest, in legal tender upon maturity, at the principal office of The South Carolina National Bank, in the City of Columbia, State of South Carolina, or, at the option of the holder, at the principal office of Morgan Guaranty Trust Company of New York, in the City of New York, State of New York.

#### SECTION 9

The action of the State Treasurer in negotiating the sale of the Notes herein authorized to a syndicate of six financial institutions which includes Bankers Trust of South Carolina, The Citizens and Southern National Bank of South Carolina, The South Carolina National Bank, First National Bank of South Carolina, Morgan Guaranty Trust Company of New York, and Salomon Brothers is hereby approved, ratified and confirmed.

1232

#### SECTION 10

The Notes shall be executed on behalf of the State of South Carolina by the Governor of the State of South Carolina and by the State Treasurer of South Carolina, and the Great Seal of the State of South Carolina shall be reproduced thereon, and the same shall be attested by the Secretary of State of South Carolina, provided that at least one of such signatures shall be a manual signature of the officer signing the Notes.

#### SECTION 11

The Notes shall be substantially in the form attached hereto as "EXHIBIT A".

#### SECTION 12

For the payment of the principal of and interest on the the Notes, as the same shall fall due, the full faith, credit and taxing power of the State of South Carolina shall be pledged. In addition thereto, so much of the principal proceeds of State Capital Improvement Bonds issued to provide the necessary funds with which to pay the Notes are hereby pledged and the State Treasurer, upon receipt of the proceeds of such State Capital Improvement Bonds, shall and he is hereby directed to apply such proceeds to such payment.

#### SECTION 13

This Board authorizes, and on behalf of the State of South Carolina, covenants and agrees to effect the issuance

of sufficient State Capital Improvement Bonds of the State of South Carolina in order that the proceeds thereof will be sufficient to provide for the retirement of all Bond Anticipation Notes hereafter to be outstanding.

SECTION 14

The Notes shall be forthwith prepared, executed in the manner hereinabove set forth, and thereafter delivered to the purchaser thereof, upon receipt of the proceeds thereof. The proceeds shall be paid to the State Treasurer and applied to meet the cost of projects described in Section 6 hereof.

SECTION 15

A certified copy of this Resolution shall be transmitted to the Governor and the State Treasurer, as a means of authorizing the issuance of the Notes and apprising them of the action taken by this Board as above set forth.

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EXHIBIT

JUL 25 1980 NO. 3

STATE BUDGET & CONTROL BOARD

1284



# EXHIBIT

JUL 25 1980

NO. 3

EXHIBIT "A"

STATE BUDGET & CONTROL BOARD

\$25,000

\$25,000

UNITED STATES OF AMERICA

STATE OF

SOUTH CAROLINA

BOND ANTICIPATION NOTE

KNOW ALL MEN BY THESE PRESENTS That the STATE OF SOUTH CAROLINA hereby acknowledges itself indebted, and for value received, promises to pay to the BEARER hereof, the sum of

TWENTY FIVE THOUSAND DOLLARS

at the principal office of The South Carolina National Bank, in the City of Columbia, State of South Carolina, or, at the option of the holder at the principal office of Morgan Guaranty Trust Company of New York, in the City of New York, State of New York, on the 15th day of December, 1980 and to pay interest on said principal sum from the date hereof, at the rate of 4.25% per annum, payable upon the maturity of this Note.

Both the principal of and interest on this Note are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts.

1235

THIS NOTE is one of an issue of Bond Anticipation Notes, of like date, tenor and effect, except as to numbering, aggregating \$60,000,000 (the Notes), issued by the State of South Carolina, pursuant to the authorizations of Chapter 17, Title 11, Code of Laws of South Carolina, 1976, in anticipation of the receipt of the proceeds to be derived from the sale of State Capital Improvement Bonds of the State of South Carolina to be issued pursuant to Act 1377 of the Acts of the General Assembly of the State of South Carolina for the year 1968, as amended. The full faith, credit and taxing power of the State of South Carolina and the proceeds to be derived from the sale of the bonds, in anticipation of which the Notes are issued, are pledged for the payment of the principal of and interest on this Note.

THIS NOTE and the interest hereon are exempt from all State, County, Municipal, School District, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and Laws of the State of South Carolina to exist, to happen, or to be performed precedent to or in the issuance of this Note, do exist, have happened, and have been performed in regular and due time, form and manner.

1286

IN WITNESS WHEREOF, the STATE OF SOUTH CAROLINA has caused this Note to be signed by the facsimile signature of the Governor of South Carolina and by the manual signature of the State Treasurer of South Carolina, the Great Seal of the State to be reproduced hereon, the same to be attested by the facsimile signature of the Secretary of State of South Carolina, and this Note to be dated the 4th day of August, 1980.

\_\_\_\_\_  
Governor of the State of  
South Carolina

\_\_\_\_\_  
State Treasurer

Attest:

\_\_\_\_\_  
Secretary of State

(SEAL)

EXHIBIT

JUL 25 1980 NO. 3

STATE BUDGET & CONTROL BOARD

1237

# EXHIBIT

JUL 25 1980 NO. 3

LEGAL OPINION

STATE BUDGET & CONTROL BOARD

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the complete legal opinion of Messrs. Sinkler Gibbs & Simons, Attorneys and Counsellors at Law, Charleston, South Carolina, the original of which was manually executed, dated and issued as of the date of delivery of and payment for the Notes, and a copy of which is on file with each Paying Agent.

STATE OF SOUTH CAROLINA

By:

State Treasurer

---

SINKLER GIBBS & SIMONS  
ATTORNEYS & COUNSELLORS AT LAW  
CHARLESTON, SOUTH CAROLINA

Morgan Guaranty Trust Company  
of New York  
and Associates

Sirs:

Re: \$60,000,000 Bond Anticipation Notes of the State  
of South Carolina, dated August 4, 1980, due  
December 4, 1980

We have examined a copy of the proceedings taken and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the

1233



issuance of the above Notes, which are dated August 4, 1980, and bear interest at the rate stated therein, payable at the maturity of the Notes, December 15, 1980. The Notes are 2400 in number, numbered from 1 to 2400, inclusive. The Notes are in the denomination of \$25,000 each. The Notes are payable both principal and interest to bearer at the principal office of The South Carolina National Bank, in the City of Columbia, State of South Carolina, or, at the option of the holder at the principal office of Morgan Guaranty Trust Company of New York in the City of New York, State of New York.

The Notes are issued in anticipation of the issuance of State Capital Improvement Bonds of the State of South Carolina to be issued pursuant to, and subject to the limitations set forth in, Act No. 1377 of the Acts of the General Assembly of the State of South Carolina for the year 1968, as amended.

The issuance of the Notes is effected pursuant to Chapter 17, Title 11, Code of Laws of South Carolina, 1976, and Resolutions duly adopted by the State Budget and Control Board of the State of South Carolina.

In our opinion, the proceedings are regular and in due form of law, and the Notes are valid and binding general obligations of the State of South Carolina. For the payment of the principal of and interest on the Notes, the full faith, credit and taxing power of the State of South Carolina are pledged, and in addition, the proceeds to be derived from the sale of the bonds, in anticipation of which, the Notes are issued.

The Notes and the interest thereon are exempt from all State, County, School District, Municipal, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes, and, under presently existing statute law, as now judicially construed, the interest thereon is exempt from Federal income taxes.

We have examined executed Note No. 1 of said issue, and, in our opinion, its form and execution are in due form of law.

Very truly yours,

EXHIBIT

JUL 25 1980 NO. 3

STATE BUDGET & CONTROL BOARD

# EXHIBIT

STATE OF SOUTH CAROLINA

JUL 25 1980 NO. 3

COUNTY OF RICHLAND

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, Secretary to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

That the said State Budget and Control Board (the Board) is composed of the following:

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

The Honorable Grady L. Patterson, Jr., State Treasurer;

The Honorable Earle E. Morris, Jr., Comptroller General;

The Honorable Rembert C. Dennis, Chairman of the Senate Finance Committee; and

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held at the Public Service Authority's Wampee Facility in Pinopolis, South Carolina at 8:45 A. M., Friday, July 25, 1980, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

None

That at said meeting, a Resolution, of which the attached is a true, correct and verbatim copy, was introduced by Mr. Morris, who moved its adoption; said motion was seconded by Rep. Mangum, and upon the vote being taken and recorded it appeared that the following votes were cast:

FOR MOTION

5

AGAINST MOTION

0

That the Chairman thereupon declared the Resolution unanimously adopted and the original thereof has been duly entered in the permanent records of minutes of meetings of said Board in my custody as its Secretary.

\_\_\_\_\_  
Secretary

July 28, 1980

1200

## STATE BUDGETER'S OFFICE

## REPORT ON CONSULTANTS

EXHIBIT

JUL 22 1980

JUL 25 1980

NO. 4

STATE BUDGET &amp; CONTROL BOARD

Name of State Agency: Department of Energy Resources

Date of Report: July 11, 1980 Prepared by: W. I. Chapman

Name of Consultant or Firm: South Carolina Textile Manufacturers Association

Address of Consultant or Firm: Bankers Trust Building, Suite 1250, Columbia, S.C. 29201

Terms of Consultant Contract: See item 6, Method of Payment

Beginning Date: July 14, 1980 Ending Date: December 1, 1980

Rate of Pay: \$ ---- per ----; Maximum under this contract: \$ 68,000

Source of Funds: ---- ( %); \$ 68,000.00 ( 100 %); ---- ( %)  
(State) (Federal) (Other)

## Purpose or Goal of Consultant:

- (1) To conduct a two-day energy audit in five(5) S.C. Textile plants. A report summarizing observations & recommendations will be incorporated in a letter & forwarded to the Agency for distribution.
- (2) The preparation of an energy conservation manual designed to assist textile plants in S.C. conduct energy audits. This manual will be based on an original manual owned by the Division of Energy Resources.
- (3) The development and presentation of two one-day seminars to review the contents of the manual and the energy savings that exist in the S.C. Textile Industry. The Contractor will furnish all personnel, slides, projectors, hand-out materials, and work with the Agency in selecting invitees.
- (4) The second seminar will be open to all industry statewide, industries having successful energy conservation plans ongoing will be requested to participate and share their successes with others.

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?

1231





# EXHIBIT

JUL 25 1980

NO. 5

## STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION STATE BUDGET & CONTROL BOARD

Robinson Building, Lexington Avenue, West Columbia, South Carolina 29169

July 1, 1980

G. WILLIAM DUDLEY, JR.  
EXECUTIVE DIRECTOR

### THE STATE BOARD

#### OFFICERS

Y.W. SCARBOROUGH, JR.  
CHAIRMAN

TRACY J. GAINES  
VICE-CHAIRMAN

#### MEMBERS

Y.W. SCARBOROUGH, JR.  
Charleston, S.C.  
First Congressional District

CLIFF B. MORGAN  
Orangeburg, S.C.  
Second Congressional District

P. HENDERSON BARNETTE  
Greenwood, S.C.  
Third Congressional District

TRACY J. GAINES  
Inman, S.C.  
Fourth Congressional District

FRANCIS L. BELL  
Fort Mill, S.C.  
Fifth Congressional District

JOHN G. WELLMAN  
Johnsonville, S.C.  
Sixth Congressional District

MILLARD L. DUNKIN  
Columbia, S.C.  
At-Large

HERBERT A. DeCOSTA  
Charleston, S.C.  
At-Large

CYRIL B. BUSBEE  
Columbia, S.C.  
Superintendent of Education  
Ex-Officio

ROBERT E. LEAK  
Columbia, S.C.  
State Development Board  
Ex-Officio

Mr. John A. McPherson  
Chief Engineer  
Office of the State Auditor  
Bankers Trust Tower - Suite 420  
Columbia, South Carolina 29201

Dear Mr. McPherson:

Enclosed please find an E-1 with supporting documentation for the Auto Diesel Lab, Central Energy Facility, and Campus Improvement for Florence-Darlington Technical College. The original funding plan for these projects was to be from locally generated sources; therefore, the architectural agreement was executed within the local authority to do so. A copy of the architectural agreement is also enclosed.

As indicated in the documentation, the Central Energy Facility is ready to be advertised. The combination of federal and local funds involved in the aggregate project are sufficient to cover the cost of the Central Energy Facility. The Title III grant has a budget end date of March 31, 1981. In consideration of the current moratorium on 1980 Bond Funds, we are requesting authority to proceed with the Central Energy Facility utilizing the federal and local funds in the aggregate project. The Auto Diesel Lab will be deferred until the moratorium on Bond Funds is removed.

Please advise if any additional information is needed to expedite approval on this project.

Sincerely,

Donald R. Peterson  
Fiscal Affairs Coordinator

Enclosure

cc: Wyman D. Shealy

1292

# EXHIBIT

JUL 25 1980

NO. 5

Form E-1  
(Revised 7-1-61)  
Submit in Duplicate

## STATE BUDGET & CONTROL BOARD

### APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE July 1, 19 80

Institution or Agency State Board for Technical and Comprehensive Education

Florence-Darlington Technical College

Name of Project Auto-Diesel Lab, Central Energy Facility and Campus Improvement

Total Estimated Cost - - - - - \$ 2,497,885

To: State Budget and Control Board

Columbia, South Carolina

#### SOURCES OF FUNDS:

Capital Improvement Bonds (Act 518 of 1980)

1,750,000

Local Funds

500,000

Title III, Energy Conservation, Federal

247,885

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

#### I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

#### II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

See Page 17

B. Intended Use: See Page 17 - The Energy Facility is separate and independent from the Auto-Diesel Lab Facility (and is estimated to cost \$685,000).

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled. - Page 22

(b) Outline specifications. - Page 21

(c) Small scale locality map. - Page 19

(d) Analysis of Architect's Preliminary Construction Estimate. - Page 20

2. No. Square Feet: 34,790

3. Principal Facilities (No. of stories, rooms, offices, etc.) Single story - see attached drawing

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done. See proposed modifications, page 18.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist. N/A

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance. N/A

1233

# EXHIBIT

JUL 25 1980

NO. 5

Form E-1  
(Revised 7-1-61)  
in Duplicate

## STATE BUDGET & CONTROL BOARD

### APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE July 1, 19 80

Institution or Agency State Board for Technical and Comprehensive Education  
Florence-Darlington Technical College  
Name of Project Auto-Diesel Lab, Central Energy Facility and Campus Improvement  
Total Estimated Cost - - - - - \$ 2,497,885

To: State Budget and Control Board

Columbia, South Carolina

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

#### I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

#### II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

See Page 17

B. Intended Use: See Page 17 - The Energy Facility is separate and independent from  
the Auto-Diesel Lab Facility.

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled. - Page 22  
(b) Outline specifications. - Page 21  
(c) Small scale locality map. - Page 19  
(d) Analysis of Architect's Preliminary Construction Estimate. - Page 20

2. No. Square Feet: 34,790

3. Principal Facilities (No. of stories, rooms, offices, etc.) Single story - see attached drawing

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done. See proposed modifications, page 18.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist. N/A

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance. N/A

1205



## III. ESTIMATED COST

|  |   |    |           |
|--|---|----|-----------|
| Site   |   | \$ |           |
| Grading  |   |    | 36,000    |
| Construction   |   |    | 1,616,200 |
| Fees   |   |    | 136,000   |
| Renovation   | (modification, conversion and rehabilitation of existing Heating and Air Conditioning Equipment - refer to page 18) |    | 152,000   |
| Basic Equipment and Supplies                                     |   |    | 10,000    |
| Landscaping  |   |    | 50,000    |
| Builder's Risk Insurance   |   |    | 1,800     |
| Other (Specify)  | Campus Site Plan Implementation   |    | 400,000   |
|  | Cost of Bond Sale   |    | 3,500     |
| Contingencies  |   |    | 92,385    |
| (Auto-Diesel - \$1,812,885; Central Energy Facility - \$685,000) |   |    |           |
| TOTAL ESTIMATED COST   |   | \$ | 2,497,885 |

It is further estimated that this project will add \$ 49,311 Auto-Diesel Bldg. (County Support) per year to operation and maintenance costs of this agency. \$43,865 savings per year - Central Energy Facility

## IV. FINANCING PLAN

|                          |   |    |           |
|--------------------------|---|----|-----------|
| A. Funds already in Hand |   | \$ | 1,750,000 |
| Source:                  | Capital Improvement Bonds - \$1,750,000; Act 518, Acts of 1980.   |    |           |
| B. Proposed Bond Issue   |   |    |           |
|                          | (If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith). |    |           |
| C. Other (describe)      | Local Funds - \$500,000   |    |           |
|                          | Title III, Energy Conservation Program - \$247,885  |    |           |
|                          |   |    | 747,885   |
| TOTAL                    |   | \$ | 2,497,885 |

Has your governing board taken formal action authorizing the submission of this application? Yes

(Signed)

Donald R. Peterson

Title

Fiscal Affairs Coordinator

## BOARD'S ACTION

APPROVED:

State Auditor

DATE:

1235

CORRECTION

STATE BOARD FOR TECHNICAL  
AND COMPREHENSIVE EDUCATION

COMMUNICATION SLIP

Date 7/24/80

To: Mr. McInnis

From: Betty Jean Craft

- Approval
- Necessary action
- Prepare reply
- Comment
- Note and return
- Note and file
- Investigate
- Signature
- Confer
- As requested
- For information
- Per telephone conversation

Remarks

Please insert the  
Attached E-1 in the  
material I sent over  
this a.m. for the  
Florence-Darlington TEC  
Project.

Thank you,

*B. J. Craft*



# EXHIBIT

JUL 25 1980

NO. 5

Form E-1  
(Revised 7-1-61)  
in Duplicate

## STATE BUDGET & CONTROL BOARD

### APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE July 1, 19 80

Institution or Agency State Board for Technical and Comprehensive Education  
Florence-Darlington Technical College  
Name of Project Auto-Diesel Lab, Central Energy Facility and Campus Improvement  
Total Estimated Cost - - - - - \$ 2,497,885

To: State Budget and Control Board  
Columbia, South Carolina

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

#### I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

#### II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

See Page 17

B. Intended Use: See Page 17 - The Energy Facility is separate and independent from  
the Auto-Diesel Lab Facility.

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled. - Page 22  
(b) Outline specifications. - Page 21  
(c) Small scale locality map. - Page 19  
(d) Analysis of Architect's Preliminary Construction Estimate. - Page 20

2. No. Square Feet: 34,790

3. Principal Facilities (No. of stories, rooms, offices, etc.) Single story - see attached drawing

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done. See proposed modifications, page 18.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist. N/A

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance. N/A

1235

### III. ESTIMATED COST

|                              |   |    |           |
|------------------------------|---|----|-----------|
| Site                         |   | \$ |           |
| Grading                      |   |    | 36,000    |
| Construction                 |   |    | 1,616,200 |
| Fees                         |   |    | 136,000   |
| Renovation                   | (modification, conversion and rehabilitation of existing Heating and Air Conditioning Equipment - refer to page 18) |    | 152,000   |
| Basic Equipment and Supplies |   |    | 10,000    |
| Landscaping                  |   |    | 50,000    |
| Builder's Risk Insurance     |   |    | 1,800     |
| Other (Specify)              | Campus Site Plan Implementation   |    | 400,000   |
|                              | Cost of Bond Sale   |    | 3,500     |
|                              |   |    | 92,385    |
| Contingencies                |   |    |           |
|                              | (Auto-Diesel - \$1,812,885; Central Energy Facility - \$685,000)  |    |           |
| TOTAL ESTIMATED COST         |   | \$ | 2,497,885 |

It is further estimated that this project will add \$ 49,311 Auto-Diesel Bldg. (County Support) per year to operation and maintenance costs of this agency. \$43,865 savings per year - Central Energy Facility

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|                          |   |    |           |
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| A. Funds already in Hand |   | \$ | 1,750,000 |
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| B. Proposed Bond Issue   |   |    |           |
|                          | (If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith). |    |           |
| C. Other (describe)      | Local Funds - \$500,000   |    |           |
|                          | Title III, Energy Conservation Program - \$247,885  |    |           |
|                          |   |    | 747,885   |
| TOTAL                    |   | \$ | 2,497,885 |

Has your governing board taken formal action authorizing the submission of this application? Yes

(Signed) Donald R. Peterson  
Donald R. Peterson  
Title Fiscal Affairs Coordinator

### BOARD'S ACTION

APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_  
State Auditor

THE AMERICAN INSTITUTE OF ARCHITECTS

EXHIBIT



JUL 25 1980

NO. 5

STATE BUDGET & CONTROL BOARD

AIA Document B141

**Standard Form of Agreement Between  
Owner and Architect**

**1977 EDITION**

*THIS DOCUMENT HAS IMPORTANT LEGAL CONSEQUENCES; CONSULTATION WITH  
AN ATTORNEY IS ENCOURAGED WITH RESPECT TO ITS COMPLETION OR MODIFICATION*

**AGREEMENT**

made as of the Seventh day of July in the year of Nineteen  
Hundred and Eighty

**BETWEEN** the Owner: Florence-Darlington Area Commission  
for Technical and Comprehensive Education

and the Architect's Clark and McCall, A.I.A., Architects  
Hartsville, South Carolina

Wm. S. Dowis, Jr., A.I.A., Architect  
Florence, South Carolina

For the following Projects

*(Include detailed description of Project location and scope.)*

Automotive-Diesel Laboratory Building

Central Energy Facility

Campus Site Improvement

The Owner and the Architect agree as set forth below.

