SOUTH CAROLINA
BUDGET & CONTROL BOARD
Annual Accountability Report
2003-2004

Executive Summary

The fundamental purpose of Budget and Control Board programs is to help state and local governments across South Carolina maximize their ability to serve the public. This goal is embodied in our vision statement: "We Make Government Better." We aim to achieve this goal by continuously improving the quality of services that we provide while holding down costs. In 2003-04, the Board continued to deliver on this promise.

During this year the Board:

- Secured support and funding from the legislature and agencies for the South Carolina Enterprise Information System — a uniform financial and human resources system for the entire state. The project is now moving to the critical step of developing a business blueprint for financial information and the analysis of procedures and system adaptations necessary for a uniform financial system.
- Slashed lease rates for newer vehicles by an average of 13 percent and up to 40 percent for high-mileage vehicles effective January 1, 2004. State Fleet Management's new "GOLDen Cars" program met a need for agencies that wanted the option to keep driving older vehicles during tight budget times in return for reduced rates.
- Earned reaccreditation for the South Carolina Confederate Relic Room and Museum from the American Association of Museums. Accreditation recognizes the museum's commitment to excellence and the demonstration of high professional standards and an ongoing process of learning and improvement. Of the nearly 16,000 museums in the United States, only 752 currently are accredited.
- Hosted its first-ever Benefits and Health Fair to prepare employees for the annual open enrollment period in October. Nearly three dozen benefits providers and other vendors participated during the day-long event at the Blatt Building courtyard. The event also featured presentations on health insurance, long term care, Social Security, financial planning and fitness.
- Held graduation for the second class of the Leadership Academy, a group of rising Board employees who have been identified as having

The Board hosted its first Benefits and Health Fair in September.

The second Leadership Academy class graduated in 2003-04 excellent potential to assume leadership positions within the agency. Class members learned about all aspects of Board operations and other management skills.

- Continued to be a leader in providing services via the private sector when beneficial to our customers. Functions such as custodial, fleet repair, information technology, building maintenance, health insurance administration and retirement equity investment functions are in large part performed by the private sector.
- Made $5 million in loans through the South Carolina Energy Office for 11 energy conservation projects that are expected to save taxpayers more than $23 million in energy costs.
- Took a leadership role in helping agencies plan for the future state government workforce, which faces tremendous challenges in coming years as a generation of leaders and experienced managers reach retirement age.
- Made substantial progress in identifying and repairing structures that are at risk because of faulty fire resistive treated wood. All at-risk buildings have been identified and 60 percent of necessary repairs have been made. Efforts to recover these costs from firms that manufactured or installed the products are continuing to be successful.
- Won the Rooney Award of Merit from the National Association of State Personnel Executives for the Office of Human Resource’s efforts to assist three large agencies in developing new budget-friendly employee recognition programs.
- Opened a new output management system at the State Data Center that significantly improves processing time for the

Guiding Principles of the Budget and Control Board

Vision

We Make Government Better

Mission Statement

The Budget and Control Board provides innovative leadership and a variety of services to government agencies to foster effective government.

Values

Quality Customer Services and Products

We consistently provide outstanding products and excellent customer services, as defined by our customers, and we strive for continuous improvement.

Innovation

We are receptive to and flexible with the changing environment and the evolving world of technology. We welcome challenges, embrace innovation, and encourage creativity.

Leadership

We strive to lead government through strategic and visionary approaches that are proactive, fair, and ethical.

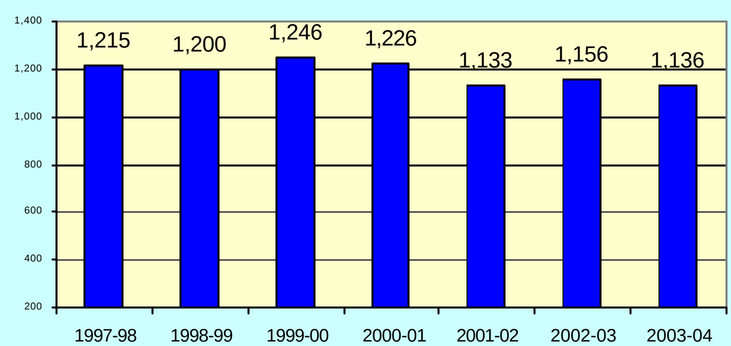
Professionalism

We perform our work with honesty, integrity, and loyalty. We are committed to performance that is credible, thorough, competent, and worthy of customer confidence.

Employee Well-Being

We respect the individual contributions of each employee and endeavor to empower them with the needed resources for teamwork, shared pride and continuous learning.

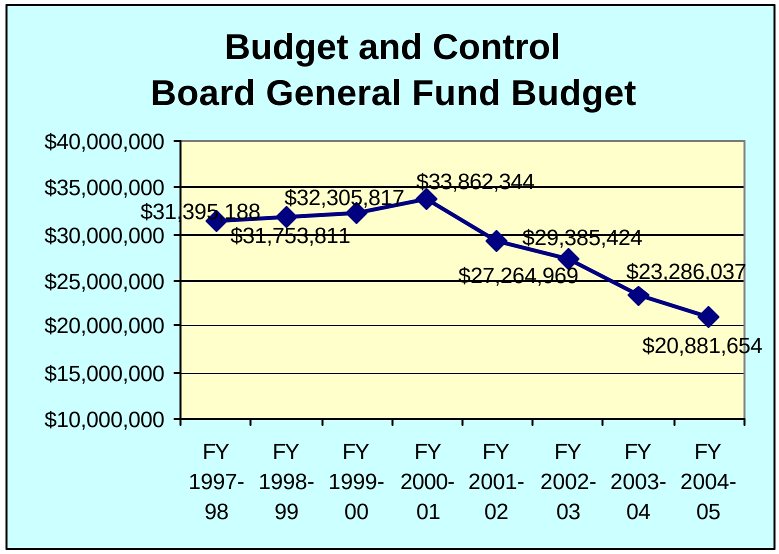
Number of Budget and Control Board Employees



Note: Chart does not include temporary, contract or time limited employees.

printing and mailing of state documents.

- Developed and implemented a Healthcare Recruitment Council to coordinate recruiting activities for health care workers throughout state government. Health care agencies have begun cooperative recruitment activities. This process led to a pilot program which now permits agencies to offer bonuses and other incentives to recruit and retain health care workers in critical shortage areas.
- Assisted 10 counties in completing digital remapping by providing technical guidance from the Office of Research and Statistics. The 10 remapped counties represents the most ever in a single year. Currently 40 counties have modern, digital maps.
- Resurveyed 74 miles of the state boundary in a cooperative partnership with the North Carolina Geodetic Survey that will prevent future costly border dispute litigation.



The past several years have been among the most challenging in the history of the Budget and Control Board. The agency has experienced more than a 30 percent reduction in state funding since 2000-01. Not only has the Board continued to offer quality service, it has worked hard to offer advice and material support to all state agencies which are also facing financial strains.

Budget and Control Board Key Challenges for 2004-05

Using the large number of anticipated retirements as an opportunity to train, reward and give opportunities to existing employees.

To continue to reduce the workforce and use technology to maintain or improve the delivery of services.

To continue to find opportunities to reduce expenditures and improve services.

While state revenues have begun to improve, the years of budget reductions will have an ongoing impact upon our agency. We must continue to evaluate everything we do and how we do it.

The Board's mission is to make government better. We are an agency that generally does not serve citizens directly but instead strives to provide services that improve the effectiveness and efficiency of state and local agencies and their employees. By helping them save money and perform their tasks more efficiently, we serve all the citizens of South Carolina. **We make government better.**

Business Overview

The primary purpose of the Budget and Control Board is to help state and local entities serve the citizens of South Carolina. Through leadership, policy direction, data collection and value-added services, the Board improves the efficiency of government. In most cases, the Board does not provide direct service delivery to the public. Instead, **we make government better** by maximizing the effectiveness of those agencies that do.

This leadership starts with the five members of the Budget and Control Board. Chaired by Governor Mark Sanford, the Board sets broad policy direction under the authority granted to it by the General Assembly. This includes oversight of state finance, purchasing, personnel and real property transactions. The Board, which meets about 10 times annually, also serves as trustees for the South Carolina Retirement Systems. The Board carries out its duties through the Executive Director and various Board programs.

The South Carolina Budget and Control Board. From left to right, Executive Director Frank Fusco; Senate Finance Committee Chairman Hugh K. Leatherman, Sr.; Governor Mark Sanford; Comptroller General Richard Eckstrom; House Ways and Means Committee Chairman Robert W. Harrell, Jr. and State Treasurer Grady L. Patterson, Jr.

Key Customers and Suppliers:

Key customers include the General Assembly, the Governor's Office, Board members, other elected officials, all state agencies, local entities, public schools, and state and local employees. The Board's key suppliers include:

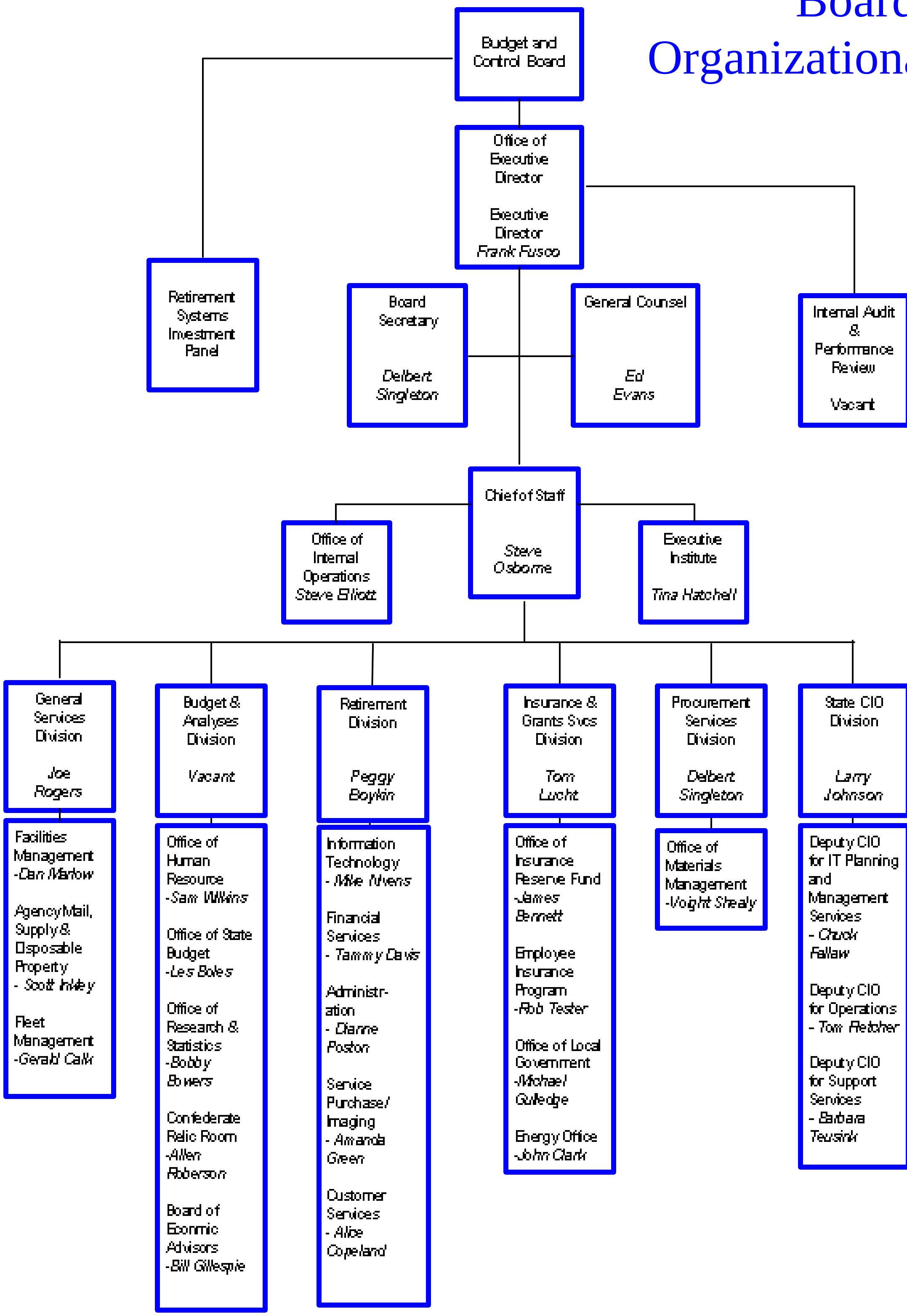
- 27,000 vendors who are registered with the Materials Management Office, and any other business that desires to seek a state contract.
- State agencies, cities, counties and school districts who remit contributions, enroll members and provide verification information to the Retirement Systems and the State Health Plan.
- Computer technology and telecommunication firms who contract with the CIO.
- The federal government which supplies funds for infrastructure development.
- Firms that administer claims and benefits for the State Health Plan and the Insurance Reserve Fund.
- Health care agencies, private businesses and non-profit groups who partner with the

Office of Research and Statistics on collaborative projects.

Major Products and Services:

- More than 400,000 public employees, their families and survivors receive health, dental and life insurance through the Employee Insurance Program.
- The South Carolina Retirement Systems provides benefits to 98,778 retirees and beneficiaries and 226,100 active employees at the state and local level.
- The General Services Division maintains 82 state buildings, including the State House and the Governor's Mansion. It also operates the statewide Agency Mail, Central Supply, Fleet and Surplus Property programs and assists agencies in obtaining leased office space at the best possible price.
- The Insurance Reserve Fund insures more than $18 billion in property, 169,000 state and local government employees, 38,000 vehicles, including the state school bus fleet, 17 hospitals, and over 1,600 government-employed physicians and dentists.
- As the central human resources agency for state government, the Office of Human Resources operates consulting, policy development, training, recruitment, grievance and mediation and the state pay system so that South Carolina maintains a diverse, high performance workforce.
- The Division of the Chief Information Officer provides a wide assortment of telephone services, networking services, applications development, computer maintenance and operation services and IT procurement services.
- The Materials Management Office promotes the highest quality procurement services and life safety services under the auspices of the State Engineer's Office.
- The Office of State Budget is responsible for the development and oversight of the process for preparing the annual state budget. This includes requests for funds, allocations of funds, and the responsible utilization of funds to achieve the needs of state government.
- The Office of Local Government provides grants, loans and technical assistance for water and sewer projects that protect public health and support economic development.
- Through partnerships and educational programs, the State Energy Office improves public sector energy efficiency.
- The Office of Research and Statistics gathers, analyzes and publishes data vital to the social, health, and economic well being of South Carolina. The office includes sections focusing on economic research, demographics, mapping, and health data. It also works with other agencies to prevent overlap and duplication of data gathering activities.
- The Executive Institute provides high-quality executive development training to state agency heads, rising leaders from state and local agencies and the private sector.

Budget and Control Board Organizational Chart



Office	Employees	Location
Executive Office	6	Wade Hampton Building
General Counsel	8	1201 Main Street
General Services	282	1201 Main Street, 921 Main Street, 1022 Senate St., 1441 Boston Ave., 1942 Laurel St., DSS Building, State House
State Budget	23	1201 Main Street
Research and Statistics	50	Dennis Building, 1919 Blanding St., 5 Geology Rd.
Human Resources	36	1201 Main Street., 2221 Devine Street
Economic Advisors	5	Dennis Building
Confederate Relic Room	6	301 Gervais Street
Retirement Systems	181	202 Arbor Lake Drive
Insurance & Grants Services Division	2	1201 Main Street
Employee Insurance Program	76	1201 Main Street
Insurance Reserve Fund	51	1201 Main Street
Local Government	11	1201 Main Street
Energy Office	18	1201 Main Street
Materials Management	35	1201 Main Street
State CIO	286	4430 Broad River Road, The Citadel 1026 Sumter Street, Wade Hampton Building
Strategic Planning	5	Wade Hampton Building
Internal Operations	45	1201 Main Street
Executive Institute	4	1401 Senate Street
Internal Audit & Performance Review	6	1201 Main Street
TOTAL EMPLOYEES	1,136	(Note: Numbers are headcount of permanent employees only)

Key External Customers	State Agencies	Governor's Office	General Assembly	Local Gov-ernment/ Schools	Higher Education	State/ Local Employees
General Services	X	X	X	x	X	
Retirement	X	X	X	X	X	X
Human Resources	X	X	X			**X**
CIO	X	X		X	X	
Insurance and Grants	X	X	X	X	X	**X**
Research and Statistics	X	X	X	X		
Internal Operations		X	X			
Budget Office	X	X	X	X		
Executive Institute	X	X		X	X	X
General Counsel						
Confederate Relic Room				X	X	

Base Budget Expenditures and Appropriations

	2002-03 Actual Expenditures		2003-04 Actual Expenditures		2004-05 Appropriations Act	
Major Budget Categories	***Total Funds***	***General Funds***	***Total Funds***	***General Funds***	***Total Funds***	***General Funds***
Personal Services	$50,986,638	$10,145,751	$51,715,778	$8,761,433	$53,933,886	$8,446,991
Other Operating	$73,186,346	$5,773,666	$69,566,395	$5,165,807	$78,482,871	$5,475,819
Special Items	$28,045,126	$2,699,917	$8,149,799	$2,654,068	$10,016,601	$3,163,804
Permanent Improvements	$874,790	$0	$2,089,687	$0	$2,000,000	$0
Debt Services	$3,472,332	$420,000	$537,406	$420,000	$537,406	$420,000
Distributions to Subdivisions	$6,380,296	$3,554,262	$6,400,163	$3,199,996	$6,473,763	$1,073,763
Fringe Benefits	$13,537,620	$2,619,471	$13,885,694	$2,267,952	$14,132,215	$2,301,277
Non-recurring	$0	$0	$0	$0	$0	$0
TOTAL	**$176,483,148**	**$25,183,067**	**$152,344,902**	**$22,469,256**	**$165,576,742**	**$20,881,654**

