Accountability Report Transmittal Form

Agency Name: SC Budget and Control Board
Agency Director: Frank Fusco
Agency Contact Person: Michael Sponhour
Agency Contact's Telephone Number: 803-734-0632

SC Budget and Control Board

2009-10 Annual Accountability Report

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The Budget and Control Board: Issues and Facts

By Frank W. Fusco,
Executive Director

I have served the state in auditing, management, budgeting and performance review for over 37 years, and have had the privilege of serving the Budget and Control Board for almost nine years. I was a key legislative staffer in the major restructuring of state government in the early 1990's. Perhaps the most challenging issue in directing and managing the Budget and Control Board in recent years has been the ongoing discussion and proposals to restructure the Board. This idea seems to be driven by the assumptions that accountability will improve and the State will easily save millions of dollars. Although I always favor improving, care should be taken if the State moves toward a structure modeled after the federal government. Compounding this challenge was the veto of all of the Board's General Funds for FY 10-11. If the agency is to attain the ability to attract and retain excellent employees, then stability, accountability, and continuous improvement need to be addressed. Certain features of the Board's structure should be preserved in any new structure, and may need to be replicated in other agencies to enhance accountability.

As the General Assembly considers restructuring agencies, at a minimum, several criteria should be considered:

- Get all of the facts. Decisions made about restructuring any agency or program can have significant unforeseen consequences in the absence of clear understanding what a program is expected to accomplish and how it will do so.
- Take a long term view in seeking solutions. Put in place a structure that has the greatest opportunity for continuous improvement and adding value for the people and entities served.
- Ensure that legislative oversight and accountability mechanisms are in place up front, unlike the restructuring during the 1990's.
- Safeguard taxpayers, employees and public officials by enhancing roles designed to ensure independent checks and balances in the use of public funds.
- Ensure that data and information needed across branches for policy-making, budgeting and critical matters is available objectively to all parties.
- Safeguard and enhance transparency of not only financial and other data, but also of decision-making activities.
- Clearly understand the scope and extent of authority delegated to ensure that the legislated purpose is not undermined by the executive branch through policies or implementation decisions.
- Respect the professional people affected and engage them positively as necessary changes are made. The greatest investment an organization makes is in its people - their skills and knowledge are most often not immediately replaceable.

Perceptions and Misperceptions

Because of the powerful-sounding name "Budget and Control," a misconception exists that the Board decides "where all the money gets spent in state government." It is assumed that the Board gives every agency a budget and can take the money away if it does not like how it is spent. This is not true.

Only our elected legislature can appropriate funds, which they do every year in the Annual Appropriations Act. They set tax rates and determine how to divide the revenues among education, public safety, roads, health care, local governments, and the rest of government.

The Board is a state agency governed by a five-member board chaired by the Governor. There is some confusion as to the role of the governing board and the role of the agency programs. For example, misperceptions arose based on a study from a few years ago indicating the Board could save $71.4 million the first year, if a change was made to the eligibility requirements for state and local employee retiree insurance. This figure was derived incorrectly from an actuarial study. The actual savings would largely occur after the year 2030, with the first savings beginning in 2014 at $1 million. Importantly, the Board does not have the authority to make this change; only the Legislature can do that, and did subsequently make changes.

The Board in some cases has significant discretion - for example, in procurement and personnel matters. It can exempt purchases from the requirements of the Procurement Code and regulate pay ranges for most state employees. Another recommendation from the same study is for the state to consolidate all non-Corrections vehicle maintenance facilities throughout the state as a cost efficient way to administer services. This can occur among state agencies, many within the cabinet, with no legislative action required. It is not within the Budget and Control Board's authority to make this decision. There are many other administrative functions in the cabinet that could be consolidated in the same manner.

More recently, the Governor stated in his veto message, "The Board has over $1 billion in carry-forward funds…." This statement clearly implies that the Budget and Control Board has excess carry-forward funds. This is misleading in that it implies that these are excess or surplus funds. The fact is that the funds cited include trust funds and federal/match funds and other funds committed by law for distinct purposes.

Apparently, as a result of the information in the Governor's Veto Message, the House of Representatives sustained several vetoes, leaving the Board with at least a $34M shortfall in funding. The Governor and the Board's Director had no option but to take funds from other sources resulting in a challenge to the constitutionality of this questionable transfer of the funds. Whether or not the constitutional questions are valid, the taking of funds provided for other legislative purposes must certainly be an unintended consequence. Even after transferring the funds in question, several critical Board priorities are only funded into January 2011.

What roles do the "five-members" and the "agency programs" have?

The five-member Board can:

- Cut each agency's budget equally if the Board is officially informed that projected state tax collections are too low to meet the annual spending plan enacted.
- Agree to let an agency run a deficit if it is on track to spend more than it was originally budgeted and the deficit is beyond the control of the agency.
- Approve the sale, purchase and lease of state property and bond issues.
- Annually approve the benefits package and cost allocations for public employee health insurance.
- Take certain limited actions related to state pensions.

In each of these areas, an office of the agency provides facts and implements decisions of the five-member Board. The five members set regulations/policies and delegate implementation to the various programs. These same five members, by virtue of their positions, sit on multiple boards or authorities by law. (Such as the State Education Assistance Authority, the Education Facilities Authority, the S.C. Resources Authority and as the Board of Trustees for the S. C. Retirement Systems.) A number of activities that appear to be the "Budget and Control Board" are actually other authorities created by law. The rationale being that the chief executive and key financial officials of the State are best suited to oversee these long term financial matters. Bringing a broad array of expertise to the decision-making process benefits citizens of South Carolina by having the same key officials coordinating knowledge of the various financial parts of government. The critical policy and spending decisions made by the Board (and the Authorities) are completely transparent, are debated in public meetings, require public notice and a public vote. Official records are available to the public on all actions, and in video form. In contrast, agencies without boards often make decisions in private without a public meeting, public input or record.

Over time, the Board's responsibilities have changed. For example, at one time the five-member Board initiated the executive budget. That power now belongs solely to the Governor. Decisions about how to invest pension funds are now made by an independent commission. The Energy Office has been moved four times among agencies and was placed in the Board to give it a more neutral location.

In contrast to the five-member Board, the agency roles are carried out through multiple offices or programs. These programs operate under specific laws and regulations. Their roles are not arbitrary but have been defined over the years by political desire to have more or less regulatory oversight of executive branch spending. Some programs are in the Board because other agencies have had a poor track record, or an objective/independent environment is needed for the function. Throughout this accountability report, you will see facts that demonstrate that Board programs are doing an excellent job managing the tax dollars and services for which they are responsible. Despite budget cuts and reduced staffing, dedicated employees continue to provide a great return on the dollars invested in our operations for the benefit of State and Local governments. Our goal is continuous improvement and performance excellence.

Regardless of structure, these functions will still need to be performed to safeguard and ensure efficient use of public funds. Someone must clean and repair state buildings, ensure that agencies can efficiently purchase the things they need, and provide the IT services essential to running a modern organization. Performance of these basic functions will not necessarily improve just because they are moved to a different block on the state organizational chart. Savings come from a motivated workforce with a capability to change, and leadership that understands how to implement change.

No agency is perfect and no structure is without flaws. Just recently we have seen management mishaps at agencies that operated under boards. We have also seen significant embezzlement and fraud in agencies managed by directors appointed by the Governor.

It is my hope that as the necessary debate continues about how to get the most out of state government during very tough times, everyone will thoroughly consider all the facts. As the Governor recently stated, “I do think it is important that…we debate actual ideas instead of the perception about ideas.” In that spirit, here are some more facts about the agency known as the Budget and Control Board.

No other state in the nation has an entity like the Board.

It is true that you will not find another organization named the “Budget and Control Board.” But does that mean that in other states, all the functions done here by the Board report directly to the chief executive? Recent data about the fifty states indicates that many states have boards, commissions, or other entities that govern the similar functions of the Board. For example, of 79 retirement systems within the nation, all are governed by boards. The number of board members ranges from five to 19, with various methods of appointment. Human resource functions are often governed by a board. Governors usually have appointment authority along with other representatives. Others functions are headed by gubernatorial appointees. What does not readily show up in these surveys is the extent of authority that is delegated to these entities and their management. This is where unintended consequences can result from a lack of information about how a program is to be implemented and the extent of its authority.

One reason that some functions have broad-based governance is to ensure that they are impartial and politically neutral. For example, the Office of Human Resources provides accurate data about the state’s workforce to all branches of government and to the public. The same is true for the staff of the Board of Economic Advisors, who provide unbiased data, forecasting and monitoring state revenues.

Within the agency, the State Budget Office helps keep track of all the numbers. They provide elected officials with impartial data about how much money the state has at any given time and where it is spent. The staff works with agencies, the General Assembly, and the Governor to help each navigate the annual budget process. The budget team makes sure that everyone is using the same set of numbers as they engage in the sometimes difficult process of making public policy decisions about how to spend tax dollars and in the critical role of avoiding deficits. The office ensures that this information is available to the public via its website.

Why isn’t the Budget and Control Board’s budget reduction like other agencies?

Like every other agency, the Board is doing more with a lot less. For example:

- Prior to the Governor’s veto of all the Board’s general funds for 2010-11, the General Fund budget had been cut 33.4 percent in the last two years.
- The Board has 90 fewer people than it did in February 2009. Staff reductions are considered permanent, allowing savings through downsized space needs.
- Total salaries for employees making over $50,000 have decreased by $2.4 million.
- Board travel spending has been cut by more than 50 percent since 2008.
- Internal administration has seen the greatest reduction and reduced its staff by nearly 40 FTEs, or 60 percent in my tenure, and cut its budget by over $2 million during the same period.
- The Office of Human Resources is the smallest

state central personnel office in the nation based on the number of staffers per state employee. Yet it is consistently ranked as the model for top performance nationally.

Even with these cuts, the Board has nearly completed the implementation of the crucial S. C. Enterprise Information Project, which is automating the back-office operations of state government and is the backbone of transparency for government spending.

Why does the Board charge fees and are they fair?

Many Board programs operate by charging service fees. These range from premiums paid for property insurance to charges for telephone service. This long-standing budget approach makes sense because it allows agencies to pay using federal and other funds, rather than creating a large expense from state tax dollars. This method also allows for a true accounting of the actual expense of each government program. The Board's senior leadership regularly reviews fees and has continuously reduced rates for insurance, technology and fleet services, among others. The fees charged by the Board are always lower than the private market rates for similar services.

What happens when business declines and fee revenue goes down? Operations are restructured or closed. For example, the Board has reduced staff in various programs and closed the Central Supply Warehouse and Print Shop due to these factors.

Why do state agencies pay rent if the buildings are paid for and owned by the state?

One key function of the Board that generates discussion is the management of office space. The Board's Facilities Management Section cares for 41 office buildings and numerous other structures.

As required by law, agencies pay rent, currently at a rate of $11.29 per square foot for standard office space, which covers maintenance and most utilities. The rent rate has not increased in 13 years, even while utilities and other costs have soared. While rent helps pay for the daily operation of state-owned buildings, it is not nearly enough to take care of long term cost to fix aging and historic buildings.

Some agencies that oppose the rent system would like the state to pay for all building costs but allow them to keep the money they spend now on rent – in effect giving them free facilities and a budget increase.

Since the state uses a pooled rent account from all users, this allows critical repairs to be made at buildings when needed, while other buildings are not in need. Also, since federal funds pay a share of rent the federal regulations do not allow using federal rent payments to subsidize non-related purposes. The rent account also funds mandated oversight functions including skillful negotiation and contracting of private lease space for agencies. In addition, staff independently analyzes all property transactions for Board consideration to ensure legality, transparency, efficiency and fairness of public transactions.

Charging rent allows agencies to use federal and other funds, in addition to state appropriations, to pay for office space; otherwise, the state would have to cover all the cost of space. The rent system also means that agencies must budget for the space they want – an incentive to ask for only that which the agency needs and can afford. Building operations could be funded centrally, but then some authority would have to decide how much space to give each agency and staff would be needed to monitor and allocate space.

Procurement

South Carolina operates a government procurement system that creates a set of checks and balances between agencies and the private sector. State agencies decide what to buy based upon business needs and must pay for the purchase.

Each state agency can make some purchases on its own. Those with larger staffs or a strong track record of well-managed procurements are granted additional authority by the five-member Board. Larger, complex procurements are usually handled by the Board's Materials Management Office (MMO) in coordination with the agency to include negotiating with bidders to obtain the best value for the state. MMO also puts in place many statewide contracts for high-demand goods and services such as vehicles and office supplies. The work of the office helped save $77 million last fiscal year through pooled buying power and negotiating with vendors.

This office independently audits agency procurements and large school districts to make sure they comply with state laws requiring that vendors be treated fairly. Three Chief Procurement Officers are established by law to ensure an objective protest review process.

Why is the Board the sole provider of fleet vehicles?

South Carolina has a decentralized state fleet system. Of the 15,713 state vehicles, more than 80 percent are owned and managed by other agencies. A report by an independent consultant in 2005 recognized the Board's fleet for following industry best practices. It further recommended the state consolidate management of all light duty vehicles and consolidate various maintenance shops under the Board's program. The Board's State Fleet Management program leases vehicles to agencies that do not wish to purchase outright and also operates a daily motor pool. Fleet oversees a private network of repair shops and the fuel card program. It also puts in place statewide vehicle contracts that typically are 25 percent to 39 percent below the manufacturer's suggested retail price by pooling the state's buying power. State Fleet Management is required by law to provide an independent review of complaints regarding the use of any state vehicle. It also oversees the assignment of justification for an agency to have a personally assigned vehicle and any unmarked license tags.

Why does the Board charge so much for technology?

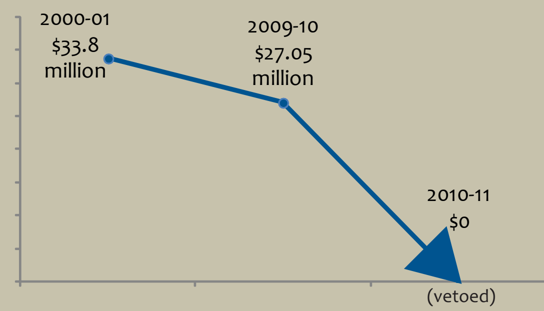
The Board's state IT Division has been making significant changes to better serve the customers through services such as voice, data, and other systems. Since 2007, fifteen rates have been reduced by an average of 20 percent, saving an estimated $5.1 million annually. Other states rates for comparable services have largely remained static, resulting in South Carolina becoming a leader in low cost rates in the southeast.

The division has also undergone a complete reorganization with a renewed dedication to customer service and an updated planning process. There is not a State CIO – the General Assembly created the Joint Legislative Technology Committee to oversee strategic technology use and opportunities across state agencies.

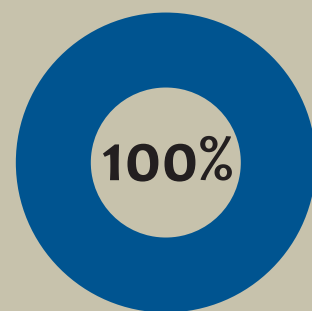
Conclusion

The most important fact is that despite the changes and challenges we face, the South Carolina Budget and Control Board remains an outstanding organization full of dedicated, talented employees who are committed to making government better for the people of South Carolina – all to the benefit of the taxpayers. Our workers understand the challenges facing the State due to declining revenue, and remain committed to the goal of improving services. This dedication to continuous improvement is illustrated in the performance metrics contained in the body of this report.

