Accountability Report Transmittal Form

Agency Name: SC Budget and Control Board

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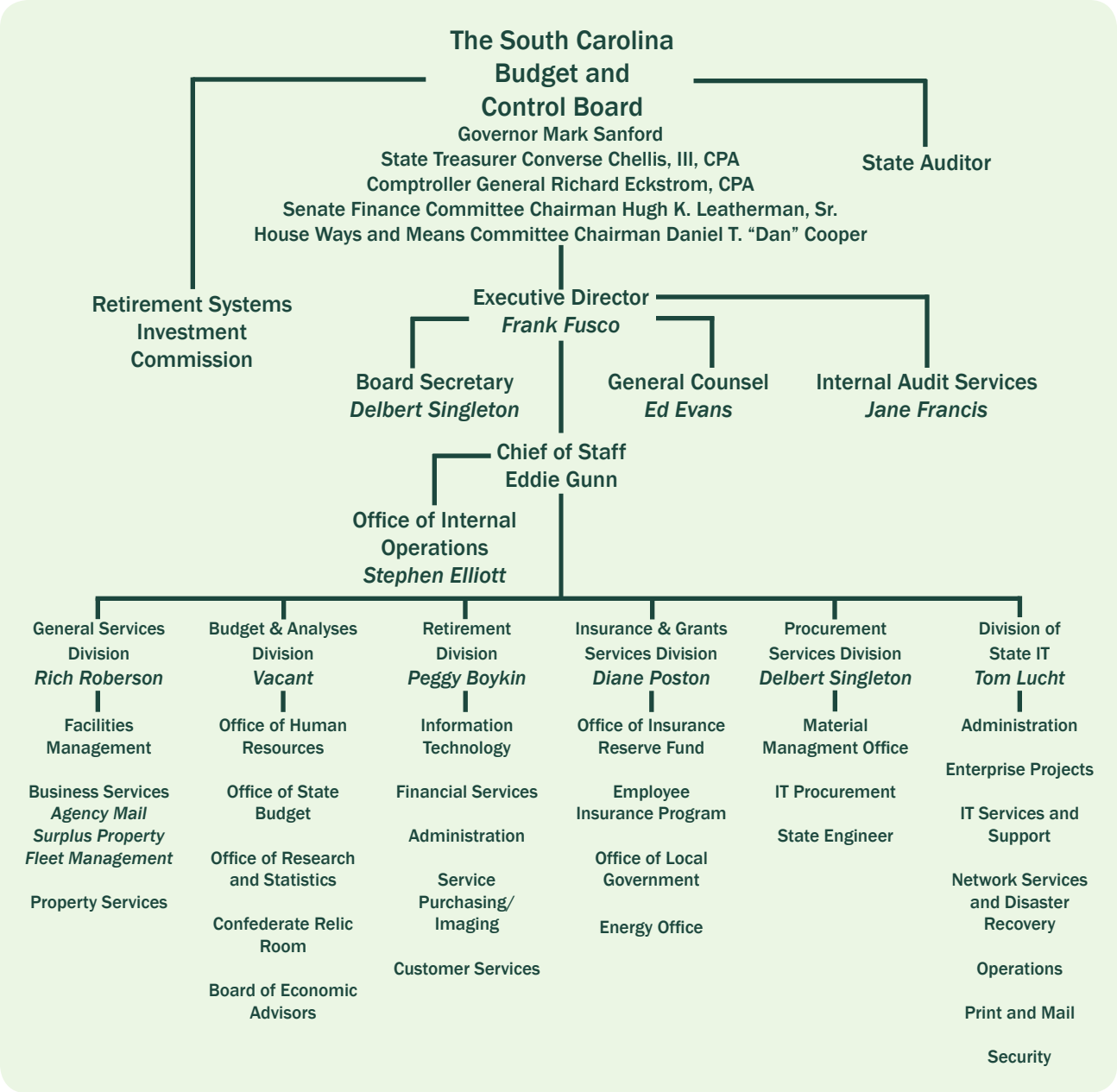
listening.learning.improving.

SC Budget and Control Board

2008-2009 Annual Accountability Report


The South Carolina Budget and Control Board
Governor Mark Sanford
State Treasurer Converse Chellis, III, CPA
Comptroller General Richard Eckstrom, CPA
Senate Finance Committee Chairman Hugh K. Leatherman, Sr.
House Ways and Means Committee Chairman Daniel T. "Dan" Cooper
State Auditor
Retirement Systems Investment Commission
Executive Director
Frank Fusco
Board Secretary
Delbert Singleton
General Counsel
Ed Evans
Internal Audit Services
Jane Francis
Chief of Staff
Eddie Gunn
Office of Internal Operations
Stephen Elliott
General Services Division
Rich Roberson
Facilities Management
Business Services
Agency Mail
Surplus Property
Fleet Management
Property Services
Budget & Analyses Division
Vacant
Office of Human Resources
Office of State Budget
Office of Research and Statistics
Confederate Relic Room
Board of Economic Advisors
Retirement Division
Peggy Boykin
Information Technology
Financial Services
Administration
Service Purchasing/ Imaging
Customer Services
Insurance & Grants Services Division
Diane Poston
Office of Insurance Reserve Fund
Employee Insurance Program
Office of Local Government
Energy Office
Procurement Services Division
Delbert Singleton
Material Managment Office
IT Procurement
State Engineer
Division of State IT
Tom Lucht
Administration
Enterprise Projects
IT Services and Support
Network Services and Disaster Recovery
Operations
Print and Mail
Security

Listening

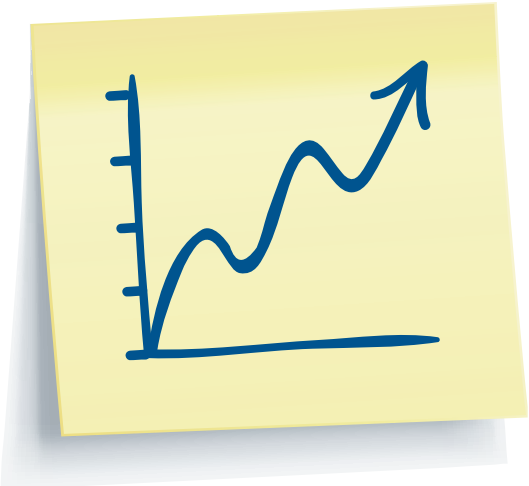
to our customers and stakeholders.

Learning

what to do to improve our services and processes.

Improving

our services with measured results.



Executive Summary

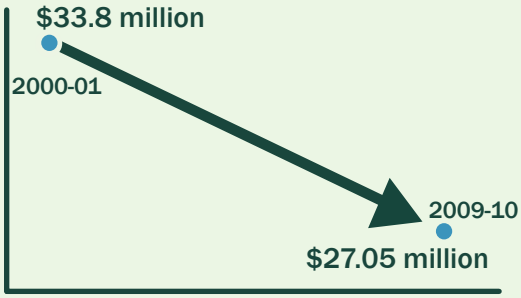
Few agencies in South Carolina government are as diverse as the Budget and Control Board. From health care to the protection of historic buildings like the State House, the Board provides services that help make the Palmetto State a great place to live. Board programs aim to constantly improve by listening to customers and learning from the past.

During the past year the Board:

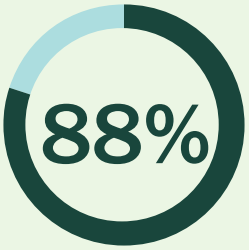
- Cut spending by reducing agency staff by an additional 42 employees and dramatically cutting travel spending.
- Saved state and local customers $680,000 per year by reducing rates in a number of State IT's most widely used service areas including e-mail service, desktop support and long distance calling. These were the fourth round of rate cuts made by State IT in the last two years.
- Saw the South Carolina Retirement System named the Large Pension Plan of the Year by *Institutional Investor Magazine*.
- Implemented the South Carolina Enterprise Information System (SCEIS) for 13 additional agencies, bringing the total number of "live" agencies participating in the innovative system to 30. SCEIS also logged a major milestone by becoming the official repository for the state's financial data.

- Saw the Confederate Relic Room and Military Museum register record-setting attendance.
- Continued the expansion of online sales of state surplus property, which grew by 21 percent in 2008-09.
- Privatized the state phone system by contracting with Spirit Telecom and continued the move to Voice over Internet Protocol (VoIP) platform by converting 1,000 sets to this state-of-the-art system.
- Reduced the state fleet vehicle mileage rates twice, saving agencies $647,000 during the first six months.
- Began implementing online bidding for state contracts. The Board's IT procurement unit has moved to a fully online process.
- Launched a major initiative to implement a surcharge for tobacco users in the State Health Plan as an incentive for them to quit. The surcharge will begin January 1, 2010.
- Collected $63 million in funds for state agencies via the SC.gov portal, more than double the amount from two years ago.
- Continued to work diligently to help local governments prepare for next year's Census count which will be crucial for ensuring the state receives its fair share of federal funding.
- Took important steps towards securing South Carolina's energy future by obtaining special grant funds to study the feasibility of offshore wind farms.
- Provided support during the 2008 General Election by processing data for more than 2.8 million voters in South Carolina and printing the election rosters for individual precincts located in each of the state's 46 counties.
- Planned, coordinated and executed the largest disaster recovery exercise in the history of the Division of State IT. These exercises, held off-site at SunGard's facilities in Philadelphia, Pa., were designed to ensure the successful return of critical operations following a natural or man-made disaster.

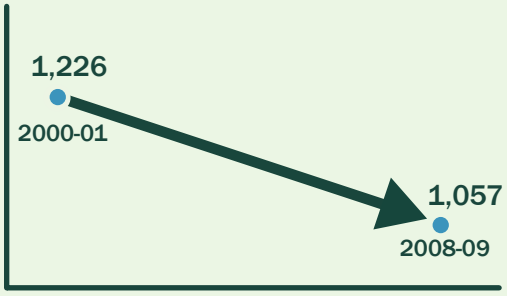
Budget and Control Board Recurring General Fund Budget



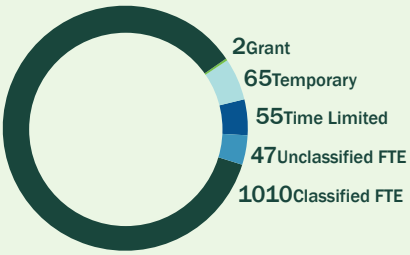
Budget from Sources Other than the General Fund



Number of Permanent Budget and Control Board Employees



Budget and Control Board Employees - All Categories



Governor Mark Sanford
Chairman

State Treasurer
Converse A. Chellis, III, CPA

Comptroller General
Richard Eckstrom, CPA

Senate Finance
Committee Chairman
Hugh K. Leatherman, Sr.

House Ways and Means
Committee Chairman
Daniel T. Cooper

The SC Budget and Control Board

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

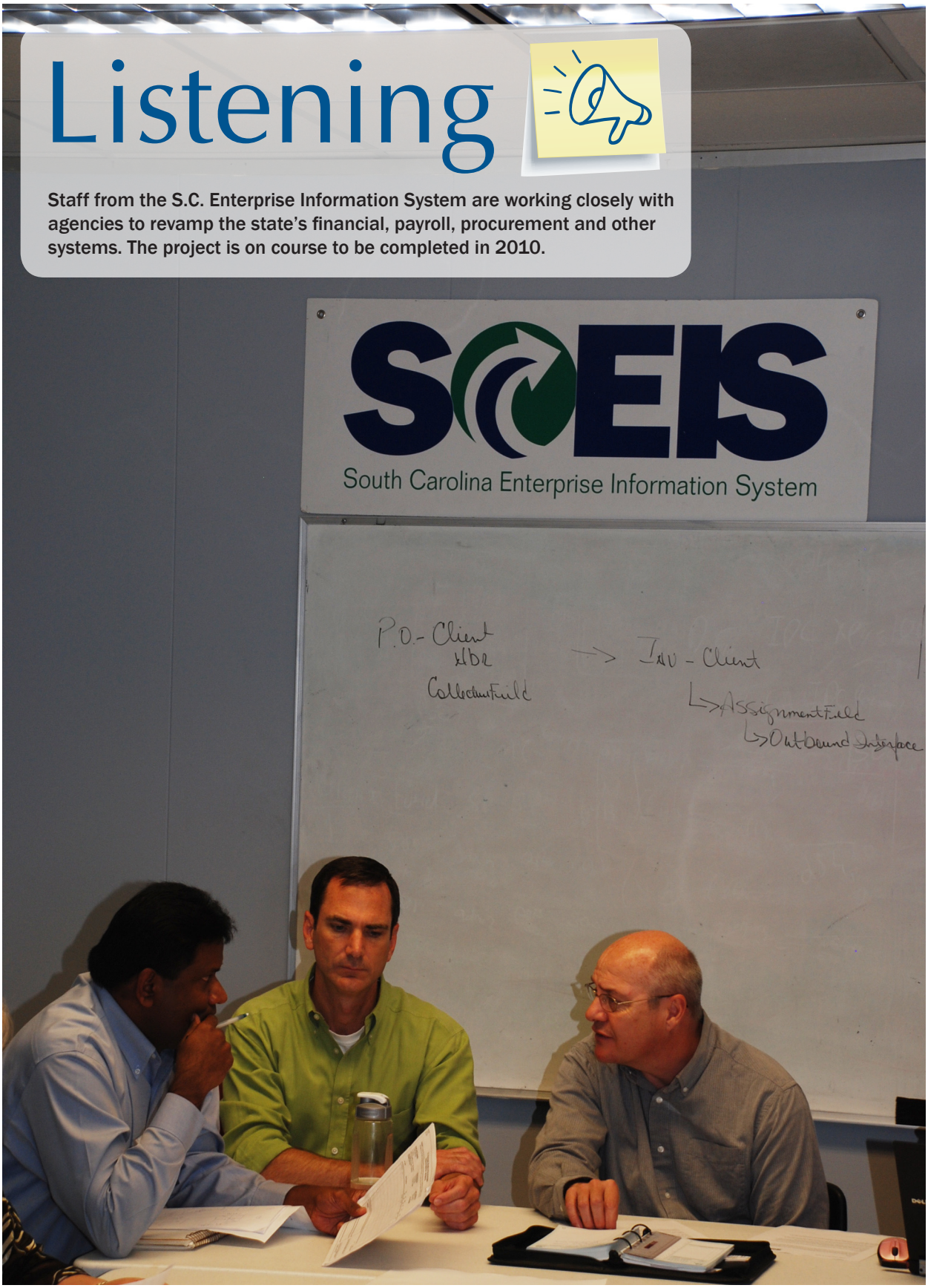
The Board was created in 1950 as the result of work by the State Reorganization Commission, which conducted a comprehensive study of the state's administrative functions. The new Budget and Control Board consolidated numerous existing entities and single-purpose boards and was designed to maximize efficiency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

The agency is led by the five members of the Budget and Control Board. Chaired by Governor Mark Sanford, the Board sets policy under the authority granted to it by the General Assembly. This includes regulatory oversight, policy development, monitoring of state finances, purchasing, personnel and real property transactions.