Copyright 1917, 1926, 1948, 1951, 1953, 1958, 1961, 1963, 1966, 1967, 1970, 1974, © 1977 by The American Institute of Architects, 1735 New York Avenue, N.W., Washington, D.C. 20006. Reproduction of the material herein or substantial quotation of its provisions without permission of the AIA violates the copyright laws of the United States and will be subject to legal prosecution.



## TERMS AND CONDITIONS OF AGREEMENT BETWEEN OWNER AND ARCHITECT

### ARTICLE 1

#### ARCHITECT'S SERVICES AND RESPONSIBILITIES

##### BASIC SERVICES

The Architect's Basic Services consist of the five phases described in Paragraphs 1.1 through 1.5 and include normal structural, mechanical and electrical engineering services and any other services included in Article 15 as part of Basic Services.

##### 1.1 SCHEMATIC DESIGN PHASE

1.1.1 The Architect shall review the program furnished by the Owner to ascertain the requirements of the Project and shall review the understanding of such requirements with the Owner.

1.1.2 The Architect shall provide a preliminary evaluation of the program and the Project budget requirements, each in terms of the other, subject to the limitations set forth in Subparagraph 3.2.1.

1.1.3 The Architect shall review with the Owner alternative approaches to design and construction of the Project.

1.1.4 Based on the mutually agreed upon program and Project budget requirements, the Architect shall prepare, for approval by the Owner, Schematic Design Documents consisting of drawings and other documents illustrating the scale and relationship of Project components.

1.1.5 The Architect shall submit to the Owner a Statement of Probable Construction Cost based on current area, volume or other unit costs.

##### 1.2 DESIGN DEVELOPMENT PHASE

1.2.1 Based on the approved Schematic Design Documents and any adjustments authorized by the Owner in the program or Project budget, the Architect shall prepare, for approval by the Owner, Design Development Documents consisting of drawings and other documents to fix and describe the size and character of the entire Project as to architectural, structural, mechanical and electrical systems, materials and such other elements as may be appropriate.

1.2.2 The Architect shall submit to the Owner a further Statement of Probable Construction Cost.

##### 1.3 CONSTRUCTION DOCUMENTS PHASE

1.3.1 Based on the approved Design Development Documents and any further adjustments in the scope or quality of the Project or in the Project budget authorized by the Owner, the Architect shall prepare, for approval by the Owner, Construction Documents consisting of Drawings and Specifications setting forth in detail the requirements for the construction of the Project.

1.3.2 The Architect shall assist the Owner in the preparation of the necessary bidding information, bidding forms, the Conditions of the Contract, and the form of Agreement between the Owner and the Contractor.

1.3.3 The Architect shall advise the Owner of any adjust-

ments to previous Statements of Probable Construction Cost indicated by changes in requirements or general market conditions.

1.3.4 The Architect shall assist the Owner in connection with the Owner's responsibility for filing documents required for the approval of governmental authorities having jurisdiction over the Project.

##### 1.4 BIDDING OR NEGOTIATION PHASE

1.4.1 The Architect, following the Owner's approval of the Construction Documents and of the latest Statement of Probable Construction Cost, shall assist the Owner in obtaining bids or negotiated proposals, and assist in awarding and preparing contracts for construction.

##### 1.5 CONSTRUCTION PHASE—ADMINISTRATION OF THE CONSTRUCTION CONTRACT

1.5.1 The Construction Phase will commence with the award of the Contract for Construction and, together with the Architect's obligation to provide Basic Services under this Agreement, will terminate when final payment to the Contractor is due, or in the absence of a final Certificate for Payment or of such due date, sixty days after the Date of Substantial Completion of the Work, whichever occurs first.

1.5.2 Unless otherwise provided in this Agreement and incorporated in the Contract Documents, the Architect shall provide administration of the Contract for Construction as set forth below and in the edition of AIA Document A201, General Conditions of the Contract for Construction, current as of the date of this Agreement.

1.5.3 The Architect shall be a representative of the Owner during the Construction Phase, and shall advise and consult with the Owner. Instructions to the Contractor shall be forwarded through the Architect. The Architect shall have authority to act on behalf of the Owner only to the extent provided in the Contract Documents unless otherwise modified by written instrument in accordance with Subparagraph 1.5.16.

1.5.4 The Architect shall visit the site at intervals appropriate to the stage of construction or as otherwise agreed by the Architect in writing to become generally familiar with the progress and quality of the Work and to determine in general if the Work is proceeding in accordance with the Contract Documents. However, the Architect shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. On the basis of such on-site observations as an architect, the Architect shall keep the Owner informed of the progress and quality of the Work, and shall endeavor to guard the Owner against defects and deficiencies in the Work of the Contractor.

1.5.5 The Architect shall not have control or charge of and shall not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, for the acts or omissions of the Contractor, Sub-



contractors or any other persons performing any of the Work, or for the failure of any of them to carry out the Work in accordance with the Contract Documents.

**1.5.6** The Architect shall at all times have access to the Work wherever it is in preparation or progress.

**1.5.7** The Architect shall determine the amounts owing to the Contractor based on observations at the site and on evaluations of the Contractor's Applications for Payment, and shall issue Certificates for Payment in such amounts, as provided in the Contract Documents.

**1.5.8** The issuance of a Certificate for Payment shall constitute a representation by the Architect to the Owner, based on the Architect's observations at the site as provided in Subparagraph 1.5.4 and on the data comprising the Contractor's Application for Payment, that the Work has progressed to the point indicated; that, to the best of the Architect's knowledge, information and belief, the quality of the Work is in accordance with the Contract Documents (subject to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, to the results of any subsequent tests required by or performed under the Contract Documents, to minor deviations from the Contract Documents correctable prior to completion, and to any specific qualifications stated in the Certificate for Payment); and that the Contractor is entitled to payment in the amount certified. However, the issuance of a Certificate for Payment shall not be a representation that the Architect has made any examination to ascertain how and for what purpose the Contractor has used the moneys paid on account of the Contract Sum.

**1.5.9** The Architect shall be the interpreter of the requirements of the Contract Documents and the judge of the performance thereunder by both the Owner and Contractor. The Architect shall render interpretations necessary for the proper execution or progress of the Work with reasonable promptness on written request of either the Owner or the Contractor, and shall render written decisions, within a reasonable time, on all claims, disputes and other matters in question between the Owner and the Contractor relating to the execution or progress of the Work or the interpretation of the Contract Documents.

**1.5.10** Interpretations and decisions of the Architect shall be consistent with the intent of and reasonably inferable from the Contract Documents and shall be in written or graphic form. In the capacity of interpreter and judge, the Architect shall endeavor to secure faithful performance by both the Owner and the Contractor, shall not show partiality to either, and shall not be liable for the result of any interpretation or decision rendered in good faith in such capacity.

**1.5.11** The Architect's decisions in matters relating to artistic effect shall be final if consistent with the intent of the Contract Documents. The Architect's decisions on any other claims, disputes or other matters, including those in question between the Owner and the Contractor, shall be subject to arbitration as provided in this Agreement and in the Contract Documents.

**1.5.12** The Architect shall have authority to reject Work which does not conform to the Contract Documents. Whenever, in the Architect's reasonable opinion, it is

necessary or advisable for the implementation of the intent of the Contract Documents, the Architect will have authority to require special inspection or testing of the Work in accordance with the provisions of the Contract Documents, whether or not such Work be then fabricated, installed or completed.

**1.5.13** The Architect shall review and approve or take other appropriate action upon the Contractor's submittals such as Shop Drawings, Product Data and Samples, but only for conformance with the design concept of the Work and with the information given in the Contract Documents. Such action shall be taken with reasonable promptness so as to cause no delay. The Architect's approval of a specific item shall not indicate approval of an assembly of which the item is a component.

**1.5.14** The Architect shall prepare Change Orders for the Owner's approval and execution in accordance with the Contract Documents, and shall have authority to order minor changes in the Work not involving an adjustment in the Contract Sum or an extension of the Contract Time which are not inconsistent with the intent of the Contract Documents.

**1.5.15** The Architect shall conduct inspections to determine the Dates of Substantial Completion and final completion, shall receive and forward to the Owner for the Owner's review written warranties and related documents required by the Contract Documents and assembled by the Contractor, and shall issue a final Certificate for Payment.

**1.5.16** The extent of the duties, responsibilities and limitations of authority of the Architect as the Owner's representative during construction shall not be modified or extended without written consent of the Owner, the Contractor and the Architect.

## **1.6 PROJECT REPRESENTATION BEYOND BASIC SERVICES**

**1.6.1** If the Owner and Architect agree that more extensive representation at the site than is described in Paragraph 1.5 shall be provided, the Architect shall provide one or more Project Representatives to assist the Architect in carrying out such responsibilities at the site.

**1.6.2** Such Project Representatives shall be selected, employed and directed by the Architect, and the Architect shall be compensated therefor as mutually agreed between the Owner and the Architect as set forth in an exhibit appended to this Agreement, which shall describe the duties, responsibilities and limitations of authority of such Project Representatives.

**1.6.3** Through the observations by such Project Representatives, the Architect shall endeavor to provide further protection for the Owner against defects and deficiencies in the Work, but the furnishing of such project representation shall not modify the rights, responsibilities or obligations of the Architect as described in Paragraph 1.5.

## **1.7 ADDITIONAL SERVICES**

The following Services are not included in Basic Services unless so identified in Article 15. They shall be provided if authorized or confirmed in writing by the Owner, and they shall be paid for by the Owner as provided in this Agreement, in addition to the compensation for Basic Services.

1.7.1 Providing analyses of the Owner's needs, and programming the requirements of the Project.

1.7.2 Providing financial feasibility or other special studies.

1.7.3 Providing planning surveys, site evaluations, environmental studies or comparative studies of prospective sites, and preparing special surveys, studies and submissions required for approvals of governmental authorities or others having jurisdiction over the Project.

1.7.4 Providing services relative to future facilities, systems and equipment which are not intended to be constructed during the Construction Phase.

1.7.5 Providing services to investigate existing conditions or facilities or to make measured drawings thereof, or to verify the accuracy of drawings or other information furnished by the Owner.

1.7.6 Preparing documents of alternate, separate or sequential bids or providing extra services in connection with bidding, negotiation or construction prior to the completion of the Construction Documents Phase, when requested by the Owner.

1.7.7 Providing coordination of Work performed by separate contractors or by the Owner's own forces.

1.7.8 Providing services in connection with the work of a construction manager or separate consultants retained by the Owner.

1.7.9 Providing Detailed Estimates of Construction Cost, analyses of owning and operating costs, or detailed quantity surveys or inventories of material, equipment and labor.

1.7.10 Providing interior design and other similar services required for or in connection with the selection, procurement or installation of furniture, furnishings and related equipment.

1.7.11 Providing services for planning tenant or rental spaces.

1.7.12 Making revisions in Drawings, Specifications or other documents when such revisions are inconsistent with written approvals or instructions previously given, are required by the enactment or revision of codes, laws or regulations subsequent to the preparation of such documents or are due to other causes not solely within the control of the Architect.

1.7.13 Preparing Drawings, Specifications and supporting data and providing other services in connection with Change Orders to the extent that the adjustment in the Basic Compensation resulting from the adjusted Construction Cost is not commensurate with the services required of the Architect, provided such Change Orders are required by causes not solely within the control of the Architect.

1.7.14 Making investigations, surveys, valuations, inventories or detailed appraisals of existing facilities, and services required in connection with construction performed by the Owner.

1.7.15 Providing consultation concerning replacement of any Work damaged by fire or other cause during con-

struction, and furnishing services as may be required in connection with the replacement of such Work.

1.7.16 Providing services made necessary by the default of the Contractor, or by major defects or deficiencies in the Work of the Contractor, or by failure of performance of either the Owner or Contractor under the Contract for Construction.

1.7.17 Preparing a set of reproducible record drawings showing significant changes in the Work made during construction based on marked-up prints, drawings and other data furnished by the Contractor to the Architect.

1.7.18 Providing extensive assistance in the utilization of any equipment or system such as initial start-up or testing, adjusting and balancing, preparation of operation and maintenance manuals, training personnel for operation and maintenance, and consultation during operation.

1.7.19 Providing services after issuance to the Owner of the final Certificate for Payment, or in the absence of a final Certificate for Payment, more than sixty days after the Date of Substantial Completion of the Work.

1.7.20 Preparing to serve or serving as an expert witness in connection with any public hearing, arbitration proceeding or legal proceeding.

1.7.21 Providing services of consultants for other than the normal architectural, structural, mechanical and electrical engineering services for the Project.

1.7.22 Providing any other services not otherwise included in this Agreement or not customarily furnished in accordance with generally accepted architectural practice.

## 1.8 TIME

1.8.1 The Architect shall perform Basic and Additional Services as expeditiously as is consistent with professional skill and care and the orderly progress of the Work. Upon request of the Owner, the Architect shall submit for the Owner's approval, a schedule for the performance of the Architect's services which shall be adjusted as required as the Project proceeds, and shall include allowances for periods of time required for the Owner's review and approval of submissions and for approvals of authorities having jurisdiction over the Project. This schedule, when approved by the Owner, shall not, except for reasonable cause, be exceeded by the Architect.

## ARTICLE 2

### THE OWNER'S RESPONSIBILITIES

2.1 The Owner shall provide full information regarding requirements for the Project including a program, which shall set forth the Owner's design objectives, constraints and criteria, including space requirements and relationships, flexibility and expandability, special equipment and systems and site requirements.

2.2 If the Owner provides a budget for the Project it shall include contingencies for bidding, changes in the Work during construction, and other costs which are the responsibility of the Owner, including those described in this Article 2 and in Subparagraph 3.1.2. The Owner shall, at the request of the Architect, provide a statement of funds available for the Project, and their source.



2.3 The Owner shall designate, when necessary, a representative authorized to act in the Owner's behalf with respect to the Project. The Owner or such authorized representative shall examine the documents submitted by the Architect and shall render decisions pertaining thereto promptly, to avoid unreasonable delay in the progress of the Architect's services.

2.4 The Owner shall furnish a legal description and a certified land survey of the site, giving, as applicable, grades and lines of streets, alleys, pavements and adjoining property; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and complete data pertaining to existing buildings, other improvements and trees; and full information concerning available service and utility lines both public and private, above and below grade, including inverts and depths.

2.5 The Owner shall furnish the services of soil engineers or other consultants when such services are deemed necessary by the Architect. Such services shall include test borings, test pits, soil bearing values, percolation tests, air and water pollution tests, ground corrosion and resistivity tests, including necessary operations for determining subsoil, air and water conditions, with reports and appropriate professional recommendations.

2.6 The Owner shall furnish structural, mechanical, chemical and other laboratory tests, inspections and reports as required by law or the Contract Documents.

2.7 The Owner shall furnish all legal, accounting and insurance counseling services as may be necessary at any time for the Project, including such auditing services as the Owner may require to verify the Contractor's Applications for Payment or to ascertain how or for what purposes the Contractor uses the moneys paid by or on behalf of the Owner.

2.8 The services, information, surveys and reports required by Paragraphs 2.4 through 2.7 inclusive shall be furnished at the Owner's expense, and the Architect shall be entitled to rely upon the accuracy and completeness thereof.

2.9 If the Owner observes or otherwise becomes aware of any fault or defect in the Project or nonconformance with the Contract Documents, prompt written notice thereof shall be given by the Owner to the Architect.

2.10 The Owner shall furnish required information and services and shall render approvals and decisions as expeditiously as necessary for the orderly progress of the Architect's services and of the Work.

### ARTICLE 3

#### CONSTRUCTION COST

##### 3.1 DEFINITION

3.1.1 The Construction Cost shall be the total cost or estimated cost to the Owner of all elements of the Project designed or specified by the Architect.

3.1.2 The Construction Cost shall include at current market rates, including a reasonable allowance for overhead and profit, the cost of labor and materials furnished by the Owner and any equipment which has been de-

signed, specified, selected or specially provided for by the Architect.

3.1.3 Construction Cost does not include the compensation of the Architect and the Architect's consultants, the cost of the land, rights-of-way, or other costs which are the responsibility of the Owner as provided in Article 2.

##### 3.2 RESPONSIBILITY FOR CONSTRUCTION COST

3.2.1 Evaluations of the Owner's Project budget, Statements of Probable Construction Cost and Detailed Estimates of Construction Cost, if any, prepared by the Architect, represent the Architect's best judgment as a design professional familiar with the construction industry. It is recognized, however, that neither the Architect nor the Owner has control over the cost of labor, materials or equipment, over the Contractor's methods of determining bid prices, or over competitive bidding, market or negotiating conditions. Accordingly, the Architect cannot and does not warrant or represent that bids or negotiated prices will not vary from the Project budget proposed, established or approved by the Owner, if any, or from any Statement of Probable Construction Cost or other cost estimate or evaluation prepared by the Architect.

3.2.2 No fixed limit of Construction Cost shall be established as a condition of this Agreement by the furnishing, proposal or establishment of a Project budget under Subparagraph 1.1.2 or Paragraph 2.2 or otherwise, unless such fixed limit has been agreed upon in writing and signed by the parties hereto. If such a fixed limit has been established, the Architect shall be permitted to include contingencies for design, bidding and price escalation, to determine what materials, equipment, component systems and types of construction are to be included in the Contract Documents, to make reasonable adjustments in the scope of the Project and to include in the Contract Documents alternate bids to adjust the Construction Cost to the fixed limit. Any such fixed limit shall be increased in the amount of any increase in the Contract Sum occurring after execution of the Contract for Construction.

3.2.3 If the Bidding or Negotiation Phase has not commenced within three months after the Architect submits the Construction Documents to the Owner, any Project budget or fixed limit of Construction Cost shall be adjusted to reflect any change in the general level of prices in the construction industry between the date of submission of the Construction Documents to the Owner and the date on which proposals are sought.

3.2.4 If a Project budget or fixed limit of Construction Cost (adjusted as provided in Subparagraph 3.2.3) is exceeded by the lowest bona fide bid or negotiated proposal, the Owner shall (1) give written approval of an increase in such fixed limit, (2) authorize rebidding or renegotiating of the Project within a reasonable time, (3) if the Project is abandoned, terminate in accordance with Paragraph 10.2, or (4) cooperate in revising the Project scope and quality as required to reduce the Construction Cost. In the case of (4), provided a fixed limit of Construction Cost has been established as a condition of this Agreement, the Architect, without additional charge, shall modify the Drawings and Specifications as necessary to comply

with the fixed limit. The providing of such service shall be the limit of the Architect's responsibility arising from the establishment of such fixed limit, and having done so, the Architect shall be entitled to compensation for all services performed, in accordance with this Agreement, whether or not the Construction Phase is commenced.

#### ARTICLE 4

##### **DIRECT PERSONNEL EXPENSE**

4.1 Direct Personnel Expense is defined as the direct salaries of all the Architect's personnel engaged on the Project, and the portion of the cost of their mandatory and customary contributions and benefits related thereto, such as employment taxes and other statutory employee benefits, insurance, sick leave, holidays, vacations, pensions and similar contributions and benefits.

#### ARTICLE 5

##### **REIMBURSABLE EXPENSES**

5.1 Reimbursable Expenses are in addition to the Compensation for Basic and Additional Services and include actual expenditures made by the Architect and the Architect's employees and consultants in the interest of the Project for the expenses listed in the following Subparagraphs:

5.1.1 ~~Expense of transportation in connection with the Project, living expenses in connection with out of town travel, long distance communications, and fees paid for securing approval of authorities having jurisdiction over the Project.~~

5.1.2 ~~Expense of reproductions, postage and handling of Drawings, Specifications, and other documents, including reproductions for the office use of the Architect and the Architect's consultants.~~

5.1.3 Expense of data processing and photographic production techniques when used in connection with Additional Services.

5.1.4 If authorized in advance by the Owner, expense of overtime work requiring higher than regular rates.

5.1.5 Expense of renderings, models and mock-ups requested by the Owner.

5.1.6 Expense of any additional insurance coverage or limits, including professional liability insurance, requested by the Owner in excess of that normally carried by the Architect and the Architect's consultants.

#### ARTICLE 6

##### **PAYMENTS TO THE ARCHITECT**

###### **6.1 PAYMENTS ON ACCOUNT OF BASIC SERVICES**

6.1.1 An initial payment as set forth in Paragraph 14.1 is the minimum payment under this Agreement.

6.1.2 Subsequent payments for Basic Services shall be made monthly and shall be in proportion to services performed within each Phase of services, on the basis set forth in Article 14.