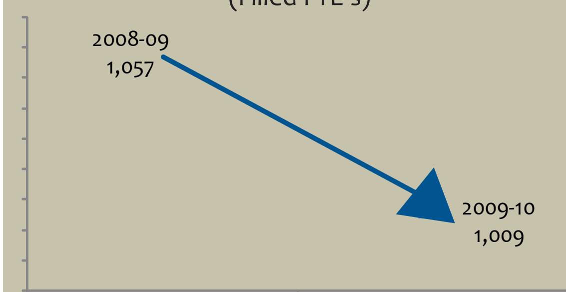
Budget and Control Board Recurring General Fund Budget



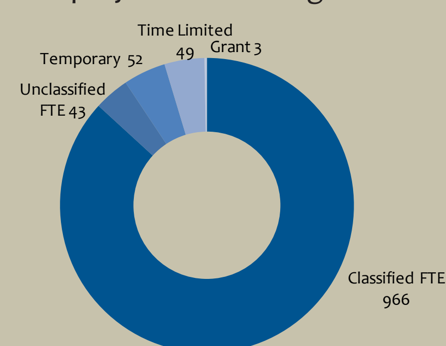
Budget from Sources Other than the General Fund



Number of Permanent Budget and Control Board Employees
(Filled FTE's)



Budget and Control Board Employees – All Categories



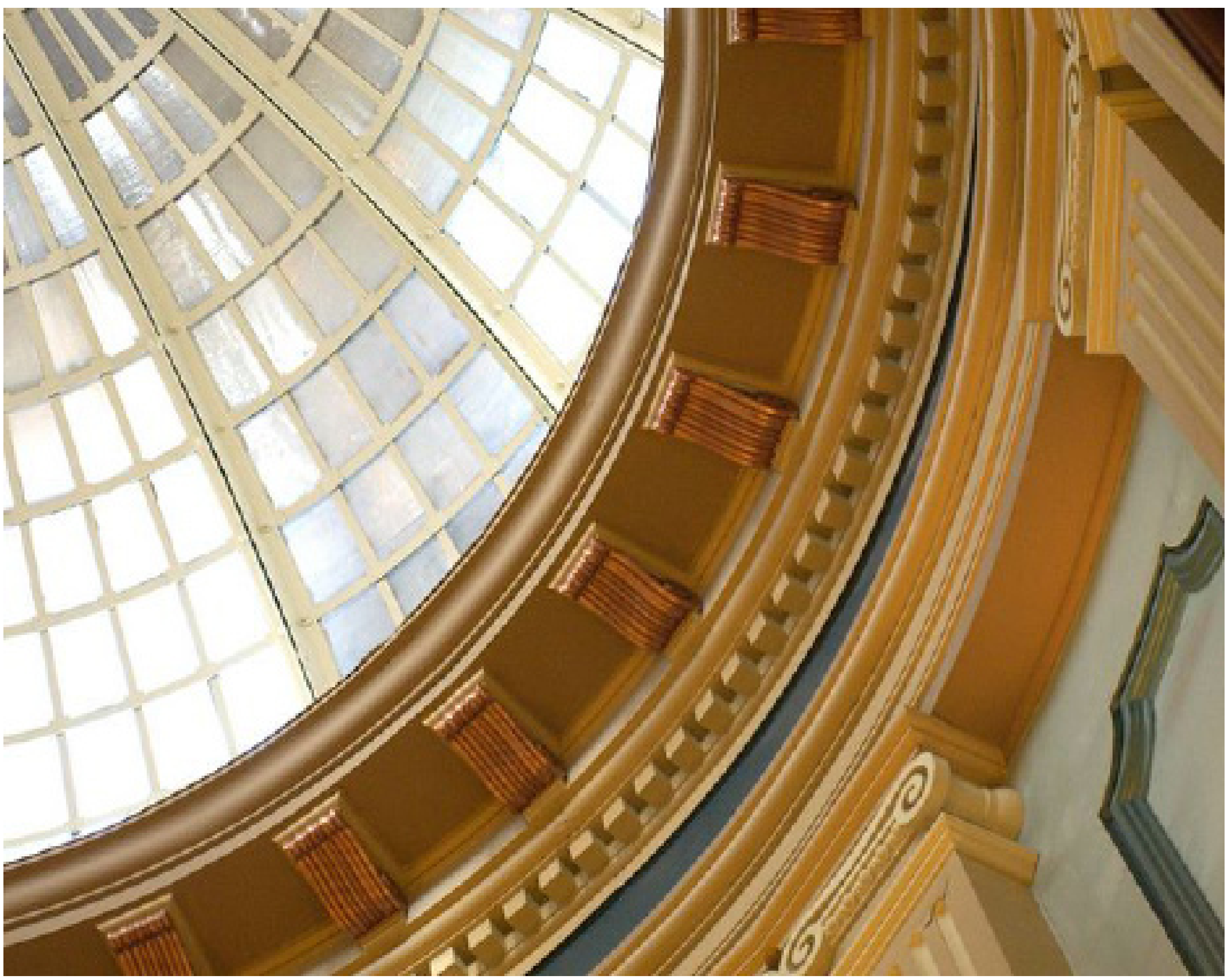
Executive Summary

During the past year the Board:

- Continued the successful implementation of the South Carolina Enterprise Information System. Since 2007, a total of 67 agencies have begun using SCEIS for human resource, payroll, finance and procurement functions. Through the use of this state-of-the-art technology, the business operations of virtually all state agencies will be streamlined into a single integrated process providing increased efficiency.
- Led the successful effort to improve South Carolina's response to the U.S. Census. A combination of technical assistance and public outreach helped the state to improve its census mail response rate by 8 percentage points while the national rate was unchanged from 2000 – a gain tied for first among the 50 states. U.S. Census Director Robert Groves described South Carolina's improvement as "off the charts" at a national news conference. South Carolina's mail response rate of 73 percent was one point ahead of the national average after being second lowest in the nation in 2000.
- Made enormous strides in partnership with S.C. Department of Health and Human Services and DHEC to bring the secure exchange of health information to South Carolina. In March 2010, the Office of the National Coordinator-Health Information Technology awarded South Carolina $9.6 million to expand the existing SCHIEx network to allow the state's health providers to obtain higher Medicare and Medicaid payments. These incentives potentially amount to hundreds of millions of dollars flowing into the state. SCHIEx will be available for statewide use in October 2010. In order to meet this deadline a number of important milestones were reached.
- Helped more than 31,000 South Carolina residents save money through the federally-funded appliance rebate program. Residents claimed $3.9 million in discounts on ENERGY STAR appliances through the Board's State Energy Office. More than 213 retail locations and 710 contractors issued rebates in all 46 counties. Retailers as well as installers of whole-house equipment experienced a significant increase in sales. South Carolinians spent more than $30 million on the purchases of new appliances in 50 days, a 30 percent increase in the sale of ENERGY STAR appliances during that period.
- DSIT has reduced 15 rates an average of 20 percent over the past three years, which has provided over $5 million dollars in savings to its customers. Other state's rates for comparable services have largely remained static resulting in SC now having become a leader in providing the lowest rates among southeastern states.
- Further reduced agency travel spending. Travel spending by Board units in 2009-10 was down 18.3 percent from last year and 54 percent from two years ago.
- Because of the ongoing budget situation, the General Services and State Information Technology divisions enacted layoffs of 27 employees in July 2009. The reductions included 10 employees in permanent FTE positions, three in time-limited positions, four employees in TERI or working after retirement and 10 contract workers.
- Revamped and improved its system for surveying customers. Over the past year, we have worked with area management to identify areas that would most benefit from a point of service survey. Our goal is to ask the customer how we did in a specific situation as soon after the interaction as possible. Currently, eight operational units are using such surveys.
- Implemented a tobacco surcharge in the State Health Plan beginning January 1, 2010. Currently, there are 37,226 subscribers paying the $25-per month tobacco surcharge. This represents 15 percent of subscribers.
- Helped agencies save money. For example, South Carolina State University was experiencing significant water pressure issues. The university engineer and the City of Orangeburg recom-

mended a $4 million water tower as a solution to this problem. However, Board engineering staff reviewed plans of the city's water system and suggested an alternative that cost only $350,000.

- Implemented a new payments and claims system for the South Carolina Retirement Systems.
- Launched a redesigned and enhanced version of SC.gov, the official web site of the State of South Carolina, in March 2010.
- Designed, developed and implemented the State IT Asset Inventory System. This system, designed to inventory the state's information technology hardware, including servers, routers and storage devices, was created in an effort to meet the requirements of Proviso 89.126 and satisfy a tremendous need in South Carolina's renewed State IT strategic planning effort.
- Launched the Budget and Control Board Transparency Hub at www.transparency.sc.gov. The site includes budget, procurement and employee salary information for all state agencies.
- Through a cross-divisional committee, and in cooperation with the Board's Energy Office, DHEC and the S.C. Department of Commerce, published in October 2009 an Environmentally Preferred Purchasing Policy. The policy is designed to, among other things; integrate environmental considerations into South Carolina government's procurement processes.
- Closed the General Services Print Shop June 1 because of a long-term decline in state government printing needs.



The SC Budget and Control Board

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 analysis 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 and efficiency of those agencies that do.

The Board was created in 1950 as the result of work by the State Reorganization Commission, which conducted a comprehensive study of the state's administrative functions. The new Budget and Control Board consolidated numerous existing entities and single-purpose boards and was designed to maximize efficiency and eliminate duplication. The first meeting of the Board was held July 24, 1950 in the office of Gov. Strom Thurmond.

The agency is led by the five members of the Budget and Control Board. Chaired by Governor Mark Sanford, the Board sets policy under the authority granted to it by the General Assembly. This includes regulatory oversight, policy development, monitoring of state finances, purchasing, personnel and real property transactions. This provides open public access to key financial decisions that affect thousands of state, local and school district employees.

The authority of the Board includes setting the annual benefits and premiums of the State Health Plan, approving the sale, purchase or leasing of state property and reducing state expenditures when economic conditions warrant. The Board also directly appoints the State Auditor and has the authority to take actions to ensure agencies stay within their authorized budgets. The Board, which meets about 10 times annually, also serves as trustee for the South Carolina Retirement Systems. The Board carries out its duties through the Executive Director and various Board programs, which are established and governed by state law and regulations.

Governor Mark Sanford
Chairman

State Treasurer
Converse A. Chellis, III, CPA

Comptroller General
Richard Eckstrom, CPA

Senate Finance
Committee Chairman
Hugh K. Leatherman, Sr.

House Ways and Means
Committee Chairman
Daniel T. Cooper

people.

Organizational Profile

General Services

1201 Main Street 1441 Boston Avenue 1942 Laurel Street 921 Main Street 2550 Bull Street 516 Senate Street 1535 Confederate Ave. 1026 Sumter Street	**Facilities Management** – Provides maintenance services for state-owned buildings. **Fleet** – Coordinates purchases, maintenance and rental of state vehicles. **Agency Mail Services** – Operates statewide overnight mail delivery services for state and local agencies. **Surplus Property** – Sells surplus state and federal property. **Real Property Sales** – Assists agencies in negotiating lease rates and obtaining state and private sector office space.

Insurance & Grants

1201 Main Street 1200 Senate Street 1122 Lady Street	**Employee Insurance Program** – Provides health, dental and other insurance for state, local and school district employees. **Insurance Reserve Fund** – Issues property, casualty and liability insurance for state agencies, local governments and school districts. **Office of Local Government** – Provides grants and loans for local water and sewer projects. **State Energy Office** – Creates partnerships to improve energy efficiency and renewable energy.

Budget & Analyses

1201 Main Street 8301 Parklane Road 5 Geology Road 1919 Blanding Street 1000 Assembly Street 301 Gervais Street	**State Budget Office** – Supports the legislative and gubernatorial budget process. **Office of Human Resources** – Provides consulting, training, recruitment and other personnel services for state agencies. **Office of Research and Statistics** – Uses data to improve public and private social and economic outcomes in South Carolina. **Confederate Relic Room and Military Museum** – Operates South Carolina's military history museum. **Board of Economic Advisors** – Forecasts state revenues.

South Carolina Retirement Systems

202 Arbor Lake Drive	Operates defined contribution and defined benefit retirement plans for state, city, county and school district employees.

Procurement Services

1201 Main Street 171 Ashley Boulevard, Charleston 800 University Way, Spartanburg	**Material Management Office** – Operates the state system for purchasing goods and services. **Office of State Engineer** – Monitors state construction projects. **Information Technology Management Office** – Operates the state system for purchasing information technology

Organizational Profile

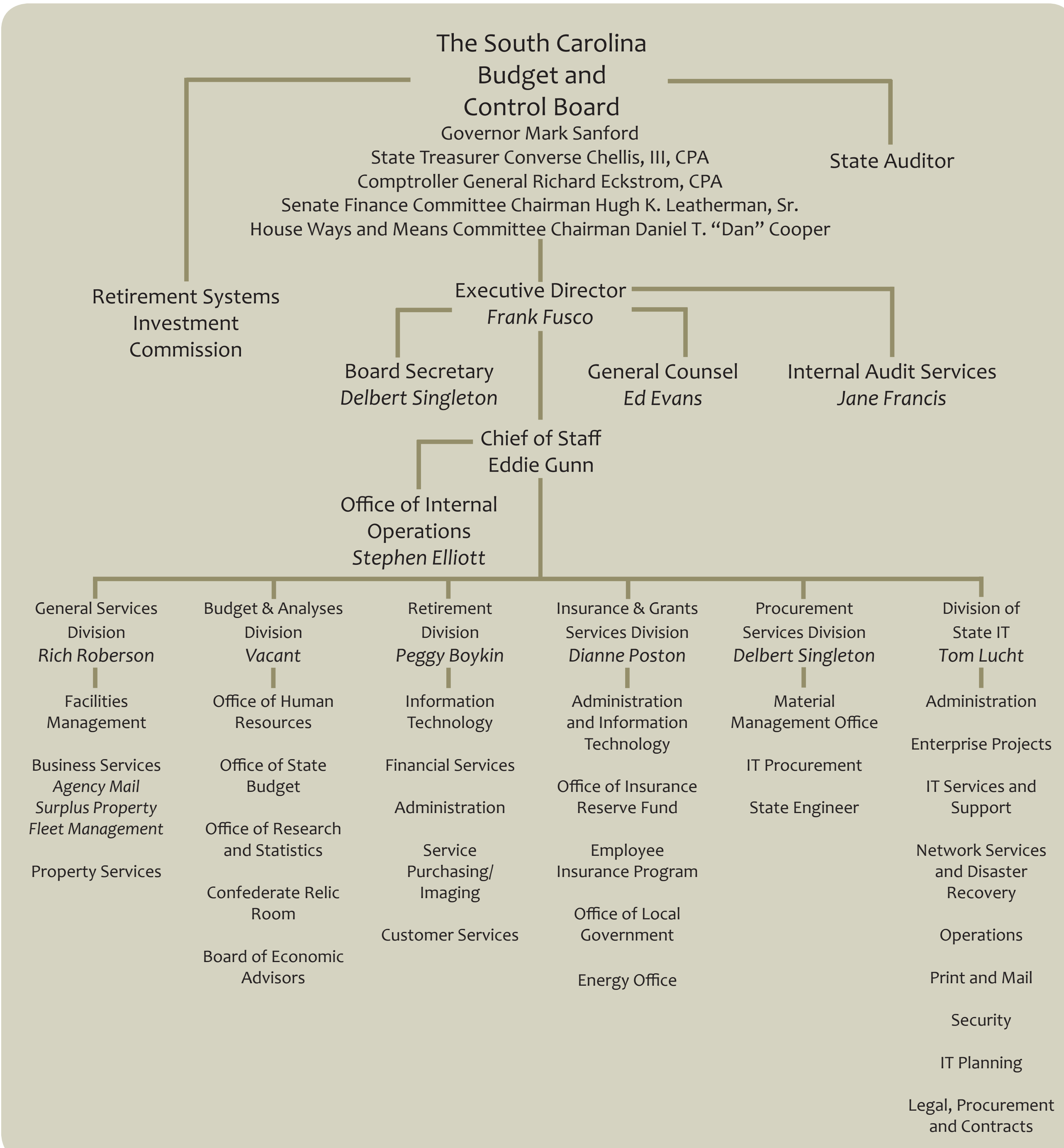
Division of State Information Technology

4430 Broad River Road 1628 Browning Road 1026 Sumter Street Wade Hampton Building 171 Moultrie Street – Charleston	Provides voice, data and other information technology services for South Carolina government.

Other Board Units

1201 Main St.	**Internal Operations** – Provides financial and human resource services to Board offices. **Internal Audit** – Conducts financial and performance audits of Board programs. **General Counsel** – Provides legal services to Board programs.

