# Accountability Report Transmittal Form

Agency Name: SC Budget and Control Board

Agency Director: Marcia S. Adams

Agency Contact Person: Lindsey Kremlick

Agency Contact's Telephone Number: (803) 734-2320

B&CB

SC Budget and Control Board

# 2011-12 Annual Accountability Report

# Section I – Executive Summary

## I.1. Organization stated purpose, mission, vision and values

**Purpose:**
The primary purpose of the Budget and Control Board is to provide state and local entities with services and products to better serve the citizens of South Carolina. Through leadership, policy development, data analysis and value-added services, the Board improves the efficiency and effectiveness of government. Although the Board does not necessarily deliver direct service to the public, we maximize the effectiveness of other state agencies, partners and stakeholders.

The agency is led by the five members of the Budget and Control Board; chaired by the Governor, the other members include the Treasurer, Comptroller General, Chairman of the Senate Finance Committee and Chairman of the House Ways and Means Committee. The Board sets policy under the authority granted by the General Assembly. The Executive Director manages the duties and responsibilities of the various Board programs, which are established and governed by state law and regulations.

**Mission:**
*The Budget and Control Board's mission is to provide cost effective, responsive services and innovative solutions to enable government to meet the needs of the citizens of South Carolina.*

**Vision:**
The Budget and Control Board's vision is to deliver a diverse array of exceptional services to a wide variety of customers while maintaining our identity as one agency working together collaboratively. We will be a trusted partner providing innovative services and solutions in a reliable and responsive manner.

**Values:**

- ✓ We commit to consistently provide outstanding products and excellent customer services, as defined by our customers as we strive for continuous improvement.
- ✓ We commit to listen to and be responsive to our customers, stakeholders, employees and partners.
- ✓ We value open, reliable and timely communication with our customers, employees and stakeholders.
- ✓ We will be receptive to and flexible with the changing environment. We welcome challenges, embrace innovation and encourage creativity.
- ✓ We will strive to lead government through strategic visionary approaches that are proactive, fair and ethical.
- ✓ We will always perform our work with honesty, integrity and loyalty. We are committed to performance that is credible, thorough, competent and worthy of customer confidence.
- ✓ We will respect the individual contributions of each employee and endeavor to empower them with the needed resources for teamwork, shared pride and continuous learning.

## I.2. Major Achievements from the Past Year

**The following list briefly describes major achievements from the past year:**

***SCEIS:*** Completed the statewide implementation of the South Carolina Enterprise Information System (SCEIS). In October 2011, SCEIS Finance and Procurement modules were successfully deployed by the last state agency in the project's original scope to go live on the statewide system. This accomplishment represented the culmination of four years of staggered SCEIS implementations in which a total of 71 agencies (and more than 45,000 users) implemented the full array of components since its launch in 2007. Through the use of this state-of-the-art system, the business processes of state agencies have been streamlined onto a single integrated system providing economies of standardization and increased efficiency of information management, resulting in better service for citizens and ultimately, substantial savings for the State of South Carolina. In FY 2011-12, SCEIS posted over $27 billion in revenues, posted over $28 billion in expenditures, processed purchase orders totaling over $1 billion and processed over $800 million in payroll during the second half of FY2012.

***Awarded a Systems, Applications, and Products (SAP) Management Services Contract:*** Awarded a contract critical for the operation of the state's SAP enterprise resource planning (ERP) system, the South Carolina Enterprise Information System (SCEIS). The contract was awarded to manage and maintain the SAP infrastructure to include system interfaces, provide change management services, project management, help desk support and production support for all system modules. By awarding this contract, the Division of State Information Technology receives the services of 48 dedicated full-time equivalents (FTE) for $5.2 million annually. Under the IT Temporary Staff Augmentation contract, the dollar amount for this number of FTEs is approximately $17 million annually. This equates to an approximate savings of $11.8 million annually for a sustained level of services. If the contract is extended in the future, the potential savings would be $59 million over the life of the contract.

***Conducted Joint Customer Service Partnerships:*** The Retirement Division and the Employee Insurance Program (EIP) partnered to provide insurance eligibility and retirement benefits information for their members. EIP and Retirement staff provided onsite counseling at the Retirement Division during peak business cycles to serve our common customers more efficiently. Based on its success, the partnership will continue and additional sessions will be added to future schedules.

***Further Developed the State's Official Website:*** Continued the further development of the state's official Web site, SC.gov, by implementing a wide variety of new services for South Carolina's state, county and local governments. During FY 2011-2012, SC.gov implemented 35 new payment processing services, launched 30 new governmental Web sites, developed three new interactive applications and assisted state government with cost avoidance of more than $1.19 million (over $8.5 million since 2005). SC.gov is managed by a unique partnership between the S.C. Budget and Control Board's Division of State IT and South Carolina Interactive, LLC.

***Redistricting:*** The Digital Cartography Section (DGS) of the Research and Statistics Division assisted the federal courts regarding redistricting matters. DGS was assigned to work for a three judge panel on the state redistricting case and provided statistical and demographic analysis through the production of maps for the court. In the redistricting of local governments, DGS assisted 44 counties, 40 municipalities and seven school districts. All redistricting plans that have been finalized were approved by the U.S. Department of Justice under Section 5 of the 1965 Voting Rights Act. DGS also assisted precinct realignment which resulted in 13 new precinct plans for counties. All of the precinct plans are to be pre-cleared by the U.S. Department of Justice and put in place for the November elections.

***Reduced Cyber Security Threats:*** Assisted South Carolina's schools, libraries and governmental entities with the detection, prevention and handling of computer-related breaches and virus attacks through a cyber-security monitoring program conducted by the Division of State Information Technology's Statewide Security Office. To date, 410 intrusion detection devices have been installed at 206 different locations. Sites currently being monitored include 48 State agencies, six higher education institutions, 40 counties, all 82 public school districts, two charter schools, 15 libraries, five public utility companies and nine local government entities. This project has been extremely beneficial in helping to improve cyber security in state agencies and has also helped to maximize essential bandwidth resources in the state's K-12 schools. DSIT also conducted a multi-faceted Information Technology Agency Self-Assessment Security Survey. The survey was sent to all state agencies and was designed to help agencies evaluate their own IT security readiness.

***SCHIEx:*** The South Carolina Health Information Exchange (SCHIEx) provided technology services and support that enables health organizations to exchange clinical information. In the past year, SCHIEx has developed and tested the South Carolina Department of Health and Environmental Control's Immunization Registry gateway for bi-directional immunization record exchange, was approved for participation in and completed onboarding to the nationwide health information network via CONNECT, and established pilot sites with the Veterans Administration and successfully moved test patient data between sites via a compliant gateway.

***Provided Rate Reductions for Internet Connectivity and Telephone Services:*** Provided customers with substantial savings through a rate reduction in one of the Division of State Information Technology's (DSIT) most widely used service areas; Internet connectivity. DSIT Provided Internet rates were reduced by 65 percent (effective Sept. 1, 2012) from $40 per megabyte (MB) to $14 per megabyte. This rate reduction, due in part to reduced vendor costs, will allow participating agencies to potentially see significant monthly savings during a time in which many state and local governments are routinely asked to do more with less. DSIT also streamlined the process for agencies to obtain cable and wiring services without having to go through lengthy and time consuming bid processes.

***Dependent Eligibility Verification Project:*** The Employee Insurance Program (EIP) implemented the Dependent Eligibility Verification Project to verify beneficiary designation which ensures that only eligible dependents are receiving health insurance benefits. Paying health insurance benefits to ineligible dependents diverts available resources from paying maximum benefits to eligible participants. By removing ineligible dependents from coverage, the combined reduction in plan liability and employer costs is estimated to be $19 million per year when the project is completed. Reduced liability for the first year was $5 million (employer share of that was 70%). Simultaneously, EIP began verifying dependent eligibility at the time of enrollment as well.

***Information Technology Management Office (ITMO) Awarded Contract for Rate Development of IT Services****:* Initiated a Request for Proposal (RFP) and awarded a contract to an independent third party to conduct an assessment of the Division of State Information Technology's rates development and service costs. Included in the assessment was the development and delivery of a cost model that will provide a transparent method of rates development, a reduction and simplification of the overall rate structure and recommendations on changes needed to improve overall methods and efficiency.

***Reduced Office Leases:*** The Real Property Services section of the General Services Division negotiated leases for the Commission on Higher Education (CHE) and State Board for Technical and Comprehensive Education (SBTCE). The negotiation for CHE significantly reduced the rental rate for the agency. With the cost of their move factored, the new lease will save the agency an estimated $963,000 over the nearly nine year term compared to its prior lease. The Board also was able to negotiate a reduced amount of space SBTCE was occupying by 4,866 square feet and reduced the rental rate for the agency. The lease will save the SBCTCE an estimated $1,436,082 over the 10 year term compared to its prior lease.

***Management of Real Estate Portfolio:*** The General Services Division awarded a contract to a real estate consulting company to provide a complete and accurate database of all Board managed and commercially leased space. The consultants' expertise will also develop a strategic management of the Board's real estate portfolio. Creating the portfolio will allow the Board to incorporate best practices into our daily processes and procedures.

***Enhanced Online Member Access at Retirement Division:*** Launched Member Access, the online resource that allows members to update personal information on file with the Retirement System. The new online resource feature allows active, inactive and retired members to view and print detailed member statements, and updates personal information such as home and email address.

***Energy Savings:*** The Energy Office saved significant dollars for S.C. public entities, businesses, industry and non-profit organizations through grants, loans, training and tax credits with lifecycle savings estimates and other impacts. In total, the Energy Office projects completed in FY12 will save South Carolina $8.4 million per year and $155.1 million over the useful life of the implemented energy measures.

***SC Confederate Relic Room and Military Museum:*** The SC Confederate Relic Room and Military Museum increased visitation 9 percent from FY11 through successfully marketing exhibits to Midlands residents, school organizations and other groups. The Museum also received an award from the SC Federation of Museums for its *Bold Banners: Early Civil War Flags of SC* exhibit.

***Procurement Savings:*** The State Procurement Office negotiated approximately $400,000 in additional rebates to agency customers and the state's General Fund as a result of improved basis points for the State Procurement Card Program. The negotiated rates will provide savings to agencies for purchases through the use of the State Procurement Card. The office also awarded 745 state-wide contracts in excess of $886 million and negotiated approximately $6 million in savings - which is passed on to all agencies.

***Administrative Efficiencies within Board Programs:*** The Office of Internal Operations (OIO) provides the supporting services for the Board's offices and divisions. OIO continued the consolidation efforts for the administrative functions of the Board programs. Specifically, the Division of General Services' accounts payable, billings and procurement functions were transferred to OIO which increased efficiencies in providing services to other divisions of the Board in a centralized manner - eliminating job duplication. OIO also saved over $200,000 in Workers Compensation Insurance by auditing the classification codes of all Board employees. The S.C. Retirement Systems combined Enrollment, Imaging and the Postal Center into one unit and one geographic location to improve workflow and staff utilization. This achieved staffing efficiency by cross-training staff members to perform duties for all programs.

## I.3. Key Strategic Goals:

Since the Board is such a diverse agency, we have dozens of measures that are specific to program areas. The Board's overall strategic plan focuses on the following three goals:

**Employee Well-Being –** To foster a sense of teamwork with the Board where offices and leaders offer support to each other and work together to provide quality services to state and local entities and to the citizens of South Carolina.

**Customer Satisfaction –** To provide excellent levels of customer service. By embracing customer service as one of our core values, we will instill a culture that focuses on our customers. We will implement best practice processes and tools to facilitate the goal of increasing our customer satisfaction.

**Efficient and Effective Operations –** To operate as a unified agency and deliver services cooperatively to implement our mission. We will enhance accountability and promote exceptional services to our customers in an efficient and effective work environment.

## I.4. Key Strategic Challenges:

***State and Federal Budget Cuts:*** Funding reductions, State and Federal, affect services and products delivered to our customers. The agency's General Fund Appropriations from FY 2008 through FY 2012 decreased from $36.9 million to $26.7 million. The number of permanent FTE positions changed from approximately 1,057 to 958 during the same period of time. Board travel spending has also been reduced significantly. Despite funding reductions, the Board continues to focus on assisting government entities by delivering key services for the citizens of South Carolina.

***Continuity among Divisions*****:** Within the Board, several challenges are changing into opportunities. Because we are such a diverse agency, the Board's divisions and offices are prone to work independently to achieve their mission and deliver services. Teamwork is encouraged by promoting two-way communication. Divisions and offices are encouraged to work together and share information and ideas to support continuity among the divisions.

***Meeting Expectations of Customers:*** Meeting the ever-increasing expectations of customers and stakeholders is challenging. In the past year, the Board aligned its strategic goals and mission to work towards achieving excellence in the products and services we provide to our customers. The Board must be receptive and flexible with the changing environment and the evolving world of technology. Leadership and management must continue to welcome challenges, embrace innovation and encourage creativity.

***Staffing Needs:*** As described in the funding reductions section, the number of permanent FTE positions has been reduced significantly in recent years. The Board will need to assure the availability and sustainability of a competent work force. The Board's ability to understand and anticipate staffing needs is a core objective of the agency. Board Human Resources will need to continue offering assistance in determining staffing levels and often completes assessments for workforce planning efforts when employees are scheduled to leave through retirement.

***Rapid Change of Technological Advances:*** Keeping up with the rapidly changing information technology systems and infrastructure is a challenge for the agency. In many cases, to upgrade outdated IT systems and improve interoperability requires significant funding and specific staffing needs. IT planning must focus on ensuring that Board staff identifies the requirements of key customers and stakeholders to develop processes and deliver the expected results.

## I.5. How is the Accountability Report used to improve organizational performance?

The Accountability Report is used as a tool to highlight agency performance and achievements. The report helps senior leadership monitor and evaluate progress towards the Board's overall mission. By comparing our actual results with our projected results, the Board can continue to improve our planning and implementation activities.

The report is also used both internally and externally as a resource. Internally, the report is used for staff orientation and allows management to assess performance to determine improvement activities. Externally, the report is useful in communicating agency performance to state and local governments as well as external stakeholders.

# Section II - Organizational Profile

## II.1. Organization’s Main Products and Services by Division

### General Services
**Facilities Management –** Provides operational maintenance services for state-owned buildings.
**State Fleet –** Coordinates purchases, maintenance and rental of state vehicles.
**Agency Mail Services –** Operates statewide overnight mail delivery services for state and local agencies for a savings to state government.
**Surplus Property –** Sells surplus state and federal property.
**Real Property Services –** Assists agencies in negotiating lease rates and obtaining state and private sector office space.

### Division of State Information Technology
**Data Services –** Provides customers with the data solutions and service options necessary to meet agency requirements while maximizing savings and benefits.
**Print and Mail Services –** Provides customers with state-of-the-art “host to post” print options, address cleansing and maximum United States Postal Service (USPS) mail savings.
**Security Services –** Assists in safeguarding critical information infrastructure through the detection, prevention and handling of computer-related breaches and virus attacks.
**Communication/Voice Services –** Provides customers with the communications/voice solutions and service options necessary to meet agency requirements while maximizing savings and benefits.

### Retirement Division
The Budget and Control Board’s Retirement Division administers a comprehensive program of retirement benefits for South Carolina’s public workforce and performs fiduciary duties as stewards of the contributions and disbursements of the pension trust funds. The Retirement Systems currently manages five defined benefit plans and one defined contribution plan for state, city, county, school district and higher education employees. Each retirement plan has enabling legislation that governs all retirement benefits offered by the state.

### Procurement Services
**State Procurement –** Conducts and manages procurements for the acquisition of supplies or services, other than construction or information technology.
**Office of State Engineer –** Oversees construction procurements conducted by state agencies, approving building codes (life-safety codes) for building construction and reviews all building designs and construction for compliance with adopted building codes.
**Audit and Certification –** Ensures transparency and integrity in the expenditure of public money by auditing the internal procurement processes and expenditures of state agencies.
**Information Technology Management Office –** Conducts and manages procurements for information technology to include data processing, telecommunications and office systems technologies and services.

### State Budget
**Budget Development Unit** – Prepares the Detail Budget which is the database used to develop the Appropriation Bill at each stage of the budget process.
**Analysis and Reports Unit** – Provides resources dedicated to budget research and policy development. The unit develops and sustains a variety of reports which support budgetary decision-making by the Governor's Office and General Assembly.