Note: These figures include pass-through funds designated for other agencies

Other Expenditures

Sources of Funds	***2002-03 Actual Expenditures***	***2003-04 Actual Expenditures***
Supplemental Bills	$7,743,736	$9,758,722
Capital Reserve Funds	$2,846,579	$176,896
Bonds	$1,835,117	$998,073

Interim Budget Reductions

2002-03 Interim Reduction	***2003-04 Interim Reduction***
$2,192,427	$228,660

Major Program Areas

Program Number and Title	Major Program Area (Brief)	FY 02-03 Budget Expenditures		FY 03-04 Budget Expenditures		Key Cross References for Financial Results*
V.B. - Facilities Management	To provide centralized mechanical, maintenance, custodial, energy/ environmental and horticulture services for state owned buildings and grounds.	**State:**	3,028,966	**State:**	2,646,611	Page 34
		Federal:		**Federal:**	5,188	
		Other:	21,786,187	**Other:**	25,619,376	
		Total:	24,815,153	**Total:**	28,271,175	
		% of Total Budget:	14%	**% of Total Budget:**	19%	
VIII.B - CIO Operations: Connectivity	To provide network services in the areas of voice, video and data connectivity to state agencies, local governments, K-12 schools and public libraries and to provide local and long distance telephone service, internet service and network connectivity.	**State:**		**State:**		Pages 37,38
		Federal:		**Federal:**	923,978	
		Other:	30,824,037	**Other:**	26,056,300	
		Total:	30,824,037	**Total:**	26,980,278	
		% of Total Budget:	17%	**% of Total Budget:**	18%	
VIII.B - CIO Operations: Data processing.	To provide data processing services for state agencies to include applications development, security, disaster recovery, help desk and output management services.	**State:**		**State:**		Pages 37,38
		Federal:		**Federal:**		
		Other:	21,283,170	**Other:**	20,138,727	
		Total:	21,283,170	**Total:**	20,138,727	
		% of Total Budget:	12%	**% of Total Budget:**	13%	
IX - SC Retirement Systems	To administer a comprehensive program of retirement benefits responsive to the needs of public employees and to perform fiduciary duties as stewards of the contributions and disbursements of the pension trust funds.	**State:**		**State:**		Pages 35,36
		Federal:		**Federal:**		
		Other:	15,257,417	**Other:**	16,245,505	
		Total:	15,257,417	**Total:**	16,245,505	
		% of Total Budget:	9%	**% of Total Budget:**	11%	
V.E. - State Fleet Management	To provide motor vehicles through short-term motor pool and long-term leases for state agencies' use in performing official business.	**State:**		**State:**		Pages 33,34
		Federal:		**Federal:**		
		Other:	11,392,470	**Other:**	7,936,400	
		Total:	11,392,470	**Total:**	7,936,400	
		% of Total Budget:	6%	**% of Total Budget:**	5%	
VII.B - Employee Insurance	To provide cost effective insurance benefits to employees and retirees of public sector employers in South Carolina. This includes health, dental, life, long-term disability, long-term care and flexible spending accounts.	**State:**		**State:**		Page 45
		Federal:		**Federal:**		
		Other:	7,468,246	**Other:**	6,452,718	
		Total:	7,468,246	**Total:**	6,452,718	
		% of Total Budget:	4%	**% of Total Budget:**	4%	
IV.B. - Office of Research and Statistics	To gather, analyze and publish data vital to the social, health, & economic well being of South Carolina and to work with other agencies to prevent overlap and duplication of data gathering activities.	**State:**	2,929,442	**State:**	2,654,093	Page 44
		Federal:	789,897	**Federal:**	705,467	
		Other:	2,371,489	**Other:**	2,699,917	
		Total:	6,090,827	**Total:**	6,059,477	
		% of Total Budget:	3%	**% of Total Budget:**	4%	

VII.C - Office of Local Government	To provide grants, loans and technical assistance for water and sewer projects that protect public health and support economic development.	**State:** 4,461,606 **Federal:** 514,614 **Other:** 567,776 **Total:** 5,543,996	**% of Total Budget:**	3%	**State:** 4,067,807 **Federal:** 422,000 **Other:** 552,039 **Total:** 5,041,846	**% of Total Budget:**	3%	Page 43
IV.D - Office of Human Resources	To provide central human resources for state government in the areas of consulting, policy development, training, recruitment, grievance, mediation and state pay.	**State:** 3,407,229 **Federal:** - **Other:** 1,719,021 **Total:** 5,126,250	**% of Total Budget:**	3%	**State:** 3,026,751 **Federal:** **Other:** 1,801,788 **Total:** 4,828,539	**% of Total Budget:**	3%	Page 47
VII.D - Energy Office	To promote energy efficiency and cost savings through financial assistance, energy audits, technical assistance, workshops, training, publications and other activities.	**State:** **Federal:** 1,653,774 **Other:** 2,627,921 **Total:** 4,281,695	**% of Total Budget:**	3%	**State:** **Federal:** 1,140,744 **Other:** 3,586,143 **Total:** 4,726,886	**% of Total Budget:**	3%	Page 46
VII.A - Office of Insurance Reserve Fund	To provide property and liability insurance to qualified governmental entities, to include the underwriting of policies, reinsurance, rate development and settlement and defense of claims.	**State:** **Federal:** **Other:** 4,686,355 **Total:** 4,686,355	**% of Total Budget:**	3%	**State:** **Federal:** **Other:** 4,472,305 **Total:** 4,472,305	**% of Total Budget:**	3%	Pages 41,42
VI. - Procurement Services	To provide centralized procurement expertise and services to all public procurement officials and provide building code and life safety reviews and expertise.	**State:** 2,804,787 **Federal:** **Other:** 123,613 **Total:** 2,928,400	**% of Total Budget:**	2%	**State:** 2,655,082 **Federal:** **Other:** 108,659 **Total:** 2,763,741	**% of Total Budget:**	2%	Pages 39,40
IV.D. - State Budget Office	To support the Governor, General Assembly, and the Budget and Control Board in the development and implementation of the annual state budget and other fiscal matters.	**State:** 2,108,763 **Federal:** **Other:** **Total:** 2,108,763	**% of Total Budget:**	1%	**State:** 2,030,825 **Federal:** **Other:** **Total:** 2,030,825	**% of Total Budget:**	1%	Page 43
Senior Drug Program	To provide prescription assistance to senior SC residents who meet income eligibility requirements and are otherwise without prescription drug coverage. The Senior Drug Program was transferred to Health and Human Services in FY 2004.	**State:** **Federal:** **Other:** 18,922,011 **Total:** 18,922,011	**% of Total Budget:**	11%	**State:** **Federal:** **Other:** **Total:** -	**% of Total Budget:**	0%	Transferred to DHHS.

Below: List any programs not included above and show the remainder of expenditures by source of funds.

Executive Director, Internal Operations, Comptroller General/State Treasurer Data Processing Pass Through, Strategic Planning, Executive Institute, Confederate Relic Room, Board of Economic Advisors, Internal Audit and Performance Review, General Counsel, Gambling Disorders, Intra-Agency Mail, Surplus Property, Office Supply, Parking, and Print Shop, IT Planning and Procurement.

Remainder of Expenditures:	**State:** 6,442,274 **Federal:** **Other:** 9,312083 **Total:** 15,754,357	**% of Total Budget:**	9%	**State:** 5,388,086 **Federal:** **Other:** 11,008,394 **Total:** 16,396,479	**% of Total Budget:**	11%

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 03-04 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
V.B. - Facilities Management	Return on investment.	Maintained state buildings below public and private sector cost benchmarks.	Page 34
VIII.B - CIO Operations: Connectivity.	Customer satisfaction. Return on investment. Employee well being.	Secured funding for S.C. Enterprise Information System. Expanding K-12 network to include more bandwidth for schools. Systematic training system for all employees.	Pages 37, 38
VIII.B - CIO Operations: Data processing.	Customer satisfaction. Return on investment.	Created new output management system, saving processing and mailing costs for user agencies. Outsourced development of new portal management system. New work order system providing more detailed billing for customers.	Pages 37, 38
IX - SC Retirement Systems	Customer satisfaction. Return on investment. Enhance security and privacy.	Developing new claims and payment systems. Making continuous software upgrades to enhance efficiency. Have removed Social Security numbers from documents to enhance privacy.	Pages 35, 36
`V.E. - State Fleet Management	Customer satisfaction. Return on investment.	Reduced new vehicle rates by an average of 13 percent. Established “Golden Cars” program allowing agencies to receive rate discounts of 40 percent for driving older vehicles.	Pages 33, 34
VII.B - Employee Insurance	Customer satisfaction. Return on investment.	State Health Plan customer service processes are being reengineered as part of a two-year project. New technology being employed to facilitate electronic enrollment.	Page 45
IV.B - Research and Statistics	Customer satisfaction. Return on investment.	Assistance to other governments and the non-profit sector is growing.	Page 44

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 03-04 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
VII.C Office of Local Government	Return on investment.	The office continued to operate in an efficient manner, continuing its history of never having a water or sewer loan default. Ensured efficient collection of grants and loans.	Page 43
IV.D Office of Human Resources	Customer satisfaction. Employee well-being. Return on investment.	Took leading role in workforce planning and designing initiatives to recruit for hard-to-fill positions such as nurses.	Page 47
VII.D Energy Office	Return on Investment.	Loan programs to finance projects that enhance energy savings are expanding.	Page 46
VII.A Office of Insurance Reserve Fund	Return on investment.	Program continues to operate efficiently and to offer rates well below what is available from the private sector.	Pages 41, 42
VI Procurement Services	Return on investment. Customer satisfaction. Employee well-being.	Employees are shifting job duties and being cross-trained to expand the office's capabilities.	Pages 39, 40
IV.D State Budget Office	Customer satisfaction.	Continued to provide quality customer service. Turnaround time on fiscal impact statements improved in 2003-04.	Page 43

1.0 Leadership

1. How do senior leaders set, deploy and ensure two-way communication for: a) short and long term direction; b) performance expectations; c) organizational values; d) empowerment and innovation; e) organizational and employee learning; and f) ethical behavior.

1.1.a-f As a group, the division directors and the executive leadership have chosen to focus the agency's efforts on three key areas: return-on-investment, employee well-being and customer focus.

Division directors meet regularly to discuss and resolve short-term issues. A strategic plan includes the longer-term key objectives of the Board. The strategic plan and key objectives have been presented to all employees through division and office level work sessions. The strategic planning process, described elsewhere in this report, outlines the systematic approach used for setting objectives.

The Executive Director has made personal visits to each office, where he has meet with senior leaders in those units. The focus has been on developing appropriate measurement instruments to analyze the effectiveness of Board services to the customer. Many of these measures are reported in Section 7 of this document.

The Executive Director also conducts a three-hour introductory training course for all new employees explaining the basic concepts of the Malcolm Baldrige criteria and how they are employed within the agency.

The Board has continued to emphasize direct communication, primarily by via e-mails sent directly to all employees. A summary of all senior staff meetings is sent to all employees via this system and the Executive Director frequently sends messages to employees about key agency-wide concerns. In addition, the *Across the Board* newsletter includes articles about key agency issues, features on employees who embody the Board's key values and columns by senior leadership discussing important issues facing the agency.

The top four levels of agency management have aligned their EPMS's to the agency's strategic plans key objectives and values. The EPMS is critical to the full deployment, alignment and communication as part of the strategic planning process. Senior leadership developed a set of organizational values and has formally adopted the values and incorporated them into the strategic plan, performance evaluation for managers and the employee recognition program.

Meetings with senior leaders and routine daily communication are used to continually assess progress. The Executive Director and Chief of Staff work with each division head to identify key measures for maintaining service quality. In addition, action plans that target key areas for improvement with monthly monitoring and measurement are under development for the coming year.

The agency values place a high priority on ethical behavior which are being included in managers' performance appraisal.

2. How do senior leaders establish and promote a focus on customers and other stakeholders?
1.2 Senior leaders have determined that customer focus is one of the three key strategic objectives for the agency. Every division and office has enabled customers to provide input via surveys or directly via the Internet. This information is used in short-term decision-making and, as the process is improved, in the annual strategic planning process.

3. How do senior leaders maintain fiscal, legal, and regulatory accountability? 1.3 The 1.3 Internal Audit and Performance Review program regularly conducts audits of key financial and performance measures. It employs both a routine audit schedule of all Board financial matters and is also conducts special inquiries as circumstances warrant. It is operationally independent from other Board offices and reports directly to the Executive Director.

4. What key performance measures are regularly reviewed by your senior leaders?
1.4 Results are compared to expected results derived from the strategic plan. Interim adjustments are made as needed in work processes and training. Specific programmatic measures are maintained and monitored in offices and programs and are reported to senior management.

***5. How do senior leaders use organization performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the organization*?**
1.5 Senior leaders perform an assessment of the annual accountability report to develop key opportunities for improvement. Employee feedback was collected in 2001-02 and 2003-03 through an annual satisfaction survey and through the proactive contact with the work force by the agency ombudsperson. Focus groups that will allow more detailed analysis of employee concerns and attitudes are planned for 2004-05. This information is used to identify areas for leadership and organizational improvement. Based on the survey, opportunities for improvement include management communication, employee recognition and development.

6. How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?
1.6 As a public entity the organization looks primarily for cost savings and quality improvement measures for services provided. The major risks assessed and avoided are in the areas of health, property and casualty insurance and avoidance of legal problems.

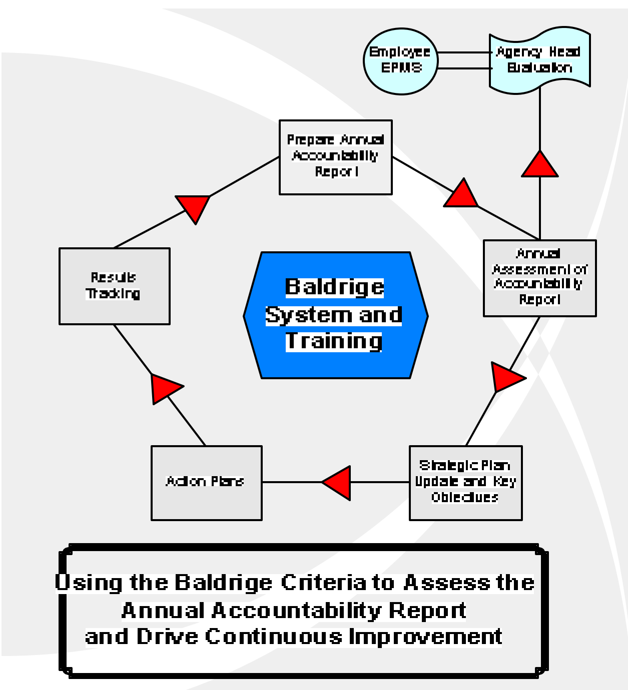
All press inquiries, Freedom of Information Act requests and mentions of Board in print or broadcast media outlets are logged and tracked.

7. How does senior leadership set and communicate key organizational priorities for improvement?

1.7 The annual assessment process generates key priorities for improvement. These priorities are incorporated into employees' performance evaluations and are communicated through routine meetings between management and employees. Measures are developed for each key priority and progress is tracked. The results of all meetings held by the senior leadership team are communicated Board-wide via e-mail. The Executive Director has conducted site visits to all Board program areas during which he discussed their operations and the agency's challenges. The Executive Director has also led 80 percent of the three-hour performance improvement training sessions which all Board employees have taken.

8. How does senior leadership actively support and strengthen the community? Include how you identify and determine areas of emphasis?

1.8 These include primarily fund raising events, volunteerism and community events. Because the Board is a key landowner in the Congaree Vista area of Columbia, the Executive Director serves on the River Alliance, a broad-based community group that is working to develop the Midlands riverfront.



2.0 Strategic Planning

1. What is your strategic planning process, including key participants, and how does it account for: a) customer needs and expectations; b) financial, societal and other potential risks; c) human resource capabilities and needs; d) operational capabilities and needs; e) supplier/contractor/partner capabilities and needs.

2.1 The process began in January 2002, with a two-day session for 30 senior Board leaders with a nationally-known Baldrige judge. During the session, the management team first discussed and agreed upon the major functions of the Board and reviewed a strategic plan that was developed by the previous administration. They also conducted an analysis of the strengths and weaknesses of the Board, opportunities for growth and the potential challenges.

From that process, the team selected three key objectives that would serve as the focus of the Board's effort for the coming years: customer and stakeholder satisfaction, employee well-being and return on investment. Agency-wide teams were then appointed to study each objective and recommend guidelines and approaches for division's to use in their action plans.

The Board continues to progress toward a systematic strategic planning process that uses the annual accountability report as the major tool for driving improvement. The chart on the previous page outlines the process

Board divisions have the responsibility for "local" strategic planning processes for program-specific issues that align with the agency's plan. For example, the Division of the State CIO has developed a planning cycle that encompasses an annual assessment of our customer, employee, and vendor strategies and initiatives. This involves a number of face-to-face and/or third party interviews and discussions with members of each group. Once concluded, the division's mission, values, and goals are reviewed to ensure alignment with Board and state strategic directions.