Budget and Control Board Organizational Chart



Base Budget Expenditures and Appropriations

Major Budget Categories	2008-09 Actual Expenditures Total Funds	2008-09 Actual Expenditures General Funds	2009-10 Actual Expenditures Total Funds	2009-10 Actual Expenditures General Funds	2010-11 Appropriations Act Total Funds	2010-11 Appropriations Act General Funds
Personal Services	$61,167,554	$11,922,044	$58,063,332	$11,501,750	$47,330,963	$0
Other Operating	$106,751,068	$4,471,453	$111,551,198	$3,027,182	$94,945,264	$0
Special Items	$21,336,786	$6,030,415	$18,668,464	$4,777,497	$16,500,000	$0
Permanent Improvements	$2,893,017	$0	$1,943,652	$0	$3,000,000	$0
Debt Services	$5,997,798	$0	$5,907,110	$0	$4,033,768	$0
Distributions to Subdivisions	$4,080,443	$3,373,724	$8,346,183	$2,410,723	$43,644,974	$0
Fringe Benefits	$18,116,572	$3,272,397	$16,608,730	$3,141,383	$14,193,064	$0
Non-recurring	$18,478,966	$0	$11,007,344	$3,005	$0	$0
TOTAL	$238,822,204	$29,070,033	$232,096,013	$24,861,540	$223,648,033	$0

Other Expenditures

Major Budget Categories	2008-09 Actual Expenditures	2009-10 Actual Expenditures
Supplemental Bills	$6,337,895	$4,543,598
Capital Reserve Funds	$1,095,026	$0
Bonds	$799	$25,786

Major Program Areas

Program Number and Title	Major Program Area Purpose	FY 08-09 Budget Expenditures	FY 09-10 Budget Expenditures
VIII.B - DSIT Operations: Connectivity	To provide network services in the areas of voice, video and data connectivity to state agencies and local governments and to provide local and long distance telephone service, internet service and network connectivity.	State: 3,625,939 Federal: 5,282,358 Other: 39,155,922 Total: 48,064,219 % of Total Budget: 20%	State: 3,128,587 Federal: 5,339,357 Other: 29,955,705 Total: 38,423,649 % of Total Budget: 17%
VIII.C - IT Planning and Management Services: SCEIS	To promote cost efficiencies, enable data sharing and promote interoperability among state agencies as part of the SCEIS project.	State: 5,439,852 Federal: Other: 21,481,288 Total: 26,921,140 % of Total Budget: 11%	State: 5,114,987 Federal: Other: 29,953,489 Total: 35,068,476 % of Total Budget: 15%
VIII.B - DSIT 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: Federal: Other: 26,207,563 Total: 26,207,563 % of Total Budget: 11%	State: Federal: Other: 25,256,931 Total: 25,256,931 % of Total Budget: 11%
V.B. - Facilities Management	To provide centralized mechanical, maintenance, custodial, energy/ environmental, and horticulture services for state buildings and grounds.	State: 1,645,653 Federal: Other: 24,899,436 Total: 26,545,089 % of Total Budget: 11%	State: 1,563,371 Federal: Other: 21,258,691 Total: 22,822,062 % of Total Budget: 10%
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 and independent regulatory oversight of state vehicle licensing.	State: Federal: Other: 24,794,727 Total: 24,794,727 % of Total Budget: 10%	State: Federal: Other: 19,762,347 Total: 19,762,347 % of Total Budget: 9%
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 pension trust funds.	State: Federal: Other: 17,700,856 Total: 17,700,856 % of Total Budget: 7%	State: Federal: Other: 17,321,171 Total: 17,321,171 % of Total Budget: 7%
VII.D - Energy Office	To promote renewable energy and energy efficiency and cost savings through financial assistance, energy audits, technical assistance, workshops, training, publications and other activities.	State: Federal: 588,998 Other: 1,158,704 Total: 1,747,702 % of Total Budget: 1%	State: Federal: 10,431,650 Other: 654,244 Total: 11,085,894 % of Total Budget: 5%
VII.B - Employee Insurance	To provide quality, efficient insurance benefits to employees and retirees of public sector employers in South Carolina. Services include health, dental, life, long-term disability, long-term care and flexible spending accounts.	State: Federal: Other: 8,814,654 Total: 8,814,654 % of Total Budget: 4%	State: Federal: Other: 9,786,062 Total: 9,786,062 % of Total Budget: 4%

IV.B. - Office of Research and Statistics	To gather, analyze and publish objective data vital to the social, health and economic well-being of South Carolina and to work with other agencies to prevent overlap and duplication of data gathering activities.	State: 3,001,011 Federal: 685,751 Other: 3,107,621 Total: 6,794,383 % of Total Budget: 3%	State: 2,646,064 Federal: 407,341 Other: 3,415,492 Total: 6,468,897 % of Total Budget: 3%
VII.A - Office of Insurance Reserve Fund	To provide affordable property and liability insurance to state and local governmental entities to include the underwriting of policies, reinsurance, rate development and settlement and defense of claims.	State: Federal: Other: 6,086,685 Total: 6,086,685 % of Total Budget: 3%	State: Federal: Other: 6,691,937 Total: 6,691,937 % of Total Budget: 2%
VI. - Procurement Services	To provide centralized procurement services for all state and local governments and provide building code and life safety reviews and expertise. Ensure independent audits of agencies and school districts.	State: 1,682,009 Federal: Other: 2,074,210 Total: 3,756,219 % of Total Budget: 2%	State: 1,553,022 Federal: Other:3,459,462 Total: 5,012,484 % of Total Budget: 2%
VII.C - Office of Local Government	To provide grants, loans and technical assistance to local governments for water and sewer projects that protect public health and support economic development.	State: 3,639,625 Federal: 388,726 Other: 886,936 Total: 4,915,287 % of Total Budget: 2%	State: 2,609,734 Federal: 973,382 Other: 668,773 Total: 4,251,889 % of Total Budget: 2%
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: 2,727,957 Federal: Other: 1,937,427 Total: 4,665,384 % of Total Budget: 2%	State: 2,494,399 Federal: Other: 1,628,666 Total: 4,123,065 % of Total Budget: 2%
IV.D. - State Budget Office	To provide non-duplicative support for the Governor and General Assembly in the development and implementation of the annual state budget to provide objective fiscal impact analyses.	State: 2,362,517 Federal: Other: Total: 2,362,517 % of Total Budget: 1%	State: 2,223,646 Federal: Other: Total: 2,223,646 % of Total Budget: 1%
Other Program Areas - Executive Director, Internal Operations, Comptroller General/State Treasurer Data Processing Pass Through, Base Closure, Southern Maritime Collection, Agency Support, Confederate Relic Room and Military Museum, Board of Economic Advisors, Internal Audit and Performance Review, General Counsel, Intra-Agency Mail, Surplus Property, Parking, Business Services, Adoption Assistance, Leasing and Property Services, IT Support Services, IT Planning & Project Management, IT Procurement, Print Shop, Non-Bonds SPIRS Projects.		State: 4,945,470 Federal: 101,719 Other: 24,398,590 Total: 29,445,779 % of Total Budget: 19%	State: 3,527,731 Federal: 41,235 Other: 20,228,537 Total: 23,797,503 % of Total Budget: 10%

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 09-10 and Beyond Key Agency Action Plan/Initiative(s) and Timeline for Accomplishing the Plan(s)	Key Cross References for Performance Measures
VIII.B - DSIT Operations: Connectivity	Customer satisfaction. Return on investment.	Established new standardized approach to providing Internet and network connectivity to K-12 schools and libraries, resulting in potentially higher levels of bandwidth at reduced costs for schools, district offices and libraries.	38-40
VIII.C - IT Planning and Management Services: SCEIS	Customer satisfaction. Return on investment.	Implemented payroll/human resource functions for 30 agencies, bringing the total number of agencies with full array of components to 67. Four agencies remain, with final implementation scheduled prior to 6/30/2011.	n/a
V.B. - Facilities Management	Customer satisfaction. Return on investment.	Maintained state building rental rates below private sector market rates. Ensure that buildings are clean, functional and healthy work sites for citizens and employees.	37
VIII.B - DSIT Operations: Data Processing	Customer satisfaction. Return on investment.	Began replacement of enterprise backup software/ hardware infrastructure, providing enhanced levels of service to customers. The solution, covering both mainframe and open system environments, is expected to be completed by 2011.	38
V.E. - State Fleet Management	Customer satisfaction. Return on investment.	Maintained fleet daily motor pool rates below private sector benchmarks. Ensures vehicles are operated in a safe and reliable manner.	35-36
IX - SC Retirement Systems	Customer satisfaction. Return on investment. Employee well being.	Implemented payment and claims system; Delivered key business features within the employer reporting system; Implemented a review of the accuracy of service credit information reported to the Retirement Systems.	44-45
VII.B - Employee Insurance	Customer satisfaction. Return on investment.	In conjunction with the University of South Carolina, has been engaged in a strategic planning process for the past several months. EIP's six strategic planning areas include: 1) cost containment, 2) quality benefits, 3) employee engagement and satisfaction, 4) customer service, 5) external communication and education, and 6) technology.	41-43

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 09-10 and Beyond Key Agency Action Plan/Initiative(s) and Timeline for Accomplishing the Plan(s)	Key Cross References for Performance Measures
IV.B. - Office of Research and Statistics	Return on investment. Customer satisfaction. Provider participation.	Health and Demographics will increase the functionality of SCHIEx by connecting to the state's immunization and disease registries; providing access to lab data; and moving SCHIEx to a statewide hosting environment.	51
VII.A - Office of Insurance Reserve Fund	Customer satisfaction. Return on investment.	IRF issued a successful solicitation to obtain reinsurance for boiler and machinery, aviation, ocean marine and automobile insurance. The fund also transitioned to a new appraiser effective July 1, 2009.	46-47
VII.C - Office of Local Government	Return on investment.	Complied with requirements of federal stimulus legislation to distribute funds from the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund.	n/a
IV.D. - Office of Human Resources	Customer satisfaction. Return on investment.	Worked with agencies on HR cost savings approaches, such as furloughs, buy-outs, and RIFs. OHR was integrally involved in the implementation of the SCEIS HR/Payroll modules, including training employees and revising regulations and policies for the new system.	48
VI. - Procurement Services	Customer satisfaction. Return on investment.	Published the "State of South Carolina Environmentally Preferred Purchasing Policy" and updated "Procurement Card Policy & Procedure Manual." Continued to consolidate the division's three websites into one.	49-50
IV.D. - State Budget Office	Customer satisfaction.	Produced budget act in accordance with executive and legislative requirements. Provided guidance on federal stipulations regarding stimulus funds. OSB is assisting the SCEIS team on implementation of the HR system and a new budgeting system.	52
VII.D - Energy Office	Return on investment.	Implemented programs funded by the federal stimulus legislation in accordance with law. Successfully operated the federally-funded Appliance Rebate Program.	n/a

Vision

We Make Government Better.

Mission

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

Values

Quality Customer Service 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.

Who we serve

Key External Customers	State Agencies	Governor's Office	General Assembly	Local Gov./ Schools	Higher Education	State/Local Employees	Judicial Branch
General Services	✓	✓	✓	✓	✓		✓
Retirement	✓	✓	✓	✓	✓	✓	✓
Human Resources	✓	✓	✓		✓	✓	
State IT	✓	✓		✓	✓	✓	✓
Insurance and Grants	✓	✓	✓	✓	✓	✓	✓
Research and Statistics	✓	✓	✓	✓			
Internal Operations	✓	✓	✓				
Budget Office	✓	✓	✓	✓			
General Counsel				✓	✓		

plan.

Category 1 – Senior Leadership, Governance and Social Responsibility

Q How do senior leaders set, deploy and ensure two-way communication for: a) short and long term organizational direction and organizational priorities, b) performance expectations, c) organizational values, and d) ethical behavior?

The Executive Director speaks in person at most new employee orientation sessions. He also leads a performance excellence training session that is required for all Board employees. The Executive Director devotes considerable time to strategic planning and performance analysis. This includes an annual strategic planning retreat with all senior staff and follow-up reviews with program-level managers to evaluate performance data. The Chief of Staff holds a monthly meeting with division heads and key HR, IT, communications and budget staff to share information and discuss upcoming operational matters. The Executive Director is also in regular contact with liaisons for each of the five Board members to keep them informed about key issues.

Q How do senior leaders establish and promote a focus on customers and other stakeholders?

The needs of customers are the agency's first priority and are the consistent focus of most written and verbal messages from the Executive Director to managers and employees. One of the three key strategic goals of the agency is measuring and improving customer satisfaction. The Executive Director and senior leaders talk frequently with agency heads and other key customers to learn about their needs and specific concerns about Board-provided services.

Q How does the organization address the current and potential impact on the public of its programs, services, facilities and operations, including associated risks?

A top priority of the Board is to be a good steward of public funds, and the agency has strong legal and auditing components to ensure that all requirements are met. The Executive Director and senior leadership consistently emphasize to all employees that it is their duty to live up to the highest standards of ethical behavior. In July 2009, the General Services Safety Office was moved to be part of the Office of Executive Director and was given agency-wide responsibility for determining hazards and safety training needs. The team is currently conducting an analysis of all Board work units. Safety dashboards track safety performance measures monthly to meet OSHA reporting requirements and for fiscal year for state government accountability purposes. These reports indicate trend analysis and comparison against like industry and accident causes.

Q How do senior leaders establish and promote a focus on customers and other stakeholders?

The Board takes seriously all laws and regulations that it operates under and fully cooperates with any outside inquiries. The Board maintains an independent internal auditing function to conduct impartial analysis of internal controls of key fiscal issues. The Director of Employee Development has assisted eight Board programs in updating and streamlining their customer surveying systems to ensure timely, actionable data is obtained.

Q What performance measures do senior leaders regularly review to inform them on needed actions? (Actual results are to be reported in Category 7.)

Return on investment, customer satisfaction and employee well-being measures are regularly reviewed by senior leaders across the agency. Financial reports are analyzed for central agency functions and on a program-by-program basis. All program areas attempt to benchmark their results against the best practices in a given business area.

Q How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness, the effectiveness of management throughout the organization including the head of the organization, and the governance board/policy making body? How do their personal actions reflect a commitment to organizational values?

Each program in the Board is required to use a data-driven, systematic approach to continuously review and improve operations. The Executive Director and

Chief of Staff regularly review division and office key performance initiatives and receive reports on initiatives to improve the agency's three key focus areas. The Executive Director devotes considerable time to direct leadership of major initiatives such as an improved state information technology planning process and the SCEIS project.

Q How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?

In order to carry out the Executive Director's commitment to excellent hiring decisions, the Board continues to use diverse panels of employees to interview and select new staff. Managers are trained to ask job-specific and behavioral-based questions in order to select the best candidate. Internal promotions are encouraged whenever possible. This practice supports engagement and encourages employees to develop their skills in preparation for opportunities within the organization. The Executive Director, Chief of Staff and Human Resources Director identify potential retirees and begin identifying and developing potential candidates for promotion. This preparation minimizes the loss of institutional knowledge.

Q How do senior leaders create an environment for performance improvement and the accomplishment of strategic objectives?

The Executive Director is the leading advocate in South Carolina state government for performance improvement. He shows his dedication by teaching performance excellence classes and active participation in the S.C. Government Improvement Network and the Executive Leadership Program sponsored by the Agency Directors Organization. Other Board senior leaders are heavily involved in benchmarking projects. The Executive Director has also emphasized to key staff that the agency should establish performance measurement expectations for key contractors. The Executive Director conducts a mandatory class on achieving performance excellence for all new employees. Key managers are invited to attend for refresher purposes.

The Audit and Certification section of the Materials Management Audit regularly audits agencies and contractors for compliance with procurement laws and regulations.

Q How do senior leaders create an environment for organizational and workforce learning?

The Executive Director attends most of the new employee orientation sessions and emphasizes the agency's focus on workforce learning and continuous improvement. He asks that new employees observe and provide feedback on processes, pointing out that a fresh set of eyes often identifies problems in processes that long-term employees have accepted as inevitable. The session also provides new employees with information on required training, optional training and the Board's process for scheduling and approving training so that they can immediately become involved in learning activities.

Q How do senior leaders communicate with, engage, empower and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high performance throughout the organization?

Employee morale is a major concern as the future of the organization has been in doubt due to the veto of the Board's entire General Fund budget. Senior management has attempted to promptly and accurately communicate the facts about the situation so that employees will understand the facts. Employee motivation is unlikely to improve until the current situation is clarified.

The Executive Director discusses key issues through the *In the Loop* employee newsletter. The senior leadership team visits each of the offices during the annual Public Service Recognition Week to thank employees for their dedication.

Q How do senior leaders actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for organizational involvement and support, and how senior leaders, the workforce, and the organization contribute to improving these communities.

The Board is an active supporter of the annual United Way and Community Health Charities campaigns. The Executive Director is also an active member of the River Alliance which is working to develop Columbia's riverfront community. It has been a key supporter of efforts to develop an outdoor history park at Congaree Creek. Senior leaders are also visible participants in the annual Prevention Partners health screenings which the State Health Plan promotes as a way to detect medical problems early. The Surplus Property program has also conducted very successful fundraisers for Harvest Hope Food Bank and Toys for Tots.

Category 2 – Strategic Planning

Q What is your Strategic Planning process, including key participants, and how does it address:
a. your organizations' strengths, weaknesses, opportunities and threats;
b. financial, regulatory, societal and other potential risks;
c. shifts in technology, regulatory, societal and other potential risks, and customer preferences;
d. workforce capabilities and needs;
e. organizational continuity in emergencies;
f. your ability to execute the strategic plan.

Every year, approximately 40 of the agency's senior leaders gather to review key challenges faced by the agency and to set priorities for the coming year. All operational priorities are built around the Board's three strategic goals of customer satisfaction, return on investment and employee well-being. Priorities are influenced by estimated legislative funding, pending laws, regulations and policy directives from the state's elected leadership and feedback from employees and customers as outlined elsewhere in this report. Progress is monitored throughout the year both informally and formally by the senior leadership team and adjustments are made as warranted.

Some offices, including the South Carolina Retirement Systems, the Office of Human Resources, State IT and the Procurement Division have plans that are used to drive strategic decision-making throughout the year. Work is continuing in other areas to develop such plans.

Q How do your strategic objectives address the strategic challenges you identified in your Executive Summary? How do you measure progress on your action plans?