**Grant Services –** Serves as the state clearinghouse for the intergovernmental review process and is responsible for the review and authorization of unanticipated Federal and other funds received by state agencies and annually prepares the Statewide Cost Allocation Plan.
**Capital Budgeting Unit –** Responsible for the State's permanent improvement projects program. The Unit takes all permanent improvement project requests through the approval process with the Joint Bond Review Committee and the Budget and Control Board and tracks project budgets and expenditures.
**Performance Assessment and Accountability Team –** Maintains state-wide oversight and management responsibility for state government accountability reports including the annual development of agency reporting guidelines.

## State Human Resources

The State Human Resources Division provides central human resources for state government in the areas of recruitment, executive searches, classification and compensation, employee relations consulting, policy development, employee development, organizational development, employee grievance appeals (which includes mediation and arbitration) and maintenance of human resources records and reports through the South Carolina Enterprise Information System (SCEIS) and Human Resources Information System (HRIS).

## Research and Statistics

**Digital Cartography and Precinct Demographics –** Provides graphic information system (GIS) mapping services to state and local agencies, E-911 officials, the private sector and the legislature.
**E-911 –** Responsible for E-911 programs as defined in enabling legislation. E-911administers a program of financial support for a statewide wireless 911 emergency call system.
**Economic Research –** Analyzes economic and revenue data, monitors state and local government revenue trends, estimates inflation rates and evaluates the effect of State policies on revenues and the state's economy, of national policies on the state and of economic impacts of specific activities.
**Geodetic Survey –** Establishes horizontal and vertical geodetic control throughout the state to allow land and land-related items to be referenced to the national horizontal and vertical coordinate system, to ensure the integrity of new geodetic data and to maintain geodetic files.
**Health and Demographics –** Receives, processes, distributes and interprets health, demographic and census data in South Carolina.
**Board of Economic Advisors –** Forecasts state revenues.

## Employee Insurance Program

The Employee Insurance Program is responsible for providing health insurance benefits to more than 530,000 insured lives across South Carolina. Participants are employees, former employees and their dependents from more than 670 participating employers, including all State agencies, public schools, public colleges and universities and many local subdivisions such as county and municipal governments.

## Insurance Reserve Fund

The Insurance Reserve Fund (IRF) 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. IRF 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 rate structure.

## Other Board Units

**Governmental Affairs:**

**Office of Local Government –** Provides low interest, long-term loans for local water and sewer projects.

**State Energy Office –** Creates partnerships to improve energy efficiency and renewable energy.

**Internal Operations –**Provides financial, accounting, procurement and human resource services to Board offices.

**Internal Audit –** Conducts financial audits of Board Programs.

**Confederate Relic Room and Military Museum** – Operates South Carolina's military history museum.

## II.2. – II.4. Key Customer Groups, Stakeholders and Partners

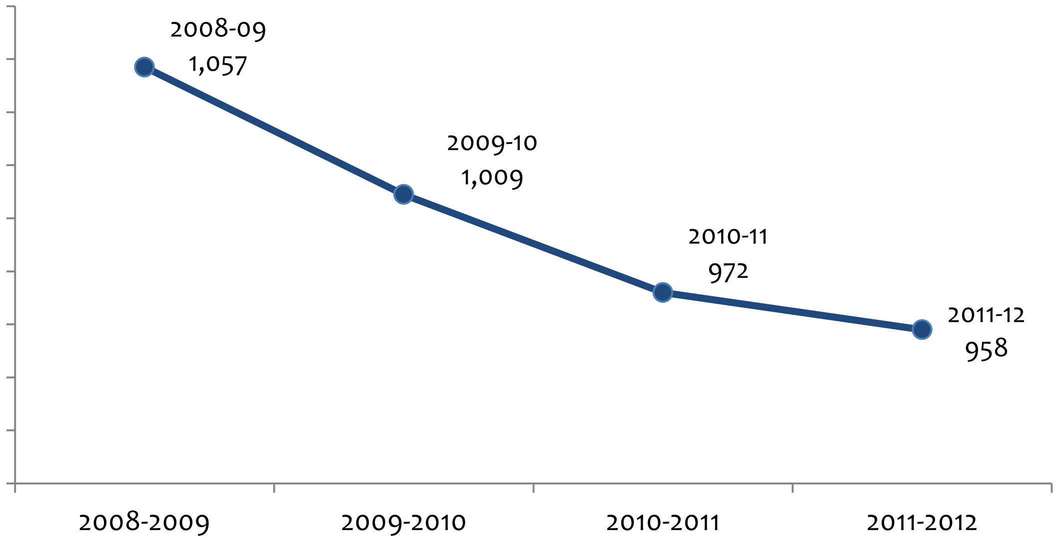
| Key External Customers | State Agencies | Governor's Office | General Assembly | Local Gov./Schools | Higher Education | State/Local Employees | Judicial Branch |
|---|---|---|---|---|---|---|---|
| General Services | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Retirement | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Human Resources | ✓ | ✓ | ✓ | | ✓ | ✓ | |
| State IT | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ |
| Employee Insurance Program | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Research and Statistics | ✓ | ✓ | ✓ | ✓ | | | |
| Internal Operations | ✓ | ✓ | ✓ | | | | |
| Budget Office | ✓ | ✓ | ✓ | ✓ | | | |
| General Counsel | | | | ✓ | ✓ | | |
| Procurement | ✓ | ✓ | | | ✓ | | |
| Insurance Reserve Fund | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Governmental Affairs | ✓ | ✓ | ✓ | ✓ | ✓ | | |

## II.5. Operating Locations

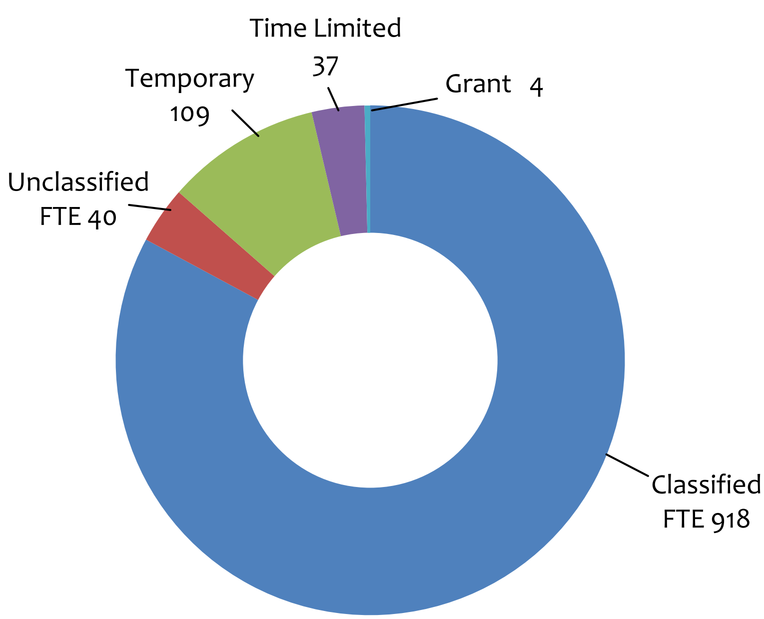
The Budget and Control Board's divisions and offices are primarily located in the Columbia area.

## II.6. Number of Employees

**Number of Permanent BCB Employees**




**Employees - All Categories**



## II.7. Regulatory Environment

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. Although the Board does not necessarily deliver direct service to the public, we maximize the effectiveness of other state agencies, partners and stakeholders.

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 Nikki Haley, 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 Nikki R. Haley
Chair

State Treasurer
Curtis M. Loftis, Jr.

Comptroller General
Richard Eckstrom, CPA

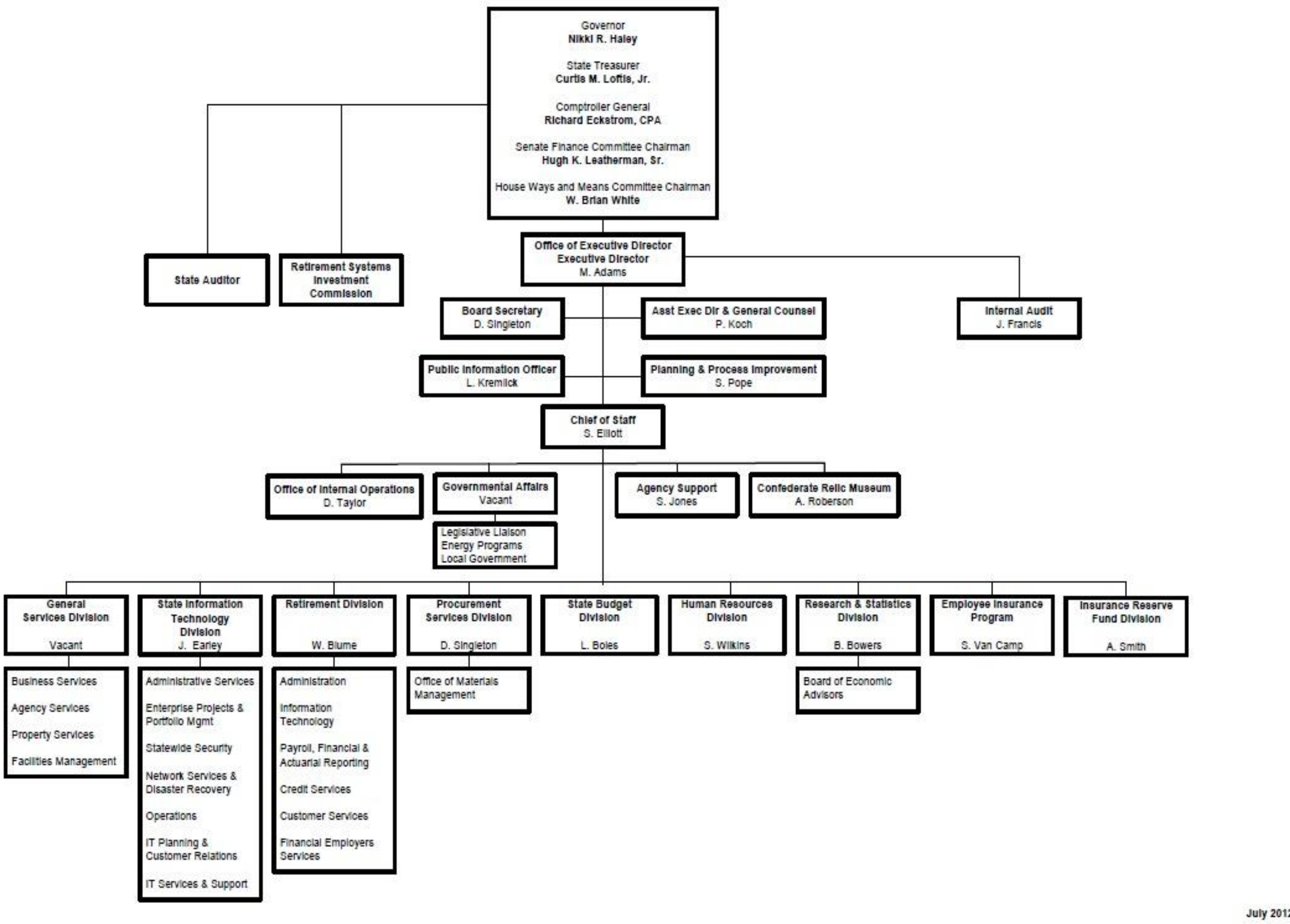
Senate Finance
Committee Chairman
Hugh K. Leatherman, Sr.

House Ways and Means
Committee Chairman
W. Brian White

## II.8. Performance Improvement Systems

The Executive Director evaluates each division's performance during regularly scheduled meetings. Senior leadership sets and monitors specific strategic goals and objectives for the Board. Division and office directors, as well as program managers, also meet regularly to improve performance at every level. In addition, the Board monitors performance through several databases that track the services and products provided to our customers.

## II.9. Organizational Structure for FY12



## II.10. Base Budget Expenditures and Appropriations

| | 10-11 Actual Expenditures | | 11-12 Actual Expenditures | | 12-13 Appropriations Act | |
|---|---|---|---|---|---|---|
| **Major Budget Categories** | **Total Funds** | **General Funds** | **Total Funds** | **General Funds** | **Total Funds** | **General Funds** |
| Personal Services | 55,170,393 | 10,562,804 | 51,193,725 | 9,716,469 | 60,086,569 | 11,357,724 |
| Other Operating | 90,710,745 | 5,775,461 | 80,087,209 | 8,031,360 | 98,402,296 | 11,760,805 |
| Special Items | 17,633,531 | 3,577,282 | 19,779,555 | 2,725,680 | 26,737,128 | 3,477,128 |
| Permanent Improvements | 2,062,370 | - | 2,282,554 | - | 3,000,000 | - |
| Debt Services | 5,485,570 | 1,306,137 | 2,661,211 | - | 2,417,467 | - |
| Distributions to Subdivisions | 29,632,786 | 1,396,540 | 21,362,591 | 1,213,697 | 4,583,518 | 2,253,385 |
| Fringe Benefits | 16,294,022 | 2,966,783 | 15,800,998 | 2,820,427 | 18,153,711 | 3,380,814 |
| Non-recurring | 12,707,195 | 173,118 | 15,996,529 | 694,459 | 2,500,000 | 2,500,000 |
| **Total** | **$229,696,612** | **$25,758,125** | **$209,164,372** | **$25,202,092** | **$215,880,689** | **$34,729,856** |

## Other Expenditures

| Sources of Funds | 10-11 Actual Expenditures | 11-12 Actual Expenditures |
|---|---|---|
| Supplemental Bills | $18,256 | $451 |
| Capital Reserve Funds | $0 | $0 |
| Bonds | $55 | $77,219 |

## II.11. Major Program Areas

| Program Number and Title | Major Program Area Purpose | FY 10-11 Budget Expenditures | FY 11-12 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:** 1,858,570 | **State:** 959,253 |
| | | **Federal:** 662,187 | **Federal:** 1,317,943 |
| | | **Other:** 32,314,035 | **Other:** 35,417,818 |
| | | **Total:** 34,834,792 | **Total:** 37,695,014 |
| | | **% of Total Budget:** 15% | **% of Total Budget:** 18% |
| VII.D. - Energy Office | To promote energy efficiency and cost savings through financial assistance, energy audits, technical assistance, workshops, training, publications and other activities. | **State:** - | **State:** - |
| | | **Federal:** 30,596,877 | **Federal:** 22,308,328 |
| | | **Other:** 436,982 | **Other:** 384,149 |
| | | **Total:** 31,033,859 | **Total:** 22,692,477 |
| | | **% of Total Budget:** 14% | **% of Total Budget:** 11% |
| V.B. - Facilities Management | To provide centralized mechanical, maintenance, custodial, energy, environmental and horticulture services for state owned buildings and grounds. | **State:** 1,500,000 | **State:** 1,143,590 |
| | | **Federal:** - | **Federal:** - |
| | | **Other:** 22,021,456 | **Other:** 20,446,464 |
| | | **Total:** 23,521,456 | **Total:** 21,590,054 |
| | | **% of Total Budget:** 10% | **% of Total Budget:** 10% |
| 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:** - | **State:** - |
| | | **Federal:** - | **Federal:** - |
| | | **Other:** 22,583,299 | **Other:** 19,492,857 |
| | | **Total:** 22,583,299 | **Total:** 19,492,857 |
| | | **% of Total Budget:** 10% | **% of Total Budget:** 9% |
| V.E. - State Fleet Management | To provide motor vehicles through short-term motor pool and long-term leases for state agencies' use in performing official business. | **State:** - | **State:** - |
| | | **Federal:** - | **Federal:** - |
| | | **Other:** 18,192,577 | **Other:** 16,708,105 |
| | | **Total:** 18,192,577 | **Total:** 16,708,105 |
| | | **% of Total Budget:** 8% | **% of Total Budget:** 8% |
| VIII.C. - S.C. Enterprise Information System | As part of the SCEIS project, to promote cost efficiencies, enable data sharing and promote interoperability among state agencies. | **State:** 8,749,422 | **State:** 9,949,388 |
| | | **Federal:** - | **Federal:** - |
| | | **Other:** 13,659,990 | **Other:** 6,690,777 |
| | | **Total:** 22,409,412 | **Total:** 16,640,165 |
| | | **% of Total Budget:** 10% | **% of Total Budget:** 8% |
| IX. - S.C. Retirement Systems | To administer a comprehensive program of retirement benefits responsive to the needs of public employees and to perform fiduciary duties as stewards of the contributions and disbursements of the pension trust funds. | **State:** - | **State:** - |
| | | **Federal:** - | **Federal:** - |
| | | **Other:**16,648,165 | **Other:**15,830,668 |
| | | **Total:** 16,648,165 | **Total:** 15,830,668 |
| | | **% of Total Budget:** 7% | **% of Total Budget:** 8% |
| VII.B. - Employee Insurance | To provide cost effective insurance benefits to employees and retirees of public sector employers in South Carolina to include health, dental, life, long-term disability, long-term care and flexible spending accounts. | **State:** - | **State:** - |
| | | **Federal:** - | **Federal:** - |
| | | **Other:** 9,499,805 | **Other:** 9,401,012 |
| | | **Total:** 9,499,805 | **Total:** 9,401,012 |
| | | **% of Total Budget:** 4% | **% of Total Budget:** 4% |