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.

Listening

Staff from the S.C. Enterprise Information System are working closely with agencies to revamp the state's financial, payroll, procurement and other systems. The project is on course to be completed in 2010.



From the Executive Director

Never has the State of South Carolina faced the number and severity of budget cuts as it did in the fiscal year that just ended. The sudden contraction of the world economy had a devastating impact on our state's revenues. Mid-year cuts of more than $1 billion had a direct and profound impact on every agency and service provided by state government.

The financial crisis has a significant impact on the South Carolina Budget and Control Board.

Our General Fund budget was reduced from $37 million in 2007-08 to $27 million in 2009-10. In response, we held open many vacant positions and offered voluntary buyouts in some units. As a result, our workforce – excluding the special multi-agency S.C. Enterprise Information System project – declined from 1,052 in June 2009 to 985 at the end of the fiscal year. Other costs were also closely scrutinized. For example, travel spending was down 43 percent for the fiscal year.

Even these significant reductions proved insufficient. We were forced to enact a limited reduction-in-force in our General Services and State Information Technology divisions at the start of the 2009-10 fiscal year. The only positive thing to be said about this is that had we not taken steps early in the year to cut costs, we would certainly have been forced to lay off more employees. In addition, the 2009-10 budget reduction the Board received was smaller than the "worst case" scenario we had been facing late in the appropriations process.

Despite these difficulties, the Board did not waver from focusing on its core mission of assisting other state agencies in delivering key services for the citizens of South Carolina. We have made sure to continue initiatives that our customers tell us are most important to them.

We have worked to reduce costs for our customers. State and local agencies are saving $680,000 per year thanks to rate cuts for popular services including e-mail service, desktop computer support and long distance calling. These were the fourth round of rate cuts made by State IT in the last two years.

Frank Fusco, Executive Director

Across our portfolio of services, we have continued to use technology to cut costs and improve service. Our Surplus Property program is selling more goods online through channels like eBay and govdeals.com. And the state government Web portal is growing as a platform for agencies to provide services electronically. Last year, the SC.gov portal collected $63 million for state agencies, more than double the amount from two years ago.

Most significantly, we have been able to maintain the momentum of the crucial SCEIS project. This major undertaking involves replacing state government's outdated financial, procurement, personnel and other systems with state-of-the-art technology. SCEIS is about more than new software – it's spurring a total rethinking about how every agency conducts business. When finished, state government's back office will use less paper, fewer people and provide better data faster to decision makers.

> ***"Despite these difficulties, the Board did not waver from focusing on its core mission..."***

Currently, 30 state agencies are using the finance component of SCEIS, with another 30 scheduled to join in November 2009. Another major element – an online system that will allow employees to check their pay stubs and conduct other transactions such as requesting leave – will begin to roll out in December.

We have been absolutely determined to ensure that

> "I fully expect that a year after SCEIS is fully implemented that we will have a state government that is **more efficient and effective** than we do today."

SCEIS moves forward even during these difficult times. This effort has come too far and has too much momentum to allow it to be delayed. The coming months are very important for this project as it brings on larger state agencies – including our own finance unit at the Board. State leaders should know that SCEIS is vast and will require substantial training for agency staff and the attention of agency leaders in 2009-10.

I fully expect that a year after SCEIS is fully implemented we will have a state government that is more efficient and effective than we do today. The strategic investment in this project will have a direct benefit for the taxpayers of South Carolina.

Looking forward, 2010 will also bring the decennial U.S. Census, which has major implications for our state. In 2000, South Carolina had the second-lowest initial response rate of any state and it is estimated that at least 48,000 residents were missed during the count. As a result, South Carolina has lost out on hundreds of millions in federal aid during the last decade.

At the request of the General Assembly, our Office of Research and Statistics has embarked upon an unprecedented drive to improve our state's performance in the 2010 Census. They are working closely with local governments across the state to provide federal officials with accurate addresses prior to the count and will be undertaking initiatives to increase awareness of the Census early next year.

The Board is also playing a role in the disbursement of federal stimulus funds. Our South Carolina Energy Office is making grants to school districts, technical colleges, universities and local governments for energy-improvement projects such as new lights and utility controls. Grants will be awarded only when applicants can demonstrate that utility savings will far exceed the cost of the improvements. We have also set up a system to audit grant recipients after the projects are completed.

Even while addressing these challenges, the Board will continue to adapt to the reality of declining budgets rethink much of what we do. Our approach will always be guided by the essential needs of our customers as gathered through formal and informal processes.

In the end, in good times and bad, listening to customers, learning from what they say and improving the final product is the path to an excellent organization that makes government better for the people of South Carolina.

Frank W. Fusco,
Executive Director

Budget and Control Board Key Challenges for 2008-2009

As the economy beings to recover, we may struggle to retain employees because we have not been able to offer incentives to retain top performers.

We must transition our workforce to a new automated system for support functions ranging from procurement to payroll. This will overhaul longstanding practices and require veteran employees to relearn work processes.

Our agency must continue to identify critical customer needs and let go of tasks that are less important.

Organizational Profile

General Services

1201 Main St.
1441 Boston Ave.
1942 Laurel St.
921 Main St.
2550 Bull St.
516 Senate St.
1535 Confederate Ave.
1026 Sumter St.

Facilities Management – Provides maintenance services for state-owned buildings.
Fleet – Coordinates purchase, maintenance and rental of state vehicles.
Agency Mail – Operates statewide overnight mail delivery services for state and local agencies.
Surplus Property – Sells surplus state and federal property.
Real Property Sales – Assists agencies in obtaining office space.

Insurance & Grants

1201 Main St.
1122 Lady St.

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

Budget & Analyses

1201 Main St.
1401 Senate St.
5 Geology Road
1919 Blanding St.
1000 Assembly St.
301 Gervais St.

State Budget Office – Supports the legislative and gubernatorial budget process.
Office of Human Resources – Provides consulting, training, recruitment and other personnel services for state agencies.
Office of Research and Statistics – Uses data to improve public and private social and economic outcomes in South Carolina.
Confederate Relic Room and Military Museum – Operates South Carolina's military history museum.
Board of Economic Advisors – Forecasts state revenues.

Organizational Profile

South Carolina Retirement Systems

202 Arbor Lake Drive

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

Procurement Services

1201 Main St.
171 Ashley Blvd., Charleston
800 University Way, Spartanburg

Material Management Office – Operates the state system for purchasing goods and services.
Office of State Engineer – Monitors state construction projects.

Division of State Information Technology

4430 Broad River Rd.
1026 Sumter St.
1628 Browning Rd.
171 Moultrie St., Charleston
Wade Hampton Building

Provides voice, data and other information technology services for South Carolina government.

Other Board Units

1201 Main St.

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

Senior Leadership

Frank Fusco and the Board's senior leadership team.

Base Budget Expenditures and Appropriations

Major Budget Categories	2007-08 Actual Expenditures		2008-09 Actual Expenditures		2009-10 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Services	$60,842,024	$11,658,362	$61,167,554	$11,922,044	$64,227,894	$11,110,199
Other Operating	$111,507,311	$7,746,986	$106,751,068	$4,471,453	$105,354,532	$5,035,414
Special Items	$18,483,988	$5,655,647	$21,336,786	$6,030,415	$19,572,441	$4,072,441
Permanent Improvements	$2,930,389	$0	$2,893,017	$0	$3,000,000	$0
Debt Services	$3,973,035	$0	$5,997,798	$0	$5,997,803	$0
Distributions to Subdivisions	$7,592,451	$6,479,000	$4,080,443	$3,373,724	$7,749,292	$3,648,318
Fringe Benefits	$17,125,127	$3,152,728	$18,116,572	$3,272,397	$18,793,843	$3,193,031
Non-recurring	33,812,464	2,509,292	$18,478,966	$0	$0	$0
TOTAL	$256,266,789	$37,202,015	$238,822,204	$29,070,03	$224,695,805	$27,059,403

Other Expenditures

Major Budget Categories	2007-08 Actual Expenditures	2008-09 Actual Expenditures
Supplemental Bills	$1,137,526	$6,337,895
Capital Reserve Funds	$8,752,323	$1,095,026
Bonds	$1,510	$799

Major Program Areas

Program Number and Title	Major Program Area Purpose	FY 07-08 Budget Expenditures	FY 08-09 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 access and network connectivity.	State: 3,350,673 Federal: 1,047,861 Other: 35,722,632 Total: 40,121,166 % of Total Budget: **16%**	State: 3,625,939 Federal: 5,282,358 Other: 39,155,922 Total: 48,064,219 % of Total Budget: **20%**
VIII.C - IT Planning and Management Services: SCEIS	As part of the SCEIS project, to promote cost efficiencies, enable data sharing and promote interoperability among state agencies.	State: 7,057,991 Federal: Other: 12,868,862 Total: 19,926,853 % of Total Budget: **8%**	State: 5,439,852 Federal: Other: 21,481,288 Total: 26,921,140 % 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: 2,353,532 Federal: Other: 27,719,041 Total: 29,577,174 % of Total Budget: **12%**	State: 1,645,653 Federal: Other: 24,899,436 Total: 26,545,089 % of Total Budget: **11%**
VIII.B - DSIT Operations: Data Processing	To provide data processing services for state agencies to include applications development, security, disaster recovery, help desk and output management services.	State: Federal: Other: 23,478,169 Total: 23,478,169 % of Total Budget: **9%**	State: Federal: Other: 26,207,563 Total: 26,207,563 % of Total Budget: **11%**
V.E. - State Fleet Management	To provide motor vehicles through short-term motor pool operations and long-term leases for state use in performing official business.	State: Federal: Other: 30,656,550 Total: 30,656,550 % of Total Budget: **12%**	State: Federal: Other: 24,794,727 Total: 24,794,727 % of Total Budget: **10%**
IX - SC Retirement Systems	To administer a comprehensive program of retirement benefits responsive to the needs of public employees and to perform fiduciary duties as stewards of the contributions and disbursements of the pension trust funds.	State: 49,964 Federal: Other: 17,929,213 Total: 17,979,177 % of Total Budget: **7%**	State: Federal: Other: 17,700,856 Total: 17,700,856 % of Total Budget: **7%**
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: Federal: Other: 8,791,010 Total: 8,791,010 % of Total Budget: **3%**	State: Federal: Other: 8,814,654 Total: 8,814,654 % of Total Budget: **4%**
IV.B. - Office of Research and Statistics	To gather, analyze and publish data vital to the social, health, criminal justice, education and economic well being of South Carolina and to work with other agencies to ensure quality outcomes and reduce costs.	State: 3,766,891 Federal: 1,260,927 Other: 3,566,989 Total: 8,594,807 % of Total Budget: **3%**	State: 3,001,011 Federal: 685,751 Other: 3,107,621 Total: 6,794,383 % of Total Budget: **3%**