The CIO then conducts a two-day strategic planning session, attended by CIO senior management staff. Staff present strategies addressing the previously-stated strategic goals. These strategic profiles include: boundaries, business drivers, principles, assessment, objectives, initiatives/projects, outcome measures, and results. When finalized, action plans are developed to include results tracking and feeds for the annual accountability and customer reports.

2. What are your key strategic objectives? (Address in Strategic Planning Chart)

2.2 All Board programs are aligned to focus on the agency's three key objectives of customer satisfaction, employee well-being and return on investment. Divisions may add objectives as needed to address their particular challenges. For example, both the CIO and the South Carolina Retirement Systems have focused on protecting the privacy and security of data.

3. How do you develop and track action plans that address your strategic objectives? Note: Include how you allocate resources to ensure accomplishment of your action plans.

2.3 In 2003-04, the three previously identified strategic objectives remain the focus. Therefore divisions, offices and programs developed their yearly goals and objectives to align with the strategic initiatives. Each division identified several initiatives to improve ROI and customer satisfaction.

4. What are your key action plans/initiatives? (Address in Strategic Planning Chart)

See strategic planning chart on pages 12-13.

5. How do you communicate and deploy your strategic objectives, action plans and performance measures?

2.5 The mission, vision, values, strategic and key objectives were communicated to employees by the employee newsletter, managers' and staff meetings, new employee orientation and through the EPMS process. Divisions may use other means as appropriate, such as publishing a strategic plan, strategy profiles, action plans, and performance measures.

3.0 Customer Focus

1***. How do you determine who your customers are and what are their key requirements?***

3.1 Customers for the most part are statutorily determined. State laws and regulations determine who is eligible for state health insurance and participation in the retirement system. The Consolidated Procurement Code mandates the Board's role in government purchasing while other statutes require Board regulation of state land transactions, construction projects and property leasing. More than 412,000 employees, retirees and dependents receive health insurance coverage through the Employee Insurance Program and another 325,000 active and retired public employees are served by the South Carolina Retirement Systems.

Many customers do business with the Board by choice. More than 27,000 individuals and businesses have registered to seek governmental business through the Board's Materials Management Office. Similarly, many non-state governmental entities insured for property, casualty, or liability losses voluntarily purchase their coverage through the Board's Insurance Reserve Fund. The Agency Mail, Central Supply and Statewide Building Services programs are entirely voluntary for state agencies. While state property must be disposed of through the Surplus Property Warehouse, the system only works if government agencies, non-profit organizations and the public choose to shop there to buy the surplus items. The Health and Demographics Section of Research and Statistics conducts much of its work through voluntary partnerships and grant-funded efforts. The Confederate Relic Room and Museum attracts visitors with high-quality historical displays.

Efforts throughout the Board are being made to determine customer requirements in a variety of ways. The most prevalent methods are through written surveys and personal contacts with the direct recipients of services. Focus groups are being used more often in that they provide more actionable feedback and a greater ability to assess performance and quality of services. Formal processes for evaluating and resolving customer complaints is another method by which the requirements for quality services and products are updated continuously.

2. How do you keep your listening and learning methods current with changing customer and business needs?

3.2 The Board's philosophy is to emphasize direct contact with customers. Employees take formal customer service training, which serves to increase their sensitivity to evolving customer requirements.

In 2002-03, 196 employees attended a six hour training program on customer service. The program is an ongoing requirement for employees that work with customers as a regular part of their jobs and will be provided to other employees on an as needed basis. The course, designed by Midlands Technical College, is to help Board employees deal effectively with customers in a courteous and professional manner and achieve success in the view of the customer.

The CIO Division has implemented and is analyzing the effectiveness of a new instant customer surveying tool. Telephone technicians get immediate customer feedback through an electronic survey conducted over the technicians' cellular phones. Upon completion of a job, the technician gives his cell phone to the customer to complete the survey. The customer can confidentially answer basic questions that rate service delivery in several categories. This information is fed into a database for review by the worker and managers.

3. How do you use information from customers/stakeholders to keep services or programs relevant and provide for continuous improvement?

3.3 Information from customers is used most often to determine whether processes are in place and adequately functioning to meet their expectations. Complaint resolution processes are an example of this and the Board attempts to build customer loyalty by incorporating customer feedback into decisions. Information from customers is used to redesign services and employee training. To be innovative and responsive, the Board's offices are making customer information the prime ingredient of process improvements. Board management and staff recognize that every customer complaint is an opportunity to look at our service and how it is delivered. Most of our customer information is used in daily operations when situations occur so that staff can provide immediate feedback.

The Insurance Reserve Fund monitors customer service throughout the year. A random sample of accounts is contacted monthly and are sent a customer satisfaction survey. An IRF Review Committee meets quarterly to review customer feedback and recommend any changes in service delivery suggested by the data.

The Division of the State CIO initiated a collaborative effort to procure a replacement for the state web site, MySCGov.com, based on feedback from participating customers. A representative group of customers assisted with specification development and proposal evaluation. The resulting procurement partnership produced a contract to outsource the portal redesign and payment engine at no additional cost to the state.

4. How do you measure customer/stakeholder satisfaction?

3.4 Customer satisfaction is measured or inferred using post-service questionnaires and feedback cards, holding periodic meetings with customers, personal interviews, focus groups discussions, complaint resolution efforts, and written annual surveys. Virtually all parts of the Board now use several of these methods. For example, the CIO holds monthly customer focus groups with our large agency customers, inviting their staff to meet with CIO support staff to discuss projects, problems, new services and technologies.

5. How do you build positive relationships with customers and stakeholders? Indicate any key distinctions between different customer groups.

3.5 Positive relationships are built by giving a high priority to customer concerns. The executive leadership of the Board emphasizes an open environment wherein communication is nurtured and encouraged. This has been translated into Board-wide efforts to increase customer communications. All forms of communication are used and no subject is restricted from customer comment. Board staffs visit customers regularly and host meetings to share ideas and to solicit comments about our performance. The agency head seeks and encourages other agency heads to let him know of any emerging problems or concerns.

4.0 Information and Analysis

1. How do you decide which operations, processes and systems to measure for tracking financial and operational performance?

4.1 Through the Board's strategic planning process, key business services and primary customers are identified for all the Board's program areas and measures are established accordingly. As a result of the strategic planning work sessions, three key objectives have been selected to drive long-term improvement. This also drives the identifying of which processes are to be targeted for improvement in each program areas. Executive management requires all program areas to measure and report on return on investment, customer satisfaction and employee well being.

Performance measures are established for the services that impact the customer the greatest as determined by customer feedback, surveys and focus groups. Decisions about what to measure are influenced by the ability to collect meaningful data on a consistent basis, the availability of industry comparative data and benchmarks, and by the requirements of specific business industry standards, federal and state laws and statutes, and by regulatory agencies.

Performance measures are designed to reflect various categories including quality assurance, timeliness and accuracy of information, level of effort and cost-effectiveness, and the program successes and benefits to customers.

2. What are your key measures?

4.2 Key measures include customer satisfaction as determined by surveying key users of Board services. Employee well-being is measured primarily through workforce surveys and other instruments. Return on investment is measured primarily by comparing the costs of Board services against comparable products and services in the private sector.

3. How do you ensure data integrity, timeliness, accuracy, security and availability for decision-making?

4.3 The Division of Internal Audit and Performance Review audits performance measures reported by the Board's major program areas to determine their accuracy and usefulness. As part of the audit process, standards for a performance measurement control system were developed and provided to each major program area to ensure that a systematic approach to collecting, processing, reviewing, and reporting of measures is done across the agency.

All major program areas have designated employees who are responsible for ensuring that the data collected is accurate. Many programs are subject to external independent audits on an annual basis and several areas use independent third-party actuarial services and consultants such as the Insurance Reserve Fund and the Office of Local Government. The IRF is also subject to audit by the South Carolina Department of Insurance. Automated systems designed with internal controls for data accuracy, automated data collection, and routine reporting functions are used in all the major program areas.

Customer and end-user data entry is encouraged. This allows for data integrity checks at the point of entry such as the General Services Facilities Management and work-order system. Throughout the Board, Internet access is available to customers and end-users allowing access to real-time data that encourages immediate feedback from customers . Internal Operations has made financial data available through a database providing pre-established reports and special query capabilities. Board management monitors data through reports, trend analysis, and monthly dashboards. Periodic reconciliation of data with various internal and external data sources are done monthly within the South Carolina Retirement Systems and Internal Operations. In-house professionals and statisticians provide independent analysis of surveys for various program areas within the agency.

4. How do you use data/information analysis to provide effective support for decision-making?

4.4 Changes in measures and immediate customer feedback are used to identify developing trends that need to be addressed by management in the short-term changes to policies and procedures. For example, management uses
cycle time measures to indicate where changes are needed in the product and service delivery processes. Data is used to identify significant, high-frequency users that may have special needs and requests and who may benefit from new or additional services such as the primary telecommunication customers of the CIO. At the South Carolina Retirement Systems, call center information is used to temporarily reallocate resources, identify cross-training needs, high-volume areas and other improvements.

Competitive benchmarking and price comparisons may indicate product or service pricing changes for areas such as Interagency Mail Services, telecommunication and information technology. The Insurance Reserve Fund uses premiums and loss data to set rates and premium levels, monitor timeliness and efficiency of processes, manage finances, and develop reinsurance requirements. Executive management uses human resource data such as skills gap analysis and workforce dynamics for succession planning and assessing the need for workforce training. Internal Operations is determining the time needed to process various transactions in order to improve service delivery, find cost-reductions and to better allocate their resources to meet shifting customer demands.

5. How do you select and use comparative data and information?

4.5 The Board seeks to find the best in each business segment, including government and the private sector, with which to benchmark. The Retirement Systems selected Cost Effectiveness Measurement, Inc. to provide an annual benchmarking study of 52 leading pension systems in customer service practices, communication services, and in defining new service standards. CIO has employed the Gartner Group, an internationally recognized technology consulting firm, to compare the key business operations of the CIO with similar peer groups that provides evaluation for the competitiveness of CIO's IT business. The Employee Insurance Program selects comparative data from other state health plans to assist in making plan design changes. Where industry data is not attainable, data is compared year to year to identify trends and to assess the need for changes in quality and level of services.

6. How do you manage organizational knowledge to accomplish the collection and transfer and maintenance of accumulated employee knowledge, and identification and sharing of best practices?

4.6 The Board's succession planning efforts are designed to ensure that accumulated employee knowledge is transferred to successor employees. Some Board offices are beginning to hire key replacement staff, using non-recurring dollars, to allow for a transition period. The Board has identified a diverse group of employees for training in the Leadership Academy. Several promotions have already occurred from this group.

5.0 Human Resources

1. How do you and your managers/supervisors encourage and motivate employees (formally and/or informally) to develop and utilize their full potential?

5.1 The Board implemented a new agency-wide "Best of the Best" employee recognition program in 2002-03. The program rewards and recognizes employees who demonstrate outstanding performance in carrying the Board's values. Employees are nominated and selected by their peers. The Best of the Best Program also recognizes employees achieving the milestones of 20, 30, and 40 or more years of state service. During Public Service Recognition Week in May, each division hosted special gatherings for employees to recognize outstanding employees and teams. *Across the Board*, the Board's newsletter, regularly features articles on employees and their accomplishments, both professionally, and personally.

During this reporting period, the Board continued to accommodate employees who requested to participate in the voluntary furlough program so that they could return to school, care for family members, or attend to other personal needs. A total of 69 employees took 1,414 furlough days in 2002-03, saving the Board $150,543.

In 2003-04 we had only one grievance. Also during the year, 6.7 percent of permanent employees left the Board, up from 5.3 percent in 2002-03 but well below the rate two years ago when the Board offered buyout incentives.

2. How do you identify and address key developmental and training needs, including job skills training, performance excellence training, diversity training, management/ leadership development, new employee orientation, and safety training?

5.2 The Board has analyzed the likely turnover in key management positions in each area of the agency as part of a systematic succession planning process. After identifying employees who are eligible for retirement in coming years, each division and office has begun work on a long-range succession plan.

Insuring our workforce will be able to provide the services needed by our customers and at a high level of customer satisfaction is critical to the success of the Budget and Control Board. In FY 2004, the Budget and Control Board began workforce planning efforts by using a structured approach. Approximately 32% of our employees are eligible to retire in the next five years or will leave through the Teacher Employee Retention Incentive (TERI) plan. The Budget and Control Board identified the demographic and organizational information for those employees who are leaving and for those employees who are eligible to retire. The Board's Human Resources section provides this information to the offices and divisions of the Board and assists them in planning strategies to retain the employees with the skills needed to perform, transferring knowledge to the workforce left behind, developing employees to be able to take the place of those leaving, and considering diversity and skill gaps when making hiring decisions.

In recognition of the fact that the Board will have to continue to downsize and enhance the skills of the existing workforce to meet the impending retirement wave, the Board has recently created the new position of training and development director, who will develop and coordinate systematic training programs Board-wide. This job is in the process of being filled.

In 2001-02, the Board launched the Leadership Academy as part of the workforce planning effort. The academy is designed to give employees with outstanding leadership potential a greater understanding of all Board duties so that they are better prepared to provide leadership beyond their immediate program area. The second class of the Leadership Academy graduated in May.

During 2003-04, the Budget and Control Board also developed an on-line benefits presentation for new employees to be able to view at a setting and time of their choice. The program is designed to give new employees information to enable them to select the health insurance and retirement options which are best for them. Following the presentation, employees have the opportunity to meet one-on-one with a benefits professional to obtain additional information about their specific needs. The program is designed to give a consistent message and to allow more time for learning about the benefits available for State employees. This use of technology is a more efficient and effective method of educating employees about their benefits

In 2002-03, the Board implemented a new orientation program to ensure employees transition smoothly into their new job. The initial benefits orientation is held each pay period and gives employees an overview of the health and life insurance as well as retirement options. The second phase of the orientation, "Come on Board," is held every other month and concentrates on the agency's history, mission, policies, and ethics. The two-part process gives new staff sufficient information and helps new employee get acclimated to their new work environment.

The Board's sponsored its first Benefits Education Month in September, 2003. The program featured numerous seminars, including sessions on financial planning and retirement. The education month culminated with a Benefits and Health Fair for our agency employees as well as employees located in Capital Complex area.

All employees have received a minimum of three hours of Baldrige training. The training was designed to provide an orientation for all employees to understand the mission, vision, values and system for continuous performance improvement. The Executive Director participated in 80 percent of the training and continues to conduct the course for all new hires.

All employees of the Employee Insurance Program of the Division of Insurance & Grants Services and the Health and Demographics Section of the Office of Research & Statistics have received training to ensure that medical data is handled in accordance with the privacy and security requirements of the federal Health Insurance Portability and Accountability Act.

The CIO has established a goal of 40 hours of training per employee per year. The CIO training coordinator meets with managers and supervisors quarterly to review needs.

In 2002-03, nearly 200 employees finished a six-hour training program on customer service. The program will be an ongoing requirement for employees that work with customers/ constituents as a regular part of their jobs and will be provided to other employees on an as needed basis. The course, designed by Midlands Technical College helps Board employees deal effectively with customers in a courteous and professional manner.

3. How does your employee performance management system, including feedback to and from employees, support high performance?

5.3 The Board implemented a universal review date in January 2003. This required evaluations to be completed on all employees at the same time. Senior managers has this information on all employees to use as a barometer to measure the progress of employees and to determine areas of weakness that needs to be addressed as well as performance that is deserving of recognition. Senior managers can also develop trends and analysis to help them evaluate their managers.

Breakdown of the performance levels for Board employees: Meets 20.1 percent, Exceeds 64.2 percent, and Substantially Exceeds, 15.8 percent. Statewide averages were: Meets 48.63, Exceeds 40.46 percent and Substantially Exceeds 10.83 percent.

4. What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation?

5.4 The Board conducted its second Employee Well-Being Survey in June 2003. By using comparable questions, the agency is able over time to track changes in employee attitudes and to determine what changes in policies or management techniques should be employed. The Executive Director also frequently visits Board offices and program areas where he informally talks with employees. Agency managers are also encouraged to do the same.

5. How do you maintain a safe, secure, and healthy work environment? (Include your workplace preparedness for emergencies and disasters)

5.5 The Board implemented a Board-wide safety initiative involving representation for all of the major program areas to address safety issues and concerns. Board employees conducted CPR/ First Aid training. A total of 125 Board employees had CPR/First Aid training and were certified in FY 2003-04. The number of work related accidents increased from 19 for 2002-2003 to 34 in 2003-04.

OSHA has honored the Agency Mail team for having an exceptional safety record.

The Board has a full-time emergency preparedness coordinator who works to ensure that Board operations are prepared for emergency situations and to continue operations in case of interruption. The General Services Division also has a team assigned to ensure compliance with federal safety regulations.

The Board has developed 41 fire prevention, emergency action and homeland security plans for all buildings housing state government employees managed by General Services. Each plan was tested during 2003-04.

The General Services Division was honored again for achieving an OSHA Recordable Incidence Rate that is at least 50 percent below the state average incident rate for companies in the same SIC. The Agency Mail service was recognized for safety achievement among a small group or department that had accumulated at least 50,000 work hours since their last OSHA recordable injury or illness and had no OSHA recordable injury or illness in 2003. The Agency Mail Team had 64,084 hours since the last OSHA recordable injury as of December 31.

The CIO has established a Disaster Recovery Program to benefit customer agencies who store large amounts of data on the division’s large systems. This process encourages joint participation between the CIO disaster recovery teams and key disaster recovery personnel within the responsible customer agency. The Disaster Recovery program addresses production, test, and development applications that run on the CIO data processing systems on behalf of its customer agencies. The objective of the program is to restore and make accessible to its end users critical and vital operating environments and data within 72 hours of a disaster declaration. The Retirement Systems has a disaster recovery program for payments and is expanding its program to include all other aspects of its operations.