| Program Number and Title | Major Program Area Purpose | FY 10-11 Budget Expenditures | FY 11 -12 Budget Expenditures |
|---|---|---|---|
| IV.B. - Office of Research and Statistics | To gather, analyze and publish 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:** 2,479,849 | **State:** 2,393,405 |
| | | **Federal:** 2,712,031 | **Federal:** 1,575,174 |
| | | **Other:** 3,262,332 | **Other:** 3,032,925 |
| | | **Total:** 8,454,212 | **Total:** 7,001,504 |
| | | **% of Total Budget:** 4% | **% of Total Budget:** 3% |
| VII.A. - Office of Insurance Reserve Fund | To provide property and liability insurance to qualified governmental entities in the state of South Carolina, to include the underwriting of policies, reinsurance, rate development and settlement and defense of claims. | **State:** - | **State:** - |
| | | **Federal:** - | **Federal:** - |
| | | **Other:** 6,661,102 | **Other:** 5,801,836 |
| | | **Total:** 6,661,102 | **Total:** 5,801,836 |
| | | **% of Total Budget:** 3% | **% of Total Budget:** 3% |
| VI. - Procurement Services | To provide centralized procurement expertise and services to all public procurement officials and provide Building Code and Life Safety Reviews and expertise. | **State:** 1,482,138 | **State:** 1,477,123 |
| | | **Federal:** - | **Federal:** - |
| | | **Other:** 3,076,115 | **Other:** 2,839,140 |
| | | **Total:** 4,558,253 | **Total:** 4,316,263 |
| | | **% of Total Budget:** 2% | **% 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:** 2,372,775 | **State:** 2,371,201 |
| | | **Federal:** - | **Federal:** - |
| | | **Other:** 1,531,289 | **Other:** 1,370,750 |
| | | **Total:** 3,904,064 | **Total:** 3,741,951 |
| | | **% of Total Budget:** 2% | **% of Total Budget:** 2% |
| VII.C. - Office of Local Government | To provide loans for water and sewer projects that protect public health and support economic development. | **State:** 1,569,226 | **State:** 1,213,696 |
| | | **Federal:** 2,035,685 | **Federal:** 1,074,747 |
| | | **Other:** 927,553 | **Other:** 423,679 |
| | | **Total:** 4,532,464 | **Total:** 2,712,122 |
| | | **% of Total Budget:** 2% | **% of Total Budget:** 1% |
| IV.D. - State Budget Office | To support the Governor, General Assembly and the Budget and Control Board in the development and implementation of the annual state budget and other fiscal matters. | **State:** 2,120,023 | **State:** 2,117,749 |
| | | **Federal:** - | **Federal:** - |
| | | **Other:** - | **Other:** - |
| | | **Total:** 2,120,023 | **Total:** 2,117,749 |
| | | **% of Total Budget:** 1% | **% of Total Budget:** 1% |
| 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, General Counsel, Intra-Agency Mail, Surplus Property, Parking, Business Services, Adoption Assistance, Leasing and Property Services, IT Support Services, IT Planning & Project Management, ARRA Central Oversight, Non-Bonds SPIRS Projects. | | **State:** 3,626,123 | **State:** 3,576,687 |
| | | **Federal:** 369,425 | **Federal:** 1,034,799 |
| | | **Other:** 16,747,583 | **Other:** 18,811,109 |
| | | **Total:** 20,743,131 | **Total:** 23,422,595 |
| | | **% of Total Budget:** 8% | **% of Total Budget:** 12% |

# Section III – Elements of Malcolm Baldrige Criteria

## Category 1 – Senior Leadership, Governance and Social Responsibility

**III.1.1. How do senior leaders set, deploy, and ensure two-way communication throughout the organization and with customers and stakeholders, as appropriate for: a) short and long term organizational direction and priorities, b) performance expectations, c) organizational values, and d) ethical behavior?**

The Executive Director devotes considerable time to strategic planning and performance analysis. Throughout the year, the Executive Director conducts strategic planning sessions with executive management to determine the priorities for the upcoming and future years. The strategic planning sessions allows executive management to provide input for their program direction and to align program missions with the overall mission of the Board. The Executive Director holds meetings biweekly 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.

Executive management meets regularly to address agency performance, critical issues and strategic direction. High level organizational goals set through the strategic plan are evaluated in the scheduled meetings with executive management. Each program director is responsible for communicating performance expectations to program managers. The Board utilizes the state's Employee Performance Measurement System (EPMS) to set individual employee expectations during the planning stage of the EPMS cycle. In FY12, the agency successfully completed 96 percent of the performance review appraisals within the scheduled due date.

Agency personnel are expected to abide by the organizational values. Executive management holds employees accountable to these agency values. Positive reinforcement and recognition is provided to employees who routinely follow the agency's values and, where warranted, disciplinary action is taken for not following agency values.

Ethical standards for the agency are modeled by executive management and program-level managers. HR policies are communicated to employees based upon state human resources guidelines and Board policies. The Board utilizes disciplinary and performance system tools to address and take action on unethical behavior.

**III.1.2. 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. In FY12, the Board conducted stakeholder meetings with agency directors to identify how the agency can better serve their agencies.

**III.1.3. How does the organization address the current and potential impact on the public of its programs, services, facilities and operations, including associated risks?**

Customer service is a top priority and core agency value. All decisions guiding the Board are influenced by the products and services that impact our customers. As part of the Board's strategic planning process, we review the current and potential impact of our services. This process allows us to develop organization objectives and goals and to allocate resources appropriately.

**III.1.4. How do senior leaders maintain fiscal, legal and regulatory accountability?**

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. Management ensures compliance with federal and state laws and regulations by establishing reporting mechanisms for monitoring activities. Fiscal controls are also in place to prevent the misuse of agency financial resources. Leadership ensures that the agency follows the Freedom of Information Act (FOIA) and the Ethics Act. In FY12, the Communications Office responded to 148 FOIA requests within 15 business days, and in most cases, the office responded in less than 15 days. For the first time, the State Budget Office eliminated all remaining overdrafts on permanent improvement projects.

**III.1.5.What performance measures do senior leaders regularly review to inform them on needed actions? (Actual results are to be reported in Category 7.)**

Customer satisfaction, employee well-being and operating as an efficient and effective agency are the performance measures regularly reviewed by senior leaders across the agency. Financial reports are reviewed to analyze central agency functions on a program-by-program basis. All program areas are expected to benchmark their results against the best practices in a given business area.

**III.1.6. 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 of 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.

**III.1.7. How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?**

The Board utilizes 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 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 developing potential candidates for promotion. This preparation minimizes the loss of institutional knowledge. Leadership also stresses the importance of cross-training and mentoring efforts.

**III.1.8. How do senior leaders create an environment for performance improvement and the accomplishment of strategic objectives?**

The Executive Director meets regularly with senior management in groups and individually to discuss performance issues of concern and changing conditions related to a particular division that may affect the accomplishment of agency goals and objectives. In the group environment, senior management is encouraged to provide ideas for improvement to other team members. The Executive Director and senior leadership develops a comprehensive strategic plan to provide direction to employees in achieving the Board's goals, and regularly communicates the plan to employees. Executive Management also routinely meets to discuss steps taken to accomplish the strategic goals, and when necessary, re-evaluate the means to which programs are meeting those goals.

In addition to internal performance improvements, the Audit and Certification section of the Materials Management Audit regularly audits agencies and contractors for compliance with procurement laws and regulations.

**III.1.9. How do senior leaders create an environment for organizational and workforce learning?**

The Executive Director recognizes that the overall success of the Board relies on the knowledge and abilities of employees. The Executive Director visits all divisions and offices of the Board and meets with employees to foster an environment of two-way communication between management and staff at all levels. When funding is available, training and leadership courses are offered to Board employees to further encourage professional development. Employees identified as having leadership potential are selected for participation in the Certified Public Manager program each year. In order to ensure the Board maintains a productive work environment, the Executive Director tasked the training department to arrange a legal update training session for all supervisors and managers throughout the agency. Every supervisor attended the legal update training session which included: anti-harassment, interviewing and selection issues, and other timely legal topics.

**III.1.10. How do senior leaders 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?**

The Executive Director takes employee morale very seriously and has communicated her commitment to listen to employees' suggestions for methods to increase efficiencies and become more effective in the day-to-day operations. Through training and guidance, management supports and encourages employees to grow and expand within the organization. Executive management is encouraged to participate in activities during Employee Appreciation Week to show appreciation to employees for the work they do. Each program area developed and implemented no-cost methods for recognizing and motivating employees. These plans are currently in the implementation stages.

**III.1.11. 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.**

Executive management is involved in activities which support and strengthen the community. Senior managers routinely serve as guest speakers at state and national trade organizations and serve on intra-agency committees and task forces. They are also active in organizations, communities, and schools and encourage staff to do the same.

# Category 2 – Strategic Planning

**III.2.1. 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 and customer preferences; d) workforce capabilities and needs; e) organizational continuity in emergencies; and f) your ability to execute the strategic plan.**

Executive staff gathers routinely to review key challenges faced by the agency and sets priorities for the coming year. All operational priorities are built around the Board's strategic goals. Priorities are influenced by estimated legislative funding, pending laws, regulations and policy directives from the state's elected leadership. Employees and customers are engaged in dialogue to help provide direction and address the organizations strengths, weaknesses, opportunities and threats. Progress is monitored throughout the year both informally and formally by the senior leadership team and adjustments are made as warranted.

**III.2.2. How do your strategic objectives address the strategic challenges you identified in your Executive Summary?**

In FY12, the Executive Director and senior leadership revised the agency's mission, vision and values and developed an agency-wide strategic plan. The strategic plan was communicated to all employees. The Executive Director visited each Board location and office to meet with groups of employees to share the agency's priorities and emphasize the importance of customer service. The Board's current strategic objectives – efficient and effective operations, customer satisfaction and employee well-being – encompass the elements needed to address the specific challenges we face each year. The challenges are considered mission critical and are agency priorities in the annual budget request.

Progress is tracked through the measures reported in Section 7 and also through 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.

**III.2.3. 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?**

Executive leadership meets annually to develop and review prior strategic objectives. Each program area is also responsible for developing objectives and measures that address their specific operational issues. This process is evaluated throughout the year by senior management and during meetings to assess the overall progress in meeting strategic goals.

The development of an agency-wide strategic plan is led by the Executive Director. Division directors are tasked with developing operational plans for each division, align resources to accomplish goals and provide guidance to employees on how their jobs fit into the overall plan. Each division provides updates to the Executive Office on their goal progress, impediments to success and key results in each area. The plan focuses on ensuring that Board staff identifies the requirements of key customers and stakeholders to develop processes and deliver the expected results.

**III.2.4. 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). The strategic plan is an ongoing effort and as part of our strategic initiatives, we will continue to strive to improve internal communications of our strategic plan and its associated action plans to all of our employees.

**III.2.5. How do you measure progress on your action plans?**

Progress is measured through the data reported in Section 7. All staff progress is measured on their success in helping to carry out action plans through their EPMS ratings. Employee and customer feedback efforts described elsewhere in this report are also used to measure progress.

**III.2.6. How do you evaluate and improve your strategic planning process?**

The process is evaluated annually by senior management and during meetings throughout the year to assess the progress in meeting strategic goals. Employee input and feedback from customers provides valuable input for the evaluation and improvement of our strategic planning process.

**III.2.7. List key strategic objectives (goals) and your key action plans/initiatives and timelines in the Strategic Planning Chart.**

As shown in the Strategic Planning Chart below and on the following page, our plan includes three key results areas: efficient and effective operations, customer satisfaction and employee well-being.

| Program Number and Title | Supported Agency Strategic Planning Goal/Objective | Related FY 11-12 and Beyond Key Agency Action Plan/Initiative(s) and Timeline for Accomplishing the Plan(s) | Key Cross References for Performance Measures |
|---|---|---|---|
| V.C.I. – Surplus Property | Customer satisfaction. Efficient & effective operations. | Continued to return proceeds to agencies from the sale of surplus properties. Utilized alternative means to sell property through Internet services. Provided cost-savings to agencies by providing property at a lower rate than buying new. | 34 |
| V.E. - State Fleet Management | Customer satisfaction. | Maintained fleet daily motor pool rates below private sector benchmarks. Ensured that vehicles are operated in a safe and reliable manner. | 35-36 |
| V.B. - Facilities Management | Customer satisfaction. Employee well being. | Maintained state building rental rates below private sector market rates. Ensured that buildings are clean, functional and healthy work sites for citizens and employees. | 37 |
| VIII.B. - DSIT Operations: Data Processing | Customer satisfaction. | Reduced total server costs (including both hardware and power expenses) required by the Data Center due to virtualization efforts compared to the costs that would have been incurred without virtualization. | 38 |
| VIII.B. - DSIT Operations: Connectivity | Customer satisfaction. Efficient & effective operations. | Reduced rates for Internet connectivity significantly. Increased customer satisfaction for IT Service Desk and phone repair services. | 39-40 |
| VIII.B. - DSIT Operations: Connectivity | Customer satisfaction. Efficient & effective operations. | Continued further development of the state's Web site, SC.gov, by implementing a wide variety of new services for South Carolina's state, county and local governments. | 41 |
| VIII.C. - IT Planning and Management Services: SCEIS | Customer satisfaction. | Completed the statewide implementation of the South Carolina Enterprise Information System (SCEIS). In October 2011, SCEIS Finance and Procurement modules were successfully deployed by the last state agency in the project's original scope to go live on the statewide system. | 42 |
| VII.B. - Employee Insurance | Customer satisfaction. Employee well being. | Implemented the Dependent Eligibility Verification Project to verify beneficiary designation which ensures that only eligible dependents are receiving health insurance benefits. Paying health insurance benefits to ineligible dependents diverts available | 43-44 |

| | | | |
|---|---|---|---|
| | | resources from paying maximum benefits to eligible participants. Continued generic drug utilization by encouraging members to use generic alternatives whenever possible through pricing incentives and promotion. | |
| IX. - SC Retirement Systems | Customer satisfaction. Employee well being. | Focused on responsiveness to the needs of public employees from the Call Center and Customer Intake Center in-person counseling. | 45-46 |
| VII.A. - Office of Insurance Reserve Fund | Customer satisfaction. | Continued to provide insurance to governmental entities at the lowest possible cost. Worked with policy holders to enhance their loss control efforts. | 47-49 |
| IV.D. - Office of Human Resources | Customer satisfaction. Efficient & effective operations. | 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. | 50 |
| VI. - Procurement Services | Customer satisfaction. Efficient & effective operations. | Continued negotiating state term contracts to offer the best prices for a good or service to all state government for a fixed period of time. In conjunction with State Fleet, issued more than 40 vehicle contracts that state and local agencies may use to purchase cars, trucks and other vehicles at substantial discounts. | 51-52 |
| 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. | 53 |
| VII.D. - Energy Office | Customer satisfaction. Efficient & effective operations. | Saved significant dollars for South Carolina public entities, businesses, industry and non-profits through grants, loans, training and tax credits with lifecycle savings estimates and other impacts. | 54 |

# Category 3 – Customer Focus

**III.3.1. 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 implementing customer feedback methods to meet changing customer needs.

**III.3.2. How do you keep your listening and learning methods current with changing customer/business needs and expectations?**

Division and office directors are responsible for ensuring that service delivery employees are responsive to customer input. Customer needs are gathered through both formal and informal listening and learning techniques. Programs are also required to develop systematic stakeholder feedback instruments. Staff participation on interagency boards, membership in professional organizations and monitoring legislative activity yields valuable information about customers and their expectations. Monitoring activity among constituent groups also provides meaningful information about customer needs.