VII.A - Office of Insurance Reserve Fund	To provide property and liability insurance to qualified governmental entities, to include the underwriting of policies, reinsurance, rate development and settlement and defense of claims.	State: Federal: Other: 5,288,907 Total: 5,288,907 % of Total Budget: **2%**	State: Federal: Other: 6,086,685 Total: 6,086,685 % of Total Budget: **3%**
VII.C - Office of Local Government	To provide grants, loans and technical assistance for water and sewer projects that protect public health and support economic development.	State: 6,794,538 Federal: 722,019 Other: 989,694 Total: 8,506,251 % of Total Budget: **3%**	State: 3,639,625 Federal: 388,726 Other: 886,936 Total: 4,915,287 % 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 compensation.	State: 3,034,333 Federal: Other: 1,568,485 Total: 4,602,818 % of Total Budget: **2%**	State: 2,727,957 Federal: Other: 1,937,427 Total: 4,665,384 % of Total Budget: **2%**
VI. - Procurement Services	To provide centralized procurement expertise and services to all public procurement officials and provide building code and life safety reviews and expertise.	State: 2,504,568 Federal: Other: 1,435,390 Total: 3,939,958 % of Total Budget: **2%**	State: 1,682,009 Federal: Other: 2,074,210 Total: 3,756,219 % of Total Budget: **2%**
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: 2,568,840 Federal: Other: Total: 2,568,840 % of Total Budget: **1%**	State: 2,362,517 Federal: Other: Total: 2,362,517 % of Total Budget: **1%**
VII.D - Energy Office	To promote energy efficiency and cost savings through financial assistance, energy audits, technical assistance, workshops, training, publications and other activities.	State: Federal: 744,021 Other: 1,027,877 Total: 1,771,898 % of Total Budget: **1%**	State: Federal: 588,998 Other: 1,158,704 Total: 1,747,702 % of Total Budget: **1%**
Other Program Areas - Executive Director, Internal Operations, Comptroller General/State Treasurer Data Processing Pass Through, Civil Contingent Fund, Base Closure, Brandenburg Coordination Committee, Southern Maritime Collection, Agency Support, Executive Institute, Confederate Relic Room and Military Museum, Board of Economic Advisors, Internal Audit Services, General Counsel, Gambling Disorders, Intra-Agency Mail, Surplus Property, Parking, Adoption Assistance, Leasing and Property Services, IT Planning & Project Management, IT Procurement, Print Shop, Non-Bonds SPIRS Projects, Lake Marion Water Authority and Increased Enforcement, pass through accounts of Competitive Grants, Central Carolina Allied Health Service Center, Conway Maintenance Shop Renovations, Anderson County Health Depart. Roof Replacement & Magistrate Court Bldg, Edgefield Building Renovations and Dorchester Interfaith Outreach Ministry Homeless Center & Soup Kitchen.		State: 5,720,685 Federal: 562,029 Other: 43,685,098 Total: 49,967,812 % of Total Budget: **19%**	State: 4,945,470 Federal: 101,719 Other: 24,398,590 Total: 29,445,779 % of Total Budget: **12%**

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 08-09 and Beyond Key Agency Action Plan/Initiative(s) and Timeline for Accomplishing the Plan(s)	Key Cross References for Performance Measures
VIII.B - DSIT Operations: Connectivity	Customer satisfaction. Return on investment.	Continued the transition to IP Telephony, including the conversion of over 1,000 seats, 36,000 PBX stations and 17,000 voice mail boxes to a new system which includes VOIP. Expected completion 2-5 years depending on funding.	40-43
VIII.C - IT Planning and Management Services: SCEIS	Customer satisfaction. Return on investment.	Achieved a major milestone with the implementation of finance/procurement functions for 13 agencies, bringing total to 30. Another 36 agencies are scheduled to implement SCEIS in late 2009. The project is scheduled to be completed in 2010.	n/a
V.B. - Facilities Management	Customer satisfaction. Return on investment.	Maintained state building rental rates below private sector market rates.	38
VIII.B - DSIT Operations: Data Processing	Customer satisfaction. Return on investment.	Replaced two IBM z890 processors while also upgrading the mainframe operating system, thereby providing customers with increased security features, processing capabilities and more efficient operation. Completion is expected by the beginning of 2010.	40-43
V.E. - State Fleet Management	Customer satisfaction. Return on investment.	Maintained Fleet daily motor pool rates below private sector benchmarks.	36-37
IX - SC Retirement Systems	Customer satisfaction. Return on investment. Employee well being.	Developed and implemented payment and claims system (August 2009); Completed IT security audit in May 2009; Improved employer reporting system (June 2009); Produced choice video for new hires; redesigned division Web site.	49-50
VII.B - Employee Insurance	Customer satisfaction. Return on investment.	The Employee Insurance Program established administrative procedures associated with the "smokers surcharge" approved by the Budget and Control Board in August 2008. The new surcharge will take effect January 1, 2010.	44-48

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 08-09 and Beyond Key Agency Action Plan/Initiative(s) and Timeline for Accomplishing the Plan(s)	Key Cross References for Performance Measures
IV.B. - Office of Research and Statistics	Return on investment.	The Health and Demographics Section aims to expand the number of health care facilities and providers participating in the SC Health Information Exchange (SCHIEx). Federal stimulus funds will help increase the scope and coverage of SCHIEx in 2010-11.	58
VII.A - Office of Insurance Reserve Fund	Customer satisfaction. Return on investment.	The Insurance Reserve Fund (IRF) successfully transitioned to a new contractor for appraisal services and a new contractor for boiler and machinery reinsurance and inspection services with and effective date of July 1, 2009 for both contractors.	51-53
VII.C - Office of Local Government	Return on investment.	Completed the program design and commitments for $60 million of federal stimulus funds to be distributed to the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund . All projects are expected to be under construction or contract by February, 2010.	n/a
IV.D. - Office of Human Resources	Customer satisfaction. Return on investment.	Assisted agencies with cost savings, team development and work/job redesign methodologies. Revised policies for SCEIS implementation. Tested, implemented and assisted with usage of SCEIS. SCEIS efforts to continue in 2009-10.	54-55
VI. - Procurement Services	Customer satisfaction. Return on investment.	Developed standards for "green" purchasing for the State. Led a multi-agency effort to develop "green" purchasing standards for the State which will be implemented in October 2009.	56-57
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. Will integrate another 36 agencies into SCEIS and associated Budget oversight and monitoring. (November 2009).	59
VII.D - Energy Office	Return on investment.	Managed disbursement of $63 million in federal stimulus funds for energy efficiency and renewable energy. Funded projects should be completed by September 2011. The office is funding a study of offshore wind power. This research project should be finished by September 2010.	n/a

Our Vision We Make Government Better.

Our Mission

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

Our Values

- **Quality Customer Service and Products** We consistently provide outstanding products and excellent customer services, as defined by our customers, and we strive for continuous improvement.
- **Innovation** We are receptive to and flexible with the changing environment and the evolving world of technology. We welcome challenges, embrace innovation and encourage creativity.
- **Leadership** We strive to lead government through strategic and visionary approaches that are proactive, fair and ethical.
- **Professionalism** We perform our work with honesty, integrity and loyalty. We are committed to performance that is credible, thorough, competent and worthy of customer confidence.
- **Employee Well-Being** We respect the individual contributions of each employee and endeavor to empower them with the needed resources for teamwork, shared pride and continuous learning.

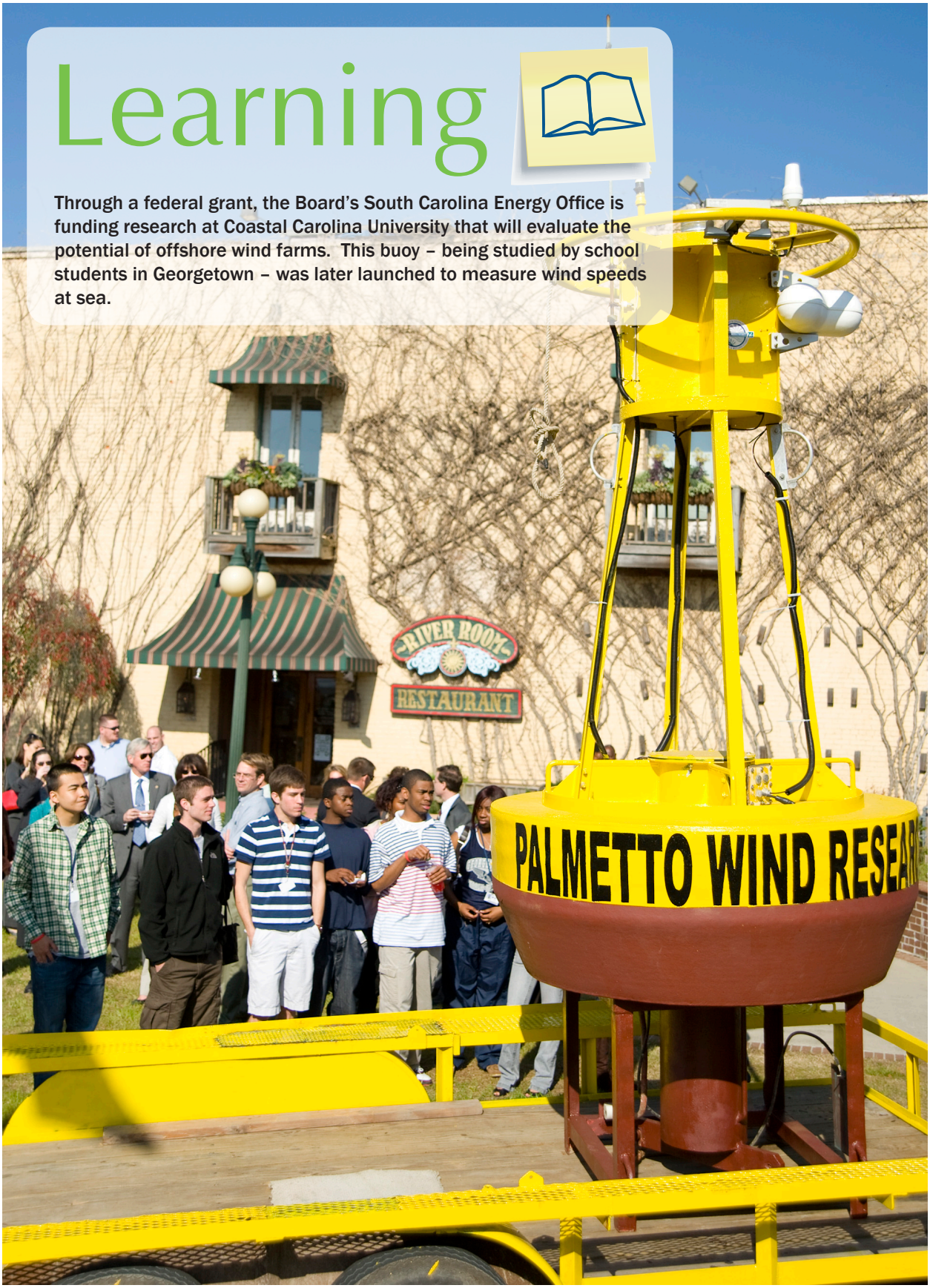
Cynthia Young and the Facilities Management renovation team.

Who we serve

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

Learning

Through a federal grant, the Board's South Carolina Energy Office is funding research at Coastal Carolina University that will evaluate the potential of offshore wind farms. This buoy – being studied by school students in Georgetown – was later launched to measure wind speeds at sea.



Category 1 – Senior Leadership, Governance and Social Responsibility

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

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

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

The needs of customers are the agency's first priority and are the consistent focus of most written and verbal messages from the Executive Director to managers and employees. One of the three key strategic goals of the agency is measuring and improving customer satisfaction. The Executive Director and senior leaders talk frequently with agency heads and other key customers to learn about their needs and specific concerns about Board-provided services. Agency requests for new phone options led to the establishment of privatized voice over IP system.

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

A top priority of the Board is to be a good steward of public funds, and the agency has strong legal and auditing components to ensure that all requirements are met. The Executive Director and senior leadership consistently emphasize to all employees that it is their duty to live up to the highest standards of ethical behavior. In 2008-09 the Board established a Fraud Prevention Hotline that makes it possible for customers, employees and citizens to report potential cases of fraudulent activity in Board-related programs. The hotline is listed on Board websites and in many print publications.

The Materials Management Office has initiated a Green Purchasing Committee which promotes a recycle methodology and energy savings ideas for procurement. The committee has developed a policy and standards now being reviewed by stakeholders for comment and implementation early in 2009-10. MMO has published a guide to recycled products on its website.

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

The Board takes seriously all laws and regulations that it operates under and fully cooperates with any outside inquiries. The Board maintains an independent Internal Audit function to conduct impartial analysis of internal controls of key fiscal issues. The Director of Employee Development has been tasked with revising and updating customer satisfaction surveying systems agency-wide to improve our ability to obtain actionable feedback.

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

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

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

Each program in the Board is required to use a data-driven, systematic approach to continuously review and improve operations. The Executive Director and Chief of Staff regularly review division and office key performance initiatives and receive reports on initiatives to improve the agency's three key focus areas. The Executive Director devotes considerable time to direct leadership of major initiatives such as an improved state information technology planning process and the SCEIS project.

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

In order to carry out the Executive Director's commitment to excellent hiring decisions, the Board continues to use diverse panels of employees to interview and select new hires. 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 employee engagement and encourages employees to develop their skills in preparation for opportunities within the organization. The Executive Director, Chief of Staff and Human Resources Director identify potential retirees and begin identifying and developing potential candidates for promotion. This preparation minimizes the loss of institutional knowledge.

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

The Executive Director is the leading advocate in South Carolina state government for performance improvement. He shows his dedication by teaching performance excellence classes and actively participating in the S.C. Government Improvement Network and the Executive Leadership Program sponsored by the Agency Directors Organization. Other board senior leaders are heavily involved in benchmarking projects. The Executive Director has

SCHIEx Revolutionizes Medical Data

Long before health information technology was a hot topic nationally, South Carolina was building and implementing its own network for sharing medical data. And now that the federal government is investing billions of dollars into such systems, the Palmetto State is ideally positioned to dramatically improve its health care infrastructure.

Last year, the Board's Office of Research and Statistics launched the S.C. Health Information Exchange (SCHIEx) in partnership with the S.C. Department of Health and Human Services. Medical care providers can now share patient data seamlessly over a secure network.

The American Recovery and Reinvestment Act sets forth new Medicare and Medicaid incentives that will give all the state's doctors, hospitals and medical facilities a reason to join the health IT revolution. There will also be special federal grant opportunities to build systems that will help doctors and others begin using health IT.