6. What activities are employees involved with that make a positive contribution to the community?

5.6 The Board is active in the community through programs important to employees. The agency participates annually in the United Way drive, the Annual Good Health Appeal and a variety of Red Cross blood drives that are held at various Board facilities across Columbia.

Board volunteers also play a key role in staffing South Carolina's Emergency Operations Center, which coordinates the state's response to hurricanes and other natural disasters.

6.0 Process Management

1. What are your key processes that produce, create or add value for your customers and your organization, and how do they contribute to success?

6.1 Throughout the Board's wide range of services, computer-based management programs are used to track work orders, customer contacts, repair histories and service requests. Generally, this broad pool of data is coupled with customer focus groups, routine customer satisfaction surveys, and up-front solicitation of customer requirements to determine policy changes, budget requests, employee training needs and the provision of new services.

Key systems for designing and delivering services include:

- The General Services' Facilities Management Section uses two comprehensive computerized maintenance management systems to manage the 82 state buildings under its care. The Facilities Center FM system records all scheduled maintenance needs for each mechanical system in a facility and creates reports so that managers know when routine upkeep is needed. All work orders for building repair and alteration requested by tenants are also recorded. Maintenance workers enter into the system all tasks performed at a facility. This allows Facilities Management to track long term maintenance costs by building and equipment manufacturer. The Facilities Assessment System maintains deferred maintenance costs and anticipated remaining lifespan for all major components of each state building. When combined with the database on actual repair history, Facilities Management can make long term capital improvement projections and prioritize funding requests and work scheduling.

- The Fleet Management Section uses the South Carolina Equipment Management Information System which tracks all cost data during the life of a vehicle including depreciation, maintenance and fuel. This system is funded by State Fleet Management and made available to agencies for their use free of charge. This gives Fleet Management superior data to track service and cost history by make, model and type of vehicle, which can govern future purchasing and deployment decisions. Data from this system has also been used to notify vehicle manufacturers of developing service problems. In addition, an electronic imaging system that manages manufacturer's bulletins and vendor's invoices for the Commercial Vendor Repair Program has eliminated an estimated 160,000 pieces of paper annually.

- The South Carolina Retirement Systems tracks all customer requests for information, benefits estimates and other services on a centralized computer system. This system allows Retirement Systems to measure customer service goals such as completing the research of phoned information requests within three business days. The Electronic Employer Service allows benefits administrators in state and local agencies to access the central Retirement Systems database to conduct benefits estimates and other transactions that otherwise would be performed by Retirement Systems' staff.

- A systematic approach has been created to track legislative and regulatory changes under consideration by the General Assembly and the executive branch. A designated agency contact monitors developing legislation and informs the affected program area should they be required to provide information or implement new legislation. All information queries by lawmakers to individual Board programs are centrally reported so that consistent, accurate and timely information is provided.

- The Office of State Budget logs all agency fund transfer requests and requests for fiscal impact statements for pending legislation into an Access database. This allows the office to monitor its response time, employee workload and the need for data from other agencies involved in the fiscal impact process.

2. How do you incorporate organizational knowledge, new technology, changing customer and mission-related requirements, cost controls, and other efficiency and effectiveness factors into process design and delivery?

6.2 The Board leadership team has designated three key performance measures for all service delivery programs: Customer satisfaction, employee well-being, and return on investment. These three agency performance measures are incorporated into the various program areas' process management in the following ways:

1) Planned periodic and ad hoc customer input and feedback points
2) Annual customer satisfaction surveys
3) Process documentation
4) Employee training designed to ensure consistent delivery of services
5) Measures for timeliness, accuracy, quality and cost comparisons
6) Routine monitoring by management and employee work teams
7) Changes in response to process analysis
8) Follow-up

Full deployment of the above approach for process management is underway in the critical key process areas. The Division of General Services has fully deployed all steps of the model for process management through the use of work teams, a guidance team and with an annual accountability process that is based on the Baldrige criteria.

The Employee Insurance Program is using front-end imaging and electronic enrollment to improve the process of serving State Health Plan members. In April 2004 front-end imaging was implemented for EIP's Subscriber Services Department. Enrollment forms are imaged upon receipt and available to EIP by electronic access on the same day as receipt.

Development of the EIP electronic enrollment system is in progress. Phase one of this project includes a pilot group of benefits administrators. This group of employer representatives will be able to enroll their employees electronically during the October 2004 enrollment period. This system will be available to additional BA's early next year. Phase two of this project entails expanding the electronic enrollment system for employees to use directly during the October 2005 open enrollment period.

The Chief Information Officer Division has opened a new output management system that will allow for much greater efficiencies in printing forms, vouchers and other documents for agencies that use the State Data Center. The new technology streamlines workflow, allows documents to be stored digitally, rather than in space-eating, pre-printed form. The new printing system can also sort by zip code, allowing agencies to receive significant discounts from the U.S. Postal Service for bulk mailing.

The administration of emergency 911 oversight was reorganized so that mapping, addressing, training and funds distribution all come under the Office of Research and Statistics. These functions had previously been dispersed throughout the Board.

The Surplus Property Program has begun selling some items on eBay, allowing it to reach an international audience and to receive instant customer feedback via eBay's satisfaction rating system.

3. How does your day-to-day operation of these processes ensure meeting key performance criteria?

6.3 Board programs are constantly seeking new approaches for streamlining back-office functions. In 2003-04, the average time to process completed payment requests to vendors was reduced from an average of 3.6 days to 1.7 days. The consolidation of payments to the same vendor from various offices of the Board and additional process improvements resulted in a 15 percent reduction in checks written. The elimination of duplicative records along with the expansion of payment methods resulted in a 11 percent net decrease in transactions needed to properly record revenue and an average decrease of 26 percent in invoices issued to customers.

The CIO has opened a new output management system that uses the latest digital technology to print documents faster and save agencies money on mailing costs.

Board senior management is provided detailed financial and personnel information for all agency programs to aid in timely decision making. In 2003-04, this information was collected into a single "Executive Management Reports" series that is updated monthly—or more often if required—electronically. Access is granted to management personnel via a password system on a shared network drive. Some previous presentations of data did not sufficiently highlight matters of interest to management. The new system includes new reports with a sharper focus.

4. What are your key support processes, and how do you improve and update these processes to achieve better performance?

6.4 The Office of Internal Operations provides support services to all program areas of the Board, including procurement, accounting, personnel, payroll, budgeting and courier services. A separate Division of Internal Audit and Performance Review supports and monitors individual program performance and common functions that serve all Board entities.

A performance review function has been initiated to develop and implement a process by which employee teams will review the Board's performance in specifically identified areas. In 2002-03, a special cross-division team was established to review how Board programs, track and respond to customer complaints. The committee made a series of recommendations to assist Board programs in quickly responding to customer concerns and using that data to make program improvements.

We use technology to improve processes and have an agency-wide technology improvement project underway. Information support systems are crucial to delivery of employee benefits, telecommunications, data processing, and human resources. While program specific mainframe and applications systems are supported by their own teams, a common approach to ensure timely, accurate services is employed by these information systems teams. End-user meetings are conducted on a regular basis to assess needs and address changing requirements of the end-users, legislative changes, and those of the customers as well.

5. How do you manage and support your key supplier/contractor/partner interactions and processes to improve performance?

6.5 Board programs work collaboratively with suppliers and partners to ensure that Board customers receive the best possible service at the best price. Vendor services are regulated by state procurement law that provides guidelines for procuring products and services. Communication with vendors is regulated by the Procurement Code and requires that the agency specify requirements for product and service quality, time frame for delivery, and service period. In telecommunications, exempt from the Procurement Code, the CIO Division monitors the quality of vendor products using a Vendor Effectiveness Report based on analysis of product performance and decides on the continued use of vendors.

Contracted vendor services provide claims processing for the employee health benefit services. Continuous monitoring and management of vendor performance is critical to assure customer requirements are met. The Employee Insurance Program communicates with the vendors through regular and ad hoc meetings and evaluates the services provided to customers based on contract specifications and pre-established standards, enforcement of compliance through performance guarantees, and follow-up to customer complaints and comments. Insurance benefits contracts contain requirements that customer satisfaction be measured.

In General Services' Construction and Planning Unit, project managers monitor the performance of each service provider on a regular basis; daily in the case of construction contractors. Project managers also initiate projects with pre-construction conferences involving customers and service providers and they evaluate the performance of service providers at the end of projects using a process designed by the Office of State Engineer.

The South Carolina Retirement Systems and the State Retirement Systems Investment Panel closely monitor fund managers who invest the pension plan's stock portfolio. Money managers are subject to a statistical analysis, in-person interviews and site visits prior to selection. Those chosen to invest part of the portfolio must regularly participate in due diligence interviews with the Investment Panel. Performance, benchmarked against appropriate stock market indices for the style of investing in question, is analyzed on a monthly, quarterly and yearly basis.

The benefits staff of each of the state and local agency served by the Employee Insurance Program and the South Carolina Retirement Systems are relied upon for the enrollment of members and subscribers, payment of contributions and premiums, and other day-to-day business. The EIP hosts an annual Benefits at Work conference where benefits administrators learn about upcoming changes in employee health benefits and can express their thoughts and needs. The EIP has also implemented a new phone system with a separate call center dedicated to the benefits administrators with toll free access. The Retirement Systems' Customer Services Field Education unit holds training sessions for all benefits administrators to explain SCRS procedures and policy changes. It also offers one-on-one training for new benefits administrators and makes mandatory site visits to all entities that join the Retirement Systems.

The Commercial Vendor Repair Program requires State Fleet Management to be particularly active in partnering with both customers and suppliers. The program uses more than 400 private sector providers statewide for maintenance of more than 8,500 vehicles belonging to 32 agencies. Before arriving at a CVRP shop for repairs, the drivers call one of State Fleet Management's master mechanics toll-free. The mechanic is able to discuss the problem with the driver and calls up the vehicle repair history. The mechanic then discusses with the CVRP repair shop what repairs they plan to undertake. This system avoids unnecessary repairs and also allows the agency to be reimbursed for work on parts that may still be under warranty after having been repaired at a facility elsewhere in the state.

The CIO uses a Help Desk to handle customer problems. When calls are received, they are logged and then referred to the appropriate technician or department for resolution. A more effective system was implemented in this area to facilitate better handling of customer needs.

The system will also provide additional summary type data to the CIO so that the workload can be evaluated and adjustments made if necessary.

In addition, a network monitoring tool was also installed, giving technicians the ability to proactively manage and identify infrastructure problems prior to affecting the customer. The tool will also measure the availability of the network and the servers which will assist the CIO in ensuring quality service.

State Building and Property Services acts as a conduit for state agencies and the private leasing market. It maintains a central database of existing state leases for private office and other building space and a list of firms interested in leasing to state agencies. A computerized database tracks when existing leases are set to expire so that renewal negotiations can begin. State agencies requesting new space discuss their needs with the office, which issues solicitations and presents the agency with finalists that best meet the requirements.

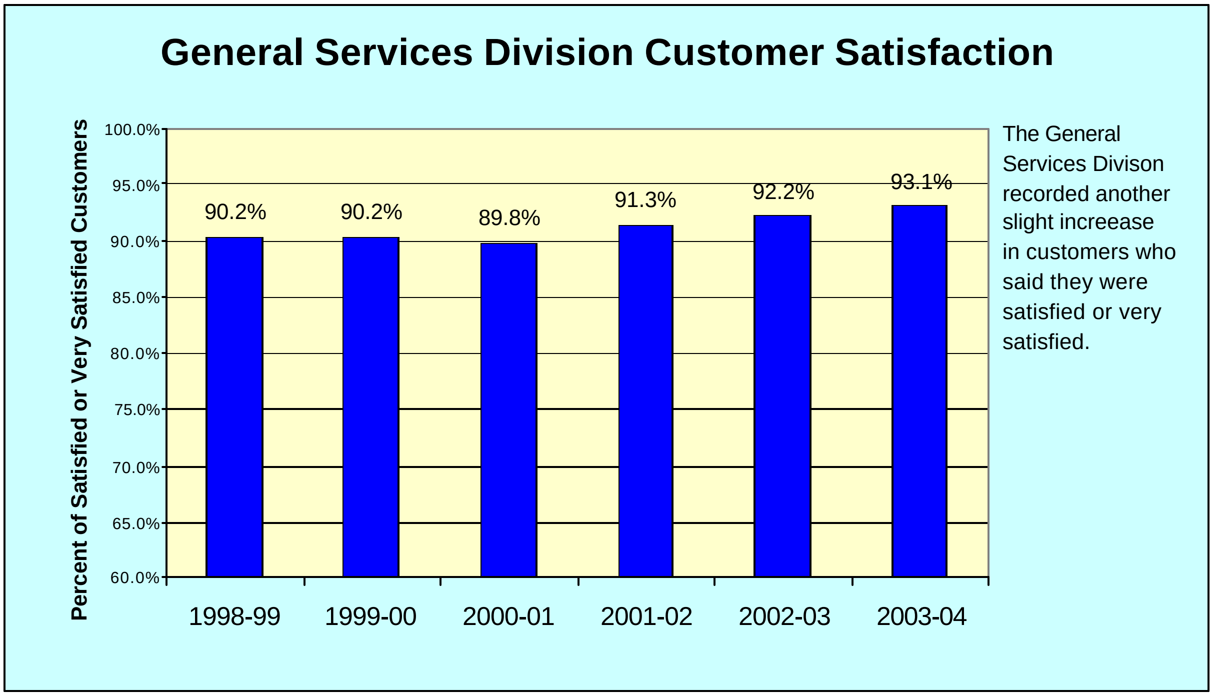
The Office of Human Resources has assigned a consultant for each state agency who provides advice and guidance on human resource issues and OHR procedures. OHR also has a Human Resources Advisory Committee made up of agency representatives who advise the office of customer needs and help disseminate information across state government.

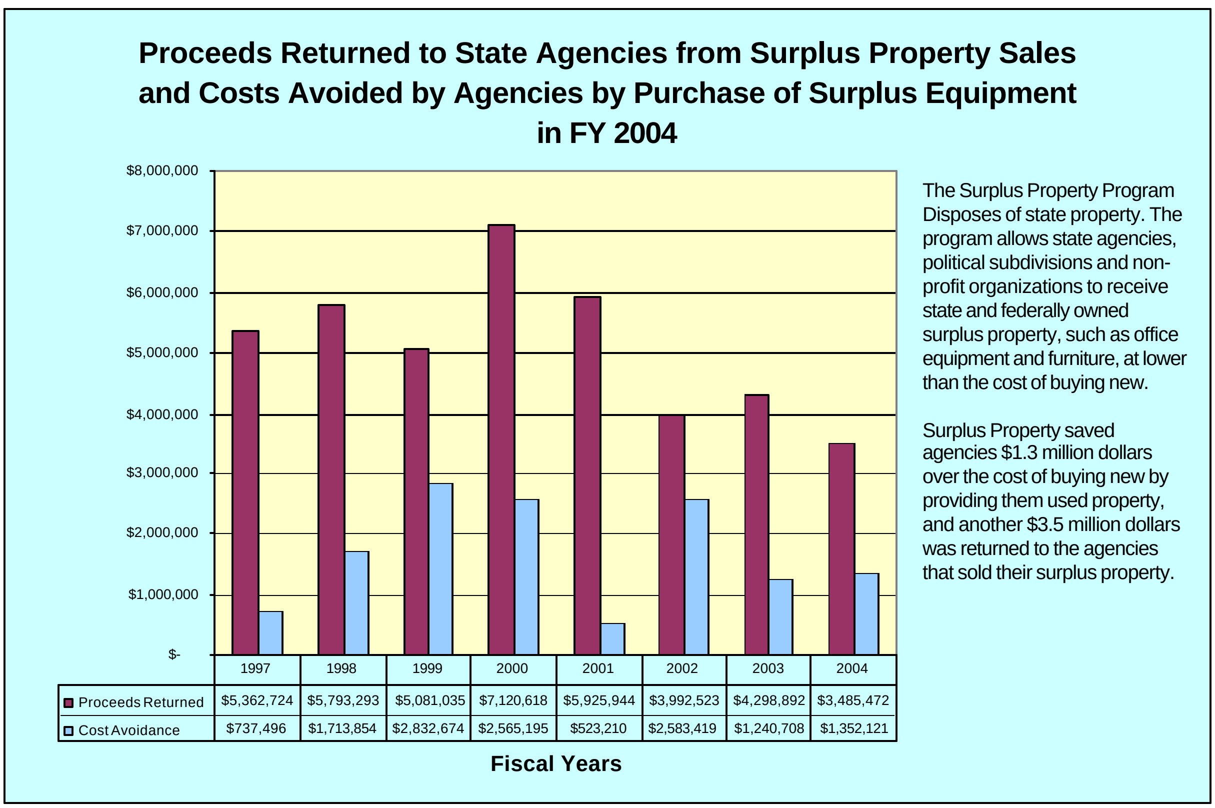
The South Carolina Energy Office has the Energy Advisory Committee, made up of representatives from utilities, manufacturers and the business sector, who provide guidance on how the Energy Office can best serve the citizens of the state. The committee reviewed and approved the Energy Office's 2003-04 strategic plan.