6.1.3 If and to the extent that the Contract Time initially established in the Contract for Construction is exceeded

or extended through no fault of the Architect, compensation for any Basic Services required for such extended period of Administration of the Construction Contract shall be computed as set forth in Paragraph 14.4 for Additional Services.

6.1.4 When compensation is based on a percentage of Construction Cost, and any portions of the Project are deleted or otherwise not constructed, compensation for such portions of the Project shall be payable to the extent services are performed on such portions, in accordance with the schedule set forth in Subparagraph 14.2.2, based on (1) the lowest bona fide bid or negotiated proposal or, (2) if no such bid or proposal is received, the most recent Statement of Probable Construction Cost or Detailed Estimate of Construction Cost for such portions of the Project.

###### **6.2 PAYMENTS ON ACCOUNT OF ADDITIONAL SERVICES**

6.2.1 Payments on account of the Architect's Additional Services as defined in Paragraph 1.7 and for Reimbursable Expenses as defined in Article 5 shall be made monthly upon presentation of the Architect's statement of services rendered or expenses incurred.

###### **6.3 PAYMENTS WITHHELD**

6.3.1 No deductions shall be made from the Architect's compensation on account of penalty, liquidated damages or other sums withheld from payments to contractors, or on account of the cost of changes in the Work other than those for which the Architect is held legally liable.

###### **6.4 PROJECT SUSPENSION OR TERMINATION**

6.4.1 If the Project is suspended or abandoned in whole or in part for more than three months, the Architect shall be compensated for all services performed prior to receipt of written notice from the Owner of such suspension or abandonment, together with Reimbursable Expenses then due and all Termination Expenses as defined in Paragraph 10.4. If the Project is resumed after being suspended for more than three months, the Architect's compensation shall be equitably adjusted.

#### ARTICLE 7

##### **ARCHITECT'S ACCOUNTING RECORDS**

7.1 Records of Reimbursable Expenses and expenses pertaining to Additional Services and services performed on the basis of a Multiple of Direct Personnel Expense shall be kept on the basis of generally accepted accounting principles and shall be available to the Owner or the Owner's authorized representative at mutually convenient times.

#### ARTICLE 8

##### **OWNERSHIP AND USE OF DOCUMENTS**

8.1 Drawings and Specifications as instruments of service are and shall remain the property of the Architect whether the Project for which they are made is executed or not. The Owner shall be permitted to retain copies, including reproducible copies, of Drawings and Specifications for information and reference in connection with the Owner's use and occupancy of the Project. The Drawings and Specifications shall not be used by the Owner on



other projects, for additions to this Project, or for completion of this Project by others provided the Architect is not in default under this Agreement, except by agreement in writing and with appropriate compensation to the Architect.

**8.2** Submission or distribution to meet official regulatory requirements or for other purposes in connection with the Project is not to be construed as publication in derogation of the Architect's rights.

## **ARTICLE 9**

### **ARBITRATION**

**9.1** All claims, disputes and other matters in question between the parties to this Agreement, arising out of or relating to this Agreement or the breach thereof, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise. No arbitration, arising out of or relating to this Agreement, shall include, by consolidation, joinder or in any other manner, any additional person not a party to this Agreement except by written consent containing a specific reference to this Agreement and signed by the Architect, the Owner, and any other person sought to be joined. Any consent to arbitration involving an additional person or persons shall not constitute consent to arbitration of any dispute not described therein or with any person not named or described therein. This Agreement to arbitrate and any agreement to arbitrate with an additional person or persons duly consented to by the parties to this Agreement shall be specifically enforceable under the prevailing arbitration law.

**9.2** Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. The demand shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

**9.3** The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

## **ARTICLE 10**

### **TERMINATION OF AGREEMENT**

**10.1** This Agreement may be terminated by either party upon seven days' written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination.

**10.2** This Agreement may be terminated by the Owner upon at least seven days' written notice to the Architect in the event that the Project is permanently abandoned.

**10.3** In the event of termination not the fault of the Architect, the Architect shall be compensated for all services performed to termination date, together with Reimbursable Expenses then due and all Termination Expenses as defined in Paragraph 10.4.

**10.4** Termination Expenses include expenses directly attributable to termination for which the Architect is not otherwise compensated, plus an amount computed as a percentage of the total Basic and Additional Compensation earned to the time of termination, as follows:

- .1 20 percent if termination occurs during the Schematic Design Phase; or
- .2 10 percent if termination occurs during the Design Development Phase; or
- .3 5 percent if termination occurs during any subsequent phase.

## **ARTICLE 11**

### **MISCELLANEOUS PROVISIONS**

**11.1** Unless otherwise specified, this Agreement shall be governed by the law of the principal place of business of the Architect.

**11.2** Terms in this Agreement shall have the same meaning as those in AIA Document A201, General Conditions of the Contract for Construction, current as of the date of this Agreement.

**11.3** As between the parties to this Agreement: as to all acts or failures to act by either party to this Agreement, any applicable statute of limitations shall commence to run and any alleged cause of action shall be deemed to have accrued in any and all events not later than the relevant Date of Substantial Completion of the Work, and as to any acts or failures to act occurring after the relevant Date of Substantial Completion, not later than the date of issuance of the final Certificate for Payment.

**11.4** The Owner and the Architect waive all rights against each other and against the contractors, consultants, agents and employees of the other for damages covered by any property insurance during construction as set forth in the edition of AIA Document A201, General Conditions, current as of the date of this Agreement. The Owner and the Architect each shall require appropriate similar waivers from their contractors, consultants and agents.

## **ARTICLE 12**

### **SUCCESSORS AND ASSIGNS**

**12.1** The Owner and the Architect, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither the Owner nor the Architect shall assign, sublet or transfer any interest in this Agreement without the written consent of the other.

## **ARTICLE 13**

### **EXTENT OF AGREEMENT**

**13.1** This Agreement represents the entire and integrated agreement between the Owner and the Architect and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Architect.

# EXHIBIT

JUL 25 1980 NO. 5

## ARTICLE 14 BASIS OF COMPENSATION

## STATE BUDGET & CONTROL BOARD

The Owner shall compensate the Architect for the Scope of Services provided, in accordance with Article 6, Payments to the Architect, and the other Terms and Conditions of this Agreement, as follows:

14.1 AN INITIAL PAYMENT of \_\_\_\_\_ dollars (\$) )  
shall be made upon execution of this Agreement and credited to the Owner's account as follows:

14.2 BASIC COMPENSATION Percentage of Construction Cost

14.2.1 FOR BASIC SERVICES, as described in Paragraphs 1.1 through 1.5, and any other services included in Article 15 as part of Basic Services, Basic Compensation shall be computed as follows:

*(Here insert basis of compensation, including fixed amounts, multiples or percentages, and identify Phases to which particular methods of compensation apply, if necessary.)*

Compensation shall be based on Six Percent (6%) of Construction Cost, as defined in Article 3.

14.2.2 Where compensation is based on a Stipulated Sum or Percentage of Construction Cost, payments for Basic Services shall be made as provided in Subparagraph 6.1.2, so that Basic Compensation for each Phase shall equal the following percentages of the total Basic Compensation payable:

*(Include any additional Phases as appropriate.)*

|                               |                |
|-------------------------------|----------------|
| Schematic Design Phase:       | percent (15 %) |
| Design Development Phase:     | percent (20 %) |
| Construction Documents Phase: | percent (40 %) |
| Bidding or Negotiation Phase: | percent ( 5 %) |
| Construction Phase:           | percent (20 %) |

14.3 FOR PROJECT REPRESENTATION BEYOND BASIC SERVICES, as described in Paragraph 1.6, Compensation shall be computed separately in accordance with Subparagraph 1.6.2.

14.4 COMPENSATION FOR ADDITIONAL SERVICES

14.4.1 FOR ADDITIONAL SERVICES OF THE ARCHITECT, as described in Paragraph 1.7, and any other services included in Article 15 as part of Additional Services, but excluding Additional Services of consultants, Compensation shall be computed as follows:

*(Here insert basis of compensation, including rates and/or multiples of Direct Personnel Expense for Principals and employees, and identify Principals and classify employees, if required. Identify specific services to which particular methods of compensation apply, if necessary.)*

Principal's time at a fixed rate of Thirty Dollars (\$30.00) per hour.  
For the purpose of this Agreement, the Principals are:

Wm. Reaves McCall  
Wm. S. Dowis, Jr.

Employees' time (other than Principals) at a fixed rate of  
Ten Dollars (\$10.00) per hour.

14.4.2 FOR ADDITIONAL SERVICES OF CONSULTANTS, including additional structural, mechanical and electrical engineering services and those provided under Subparagraph 1.7.21 or identified in Article 15 as part of Additional Services, a multiple of One and a half (  $1\frac{1}{2}$  ) times the amounts billed to the Architect for such services.

*(Identify specific types of consultants in Article 15, if required.)*

14.5 FOR REIMBURSABLE EXPENSES, as described in Article 5, and any other items included in Article 15 as Reimbursable Expenses, a multiple of One ( 1 ) times the amounts expended by the Architect, the Architect's employees and consultants in the interest of the Project.

14.6 Payments due the Architect and unpaid under this Agreement shall bear interest from the date payment is due at the rate entered below, or in the absence thereof, at the legal rate prevailing at the principal place of business of the Architect.

*(Here insert any rate of interest agreed upon.)*

*(Usury laws and requirements under the Federal Truth in Lending Act, similar state and local consumer credit laws and other regulations at the Owner's and Architect's principal places of business, the location of the Project and elsewhere may affect the validity of this provision. Specific legal advice should be obtained with respect to deletion, modification, or other requirements such as written disclosures or waivers.)*

14.7 The Owner and the Architect agree in accordance with the Terms and Conditions of this Agreement that:

14.7.1 IF THE SCOPE of the Project or of the Architect's Services is changed materially, the amounts of compensation shall be equitably adjusted.

14.7.2 IF THE SERVICES covered by this Agreement have not been completed within Thirty-six ( 36 ) months of the date hereof, through no fault of the Architect, the amounts of compensation, rates and multiples set forth herein shall be equitably adjusted.



EXHIBIT

THE AMERICAN INSTITUTE OF ARCHITECTS

1735 NEW YORK AVENUE, N.W., WASHINGTON, D.C. 20006

ARTICLE 15

OTHER CONDITIONS OR SERVICES



# EXHIBIT

JUL 25 1980 NO. 5

STATE BUDGET & CONTROL BOARD

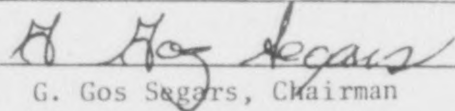
This Agreement entered into as of the day and year first written above.

## OWNER

Florence-Darlington Area Commission

for Technical and Comprehensive Education

BY

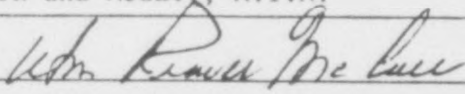
  
G. Gos Segars, Chairman

Replaces Agreement dated  
April 11, 1977

## ARCHITECTS

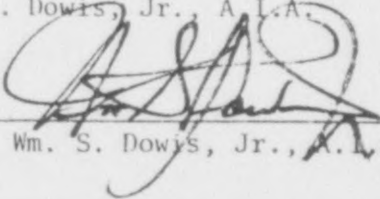
Clark and McCall, A.I.A.

BY:

  
Wm. Reaves McCall

Wm. S. Dowis, Jr., A.I.A.

BY:

  
Wm. S. Dowis, Jr., A.I.A.

# EXHIBIT

JUL 25 1980

NO. 5<sup>17</sup>

STATE BUDGET & CONTROL BOARD

II-A

## Description of Project

1. Auto Diesel and Campus Improvement

- A. A new building of 32,000 square feet to house educational training facilities for Auto-Diesel Mechanics. A new traffice flow pattern with additional parking will likewise be constructed.
- B. To furnish training for Auto-Diesel, Special Service, and Continuing Education Students.

2. Central Energy Facility

- A. A new building consisting of 2790 square feet which will house central energy unit with alterations of existing duct systems in various existing buildings.
- B. Supply all energy needs of the campus.

# EXHIBIT 18

JUL 25 1980 NO. 5

STATE BUDGET & CONTROL BOARD

## II-D PROPOSED MODIFICATIONS - Central Energy Only

100, 300, 400 Buildings: Connect piping systems to Central energy system. Convert controls to electric. Retain chillers for standby service. Convert packaged air conditioners for hot water/chilled water service.

200 Building: Convert packaged air conditioners for hot water/chilled water service. Connect piping system to central energy system.

5000 Building: Convert dual-duct reheat system to dual-duct variable air volume to reduce energy consumption. Add hot water heating coils. Reduce outdoor air quantity. Connect piping system to central energy system. Retain chiller for standby.

Controls: Control systems will be converted to electric from pneumatic. In some instances, systems will be simplified to provide more reliable operation at lowest possible energy cost.

Rehabilitation of Existing Equipment: In order to derive maximum benefit from the central energy system, the existing unit ventilators, air conditioners, pumps, etc., should be thoroughly cleaned. adjusted. and lubricated. Defective motors, damper operators, and other parts should be replaced as necessary. An alternate bid item will be prepared to accomplish this work.

20  
2/2/7  
L\*#7

# EXHIBIT

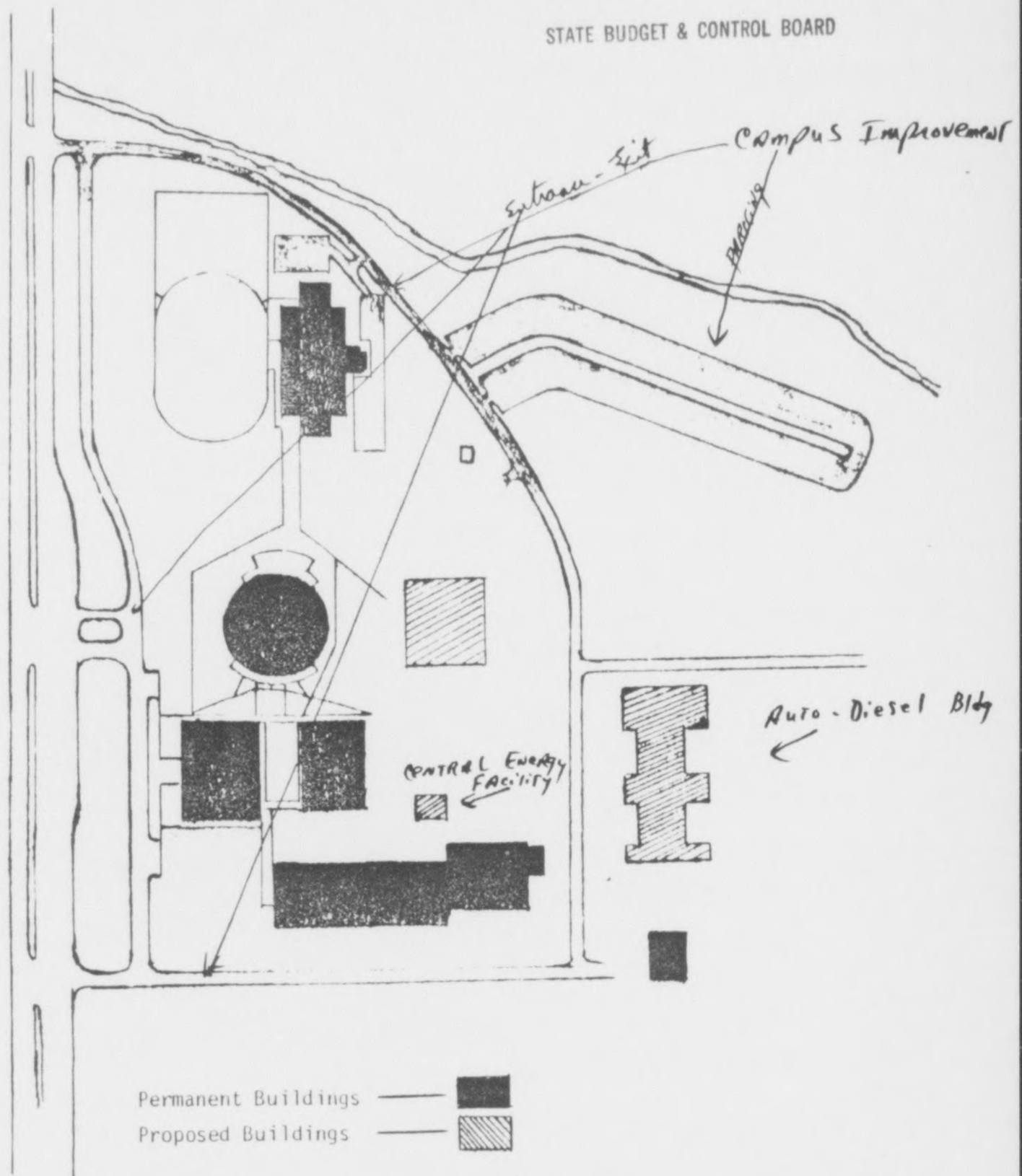
19

JUL 25 1980

NO. 5

STATE BUDGET & CONTROL BOARD

FLORENCE-DARLINGTON TECHNICAL COLLEGE



1310



Clark and McCall, Architects, Inc.  
Hartsville, South Carolina

-----  
Wm. S. Dowis, Jr., AIA  
Architect  
Florence, South Carolina

Central Energy Facility  
Florence-Darlington Technical College  
Florence, South Carolina

Architects' Preliminary Construction Estimate

June 24, 1980

|   |            |
|---|------------|
| Building<br>2,790 Sq. Ft. @ \$32.25                       | \$ 90,000  |
| Equipment/Apparatus/Controls<br>Installed in CEF Building | 198,000    |
| Distribution System<br>(Piping & pumps thru-out Campus)   | 144,000    |
| Existing Equipment Room Conversions                       | 25,000     |
| Energy Conservation Modifications<br>to 5000 Building     | 100,000    |
| Rehabilitation of Existing Equipment                      | 27,000     |
| Electrical Sub-Station Enclosure                          | 32,000     |
| Sub-total (Estimated Construction Cost)                   | \$ 616,000 |
| Architect/Engineering Fee                                 | 37,000     |
| Contingency   | 32,000     |
| Total (Estimated Project Cost)                            | \$ 685,000 |

1311

Clark and McCall, Architects, Inc.  
Hartsville, South Carolina

Wm. S. Dowis, Jr., AIA  
Architect  
Florence, South Carolina

Central Energy Facility  
Florence-Darlington Technical College  
Florence, South Carolina

### OUTLINE SPECIFICATIONS

June 24, 1980

Foundation: Continuous reinforced concrete spread footings for exterior load bearing walls. Continuous reinforced concrete lug footings for interior non-load bearing walls.

Floors: 4" thick reinforced concrete slab on compacted fill. Note: 6" thick reinforced concrete pads for mounting of mechanical equipment/apparatus.

Exterior Walls: 4" face brick with 8" lightweight concrete block. Exterior walls to be load bearing.

Interior Walls: 8" lightweight concrete block.

Roof System: Built-up tar & gravel roof over pre-formed cementitious-wood fiber decking. Open web long-span joists supported by masonry walls.

Doors: Exterior - Steel - flush type; painted  
Interior - Wood - Solid core - flush; painted

Door Frames: All door frames are painted steel.

Windows: Fixed aluminum (Control Room Only).

Interior Finishes: (Equipment Room & Control Room)

Floors - Smooth Troweled Concrete w/Special Colored Finish.  
Resilient Tile

Bases - Epoxy Paint 8" high  
4" High Vinyl Cove

Walls - Painted Concrete Block

Ceilings - Painted Exposed Construction  
Painted Gypsum Board

Heating, Ventilating & Cooling:

Equipment Room - Ventilated Only  
Control Room - Thru-wall Heat Pump

Clark and McCall, Architects, Inc.  
Hartsville, South Carolina

-----  
Wm. S. Dowis, Jr., AIA  
Architect  
Florence, South Carolina

Automotive-Diesel Laboratory Building  
& Campus Improvements  
Florence-Darlington Technical College  
Florence, South Carolina

Architect's Preliminary Construction Estimate

June 24, 1980

|   |              |
|---|--------------|
| Building<br>32,129 Sq. Ft. @ \$35   | \$ 1,125,000 |
| Fixed Equipment (Auto Lifts, Wheel<br>Alignment Equipment, Metal Shelving,<br>Work Benches & Lockers) | 65,000       |
| Furniture & Furnishings (Desks, Chairs,<br>Filing Cabinets, etc.)                                     | 10,000       |
| Campus Site Plan Implementation   | 450,000      |
| Sub-total (Estimated Construction Cost)   | \$ 1,650,000 |
| Architect/Engineering Fee   | 99,000       |
| Contingency   | 63,885       |
| Total (Estimated Project Cost)  | \$ 1,812,885 |

1313



Clark and McCall, Architects, Inc.  
Hartsville, South Carolina

Wm. S. Dowis, Jr., AIA  
Architect  
Florence, South Carolina

Automotive-Diesel Laboratory Building  
Florence-Darlington Technical College  
Florence, South Carolina

# EXHIBIT

## OUTLINE SPECIFICATIONS

JUL 25 1980

NO. 5

June 24, 1980

STATE BUDGET & CONTROL BOARD

Foundation: Continuous reinforced concrete spread footings for exterior & interior load bearing walls.  
Continuous reinforced concrete lug footings for interior non-load bearing walls.