This year, the Division of State Information Technology expanded their customer service team to help the division provide the best possible experience to its customers while allowing State IT to better understand, and meet, the specific technology needs of each agency. Once fully implemented, dedicated representatives will be assigned a limited number of agencies to work with – typically consisting of those with similar objectives – and will function as internal advocates in a project-centric environment.

**III.3.3. What are your key customer access mechanisms, and how do these access mechanisms enable customers to seek information, conduct business, and make complaints?**

Each Board division has a system for collecting actionable customer feedback which helps determine the delivery of services. For example, the South Carolina Retirement Systems launched a "Live Chat" feature to their Web site to answer questions and provide information to customers in real time. These mechanisms allow the agency to assess current customer service levels and help management identify improvement areas for our customers.

The Division of State Information Technology redesigned its automated call distribution system in an effort to ensure that customers are connected to the appropriate representative in the most efficient manner possible. The changes, based on customer feedback, resulted in a much simpler and streamlined menu while reducing the amount of time it takes for a customer to reach a customer service agent.

**III.3.4. How do you measure customer/stakeholder satisfaction and dissatisfaction, and use this information to improve?**

Customer satisfaction is measured through direct customer interaction, surveys, focus groups and visits by program managers to customer agencies. As mentioned in III.3.3., each division has a system for collecting customer feedback which enables leadership to improve products and services.

For example, when a claim is closed for the Insurance Reserve Fund (IRF), an anonymous customer service satisfaction survey is sent to the public entity to assess the experience of the claim from filing the claim to closing the claim. From the responses received, IRF can continuously improve their services for all of the governmental entities it serves.

**III.3.5. 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 indicates a clear desire from customers, program changes are made where possible. For example, the Division of Procurement Services developed a web based reporting system for agencies to utilize when submitting quarterly reports to the Materials Management Office as required by the South Carolina Consolidated Procurement Code for procurements such as sole sources, emergencies and trade-in sales. The reporting system allows the public to access agency quarterly reports.

The S.C. Retirement Systems launched Member Access, an online resource that allows members to update personal information on file with the Retirement System. The new online resource features access to essential information for active, inactive and retired members to view and print detailed member statements. It also allows members to update personal information such as home and email address.

The Division of State Information Technology provided customers with substantial savings through a rate reduction in one of the Division of State Information Technology's (DSIT) most widely used service areas; Internet connectivity. DSIT Provided Internet rates were reduced by 65 percent (effective Sept. 1, 2012) from $40 per megabyte (MB) to $14 per megabyte. This rate reduction, due in part to reduced vendor costs, will allow participating agencies to potentially see significant monthly savings during a time in which many state and local governments are routinely asked to do more with less. DSIT also streamlined the process for agencies to obtain cable and wiring services without having to go through lengthy and time consuming bid processes.

**III.3.6. How do you build positive relationships with customers and stakeholders to meet and exceed their expectations? Indicate any key distinctions between different customer and stakeholder groups.**

Our customers are generally divided between two categories – those who receive mandated services from the Board and those who use certain services that are optional. Relationships are enhanced by demonstrating our consistent willingness to seriously consider concerns or suggestions and to take positive action whenever possible.

The Board also builds positive relationships amongst its divisions by providing collaborative services to customers and stakeholders. The Retirement Division and the Employee Insurance Program (EIP) partnered to provide insurance eligibility and retirement benefits information for their members. EIP and Retirement staff provided onsite counseling at the Retirement Division during peak business cycles to serve our common customers more efficiently. Based on its success, the partnership will continue and additional sessions will be added to future schedules.

# Category 4 – Measurement, Analysis, and Knowledge Management

**III.4.1. 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?**

Operations, processes and systems have been implemented to assist in attaining the Board's strategic objectives. 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.

**III.4.2. How do you select, collect, align and integrate data/information for analysis to provide effective support for decision making and innovation throughout your organization?**

The diverse operations of the Board require the use of numerous processes and systems which collect, store and analyze data and information for varying programs. Areas in which data demonstrates opportunities for improvement become strategic priorities for the program. Stakeholders, including state and local governments, all identify the level of performance required for the services or information they receive from the Board.

**III.4.3. 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 include efficient and effective operations, customer satisfaction and employee well-being. These 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.

**III.4.4.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.

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

The Insurance Reserve Fund (IRF) 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.

**III.4.5. How do you ensure data integrity, reliability, timeliness, accuracy, security and availability for decision making?**

The Board continually looks for ways to engage all stakeholders of data and systems we maintain to ensure accurate and timely information is provided, while maximizing data integrity and security. The S.C. Enterprise Information System (SCEIS) is one the most significant changes in agency data management capability in decades. Prior to the SCEIS system, the state had over 100 disparate financial systems that were more than 20 years old. Since the implementation of SCEIS, the SCEIS Team continues to work in partnership with agencies to create specific enterprise reports. Refresher courses and training are also available to agencies. The Executive Director encourages users to become actively involved in peer groups specifically related to human resources, finance and other accounting functions. The peer groups meet regularly throughout the year to discuss possible enhancements to SCEIS.

The Division of Information Technology (DSIT) also assisted South Carolina's schools, libraries and governmental entities with the detection, prevention and handling of computer-related breaches and virus attacks through a cyber-security monitoring program conducted by the Division's Statewide Security Office. To date, 410 intrusion detection devices have been installed at 206 different locations. Sites currently being monitored include 48 State agencies, six higher education institutions, 40 counties, all 82 public school districts, two charter schools, 15 libraries, five public utility companies and nine local government entities. This project has been extremely beneficial in helping to improve cyber security in state agencies and has also helped to maximize essential bandwidth resources in the state's K-12 schools. DSIT also conducted a multi-faceted Information Technology Agency Self-Assessment Security Survey. The survey was sent to all state agencies and was designed to help agencies evaluate their own IT security readiness. The Board's CIO also ensures that division-level data in our automated systems meets or exceeds security standards.

**III.4.6. How do you translate organizational performance review findings into priorities for continuous improvement?**

Organizational performance is monitored by executive management as well as program managers. Results are analyzed and compared to expected benchmarks. If key results are negative, then future actions may involve shifting resources, priorities or changing processes. If results are positive, executive management communicates this information to the appropriate staff to motivate and empower them to continue the trend.

**III.4.7. How do you collect, transfer, and maintain organizational and workforce knowledge (knowledge assets)? How do you identify, share and implement best practices, as appropriate?**

Budget and Control Board policy requires managers to develop a knowledge transfer plan for any TERI employee occupying a critical position 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 staff 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

**III.5. 1. 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. The EPMS evaluation process is used to align employees' performance and potential to the agency's goals, objectives and action plans. By emphasizing the importance of this tool, training all supervisors, and diligently monitoring the process, the agency has completed 96 percent of the performance appraisals within the scheduled due date.

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. Cross-divisional work teams are appointed to work on the implementation of large scale projects. The teams learn to map, document and analyze processes and problems, encouraging and motivating employees to solve problems and make continuous improvements.

**III.5.2. How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs and locations?**

As a diverse agency with offices physically dispersed around Columbia, the agency has taken an active approach to the communication challenge. Using the strategic plan as a common focus, communication and knowledge sharing is fostered by sharing goals and progress across divisions. Executive leadership meets regularly to share program knowledge, skills and best practices to increase productivity and efficiency. These meetings encourage communication across all divisions and offices. One of our strategic initiatives requires program managers to develop and implement formalized mechanisms to ensure that supervisors are sharing the information that employees need. Managers also hold regular meetings with their staff to encourage communication and feedback. Several divisions within the agency publish best practices reports and newsletters and encourage employees to stay abreast of the changes in their professional fields.

**III.5.3. How does management recruit, hire, place and retain new employees? Describe any barriers that you may encounter.**

The Board uses the www.jobs.sc.gov Web site operated by the Board's Division of Human Resources as its main recruiting site. Because the Board was limited to hiring only critical jobs this fiscal year, there typically were not enough new employees each month to conduct the group New Employee Orientation used in the past. In adjusting to the change, we determined it would be more efficient to orient new employees using a one-on-one approach and developed a checklist for managers and supervisors to use for on-site orientation. During the orientation process, new employees are educated about the benefits offered to them through state government.

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. Board HR developed and delivered a new training course on the hiring process for supervisors. Participants learned about the recruiting, interviewing and hiring process. Board HR also assists supervisors with developing structured interview questions and scoring criteria.

One of our key concerns for recruiting and hiring is the difficulty faced in attracting individuals for hard-to-fill jobs. We must balance the need to recruit highly qualified candidates with a concern for internal equity issues created by higher starting salaries.

**III.5.4. 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. We also encourage our divisions to incorporate cross-training whenever possible to enhance agency capacity.

**III.5.5. 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 made major changes to the performance appraisal system last year, enhancing communication and feedback to employees. In order to evaluate the effectiveness of those changes, we surveyed all supervisors and managers to gain their input on the new process. We had very favorable opinions on the combined Position Description/Employee Performance Management System form. The negative responses focused on the lack of automation. We plan to develop an automated form and make other minor changes based on feedback from senior management.

**III.5.6. 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 concerns and potential changes to the agency structure resulted in fewer formal development opportunities this year. We continue to enroll high potential staff in the Certified Public Manager program offered by the Division of Human Resources. This program helps participants develop essential leadership skills. Many of those participants have assumed leadership positions throughout the agency.

The agency has developed an agency-wide training program for the upcoming year. Future plans include offering formal coursework on ethics, communication skills, leadership, emotional intelligence, customer service skills and other personal development opportunities that will be available to all staff.

Our focus on developing well written, clear and concise position descriptions has ensured that critical knowledge and competencies are identified on the employee's position description and aligned with the agency strategic goals. This enables staff to be prepared to carry out the division operational plans and address strategic challenges. The alignment supports a comprehensive approach to performance improvement at the individual, division and organizational levels.

**III.5.7. 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?**

The Board identifies and addresses workforce developmental and training needs through periodic needs assessments. The Board's internal Human Resources Office provides developmental training on a variety of topics. Due to budget restraints, some training has been suspended. However, leadership plans to implement an agency-wide training program for the upcoming year. Our trade workers continue to receive mandatory safety training through online and classroom formats.

**III.5.8. How do you encourage on-the-job use of new knowledge and skills?**

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.

Employees are also encouraged to utilize new job skills by becoming involved in process development and implementation. They are encouraged to offer input based on their knowledge and skills that will improve the overall efficiency and effectiveness of a program. By improving the knowledge and skills of our employees, we can improve the services and products offered to our customers.

**III.5.9. 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. For example, employees in our information technology positions 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 with our customers. This past year, many of our employees have developed new skills by participating in facilitated process documentation and mapping sessions. Through that participation, they have developed insights that allow them to evaluate and analyze their own processes and take ownership of improvement activities. This on-the-job learning has been very effective in helping the agency develop a continuous improvement mindset.

**III.5.10. How do you evaluate the effectiveness of your workforce and leader training and development systems?**

When training sessions are available, we conduct evaluations a few days after the class to gauge the participants' satisfaction through an on-line survey process. We also follow up at a later time with the supervisor to evaluate the long-term impact. Effectiveness of workforce development and training is also evaluated at the individual, division and organizational levels through performance management approaches including employee performance and development plans, competency assessments, business and customer impact and return on investment.

**III.5.11. How do you motivate your workforce to develop and utilize their full potential?**

The Executive Director encourages senior leadership to participate in Employee Recognition Week. 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. Our strategic plan also directs each division director to develop no-cost methods for recognizing employee achievements. Those plans have been approved and are in the implementation phase.

**III.5.12. 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?**

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

The number of grievances at the Board remains low. Whenever an employee does leave the agency, Board HR conducts an exit interview. We have developed an on-line survey for our exit interview process, allowing the former employee to complete the survey at his or her leisure and maintain anonymity if desired. 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 solutions are implemented and monitored for effectiveness.

**III.5.13. How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?**

When available, courses such as supervisory training, the Certified Public Manager Program and other professional development courses 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.

In several of our divisions, including the Employee Insurance Program and Retirement, Benefit Counselors are hired as Level I counselors and are reclassified to Level II after completing extensive training and proving their abilities.

**III.5.14. How do you maintain a safe, secure and healthy work environment?**

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.

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. Working with the security team at the Division of State IT, the Employee Insurance Plan developed a structured process for ensuring that any breach of health information is quickly detected and required notification to subscribers whose data may have been compromised is completed within required timeframes.

# Category 6 – Process Management

**III.6.1. 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?**

The Board is staffed to address the services mandated by statute and regulation. Because we can bring technical, financial, legal and managerial talent to solve problems, 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.

The Board plans to further develop a network of key design and delivery processes for the products and services we provide to our customers. The key processes will be based upon the Board's mission and the major strategic goals of management.

**III.6.2. 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?**

The Board is guided by statutory requirements when determining the development of key processes. 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, among many other processes. 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 has substantially enhanced the ability of managers to evaluate financial and business trends.

The Board's strategic plan emphasizes identifying and improving processes throughout the agency. To ensure that division directors and managers understand and carry out those priorities, we created a planning and process improvement unit reporting directly to the Executive Director. Using internal resources, the unit has worked with division directors to document and map processes for streamlining, consolidation and improvement processes. Based on these efforts, the Accounts Payable, Accounts Receivable and procurement functions were centralized in Internal Operations, creating better internal controls and improving opportunities for cross training and cost savings.

**III.6.3. 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 relates 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.

**III.6.4. 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 of private repair shops certified to work on state vehicles via electronic systems that log all repairs.

**III.6.5. 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.

The Property Division of General Services negotiated leases for the Commission on Higher Education (CHE) and State Board for Technical and Comprehensive Education (SBTCE). The negotiation for CHE significantly reduced the rental rate for the agency. With the cost of their move factored, the new lease will save the agency an estimated $963,000 over the nearly nine year term compared to its prior lease. The Board also was able to negotiate a reduced amount of space SBTCE was occupying by 4,866 square feet and reduced the rental rate for the agency. The lease will save the SBCTCE an estimated $1,436,082 over the 10 year term compared to its prior lease.

The Energy Office saved significant dollars for S.C. public entities, businesses, industry and non-profit organizations through grants, loans, training and tax credits with lifecycle savings estimates and other impacts. In total, the Energy Office projects completed in FY12 will save South Carolina $8.4 million per year and $155.1 million over the useful life of the implemented energy measures.

In fiscal year 2011-12, the S.C. Retirement Systems combined Enrollment, Imaging and the Postal Center into one unit and one geographic location to improve workflow and staff utilization. This achieved staffing efficiency by cross-training staff members to perform duties for all programs.

**III.6.6. 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.

**III.6.7. How does your organization determine the resources needed to meet current and projected budget and financial obligations?**

Periodic reviews of expenditures and projected costs are performed throughout the year to ensure adequate funds are available.

Funds available from earned fees are authorized through legislation. Board funding comes primarily from the sale of services with state appropriations constituting about 10 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.

For the next fiscal year, divisions and offices of the Board will be required to justify all budget requests and expenditures to key objectives in the strategic plan. The Executive Director will continue to manage budget challenges to meet the mission of the agency.

# Category 7 – Results

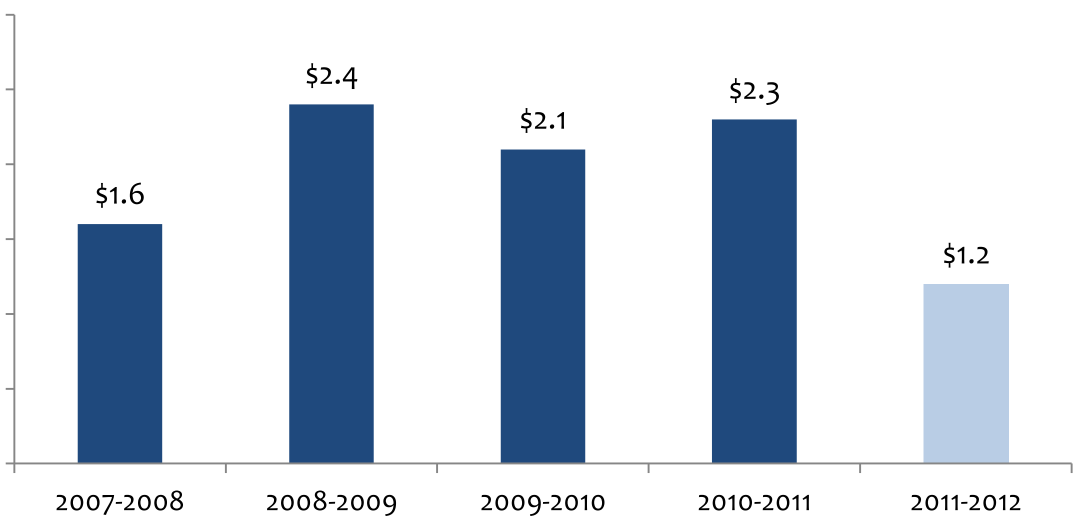
## General Services Division
### Surplus Property

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.