The Geodetic Survey Section has forged very close partnerships with counties in an effort to move South Carolina local governments from paper to digital mapping for land ownership and taxation purposes. Because many counties lack trained staff for digital mapping, the Geodetic Survey provides startup grants for digital mapping and writes specifications for digital mapping RFPs. Mapping contractors send their data directly to the section which conducts rigorous quality controls on the product before sending it to the county. Geodetic Survey then conducts on-site training for county personnel in how to use the new digital maps.

7.0 Business Results

7.1 Performance levels and trends for the key measures of customer satisfaction.

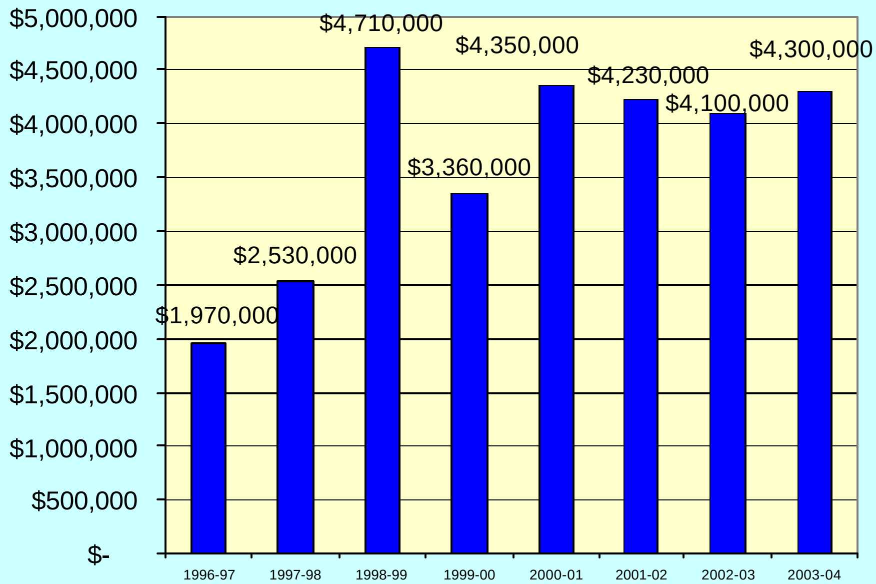




	1997	1998	1999	2000	2001	2002	2003	2004
Proceeds Returned	$5,362,724	$5,793,293	$5,081,035	$7,120,618	$5,925,944	$3,992,523	$4,298,892	$3,485,472
Cost Avoidance	$737,496	$1,713,854	$2,832,674	$2,565,195	$523,210	$2,583,419	$1,240,708	$1,352,121

Fiscal Years

Money Saved for State Agencies by Using Board's Mail Service Instead of US Postal Service

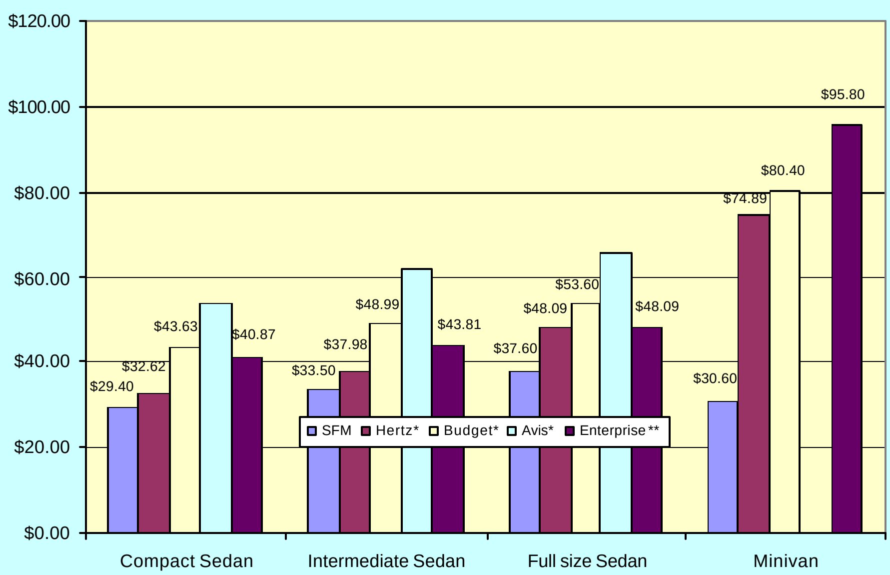


With rates well below the U.S. Postal Service, Agency Mail saves millions of dollars annually for state and local agencies. While the increased use of electronic communication has caused some drop in volume, this has been partially offset by the addition of new customers.

Agency Mail First Class rate: 90 cents per pound.

U.S. Postal Service Official First Class rate: $3.82 per pound

State Fleet Daily Motor Pool Rates Compared to Private Sector Rates in FY 2004 (Based on the Average Motor Pool Trip Mileage)

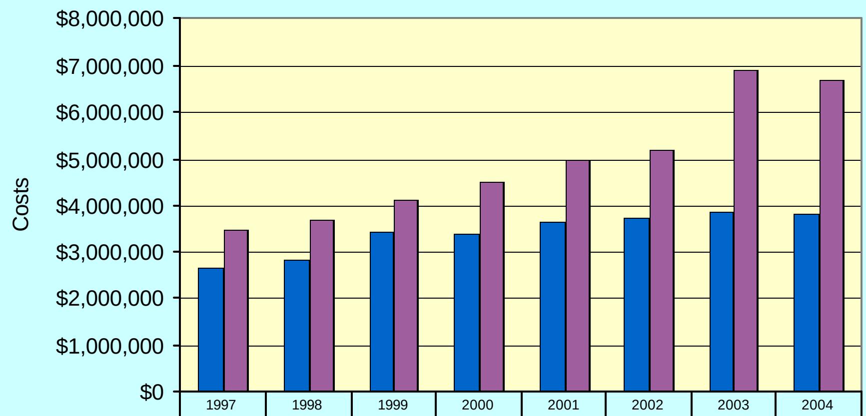


General Service' State Fleet Management benchmarks their daily motor pool rates against the private sector's special fleet rates for daily rentals.

Commercial rates adjusted to include taxes and fuel, but not insurance.

Note: Avis did not provide a quote in the minivan category.

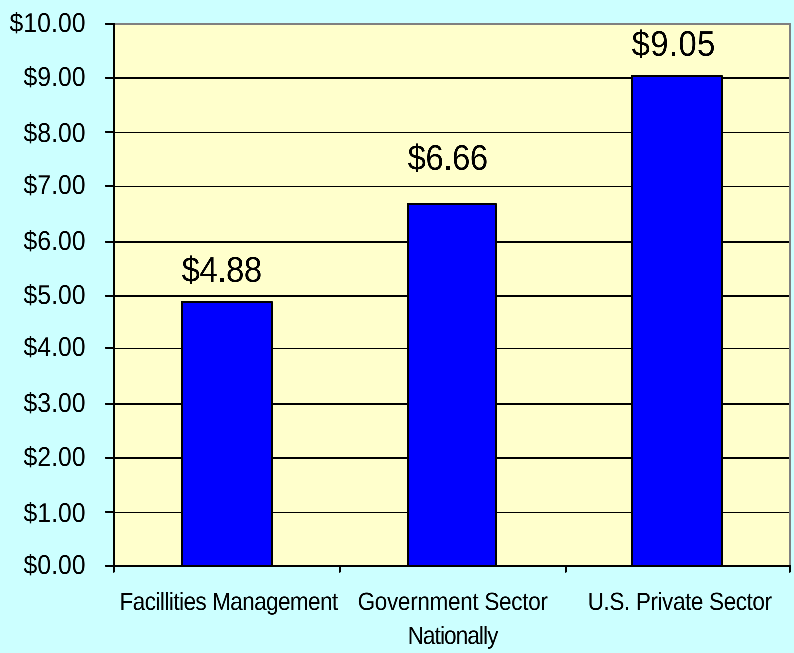
Commercial Vendor Repair Program (CVRP) Costs Compared to National Fleet Account Benchmark for FY 2004



	1997	1998	1999	2000	2001	2002	2003	2004
State Fleet Cost	$2,631,605	$2,810,149	$3,402,871	$3,373,627	$3,618,842	$3,758,000	$3,882,212	$3,827,500
BenchMark	$3,447,403	$3,681,295	$4,117,474	$4,520,660	$4,994,002	$5,186,041	$6,913,269	$6,687,009

The CVRP saves the state money by using a network of private repair shops for maintenance of vehicles at locations that allow agencies to avoid long trips to state-owned shops. CVRP rates are benchmarked against national large private fleet rates.

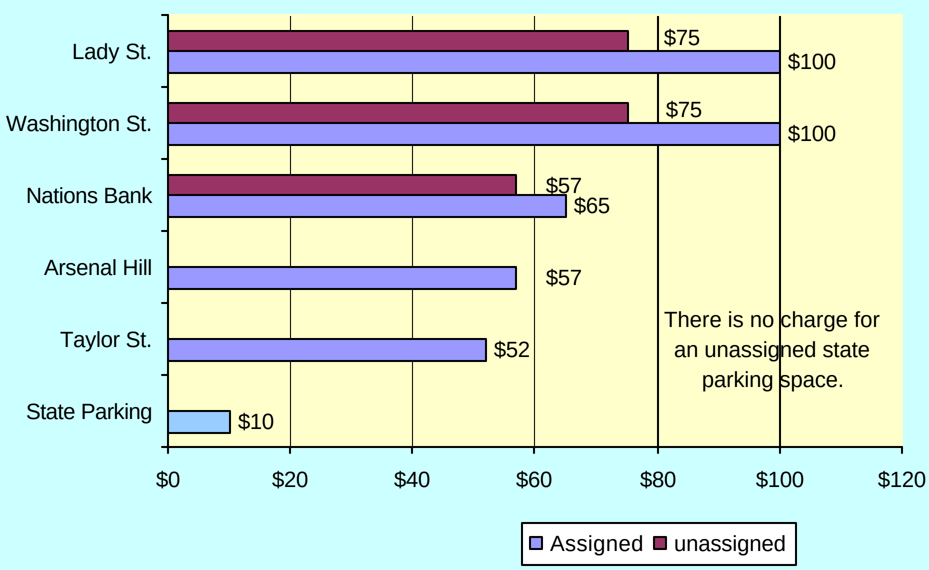
Facilities Management Section Cost to Maintain State Buildings in FY 2004



Using data from the Building Owners and Managers Association, the Facilities Management Section compares its costs to maintain state buildings to the public and private sector. FM costs about 75 percent of the cost for all government buildings in the United States. This data includes maintenance, custodial, utilities and adminsitration.

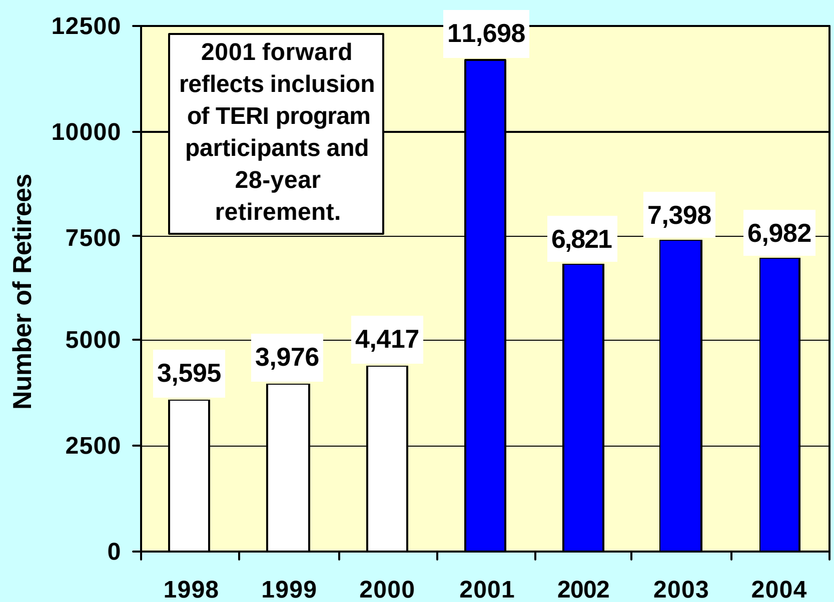
Note: The private and government benchmark figures are adjusted downward to account for the lower cost of living in the Columbia area compared to the national average.

State Parking Monthly Rates Compared to Columbia City & Private Parking Rates in FY 2004



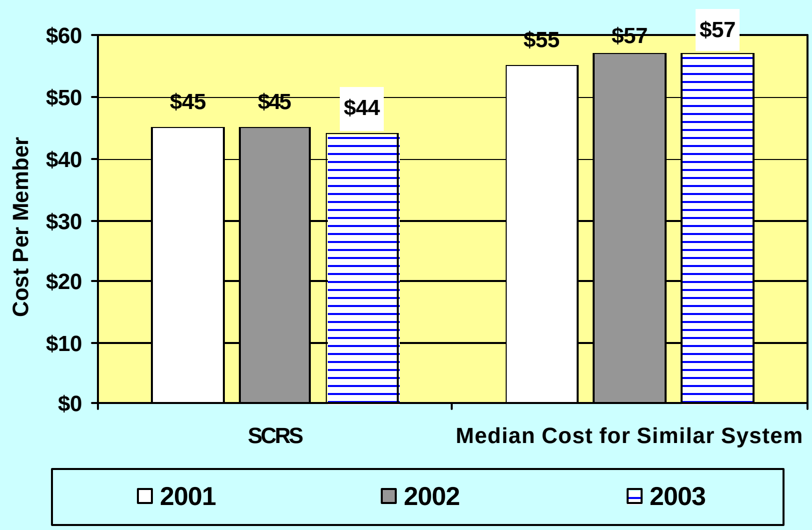
State Parking Services manages 20 parking facilities and 6,493 parking spaces. These spaces are provided to state employees at a fraction of the benchmark costs. State employees saved over $5,000,000 in parking fees compared to the average of the city and private parking rates in Columbia.

Comparison of Service Retirement Claims Processed by South Carolina Retirement Systems



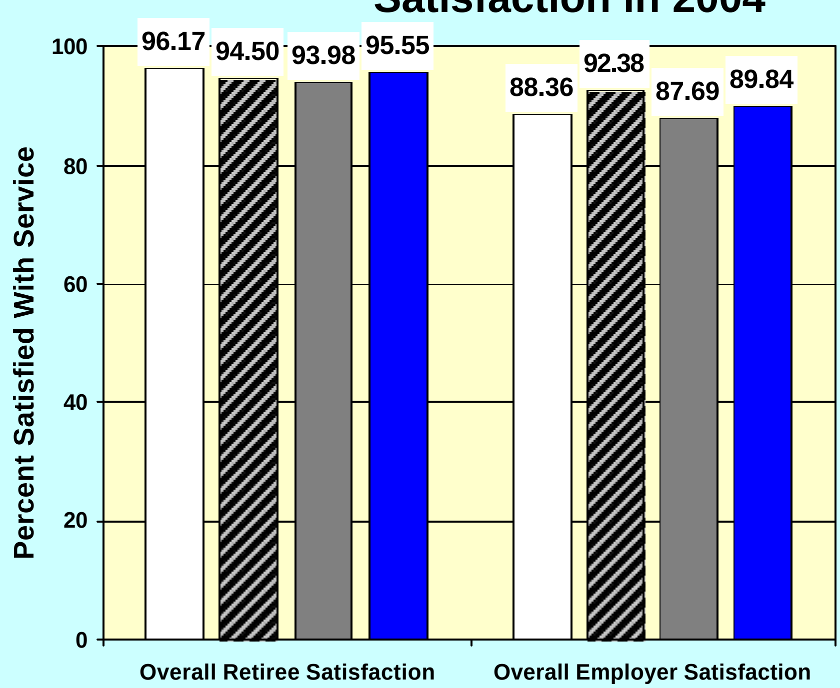
The number of service retirements dropped slightly for the year while sustaining the higher workload trend for the fifth consecutive year. Previous years' numbers may differ from earlier reports due to claims being finalized since prior publication. Downsizing in response to budgetary concerns and the proposed repeal of the TERI program continue to affect the workload.

Administrative Cost Per Member of South Carolina Retirement Systems (2003)



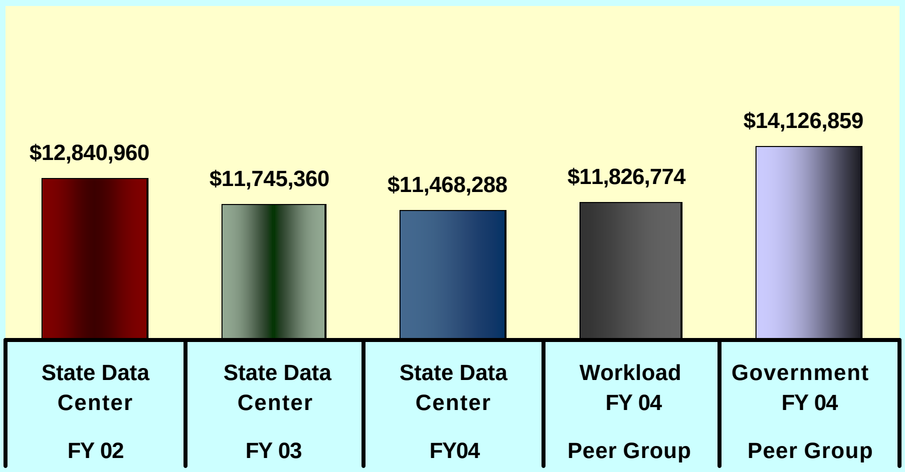
A benchmarking analysis by Cost Effectiveness Measurement, Inc., found that in 2003 the Retirement Systems operated at the 11th lowest cost per member among the 16 peer pension plans in the analysis. The Retirement Systems' cost per member decreased one dollar and the peer median cost remained the same as the previous year.