Floors: 4" thick reinforced concrete slab on compacted fill;  
5" thick reinforced concrete slab on compacted fill at  
Automotive Lab & Diesel Lab Areas.

Exterior Walls: 4" face brick with 8" lightweight concrete block. Exterior walls to be load bearing.

Interior Walls: 8" and 12" lightweight concrete block; load bearing and non-load bearing walls.

Roof System: Built-up tar and gravel roof over pre-formed cementitious-wood fiber decking. Open web long-span steel joists supported by steel beams and masonry walls.

Doors: Overhead - Steel, slated, insulated roll-up type; electronically operated.  
Exterior - Steel - flush type; painted.  
Interior - Wood - solid core - flush; stained.

Door Frames: All door frames are painted steel.

Windows: Fixed aluminum with projected hopper sash. Windows are located only in office areas and are minimum in width to conserve energy.

### Interior Finishes:

Floors - Resilient Tile, Broken Quarry Tile, Epoxy-on Steel Troweled Concrete, Colored Concrete and Smooth Troweled Concrete.

Bases - 4" High Vinyl Cove  
Quarry Tile (Bull-nosed & coved)  
Painted Concrete Block (8" high)

Wainscots - Liquid Glaze Paint 6'-6" & 5'-4" high

Walls - Painted Concrete Block  
Liquid Glaze Paint on Concrete Block

Ceilings - Lay-in Acoustical Tile  
Lay-in Gypsum Board Tile  
Exposed Construction Painted

Heating, Ventilating & Cooling: Roof mounted Heat Pumps with economizers zoned for all low-bay areas. High-bay areas to be heated and ventilated only.

1314

# EXHIBIT

OUTLINE  
B & C BOARD STUDY SESSION

JUL 25 1980

NO. 6

July 25, 1980

STATE BUDGET & CONTROL BOARD

- I. Opening Statement (Putnam)
- II. Overview and Purpose (Vaughn)
  - A. Anticipated outcomes of meeting
    - 1. B & C Board briefed on major issues/problems relating to resource allocation
    - 2. Guidance given to staff on allocation policy and procedures
    - 3. Guidance given to staff on major issues
  - B. Review (brief) on planning/budgeting process
  - C. Review of structure of plan/budget request (Griswold)
    - 1. Start from base of FY 80-81 Appropriations Act. Does not include supplemental or deficiency appropriations. Represents the "zero base" from which increases or decreases are calculated. Structured by Program.
    - 2. Base is represented in Maintenance Schedule
      - a. FY 81-82 "Subtotal" represents FY 80-81 Appropriations Act annualized (only increases are annualization of merit and adjusting to new social security and health insurance rates)
      - b. FY 81-82 "Total" represents FY 80-81 Appropriations Act adjusted for inflationary increases anticipated by the agencies. Impact of inflation on operations.
    - 3. Schedule of Additional Increases represents everything above the Maintenance Schedule which the agency is requesting
      - a. Increases are program specific (e.g. apply to a single program)
      - b. Increases prioritized at the agency level
    - 4. Reduction Impact Schedule displays impact of a 5% reduction from the FY 80-81 appropriation for FY 81-82 operations. Each program reduced 5% and prioritized
  - D. Review of FY 81-82 resource constraints (Vaughn)
    - 1. Revenue projection
    - 2. Expenditure limitation
    - 3. Federal funds-revenue sharing, other federal funds reductions, indirect costs
- III. Review of certain procedural issues (Griswold)
  - A. Board discussion on transfer of recurring expenses from the Supplemental Appropriations Act to the General Appropriations Act
  - B. Board discussion on operating expenses associated with capital improvements
  - C. Board discussion on requests for new employees

- D. Board discussion on supplanting lost or capped federal funds with state funds
- E. Board discussion on reallocation of funds based on priority reductions and increases (Schedule of Additional Increases vs Reduction Impact Schedule)
  - 1. Agency internal shifts
  - 2. Interagency shifts to programs of higher priority
- F. Board discussion on inflationary increases
- IV. Review of specific budget issues (Cantrell, Oliver, Griswold)
  - A. Employee salary increases
  - B. Other employee benefits
  - C. Debt Service
  - D. Aid to Subdivisions
  - E. Department of Education
  - F. Higher Education (including TEC)
  - G. Department of Social Services
  - H. Department of Mental Health
  - I. Department of Mental Retardation
  - J. Department of Health & Environmental Control
  - K. Department of Corrections
  - L. Clemson PSA
  - M. Department of Alcohol & Drug Abuse
  - N. Department of Highways & Public Transportation
  - O. Governor's Office
  - P. Other agencies
- V. Board guidance on policy issues (Coles)
- VI. Agency Hearing Procedure (Coles)
- VII. Summary and Conclusion (Vaughn)

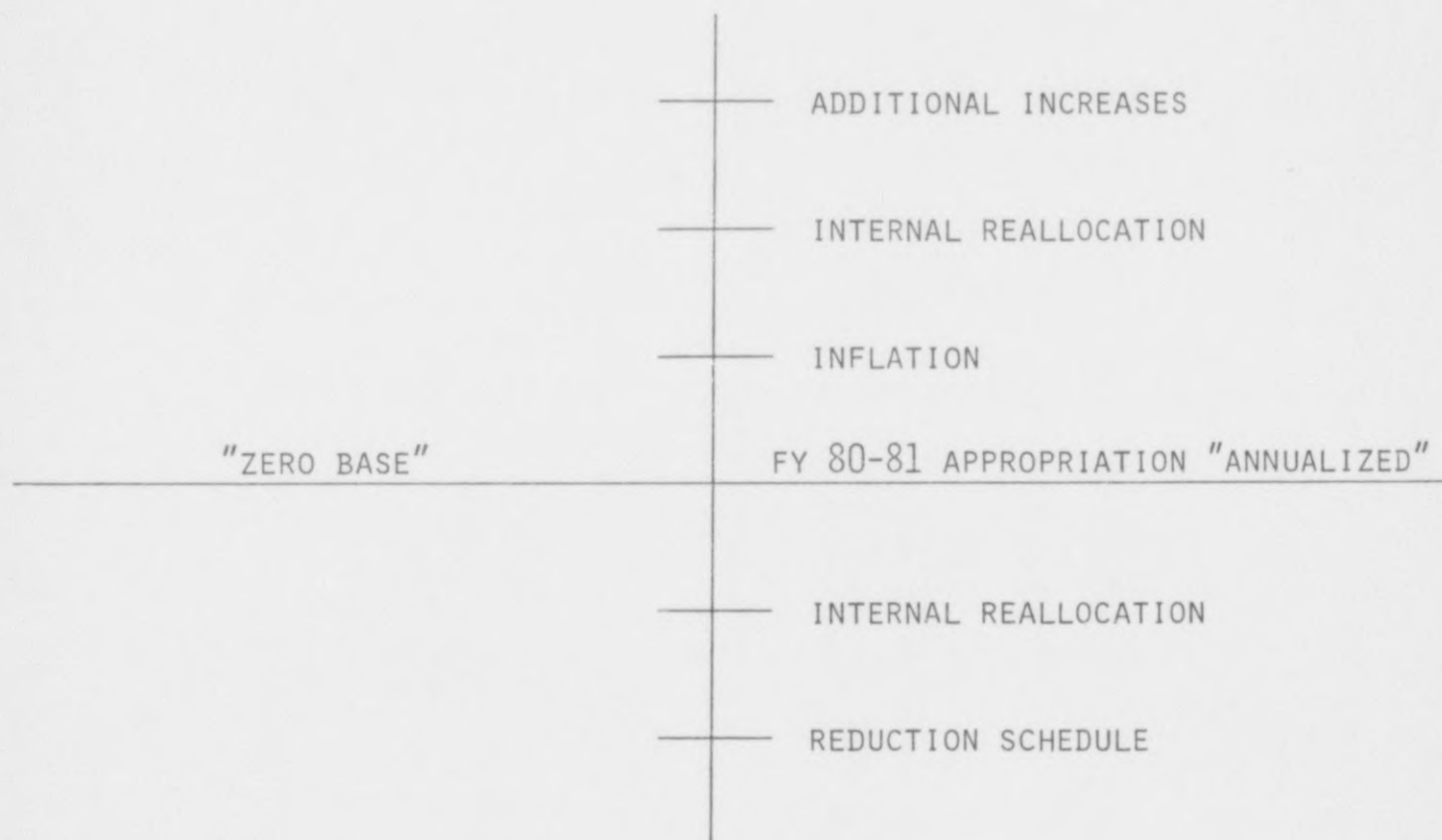


# EXHIBIT

JUL 25 1980 NO. 6

STATE BUDGET & CONTROL BOARD

## INTERNAL STRUCTURE FIVE YEAR PLAN/BUDGET REQUEST



1317

1981-82

FIVE YEAR PLAN  
PROGRAM DESCRIPTION

AGENCY CODE \_\_\_\_\_

PROGRAM CODE \_\_\_\_/\_\_\_\_/\_\_\_\_/\_\_\_\_

AGENCY NAME \_\_\_\_\_

PROGRAM NAME \_\_\_\_\_

PROGRAM OBJECTIVES

PROGRAM ACTIVITIES

PERFORMANCE INDICATORS

FORM 82-P3

1318

1981-82

## FIVE YEAR PLAN

PROGRAM MAINTENANCE  
SCHEDULE

AGENCY CODE \_\_\_\_\_

PROGRAM CODE / /

Page No \_\_\_\_\_

AGENCY NAME \_\_\_\_\_

PROGRAM NAME \_\_\_\_\_

| Line<br>No.<br>(1) | ITEMS<br>(2)  | ACTUAL       |              | APPROPRIATION |              | REQUESTED 81-82 |              |                |               |
|--------------------|---|--------------|--------------|---------------|--------------|-----------------|--------------|----------------|---------------|
|                    |   | 79-80        |              | 80-81         |              | Total<br>(7)    | State<br>(8) | Federal<br>(9) | Other<br>(10) |
|                    |   | Total<br>(3) | State<br>(4) | Total<br>(5)  | State<br>(6) |                 |              |                |               |
| 010                | Personal Service                                      |              |              |               |              |                 |              |                |               |
| 020                | No. of Positions                                      |              |              |               |              |                 |              |                |               |
| 030                | Employer Contributions                                |              |              |               |              |                 |              |                |               |
| 040                | Other Operating Expenses                              |              |              |               |              |                 |              |                |               |
| 050                | Other Items   |              |              |               |              |                 |              |                |               |
| 060                | Allocation For Salary<br>Adjustments                  | XXXXXXXX     | XXXXXXXX     |               |              | XXXXXXXX        | XXXXXXXX     | XXXXXXXXXX     | XXXXXXXXXX    |
| 070                | SUBTOTAL  |              |              |               |              |                 |              |                |               |
| 080                | Salary Increase                                       |              |              |               |              |                 |              |                |               |
| 090                | Increase In Employer<br>Contributions                 |              |              |               |              |                 |              |                |               |
| 100                | Inflationary Increase For<br>Other Operating Expenses |              |              |               |              |                 |              |                |               |
| 110                | Inflationary Increase<br>For Other Items              |              |              |               |              |                 |              |                |               |
| 120                | TOTAL   |              |              |               |              |                 |              |                |               |
| 130                |   | PROJECTIONS  |              |               |              |                 |              |                |               |
| 140                |   | 1982-83      |              |               |              | 1983-84         |              |                |               |
|                    |   | Total        | State        | Federal       | Other        | Total           | State        | Federal        | Other         |
| 150                | Personal Service                                      |              |              |               |              |                 |              |                |               |
| 160                | No. of Positions                                      |              |              |               |              |                 |              |                |               |
| 170                | Employer Contributions                                |              |              |               |              |                 |              |                |               |
| 180                | Other Operating Expenses                              |              |              |               |              |                 |              |                |               |
| 190                | Other Items   |              |              |               |              |                 |              |                |               |
| 200                | TOTAL   |              |              |               |              |                 |              |                |               |

FORM 82-P4

1310



1981-82

FIVE YEAR PLAN

JUSTIFICATION OF ADDITIONAL  
INCREASES

AGENCY CODE \_\_\_\_\_

AGENCY NAME \_\_\_\_\_

PROGRAM CODE \_\_\_\_\_

PROGRAM NAME \_\_\_\_\_

Page No \_\_\_\_\_

PRIORITY # \_\_\_\_\_

RELATIONSHIP OF THIS INCREASE TO PROGRAM OBJECTIVES (listed on 82-P3)

EXPLANATION OF NEED AND PRIORITY ASSIGNMENT

OTHER ALTERNATIVES CONSIDERED

FORM 82-P5

1320

1981-82

## FIVE YEAR PLAN

SCHEDULE OF ADDITIONAL  
INCREASES

AGENCY CODE \_\_\_\_\_

PROGRAM CODE \_\_\_\_/\_\_\_\_/\_\_\_\_

Page No \_\_\_\_\_

AGENCY NAME \_\_\_\_\_

PROGRAM NAME \_\_\_\_\_

| LINE<br>NO.<br>(1) | ITEMS<br>(2)  | BUDGET REQUEST 81-82 |                |              |              | PROJECTED 82-83 |                |              |               | PROJECTED 83-84   |                 |               |               |
|--------------------|---|----------------------|----------------|--------------|--------------|-----------------|----------------|--------------|---------------|-------------------|-----------------|---------------|---------------|
|                    |   | STATE<br>(3)         | FEDERAL<br>(4) | OTHER<br>(5) | TOTAL<br>(6) | STATE<br>(7)    | FEDERAL<br>(8) | OTHER<br>(9) | TOTAL<br>(10) | STATE<br>(11)     | FEDERAL<br>(12) | OTHER<br>(13) | TOTAL<br>(14) |
| 010                | Personal Service  |                      |                |              |              |                 |                |              |               |                   |                 |               |               |
| 020                | No. of Positions  |                      |                |              |              |                 |                |              |               |                   |                 |               |               |
| 030                | Employer<br>Contributions   |                      |                |              |              |                 |                |              |               |                   |                 |               |               |
| 040                | Other Operating<br>Expenses   |                      |                |              |              |                 |                |              |               |                   |                 |               |               |
| 050                | Other Items   |                      |                |              |              |                 |                |              |               |                   |                 |               |               |
| 060                | Allocation<br>For Salary<br>Adjustments   |                      |                |              |              |                 |                |              |               |                   |                 |               |               |
| 070                | TOTAL   |                      |                |              |              |                 |                |              |               |                   |                 |               |               |
| 210                | IF FUNDING FOR THIS INCREASE IS NOT RECOMMENDED BY THE BUDGET & CONTROL BOARD, WOULD YOU PREFER AN INTERNAL REDUCTION TO FUND THIS INCREASE? YES <input type="checkbox"/> NO <input type="checkbox"/> |                      |                |              |              |                 |                |              |               |                   |                 |               |               |
| 220                | IF YES, FROM WHAT PROGRAM(S)? (USE PROGRAM CODES)   |                      |                |              |              |                 |                |              |               | PRIORITY NO _____ |                 |               |               |

FORM 82 P6

1301

Page No

PRIORITY #

1981-82

FIVE YEAR PLAN

REDUCTION IMPACT ASSESSMENT

AGENCY CODE

PROGRAM CODE / /

AGENCY NAME

PROGRAM NAME

PROGRAM/SERVICE IMPACT

JUSTIFICATION OF PRIORITY ASSIGNMENT

OPERATIONAL IMPACT

FORM 82-P7

1322



1981-82

## FIVE YEAR PLAN

## REDUCTION IMPACT SCHEDULE

AGENCY CODE \_\_\_\_\_

PROGRAM CODE \_\_\_\_/\_\_\_\_/\_\_\_\_/\_\_\_\_

AGENCY NAME \_\_\_\_\_

PROGRAM NAME \_\_\_\_\_

Page No \_\_\_\_\_

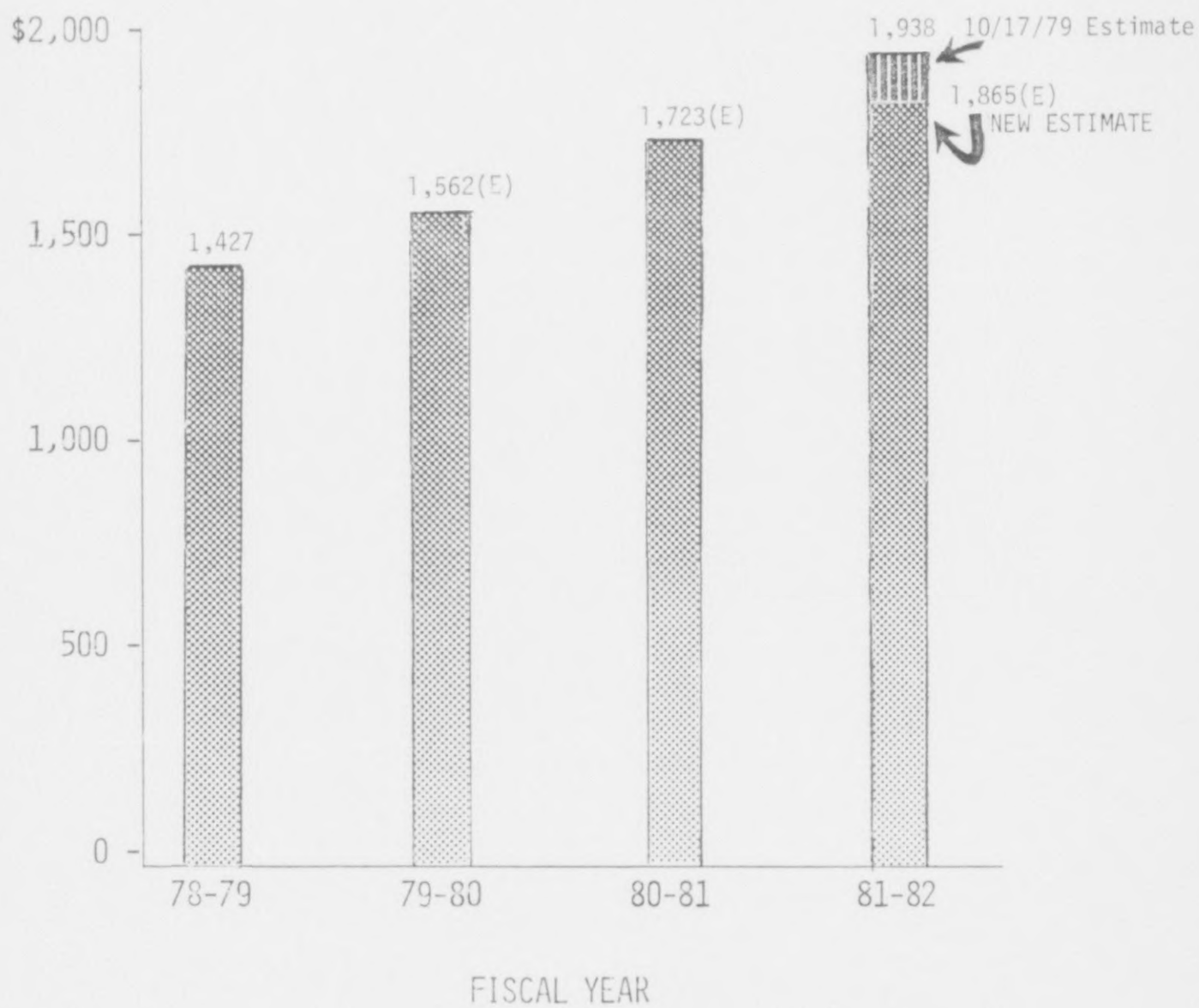
| FY 80-81 BUDGET REDUCED BY 5% |   |              |                |              |              |
|-------------------------------|---|--------------|----------------|--------------|--------------|
| LINE<br>NO (1)                | ITEMS<br>(2)  | STATE<br>(3) | FEDERAL<br>(4) | OTHER<br>(5) | TOTAL<br>(6) |
| 010                           | Personal Service  |              |                |              |              |
| 020                           | No. of Positions  |              |                |              |              |
| 030                           | Employer Contributions  |              |                |              |              |
| 040                           | Other Operating Expenses  |              |                |              |              |
| 050                           | Other Items   |              |                |              |              |
| 060                           | Allocation for Salary<br>Adjustments  |              |                |              |              |
| 070                           | TOTAL   |              |                |              |              |
| 210                           | Is This Program Essential To Accomplishment of Agency Mission?<br>YES <input type="checkbox"/> PARTIALLY <input type="checkbox"/> NO <input type="checkbox"/> |              |                |              |              |
| 220                           | PRIORITY NUMBER _____   |              |                |              |              |