The Board's strategic objectives – customer satisfaction, return on investment and employee well-being – encompass the elements needed to address the specific challenges we face each year. Maintaining customer satisfaction with declining revenue has been more challenging.

Progress is tracked through the measures reported in Section 7 plus employee and customer feedback efforts described elsewhere in this report. Individuals are measured on their success in helping to carry out action plans through their EPMS ratings.

Q How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of your action plans?

Each program area develops objectives and measures that address their specific operational issues. These are all reviewed periodically by the senior leadership team throughout the year. The process is evaluated at the annual senior management retreat and during meetings throughout the year to assess the overall progress in meeting strategic goals.

Q How do you communicate and deploy your strategic objectives, action plans and related performance measures?

Division directors are expected to align their program plans and measures with the agency's key objectives. Action plans are assigned to specific employees or areas and become a part of individual employee's goals and objectives on the Employee Performance Management System (EPMS).

Q How do you measure progress on your action plans?

Progress is measured through the data reported in Section 7 plus employee and customer feedback efforts described elsewhere in this report. Individuals are measured on their success in helping to carry out action plans through their EPMS ratings.

Q How do you evaluate and improve your strategic planning process?

The process is evaluated at the annual senior management retreat and during meetings throughout the year to assess the progress in meeting strategic goals.

Category 3 – Customer Focus

Q How do you determine who your customers are and what their key requirements are?

As a public agency, our customers are largely mandated by statute and regulation. Each program is responsible for having listening and learning methods in place to keep up with changing customer needs.

Q How do you keep your listening and learning methods current with changing customer/ business needs and expectations?

All managers are responsible for ensuring that service delivery employees are responsive to customer input. Programs are also required to develop systematic stakeholder feedback instruments.

Based on the Executive Director's commitment to listening to our customers, we have been working diligently to revamp our customer satisfaction survey process. Several areas had been conducting surveys once a year. The data collected from those surveys tended to be generic and provided little actionable data. Over the past year, the Board has worked with area management to identify services that would most benefit from better surveys. Our goal is to ask the customer how we did in a specific situation as soon after the interaction as possible. We are gathering this input using an on-line survey instrument that we e-mail to the customer. The new surveys were quite helpful in identifying how the agency is doing in providing day-to-day service. However, there were some areas that would benefit from an overall satisfaction survey to aid in planning efforts and work is underway to develop these instruments.

Q What are your key customer access mechanisms, and how do these access mechanisms enable customers to seek information, conduct business and make complaints?

Historically, each Board division has a system for collecting actionable customer feedback which helps determine the delivery of services. As discussed above, the Board's Director of Employee Development has helped each division to update and improve their customer feedback systems with a goal of enhancing the collection of real-time, actionable data.

Q How do you measure customer/stakeholder satisfaction and dissatisfaction, and use this information to improve?

This is measured through direct customer interaction, surveys, focus groups and visits by program managers to customer agencies.

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

When data from various sources indicate a clear desire from customers, program changes are made where possible. Revisions to the agency's customer feedback system are providing more real-time data. Based upon customer needs, State Fleet now has access to after-hour emergency service for state vehicles through the Emergency Service Program. The program is available to most customers that have Commercial Vendor Repair Program (CVRP) service agreements with State Fleet.

Beginning in May, close to 400 monthly State IT invoices that would have typically been printed and mailed through either the U.S. Postal Service or interagency mail, were delivered to state, county and municipal customers electronically.

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

Our customers fall into two general categories – those who receive mandated services from the Board and those who use certain services that are optional, such as our print shop or overnight mail service. Relationships are enhanced by demonstrating our consistent willingness to seriously consider concerns or suggestions and to take positive action whenever possible. The State Health Plan holds an annual week-long Benefits at Work conference that provides benefits administrators from state and local agencies the opportunity to learn about changes to the plan and express their views on current topics. In developing the South Carolina Appliance Rebate Program, the Energy Office worked closely with appliance retailers to develop a program that would benefit customers and would be easy for retailers to implement.

Category 4 – Measurement, Analysis and Knowledge Management

Q How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?

Each program area is required to have measures that focus on the Board's three strategic objectives. Individual units typically have many additional measures that are tailored to their specific needs and are tracked for internal purposes. The Executive Director encourages programs to use customer feedback to identify matters important to customers and that need improvement.

Q How do you select, collect, align, and integrate data/information for analysis to provide effective support for decision and innovation throughout your organization?

The measures described previously are benchmarked against leaders in the appropriate line of business to serve as a high standard for which to strive. Areas in which data demonstrate opportunities for improvement become strategic priorities for the program.

Q What are your key measures, how do you review them, and how do you keep them current with organizational service needs and directions?

Our key measures are return on investment, customer satisfaction and employee well-being. Key measures are reviewed as the annual accountability report is prepared. Because we are such a diverse agency, the Board has dozens of measures that are specific to program areas. Agency-wide financial measures are reviewed monthly by senior leadership. Program area measures are reviewed constantly by front-line managers and several times per year by agency senior leadership. Measures are studied and possibly changed during status reviews conducted as part of the annual accountability reporting process.

Q How do you select and use key comparative data and information to support operational and strategic decision-making and innovation?

The Board focuses on measures that reflect value generated for customer agencies rather than mere measures of output or those that simply quantify the number of times a service or event took place. Programs are expected to identify the "best in the business" for their line of work and to use that as the benchmark. Comparisons that show less than top tier results are targeted for improvement. The Executive Director's performance excellence training classes teach employees to identify and update measures.

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

The S.C. Enterprise Information System marks the most significant change in agency data management capability in decades. Once fully implemented, it will dramatically improve the ability of managers to track key financial and personnel trends.

The Executive Director holds frequent meetings with key managers to review both results and whether their current measures are the best available. Financial data is reviewed or prepared by central internal operations. The agency CIO ensures that division-level data in our automated systems meets or exceeds security standards.

The Insurance Reserve Fund has redesigned portions of its information technology system and claims gathering technique in order to be in compliance with new federal requirements addressing the payment of settlements to Medicare eligible recipients. The new requirements will be effective January 1, 2011.

Q How do you translate organizational performance review findings into priorities for continuous improvement?

Each program area is expected to follow the "listen, learn and improve" process described previously. Customer feedback and measures that lag are used to identify the next best opportunity for improvement.

Q How do you collect, transfer, and maintain organizational and employee knowledge (knowledge assets)? How do you identify and share best practices?

Budget and Control Board policy requires managers to develop a knowledge transfer plan for any TERI employee occupying critical positions and employees who are nearing retirement.

To address immediate knowledge transfer needs as those in critical positions approach retirement, the Board requires managers to develop a knowledge transfer plan prior to the employee leaving the agency. When possible, the replacement for a key position is hired prior to the retiring employee leaving to ensure that implicit and explicit knowledge is transferred to the new employee. This transition period has proven invaluable for staff, customers and the new employee. Diversity is encouraged as the replacements are selected. Board HR provides information to the hiring manager about underutilized groups for each vacancy and assists with targeted recruiting efforts.

Category 5 – Workforce Focus

Q How does management organize and measure work to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies and action plans; and 2) promote cooperation, initiative, empowerment, teamwork, innovation and your organizational culture?

Management uses the Employee Performance Management System (EPMS) to measure goal accomplishment.

We promote cooperation, initiative, empowerment, teamwork, and innovation in our organization through a number of different avenues. We begin by ensuring that employees are educated about our values from the first day on the job. All new employees attend a performance excellence session taught by our Executive Director where they learn about the Board's philosophy and how our organization pursues continuous improvement, empowerment and teamwork. This class focuses clearly on how to align our agency vision, values and key objects in every program.

Q How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs, and locations? Give examples.

As a diverse agency with offices that are physically dispersed around town, this is a challenge. The Budget and Control Board created an internal communications program for its employees. The program includes several communication vehicles such as the *In the Loop* weekly newsletter, online videos, quarterly flyers, In the Loop posters, and the In the Loop section of the employee Intranet. The Board has also expanded the use of social media, including Facebook and Twitter, which are available to internal and external audiences. In January 2009, the agency also launched Board 101 which provides an opportunity for employees to learn about and visit areas of the agency that they would otherwise not experience during their regular jobs. This program continued in 2009-10 with two new class cycles that trained 53 employees.

Q How does management recruit, hire, place and retain new employees? Describe any barriers that you may encounter.

Due to budget shortages we usually advertise positions internally to offer opportunities to our current staff. Jobs are advertised externally through the state's online job application system. Hiring has been further restricted in 2009-10, especially in the wake of the veto of the Board's General Fund budget.

The Board continues to use diverse panels when interviewing candidates and we believe these panels make better decisions and result in a more diverse workforce. During the orientation process, we educate new employees about the benefits they have with state government. Supervisors are provided with a checklist in order to ensure consistent orientation on the job. A number of flexible workplace policies are in place to retain employees such as telecommuting, flex time and the voluntary furlough program.

The barriers for recruiting and hiring range from internal equity concerns when offering salaries to attracting individuals for hard-to-fill jobs. Another critical barrier is the restructuring legislation which causes uncertainty among current and potential employees about their futures.

Q How do you assess your workforce capability and capacity needs, including skills, competencies and staffing levels?

Managers are responsible for assessing the capability and capacity needs of their employees. Board Human Resources offers assistance in determining staffing levels when needed. Often assessments are carried out in conjunction with workforce planning efforts when employees are scheduled to leave through retirement.

Q How does your workforce performance management system, including feedback to and from individual members of the workforce, support high performance work and contribute to the achievement of your action plans?

The Board has a universal review date of January 1, which means that evaluations must be completed for all employees at the same time. This ensures that managers will develop an overall picture of individual performance, along with a comprehensive view of the organization's performance. In addition, senior managers have performance information on all employees at one point in time to use as a barometer to measure progress toward strategic initiatives, identify areas of concern, and to recognize outstanding performance. During 2009-10, the Board offered a number of training sessions to help supervisors understand how to use the EPMS to communicate expectations and achieve better results.

Q How does your development and learning system for leaders address the following:
a. development of personal leadership attributes;
b. development of organizational knowledge;
c. ethical practices;
d. your core competencies, strategic challenges, and accomplishment of action plans?

Budget and Control Board leaders participate in the Agency Directors Organization. Board employees also participate in the Certified Public Manager program offered by the Office of Human Resources.

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

Our philosophy is that ongoing training is critical, especially as we systematically downsize our workplace. At the beginning of each fiscal year, the Board's employee development director surveys the divisions and offices to identify training needs that are common across the Board. She also works closely with offices in their internal process improvement efforts and uses those opportunities to identify skill gaps and implement "just-in-time" training.

Q How do you encourage on the job use of new knowledge and skills?

We promote just-in-time training. Many employees have a development plan linked to their specific job duties and the knowledge and skills needed to perform the job. Supervisors are encouraged to identify training that is available locally and to promote peer training whenever possible. We also have mandatory training for certain job categories. The list of mandatory training and a development plan template is published online.

To encourage use of knowledge and skills acquired through training, supervisors are often asked to evaluate the employee's level of performance after the training experience. The Board often conducts surveys after the event to determine the value of the training for the participant and to reinforce the application of new skills.

Q How does employee training contribute to the achievement of your action plans?

Employee training is focused on ensuring that employees have the knowledge and skills to perform their jobs. Employees attend training to develop new skills to operate new equipment or perform their jobs. Employees in our information technology jobs are constantly gaining new skills to enable them to remain current in the field. For other knowledge jobs, such as retirement benefit counselors, employees are educated on new laws and changes so that they can effectively communicate to our customers.

Q How do you evaluate the effectiveness of your workforce and leader training and development systems?

We conduct evaluations after each class to gauge the participant's feedback. For comprehensive programs such as the Leadership Academy, we follow-up with supervisors and Board leaders to ensure that they are providing opportunities for the employee to apply the learning and to gather anecdotal information on the value of the programs. We also monitor internal promotions to determine if those attending developmental programs are moving to positions with greater responsibility.

Q How do you motivate your workforce to develop and utilize their full potential?

For the second year, due to significant budget reductions, we elected not to spend any money on Employee Recognition Week. However, each Board division conducts an in-house reward and recognition program for their employees. Each program holds a special recognition event during Public Service Recognition Week in May. During this time, employees achieving milestones of 20, 30 and 40 or more years of state service are honored. *In the Loop*, the Board's weekly employee newsletter, regularly features articles on employees and their accomplishments. We also encourage managers and supervisors to recognize accomplishments on a daily basis. General Services has implemented a dress code policy that will further ensure the consistent and professional appearance of our staff.

Q What formal and/or informal assessment methods and measures do you use to obtain information on workforce well-being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances? How do you use this information?

The Board has utilized online surveys to gather information on training events, lunchtime wellness seminars and customer satisfaction levels with other HR initiatives. Response to the surveys has been helpful in determining offerings and improving processes.

The number of grievances at the Board continues to be low. Whenever an employee does leave the agency, Board HR conducts an exit interview. This allows for enhanced feedback to organizational units in a systematic and effective manner. If a problem is identified, Board HR staff shares the information with office managers. Options for handling the problem are generated and a solution implemented.

Q How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?

We have career paths in many job families and, in certain categories, employees move up as they acquire knowledge. Courses such as supervisory training and Board 101 give employees and managers the knowledge and skills needed to improve job performance and make them candidates for advancement. We clearly communicate that time in a position is not the driver of promotions. We look for a diverse group of employees who demonstrate their knowledge and personal motivation in our goal of excellence.

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

The Board continues to offer CPR/First Aid training to its employees. When accidents occur, supervisors determine the cause and make recommendations to prevent a similar accident. The Board Safety Team helps divisions analyze accidents and develops remedial plans when trends are noted.

Workplace inspections are conducted routinely by the Board safety staff to identify safety and health hazards, and to ensure compliance with OSHA and international building and fire codes. Recognizing and correcting hazards through regular inspections is vital to the accident prevention process of our safety and maintenance programs.

Monthly safety dashboard and semi-annual analysis reports provide employees, supervisors and upper management with factual information and an objective evaluation of the magnitude of any work-related injury and illness problem by:

- providing an analysis of work-related injuries and illnesses that point to specific high-rate circumstances.
- indicates causal factors so teams can develop and implement specific counter-measures, analyzing the effectiveness of countermeasures and monitoring changes.
- creating management interest and employee ownership of safe work processes.
- highlighting safety successes.

The Board has also taken steps to inform employees about the threat of pandemic flu and steps that they can take as individuals to prevent the spread of this illness.

The Disaster Recovery Program at the Division of State Information Technology is designed to benefit customer agencies who store large amounts of data. The objective of the program is to restore vital operating data for end users within 72 hours of a disaster declaration. The Retirement Systems has a disaster recovery program for payments and is expanding its programs to include all other aspects of its operations.

Category 6 – Process Management

Q How do you determine, and what are your organization's core competencies, and how do they relate to your mission, competitive environment and action plans?

We are staffed to address the services mandated by statute and regulation. Because we can bring technical, financial, legal and managerial talent to bear on a problem, the Board has long been asked to take on various administrative duties and special initiatives. All programs understand that unexpected tasks may become a priority and assets may need to be allocated for such assignments on short notice.

Q How do you determine and what are your key work processes that produce, create or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure these processes are used?

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. Processes are constantly reviewed by agency management and front-line staff. The implementation of the SCEIS system will substantially enhance the ability of managers to evaluate financial and business trends. State Fleet is replacing its outdated information management system with the new FleetWave system in the first quarter of 2010-11.

Q How do you incorporate organizational knowledge, new technology, cost controls, and other efficiency and effectiveness factors, such as cycle time, into process design and delivery?

Each program area tracks a unique set of measures that relate to the nature of their business. This includes the expense ratio for the Insurance Reserve Fund, customer intake wait times at the Retirement Systems, State Fleet daily rental rates compared with the private sector, and State Health Plan usage data. SCRS has implemented a process to review the accuracy of service credit information reported to the Retirement Systems by employers to ensure that retiring members receive the correct service credit amount.

Negative trends in these areas would result in immediate management reviews and operational changes. Technology is used where appropriate and affordable. For example, service measures such as the number of minutes it takes to answer a customer call are also monitored and are used to drive staffing assignments.

Q How does your day-to-day operation of these processes ensure meeting key performance requirements?

Managers are expected to closely track key operational measures that ultimately link with the agency's three strategic objectives. Regular reviews of top-level measures by senior management ensure that front-line managers have incentives to make operational adjustments based on close monitoring of processes. Managers track both the performance of agency staff and key metrics for contractors and other government entities for which we may have an oversight role. For example, State Fleet closely monitors the performance private repair shops certified to work on state vehicles via electronic systems that log all repairs.

Q How do you systematically evaluate and improve your key product and service related work processes?

Senior management regularly reviews the cost and effectiveness of all Board programs and outside experts are used to evaluate programs on an as-needed basis. Throughout the agency, programs are expected to use new technology to replace paper-based systems so that overhead costs can be reduced. Such initiatives allow the Board to periodically reduce rates whenever possible for property insurance, procurement and IT. Facilities Management has implemented a new program to ensure daily and monthly checks on all vehicles. The regular, scheduled maintenance extends the life of the vehicles and reduces down time.