**Proceeds Returned to Agencies, in Millions of Dollars, by Surplus Property**


$5.6 million was returned to the agencies that sold their surplus property.

**Costs Avoided by Agencies, in Millions, through Surplus Property**



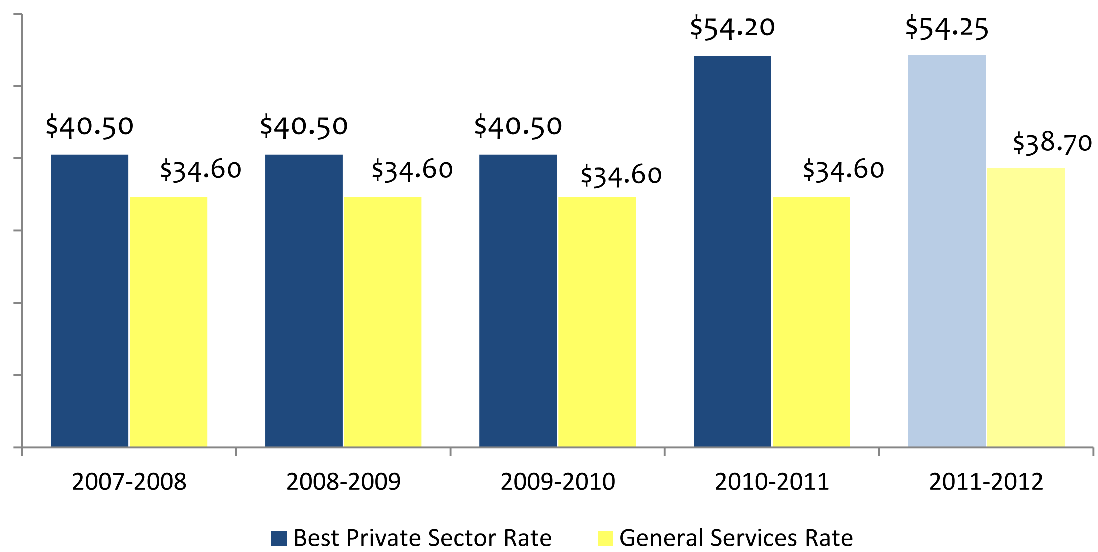

Even with agency budget restraints, Surplus Property was able to save state agencies $1.2 million over the cost of buying new property by providing them with used equipment.

## General Services Division

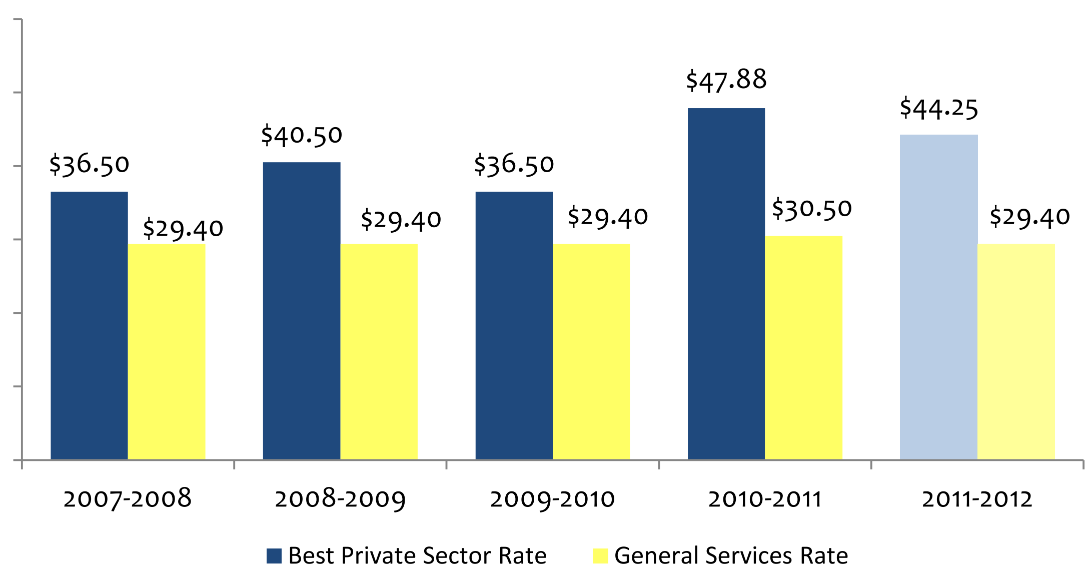
State Fleet Management

The Budget and Control Board's State Fleet Management section has oversight of state government's non-school bus vehicle fleet. Of the 15,999 vehicles in the state fleet as of July 2012, more than 81 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**




**Cost Comparison for 110-mile Trip: Compact 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 or taxes. Comparisons are based on the typical 110 mile motor pool trip.

# General Services Division
## State Fleet Management

**Largest State Fleets:**
Department of Transportation: 4,400
State Fleet Management: 2,961
Department of Public Safety: 1,702
Department of Corrections: 925
Clemson University: 908

**State Vehicle Contracts Compared with Manufacturer's Suggested Retail Price (MSRP)**

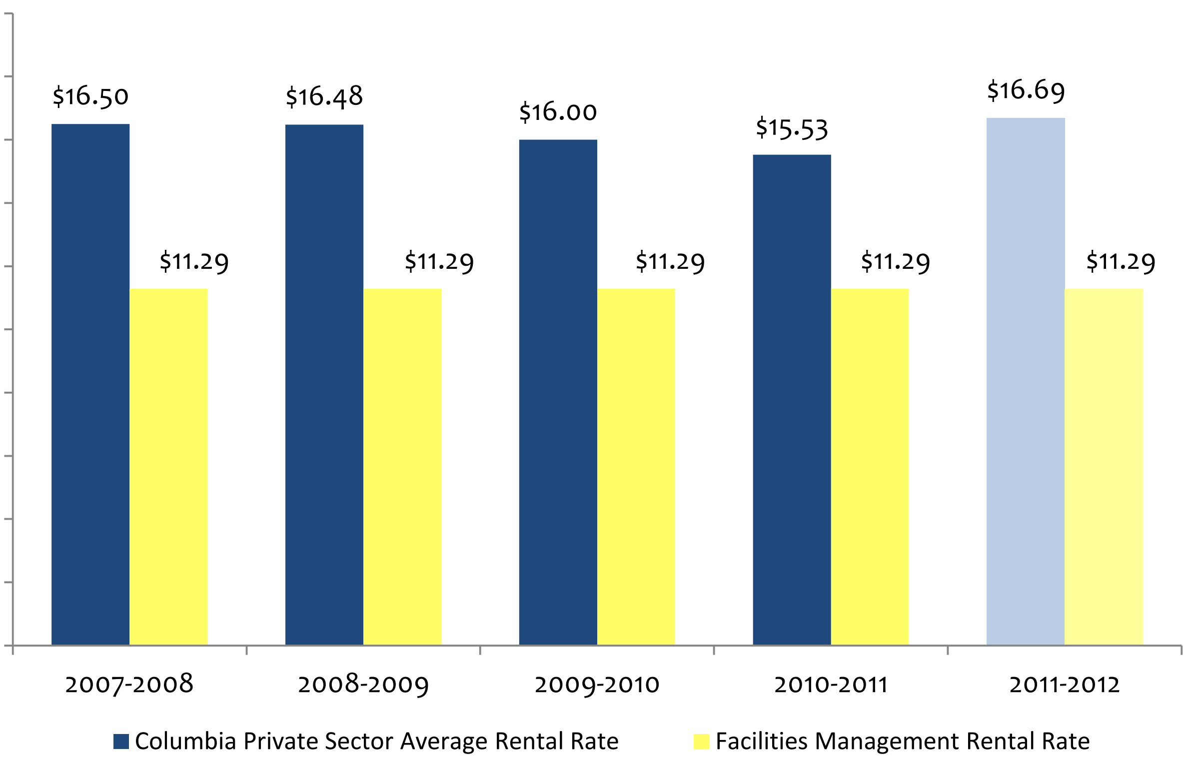
The Board's Fleet and Procurement offices work together to issue more than 40 vehicle contracts that state and local agencies can use to purchase cars, trucks and other vehicles at substantial discounts. By standardizing specifications and pooling the public sector's purchasing power, state contracts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

| Vehicle | 2012 Contract Price | MSRP | Percentage Below MSRP |
|---|---|---|---|
| Ford Focus, Sedan, Compact 4 Door | $ 14,113 | $ 19,435 | 27% |
| Chevrolet Impala - Pursuit | $ 19,309 | $ 27,895 | 31% |
| Crown Victoria - Pursuit | $ 24,077 | $ 30,060 | 20% |
| Chevrolet 1500 Pick-up 1/2 Ton 4x4 Ext. Cab Flex Fuel | $ 24,262 | $ 33,409 | 27% |
| Dodge Caravan Van, Mini Cargo, Flex Fuel | $ 18,797 | $ 23,415 | 20% |
| Chevrolet Tahoe, Full Size Utility 4 Door Flex Fuel | $ 26,533 | $ 37,000 | 28% |
| Toyota Prius - Hybrid, Gas/Electric | $ 23,794 | $ 26,550 | 10% |
| Ford Escape, Compact Utility | $ 20,778 | $ 28,835 | 28% |
| Chevrolet Colorado - Extended Cab, Flex Fuel | $ 15,665 | $ 19,995 | 22% |
| Dodge Grand Caravan - Van, Mini Flex Fuel | $ 20,987 | $ 23,990 | 13% |
| Ford F250 Reg. cab | $ 18,687 | $ 31,325 | 40% |
| Dodge Ram 2500 Extended Cab, Heavy Duty 4x4 | $ 24,269 | $ 35,675 | 32% |
| Dodge Durango Intermediate utility | $ 22,639 | $ 32,540 | 30% |

# General Services Division
## 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**



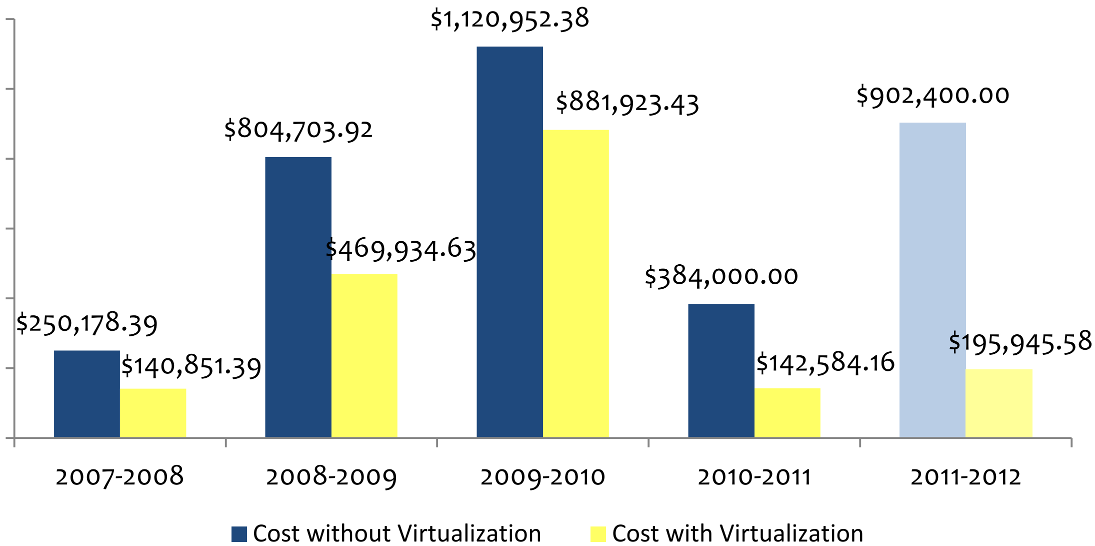

State agencies are charged a standard rent of $11.29 per square foot for office space in state buildings managed by the Board's Facilities Management section. This rate – which includes maintenance and most utilities – has not increased in 15 years. The state rate is compared here to the Columbia market average rental rate for the private sector. Maintaining these low rates creates a challenge in meeting maintenance requirements.

The Property Division of General Services also negotiated leases for the Commission on Higher Education (CHE) and State Board for Technical and Comprehensive Education (SBTCE). The negotiation for CHE significantly reduced the rental rate for the agency. With the cost of their move factored, the new lease will save the agency an estimated $963,000 over the nearly nine-year term compared to its prior lease. The Board also was able to negotiate a reduced amount of space SBTCE was occupying by 4,866 square feet and reduced the rental rate for the agency. The lease will save the SBTCE an estimated $1,436,082 over the ten-year term compared to its prior lease.

## Division of State Information Technology

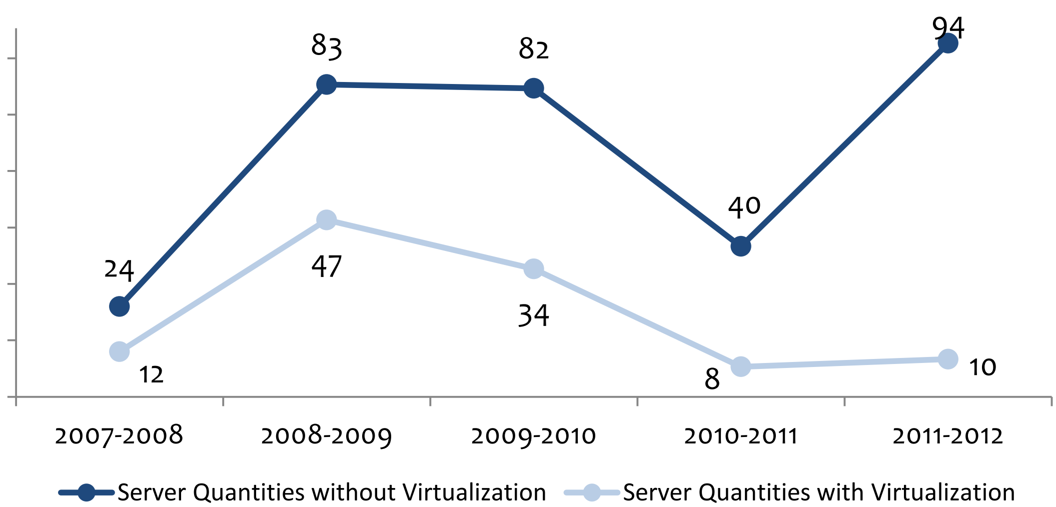
While mainframe usage is declining industry-wide, server usage is continuing to see exponential growth. With this growth comes a corresponding rise in both the amount of power consumed and cost of operation. However, through the use of server virtualization, the number of physical servers needed and the corresponding operation cost is reduced.

**Data Center Server Costs: With vs. Without Virtualization**




This chart illustrates the reduced total server costs (including both hardware and power expenses) required by the Data Center due to virtualization efforts compared to the costs that would have been incurred without virtualization.