FORM 82-P8

1003

6

REVENUE ESTIMATES  
(MILLIONS)



EXPENDITURE LIMITATION  
PRELIMINARY ESTIMATE

| <u>PREVIOUS 3 YEARS</u> | <u>CALENDAR YEAR<br/>PERSONAL INCOME</u> | <u>FISCAL YEAR<br/>PERSONAL INCOME</u> | <u>POTENTIAL<br/>EXPENDITURE LIMITATIONS<br/>(MILLIONS)</u> |        |
|-------------------------|--|--|---|--------|
| 1981, 1980, 1979        | 10.5                                     | 11.1                                   | 1908.4  | 1918.7 |
| 1980, 1979, 1978        | 11.9                                     | 12.3                                   | 1932.5  | 1939.4 |



ESTIMATED  
LIMITATION ON PERSONNEL  
FY 1981-82

|  |       |
|--|-------|
| POPULATION GROWTH FY 81 TO FY 82                   | 1.52% |
| POTENTIAL NEW POSITIONS POSSIBLE                   | 770*  |
| AVERAGE ANNUAL POPULATION GROWTH<br>FY 81 TO FY 85 | 1.5%  |

\* DERIVED FROM AN ESTIMATED FTE OF 50,000

# EXHIBIT

JUL 25 1980 NO. 6

## STATUS FEDERAL FUNDS SOUTH CAROLINA

STATE BUDGET & CONTROL BOARD

|                          |                |
|--------------------------|----------------|
| FUNDS RECEIVED, 1979-80  | \$ 984,770,025 |
| FUNDS ESTIMATED, 1980-81 | 1,072,314,720  |

### IMPACT OF PROJECTED FEDERAL PROGRAM CUTS

| <u>PROGRAM</u>                            | <u>1980-1981</u> | <u>1981-1982</u> |
|---|------------------|------------------|
| STATE GENERAL REVENUE SHARING             | \$23,800,000     | \$31,000,000     |
| LAW ENFORCEMENT ASSISTANCE ADMINISTRATION | No Impact        | 4,300,000        |
| ALCOHOL & DRUG ABUSE FORMULA GRANTS       | No Impact        | 1,300,000        |
| HEALTH INCENTIVE PROGRAM - HHS (314d)     | 800,000          | 1,100,000        |
| DEPARTMENT OF EDUCATION - IMPACT AID      | 400,000          | 4,800,000        |
| CETA PROGRAM - YACC                       | 600,000          | 800,000          |
| TOTAL                                     | \$28,900,000     | \$43,300,000     |

### MANDATED STATE MATCHING INCREASES

| <u>PROGRAM</u>                            | <u>1980-1981</u> | <u>1981-1982</u> |
|---|------------------|------------------|
| MEDICAID MATCH INCREASE - FORMULA CHANGE  | No Impact        | \$ 750,000       |
| USC - MEDICAL SCHOOL (CONTRACT PHASE OUT) | No Impact        | 2,700,000        |

1327

81-82 PRELIMINARY ANALYSIS  
1980 SUPPLEMENTAL ITEMS THAT ARE RECURRING

PART I

|  |           |
|--|-----------|
| SENATE                                       | 25,000    |
| HOUSE OF REPRESENTATIVES                     | 12,000    |
| SPECIAL SERVICES - BOTH HOUSES               | 6,500     |
| LEGISLATIVE COUNCIL                          | 80,000    |
| LEGISLATIVE INFORMATION SYSTEM               | 103,636   |
| COMMISSION ON APPELLATE DEFENSE              | 77,223    |
| LANDER COLLEGE                               | 28,000    |
| COASTAL CAMPUS - USC                         | 92,080    |
| SPARTANBURG CAMPUS - USC                     | 87,460    |
| DEPARTMENT OF HEALTH & ENVIRONMENTAL CONTROL | 105,588   |
| DEPARTMENT OF MENTAL HEALTH                  | 745,946   |
| DEPARTMENT OF MENTAL RETARDATION             | 213,693   |
| COMMISSION ON ALCOHOL & DRUG ABUSE           | 102,356   |
| DEPARTMENT OF SOCIAL SERVICES                | 3,750,000 |
| PROBATION, PAROLE & PARDON BOARD             | 16,500    |
| BOARD OF ACCOUNTANCY                         | 11,999    |
| BOARD OF ARCHITECTURAL EXAMINERS             | 4,750     |

|                |                  |
|----------------|------------------|
| TOTAL - PART I | <u>5,462,731</u> |
|----------------|------------------|

PART III

|                     |                   |
|---------------------|-------------------|
| AID TO SUBDIVISIONS | <u>23,640,669</u> |
|---------------------|-------------------|

|             |                          |
|-------------|--------------------------|
| GRAND TOTAL | <u><u>29,103,400</u></u> |
|-------------|--------------------------|



# NEW FACILITIES/OPERATIONAL IMPACT \*\*

|        | <u>MENTAL RETARDATION</u> |                |                               |   |   |
|--------|---------------------------|----------------|-------------------------------|---|---|
|        | <u>1979-80</u>            | <u>1980-81</u> | <u>1981-82</u>                | <u>1982-83</u>                              | <u>1983-84</u>                              |
| BEDS * | 2,324                     | 2,546          | 2,758                         | 2,862                                       | 2,906                                       |
| NEW    |                           | 222            | 212                           | 104   | 44  |
|        |                           |                | <u>REQUESTED<br/>INCREASE</u> | <u>PROJECTED<br/>REQUESTED<br/>INCREASE</u> | <u>PROJECTED<br/>REQUESTED<br/>INCREASE</u> |
|        |                           |                | \$ 2,221,000                  | \$ 3,595,000                                | \$ 4,427,000                                |

NOTE: CALCULATIONS DO NOT INCLUDE OPERATING EXPENSES ASSOCIATED WITH PERSONNEL COSTS.

\* PHASING IN OF CLIENTS INTO MEDICAID-CERTIFIED RESIDENTIAL UNITS

+ INCLUDES INFLATION FACTOR

|                     | <u>DEPARTMENT OF CORRECTIONS</u> |                     |                      |
|---------------------|----------------------------------|---------------------|----------------------|
|                     | <u>1981-82</u>                   | <u>1982-83</u>      | <u>1983-84</u>       |
|                     | (4) NEW FACILITIES               | (6) NEW FACILITIES  | (4) NEW FACILITIES   |
| NEW STATE POSITIONS | 81                               | 492                 | 268                  |
| PERSONAL SERV. COST | \$ 788,000                       | \$ 6,768,000        | \$ 14,923,000        |
| OPERATING EXP.      | <u>261,000</u>                   | <u>1,045,000</u>    | <u>2,782,000</u>     |
| TOTAL REQUEST.      | <u>\$ 1,049,000</u>              | <u>\$ 7,813,000</u> | <u>\$ 17,705,000</u> |

\*\* DOLLAR (\$) AMOUNTS ARE CUMULATIVE

## NEW FACILITIES/OPERATIONAL IMPACT

### MENTAL RETARDATION

#### Policy and/or Objective

The Department of Mental Retardation is committed to:

1. full utilization of the Medicaid funds
2. modernization of existing facilities and programs, and
3. implementation of the Community concept

#### Impact

Their request for approximately \$.4 M of increases will automatically be included in their base budget for 82-83 plan. The increases could be delayed or minimized.

#### Alternative

The Budget & Control Board must re-determine if this is a priority area for funding in a year of tight fiscal flexibility.

#### \*\*Example:

|       | <u>1979-80</u> | <u>1980-81</u> | <u>1981-82</u>            | <u>1982-83</u>                         | <u>1983-84</u>                         |
|-------|----------------|----------------|---------------------------|--|--|
| *Beds | 2,324          | 2,546          | 2,758                     | 2,862                                  | 2,906                                  |
| -New  |                | 222            | 212                       | 104                                    | 44                                     |
|       |                |                | <u>Requested Increase</u> | <u>+Projected Cost of 148 new beds</u> | <u>+Projected Cost of 192 new beds</u> |
|       |                |                | \$ 2,221,000              | \$ 3,595,000                           | \$ 4,427,000                           |

\* Phasing in of clients into Medicaid-certified residential units

+ Includes inflation factor

\*\* Calculations do not include operating expenses associated with personnel costs

### DEPARTMENT OF CORRECTIONS

#### Objectives

To bring into operation new prison facilities as approved by the Budget & Control Board

#### Impact

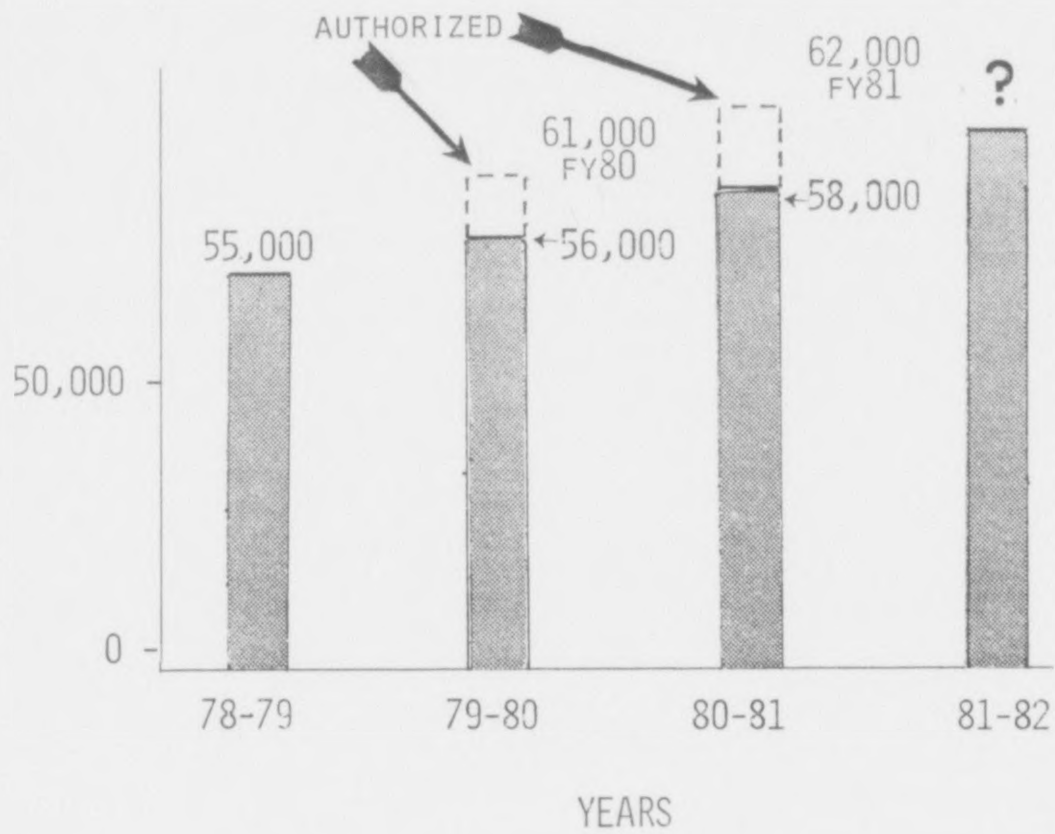
Will relieve over-crowding in prison facilities, bring more efficient facilities into operation

#### Alternative

Continue to operate less cost efficient, over-crowded facilities

|                       | <u>1981-82</u>     | <u>1982-83</u>     | <u>1983-84</u>      |                                    |
|-----------------------|--------------------|--------------------|---------------------|------------------------------------|
|                       | (4) new facilities | (6) new facilities | (4) new facilities  |                                    |
| New State Positions   | 81                 | 492                | 268                 |                                    |
| Personal Service Cost | \$ 788,000         | \$6,768,000        | \$14,923,000        |                                    |
| Operating Expenses    | <u>261,000</u>     | <u>1,045,000</u>   | <u>2,782,000</u>    | Dollar (\$) amounts are cumulative |
| Total Requested       | <u>\$1,049,000</u> | <u>\$7,813,000</u> | <u>\$17,705,000</u> |                                    |

# TOTAL NUMBER OF FULL TIME EMPLOYEES



\*\*\* NUMBER OF PART TIME EMPLOYEES REMAINS STABLE  
AT APPROXIMATELY 1,300 EMPLOYEES.



COMPARATIVE NUMBER OF POSITIONS BY GROUPS  
CLASSIFIED & UNCLASSIFIED

|                                     | <u>JULY 1979</u> | <u>JULY 1980</u> | <u>REQUEST<br/>JULY 1981</u> | <u>CHANGE</u> |
|-------------------------------------|------------------|------------------|------------------------------|---------------|
| SOC/REHAB SERVICES                  | 6,109            | 6,168            | 6,911                        | +743          |
| LAW ENFORCEMENT AND<br>CORRECTIONAL | 3,342            | 3,501            | 4,111                        | +610          |
| HEALTH CARE                         | 14,162           | 14,476           | 15,385                       | +909          |
| HIGHER ED. INSTITUTIONS             | 16,711           | 17,150           | 17,850                       | <u>+700</u>   |
| TOTAL CHANGE                        |                  |                  |                              | +2,962 *      |

\* USING A CONSERVATIVE AVERAGE STATE SALARY OF \$12,800, THESE  
NEW POSITIONS COST THE STATE \$37.9 MILLION IN SALARY EXPENSE ALONE.

COMPARATIVE NUMBER OF POSITIONS BY GROUPS

CLASSIFIED AND UNCLASSIFIED

|   | <u>July 1979</u> | <u>July 1980</u> | <u>Request<br/>July 1981</u> | <u>Change</u> | <u>% of<br/>Incr.</u> |
|---|------------------|------------------|------------------------------|---------------|-----------------------|
| <u>Social Services</u>                    |                  |                  |                              |               |                       |
| Department of Social Services             | 4,739            | 4,807            | 5,527                        | 720           |                       |
| Vocational Rehabilitation                 | 1,165            | 1,151            | 1,169                        | 18            |                       |
| Children's Bureau                         | 31               | 32               | 39                           | 7             |                       |
| Commission for the Blind                  | 144              | 146              | 144                          | - 2           |                       |
| Commission on Aging                       | 29               | 32               | 32                           | 0             |                       |
|   | 6,108            | 6,168            | 6,911                        | + 743         | 12%                   |
| <u>Law Enforcement &amp; Correctional</u> |                  |                  |                              |               |                       |
| Department of Corrections                 | 1,984            | 2,114            | 2,618                        | 504           |                       |
| Probation, Pardon & Parole                | 282              | 297              | 347                          | 50            |                       |
| Youth Services                            | 725              | 731              | 786                          | 55            |                       |
| State Law Enforcement Division            | 351              | 359              | 360                          | 1             |                       |
|   | 3,342            | 3,501            | 4,111                        | + 610         | 17%                   |
| <u>Health Care</u>                        |                  |                  |                              |               |                       |
| Mental Health                             | 5,681            | 5,710            | 5,984                        | 274           |                       |
| Dept. of Health & Env. Control            | 3,787            | 3,798            | 4,160                        | 362           |                       |
| Mental Retardation                        | 4,694            | 4,968            | 5,241                        | 273           |                       |
|   | 14,162           | 14,476           | 15,385                       | + 909         | 6%                    |
| <u>Higher Education Insitutions</u>       |                  |                  |                              |               |                       |
| Francis Marion                            | 266              | 278              | 284                          | 6             |                       |
| University of S.C.                        | 4,653            | 4,986            | 4,967                        | -19           |                       |
| Citadel                                   | 570              | 568              | 583                          | 15            |                       |
| College of Charleston                     | 620              | 641              | 668                          | 27            |                       |
| Clemson University                        | 3,860            | 3,823            | 3,950                        | 127           |                       |
| Winthrop College                          | 631              | 652              | 731                          | 79            |                       |
| Medical University                        | 5,120            | 5,224            | 5,590                        | 366           |                       |
| S.C. State College                        | 728              | 730              | 814                          | 84            |                       |
| Lander College                            | 243              | 228              | 240                          | 12            |                       |
| Commission on Higher Education            | 20               | 20               | 23                           | 3             |                       |
|   | 16,711           | 17,150           | 17,850                       | + 700         | 4%                    |
| <br>TOTAL POSITIONS                       | <br>40,323       | <br>41,295       | <br>44,257                   | <br>+2,962    | <br>7%                |

INCREASES DUE TO CAPPED OR DECREASING  
FEDERAL FUNDS

|    |                                     |  |                      |
|----|-------------------------------------|--|----------------------|
| 1. | COMMISSION ON<br>AGING              | BASIC AGING GRANT<br>TITLE XX            | 31,000<br>200,610    |
| 2. | DEPARTMENT OF<br>CORRECTIONS        | LEAA GRANT<br>(WORK RELEASE PROGRAM)     | 400,000              |
| 3. | DEPARTMENT OF<br>MENTAL HEALTH      | COMMUNITY MENTAL HEALTH<br>CENTERS       | 2,000,000            |
| 4. | DEPARTMENT OF<br>MENTAL RETARDATION | TITLE XX<br>MEDICAID BED CERTIFICATION   | 750,000<br>2,235,000 |
| 5. | VOCATIONAL<br>REHABILITATION        | BASIC VOCATIONAL<br>REHABILITATION GRANT | 2,270,744            |
| 6. | DEPARTMENT OF<br>YOUTH SERVICES     | CAPPED TITLE XX<br>RUNAWAY (HHS)         | 39,357<br>12,000     |
|    | TOTAL                               |  | <u>7,938,711</u>     |



# GENERAL FUND INDIRECT COST RECOVERIES

|            |                              |                |
|------------|------------------------------|----------------|
| FY 1979-80 | ACTUAL: PRELIMINARY          | \$ 6.5 MILLION |
| FY 1980-81 | BUDGETED: APPROPRIATIONS ACT | 9.3 MILLION    |
| FY 1981-82 | PROJECTED: PRELIMINARY       | 10.0 MILLION   |

## MAJOR CONTRIBUTING AGENCIES (IN \$1,000's):

|                                     | ↓            | PERCENT OF TOTAL |
|-------------------------------------|--------------|------------------|
| HEALTH AND ENVIRONMENTAL CONTROL    | \$1,196      | 12.9%            |
| VOCATIONAL REHABILITATION           | 1,113        | 12.0             |
| SOCIAL SERVICES                     | 881          | 9.5              |
| MENTAL RETARDATION                  | 854          | 9.2              |
| GOVERNOR'S OFFICE, OEPP             | 691          | 7.4              |
| MENTAL HEALTH                       | 488          | 5.2              |
| EDUCATION                           | 429          | 4.6              |
| ALCOHOL/DRUG ABUSE                  | 333          | 3.6              |
| BLIND COMMISSION                    | 302          | 3.2              |
| ARCHIVES/HISTORY                    | 277          | 3.0              |
| CORRECTIONS                         | 229          | 2.5              |
| UNIVERSITY OF SOUTH CAROLINA        | 221          | 2.4              |
| LABOR                               | 213          | 2.3              |
| TECHNICAL & COMPREHENSIVE EDUCATION | 159          | 1.7              |
| OTHER AGENCIES                      | <u>1,914</u> | <u>20.5</u>      |
| TOTAL FY 1980-81                    | \$9,300*     | 100.0%           |

\*EXCLUDES: \$3.0 MILLION INDIRECT COSTS, DEPT. OF HIGHWAYS  
AND PUBLIC TRANSPORTATION

\$3.9 MILLION INDIRECT COSTS FROM RESEARCH GRANTS  
AND STUDENT AID, RETAINED BY AGENCIES

INTERNAL REALLOCATION DHEC

| <u>PROGRAM</u>                  | <u>AMOUNT</u>       |
|---------------------------------|---------------------|
| HEALTH SYSTEMS AGENCIES         | \$ 200,000          |
| STATE PARK HEALTH CENTER        | 237,000             |
| LITTER CONTROL                  | 400,000             |
| S.C. RURAL WATER & SEWER GRANTS | 130,000             |
| END STAGE RENAL DISEASE         | 186,000             |
| HEART                           | 40,000              |
| CANCER                          | 1,147,000           |
| EMPLOYEE BENEFITS               | <u>63,000</u>       |
| TOTAL                           | <u>\$ 2,403,000</u> |

1986

SUMMARY ANALYSIS  
FIVE YEAR PLAN

Budget Request Summary - General Fund

|              | 79-80 Actual  | 80-81 Appropriated | 81-82 Requested | 81-82<br>% Increase |
|--------------|---------------|--------------------|-----------------|---------------------|
| Maintenance: |               |                    |                 |                     |
| Annualized   | \$ 41,851,000 | \$ 48,063,000      | \$ 48,927,000   | 2%                  |
| Inflation    | XXX           | XXX                | 1,968,000       | 4%                  |
| SUBTOTAL     | 41,851,000    | 48,063,000         | 50,895,000      | 6%                  |
| Increases    | XXX           | XXX                | 10,174,000      | 20%                 |
| TOTAL        | \$ 41,851,000 | \$ 48,0623,000     | \$ 61,069,000   | 27%                 |

Priority #1 for the DHEC consists of assigned, inflationary and mandated costs beyond the department's control. The provision of these requested funds will sustain this program's objectives at the current level of support and services. DHEC officials felt they would draw attention to their current operating needs more directly by showing it as their first priority. These cuts include rent, nonappropriated increase in merit system expense and other similar items.