SCHIEx has been selected as the state's official health information exchange, enabling ORS to pursue federal health funding from the Office of the National Coordinator in 2010. ORS will play a key role in developing a State Level Roadmap that includes public, private sector, non-profit and other health care stakeholders.

also emphasized to key staff that the agency should establish performance measurement expectations for key contractors. The State Health Plan has incorporated such language into its key partner contracts. The Executive Director conducts a mandatory class on achieving performance excellence for all new employees. Key managers are invited to attend for refresher purposes.

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

Board leaders are constantly looking for opportunities to provide learning and development opportunities for everyone in the agency. In January, 33 Board employees participated in a new course called "Board 101 - Pathways to Excellence." In four sessions, employees learned about each major program, the history of the agency and took tours of key facilities. The seminars grew from an earlier initiative to provide training to newly-selected managers in which participant feedback consistently reported that all employees should be given the chance to learn about the many unique aspects of the agency. Participants in the program reported high satisfaction and the course will be offered again in 2009-10.

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

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

This continues to be an area that needs improvement as our senior leaders do not spend as much time as they would like visiting the many Board offices. The Executive Director discusses key issues through the *In the Loop* employee newsletter and also in a two-part online video that outlined the Board's key challenges for 2009. The senior leadership team visits each of the offices during the annual Public Service Recognition Week to thank employees for their dedication. In 2008-09, the Executive Director has embarked upon a series of meetings with front line managers in each area of the organization. These sessions focus on removing barriers to organizational improvement and discussion of long-term strategic goals. As a result several improvement projects have been initiated in key units.

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

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

Category 2 – Strategic Planning

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

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

Each division or major program area is working to develop a plan that is aligned with the Board's strategic plan, vision, mission and values statements. The Board's five-point strategic plan calls for providing quality customer services, continuously improving processes, promoting fact-based management, demonstrating financial/regulatory responsibility and accountability and valuing the agency's employees. Given the diversity of programs and services in the agency, divisions are expected to hold strategic planning sessions appropriate to their specific situation. Some offices, including the South Carolina Retirement Systems, the Office of Human Resources, State IT and the Procurement Division have plans that are used to drive strategic decision-making throughout the year. Work is continuing in other areas to develop such plans.

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

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

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

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

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

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

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

Q How do you measure progress on your action plans?

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

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

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

Making Old Money New

The Board's Surplus Property Program is selling some old currency in a new way.

Civil War-era bank notes issued by the Bank of the State of South Carolina have been up for auction on the Surplus Property eBay store. Media coverage of the sale helped drive up prices.

The currency is what remains from a larger set of old money that the state Department of Archives and History sold last year. All the currency was redeemed and cancelled by the state in the nineteenth century. While it is desirable for collectors, Archives deemed that it has sufficient samples in its collection that it could sell part of its currency holdings.

The money was issued by the Bank of the State of South Carolina, which played a key role in helping the state finance the war. The bank continued in successful operation until the end of the Civil War.

Currency currently for sale includes $3, $4 and $10 dollar notes plus a 50-cent fractional note. Some of the items have sold for hundreds of dollars. The proceeds – minus a small administrative fee – are returned to Archives and History.

Category 3 – Customer Focus

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

S.C. Enterprise Information System training.

As a public agency, our customers are largely mandated by statute and regulation. Each program is responsible for having listening and learning methods in place to keep up with changing customer needs. The Director of Employee Development was tasked with evaluating customer survey methods to help programs obtain more actionable feedback.

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

All managers are responsible for ensuring that front-line service delivery employees are responsive to customer input. Programs are also required to develop systematic stakeholder feedback instruments appropriate to their area. These feedback instruments are currently undergoing a comprehensive revision to achieve greater consistency and usefulness. Agency executive leaders also interact with program customers when special issues arise. Impartial third-parties are used to conduct surveys or focus groups to ensure actionable feedback. For example, the Materials Management Office annually holds a retreat with agency procurement officials to discuss their needs and participants in seminars that help small businesses learn about the state procurement process.

Key systems for customer management are updated to improve business performance. State Fleet management is currently implementing FleetWave, the replacement program for the S.C. Equipment Management Information System. The new system will be less expensive to operate than SCEMIS, and offers many more features such as improved reporting and accident management.

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

Historically, each Board division has a system for collecting actionable customer feedback which helps determine the delivery of services. Currently, the Board's Director of Employee Development is working with each division to update and improve their customer feedback systems with a goal of enhancing the collection of real-time actionable data. New measures will be presented in the next annual report. Board programs also emphasize direct interaction with customers and agencies.

In 2008-09, state procurement staff spoke to 2,357 state and local government officials regarding application of the Consolidated Procurement code and vendors on how to sell their products and services to the State of South Carolina. This included hosting

and conducting training events for small and minority vendors and conducting one-on-one matchmaking sessions. Procurement staff also held "town hall" outreach sessions for more than 250 public officials to seek input on our performance and recent amendments to the Consolidated Procurement Code.

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

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

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

When data from various sources indicate a clear desire from customers, program changes are made ifpossible. For example, the Materials Management Office has used agency feedback to guide the update of state procurement laws and practices. This included an update to the unit's policies and procedures manual which is used to govern the management of procurements on a day-to-day basis.

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

Our customers fall into two general categories – those who receive mandated services from the Board and those who use certain services that are optional, such as our print shop or overnight mail service. Relationships are enhanced by demonstrating our consistent willingness to seriously consider concerns or suggestions and to take positive action whenever possible. The State Health Plan holds an annual week-long Benefits at Work conference that provides benefits administrators from state and local agencies the opportunity to learn about changes to the plan and express their views on current topics. The Materials Management Office has hosted town hall meetings and other seminars for agency purchasing officials and potential vendors. We strive to work individually with customers to meet their specific needs.

The Board on Twitter

The Board is continuing to search for new ways to connect with citizens and customers. The Board was one of the first state agencies to begin using Twitter, the fast-growing "micro-blogging" site.

Twitter is a free service that enables its users to send and read messages known as tweets. Tweets are messages of up to 140 characters displayed on the author's profile page and delivered to the author's subscribers who are known as followers.

The Board uses Twitter to update followers about everything from upcoming meetings to sales at the Surplus Property Warehouse. And with more than 600 followers as of August 2009, the Board has one of the largest Twitter audiences of any state agency. The Board has also helped others grow their Twitter presence by publishing an online guide to S.C. journalists, elected officials and public agencies who use Twitter. Want to Tweet with us? Find us at www.twitter.com/bandcb.

twitter

Category 4 – Measurement, Analysis and Knowledge Management

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

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

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

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

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

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

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

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

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

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

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

Each program area is expected to follow the "listen, learn and improve" process described previously. Customer feedback and measures that lag are used to identify the next best opportunity for improvement. For example, the State Fleet Compliance and Administration Unit has specific performance improvement goals in seven areas, including improvements to cycle times for processing purchase orders and vehicle title transfers. When Agency Mail found that data showed changing patterns in customer mailings, they restructured and consolidated one in-town route and two out-of-town routes, resulting in more than $45,000 in personnel cost savings.

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

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

During 2008-09, the Leadership for Employee Development (LEAD) Team completed design and implementation of a comprehensive curriculum with the goal of enhancing the competencies needed for successful leadership. This group of top level managers identified the core competencies that are critical for all levels of managerial positions within the agency. Because of the significant budget cuts the Board experienced during 2008-2009, only the initial phase of the program was implemented in 2009. This initial phase will help to set the stage for subsequent phases once training dollars are available.
To address immediate knowledge transfer needs as those in critical positions approach retirement, the Board requires managers to develop a knowledge transfer plan prior to the employee leaving the agency. When possible, the replacement for a key position is hired prior to the retiring employee leaving to ensure that implicit and explicit knowledge is transferred to the new employee. This transition period has proven invaluable for staff, customers and the new employee. Diversity is encouraged as the replacements are selected. Board HR provides information to the hiring manager about underutilized groups for each vacancy and assists with targeted recruiting efforts.

Board programs are closely engaged with regional and national professional organizations and other entities that provide opportunities to enhance agency practices. For example, the Materials Management Office has completed the first phase of the Federal Emergency Management Agencies' (FEMA) National Incident Management System (NIMS) Training to support our efforts to learn best practices in emergency management and response. MMO is responsible for managing the acquisition of key supplies during emergencies such as hurricanes.

Board Cuts Travel Spending 43% in 2008-09

A key element of the Board's drive to save money during the budget crisis has been to reduce travel spending. It's a call that Board managers and employees took seriously last year.

Travel spending declined by a whopping 43 percent during 2008-09, dropping by more than $225,000 to $306,865. All but one of the agency's 19 units slashed travel spending, many by 50 percent or more.

By reducing overhead, Board programs can provide lower rates or maintain service by avoiding staff reductions. And with budgets expected to remain tight, Board leadership will keep looking for ways to trim travel costs.

Category 5 – Workforce Focus

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

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

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

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

As a diverse agency with offices that are physically dispersed around town, this is a challenge. The Board created an internal communications program for its employees. The program includes several communication vehicles such as the *In the Loop* weekly newsletter, online videos, quarterly flyers, "In the Loop" posters, and the "In the Loop" section of the employee Intranet. The Board has also expanded the use of social media, including Facebook and Twitter, which are available to internal and external audiences. In January 2009 the agency also launched "Board 101 - Pathways to Excellence" which provides an opportunity for employees to learn about and visit areas of the agency that they would otherwise not experience during their regular jobs. The Board's internal Chief Information Officer has also worked to standardize the agency's approach to technology issues and to foster cooperation and sharing among office IT staff. The monthly meeting of senior managers also provides a forum for information sharing among divisions.

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

Due to budget shortages we usually advertise positions internally to offer opportunities to our current staff. Jobs are advertised externally through the state's online job application system.

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

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

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

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

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

The Board has a universal review date of January 1, which means that evaluations must be completed for all employees at the same time. This ensures that managers will develop an overall picture of individual performance, along with a comprehensive view of the organization's performance. In addition, senior managers have performance information on all employees at one point in time to use as a barometer to measure progress toward strategic initiatives, identify areas of concern, as well as recognize outstanding performance. During 2008-09, the Board offered a number of training sessions to help supervisors understand how to use the EPMS to communicate expectations and achieve better results.

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

Board leaders participate with other agency directors and deputies of state agencies in leadership training conducted by the Daniel Management Center. This training is part of a developmental component of the Agency Directors Organization. Board employees also participate in the Certified Public Manager program offered by the Office of Human Resources. The Executive Institute was vetoed last year and there is no longer a state program for executive level leadership development.

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

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

In 2008-09, we scheduled 15 sessions of professional development training for Board employees through Midlands Technical College. However, we immediately began to see decreased enrollments in the classes due to budget concerns. There were a total of 413 participants in Board sponsored training sessions during the year. Based on the reduction in participation, we looked for innovative methods for continuing to develop our employees. We partnered with the Department of Labor, Licensing, and Regulation to offer our Anti-harassment class for supervisors, as well a course titled Managing Across the Generations. We eliminated the fee for in-house classes to encourage attendance. We continue to mandate supervisory training for all new supervisors due to the important role that they play in keeping employees motivated during stressful times. Safety training is available on-line for all trades and custodial workers in order to carry out our commitment to a safe work environment.

We also renegotiated the contract for the Learning Management System in order to provide continuity in our record keeping and on-line delivery of selected courses at the best possible price.

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

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

Serving Those Who Served Us

Recently Glenn King of the South Carolina Retirement Systems paid a visit to A. Ralph Folk, who for more than three decades has received his monthly pension benefit without delay or interruption. Mr. King wrote this report about their chat.

I met Mr. Folk at his home in Moncks Corner. He is a very gracious, outgoing senior citizen whose appearance and vigor belie his age of almost 90. He seems to be in very good physical condition, and admitted with disappointment that he had to give up bowling several months ago due to an eye problem.

He is quite modest about his life, and was even a little hesitant about talking about himself. But he smiled proudly as he spoke of the "early" years during World War II when he served aboard a Navy destroyer in the Philippines. Then his countenance darkened as he told of the ship being attacked by the Japanese, losing 90 or so sailors. Like most old soldiers, he did not care to dwell on that part of his life.

After the war, he used the GI Bill to attend the University of South Carolina, where he received his bachelor's and master's degrees. He then taught school in Sumter County where he coached against the future New York Yankee second baseman, Bobby Richardson. Later he became an elementary school principal. Mr. Folk retired from his education career in 1976, but continued to serve in the Naval Reserves for some years after that. He finally retired with 39 years total military service to go with 33 years in SCRS.

But he still wasn't through. He worked another 17 years with a security company. He now lives comfortably with his disabled wife, his daughter and her family.

I asked him what his SCRS benefit means to him. He brightened up and gushed, "It means the world. My wife has Alzheimer's disease, and the money from both of these retirements helps provide for all of the extra nursing we have to arrange for her."

It seems he is always thinking about how things relate to those around him, and not himself. He has always been that way, it would seem: hard-working, caring for his own and others, and willing to serve. He is part of that generation that Tom Brokaw wrote about. And this country was fortunate that he and his generation served us so well.

I asked him if he had ever had any contact with anyone at SCRS.

"No, I get my check every month and I have learned that I can depend on it," he said.

Is there anything to add? "Tell the people of South Carolina that we are very lucky to have a good retirement plan that we don't have to worry about".

That is an awesome compliment and quite a responsibility to live up to. We at SCRS must make sure it stays that way.