South Carolina Retirement Systems Customer Satisfaction in 2004



Retiree and employer satisfaction increased from the previous fiscal year, most likely due to operational realignment and cross-training programs implemented in response to continual increases in service demand.

COST OF DATA CENTER MAINFRAME OPERATIONS
STATE DATA CENTER COMPARED TO PEER GROUPS

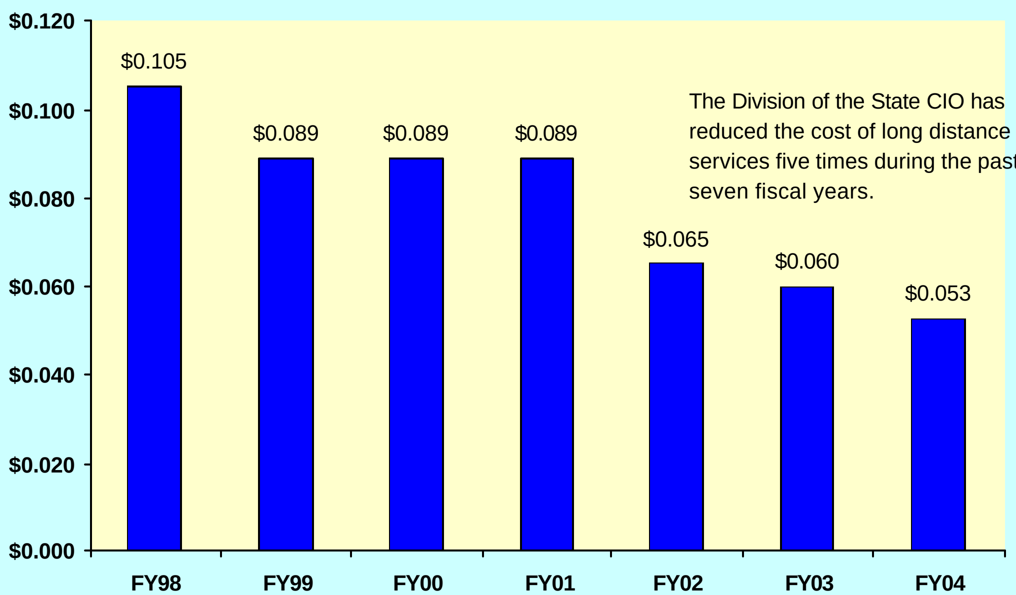


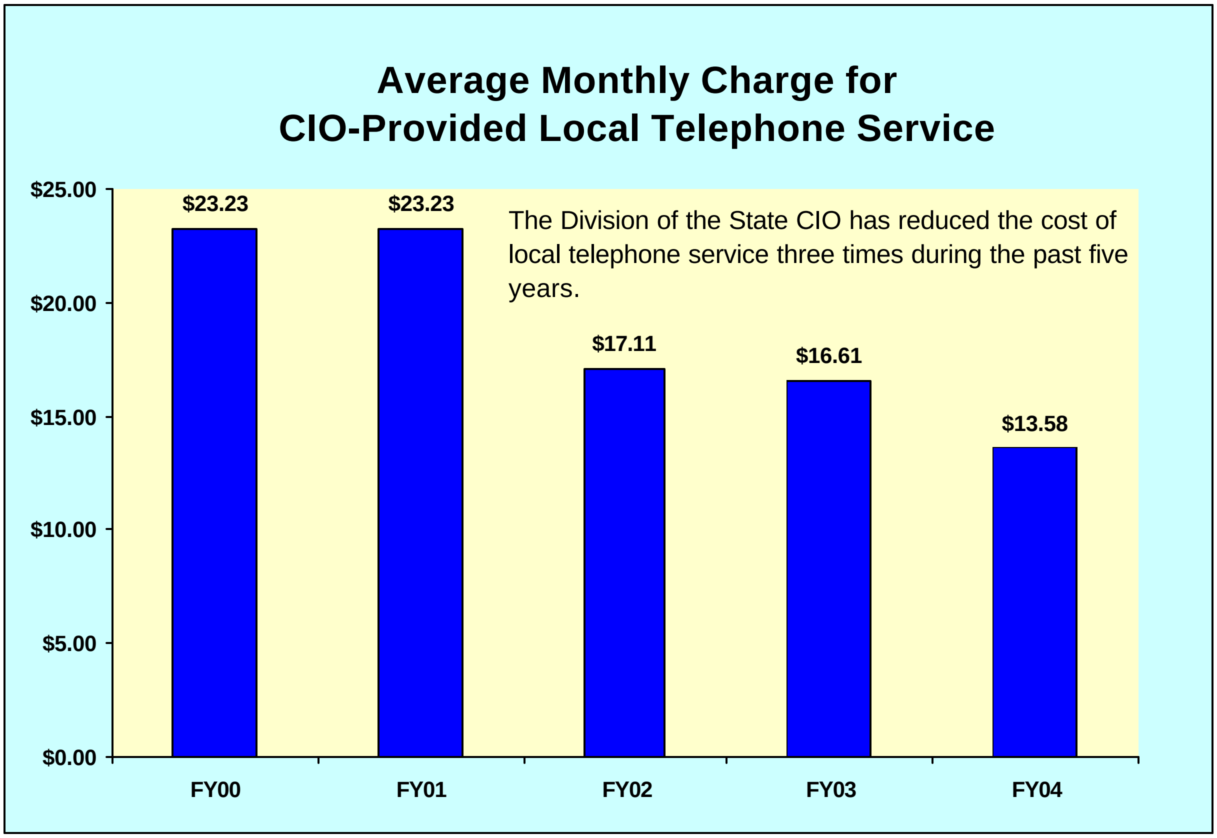
The CIO Division's cost of mainframe operations is 3.03% below the workload peer group and 18.82% below the government peer group as reported in the Gartner Group Information Technology Review.

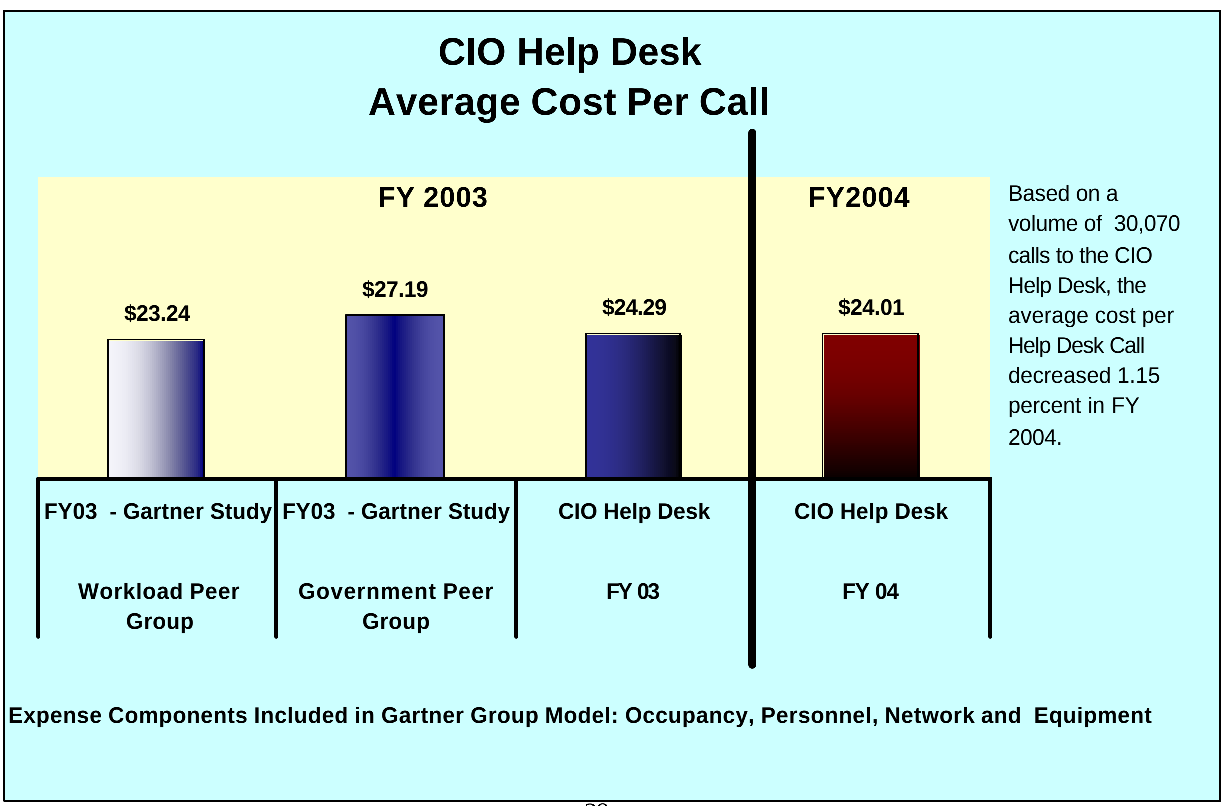
Expense Components Include: Occupancy, Personnel, Hardware, Software and Disaster Recovery

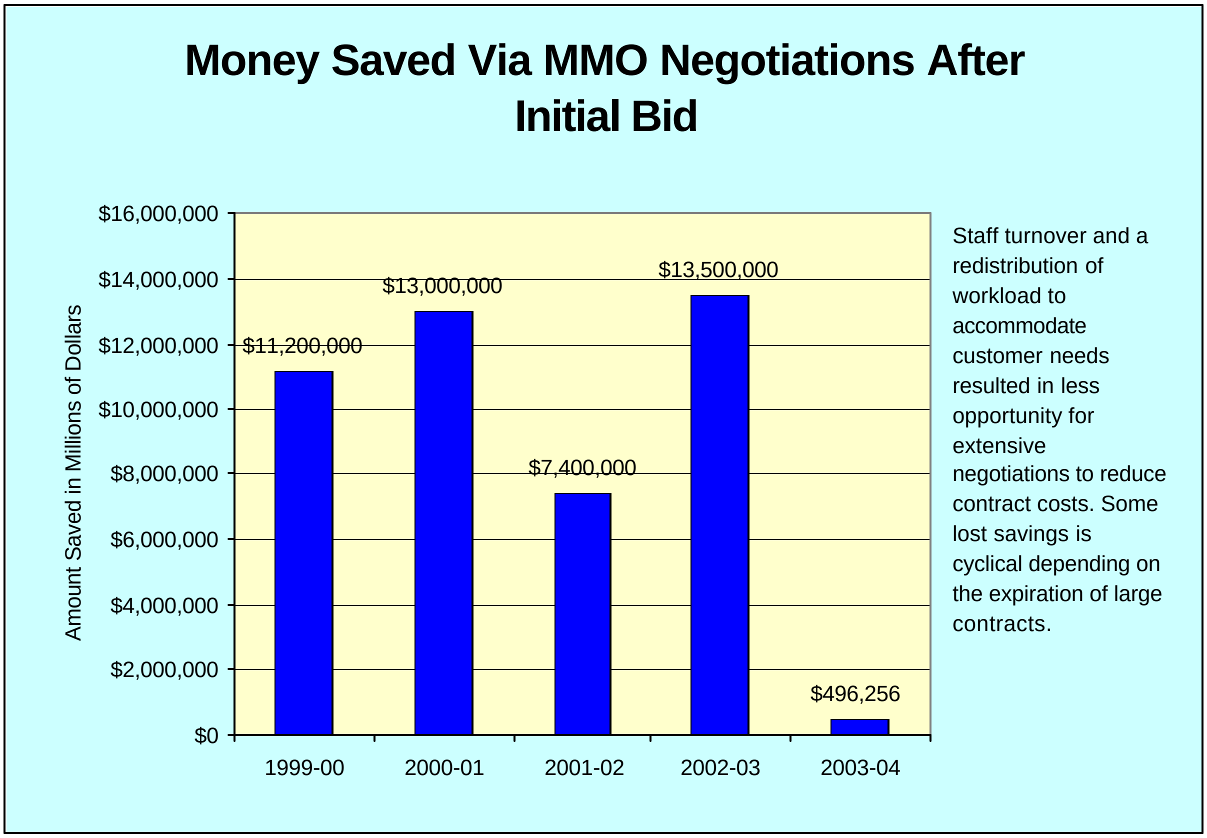
AVERAGE COST* PER MINUTE FOR
CIO PROVIDED LONG DISTANCE SERVICE

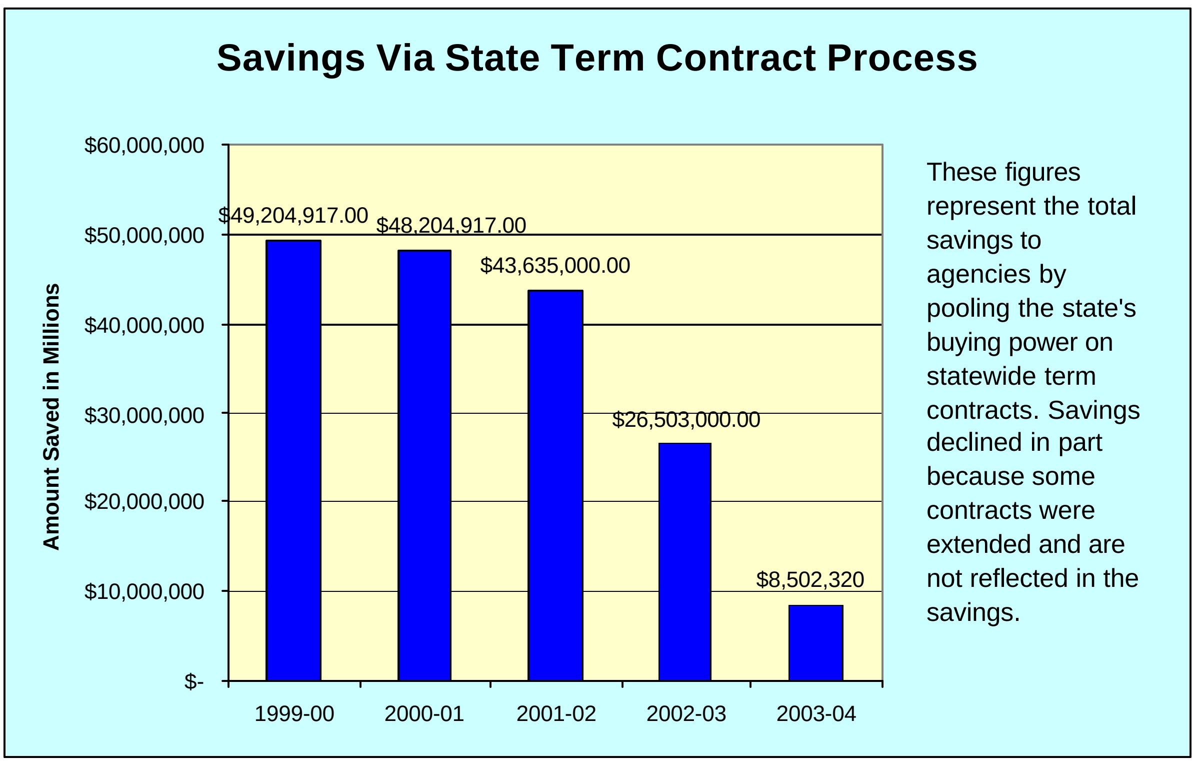
*Does not include calling card or 800 Service



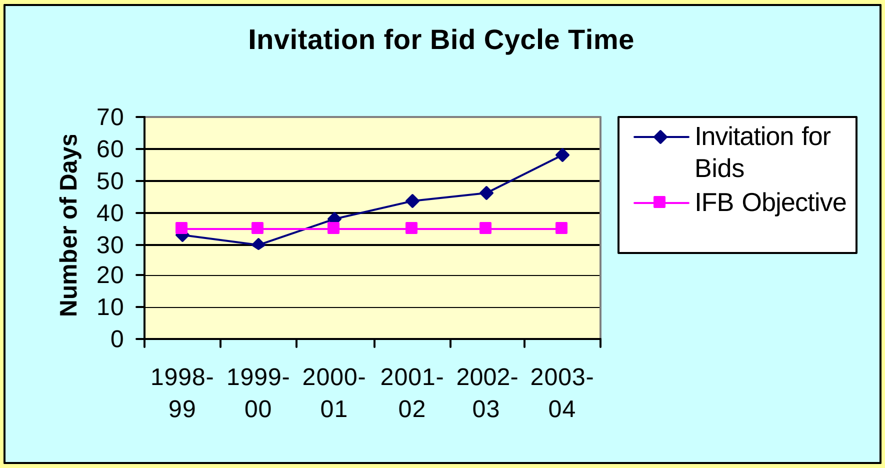

Average Monthly Charge for
CIO-Provided Local Telephone Service
The Division of the State CIO has reduced the cost of local telephone service three times during the past five years.
$25.00
$20.00
$15.00
$10.00
$5.00
$0.00
$23.23
$23.23
$17.11
$16.61
$13.58
FY00
FY01
FY02
FY03
FY04


CIO Help Desk
Average Cost Per Call
FY 2003
FY2004
$23.24
$27.19
$24.29
$24.01
FY03 - Gartner Study
Workload Peer Group
FY03 - Gartner Study
Government Peer Group
CIO Help Desk
FY 03
CIO Help Desk
FY 04
Based on a volume of 30,070 calls to the CIO Help Desk, the average cost per Help Desk Call decreased 1.15 percent in FY 2004.
Expense Components Included in Gartner Group Model: Occupancy, Personnel, Network and Equipment

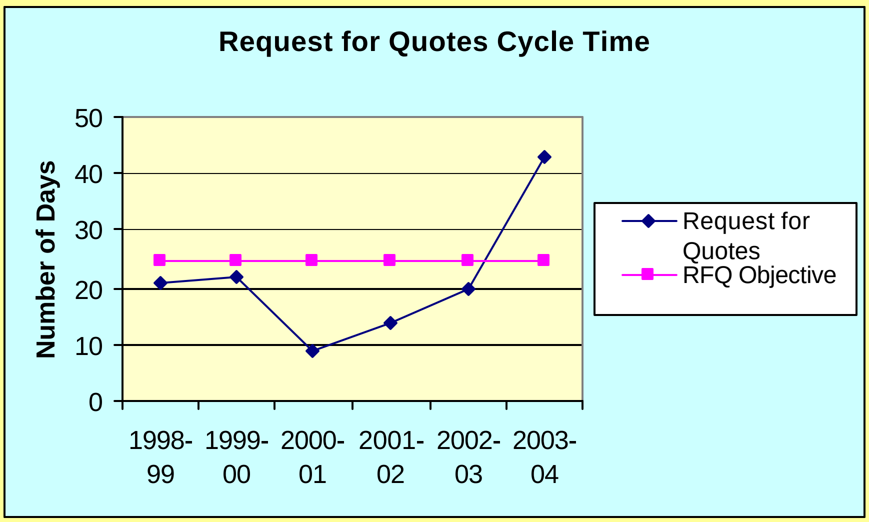

Money Saved Via MMO Negotiations After Initial Bid
Amount Saved in Millions of Dollars
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
$11,200,000
$13,000,000
$7,400,000
$13,500,000
$496,256
1999-00
2000-01
2001-02
2002-03
2003-04
Staff turnover and a redistribution of workload to accommodate customer needs resulted in less opportunity for extensive negotiations to reduce contract costs. Some lost savings is cyclical depending on the expiration of large contracts.