Board programs constantly look to establish procedures that guarantee a quality work product even when staff turnover. The Office of State Engineer developed a training program that provides for certification for construction procurement. The program will be launched during 2010-11.

During 2009-10, State Fleet Management allowed agencies the opportunity to turn in vehicles without 30 days advance notification. This allowed agencies to immediately reduce the size of their fleets to accommodate budget cuts.

Systems are regularly monitored to ensure that they comply with legal and regulatory requirement. In 2009-10, the S.C. Retirement Systems implemented changes to comply with the Internal Revenue Code concerning qualified excess benefit arrangement and the required minimum distribution. Modifications were also made to systems and forms due to the incidental death benefit legislative change.

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

The Office of Internal Operations, the Board's internal Chief Information Officer, Internal Audit Services and Board Communications are the key support units for other Board programs. Internal Operations provides HR, finance, training and related services to all Board programs. Each unit has developed key metrics that track both the quality and cost of service delivered to other Board units. The measures are evaluated by each support unit director and adjustments are made as the facts warrant. They also rely heavily on internal customer feedback and input to determine the level of service and areas needing improvement.

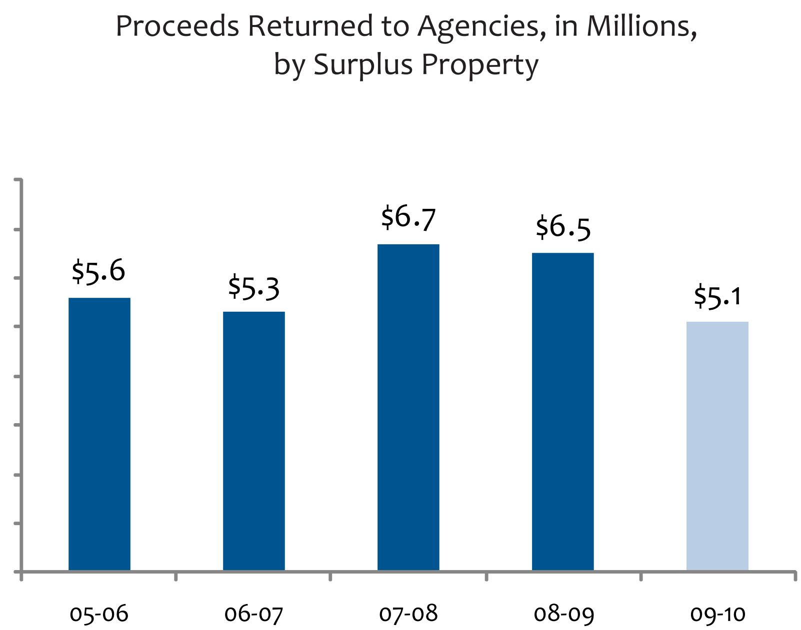
Board funding comes primarily from the sale of services with state appropriations constituting about 12 percent of the Board's budget. Many funds can only be used for specified purposes. When data indicates new funds are needed, the Board may seek a legislative appropriation or reallocate available funds within a program area.

progress.

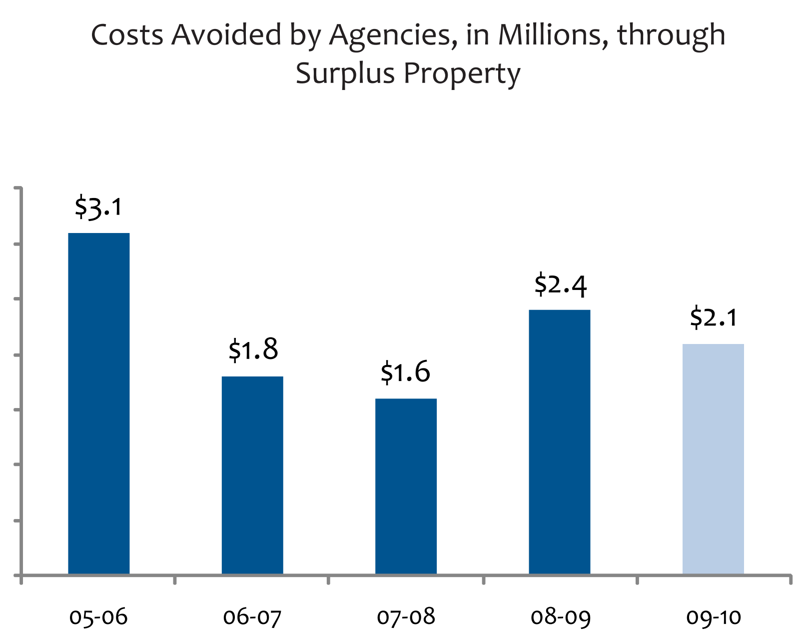
General Services Division

Surplus Property Provides Value for Agencies

The Surplus Property Program allows state agencies, political subdivisions and non-profit organizations to receive state and federal surplus property at lower rates than the cost of buying new. Agencies must sell surplus items centrally to ensure objective pricing.



$5.1 million was returned to the agencies that sold their surplus property.



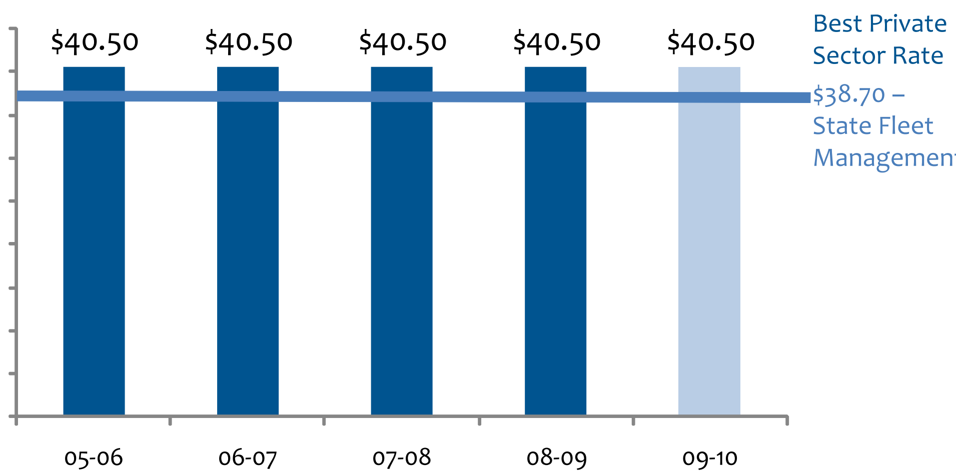
Surplus Property also saved customer agencies $2.1 million over the cost of buying new property by providing them with used equipment.

General Services Division

State Fleet Management

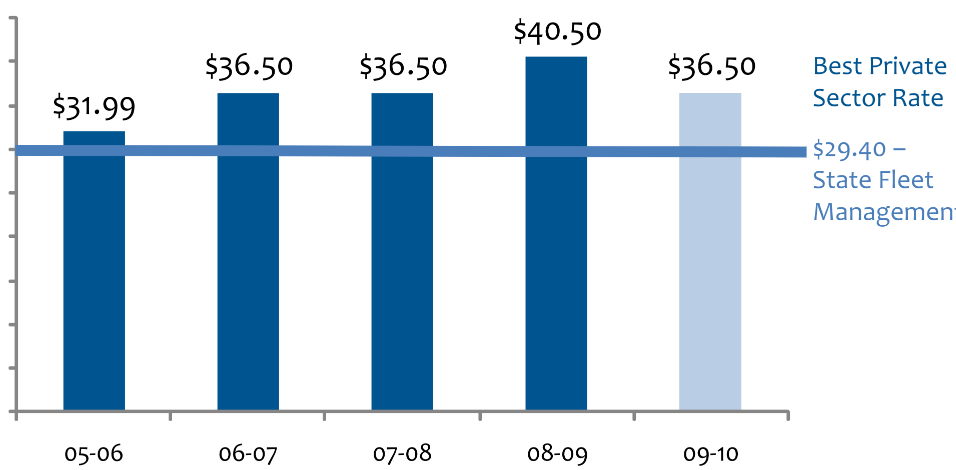
The Budget and Control Board's State Fleet Management section has oversight of state government's non-school bus vehicle fleet. Of the 15,713 vehicles in the state fleet as of July 2010, more than 80 percent are owned and managed directly by individual agencies. State Fleet also leases vehicles to agencies that prefer not to own their fleet. It also operates a motor pool that provides daily vehicle rental.

Cost Comparison for 110-mile trip: Full Size Sedan



State Fleet Management benchmarks their daily motor pool rates against the private sector's special fleet rates for daily rentals. Commercial rates do not include fuel, insurance and taxes. Comparisons are based on the typical 110 mile motor pool trip.

Cost Comparison for 110-mile trip: Compact Sedan



Largest State Fleets

- Department of Transportation: 4,204
- State Fleet Management: 3,224
- Department of Public Safety: 1,693
- Department of Corrections: 944
- Clemson University: 921

The Board's Fleet and Procurement offices work together to issue more than 40 vehicle contracts that state and local agencies can use to purchase cars, trucks and other vehicles at substantial discounts. By standardizing specifications and pooling the public sector's purchasing power, state contracts provide significant savings to agencies over the manufacturer's suggested retail price.

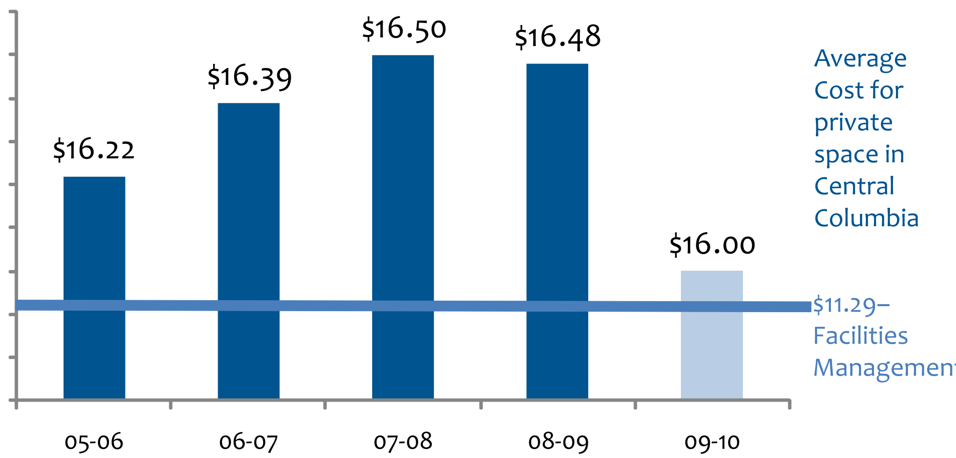
State Vehicle Contracts Compared with MSRP

Vehicle	2010 Contract Price	MSRP	Percentage Below MSRP
Ford Focus, Sedan, Compact 4 Door	$13,191	$17,170	23%
Chevrolet Impala - Pursuit	$18,750	$25,710	27%
Crown Victoria - Pursuit	$21,914	$27,260	20%
Ford F-150 Pick-up 1/2 Ton 4x4 Flex Fuel	$23,380	$33,315	30%
Dodge Caravan Van, Mini Cargo, Flex Fuel	$17,433	$21,800	20%
Chevrolet Tahoe, Full Size Utility 4 Door Flex Fuel	$26,598	$37,280	29%
Toyota Prius - Hybrid, Gas/Electric	$22,889	$23,800	4%
Ford Escape, Compact Utility	$19,603	$24,045	18%
Dodge Dakota - Extended Cab, Flex Fuel	$15,102	$25,305	40%
Dodge Grand Caravan - Van, Mini Flex Fuel	$18,541	$23,660	22%
Ford F250 Regular Cab	$18,190	$25,875	30%
Ford F250 Extended Cab, Heavy Duty	$24,559	$34,710	29%
Ford Explorer Intermediate Utility	$19,356	$29,280	34%

Facilities Management

Facilities Management maintains and operates 41 office buildings plus other facilities. These include the State House, the Governor's Mansion, legislative and judicial buildings, the Columbia Mills Building, the Department of Health and Environmental Control and the Department of Employment and Workforce.

General Services Lease Rates Compared with the Private Sector

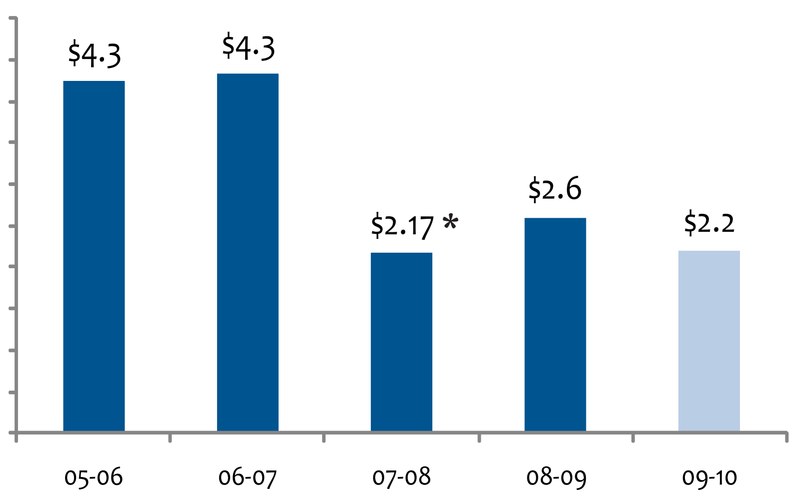


State agencies are charged a standard rent of $11.29 per square foot for office space in state buildings managed by the Board's Facilities Management section. This rate – which includes maintenance and most utilities – has not increased in 13 years. The state rate is compared here to the Colliers Keenan Columbia Central Business District average rental rate for the private sector. Maintaining these low rates creates a challenge in meeting maintenance requirements.

Agency Mail

With rates well below the U.S. Postal Service, Agency Mail saves millions of dollars annually for state and local agencies. In 2008, the program modified the methodology used to calculate its comparison to the private sector to account for volume discounts provided by the U.S. Postal Service.

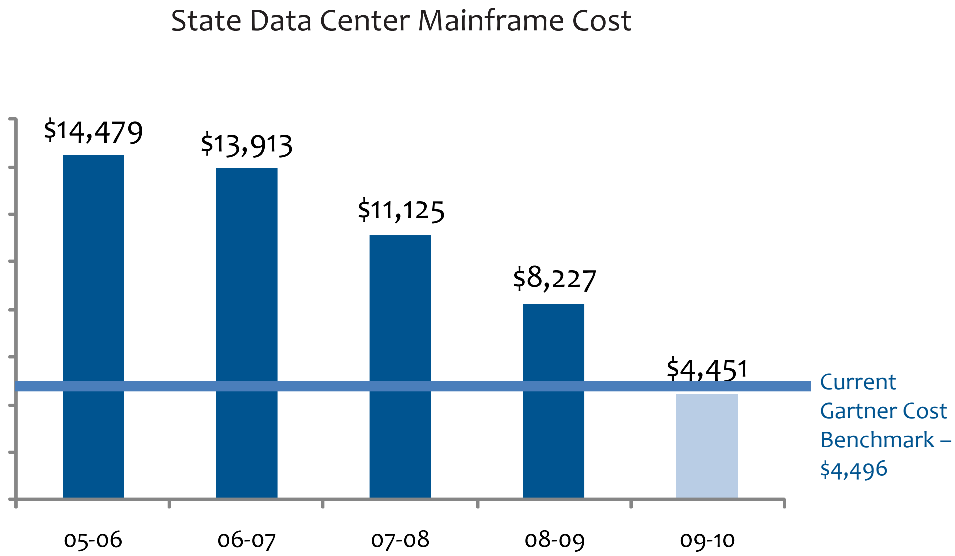
Millions Saved for Agencies Using Agency Mail Instead of U.S.P.S.



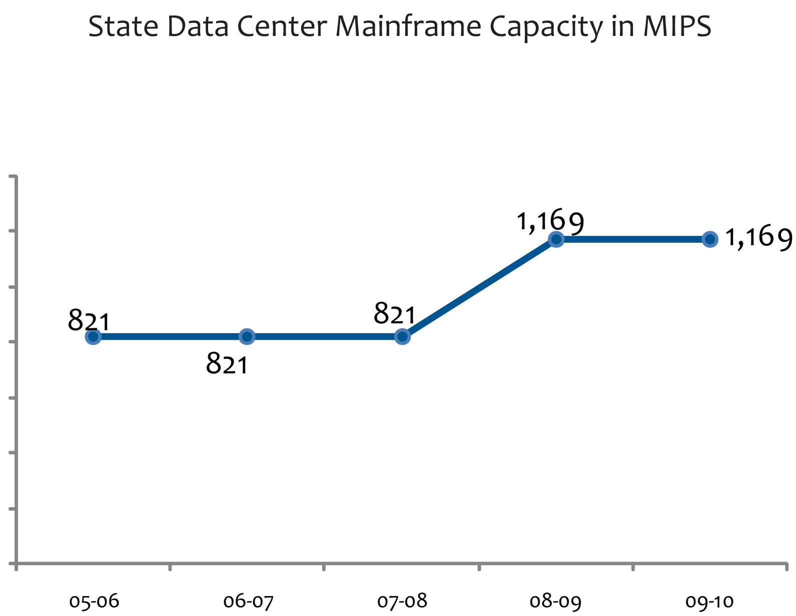
*Measurement method changed 2007-08.