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

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

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

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

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

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

This year, due to significant budget reductions, we elected not to spend any money on Employee Recognition Week. However, each Board division conducts an in-house reward and recognition program for their employees. Each program holds a special recognition event during Public Service Recognition Week in May. During this time, employees achieving milestones of 20, 30 and 40 or more years of state service are honored. *In the Loop*, the Board's weekly employee newsletter, regularly features articles on employees and their accomplishments. We also fully encourage managers and supervisors to recognize small accomplishments on a daily basis. We stress individual personal recognition.

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

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

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

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

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

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

The Board continues to offer CPR/First Aid training to its employees. The number of accidents in 2008-09 was 31 with an average of 36.58 lost days from work. When accidents occur, supervisors determine the cause and make recommendations to prevent a similar accident. The General Services Safety Team helps other divisions on ergonomics and other issues such as noise control.

Workplace inspections are conducted routinely by the General Services 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 are vital to the accident prevention process of our safety and maintenance programs.

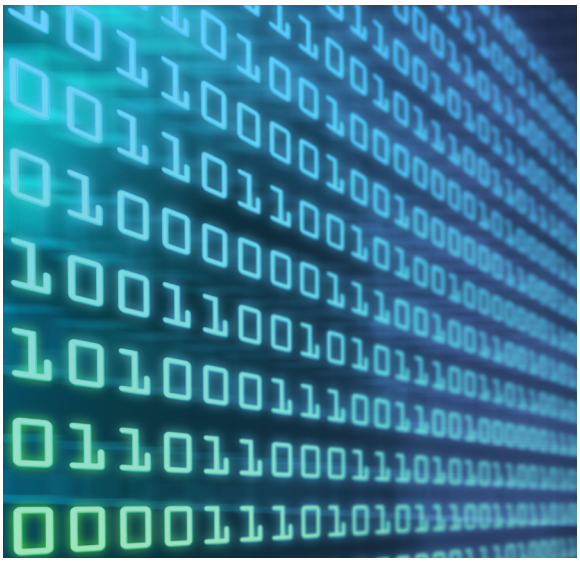
Maintaining meaningful performance data and measures are essential to achieve the desired safety performance. Monthly Safety Dashboard and semi-annual analysis reports provide employees, supervisors and upper management with factual information and an objective evaluation of the magnitude of any work-related injury/illness problem by:

- Providing an analysis of work-related injuries and illnesses that point to specific high-rate circumstances.
- Indicating causal factors so teams can develop and implement specific counter-measures, measure the effectiveness of countermeasures and monitoring changes.
- Creating management interest and employee ownership in safe work processes.
- Highlighting safety successes.

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

The Disaster Recovery Program at the Division of State Information Technology is designed to benefit customer agencies who store large amounts of data. The objective of the program is to restore vital operating data accessible to its 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.

Securing South Carolina's Cyber Space



As cyber attacks continue to make news across the nation, the Division of State IT's Security Operations Center has taken a bold step in helping to protect state computers from the critical risks associated with data theft.

Through a process known as whole-disk encryption, information contained on laptops, desktops, mainframe systems and e-mails are automatically encoded, offering users an increased level of protection from the growing number – and cost – of cyber-security threats.

During the initial phase of this effort, more than 7,000 computers have been protected throughout the state. As a result, all e-mails between State IT and participating agencies – including health care and law enforcement entities – are encrypted automatically, thereby ensuring regulatory compliance, reducing human error and helping to improve the security of South Carolina's cyber space.

Category 6 – Process Management

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

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

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

Throughout the Board's wide range of services, computer-based management programs are used to track work orders, customer contacts, repair histories, and service requests. Generally, this broad pool of data is coupled with customer focus groups, routine customer satisfaction surveys, and up-front solicitation of customer requirements to determine policy changes, budget requests, employee training needs and the provision of new services. Processes are constantly reviewed by agency management and front-line staff. The Materials Management Office updated its policies and procedures. The revised manual was published in April 2009.

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

Each program area tracks a unique set of measures that relate to the nature of their business. This includes the expense ratio for the Insurance Reserve Fund, customer intake wait times at the Retirement Systems, State Fleet daily rental rates compared with the private sector, and State Health Plan usage data. Negative trends in these areas would result in immediate management reviews and operational changes. Technology is used where appropriate and affordable. For example, service measures such as the number of minutes it takes to answer a customer call are also monitored and are used to drive staffing assignments.

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

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

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

Senior management regularly reviews the cost and effectiveness of all Board programs and outside experts are used to evaluate programs on an as-needed basis. Throughout the agency, programs are expected to use new technology to replace paper-based systems so that overhead costs can be kept down. Such initiatives allow the Board to periodically reduce rates whenever possible for property insurance, procurement and IT, delivering better value for our customers. 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 due to unexpected stays in the shop.

Board programs constantly look to establish procedures that guarantee a quality work product

even when staff turnover. The Horticulture Team has created a new "Better Team, Better Green" initiative that includes a weekly check-off sheet to insure that all key landscape maintenance procedures are done and accomplished at each property. This sheet will be signed by the crew leader who will note any special problems that need attention. A general reference sheet will accompany the check sheet to explain in detail the landscape maintenance procedures outlined on the form.

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

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

Board support units are focused on achieving business results for the agency's service divisions. For example, Board Communications partnered with agency mail for a marketing campaign that increased business from the State Library's new Library Consortium Program (SC LENDS).

Board funding comes primarily from the sale of services with state appropriations constituting about 14 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 reallocates available funds within a program area.

Retirement Systems Receives Top Honors

Institutional Investor Magazine, Information Management Network, and *Money Management Letter* together named the South Carolina Retirement System as the "Large Plan of the Year" for 2009 in recognition of its sweeping reform efforts and leading edge design implementation.

Money Management Letter said that South Carolina is the only known fund to be considering formalizing a process for adjusting asset allocation for different market scenarios. The fund has already taken steps to position the portfolio towards a recessionary environment by scaling down equity and building cash reserves.

Robert Borden, the CEO of the State Investment Commission, accepted the award on behalf of the State of South Carolina. Last year the top honors went to the New Jersey Division of Investment.

Improving

Last year, the Board's Office of Research and Statistics provided counties like Saluda with updated electronic maps that 911 centers use to dispatch rescue crews. Those maps ensure that the Saluda Fire Department can get to the scene of an emergency as soon as possible.

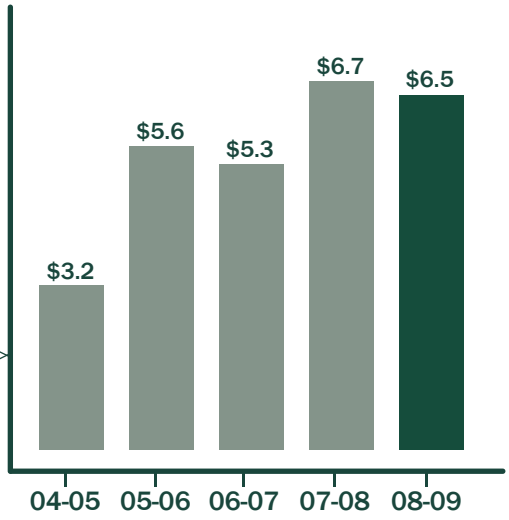
General Services Division

Surplus Property Increases Value for Agencies

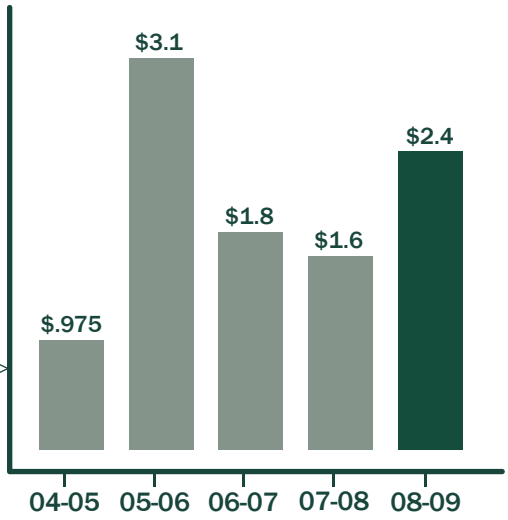
The Surplus Property Program allows state agencies, political subdivisions and non-profit organizations to receive state and federal surplus property at lower rates than the cost of buying new.

$6.5 million was returned to the agencies that sold their surplus property.

Proceeds Returned to Agencies, in Millions, by Surplus Property



Costs Avoided by Agencies, in Millions, through Surplus Property



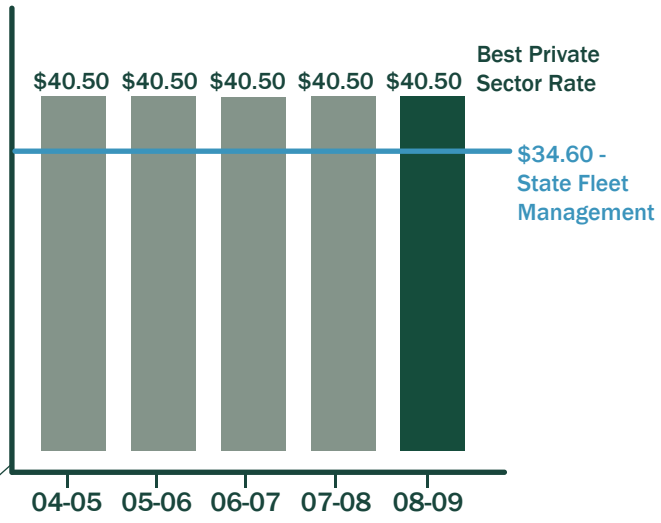
Surplus Property also saved customer agencies $2.4 million over the cost of buying new property by providing them with used equipment.

General Services Division

State Fleet Management

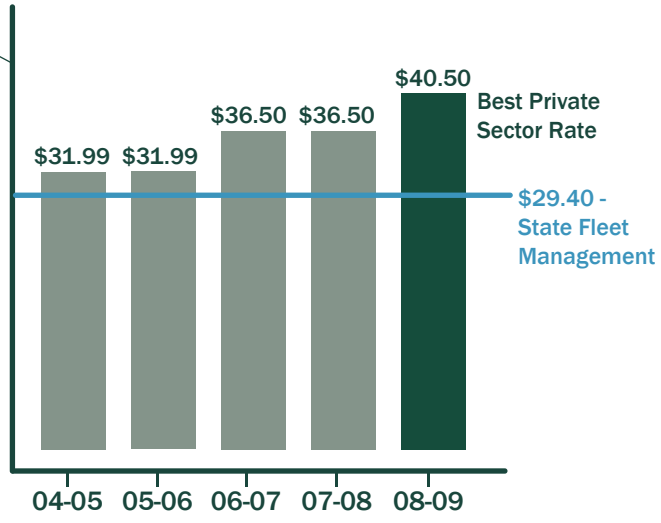
The Budget and Control Board's State Fleet Management section has oversight over state government's non-school bus vehicle fleet. Of the 16,198 vehicles in the state fleet as of July 2009, 80 percent are owned and managed directly by individual agencies. State Fleet also leases vehicles to agencies that prefer not to own their fleet. It also operates a motor pool that provides daily vehicle rental.

Cost Comparison for 110-mile trip: Full Size Sedan



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

Cost Comparison for 110-mile trip: Compact Sedan



Largest State Fleets

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

* Includes 2,887 vehicles currently leased to other state agencies.

General Services Division

State Fleet Management

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.

Mike Tucker, State Fleet.

State Vehicle Contracts Compared with MSRP

Vehicle	2009 Contract Price	MSRP	Percentage Below MSRP
Ford Focus, Sedan, Compact 4 Door	$13,191	$17,905	26%
Chevrolet Impala - Pursuit	$18,750	$26,100	28%
Crown Victoria - Pursuit	$21,914	$29,105	25%
Ford F-150 Pick-up 1/2 Ton 4x4 Flex Fuel	$22,165	$33,000	33%
Dodge Caravan Van, Mini Cargo, Flex Fuel	$17,544	$22,645	23%
Chevrolet Tahoe, Full Size Utility 4 Door Flex Fuel	$26,598	$35,735	26%
Toyota Prius - Hybrid, Gas/Electric	$22,889	$24,319	6%
Ford Escape, Compact Utility	$19,603	$27,050	28%
Dodge Dakota - Extended Cab, Flex Fuel	$15,313	$25,310	39%
Dodge Grand Caravan - Van, Mini Flex Fuel	$17,544	$22,645	23%
Dodge Ram 2500	$16,159	$30,405	47%
Dodge Ram 2500 Extended Cab Heavy Duty	$23,171	$37,255	38%
Dodge Durango - Intermediate Utility	$19,259	$29,945	36%

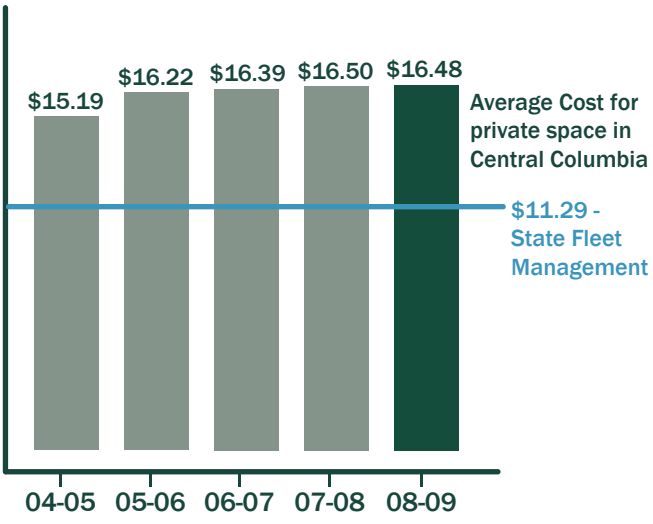
General Services Division

Facilities Management

The mission of Facilities Management is to deliver electrical, mechanical, maintenance, energy management, fire protection, horticultural, custodial, project management, safety and building renovation services for state owned buildings in the most efficient manner.