Savings Via State Term Contract Process
Amount Saved in Millions
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$-
$49,204,917.00
$48,204,917.00
$43,635,000.00
$26,503,000.00
$8,502,320
1999-00
2000-01
2001-02
2002-03
2003-04
These figures represent the total savings to agencies by pooling the state's buying power on statewide term contracts. Savings declined in part because some contracts were extended and are not reflected in the savings.

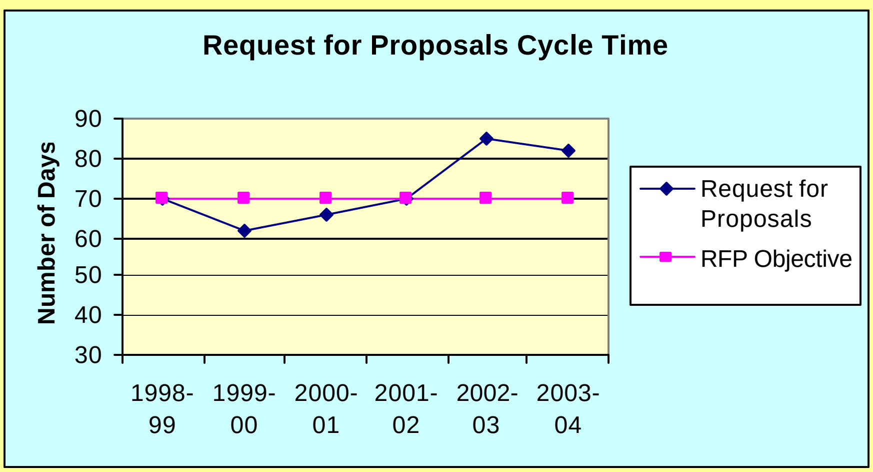
Materials Management Office Cycle Times

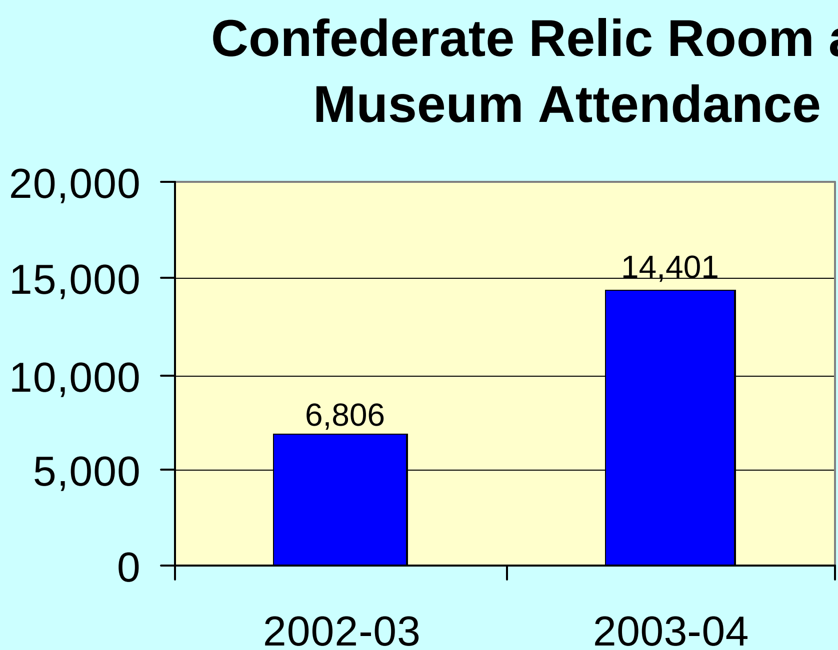


↓ Good



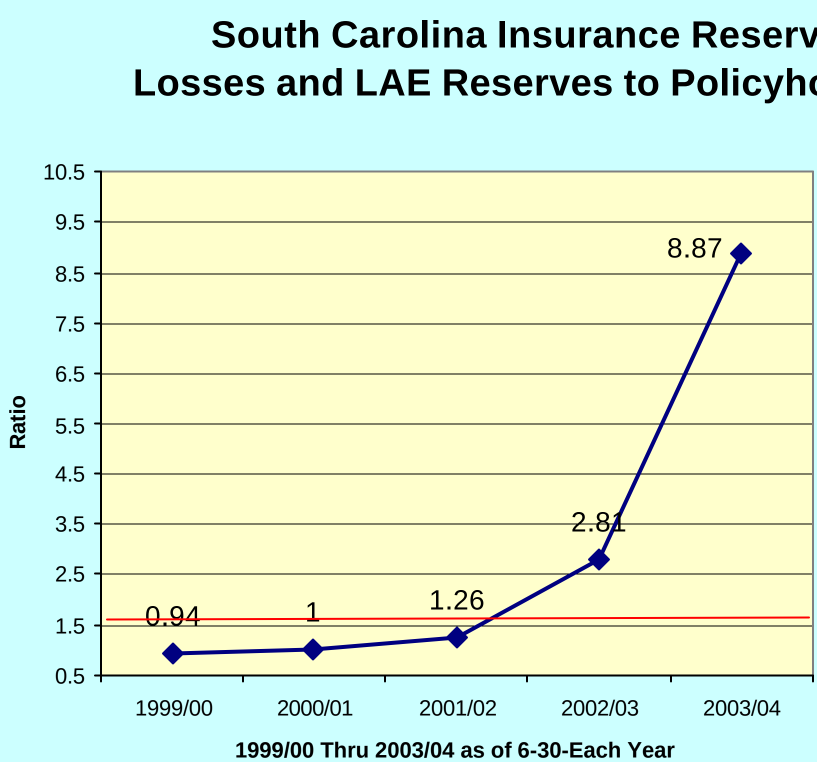
Cycle time is measured for the three major methods of procurement. The times rose in 2003-04 due to MMO staff vacancies as a result of general fund budget reductions. As a result, customer satisfaction declined in 2003-04 as measured by surveys.



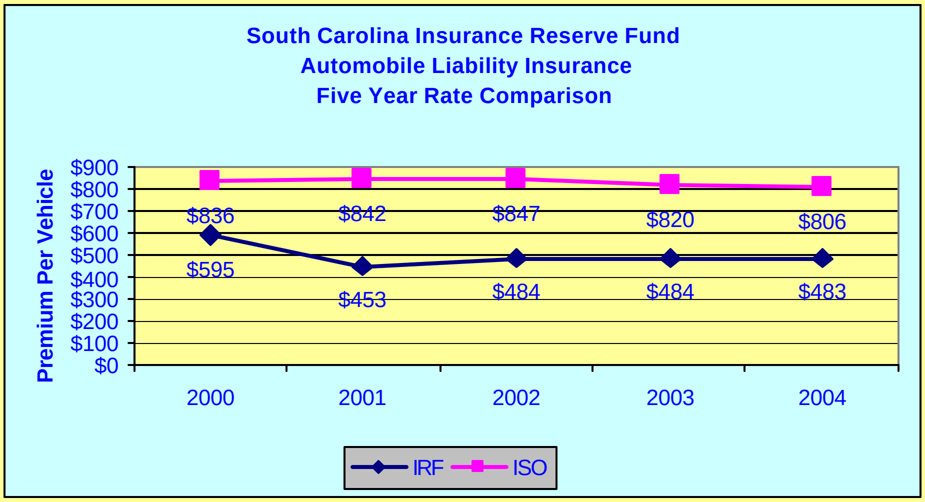


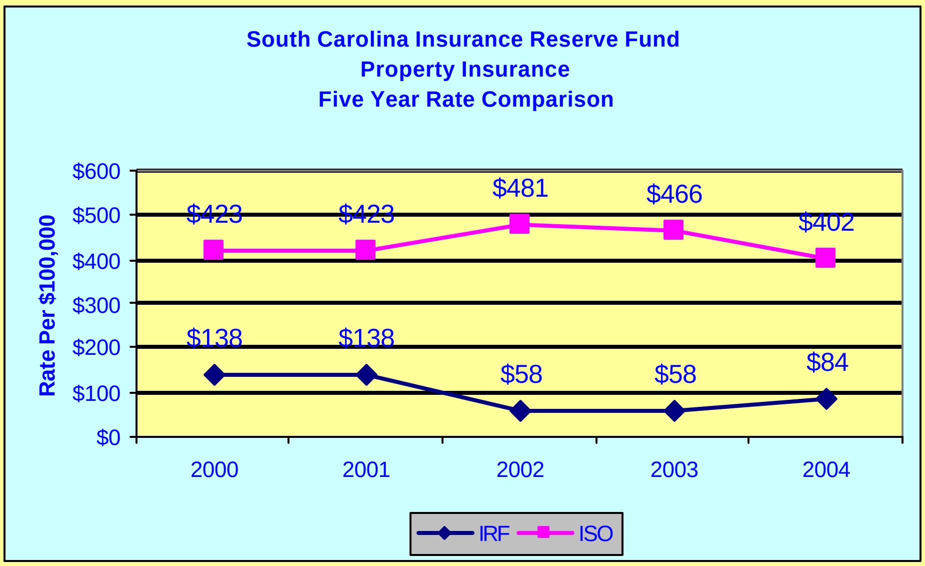
The museum continues to reach more people via increased marketing and outreach programs.

Note: Totals include indivdiuals reached via educational outreach programs. 2002-03 numbers for 10 months.

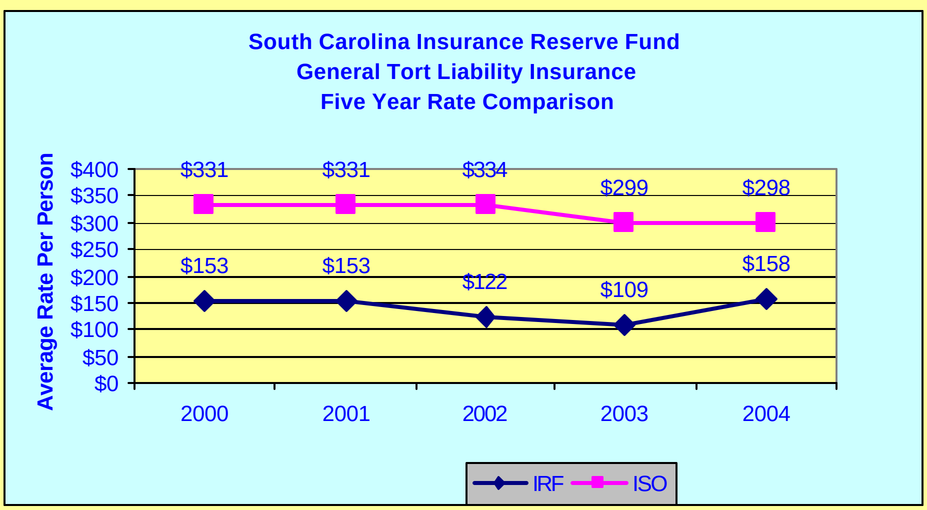


This ratio is used as a primary measure of financial strength. Within a range no higher than 1.5, there are assets sufficient to pay all incurred and projected obligations.

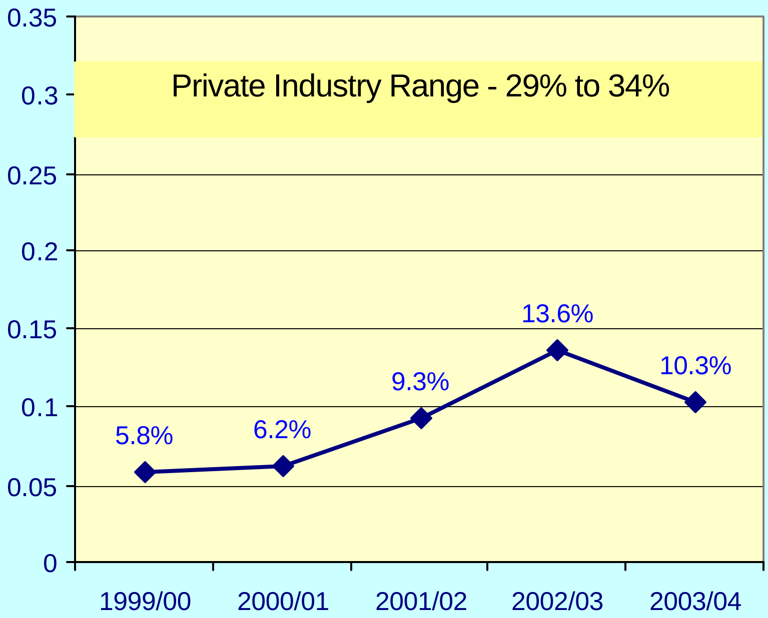




The Insurance Reserve Fund regularly compares its premiums to data collected by the Insurance Service Organization, the property and casualty insurance industry's leading supplier of statistical, actuarial, underwriting, and claims data. The IRF's premiums continue to be well below industry averages.

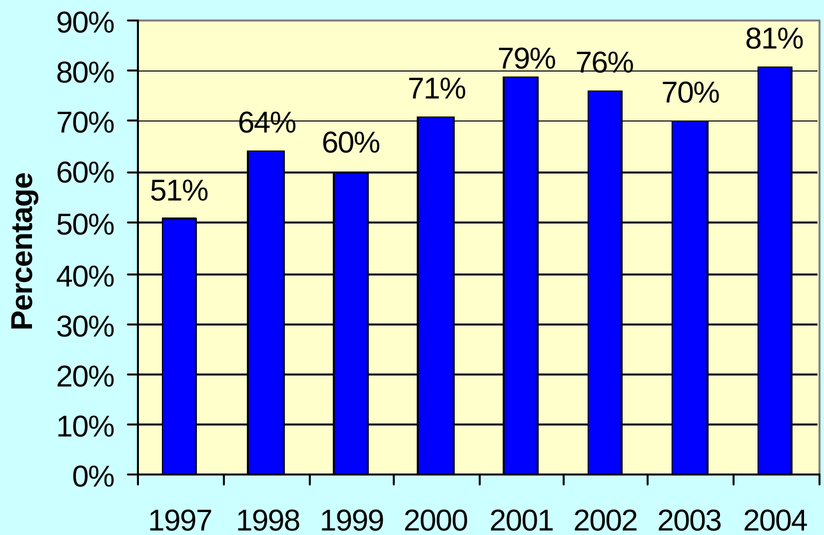


South Carolina Insurance Reserve Fund Expense Ratio Fiscal Year 1999/00 thru 2003/04



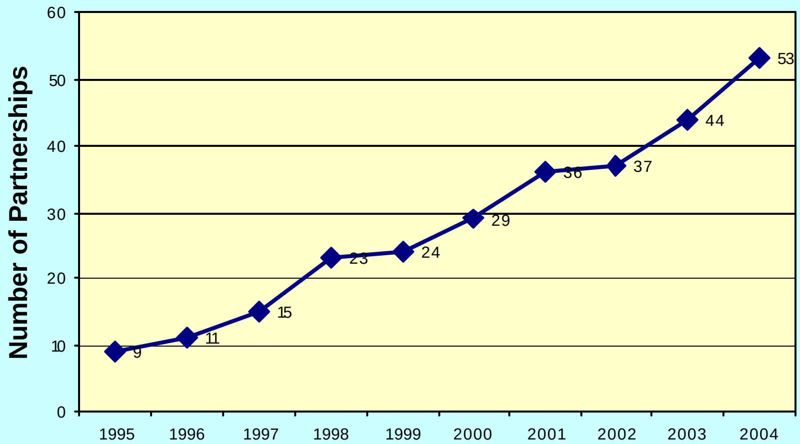
The expense ratio for an insurance operation is calculated by dividing the operation's "operating expenses" by written premium. The Insurance Reserve Fund consistently operates with much lower expense ratios than private, property and casualty insurance companies.