**Data Center Server Quantities: With vs. Without Virtualization**



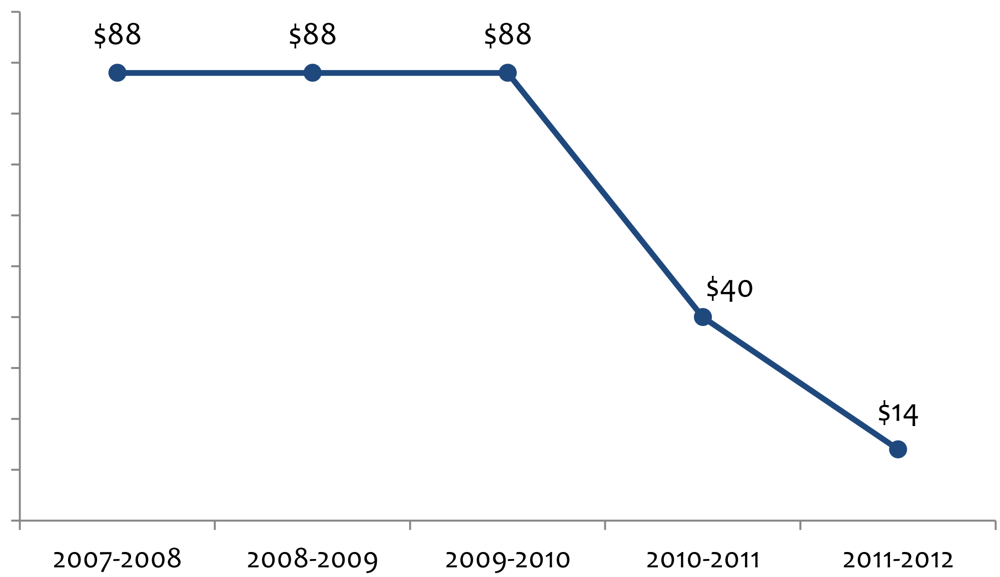

This chart illustrates the reduced number of physical servers required by the Data Center due to its virtualization efforts compared to the number of servers that would have been required without virtualization.

## Division of State Information Technology

**Average Cost per Minute for DSIT-Provided Long Distance Service**


This chart reflects the average cost per minute for long distance service, a cost that has remained level or declined in each of the five fiscal years represented.

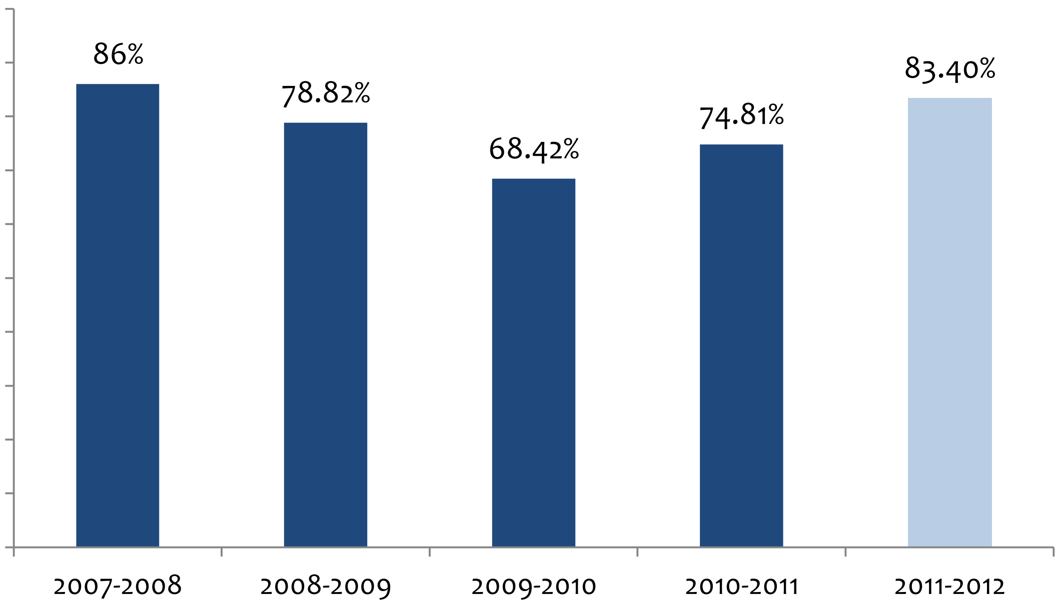
**DSIT Provided Internet Rate Cost Per Megabyte (MB) for DSIT Provided Internet**




DSIT Provided Internet rates were reduced by 65% from $40 per megabyte (MB) to $14 per MB. This rate reduction, due in part to reduced vendor costs, will allow participating agencies to potentially see significant monthly savings during a time in which many state and local governments are routinely asked to do more with less.

## Division of State Information Technology

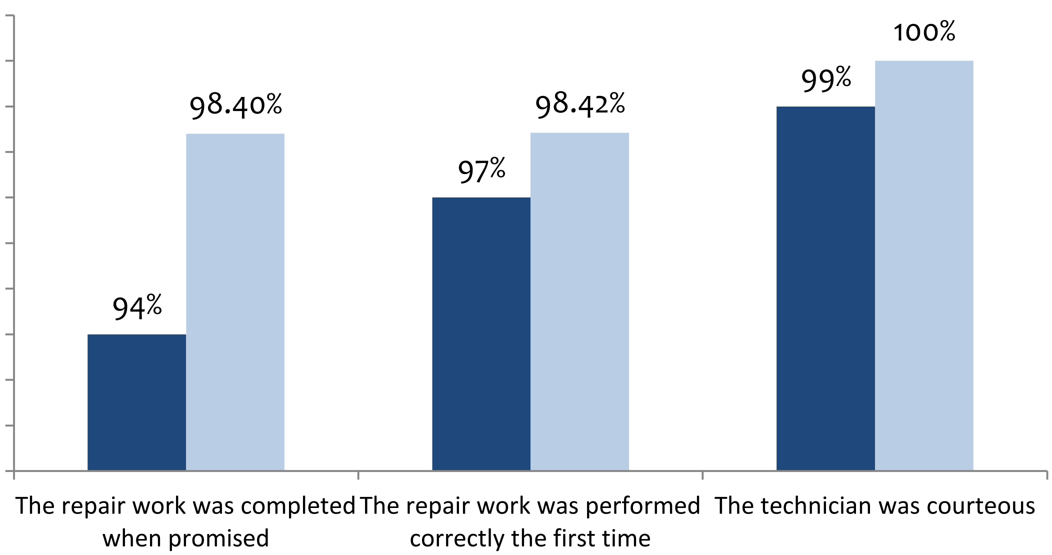
**State IT Service Desk First Call Resolution**




This chart reflects the percentage of incoming Service Center inquiries that are resolved at the first point of contact without delay or referral.

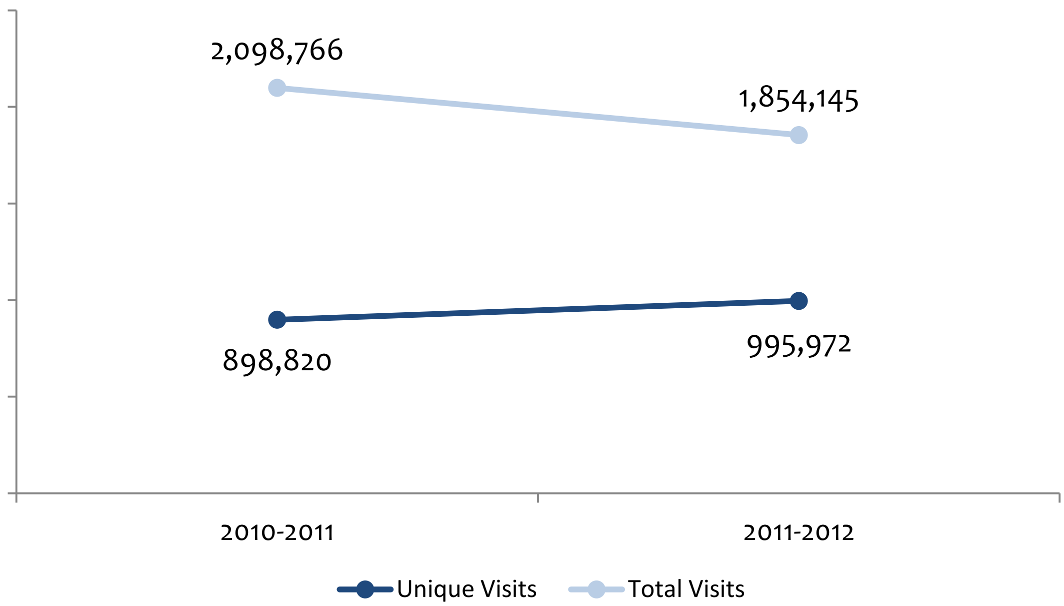
**DSIT Phone Repair Service Customer Satisfaction**

Respondents who "strongly agreed" or "agreed."

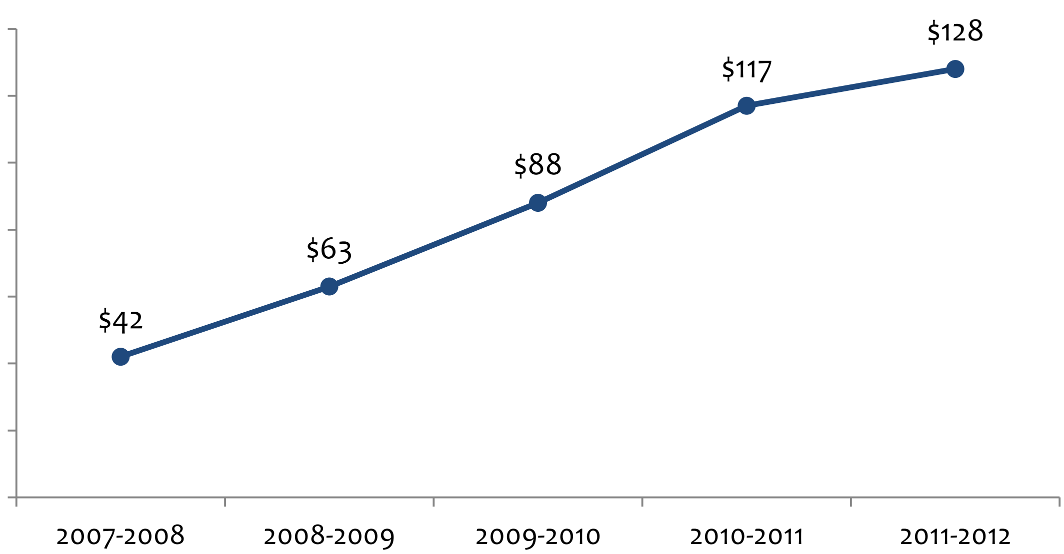


## Division of State Information Technology

**Visits to SC.gov**




**SC.gov – Millions of State Funds Collected**




This chart reflects the total amount of state funds collected (in millions) by the state's official Web site, SC.gov, since the portal's inception in 2007. During FY 2011-2012, SC.gov implemented 35 new payment processing services, launched 30 new governmental Web sites, developed three new interactive applications and assisted state government with cost avoidance of more than $1.19 million. SC.gov is managed by a unique partnership between the SC Budget and Control Board's State IT and South Carolina Interactive, LLC.

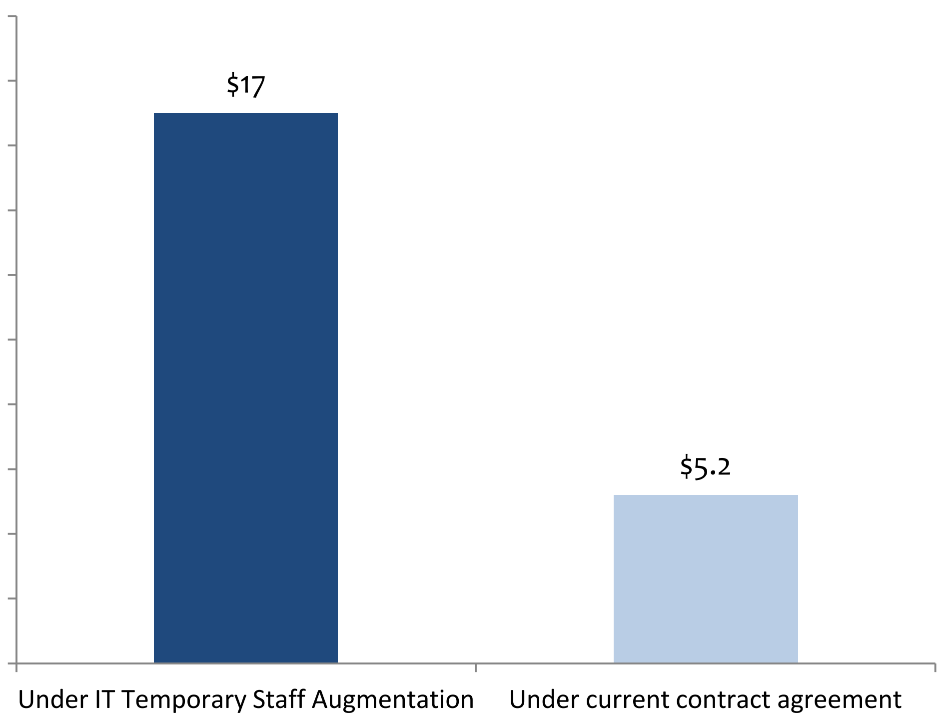
# Division of State Information Technology

## South Carolina Enterprise Information System

In October 2011, SCEIS Finance and Procurement modules were successfully deployed by the last state agency in the project's original scope to go live on the statewide system. This accomplishment represented the culmination of four years of staggered SCEIS implementations in which a total of 71 agencies (and more than 45,000 users) implemented the full array of components since its launch in 2007. Through the use of this state-of-the-art system, the business processes of state agencies have been streamlined onto a single integrated system providing economies of standardization and increased efficiency of information management, resulting in better service for citizens and ultimately, substantial savings for the State of South Carolina. In FY 2011-12, SCEIS posted over $27 billion in revenues, posted over $28 billion in expenditures, processed purchase orders totaling over $1 billion and processed over $800 million in payroll during the second half of FY2012.

The South Carolina Enterprise Information System (SCEIS) was also awarded a critical contract for the operation of the state's SAP ERP system. The contract was awarded to manage and maintain the SAP infrastructure to include system interfaces, provide change management services, project management, help desk support and production support for all system modules.

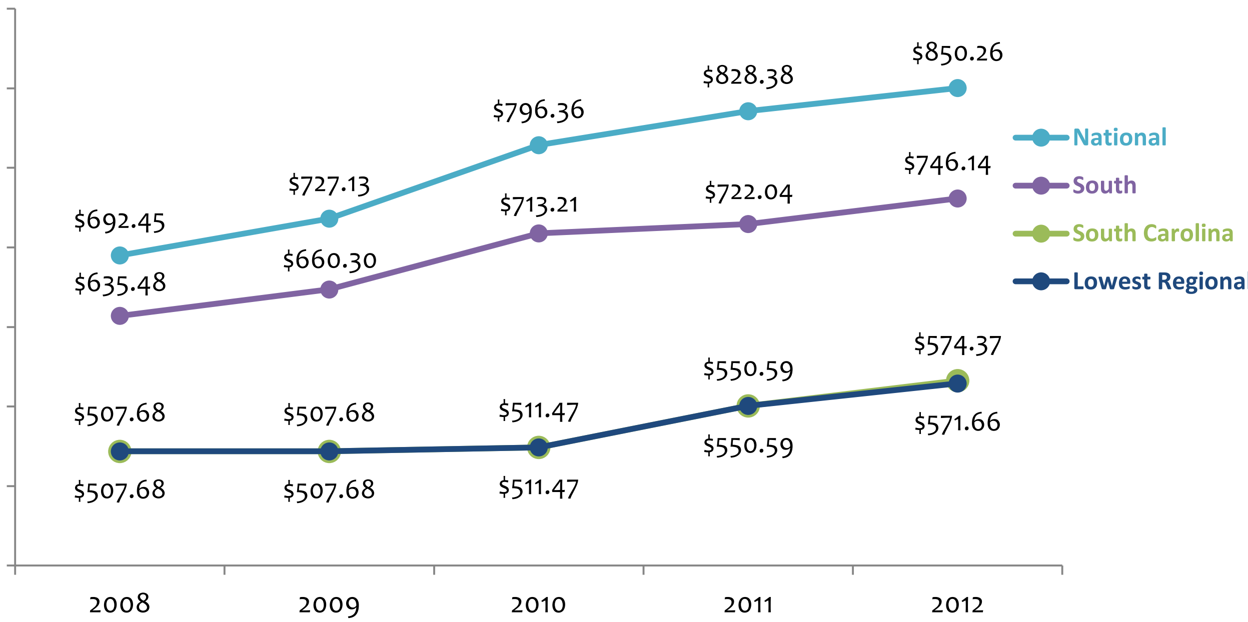
**Cost of Services for 48 FTEs in Millions of Dollars**




By awarding this contract, the Division of State Information Technology receives the services of 48 dedicated FTEs for $5.2 million annually. Under the IT Temporary Staff Augmentation contract, the dollar amount for this number of FTEs is approximately $17 million annually. This equates to an approximate savings of $11.8 million annually for a sustained level of services. If the contract is extended in the future, the potential savings would be $59 million over the life of the contract.