In summary DHEC has identified priority #1 type requests in numerous programs throughout the agency that total \$2,244,754. Priority Requests include:

|   |                         |
|---|-------------------------|
| 207 new State positions   |                         |
| Travel expense funds to meet the current allowance of 20¢/mile                                |                         |
| Replacement of federal comprehensive Public Health Service funds 314 (d)                      |                         |
| Purchase of drugs and vaccine   |                         |
| State Park Health Center Hospital Care  |                         |
| Family planning services  |                         |
| Personal health services  | May impact the long     |
| Rent expense on numerous buildings  | term health and welfare |
| Occupational health compliance  | of the population       |
| Radiological health compliance  |                         |
| Water pollution control   |                         |
| Air pollution control (about 20% inflation on lab glassware, chemicals, and testing supplies) |                         |

If DHEC is not granted any increase requests, they are willing to fund nearly all the priority #1 increases from internal reductions/reallocations from other programs.

The programs DHEC would use as a source of funds include:

|  |           |
|--|-----------|
| <u>Health Systems Agencies</u>   |           |
| Basically Stated funds used to augment federal funds. Loss here would not affect DHEC basic mission  | \$200,000 |
| <u>State Park Health Center</u>  |           |
| Would eliminate State appropriation for inmate hospital care.  | 237,000   |
| <u>Litter Control</u>  |           |
| Would eliminate flowthrough monies to counties while still allowing DHEC to continue litter control functions.   | 400,000   |
| <u>S.C. Rural Water &amp; Sewer Grants</u>   |           |
| Would eliminate flowthrough State aid to cities and towns for water sewer grants   | 130,000   |
| <u>End State Renal Disease</u>   |           |
| Would eliminate assistance payment for dialysis services. Balance of appropriation \$50,000 would be redirected toward preventive and educational assistance aspects, planning and limited assistance. | 186,000   |



Heart

This reduction in hospital care, leaving \$76,000 in hospital care. Remaining appropriations would be redirected toward preventive health aspects of heart diseases.

40,000

Cancer

This reduction would be made in hospital care leaving \$87,000 in hospital care and \$340,000 remaining in total appropriations would be used for outpatient services and preventive efforts in this area

1,147,000

Employee Benefits

Reduction in employee benefits relating directly to State Prison Hospital care.

63,000TOTAL

\$ 2,403,000

Total equals a 5% reduction

For the main, these program funds available for reallocation are available because in the judgement of DHEC officials, these programs are not preventive in nature and are not in the strictest sense part of DHEC's missions

Increase Requests

\$ 10,174,000

|                   |              |
|-------------------|--------------|
| Personal Services | \$13,466,000 |
| Other Operating   | 4,047,000    |
| Other Items       | 2,661,000    |

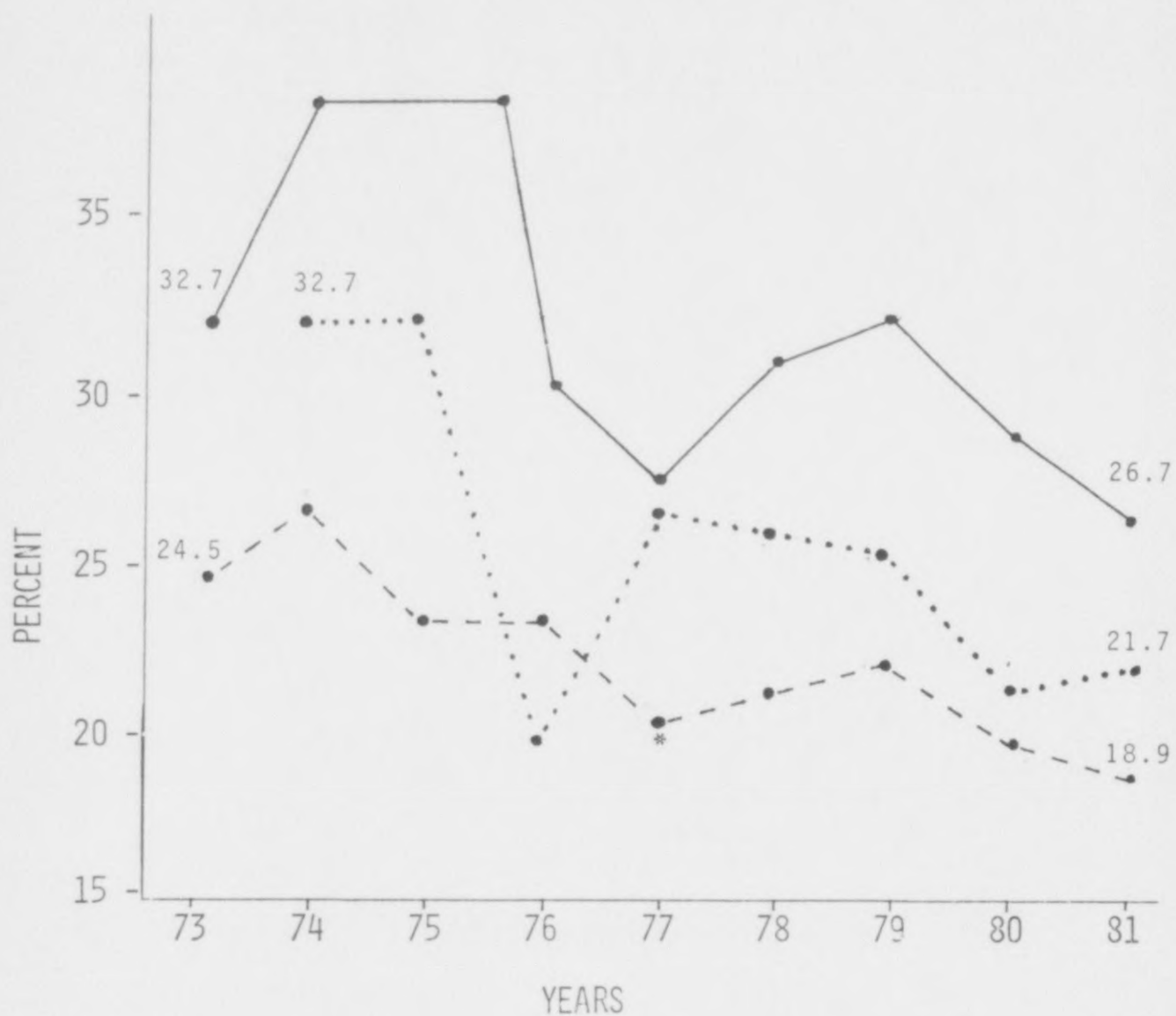
Position Request Summary

| <u>Appropriation</u><br><u>Total</u> | <u>1980-81</u><br><u>State</u> | <u>1981-82</u><br><u>New Request</u> |              | <u>1981-82</u><br><u>Total</u> | <u>Total Request</u><br><u>State</u> |
|--------------------------------------|--------------------------------|--------------------------------------|--------------|--------------------------------|--------------------------------------|
|                                      |                                | <u>Total</u>                         | <u>State</u> |                                |                                      |
| 4,002                                | 2,358                          | 158                                  | 207          | 4,160                          | 2,565                                |

Reduction Impact

DHEC has made a formal request that if a reduction occurs that they be allowed to distribute the reduction rather than reducing the more critical or mandated programs.

# CLEMSON PSA EROSION OF OPERATING EXPENSES



- 1-----OPERATING EXPENSE AS % OF TOTAL BUDGET (TOTAL FUNDS)
- 2———OPERATING EXPENSE AS % OF PERSONAL SERVICE (TOTAL FUNDS)
- 3.....OPERATING EXPENSE AS % OF PERSONAL SERVICE (STATE FUNDS)

\* CHANGE IN DISPLAY OF EMPLOYER CONTRIBUTIONS DISTORTS  
SUBSEQUENT YEARS, DEPRESSING RATIO

1. Line 1 (-----) on graph clearly indicates that OE as % of Total Budget is declining, from a recent 1974 peak of 26.5% to the current level of 18.9%. However, the 1977 change in display of employer contributions may tend to exaggerate the severity of the decline, since the addition of these amounts enlarges the base. However, we can partially adjust for this by means of a 2nd ratio, OE as % of PS (line 2 ———).
2. Line 2 (———) corroborates the first trend, showing that OE as % of PS has also declined since 1974, falling from a high of 36.1% in 1974 to 26.7% in 1981. This means that proportionately less operating money is available for each dollar of personal service money expended. In constant dollars, there is 9.4 cents less operating expense money for each dollar of personal service money.
3. Line 3 (·····) shows that more and more the State is relying on federal and other sources of funding to support operating expenses, the bulk of appropriations increases having been directed to personal service and fringe benefits for the last 4 fiscal years. The prudence of this funding trend should be questioned, though the proper course is by no means clear. For example, we already having problems in some areas where



we have effectively minimized the increasing State burden in personal services by insisting that federal and other fund sources bear their proportionate burden for salary adjustment (classic examples - Higher Ed Institutions, Voc. Rehab., Commission on Aging).

Though no supporting quantitative data supports a conclusion here, it seems inevitable that as operating expenses have been constricted, the ratio of fixed operating expenses to total operating expenses has increased, thereby significantly reducing variable funds and reducing agency operating flexibility. This is obviously borne out by the 9.4 cent decline mentioned above (#2).

The ultimate outcome of such a trend, if carried to its theoretical limit, is that we will have employees sitting in offices with no ability to perform any functions, since we would be deprived of all but human and fixed operating resources.

I.E. The big question is - HOW FAR CAN YOU LABOR INTENSIFY STATE BUREACRACIES AND OBTAIN EFFECTIVITY? We may be approaching (if we haven't already passed) a critical limit.

Indication - this example may not be representative, but all evidence suggests that it is. A careful indepth study of trends in funding for operational expenses needs to be undertaken.

## SUMMARY PLAN DATA

### DEBT SERVICE

|                                       |                   |
|---------------------------------------|-------------------|
| Appropriation for 1980-81             | \$ 84,183,709     |
| New Commitments Scheduled for 1981-82 | <u>16,922,480</u> |
| TOTAL 1981-82                         | \$ 101,106,189    |

### Key Issues:

1. Control of increase in capital improvements should be seriously considered. Regardless of what the constitutional limitation on debt might now be, it seems imperative to strive to control the amount of increase from year to year (this year's requested increase amounting to more than 20% of the total for the prior year). Every increase imposes an added burden to future budgets, compounding fiscal problems in the future.
2. Operational expense spinoffs from capital improvements.

# SUMMARY PLAN DATA

| <u>AID TO SUBDIVISIONS</u>   | <u>(MILLIONS)</u> |
|--|-------------------|
| APPROPRIATION FOR 1980-81  | 83.9              |
| SUPPLEMENTAL APPROPRIATION 1980-81   | <u>23.6</u>       |
| TOTAL COMMITMENT 1980-81   | 107.5             |
| ADDITIONAL FUNDS REQUIRED TO MAINTAIN CURRENT<br>FORMULA AT 60%                | 1.4               |
| FUNDS REQUIRED TO CONTINUE LIFTING FREEZE<br>(TO 80% LEVEL)                    | <u>18.0</u>       |
| TOTAL REQUIREMENT  | 126.9             |
| TOTAL ADDITIONAL FUNDS REQUIRED IN EXCESS OF<br>1980-81 REGULAR APPROPRIATION: |                   |
| TO MAINTAIN CURRENT FORMULA  | 25.0              |
| TO CONTINUE LIFTING OF FREEZE  | 43.0              |



# SUMMARY PLAN DATA

## DEPARTMENT OF EDUCATION

|                           |                |
|---------------------------|----------------|
| Appropriation for 1980-81 | \$ 642,702,397 |
| Annualization 1981-82     | 694,338        |
| Base Requirement, 1981-82 | \$ 643,396,735 |

## Inflationary Adjustments Requested

|   |              |
|---|--------------|
| Other Operating Expenses (Excl. Transportation) | 161,256      |
| Transportation Other Op. Ex. (Gas, parts, etc.) | 5,547,824    |
| Other Items - Textbooks                         | 900,724      |
| Transportation (Min Wage - Bus Drivers)         | 1,125,294    |
| All Other                                       | 498,613      |
| TOTAL INFLATIONARY ADJUSTMENTS                  | \$ 8,233,711 |

## 1981-82 Requested Improvements (as yet unprioritized)

| Prior.# | Program/Improvement                   | Amount      |
|---------|---------------------------------------|-------------|
|         | Educ. Finance Act                     | 59,311,632  |
|         | Employee Benefits                     | 29,256,705  |
|         | Transportation (200 new school buses) | 10,073,853  |
|         | School Planning & Building            | 5,857,051   |
|         | Textbooks/AVA Library                 | 2,735,255   |
|         | General Education                     | 865,151     |
|         | Data Center (Computer)                | 742,119     |
|         | New Positions (Total--25)             | 499,234     |
|         | Other Priorities                      | 2,338,675   |
|         | TOTAL REQUESTED IMPROVEMENTS          | 111,679,675 |
|         | TOTAL 1981-82 ADDITIONS               | 120,607,724 |
|         | REQUESTED TOTAL COMMITMENTS, 1981-82  | 763,310,121 |

DEPARTMENT OF EDUCATION continued...

Key Issues:

1. Educational Finance Act - Can legislation be revised to permit a longer phase-in period for full implementation of EFA?
2. Transportation - Can purchase of 200 new buses be delayed by reconditioning older units? Are school bus repair shops monitored for efficiency? Have we explored possibilities for contracting for school maintenance with private firms? Why is ten years the magic number for replacement?
3. Funding for textbooks/AVA has come through the supplemental appropriation in 1979-80 but is a recurring expenditure.
4. School Planning/Building - These amounts are capital improvements. Brought on in part by demand for more classroom space as a result of mandated decrease in teacher/pupil ratios, energy efficiency renovation, etc. Can such improvements be contemplated in a year of extreme restriction of revenues?
5. Data Center - Major item is new computer which will require staff expansion as well. Again, can capital improvements of such magnitude be contemplated in a year of fiscal austerity?
6. Inflationary Adjustments - Adjustments for transportation will be difficult, if not impossible, to avoid unless the number of buses in operation is curtailed.
7. General Comment - Nearly all reductions cut services, leaving number of personnel intact. Suggests that a centrally directed RIF policy would be needed to curtail administrative overhead.
8. Employee Benefits - Increases in Employer Contributions rates and expanded number of personnel as required by the Defined Minimum Program account for the large amount of this increase.
9. Federal Funds - (a) The Department of Education is requesting a \$500,000 increase in State funds in the Vocational Education program due to a formula cap on Vocational Education funds. This increase is necessary to maintain their base operations. (b) There is a potential loss of \$4.8 million in impact aid. The major impact of this reduction is on 35 local school districts as opposed to a direct impact on the Department of Education. This loss is not reflected or carried as a part of the Department's budget but may create pressures at the local level.

# AGENCY SUMMARY

AGENCY: Department of Education

|                               |                        | ACTUAL<br>79-80 | PLANNED EXP.<br>80-81 |  | BASE BUDGET<br>MINIMUM | 1981-82   |           | PRIORITY<br>INCREASES | TOTAL REQUEST<br>1981-82 |
|-------------------------------|------------------------|-----------------|-----------------------|--|------------------------|-----------|-----------|-----------------------|--------------------------|
|                               |                        |                 |                       |  |                        | SALARY    | INFLA.    |                       |                          |
| PERSONAL SERVICE              | <i>General Fund</i>    | 14,288,587      | 15,894,327            |  | 16,138,665             | 1,422,734 | xx        | 502,574               | 18,063,973               |
|                               | <i>Federal</i>         | xx              | xx                    |  | 4,007,860              | 349,969   | xx        | 0                     | 4,357,829                |
|                               | <i>Other (Specify)</i> | xx              | xx                    |  | 565,575                | 49,678    | xx        | 0                     | 615,353                  |
| TOTAL PERSONAL SERVICE        |                        | 17,904,986      | 20,382,799            |  | 20,712,200             | 1,822,381 | xx        | 502,574               | 23,037,155               |
| OTHER OPERATING EXPENSE       | <i>General Fund</i>    | 23,551,744      | 24,190,209            |  | 24,190,209             | xx        | 5,709,080 | 11,470,635            | 41,369,924               |
|                               | <i>Federal</i>         | xx              | xx                    |  | 1,215,389              | xx        | 0         | 0                     | 1,215,389                |
|                               | <i>Other (Specify)</i> | xx              | xx                    |  | 830,018                | xx        | 0         | 587,000               | 1,419,018                |
| TOTAL OTHER OPERATING EXPENSE |                        | 25,839,446      | 26,710,450            |  | 26,237,616             | xx        | 5,709,080 | 12,057,635            | 44,004,331               |
| OTHER ITEMS                   | <i>General Fund</i>    | 542,481,133     | 602,617,861           |  | 602,617,861            | xx        | 2,524,631 | 99,706,456            | 704,848,948              |
|                               | <i>Federal</i>         | xx              | xx                    |  | 160,868,914            | xx        | 0         | 529,268               | 161,398,182              |
|                               | <i>Other (Specify)</i> | xx              | xx                    |  | 160,622                | xx        | 0         | 0                     | 160,622                  |
| TOTAL OTHER ITEMS             |                        | 694,630,305     | 760,160,654           |  | 763,647,397            | xx        | 2,524,631 | 100,235,724           | 866,407,752              |
| GRAND TOTAL                   |                        | 738,374,747     | 807,253,903           |  | 810,597,213            | 1,822,381 | 8,236,711 | 112,795,933           | 933,452,238              |
| FUND SOURCE                   | <i>General Fund</i>    | 580,321,464     | 642,702,397           |  | 642,946,735            | 1,422,734 | 8,236,711 | 111,679,665           | 764,285,845              |
|                               | <i>Federal</i>         | xx              | xx                    |  | 166,092,163            | 349,969   | 0         | 529,268               | 166,971,400              |
|                               | <i>Other (Specify)</i> | xx              | xx                    |  | 1,558,622              | 49,678    | 0         | 587,000               | 2,194,800                |
| TOTAL FUND SOURCE             |                        | 738,374,737     | 807,253,903           |  | 810,597,213            | 1,822,381 | 8,236,711 | 112,795,933           | 933,452,238              |

NUMBER OF EMPLOYEES 1,098



ANALYSIS OF INCREASES  
GENERAL FUND

AGENCY: DEPARTMENT OF EDUCATION

|                             |             |
|-----------------------------|-------------|
| APPROPRIATION 1980-81       | 642,702,397 |
| ANNUALIZATION               | 694,338     |
| BASE BUDGET MINIMUM 1981-82 | 643,396,735 |

INFLATIONARY ADJUSTMENTS REQUESTED

| <u>ITEM</u>                                     | <u>AMOUNT</u> |
|---|---------------|
| Other Operating Expenses (Excl. Transportation) | 161,256       |
| Transportation Other Op. Ex. (Gas, parts, etc.) | 5,547,824     |
| Other Items - Textbooks                         | 900,724       |
| Transportation (Min Wage - Bus Drivers)         | 1,125,294     |
| All Other                                       | 498,613       |
|   | 8,233,711     |
| TOTAL INFLATIONARY ADJUSTMENTS:                 | 8,233,711     |
| TOTAL MAINTENANCE REQUEST:                      | 651,630,446   |

REQUESTED PROGRAM IMPROVEMENTS

| <u>PRIORITY</u> | <u>PROGRAM/IMPROVEMENT</u>            | <u>AMOUNT</u> |
|-----------------|---------------------------------------|---------------|
|                 | Educ. Finance Act                     | 59,311,632    |
|                 | Employee Benefits                     | 29,256,705    |
|                 | Transportation (200 new school buses) | 10,073,853    |
|                 | School Planning & Building            | 5,857,051     |
|                 | Textbooks/AVA Library                 | 2,735,255     |
|                 | General Education                     | 865,151       |
|                 | Data Center (Computer)                | 742,119       |
|                 | New Positions (Total--25)             | 499,234       |
|                 | Other Priorities                      | 2,338,675     |
|                 |                                       | 111,679,675   |
|                 | TOTAL REQUESTED IMPROVEMENTS          | 111,679,675   |

TOTAL:  763,310,121

# ANALYSIS OF DECREASES

AGENCY DEPARTMENT OF EDUCATION

|                        |             |
|------------------------|-------------|
| APPROPRIATION 1980-81  | 642,702,397 |
| TOTAL 5% REDUCTION     | 32,135,120  |
| POTENTIAL REDUCED BASE | 610,567,275 |