Facilities Management maintains and operates more than 80 public buildings. 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 Employment Security Commission.

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 12 years. The state rate is compared here to the Columbia Central Business District average rental rate for the private sector. This rate is calculated by Colliers Keenan, a South Carolina commercial real estate firm. However, maintaining these low rates creates a challenge in meeting maintenance requirements, even though a portion of surplus real property proceeds are allowed by law to help fill the gap.

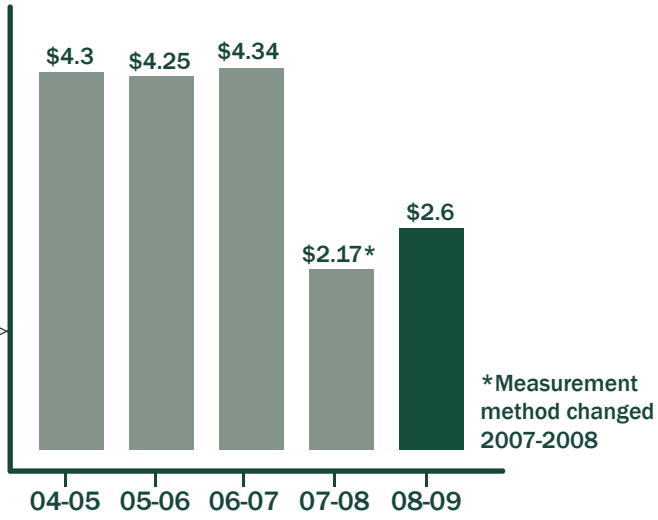
Chris Pressley, Locksmith Facilities Management.

General Services Division

Agency Mail Continues to be Best Choice for Government Organizations

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

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



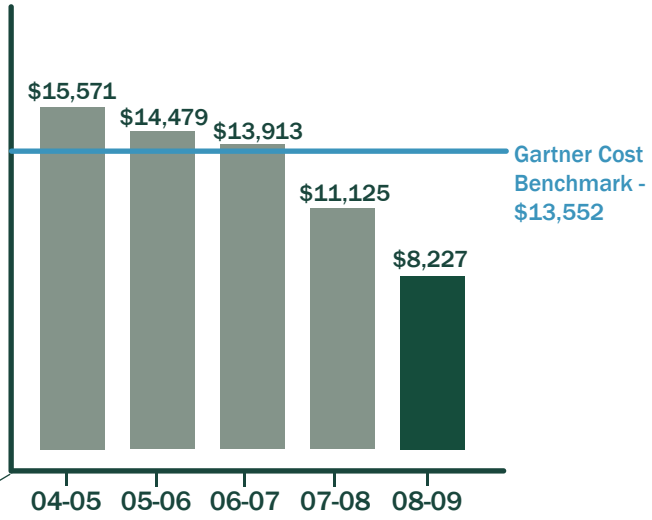
Division of State Information Technology

Division Continues Push to Save Money

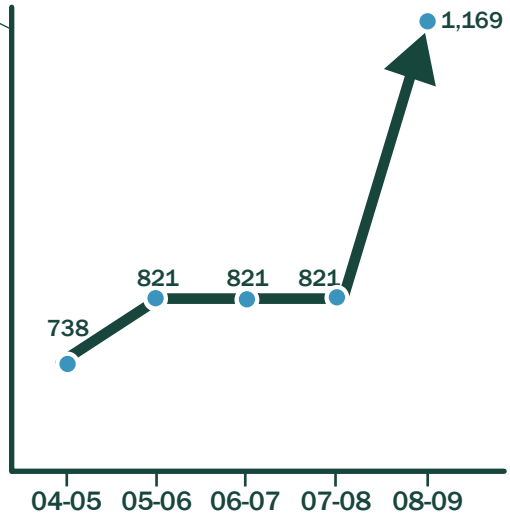
The Division of State Information Technology continued to cut costs for customers in 2008-09 by reducing rates for popular services including e-mail and desktop support. At the same time, the division's capabilities improved as mainframe capacity grew.

These charts reflect a five year trend of increased mainframe capacity – measured in millions of instructions per second (MIPS) – as well as a period of five consecutive years in which the cost per MIPS has steadily declined. The current cost per MIPS is considerably less than the Gartner industry benchmark. A second IBM Z9 mainframe system was added to the Division of State IT's Data Center last year, thereby increasing total MIPS capacity. This addition increased capacity and spread the cost across a higher number of MIPS resulting in a correspondingly lower cost per MIPS.

State Data Center Mainframe Cost



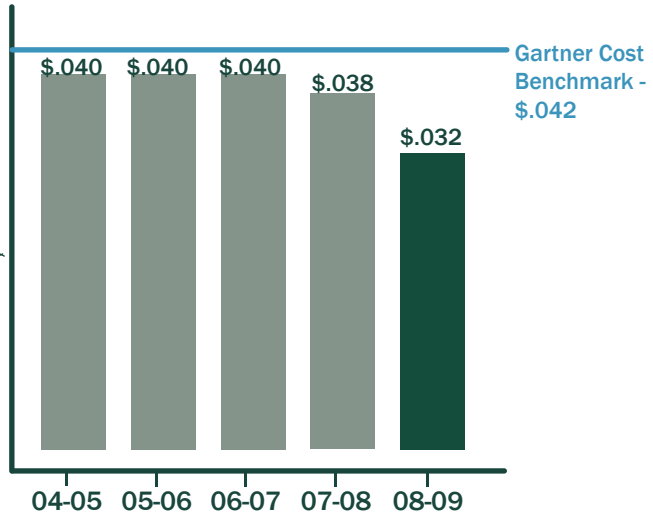
State Data Center Mainframe Capacity in MIPS



Division of State Information Technology

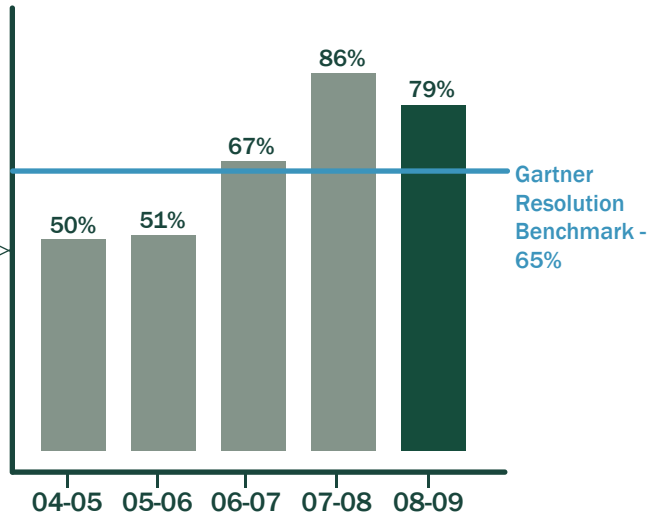
Average Cost per Minute for DSIT-Provided Long Distance Service

This chart reflects the average cost per minute for long distance service, a cost that has remained level or declined in each of the previous five fiscal years and is better than the Gartner industry standard of $0.042.



Service Desk First Call Resolution

This chart reflects the percentage of incoming Service Center phone calls that are resolved at the first point of contact, without delay or referral. First call resolution rates have continued to exceed both the Gartner industry standard (65%) and State IT's internal goal (75%). First call resolution experienced a 7.18% decline last year due to the fact that the Service Desk no longer processes directory assistance phone calls. These calls – now processed by Spirit Telecom – were typically resolved during the first contact.



State IT Helps Keep SC Schools Wired

The Board's Division of State Information Technology has played a key role in making South Carolina a leader in "high tech" schools.

DSIT utilizes K–12 School Technology Initiative funding to provide the mission-critical telecommunications network and Internet connectivity for K–12 schools and public libraries statewide so that appropriate instructional capacity can be achieved in South Carolina's schools.

South Carolina was one of the first five states in the country to provide a statewide network and Internet access to all K–12 schools and public libraries. As a result of this achievement, 100 percent of the schools in Palmetto State meet the CEO Forum's standard of "high-tech" schools for connectivity.

As the technology needs of the educational system in South Carolina have grown, State IT has upgraded the network to take advantage of new telecommunications technologies that deliver more bandwidth to schools and libraries. Statewide bandwidth requirements have grown substantially since the statewide network was created during the late 1990s.

Without this connectivity, schools and students would not benefit from key initiatives such as the South Carolina Virtual School program, an online alternative high school, and StreamlineSC, which provides educational streaming videos.

Despite this progress, demand is growing. The majority of school districts are still requesting additional bandwidth while 36 percent of libraries have received or are requesting greater bandwidth to serve the more than 5,000 computers used by library patrons statewide to access the Internet.

Increased access will depend on future funding. The funding allocated by the General Assembly is supplemented by E-Rate funding from the federal level, however, E-Rate funding is in jeopardy as there is a movement in Congress to eliminate the program entirely.

Division of State Information Technology

SC.gov Continues to Reshape Delivery of State Services

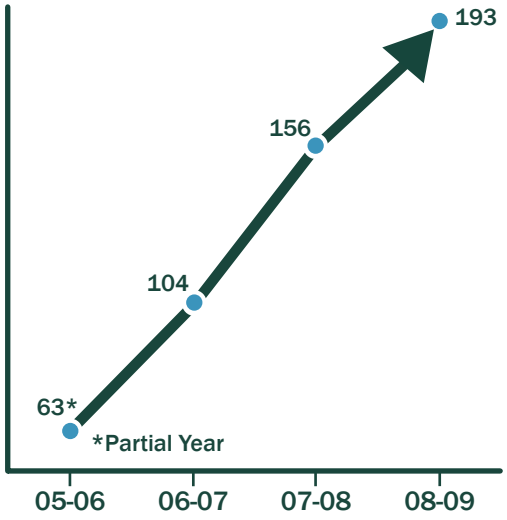
In 2005, the Board's Division of State Information Technology took a unique approach to revitalizing the state's home page on the Web. Instead of building the site in house, they formed a public-private partnership with S.C. Interactive, a local unit of the eGovernment firm NIC.

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

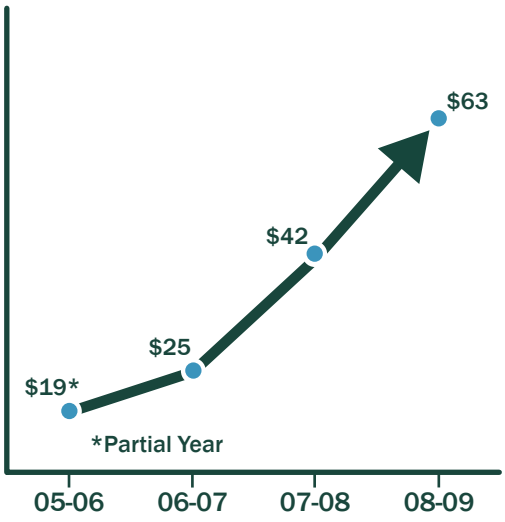
This "self-funding" model encourages the state and S.C. Interactive to build online services that the public wants without requiring upfront tax appropriations to do so. And the approach is working. In the last 18 months, S.C. Interactive has:

- Implemented 87 payment processing services for more than 87 governmental entities within S.C. (48 in 2008-09 alone).
- Launched 33 governmental entity Web sites and provide hosting and ongoing support. (Nine in 2008-09).
- Implemented 24 custom interactive applications (Four in 2008-09).
- Assisted S.C. government with cost avoidance of more than $3.7 million dollars. (More than $1.1 million in 2008-09).

Millions of Hits on SC.gov



Millions of State Funds Collected

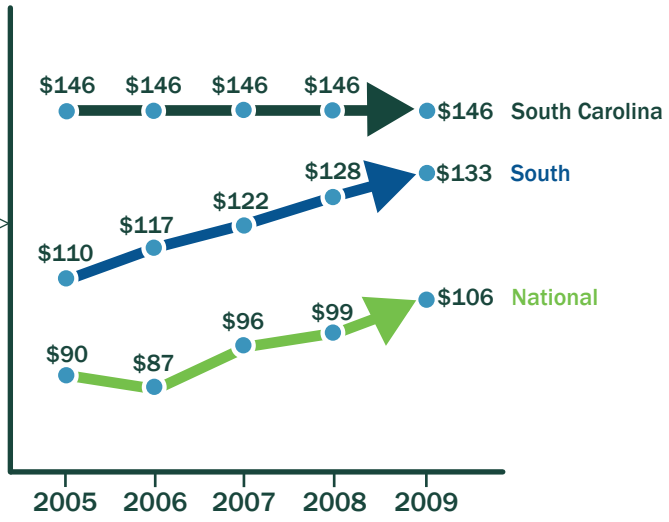


State Health Plan

State Health Plan Premiums Unchanged for Fifth Year

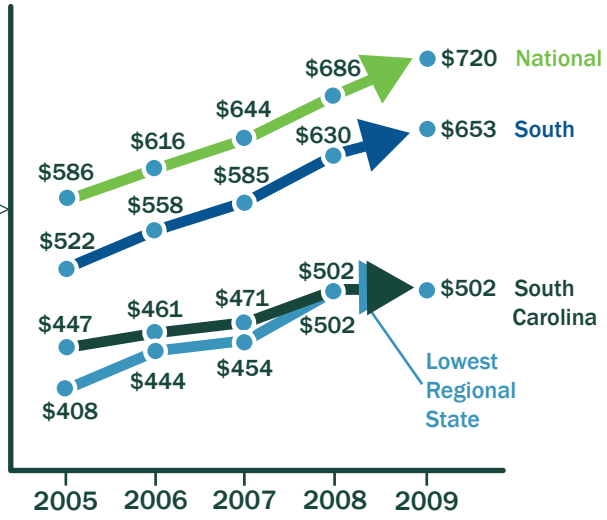
While the average employee premium remains slightly above the regional average, the State Health Plan has not increased the rates it charges members since January 1, 2005. The rates will remain unchanged for the 2010 calendar year with the exception of a $25 per month surcharge for tobacco users.