Division Continues Push to Save Money

DSIT has reduced 15 rates an average of 20% over the past three years, which has provided over $5 million dollars in savings to its customers. Other state's rates for comparable services have largely remained static resulting in SC now having become a leader in providing the lowest rates among southeastern states.

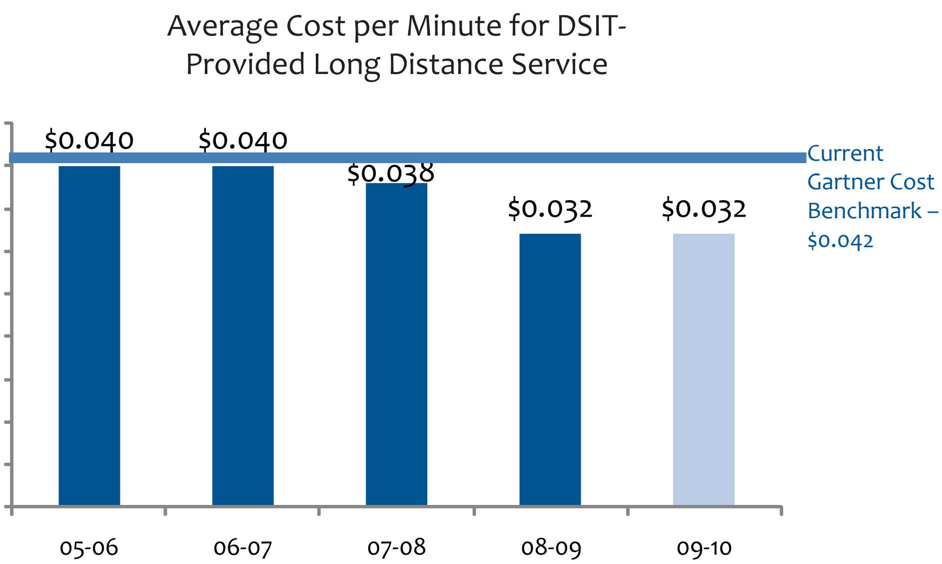


These charts reflect a five year trend in which mainframe capacity – measured in millions of instructions per second (MIPS) – has increased more than 29 percent. This period has also seen a decline in the cost per MIPS in each of the five fiscal years represented in this chart. Because of its continuous focus, DSIT's costs now beat the Gartner benchmark.

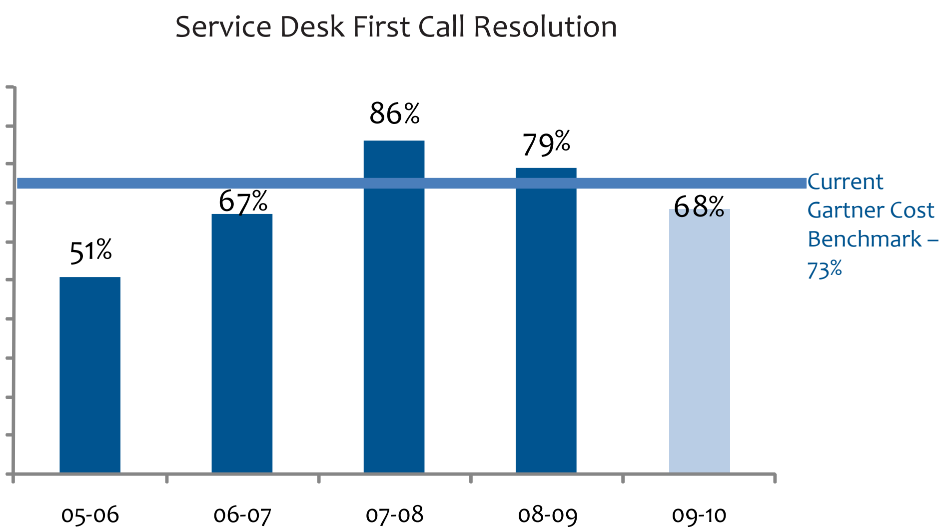


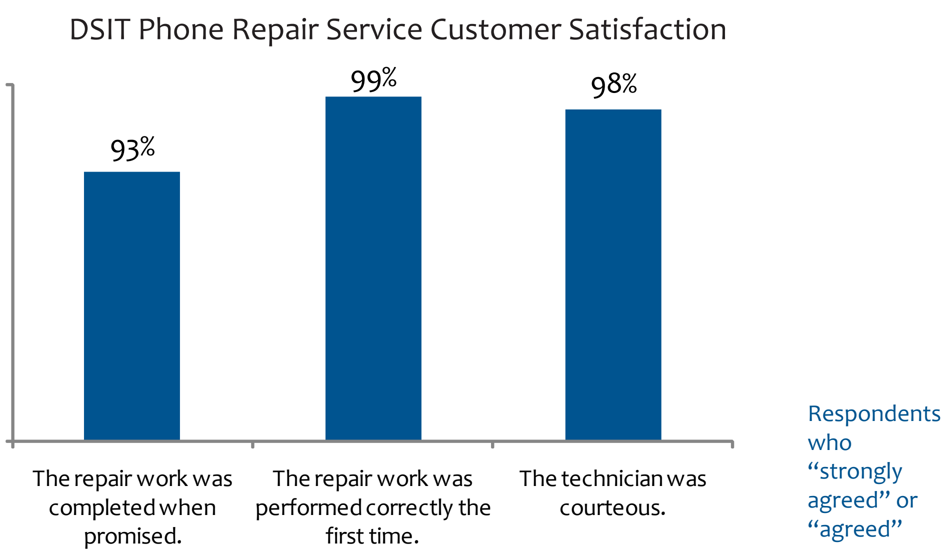
Division of State Information Technology

This chart reflects the average cost per minute for long distance service, a cost that has remained level or declined in each of the previous five fiscal years. Costs continue to beat the Gartner benchmark.



This chart reflects the percentage of incoming Service Center inquiries that are resolved at the first point of contact, without delay or referral. Changes in services provided and large-scale new system rollouts have impacted first call resolution percentages during the last two years.





Division of State Information Technology

SC.gov

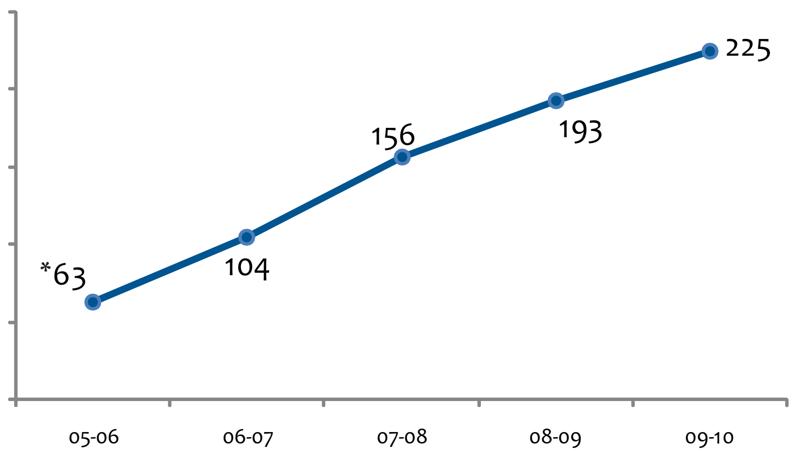
In 2005, the Board's Division of State Information Technology took a unique approach to revitalizing the state's home page on the Web. Instead of building the site in house, they formed a public-private partnership with S.C. Interactive, a local unit of the eGovernment firm NIC.

Under the agreement, S.C. Interactive absorbs the costs to build the state's Web portal and also develops new services that generate convenience fees from customers who would rather pay a small charge than stand in line or conduct business with government through slower, traditional means.

This self-funding model encourages the state and S.C. Interactive to build online services that the public wants without requiring upfront tax appropriations. And the approach is working. In the last 18 months, S.C. Interactive has:

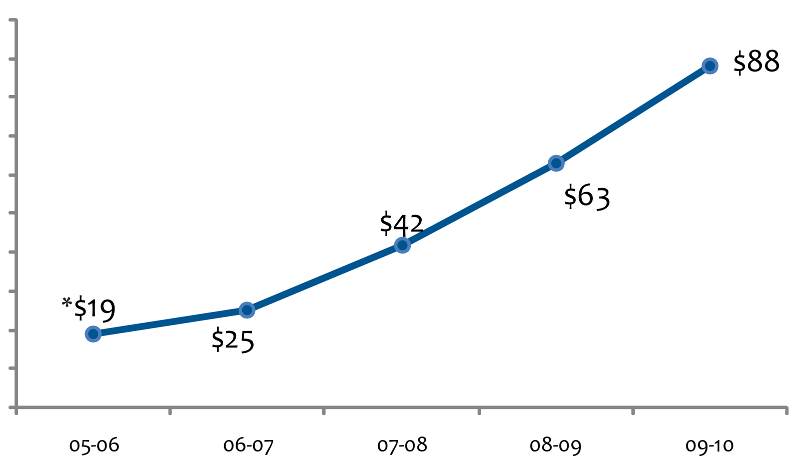
- Implemented 87 payment processing services governmental entities within S.C.
- Launched 33 governmental entity Internet sites and provide hosting and ongoing support.
- Implemented 24 custom interactive applications.
- Assisted S.C. government with cost avoidance of more than $3.7 million dollars.

Millions of Hits on SC.gov



*Denotes partial year

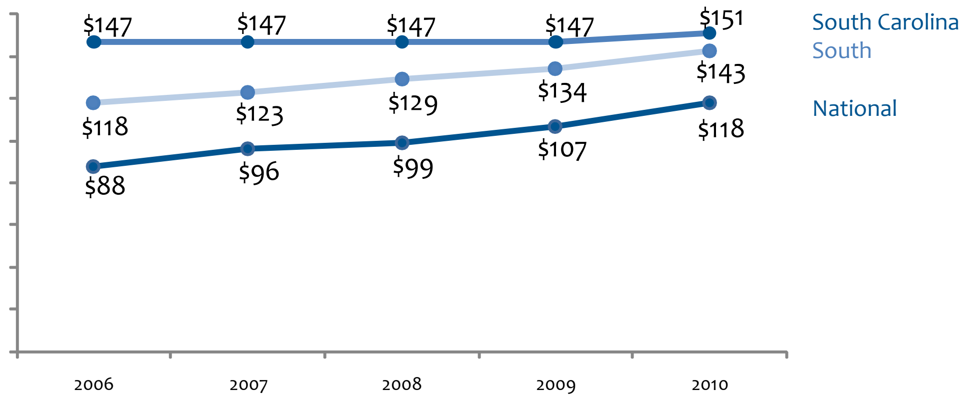
Millions of State Funds Collected



*Denotes partial year

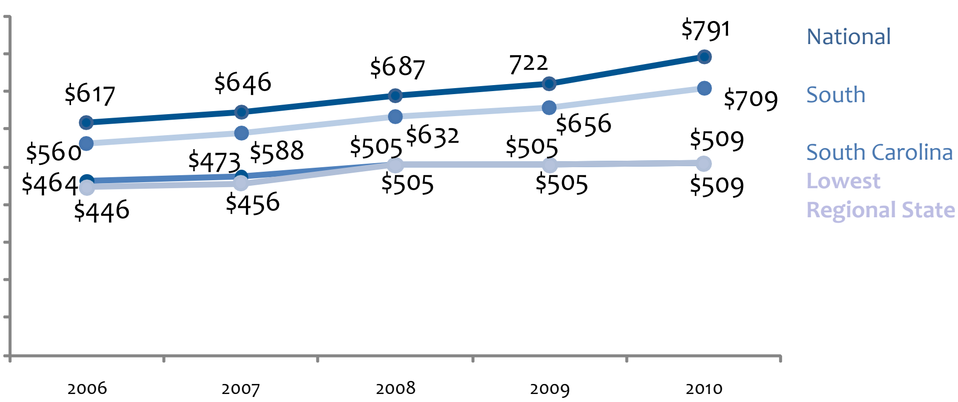
State Health Plan

Average Weighted Employee Premiums
Compared with other Public Employee Plans



The employee rate remained unchanged in 2010 with the exception of a $25 per month surcharge for tobacco users. The composite rates have been adjusted to reflect the tobacco-user surcharge.

Combined Employee and Employer
Average Weighted Premiums

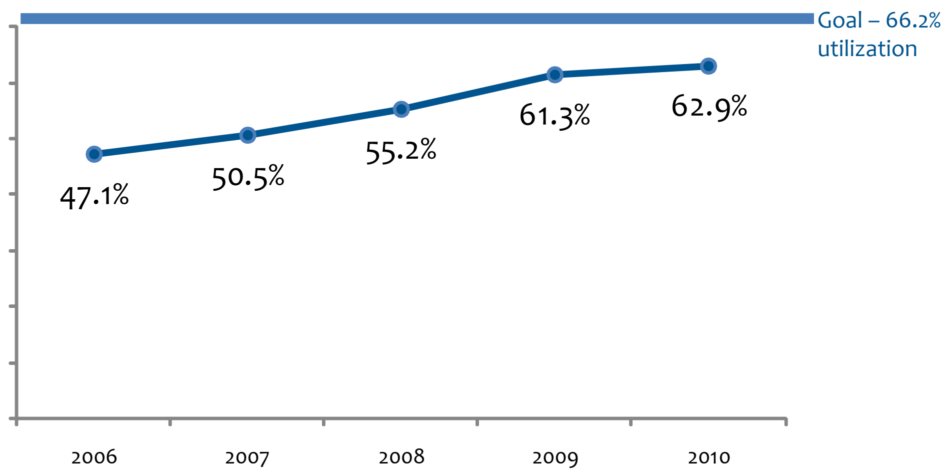


These charts demonstrate that while overall insurance premiums are lower in South Carolina than nationally, plan members here pay a larger share of those costs than do public sector workers nationally.

Division of Insurance and Grant Services

State Health Plan

Prescription Drug Generic Utilization as a Percentage of all Prescriptions



Generic drugs are medically comparable to name-brand medicines but cost much less. The plan has been encouraging members to use generics whenever possible through pricing incentives and promotion of this alternative. The goal is based upon Medco's average for all government plans it operates. The benchmark is adjusted annually based on the latest market trends.

Each year, the State Health Plan gives higher reimbursement payments to hospitals that perform well on at least four of the 20 important practices that experts say every hospital should do for common illnesses. Created by the federal Center for Medicare & Medicaid Services (CMS), the Process of Care measures show whether hospitals perform essential tasks recommended for patients being treated for a heart attack, heart failure, pneumonia, or other ailments. The number of incentive winners has grown from seven in 2006. The award winners for this year were:

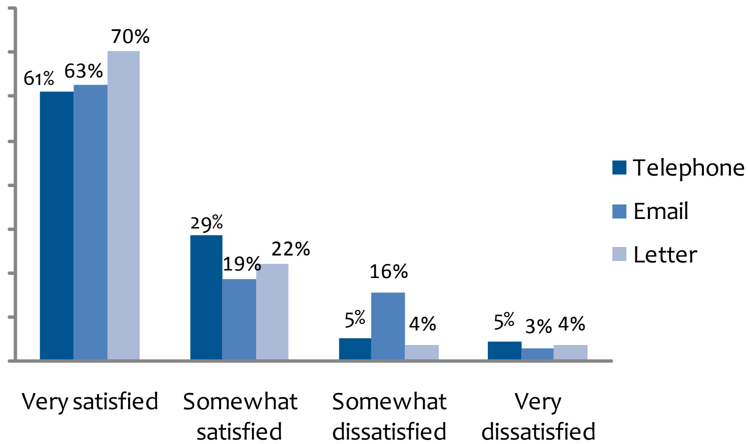
Hospital
Aiken Regional Medical Center
Allen Bennett Memorial Hospital
AnMed Health
Bon Secours - St. Francis Xavier Hospital
Colleton Medical Center
Conway Medical Center
Greenville Memorial Hospital
Hillcrest Memorial Hospital
Lexington Medical Center
Medical University Hospital
Palmetto Health Baptist
Palmetto Health Baptist Easley
Roper Hospital
Sisters of Charity Providence Hospitals
Spartanburg Regional Medial Center
St. Francis Hosptial
University Hospital
Wallace Thomson Hospital

Division of Insurance and Grant Services

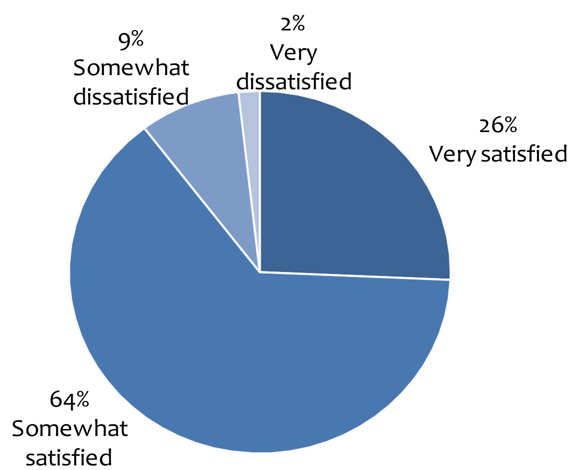
State Health Plan Subscriber and Member Survey – 2010

The State Health Plan contracted with the University of South Carolina to have an independent survey conducted to measure customer satisfaction with service delivery and plan design. Clients are most satisfied with the courtesy and attitude of the staff 80 percent of subscribers rate their health plan as excellent or good in terms of offering options that fit their needs, and two-thirds believe that the health plan does a good job in terms of managing costs.