Percentage of Fiscal Impact Statements Prepared in 14 Days or Less

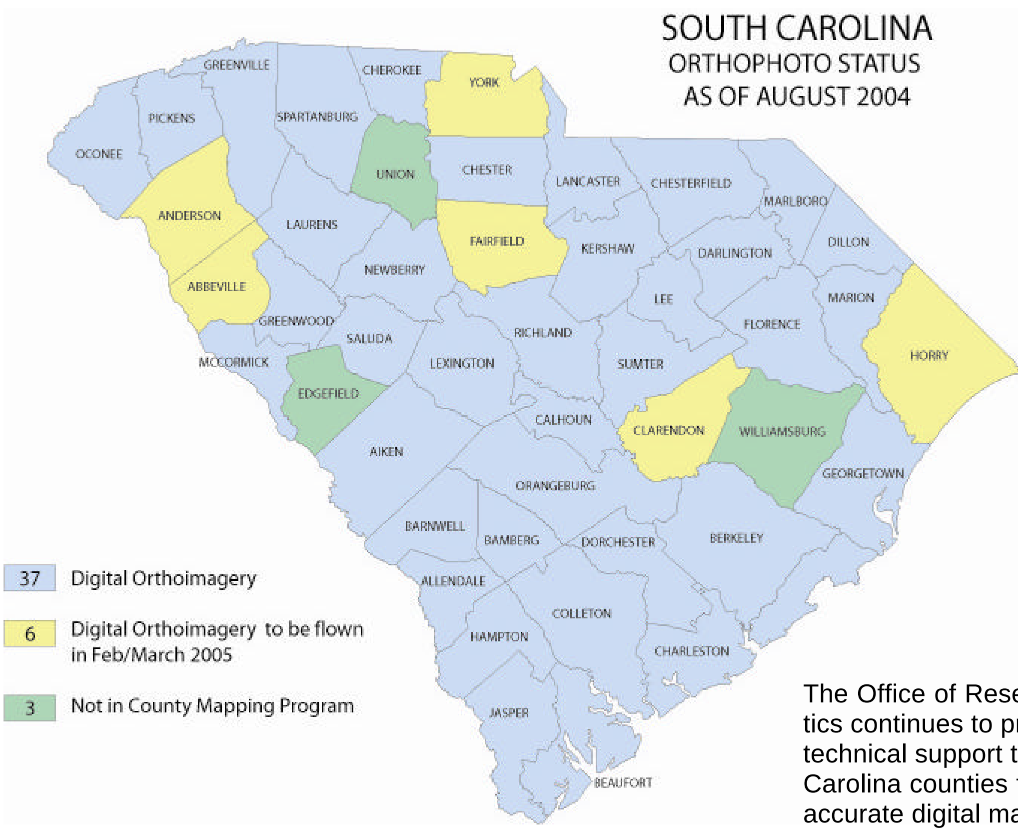


Preparation time improved significantly in 2004.

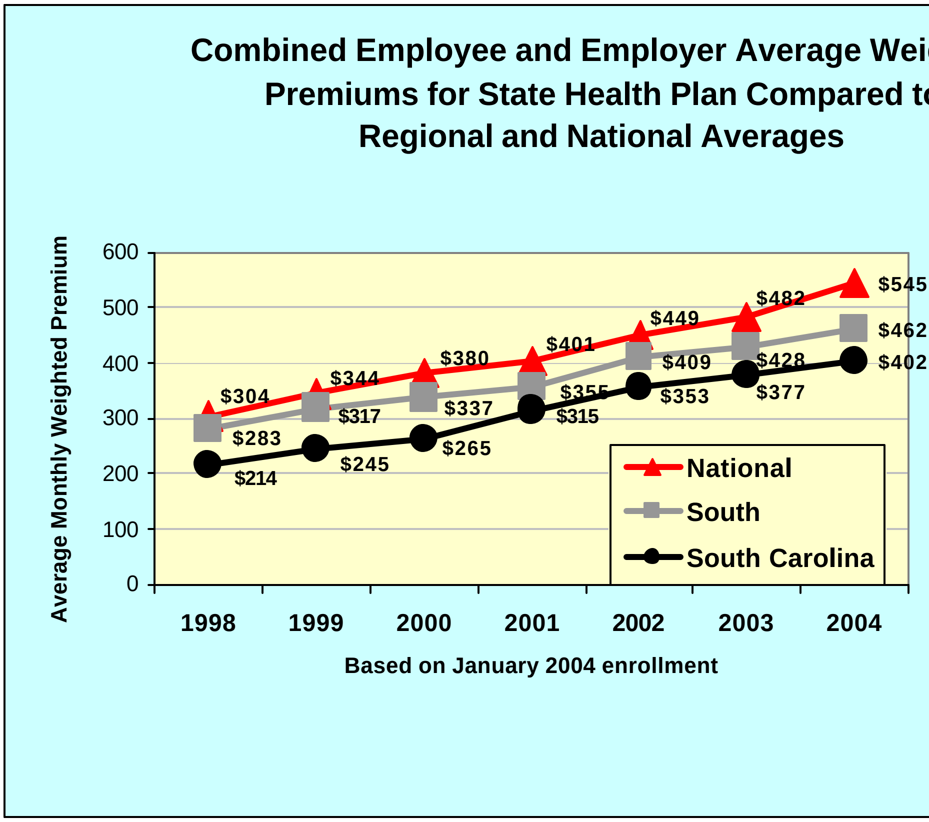
Health and Demographics Section Contracts, Grants, and Partnerships by Fiscal Year



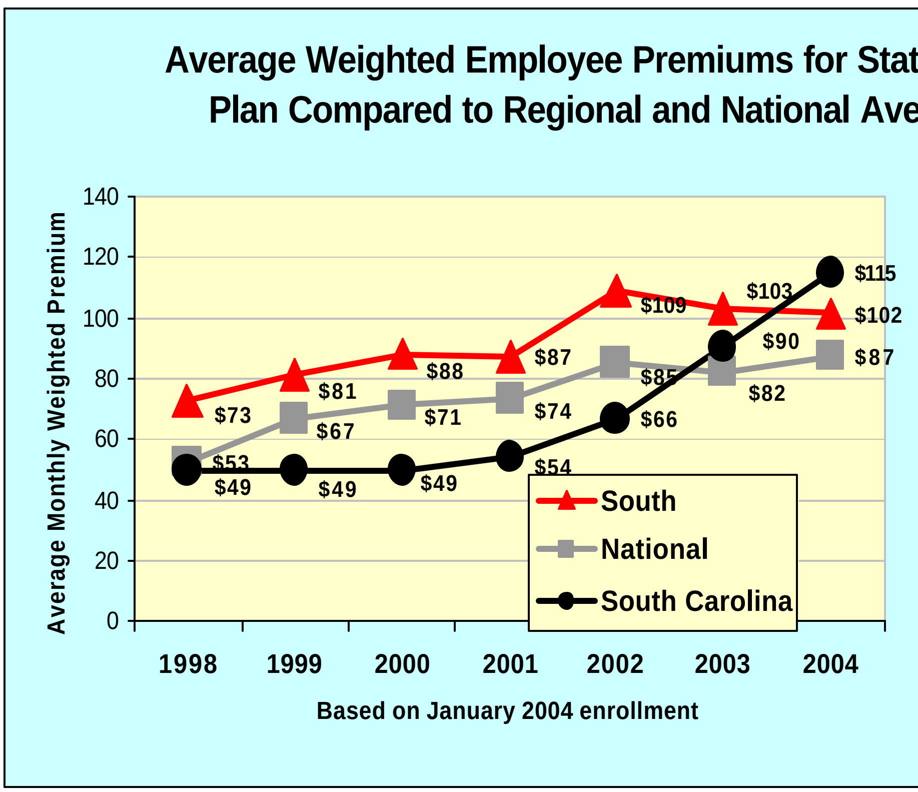
The Health and Demographics Section of the Office of Research and Statistics operates primarily by forging innovative partnerships with agencies and non-profit organizations. The increase in partnerships reflects the increasing using of information to improve service delivery.



The Office of Research and Statistics continues to provide grants and technical support to enable South Carolina counties to create highly accurate digital maps used for property ownership, taxation and planning purposes. Most South Carolina counties have now been reached via this effort.

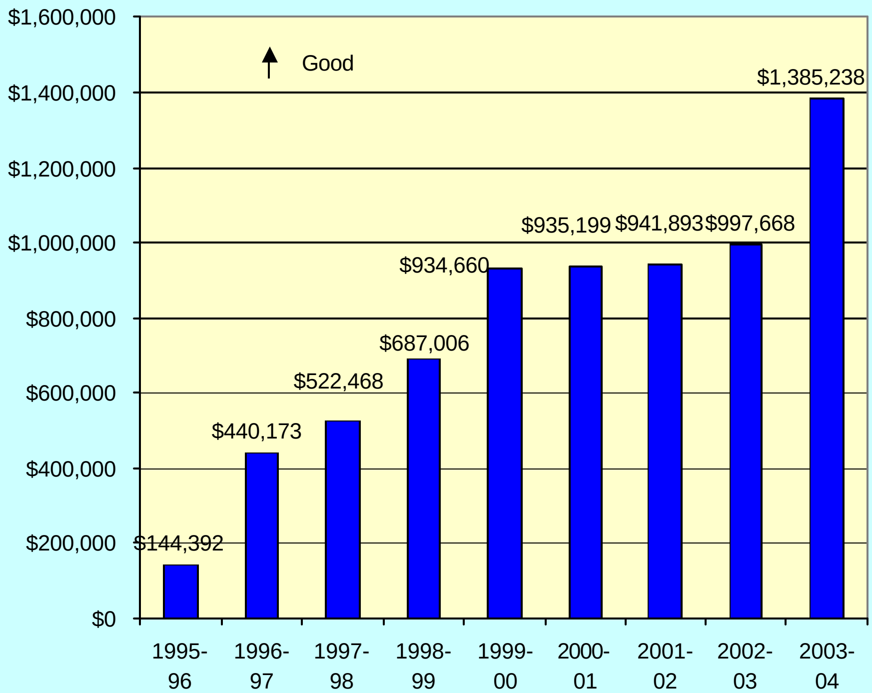


While rates have been rising because of higher health care costs, the combined employer and employee State Health Plan premium continues to be below regional and national averages.



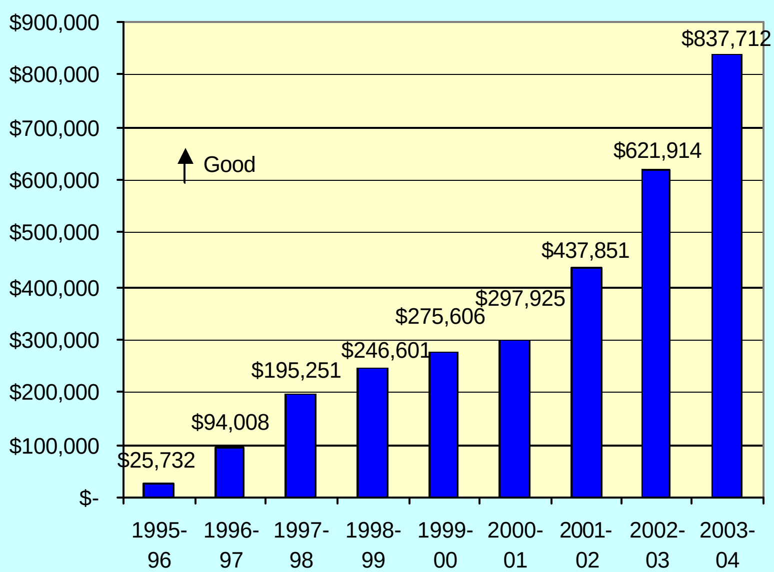
Rate increases have pushed average employee health insurance premiums above the regional and national averages.

State Agency Facility Savings from SC Energy Office Projects

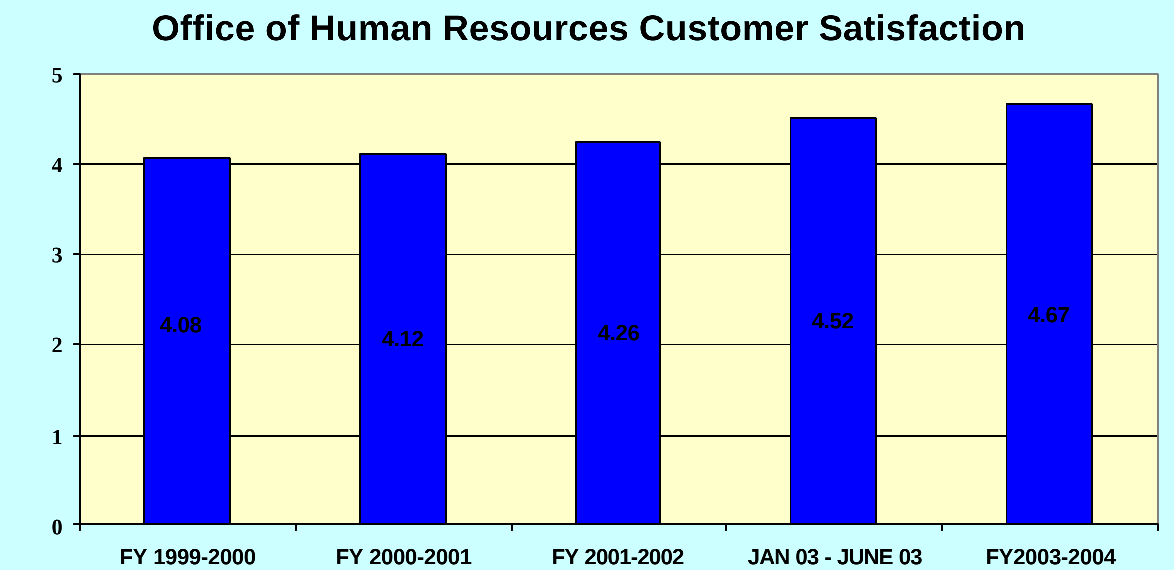


Cost savings to state agencies through implementing energy saving projects has resulted in cumulative savings of almost $7 million to date.

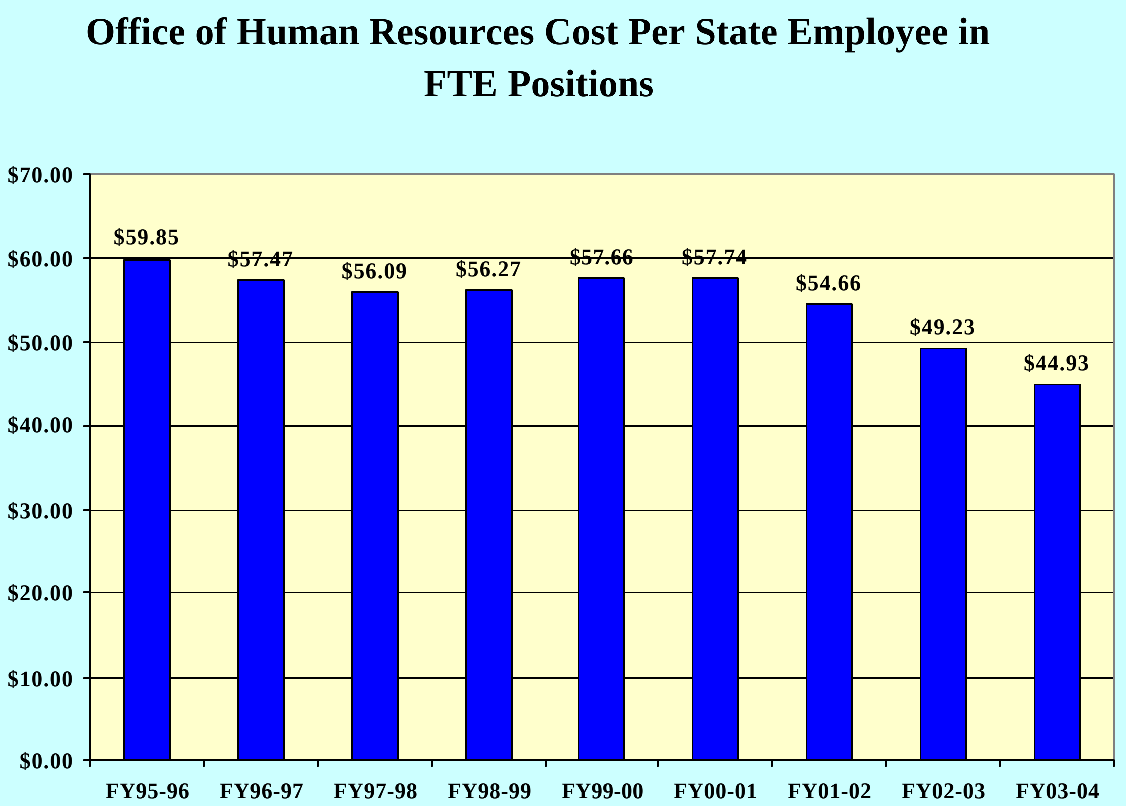
School Districts Savings from Energy Office Projects



Cost savings to school districts through implementing energy saving projects has resulted in cumulative savings of $3 million to date. The 9 energy conservation loans issued in 2003-04 are expected to generate energy savings of $19 million. The ConserFund loan program has issued 26 loans since the inception of the program and total energy savings of $31 million are anticipated.



A new data collection process was implemented in January 2003 to collect more pertinent and timely information from our customers. A "5" indicates a strong positive response, and a "1" indicates a strong negative response.



In FY02-03, OHR's operating budget was increased by $605,763 to facilitate direct payments to the Division of CIO for HRIS operational costs.