Average Weighted Employee Premiums Compared with other Public Employee Plans



This chart and the one above demonstrates that while overall insurance premiums are lower in South Carolina than nationally, plan members here pay a larger share of those costs than do public sector workers nationally.

Combined Employee and Employer Average Weighted Premiums



A Healthy Incentive

The Board's State Health Plan is giving South Carolina hospitals an incentive to improve.

For the last four years, the SHP has given higher reimbursement payments to hospitals that perform well on at least four of the 20 important practices that experts say every hospital should do for common illnesses.

Created by the federal Center for Medicare & Medicaid Services (CMS), the Process of Care measures show whether hospitals perform essential tasks recommended for patients being treated for a heart attack, heart failure, pneumonia, or other ailments. The recommendations range from things like giving heart attack patients aspirin at arrival to avoiding the use of razors to prepare people for surgery.

Hospitals that are in the top 10 percent among medical centers nationwide in four categories are given a .5 percent increase in their SHP inpatient hospital reimbursement rate. For each measure beyond four that ranks in the top 10 percent, hospitals receive another .5 percent reimbursement increase.

The medical community seems to be taking notice. The number of hospitals earning the award has increased from four in 2007 to 20 in 2009 – meaning more hospitals are doing things proven to make patients get better faster.

AnMed Health of Anderson.

- Aiken Regional Medical Center
- AnMed Health
- Carolinas Hospital System
- Grand Strand Regional Medical Center
- Greenville Memorial Hospital
- Palmetto Health Baptist
- Palmetto Health Richland
- Piedmont Medical Center
- Sisters of Charity Providence Hospital
- Spartanburg Regional Medical Center
- St. Francis Hospital
- University Hospital
- Allen Bennett Memorial Hospital
- Conway Medical Center
- Georgetown Memorial Hospital
- Hillcrest Memorial Hospital
- Loris Community Hospital
- Marion County Medical Center
- Oconee Memorial Hospital
- Palmetto Health Baptist Easley

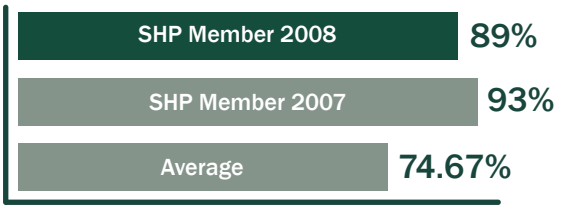
State Health Plan

Member Satisfaction - BlueCross

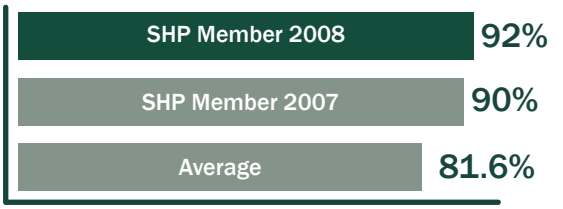
The State Health Plan uses BlueCross BlueShield of South Carolina to administer claims. This year, SHP required BlueCross to conduct a survey of members who contacted the Customer Service or Medi-Call system during 2008. The questions were taken from and benchmarked against the National Committee Quality Assurance Health Effectiveness and Data Information Set as a basis for improvements in care and service.

*The percentile score is the overall percentage of members who responded "Always" or "Usually" (numerical rating of 7, 8, 9 or 10 on a 10 point scale) when asked how often did your health plan...?

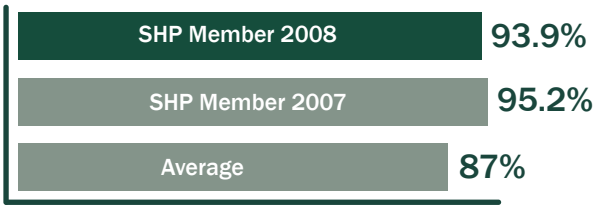
Did you receive the information or help you needed from Customer Service or Medi-Call?



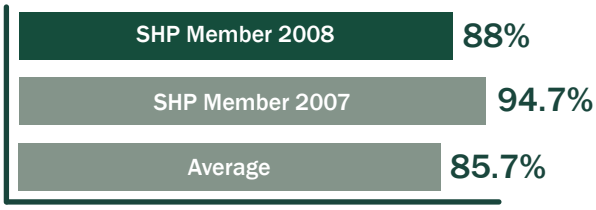
Did the Customer Service and Medi-Call staff treat you with courtesy and respect?



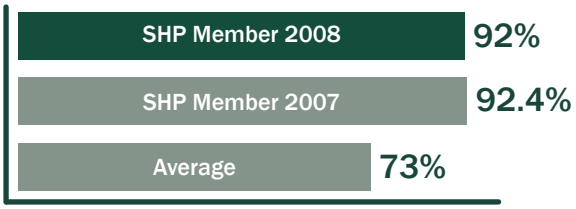
How often did BlueCross handle your claims correctly?



Did you get needed help or information from Customer Service or Medi-Call with your first phone call?



Overall, how satisfied are you with your State Health Plan insurance?



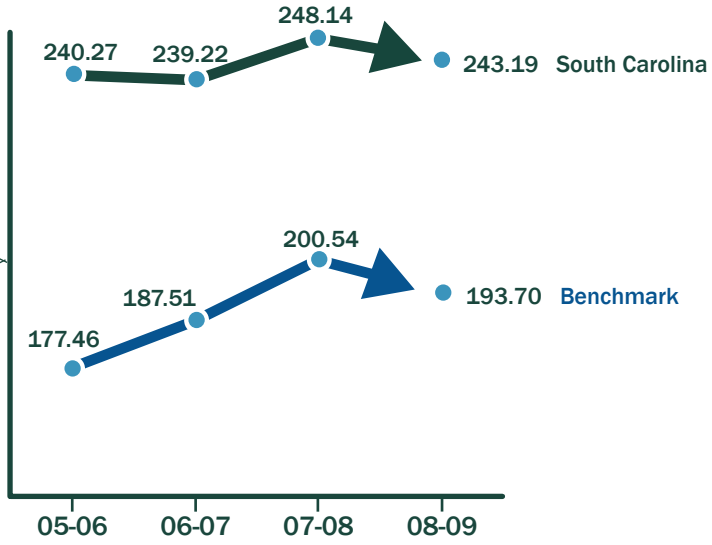
How often did BlueCross handle your claims quickly?

State Health Plan

State Health Plan Records Positive Usage Trends

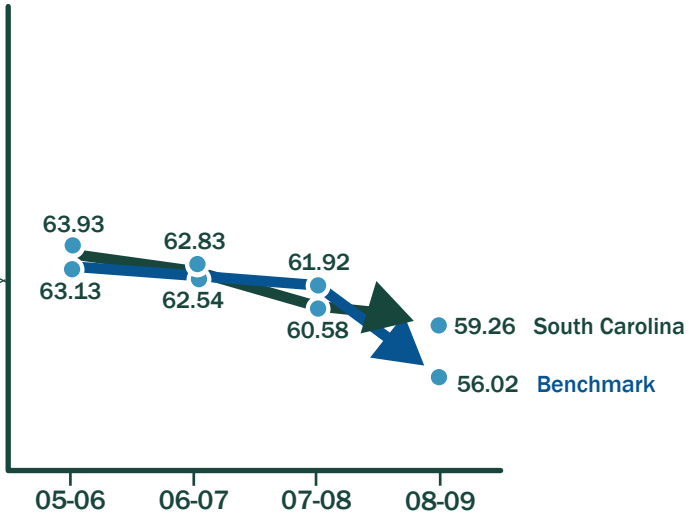
The State Health Plan tracks the utilization of key services to determine the impact of the plan's structure. Both the state rate and the benchmark declined in 2008-09.

Emergency Room Visits Per 1,000 Members



The State Health Plan's focused efforts to help chronically ill patients manage their diseases and to advise doctors when treatment options vary from national standards are believed to be helping members reduce the frequency of inpatient hospital visits. Changes in medical technology are also allowing more procedures to be performed on an outpatient basis.

Inpatient Hospital Visits Per 1,000 Members

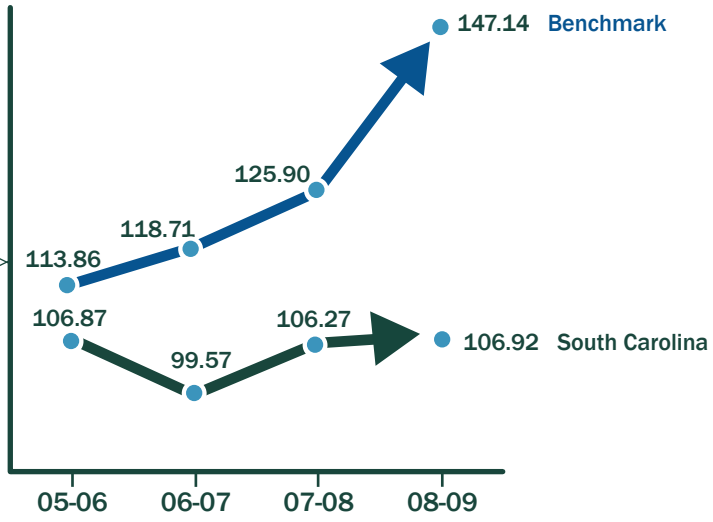


State Health Plan

State Health Plan Records Positive Usage Trends

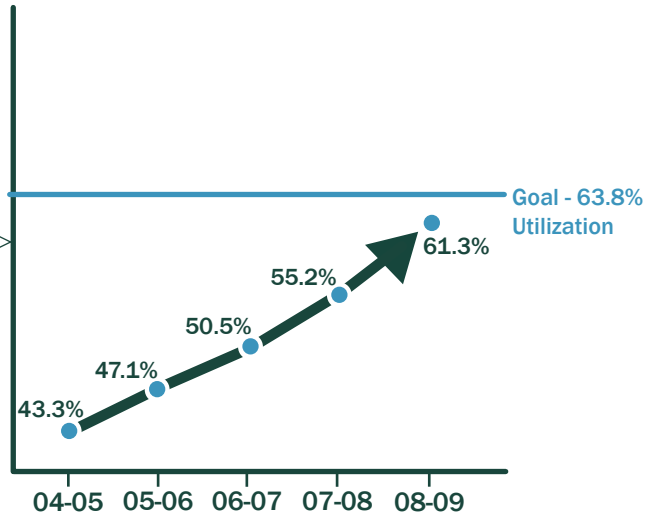
The growth in outpatient surgery is a positive trend because it indicates that members are moving away from more expensive inpatient visits.

Outpatient Surgery Per 1,000 Members



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.

Prescription Drug Generic Utilization as a Percentage of all Prescriptions



South Carolina Retirement Systems

System Continues to Enhance Efficiency

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

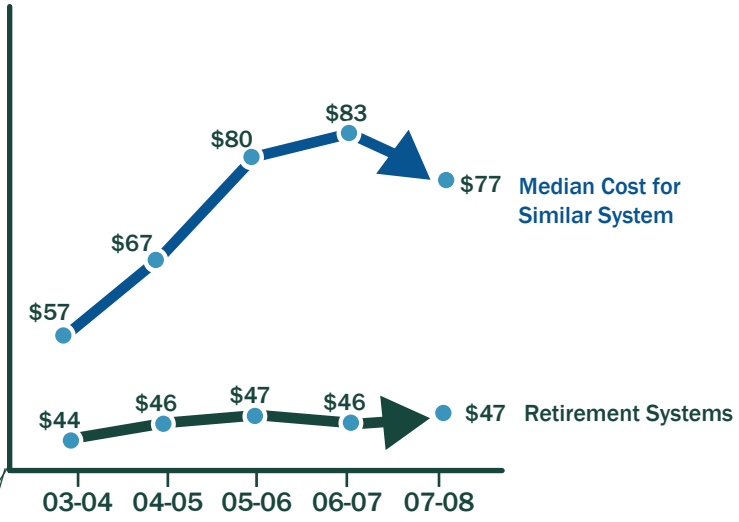
Newly-hired employees may also select the State Optional Retirement Program, which allows participants to invest their retirement contributions in stocks or other investment vehicles. Retirement benefits for ORP members are based on the balance in their accounts when they retire.

- Total Number of Retirees for All Systems: 119,820
- Total Number of Active Employees for All Systems: 232,120
- Total annual payroll for annuitants is more than $2 billion.