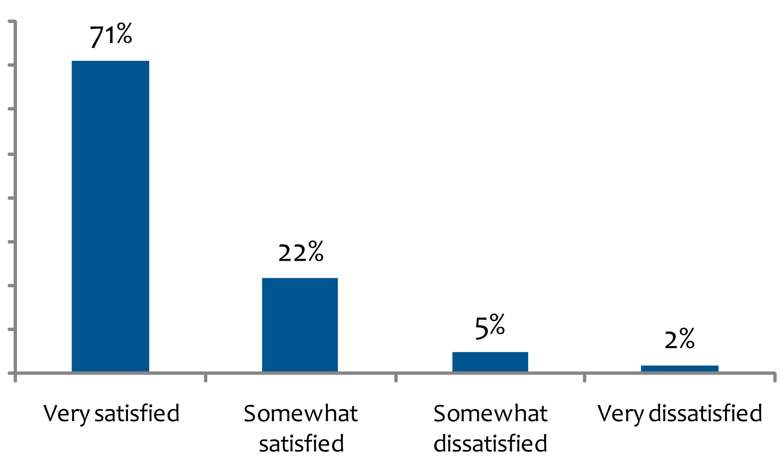
Overall Satisfaction with State Health Plan Customer Service



Satisfied with Options in the State Health Plan



Satisfaction with Process of Changing Benefits



South Carolina Retirement Systems

Systems Continues to Enhance Efficiency

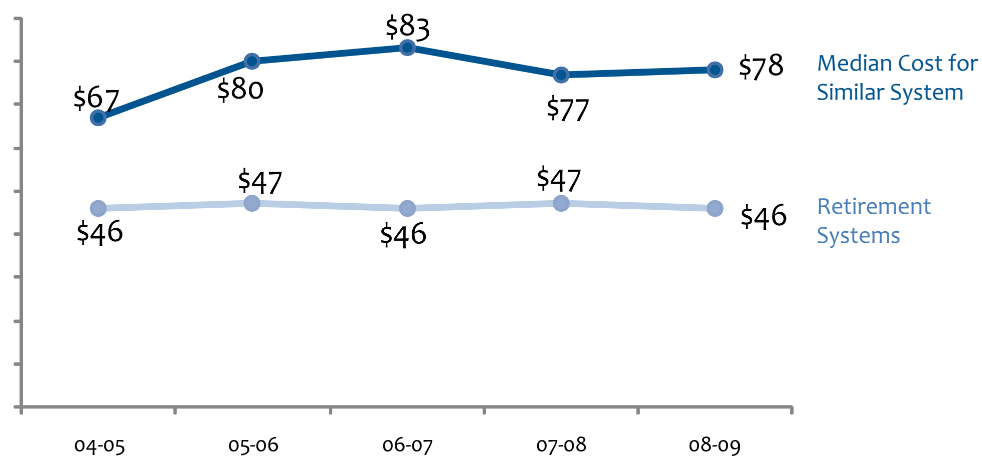
Established in 1945, the S.C. Retirement Systems administers five defined benefit pension plans for public employees, law enforcement officers, judges and solicitors, members of the General Assembly, and members of the S.C. National Guard.

The Retirement Systems has a well diversified portfolio with investments ranging from fixed income instruments to international equities and real estate.

- Total number of retirees for all systems: 124,286
- Total number of active employees for all systems: 231,830
- Total annual payroll for annuitants is more than $2 billion.

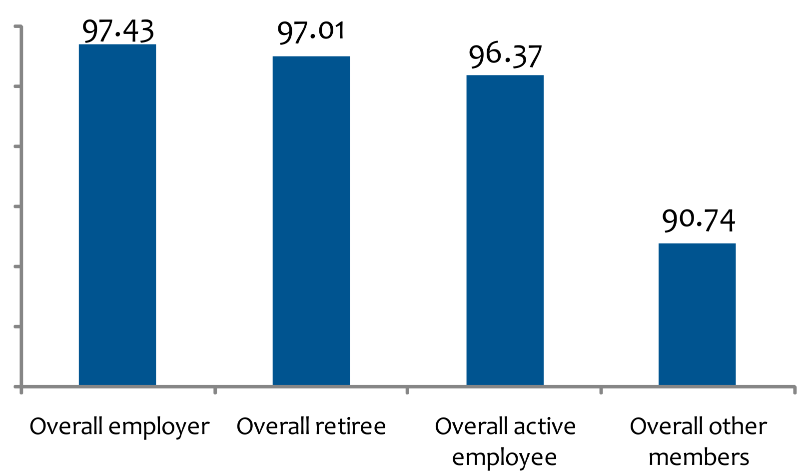
Newly-hired employees of state agencies, public school districts and institutions of higher education have the choice between a defined benefit plan and a defined contribution plan (State Optional Retirement Program). Participants in the State ORP make their own investment decisions and bear all associated risk. Their retirement benefits are based solely on the balance in their account when they retire. There are approximately 30,000 State ORP participants.

Administrative Cost Per Member



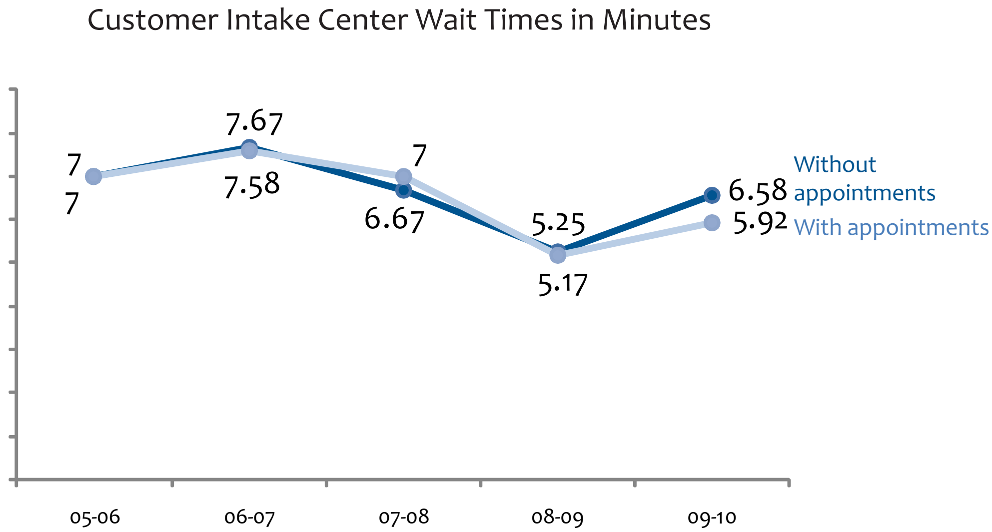
A benchmarking analysis by Cost Effectiveness Measurement, Inc., found that in 2009, the **Retirement Systems operated at the third lowest cost per member among the 13 peer pension plans in the analysis**. The Retirement Systems' cost trend has remained steady in comparison to continual increases among similar systems. This is indicative of the division's efforts to operate efficiently and effectively. *In 2007, the decision was made to conduct this survey every other year.*

Stakeholder Satisfaction

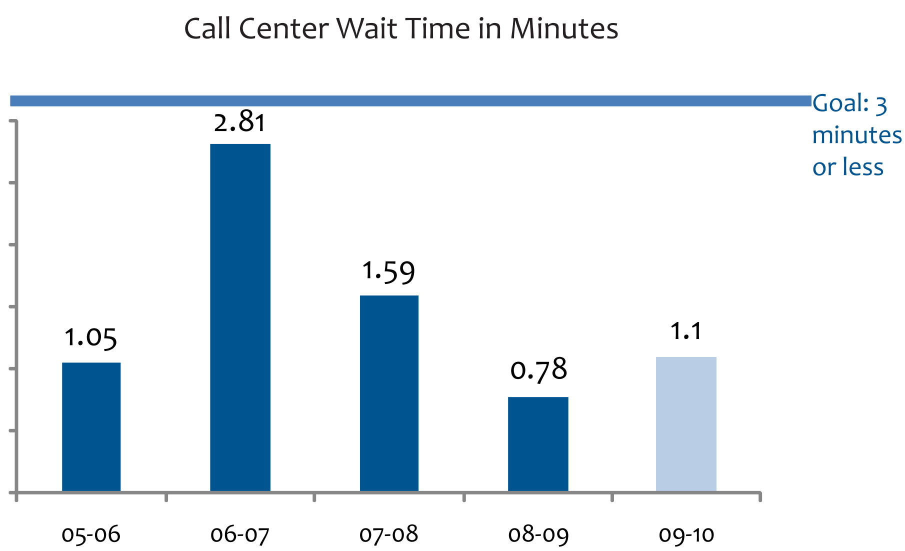


As a result of a Board initiative, the Retirement Systems conducted an online customer satisfaction survey in 2010, expanded the categories of members surveyed and started a new trend. Stakeholder satisfaction levels were very high in 2009-10 as they were in previous years. Other members include beneficiaries, inactive members and those survey participants that chose not to identify their category.

This chart shows the average in-office wait time to meet with a retirement consultant for a one-on-one counseling session.



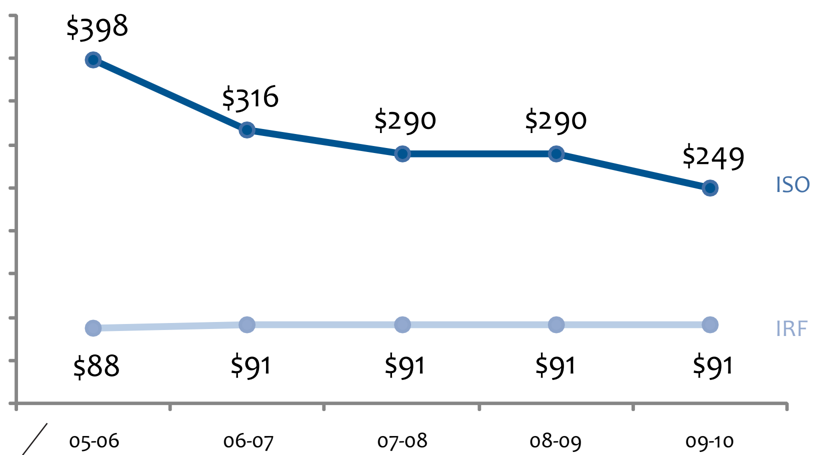
This chart shows the average time it takes for a caller to reach a retirement consultant.



Insurance Reserve Fund

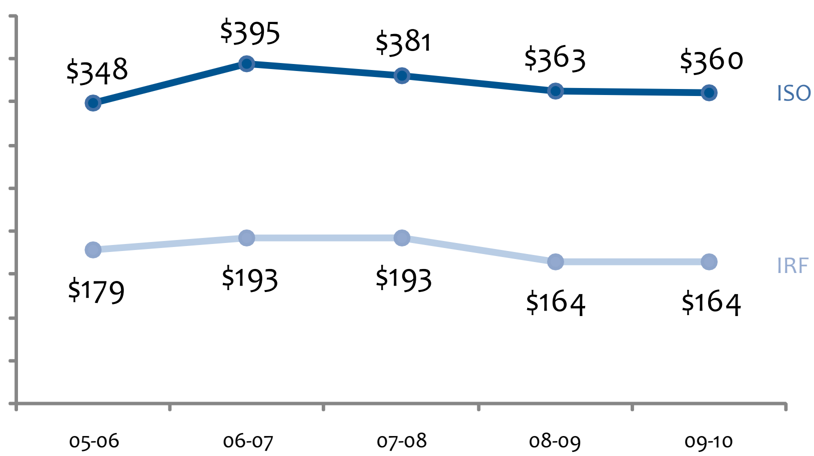
The Insurance Reserve Fund provides insurance to governmental entities at the lowest possible cost. All state agencies must purchase their insurance through the fund. Participation is optional for local governments. The fund uses no agents, brokers or advertising and does not actively solicit accounts. This lack of a profit requirement and related expenses, along with the use of the investment income in rate determination, allows the IRF to maintain the lowest possible cost structure.

Property Insurance Five Year Rate Comparison



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.

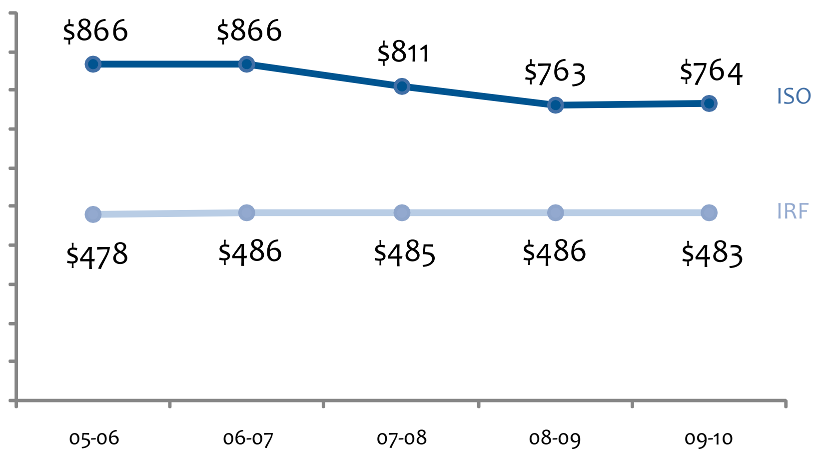
General Tort Liability Insurance Five Year Rate Comparison



Division of Insurance and Grants

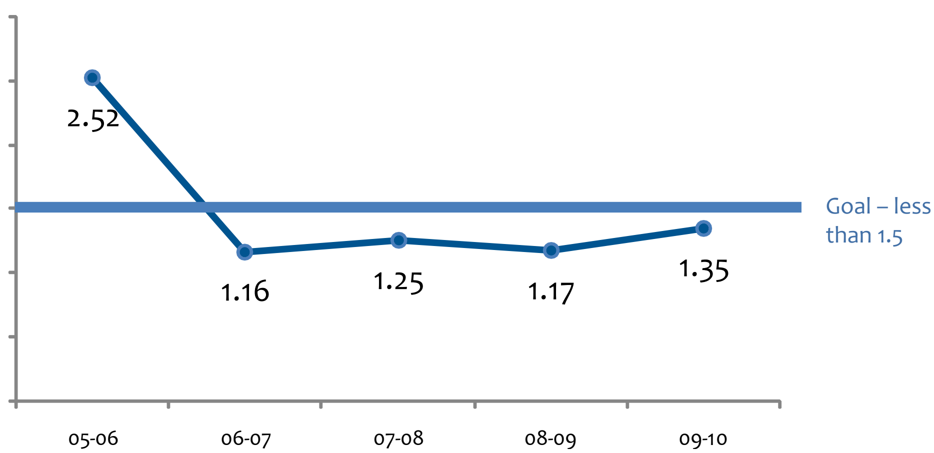
The IRF regularly compares its premiums to data collected by the Insurance Service Organization, the property and casualty insurance industry's leading supplier of statistical data. As shown by the chart at the right, the IRF's premiums continue to be well below industry averages.