## PROGRAM REDUCTIONS

| <u>PRIORITY</u> | <u>PROGRAM/REDUCTION IMPACT</u> | <u>REDUCED BUDGET (General Fund)</u> |
|-----------------|---------------------------------|--------------------------------------|
|                 | Superintendent                  | 247,512                              |
|                 | State Board                     | 38,789                               |
|                 | Deputy Superintendents          | 191,362                              |
|                 | Finance                         | 2,002,020                            |
|                 | Personnel                       | 181,208                              |
|                 | Adult Education                 | 2,946,931                            |
|                 | General Education               | 4,579,000                            |
|                 | Vocational Education            | 1,023,036                            |
|                 | Instructional Television        | 752,644                              |
|                 | Programs for Handicapped        | 266,683                              |
|                 | Teacher Education/Certification | 1,008,162                            |
|                 | Textbooks/AVA Library           | 7,375,300                            |
|                 | Technical Assistance            | 99,965                               |
|                 | Transportation                  | 40,222,984                           |
|                 | School Planning/Building        | 18,409,816                           |
|                 | School Food Services            | 1,034,941                            |
|                 | Finance (Aud/Fld Serv)          | 178,896                              |
|                 | Planning                        | 140,063                              |
|                 | Research                        | 1,609,751                            |
|                 | Education Products Center       | 189,591                              |
|                 | Public Information              | 118,378                              |
|                 | Educational Data Center         | 729,192                              |
|                 | Education Finance Act           | 427,298,778                          |
|                 | Employee Benefits               | 99,898,174                           |

## KEY ISSUES

AGENCY: DEPARTMENT OF EDUCATION

1. Educational Finance Act - Can legislation be revised to permit a longer phase-in period for full implementation of EFA?
2. Transportation - Can purchase of 200 new buses be delayed by reconditioning older units? Are school bus repair shops monitored for efficiency? Have we explored possibilities for contracting for school maintenance with private firms? Why is ten years the magic number for replacement?
3. Funding for textbooks/AVA has come through the supplemental appropriation in 1979-80 but is a recurring expenditure.
4. School Planning/Building - These amounts are capital improvements. Brought on in part by demand for more classroom space as a result of mandated decrease in teacher/pupil ratios, energy efficiency renovation, etc. Can such improvements be contemplated in a year of extreme restriction of revenues?
5. Data Center - Major item is new computer which will require staff expansion as well. Again, can capital improvements of such magnitude be contemplated in a year of fiscal austerity?
6. Inflationary Adjustments - Adjustments for transportation will be difficult, if not impossible, to avoid unless the number of buses in operation is curtailed.
7. General Comment - Nearly all reductions cut services, leaving number of personnel intact. Suggests that a centrally directed RIF policy would be needed to curtail administrative overhead.
8. Employee Benefits - Increases in Employer Contributions rates and expanded number of personnel as required by the Defined Minimum Program account for the large amount of this increase.
9. Federal Funds - (a) The Department of Education is requesting a \$500,000 increase in State funds in the Vocational Education program due to a formula cap on Vocational Education funds. This increase is necessary to maintain their base operations. (b) There is a potential loss of \$4.8 million in impact aid. The major impact of this reduction is on 35 local school districts as opposed to a direct impact on the Department of Education. This loss is not reflected or carried as a part of the Department's budget but may create pressures at the local level.



# SUMMARY PLAN DATA

## HIGHER EDUCATION INSTITUTIONS

|                        | 1980-81<br>APPROPRIATION | ANNUALIZATION/FORMULA<br>INCREASE | 1981-82<br>FORMULA ALLOCATION |
|------------------------|--------------------------|-----------------------------------|-------------------------------|
| Citadel                | 9,053,687                | 703,705                           | 9,757,392                     |
| Clemson                | 40,311,737               | 4,858,177                         | 45,169,914                    |
| College of Charleston  | 10,860,183               | 923,584                           | 11,783,767                    |
| Francis Marion         | 5,873,482                | 515,519                           | 6,389,001                     |
| Lander                 | 3,995,094                | 426,436                           | 4,421,530                     |
| S. C. State College    | 11,477,057               | (794,082)                         | 10,682,975                    |
| Winthrop               | 11,220,176               | 1,195,188                         | 12,415,364                    |
| U.S.C. -All Campuses   | 95,042,929               | 12,548,899                        | 107,591,828                   |
| Medical Univ. of S. C. | 70,044,803               | 475,526                           | 70,520,329                    |
|                        | 257,879,148              | 20,852,952                        | 278,732,100                   |

Additional 1981-82 Requirement for FULL Formula Funding at Present Enrollment Level:

|                       |            |
|-----------------------|------------|
| Citadel               | 842,065    |
| Clemson               | 4,552,113  |
| College of Charleston | 1,016,941  |
| Francis Marion        | 429,989    |
| Lander                | 435,838    |
| S. C. State College   | 956,502    |
| Winthrop              | 1,023,607  |
| U.S.C. -All Campuses  | 13,659,697 |
| TOTAL                 | 22,916,752 |

Higher Education - Other Priorities:

|   |           |           |
|---|-----------|-----------|
| Citadel - All                             |           | 642,516   |
| College of Charleston - All               |           | 248,365   |
| Lander - All                              |           | 79,375    |
| Francis Marion - All                      |           | 41,021    |
| S. C. State College                       |           |           |
| #2 - Instruction (Maintain Current Level) | 866,167   |           |
| All Other                                 | 1,655,556 |           |
| Total S. C. State College                 |           | 2,521,723 |
| Clemson                                   |           |           |
| #2 - Full formula funding (growth)        | 391,612   |           |
| #3 - Alternative Energy Sources           | 750,000   |           |
| #4 - Library - Acquisitions               | 504,000   |           |
| #5 - Lab Equipment                        | 1,034,325 |           |
| #6 - Lab Equipment                        | 500,000   |           |
| #7 - Renovations (Instruction)            | 429,000   |           |
| All other                                 | 2,142,325 |           |
| Total Clemson                             |           | 5,751,262 |

Higher Education - Other Priorities continued:

|  |                   |            |
|--|-------------------|------------|
| Winthrop   |                   |            |
| #2 - Library - Acquisitions                              | 43,962            |            |
| #3 - Instruction   | 221,883           |            |
| All other except last                                    | 1,041,168         |            |
| #17- Vehicle Replacements, Repairs, etc.                 | 1,640,651         |            |
| Total Winthrop   |                   | 2,947,664  |
| USC - All Campuses                                       |                   |            |
| Coastal Carolina - All                                   | 415,000           |            |
| Aiken - All  | 282,199           |            |
| Lancaster - All  | 50,000            |            |
| Spartanburg - All  | 391,200           |            |
| Union - All  | 80,893            |            |
| Beaufort - All   | 60,040            |            |
| Sumter - All   | 120,000           |            |
| Salkchatchie - All                                       | 79,913            |            |
| Main Campus  |                   |            |
| #2A - Institutional Support(Computer Equip)              | 675,000           |            |
| #2B - Library - Acquisitions                             | 750,000           |            |
| #2C - Instruction - Educ. Equipment                      | 2,647,717         |            |
| All Other  | 250,000           |            |
| Total USC  |                   | 5,801,962  |
| Total MUSC Requests (see following page)                 |                   | 13,347,728 |
| Total Higher Education Improvements/Increases Requested: |                   |            |
| Formula Allocation Adjustment                            | 20,852,952        |            |
| Full Formula Funding                                     | 22,916,752        |            |
| Improvements - Other                                     | <u>31,381,616</u> |            |
| GRAND TOTAL OF REQUESTED INCREASES                       |                   | 75,151,320 |

## SUMMARY PLAN DATA

EXHIBIT

JUL 25 1980

NO. 6

STATE BUDGET &amp; CONTROL BOARD

MEDICAL UNIVERSITYMedical University Increases

|   |           |            |
|---|-----------|------------|
| Inflationary Increases                  | 5,269,848 |            |
| Priority Increases:                     |           |            |
| #1A Instruction - Nursing               |           |            |
| 33.5 New Positions                      | 733,619   |            |
| Operating Expenses                      | 104,143   |            |
| #1B-F Instruction - Other               |           |            |
| 36 New Positions                        | 1,077,441 |            |
| Operating Expenses                      | 345,800   |            |
| #2 Medical University Hospital          |           |            |
| 7.5 New Positions                       | 150,000   |            |
| Operating Expenses                      | 1,350,000 |            |
| #3 Operation of Plant/Maint.            | 787,000   |            |
| #4-8 Other Priorities                   |           |            |
| 25 New Positions                        | 459,395   |            |
| Operating Expenses                      | 3,070,482 |            |
| TOTAL Inflationary & Priority Increases |           | 13,347,728 |

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# SUMMARY PLAN DATA

## ADDED PERSONNEL COSTS - HIGHER EDUCATION

### Full Formula Funding:

|                       | <u>NEW POSITIONS</u> | <u>COST</u>      |
|-----------------------|----------------------|------------------|
| Clemson               | 61                   | 2,909,269        |
| College of Charleston | 18                   | 288,779          |
| Winthrop College      | 24                   | 468,110          |
| Lander                | 4                    | 83,520           |
|                       | <u>107</u>           | <u>3,749,678</u> |

### Other New Positions:

|                       |            |                  |
|-----------------------|------------|------------------|
| USC                   | 0          | 0                |
| Francis Marion        | 2          | 33,421           |
| Clemson               | 14         | 464,700          |
| Winthrop              | 51         | 784,593          |
| Lander                | 3          | 79,375           |
| Citadel               | 15         | 171,604          |
| S. C. State           | 82.5       | 1,607,044        |
| College of Charleston | 8.5        | 134,450          |
|                       | <u>176</u> | <u>3,275,187</u> |

|             |     |           |
|-------------|-----|-----------|
| TOTAL       | 283 | 7,024,865 |
| Total MUSC  | 102 | 2,420,455 |
| <hr/>       |     |           |
| GRAND TOTAL | 385 | 9,445,320 |

## SUMMARY PLAN DATA

### HIGHER EDUCATION

#### Key Issues:

1. Cost of Personnel Funding - Higher education institutions have repeatedly called attention to requirements that salary increases for positions funded from other sources (especially student fees) be funded from those same sources. Thus every state mandated salary adjustment generates a revenue demand on other fund sources, forcing institutions to reevaluate and often to increase tuition fees. Consequently, there is a tendency for these institutions to seek to shift the personal service burden fully to state funding sources.
2. Full Formula Funding - Can the State increase the funding level to accomplish full formula funding in 1981-82? To accomplish this objective requires creation of 107 new positions and a total additional outlay of \$22,916,752. This amount is above the \$20,852,952 already added by means of the formula allocation. Represents only about a 9% increase, since institutions are funded at 91.3% level.
3. New Positions - Despite a strong gubernatorial suggestion that requests for new positions be held at a minimum level, insitutions of higher education are generally continuing to seek expansion of work force. All institutions except USC are requesting some new positions. Total number of new positions requested for higher education (excluding MUSC) is 283 at an annual cost of \$7,024,865; MUSC's request for 102 additional positions brings the total request to 385 at a cost of \$9,445,320. Since such additions represent a continuing burden to taxpayers they should be examined with great scrutiny.
4. Enrollment trends - Projected at 1.5% annual increase through 1984, level from then until early 1990's. No decline projected until 1990's. Therefore any staffing trends should be very modest insofar as improvements are concerned.

SUMMARY PLAN DATA

STATE BOARD FOR TECHNICAL & COMPREHENSIVE EDUCATION

|                           |                  |
|---------------------------|------------------|
| Appropriation 1980-81     | \$ 51,472,412    |
| Annualization             | <u>1,874,803</u> |
| Base Requirement, 1981-82 | \$ 53,347,215    |

Priority and Inflationary Increases:

|   |               |
|---|---------------|
| Inflation                                   | \$ 118,124    |
| #1 Instruction - DP/MIS Services            | 342,836       |
| #2 Administration - Lease of Office Space   | 40,000        |
| #3 Instruction - New Personnel/Equipment    | 9,113,735     |
| #4 Instruction - Enrollment Growth          | 7,336,757     |
| #5 Industrial Services - Training Materials | <u>31,522</u> |
| TOTAL REQUESTED INCREASES                   | \$ 16,982,974 |
| REQUESTED TOTAL COMMITMENT                  | \$ 70,330,189 |



SUMMARY ANALYSIS  
FIVE YEAR PLAN

Budget Request Summary - General Fund

| Maintenance: | 79-80 Actual  | 80-81 Appropriated   | 81-82 Requested      | 81-82<br>% Increase |
|--------------|---|----------------------|----------------------|---------------------|
| Annualized   | <u>\$110,549,291</u>  | <u>\$118,644,650</u> | <u>\$132,663,861</u> | <u>12%</u>          |
| Increases    | <i>Source:</i><br><i>computer run.</i><br><i>Includes Emp. Benefits</i> |                      | <u>29,323,965</u>    | <u>37%</u>          |
| TOTAL        | <u>\$111,873,447</u>  | <u>\$128,373,702</u> | <u>\$161,987,826</u> | <u>26%</u>          |

TOP PRIORITY INCREASES (34 requests totaling \$29.3 M)

| Prior. # | Program   | Amount                  |
|----------|---|-------------------------|
| 1        | Social Services Title XX-Foster Care<br>Expansion of program to serve additional clients        | \$ 164,686              |
| 1        | AFDC<br>Expansion of services and change in match rate at federal level                         | 1,304,056               |
| 1        | AFDC - Foster Care<br>Program expansion - no increase in amount per client                      | 39,174                  |
| 1        | Medical Assistance Program<br>Expansion of services, inflation and change in match rate for FFP | 15,195,332              |
| 1        | Other Benefit Payments G.A. Regular<br>Expansion of services - growth in caseload               | 30,240                  |
| 1        | Other Benefits Payments - G.A. Ineligible Spouse<br>Program expansion - caseload growth         | 40,320                  |
| 1        | Other Benefit Payments G.A. Residential Care Facilities<br>Program expansion - caseload growth  | 111,098                 |
|          |   | <u>Total 16,885,306</u> |

Comments:

- The increases do not seem to correspond to their objectives and mandated services.
- No serious thought was given to the decisions regarding reductions or reallocation of dollars in order to fund federal programs that are experiencing a reduction of FFP.
- Reduction in Contract Services from \$16.7 M to \$5.7 M. No explanation in the narrative. No proposed reduction in staff.

'over'

- More importance was placed on avoiding quality control errors than on need to provide service during period of inflation and unemployment.

- Continuing trend of presenting a false (or inflated) picture of their fiscal needs.

Example: (Form P10)

|              | <u>79-80</u>  | <u>80-81</u>  | <u>81-82</u>  |
|--------------|---------------|---------------|---------------|
| Total Agency | \$111,873,447 | \$126,373,702 | \$132,663,861 |
| Request      | (110,549,291) | (116,860,421) |               |

- They disregarded instructions, both written and oral.

- calculating the maintenance budget
- dealing with the supplemental
- determining priorities
- overall importance of the Plan

-----  
Reductions:

| <u>Priority</u> | <u>Program</u>         | <u>Amount</u> (5%) |
|-----------------|------------------------|--------------------|
| 1               | Contract Services      | \$ 174,068         |
| 2               | Work Incentive Program | 297,319            |
| 3               | Commissioners Office   | 195,768            |
| 4               | Administrative Office  | <u>7,183,118</u>   |
|                 | TOTAL                  | <u>\$7,850,273</u> |

Comment: This reduction of \$7.8 M would not directly affect direct service delivery to clients according to DSS explanation of 5% reduction.

SUMMARY ANALYSIS  
FIVE YEAR PLAN

Budget Request Summary - General Fund

| Maintenance:            | <u>79-80 Actual</u> | <u>80-81 Appropriated</u> | <u>81-82 Requested</u> | <u>81-82<br/>% Increase</u> |
|-------------------------|---------------------|---------------------------|------------------------|-----------------------------|
| Annualized<br>Inflation |                     |                           | \$83,038,000           | xxxx                        |
| SUBTOTAL                |                     |                           |                        |                             |
| Increases               |                     |                           | 2,203,000              | xxxx                        |
| TOTAL                   |                     | <u>\$80,691,582</u>       | <u>\$85,241,000</u>    |                             |

TOP PRIORITY INCREASES (Agency requested 33 priorities be funded for a total of \$6.7 m)

| <u>Prior. #</u> | <u>Program</u>      | <u>Amount</u> |                   |
|-----------------|---------------------|---------------|-------------------|
| 1.              | Crafts Farrow       | \$1.3m        | 100 new positions |
| 2.              | Maintenance Request | \$2.2m        |                   |

IMPACT:

The agency will obtain a two-year accreditation by the Joint Commission on Accreditation of Hospitals for Crafts-Farrow, thereby retaining the FFP in the medicare and medicaid program.

Other requests are inline with agency objectives and should be considered if funding is available.

If additional priorities are not funded, a reduction in selected services can be expected.

COMMENT:

This plan is very difficult to analyze because the narrative does not necessarily explain the budget calculations.



SUMMARY ANALYSIS  
FIVE YEAR PLAN

Budget Request Summary - General Fund

| Maintenance:            | <u>79-80 Actual</u> | <u>80-81 Appropriated</u> | <u>81-82 Requested</u> | <u>81-82<br/>% Increase</u> |
|-------------------------|---------------------|---------------------------|------------------------|-----------------------------|
| Annualized<br>Inflation | _____               | _____                     | \$53,653,080           | _____                       |
| SUBTOTAL                |                     |                           |                        |                             |
| Increases               | _____               | _____                     | 5,105,060              | _____                       |
| TOTAL                   | <u>\$42,073,574</u> | <u>\$44,109,164</u>       | <u>\$58,758,140</u>    | _____                       |

PRIORITY INCREASES

|  | <u>Amount</u>       | <u>Program Impact</u>                                  | <u>Additional<br/>Personnel</u> |
|--|---------------------|--|---------------------------------|
| 1. Maintain existing programs  | 6,050,884*          | All  |                                 |
| 2. Comply with state audit recommendations<br>and strengthen management    | 433,031             | Adm., Serv. Supp.                                      | 25                              |
| 3. Support for county MR Boards  | +135,000            | Community  |                                 |
| 4. Add 212 certified residential beds<br>and overcome present deficiencies | 2,220,632           | Adm., Serv. Supp.,<br>Residential, Develop.,<br>Health | 153                             |
| A. Whitten      88 renovation  |                     |  |                                 |
| B. Saleeby     44 expansion  |                     |  |                                 |
| C. Coastal    80 expansion   |                     |  |                                 |
| 5. Add 88 community residence beds   | 1,137,972           | Community  | 60                              |
| 6. Increase community services<br>enrollment by 5-10%                      | +397,850            | Community  |                                 |
| 7. Replace Title XX funds  | 750,000             | Community  |                                 |
| 8. Increase genetic counseling by 10%                                      | + 30,575            | Prevention & Research                                  |                                 |
|  | <u>\$11,155,944</u> |  | <u>238</u>                      |

\*Included in the Maintenance Request amount

COMMENTS:

- All requests are in line with AGENCY objectives to move toward community based services.
- There are only three items(+) totaling \$563,425 which are requests generated by the Dept. as increased services rather than being generated by the actions of some unit of central government.
- Approximately \$4.5 million of the requested increase would automatically be included in their base budget for the 82-83 plan.

DEPARTMENT OF HEALTH  
BUDGET PLAN

Budget Request Summary - General Fund

| Maintenance: | 79-80 Actual  | 80-81 Appropriated | 81-82 Requested | 81-82 Increase |
|--------------|---------------|--------------------|-----------------|----------------|
| Annualized   | \$ 41,851,000 | \$ 48,063,000      | \$ 48,927,000   | → 2%           |
| Inflation    | XXX           | XXX                | 1,968,000       | ↓ 4%           |
| SUBTOTAL     | 41,851,000    | 48,063,000         | 50,895,000      | → 6%           |
| Increases    | XXX           | XXX                | 10,174,000      | ↓ 20%          |
| TOTAL        | \$ 41,851,000 | \$ 48,063,000      | \$ 61,069,000   | → 27%          |

Priority #1 for the DHEC consists of assigned, inflationary and mandated costs beyond the department's control. The provision of these requested funds will sustain this program's objectives at the current level of support and services. DHEC officials felt they would draw attention to their current operating needs more directly by showing it as their first priority. These cuts include rent, nonappropriated increase in merit system expense and other similar items.

In summary DHEC has identified priority #1 type requests in numerous programs throughout the agency that total \$2,244,754. Priority Requests include:

- 207 new State positions
  - Travel expense funds to meet the current allowance of 20¢/mile
  - Replacement of federal comprehensive Public Health Service funds 314 (d)
  - Purchase of drugs and vaccine
  - State Park Health Center Hospital Care
  - Family planning services
  - Personal health services
  - Rent expense on numerous buildings
  - Occupational health compliance
  - Radiological health compliance
  - Water pollution control
  - Air pollution control
- May impact the long term health and welfare of the population
- (about 20% inflation on lab glassware, chemicals, and testing supplies)

If DHEC is not granted any increase requests, they are willing to fund nearly all the priority #1 increases from internal reductions/reallocations from other programs.