# Employee Insurance Program

**Combined Employee and Employer Average Weighted Premiums**



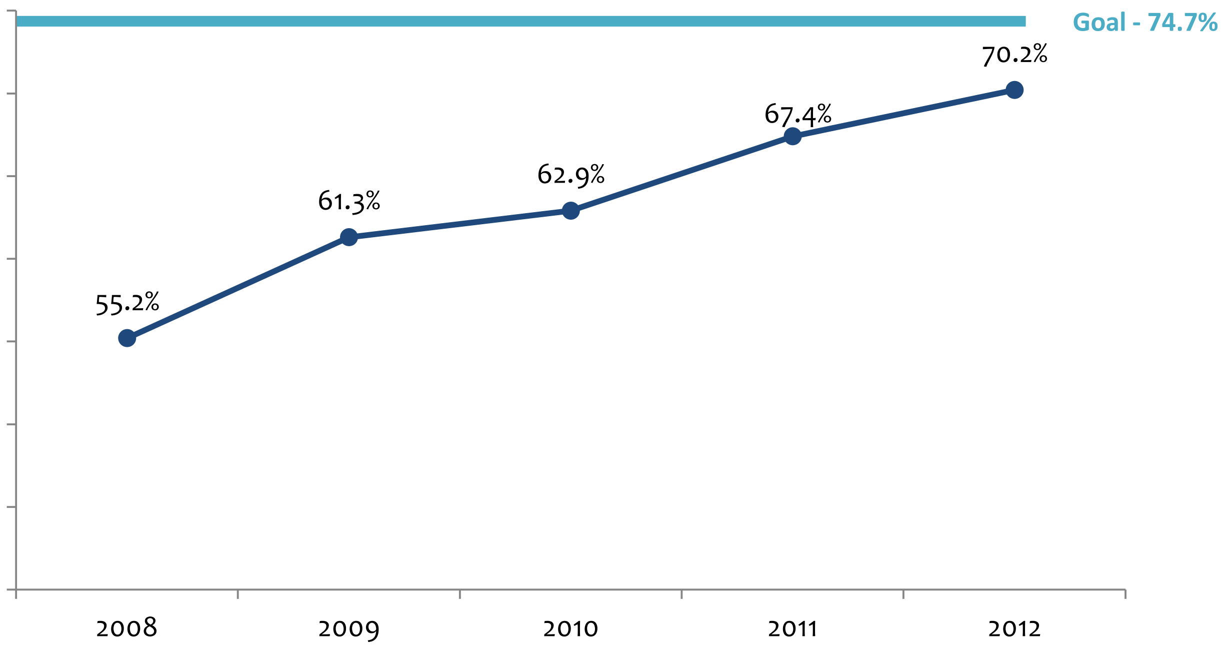

This chart demonstrates that overall insurance premiums are lower in South Carolina than nationally and are on par with the lowest regional insurance premiums.

The Employee Insurance Program (EIP) implemented the Dependent Eligibility Verification Project to verify beneficiary designation which ensures that only eligible dependents are receiving health insurance benefits. Paying health insurance benefits to ineligible dependents diverts available resources from paying maximum benefits to eligible participants. By removing ineligible dependents from coverage, the combined reduction in plan liability and employer costs is estimated to be $19 million per year when the project is completed. Reduced liability for the first year was $5 million (employer share of that was 70%). Simultaneously, EIP began verifying dependent eligibility at the time of enrollment as well.

# Employee Insurance Program

To compare rates over a span of several years, the Employee Insurance Program (EIP) applies current enrollment to the previous years to normalize for changes in contract distribution.

**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.

**Hospitals Recognized for Process of Care Measures**

Each year, the State Health Plan provides higher reimbursement payments to hospitals that perform well on at least seven of the 25 important practices that experts say every hospital should do for common illnesses. Created by the federal Centers 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 in South Carolina has grown to 15 from seven in 2006. The award winners for this year were:

- AnMed Health
- Carolina Pines Regional Medical Center
- Chester Regional Medical Center
- Chesterfield General Hospital
- Colleton Medical Center
- Georgetown Memorial Hospital
- Grand Strand Regional Medical Center
- Greenville Memorial Hospital
- Lexington Medical Center
- Palmetto Health Baptist Easley
- Palmetto Health Richland
- Sisters of Charity Providence Hospitals
- Springs Memorial Hospital
- St. Francis Hospital
- Trident Medical Center

# South Carolina Retirement Systems

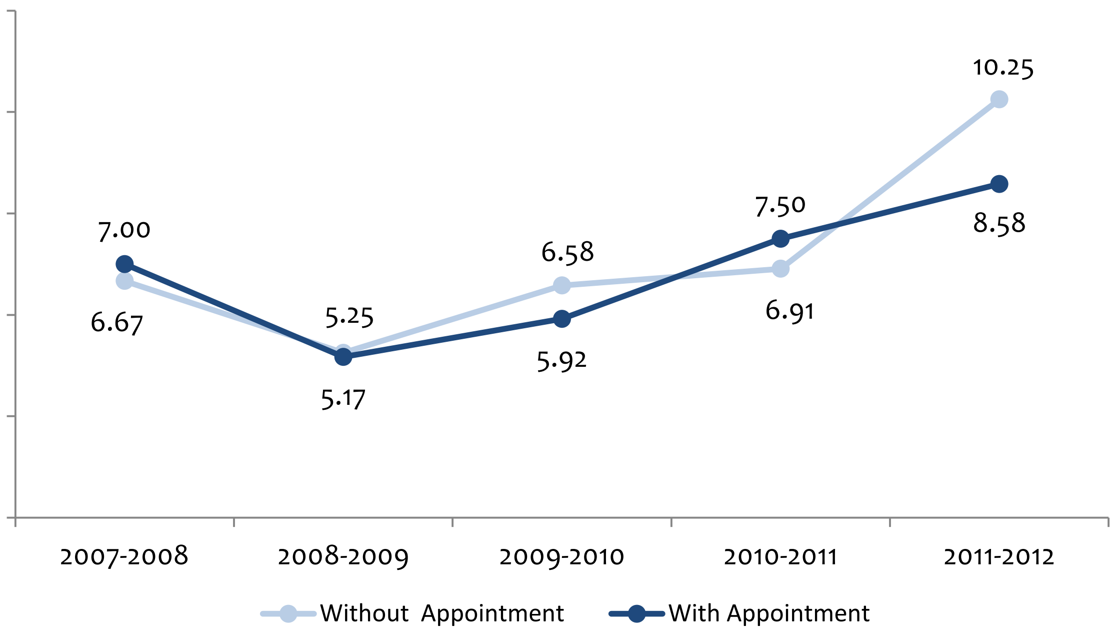
Established in 1945, the S.C. Retirement Systems administers five defined benefit pension plans for public employees, law enforcement officers, judges and solicitors, members of the General Assembly and members of the S.C. National Guard. The Retirement Systems has a well diversified portfolio with investments ranging from fixed income instruments to international equities and real estate.

- Total number of retirees for all systems: 133,533
- Total number of active employees for all systems: 226,846
- 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.

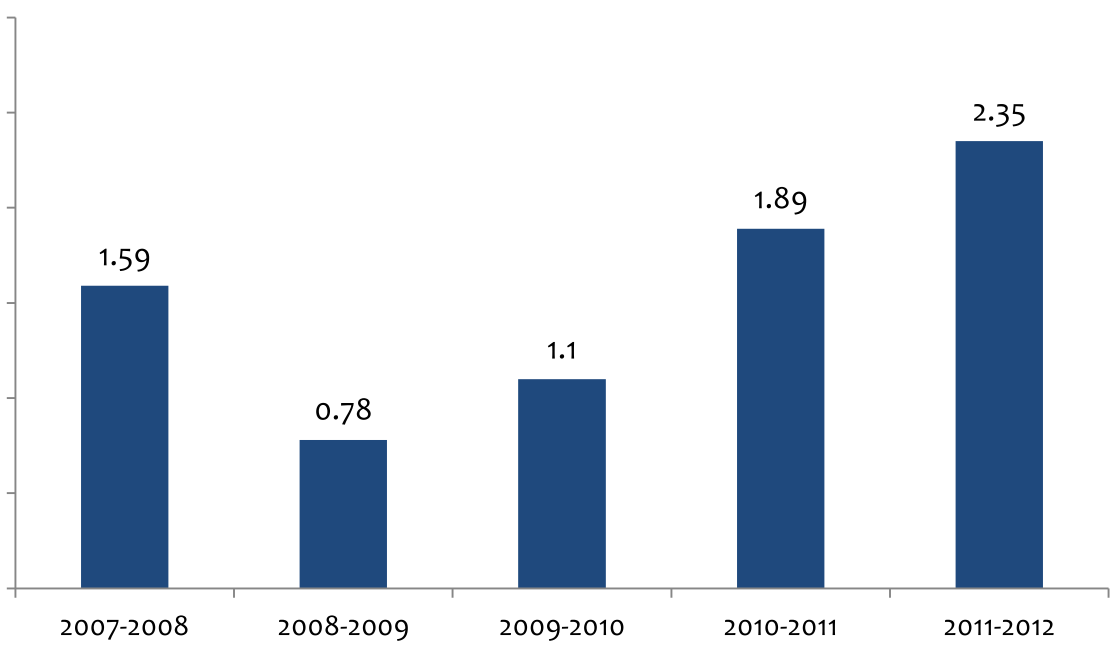
## South Carolina Retirement Systems

**Customer Intake Center Wait Times in Minutes**




This chart shows the average in-office wait time to meet with a retirement consultant for a one-on-one counseling session. This year, legislative changes to retirement benefits significantly increased customer services requests. However, SCRS was able to maintain efficient customer services for its members.

**Call Center Wait Times in Minutes**

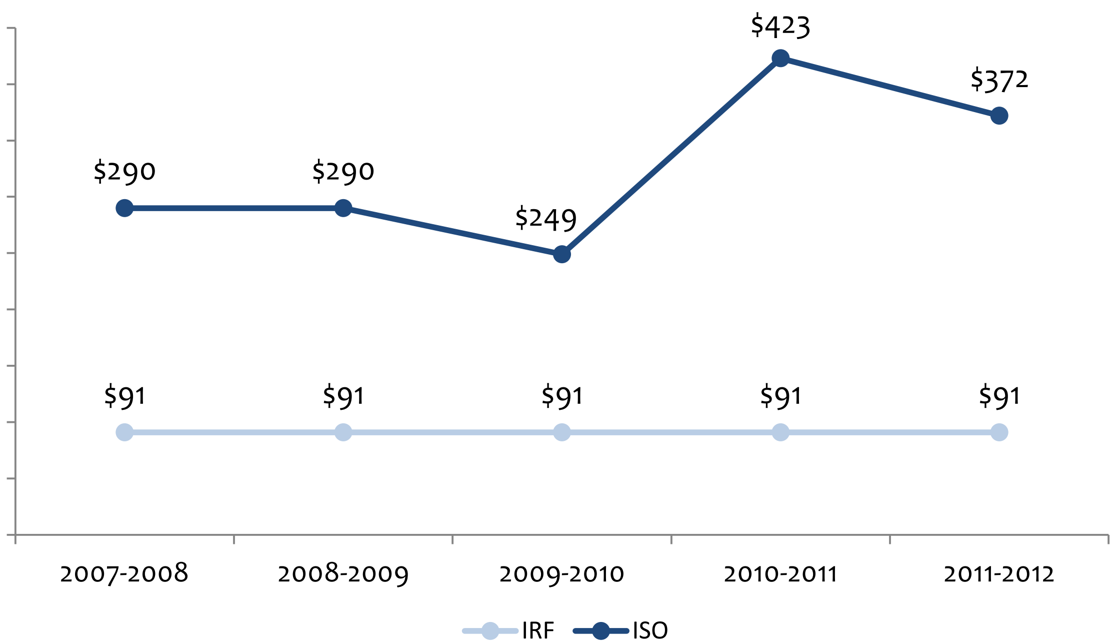



This chart shows the average time it takes for a caller to reach a retirement consultant.

# 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.

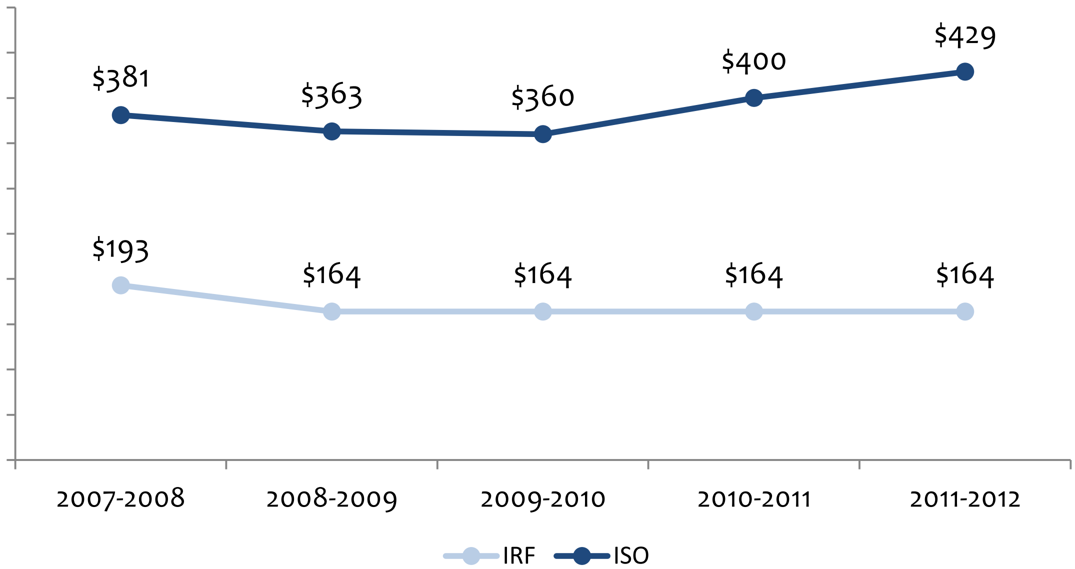
**Property Insurance Five Year Rate Comparison to Insurance Service Organization (ISO)**
***(Rate per $100,000 of Value)***




Note: Per the actuaries, this change is primarily a function of hurricane catastrophe modeling. Older models had a narrower impact area along the coast.