Automobile Liability Insurance Five Year Rate Comparison



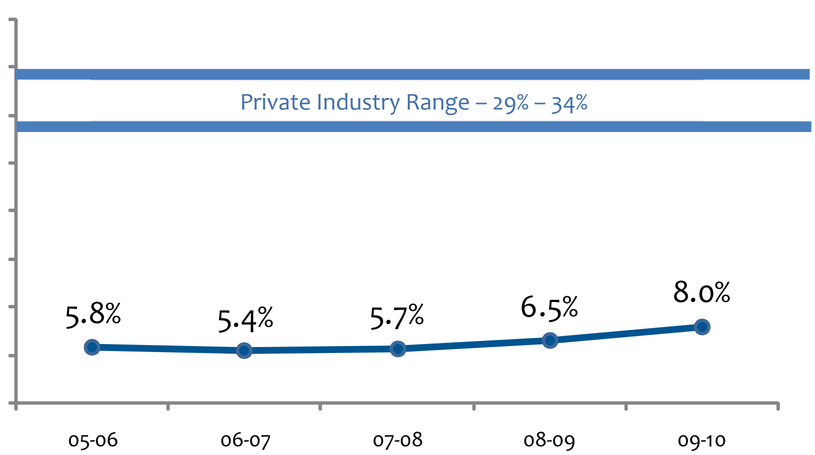
This ratio is used as a primary measure of financial strength. When the range is no higher than 1.5, assets are sufficient to pay all incurred and projected obligations. The ratio is determined by an independent actuary who considered the risk exposure specific to the IRF.

Losses and LAE Reserves to Policyholder Equity



The expense ratio for an insurance operation is calculated by dividing the entity's "operating expenses" by written premium. The Insurance Reserve Fund consistently operates with much lower expense ratios than private property and casualty insurance companies because it does not have marketing or profit expenses.

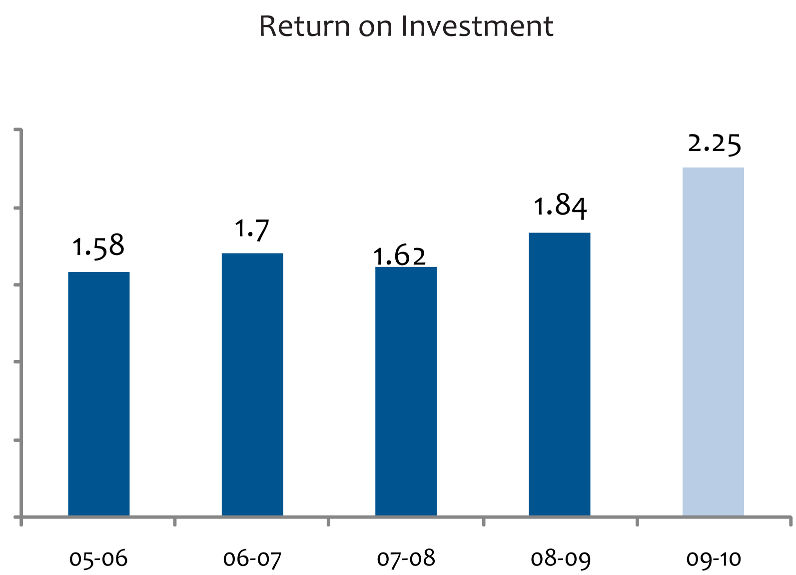
Expense Ratio



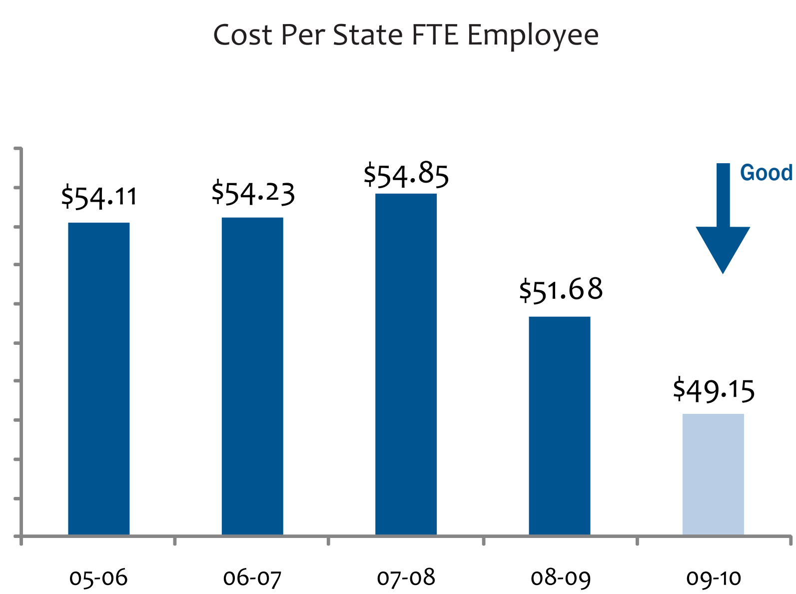
Office of Human Resources

OHR Improves Efficiency

The Office of Human Resources continued to provide a very positive ROI in 2009-10. For every dollar spent on OHR services, the organization returned $2.25. This figure is reached by comparing the cost of OHR's services with the federal General Services Administration's contract with a private vendor which has data on the cost of similar services for federal agencies.



This measure demonstrates how much it costs OHR to serve all of state government by spreading its costs over all the FTEs in state agencies. The cost has consistently declined. OHR is recognized as a model nationally and has the smallest staff in the nation.

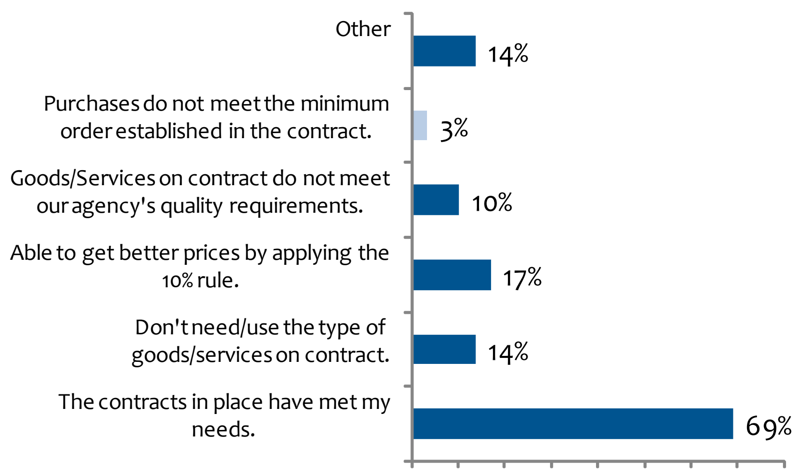


Procurement

IT Procurement Rejoins MMO

This year, the Board surveyed agency users of state term contracts established by the Materials Management Office. These contracts are put in place for frequently-used goods and services and can be utilized by state and local agencies on an as-needed basis. This new approach more easily identifies actionable improvement opportunities.

Materials Management Office Customer Satisfaction: A more in depth approach initiated



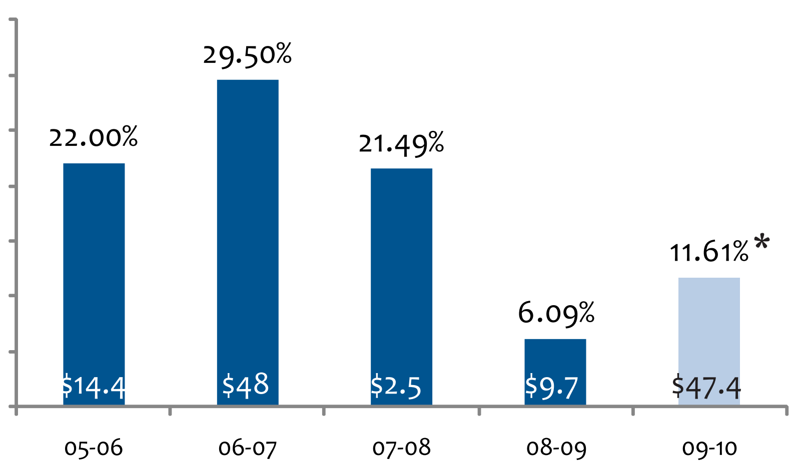
(Users allowed to check more than one answer.)

State term contracts allow businesses to offer their best prices for a good or service to all of state government for a fixed period of time. Agencies and local governments use these contracts on an as-needed basis. This chart represents data derived two different ways:

1. Cost avoidance data measuring the difference between state term contract pricing and single-buy prices for 2004-05 through the first half of 2007-08, and
2. Cost avoidance data reported in accordance with the National Association of State Procurement Officials (NASPO) benchmarks adopted by the division starting with the last quarter of 2007-08.

The significant difference in both dollars and percentage you see beginning in 2008-09 represents the change to NASPO measures.

Competitive Spread of Procurements

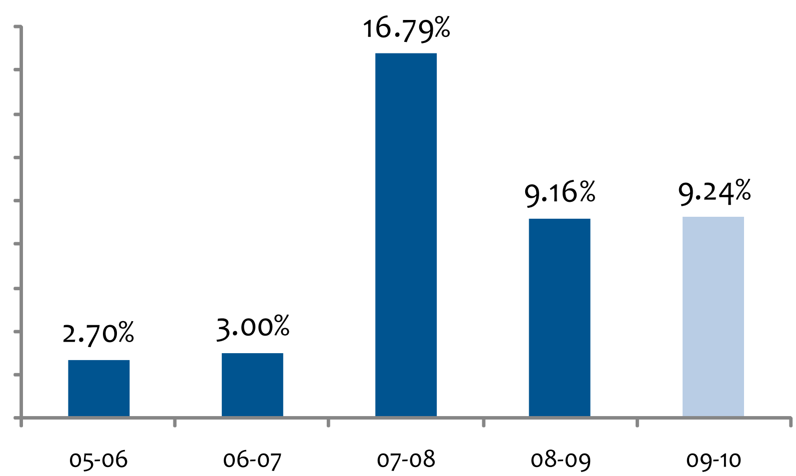


*Data represents composite of MMO/ITMO procurements in 2009-10.

Procurement

Materials Management Office

Negotiated Savings and Percent Reduction from Original Bid



The Materials Management Office frequently enters into negotiations with firms that have been initially selected as the winning firm in a state procurement. These continuous negotiations save procuring agencies millions of dollars each year. The amount saved fluctuates based on the size of individual contracts and overall state procurement activity. This function is not required by law but is determined by staff to add significant value for state agencies and local governments.

Office of Research and Statistics

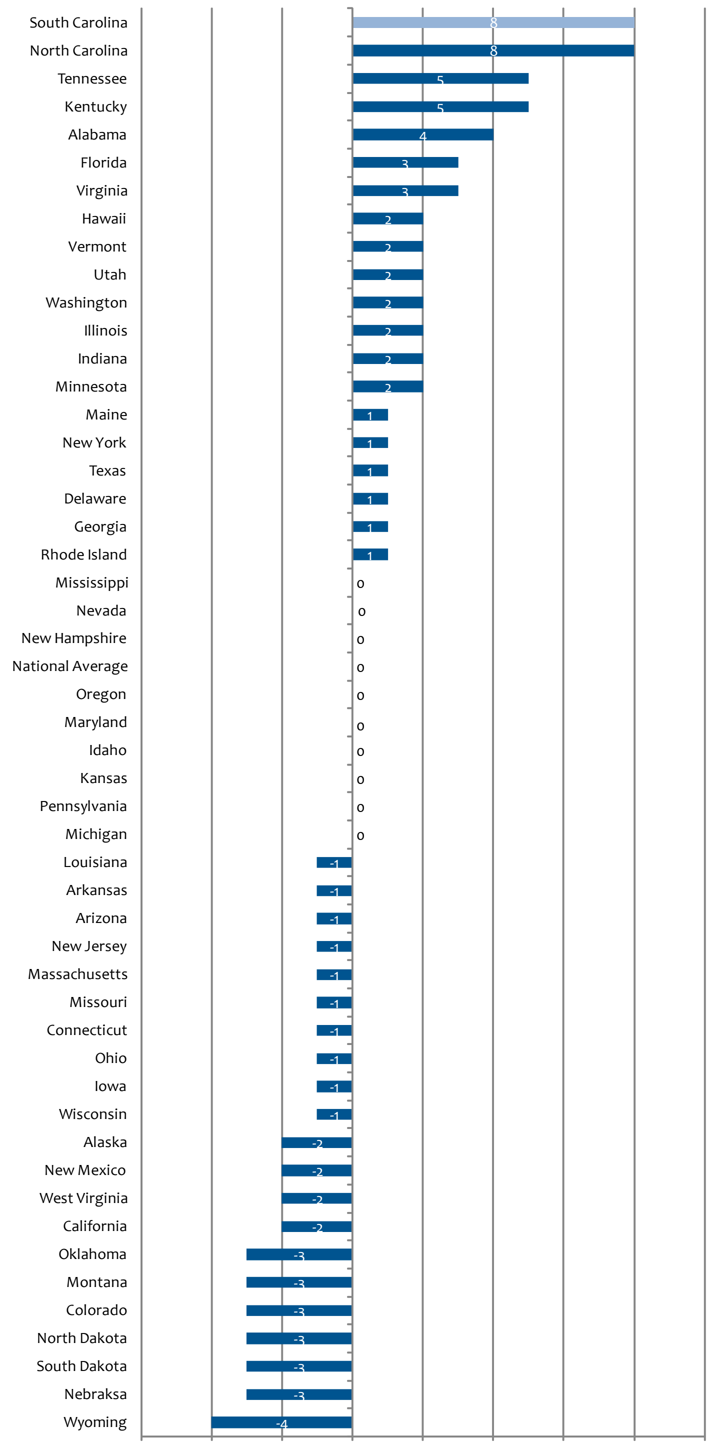
SC Leads Nation in Census Improvement

In 2007, the S.C. General Assembly provided funding to improve South Carolina's historically poor response to the U.S. Census. The Board's Office of Research and Statistics created a comprehensive approach to improve results, including technical training for local governments and targeted outreach and public awareness. The results are impressive.

The state's mail response rate improved by eight percentage points while the national rate was unchanged from 2000 – a gain tied for first among the 50 states. U.S. Census Director Robert Groves described South Carolina's improvement as "off the charts" at a national news conference April 28. South Carolina's mail response rate of 73 percent was one point ahead of the national average after being second lowest in the nation ten years earlier.

The improved response rate not only saved taxpayer dollars by reducing the cost to send federal workers door-to-door, but should earn the state millions of dollars in additional federal funding in the coming decade.

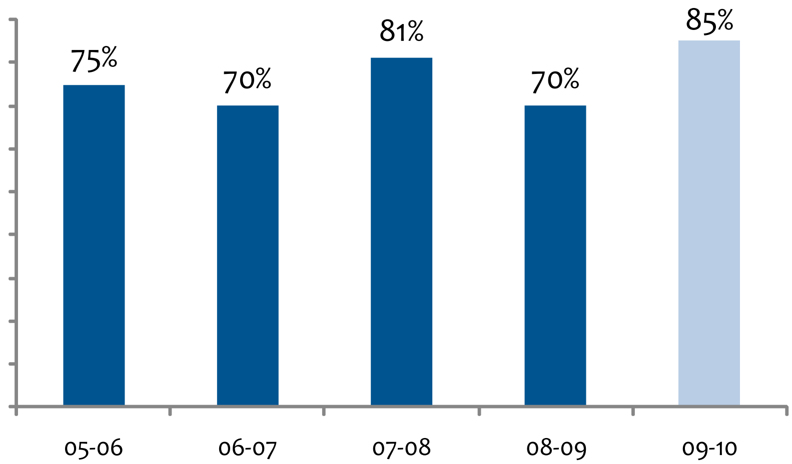
Change in Census Mail Response Rate 2000-2010, by State



Office of State Budget

Key Accomplishments 2009-10

Fiscal Impact Statements Prepared in 14 Days or Less

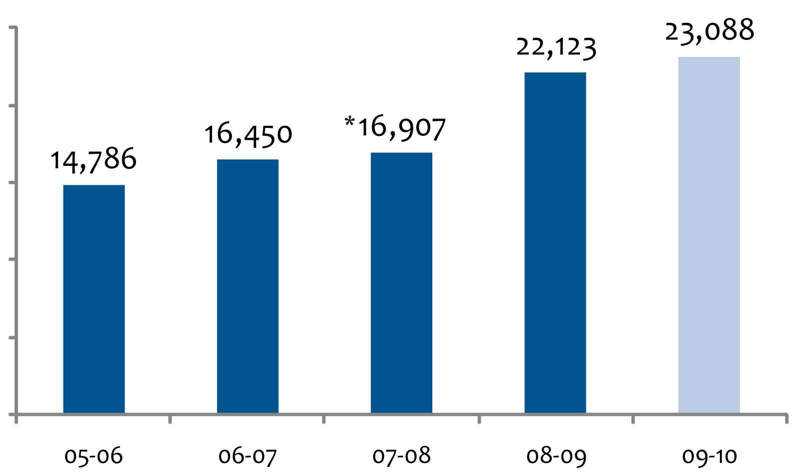


Fiscal Impact Statements outline the costs of proposed legislation. Prompt completion of these reports ensures that lawmakers have the information they need to make public policy decisions.

Confederate Relic Room and Military Museum

Attendance Continues to Set Records

Confederate Relic Room and Military Museum Attendance



Despite multiple budget cuts, the South Carolina Confederate Relic Room and Military Museum improved its attendance again in 2009-10.

*The museum was closed for six weeks in 2007