The programs DHEC would use as a source of funds include:

|  |           |
|--|-----------|
| <u>Health Systems Agencies</u>   |           |
| Basically Stated funds used to augment federal funds. Loss here would not affect DHEC basic mission  | \$200,000 |
| <u>State Park Health Center</u>  |           |
| Would eliminate State appropriation for inmate hospital care.  | 237,000   |
| <u>Litter Control</u>  |           |
| Would eliminate flowthrough monies to counties while still allowing DHEC to continue litter control functions.   | 400,000   |
| <u>S.C. Rural Water &amp; Sewer Grants</u>   |           |
| Would eliminate flowthrough State aid to cities and towns for water sewer grants   | 130,000   |
| <u>End Stage Renal Disease</u>   |           |
| Would eliminate assistance payment for dialysis services. Balance of appropriation \$50,000 would be redirected toward preventive and educational assistance aspects, planning and limited assistance. | 186,000   |

Heart

This reduction in hospital care, leaving \$76,000 in hospital care. Remaining appropriations would be redirected toward preventive health aspects of heart diseases.

40,000

Cancer

This reduction would be made in hospital care leaving \$87,000 in hospital care and \$340,000 remaining in total appropriations would be used for outpatient services and preventive efforts in this area

1,147,000

Employee Benefits

Reduction in employee benefits relating directly to State Prison Hospital care.

63,000

TOTAL

\$ 2,403,000

Total equals a 5% reduction *DHEC*

For the main, these program funds available for reallocation are available because in the judgement of DHEC officials, these programs are not preventive in nature and are not in the strictest sense part of DHEC's missions

Increase Requests

\$ 10,174,000

|                   |              |
|-------------------|--------------|
| Personal Services | \$13,466,000 |
| Other Operating   | 4,047,000    |
| Other Items       | 2,661,000    |

Position Request Summary

| Appropriation<br>Total | 1980-81<br>State | 1981-82<br>New Request |       | 1981-82<br>Total | Total Request<br>State |
|------------------------|------------------|------------------------|-------|------------------|------------------------|
|                        |                  | Total                  | State |                  |                        |
| 4,002                  | 2,358            | 158                    | 207   | 4,160            | 2,565                  |

Reduction Impact

DHEC has made a formal request that if a reduction occurs that they be allowed to distribute the reduction rather than reducing the more critical or mandated programs.



SUMMARY ANALYSIS  
FIVE YEAR PLAN

Budget Request Summary - General Fund

|                   | 79-80 Actual | 80-81 Appropriated | 81-82 Requested | 81-82<br>% Increase |
|-------------------|--------------|--------------------|-----------------|---------------------|
| Maintenance:      |              |                    |                 |                     |
| Annualized        | 36,008,000   | 45,418,000         | 47,382,000 →    | 4.32%               |
| Inflation         | XXX          | XXX                | 1,165,000 ↓     | 2.5%                |
| (Operating/Other) |              |                    |                 |                     |
| SUBTOTAL          | 36,008,000   | 45,418,000         | 48,547,000 →    | 7%                  |
| Increases         | XXX          | XXX                | 9,675,000       | XXX                 |
| TOTAL             | 36,008,000   | 45,418,000         | 58,222,000 →    | 28%                 |

The Department of Corrections has categorized their increase requests into five (5) major categories.

- I. Maintenance of Present Level of Security and Essential Services - this category includes increases to offset shortages in operating expenses to provide necessary staff<sup>not</sup> ongoing daily work, replace equipment beyond economical repair and provide inmate pay in accordance with policy. This category includes priorities #1-6, #8-12, #14 and #16-18.  
\$6,670,132
  - II. Compliance with Statutory Provisions of the Law - This category includes increases necessary to enable the Dept. of Corrections to comply with the code of laws and operational authorization. This request includes priorities #19-21.  
\$ 178,246
  - III. Generation of Revenue and Cost Savings - Includes priorities #7, #15, #22-24. Includes funds to upgrade the farming program, fund new vocational training courses and purchase EDP equipment.  
\$ 694,524
  - IV. Opening of New Institutions as Approved by the Budget and Control Board - Priority #13. Provides equipment as well as staff and operating expense to open, operate and maintain new facilities.  
\$1,049,431
  - V. Correcting Identified Deficiencies - Priority #25-45. Includes funds to correct identified deficiencies throughout the institution and includes staff and equipment.  
\$1,082,479
- TOTAL INCREASE REQUEST \$9,674,812

Position Request Summary -

| Appropriation 1980-81 |       | 1981-82<br>New Request |       | 1981-82 Total Request |       |
|-----------------------|-------|------------------------|-------|-----------------------|-------|
| Total                 | State | Total                  | State | Total                 | State |
| 2,333                 | 2,176 | 285                    | 285   | 2,618                 | 2,461 |

Issues -

1. The most critical priorities being requested by the Dept. of Corrections are funds to sustain current operations that have been inadequately funded during prior years as evidenced by carry over of expenditures into subsequent fiscal years. Would bring staffing up to acceptable levels and replace worn out equipment.
2. The Dept. of Corrections has requested funds to operate newly completed facilities as their #13 priority increase. This prioritizing does not appear to be logically consistent.

'over'

1362

Reduction Priority -

1. The first priority for reduction is the Internal Administration and support. This is logical in light of the effort to have the least impact on the primary mission of the institution. All other reduction priorities are also prioritized in such a manner as to minimize the impact on the primary agency mission.

The affect of such a reduction would appear to be

- to increase the deficit funding pattern that the Dept. of Corrections has become accustomed to
- to decrease the quality of the standard of living for inmates through a reduction of supplies and other critical services
- to decrease other statewide services involving travel for the inspection of penal facilities.

# SUMMARY PLAN DATA

## CLEMSON PSA

|                           |               |
|---------------------------|---------------|
| Appropriation For 1980-81 | \$ 23,044,445 |
| Annualization for 1981-82 | <u>63,956</u> |
| Base Requirement, 1981-82 | \$ 23,108,401 |

### Priority:

|   |                 |
|---|-----------------|
| 1. Enhancement of Faculty Salaries  | 540,665         |
| 2. Operating Expenses - Recoupment of Erosion   | 2,605,019       |
| 3. New Personnel Requested (Reg + Pub Service)<br>3 positions +<br>associated operating expense | 72,585<br>8,000 |
| 4. Inflationary Increases - Maintenance Current Level   | <u>187,647</u>  |
| Total Priority Increases  | 3,413,916       |
| REQUESTED TOTAL COMMITMENT, 1981-82   | \$26,522,317    |

### Key Issues:

1. Faculty salaries for Clemson PSA area have not kept pace in recent years with those of faculty at similar institutions in other states. The enhancement is desired to rectify this situation.
2. Operating expenses have eroded in recent years as a result of continuing inflation not offset by inflationary adjustments. Operating expense as a % of total budget has fallen significantly in recent years (about 7-8 full points).



SUMMARY ANALYSIS  
FIVE YEAR PLAN

Budget Request Summary - General Fund

|                                | <u>79-80 Actual</u> | <u>80-81 Appropriated</u> | <u>81-82 Requested</u> | <u>81-82<br/>% Increase</u> |
|--------------------------------|---------------------|---------------------------|------------------------|-----------------------------|
| Maintenance:                   |                     |                           |                        |                             |
| Annualized                     | 2,692,000           | 2,771,000                 | 2,800,000 →            | 1%                          |
| Inflation<br>(Operating/Other) | XXX                 | XXX                       | 11,600 ↓               | .5%                         |
| SUBTOTAL                       | 2,692,000           | 2,771,000                 | 2,812,000 →            | 1.5%                        |
| Increases                      | XXX                 | XXX                       | 2,623,000              | XXX                         |
| TOTAL                          | 2,692,000           | 2,771,000                 | 5,434,000 →            | 96%                         |

The #1 priority throughout the agency is to replace federal funds that are expected to be reduced severely in 1981-82. The expected reduction of federal funds amounts to \$2,785,913. This loss of federal funds directly affects the primary programs of SCCADB. This federal cut directly affects some (30) employees who carry out these programs.

S.C. Commission on Alcohol & Drug Abuse is proposing that the State fund (24) new positions being approved with related expenses and that the State fund the programs previously funded through federal sources.

Additional Increase Request -

|                                  |                |
|----------------------------------|----------------|
| Personal Services (24) Positions | \$ 565,894     |
| * Other Operating Expenses       | 188,979        |
| Other Items                      | 1,868,564      |
| TOTAL                            | ** \$2,623,437 |

\* This amount would be used to fund programs which are required by law, regulation or contractual agreement. This request for funds consists mainly of replacement funds anticipated to be cut by the federal government. The Commission on Alcohol and Drug Abuse is requesting replacement of 92% of their loss plus \$200,000 for new initiatives.

\*\* A change from a contract mechanism to a grant mechanism will result in indirect cost recoveries to the general fund in the amount of \$232,285.

Personnel Position Summary -

| <u>Appropriation 1980-81</u> |              | <u>1981-82 Requested</u> |              |  |
|------------------------------|--------------|--------------------------|--------------|--|
| <u>Total</u>                 | <u>State</u> | <u>Total</u>             | <u>State</u> |  |
| 89                           | 53           | 83                       | 77           | An increase of 24 new State positions,<br>but a decrease overall of (6) positions. |

Issues -

The key issue is whether or not the State can afford and is willing to begin funding programs previously funded from federal sources. In summary, the S.C. Commission on Alcohol & Drug Abuse anticipates losing 38% of its present total funding through federal cuts and will be unable to carry out in any real fashion its programs.

New initiatives requested total \$200,000 and if there were being requested during a year of normal funding (no federal cuts) the programs appear to have merit and are in line with the agency's mission; however, in light of the drastic federal cuts, consideration of these new requests appears unfeasible.

Program Reductions -

To consider a reduction in State funding in light of the drastic federal cuts in funding is unrealistic. The decision to be made is whether to continue to have a bone fide Alcohol & Drug Abuse program in S.C. or to discontinue the major programs entirely. The only program that could take a reduction in funds and continue to operate near normal is the Internal Administration program which is totally State funded.

# EXHIBIT

## PRELIMINARY ANALYSIS REVENUE AND EXPENDITURES 1981-82 (REVISED) JULY 22, 1980

JUL 25 1980 NO. 6  
STATE BUDGET & CONTROL BOARD

|      |  |                    |                            |
|------|--|--------------------|----------------------------|
| I.   | PRELIMINARY REVENUE ESTIMATE                           |                    | 1,865,000,000              |
|      | 1980-81 BASE APPROPRIATION                             |                    | <u>1,727,025,707</u>       |
|      | REVENUE ABOVE BASE                                     |                    | <u>137,974,293</u>         |
| II.  | <u>LIST OF ANTICIPATED UNCONTROLLABLE EXPENDITURES</u> |                    |                            |
|      | INCREMENTS CONTINUED 80-81                             |                    |                            |
|      | (INCL. CONTRIB.) (ANNUALIZED TO 3.5%)                  | 14,324,805         |                            |
|      | AID TO SUBDIVISION CHANGE IN FORMULA                   | 12,000,000         |                            |
|      | 4TH YEAR-EQUAL FINANCE ACT                             | 59,300,000         |                            |
|      | TEACHER EMPLOYER CONTRIBUTIONS                         |                    |                            |
|      | ADDITIONAL FUNDS                                       | 29,260,000         |                            |
|      | RETIREE BENEFITS                                       | 6,885,000          |                            |
|      | INCREASE IN HEALTH INSURANCE                           | 3,300,000          |                            |
|      | DEBT SERVICE ADDITIONAL                                | 16,922,480         |                            |
|      | INTERMEDIATE COURT OF APPEALS                          | 1,140,969          |                            |
|      | TOTAL  | <u>143,133,254</u> |                            |
|      | BALANCE  |                    | <u>(5,158,961)</u>         |
| III. | <u>OPTIONAL EXPENDITURES</u>                           |                    |                            |
|      | CONSIDERATION FOR STATE EMPLOYEES-                     |                    |                            |
|      | GENERAL BASE PAY 7% INCREASE                           |                    |                            |
|      | INCLUDING CONTRIBUTIONS, CLASSIFIED,                   |                    |                            |
|      | UNCLASSIFIED; AGENCY HEADS                             | 46,203,178         |                            |
|      | 81-82 CLASSIFIED/UNCLASSIFIED INCREMENT                |                    |                            |
|      | 3.5% ON 6/12THS PAYOUT AVERAGE,                        |                    |                            |
|      | INCLUDES CONTRIBUTIONS                                 | <u>12,338,670</u>  |                            |
|      | TOTAL STATE EMPLOYEES BENEFITS                         | <u>58,541,848</u>  |                            |
|      | BALANCE CUMULATIVE                                     |                    | <u>(63,700,809)</u>        |
| IV.  | SUPPLEMENTAL APPROPRIATIONS RECURRING                  |                    |                            |
|      | FROM PART I AND III                                    | <u>29,103,400</u>  |                            |
|      | ESTIMATED TOTAL EXPENDITURES                           | 230,778,502        |                            |
|      | ESTIMATED BALANCE                                      |                    | <u><u>(92,804,209)</u></u> |





JUL 22 1980

STATE OF SOUTH CAROLINA

EXHIBIT

OFFICE OF THE STATE AUDITOR  
P. O. BOX 11333  
COLUMBIA  
29211


EDGAR A. VAUGHN, JR., CPA  
STATE AUDITOR

JUL 25 1980 NO. 6

STATE BUDGET & CONTROL BOARD

July 22, 1980

MEMORANDUM

TO: See Attachment  
FROM: Edgar A. Vaughn   
SUBJECT: July 25th Study Session at Wampee

Arrangements have been made for those who have indicated they will arrive on the afternoon or evening of July 24th at Wampee. Dinner will be served that evening at approximately 7:30 p.m. Breakfast the next morning will be at 8:00 a.m. with the meeting scheduled to begin at 8:45. A few additional staff will be joining us on the morning of July 25th. If their name is not on the attached list and they are in your office, please advise them of this schedule.

Should you have any questions, please do not hesitate to contact our office.

EAV/dd

Attachment

cc: Cathy Garety

1363

TELEPHONES (AREA CODE 803)

ADMINISTRATION  
755-3106

BUDGET DIVISION  
755-7415

AUDITING DIVISION  
755-8406

GRANTS AND CONTRACTS  
755-7707

ENGINEERING  
755-2657

LIST OF ATTENDEES  
BUDGET AND CONTROL BOARD  
JULY 25, 1980

BOARD MEMBERS

1. Governor Riley
2. Earl Morris
3. Grady Patterson
4. Tom Mangum
5. Rembert Dennis

GOVERNOR'S STAFF

6. Don Hinson
7. Kitty Clark
8. Bill Prince
9. ~~Steve Hooks (may not attend)~~ *did*

WAYS AND MEANS STAFF

10. Bob Toomey
11. Beverly Beckwith
12. Van Hegler
13. Nancy Stone-Collum

FINANCE COMMITTEE STAFF

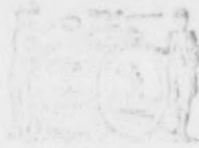
14. Bill Jordan

EXECUTIVE DIRECTOR'S OFFICE

15. Bill Putnam
16. Bill McInnis

AUDITOR'S STAFF

17. Ed Vaughn
18. Jesse Coles
19. Preston Cantrell
20. George Oliver
21. Sam Griswold



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR  
P. O. BOX 11333  
COLUMBIA  
29211

EDGAR A. VAUGHN, JR., CPA  
STATE AUDITOR

July 3, 1980

The Honorable Richard W. Riley  
Governor  
Office of the Governor  
State House  
Columbia, South Carolina 29201

Dear Governor Riley:

Pursuant to the poll taken of the Board concerning the proposed schedule for the Board's review of agency plans/budget requests, the staff has revised the schedule as is reflected in the attachment. The hearings, which have been scheduled to begin August 18, 1980, will be held in the ABC Hearing Room in the Edgar Brown Building. A study session has been scheduled for July 25, 1980. We shall contact you in the near future concerning arrangements and the location of this meeting. A detailed agenda will be developed for each day of hearings based on Board directions originating in the July 25 meeting and issues of significance raised by the agencies in their plans.

Should you have any questions, please contact us.

Yours truly,

Edgar A. Vaughn, Jr.  
State Auditor

EAVjr:jpw

1070

TELEPHONES (AREA CODE 803)

ADMINISTRATION  
758-3106

BUDGET DIVISION  
758-7415

AUDITING DIVISION  
758-8408

GRANTS AND CONTRACTS  
758-7707

ENGINEERING  
758-2657



OUTLINE AGENDA  
BUDGET AND CONTROL BOARD  
PLAN/BUDGET REQUEST REVIEW PROCESS

July 7-24

Staff Preparation and Analysis of Agency Plans/Budget Requests

July 25 (Friday)

Study Session. Board and staff review issues of significance concerning the budget review process and specific items of concern. Staff receives instruction from Board. Covers background and detail of the major items listed below. Location of meeting to be determined.

August 18, p.m. (Monday)

Formal opening of the Review Process-Overview Session-ABC Hearing Room

1. Opening Statement - Governor Riley
2. Background review of the new process - Slide/tape presentation, staff comments
3. Review of the State's financial outlook
  - a. Economic forecast and projection of revenues & Board of Economic Advisors
  - b. Expenditure Limitation provisions - Research & Statistical Services
4. Review of Procedural Issues - Staff
  - a. New positions
  - b. Federal/State funding shifts
  - c. Priority reallocations
  - d. Recurring expenditures in the Supplemental
  - e. Others
5. Federal Funds Outlook
  - a. Projected lapses/reductions
  - b. Revenue sharing
  - c. Changing matching requirements
  - d. Indirect costs
6. Review of Statewide Budget issues and major expenditure area - Staff
  - a. Personal Service salary increments
  - b. Other employee benefits
  - c. Department of Education
  - d. Department of Social Services
  - e. Aid to Subdivisions
  - f. Higher Education
  - g. Mental Health
  - h. Debt Service
  - i. Technical Education
  - j. Mental Retardation
  - k. Department of Health & Environmental Control
  - l. Department of Corrections
  - m. Clemson Public Service

August 19, a.m. & p.m. (Tuesday)

Agency hearings - education agencies

August 20, a.m. & p.m. (Wednesday)

Agency hearings - social rehabilitation agencies, correctional agencies

August 21, a.m. (Thursday)

Agency hearings - health agencies

August 25, p.m. (Monday)

Agency hearings - natural resource agencies

August 26, a.m. & p.m. (Tuesday)

Agency hearings - regulatory, other agencies

August 27, a.m. & p.m. (Wednesday)

Completion of hearings, Board work session

August 28, a.m. (Thursday)

Continued Board work session (if needed)

September 2 (Tuesday)

Board finalization of program allocations

NOTE ON HEARING PROCEDURE:

Budget and Control Board will be provided with 1-2 page staff summary of the agency plan/budget request and attendant issues and questions requiring clarification. Agencies will be grouped by major functional area. Agencies which the Board requests to hear will be scheduled first. Agencies which are not requested by the Board to appear but which request to be heard will also be scheduled if appropriate. Structure of hearings as follows:

1. Staff summary and orientation of major issues contained in each functional grouping prior to hearing agencies in that group.
2. Agency Presentation
  - a. 1/3 of time allocated to the agency to be used by the agency for whatever background statement or briefing it may choose.
  - b. 1/3 of time to be used by agency to specifically respond to the issues raised in the agency plan/budget request. These would be communicated to the agency in advance.
  - c. 1/3 of time to be used by agency to respond to questions, comments, general discussion and clarification.



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR  
P. O. BOX 11333  
COLUMBIA  
29211

EDGAR A. VAUGHN, JR., CPA  
STATE AUDITOR

EXHIBIT

JUL 25 1980

NO. 6

STATE BUDGET & CONTROL BOARD

July 3, 1980

MEMORANDUM

TO: ✓Mr. William T. Putnam  
Mr. Donald R. Hinson  
Mr. William Prince  
Ms. Katherine Clarke  
Mr. Robert C. Toomey  
Mr. Bill Jordan  
Dr. J. Samuel Griswold  
Mr. George Oliver  
Mr. Preston Cantrell

FROM: Jesse A. Coles, Jr.  
Deputy State Auditor

Attached for your information is a copy of the letter and schedule Mr. Vaughn sent to each Board Member concerning the Planning/Budget Hearings.

JAC:bd

Enclosures

TELEPHONES (AREA CODE 803)

ADMINISTRATION  
758-3108

BUDGET DIVISION  
758-7415

AUDITING DIVISION  
758-8406

GRANTS AND CONTRACTS  
758-7707

ENGINEERING  
758-2687

1373