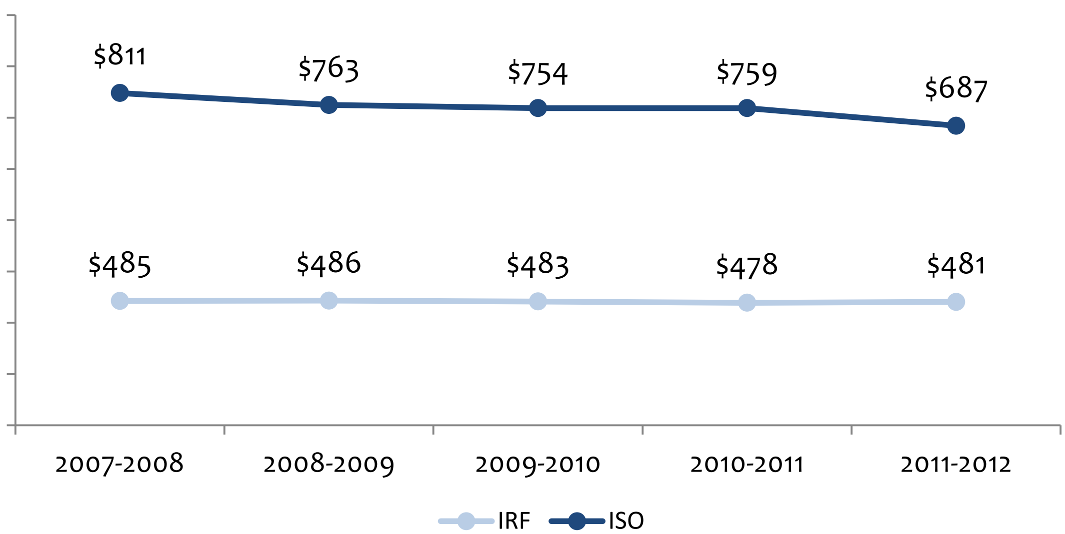
# Insurance Reserve Fund

**General Tort Liability Insurance Five Year Comparison to Insurance Service Organization (ISO)**
***(Average Rate per Person)***



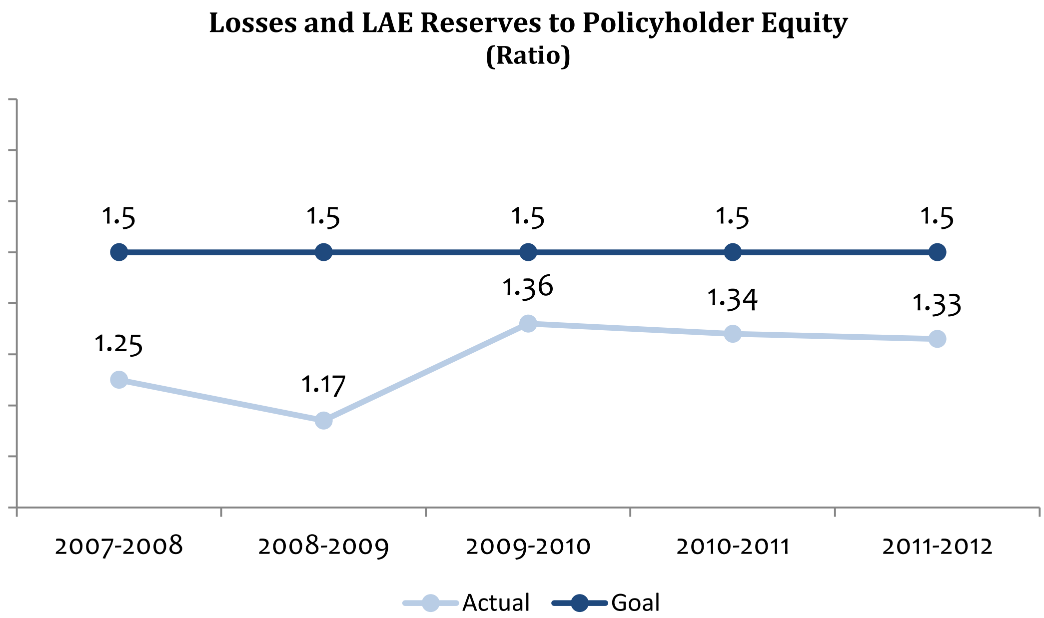

The Insurance Reserve Fund regularly compares its premiums to data collected by the Insurance Service Organization, the property and casualty insurance industry's leading supplier of statistical, actuarial, underwriting and claims data. The IRF's premiums continue to be well below industry averages.

**Automobile Liability Insurance Five Year Rate Comparison to Insurance Service Organization (ISO)**
***(Premium per Vehicle)***

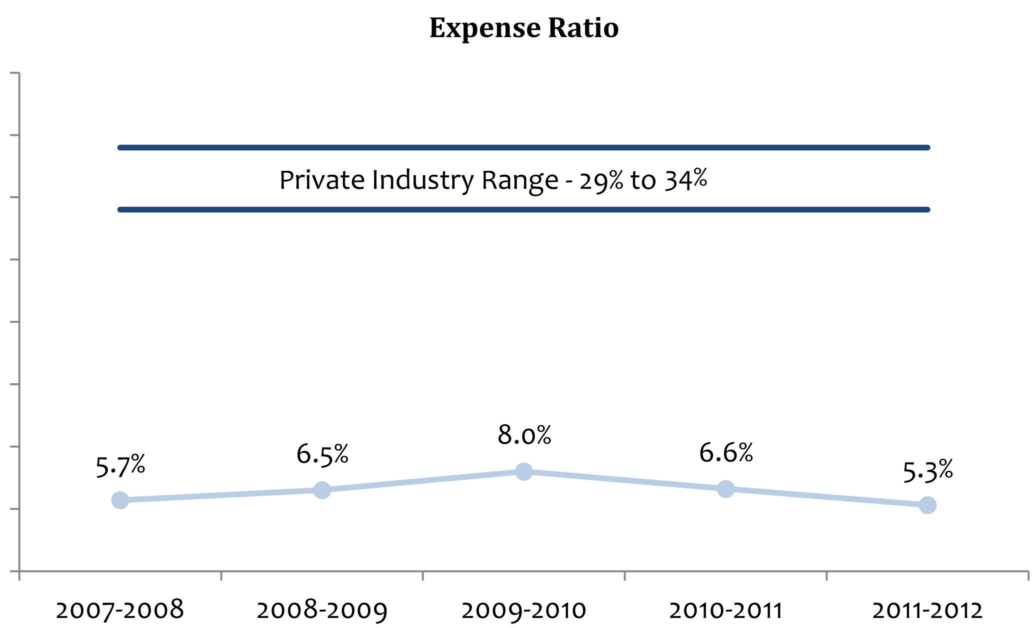



The IRF regularly compares its premiums to data collected by the Insurance Service Organization, the property and casualty insurance industry's leading supplier of statistical data. As shown by the chart at the right, the IRF's premiums continue to be well below industry averages.

# Insurance Reserve Fund




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.




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.

# Division of Human Resources

**Return on Investment**


The Division of Human Resources continued to provide a very positive ROI in fiscal year 2011-12. For every dollar spent on the division's services, the organization returned $2.51. This figure is reached by comparing the cost of the division'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.

**Cost Per State FTE Employee**


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

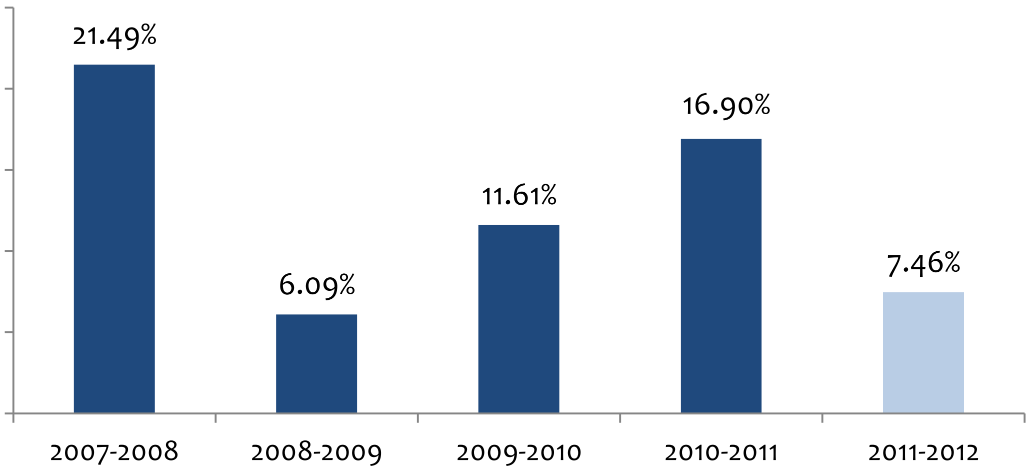
## Procurement

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:

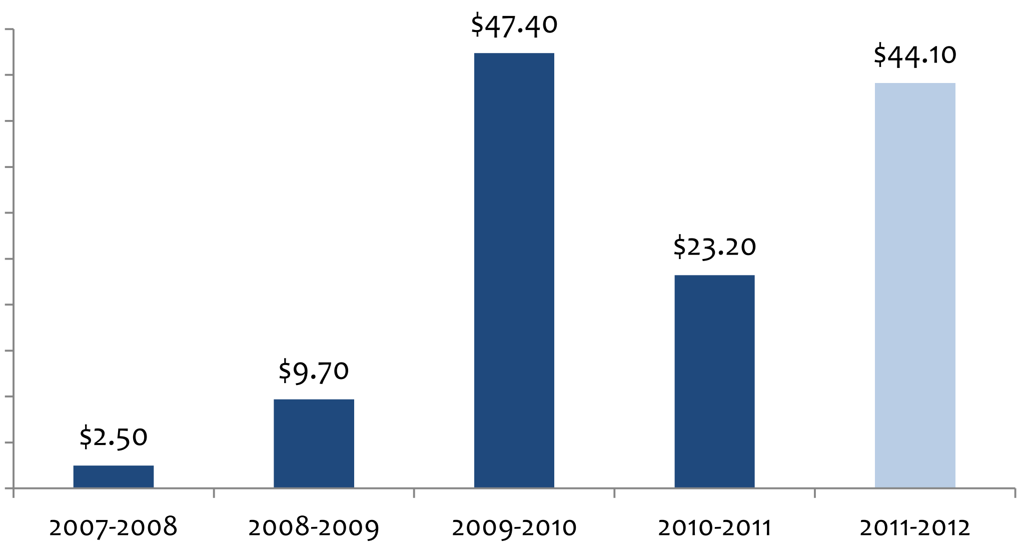
1. Cost avoidance data measuring the difference between state term contract pricing and single-buy pricing through the first half of fiscal year 2007-08, and
2. Cost avoidance data reported in accordance with the National Association of State Procurement Officials (NASPO) benchmarks adopted by the division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

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

**Competitive Spread of Procurements in Percentages**

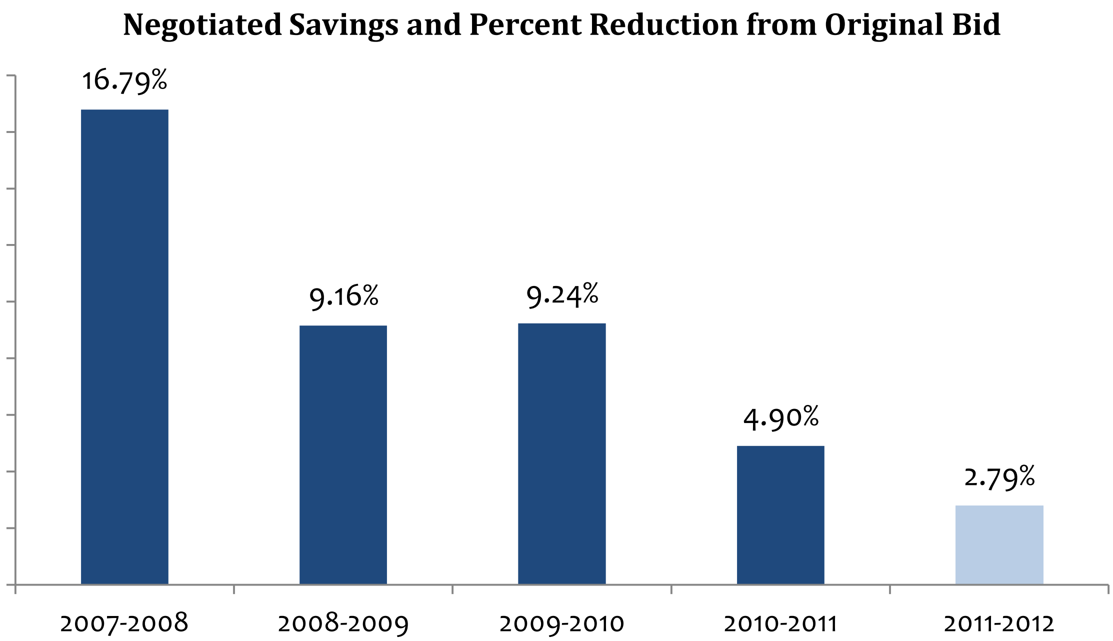



**Competitive Spread of Procurements in Dollars**



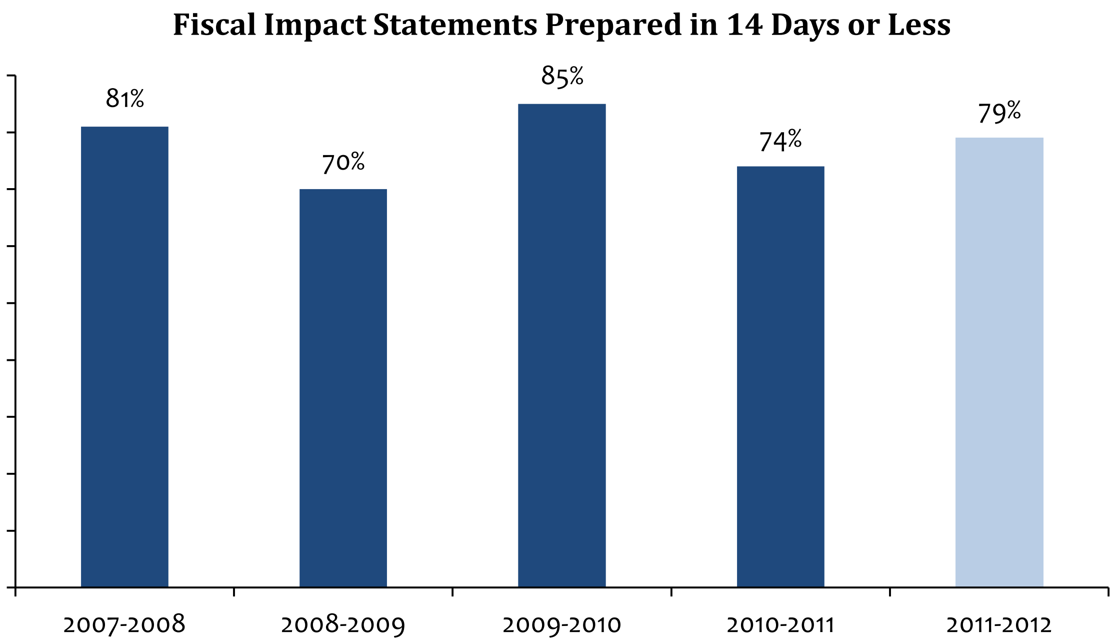

Beginning in fiscal year 2009-10, data includes a composite of MMO/ITMO procurements.

# Procurement




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.

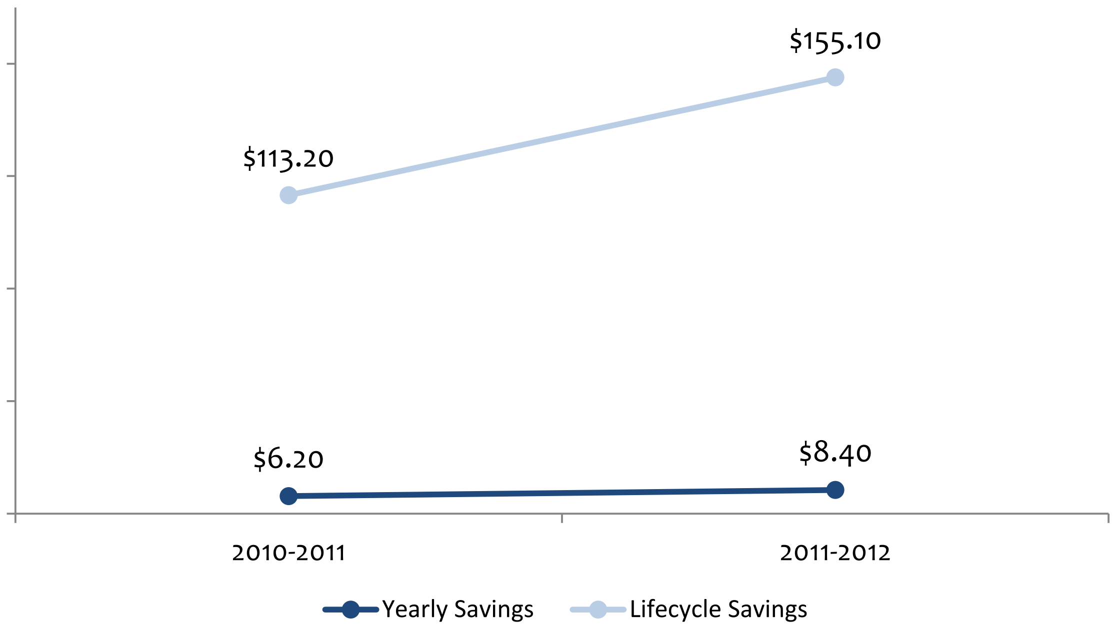
## Office of State Budget




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.

## State Energy Office

**Savings in Millions from Implemented Energy Measures**




The Energy Office saved significant dollars for SC public entities, businesses, industry and non-profits through grants, loans, training and tax credits with lifecycle savings estimates and other impacts. In total, the Energy Office projects completed in FY 12 will save South Carolina $8.4 million per year and $155.1 million over the useful life of the implemented energy measures.