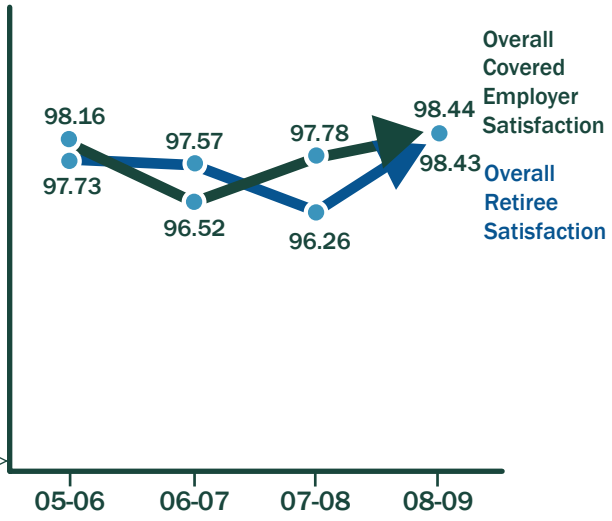
A benchmarking analysis by Cost Effectiveness Measurement, Inc., found that in 2007, the Retirement Systems operated at the fourth lowest cost per member among the 15 peer pension plans in the analysis. The Retirement Systems' cost trend has remained steady in comparison to continual increases among similar systems. This is indicative of the division's efforts to operate efficiently and effectively. *In 2007, the decision was made to conduct this survey every other year.*

Stakeholder satisfaction levels remained very high in 2008-09.

Administrative Cost Per Member



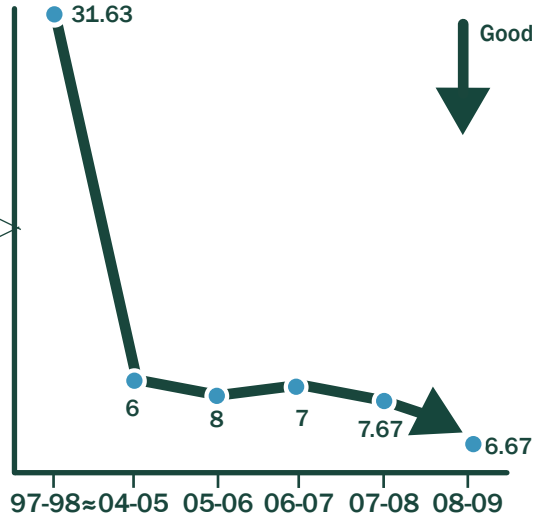
Stakeholder Satisfaction



South Carolina Retirement Systems

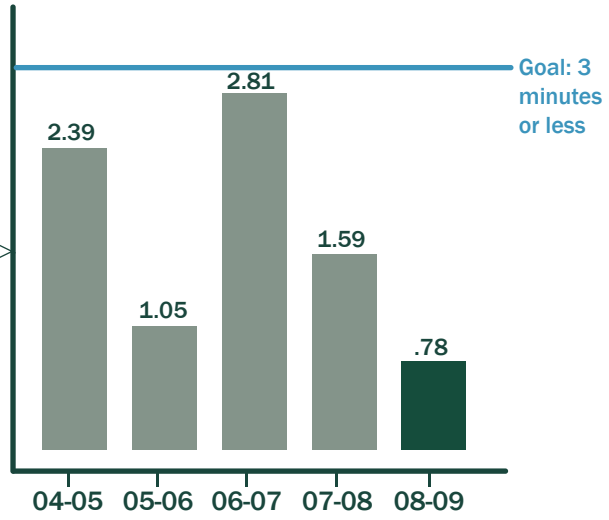
Customer Intake Center Wait Times in Minutes

This chart shows the average in-office wait time to meet with a retirement consultant for a one-on-one counseling session. The average wait time for 2008-09 was 6.67 minutes, a decline from 07-08.



Call Center Wait Time in Minutes

This chart shows the average time it takes for a caller to reach a retirement consultant. While the Customer Services Call Center continued to experience a high incoming call volume for 2008-09, the call wait time was reduced by more than one minute from 2007-08. The Call Center wait time was significantly improved primarily due to the department being fully staffed with more seasoned representatives to respond to more calls and as a result of fewer calls received.



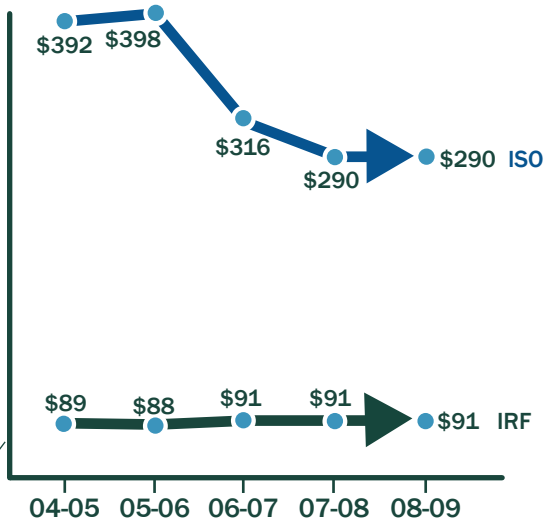
Insurance Reserve Fund

Rates Continue to be Well Below Benchmarks

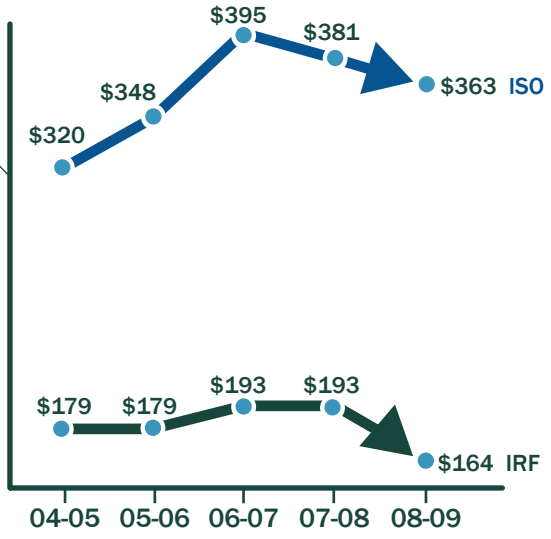
The Insurance Reserve Fund provides insurance to governmental entities at the lowest possible cost. All state agencies must purchase their insurance through the fund. Participation is optional for local governments. The fund uses no agents, brokers or advertising and does not actively solicit accounts. 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 rate structure.

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 listed in these charts continue to be well below industry averages.

Property Insurance Five Year Rate Comparison



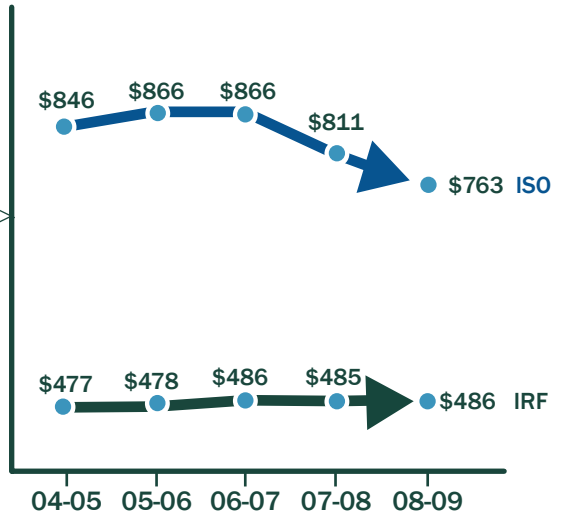
General Tort Liability Insurance Five Year Rate Comparison



Insurance Reserve Fund

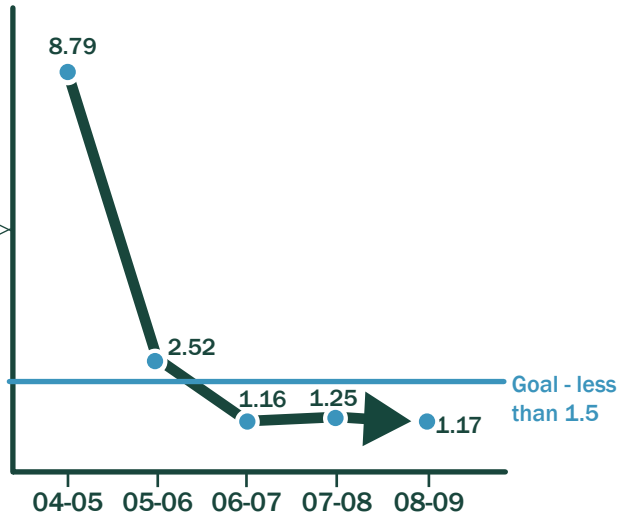
The IRF regularly compares its premiums to data collected by the Insurance Service Organization, the property and casualty insurance industry's leading supplier of statistical data. As shown by the chart at the right, the IRF's premiums continue to be well below industry averages.

Automobile Liability Insurance Five Year Rate Comparison



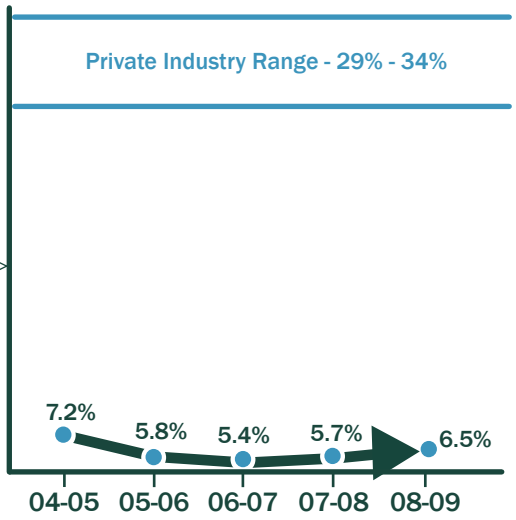
This ratio is used as a primary measure of financial strength. When the range is no higher than 1.5, assets are sufficient to pay all incurred and projected obligations. Recent improvements are due to premium increases and positive claims trends. The ratio is determined by an independent actuary who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

Losses and LAE Reserves to Policyholder Equity



Insurance Reserve Fund

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



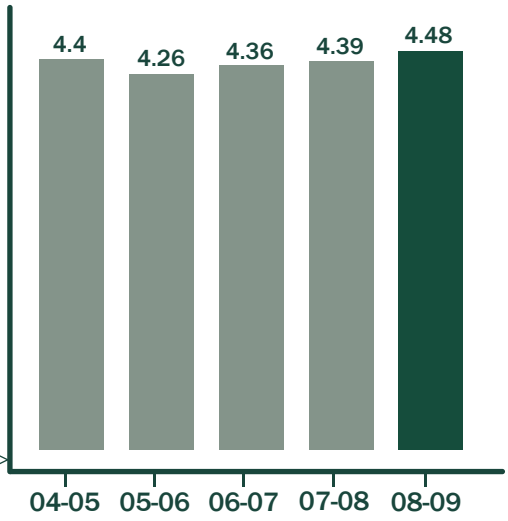
Office of Human Resources

OHR Improves Efficiency

The Office of Human Resources is a national leader in public sector human resource management. The office is a partner with state agency HR units and provides guidance, oversight and support for agencies as they manage workforce issues.

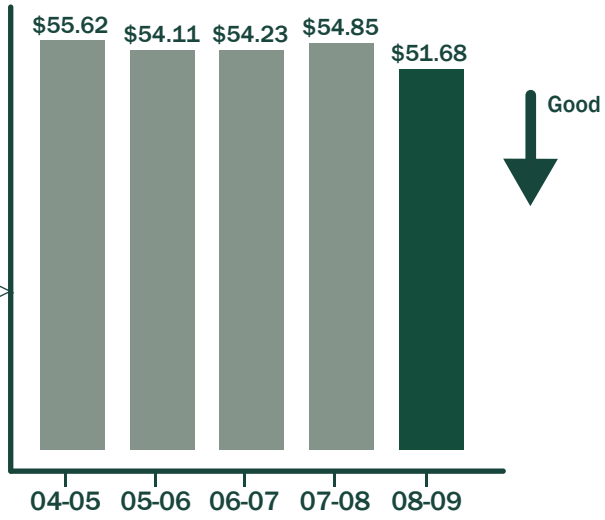
OHR continues to record very strong customer satisfaction. A "5" indicates a strong positive response and a "1" indicates a strong negative response. The 2008-09 score of 4.48 marks the third year of an increase. In its customer satisfaction survey, OHR asks six narrative questions to capture feedback in five broad areas concerning responsiveness, reliability, empathy, assurance and tangibles.

Customer Satisfaction



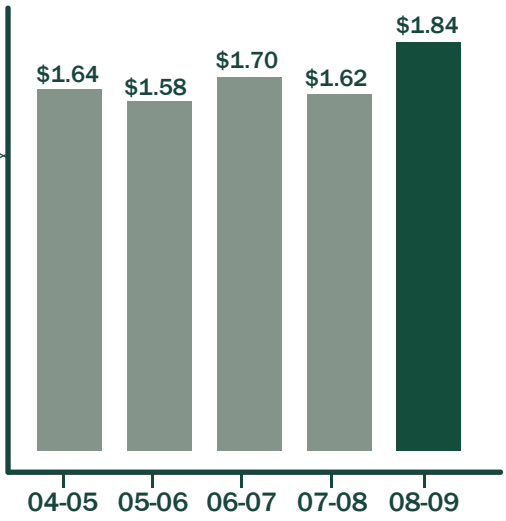
This measure demonstrates how much it costs OHR to serve all of state government by spreading its costs over all the FTEs in state agencies. The cost is lower than it was in 2002-03.

Cost Per State FTE Employee



Office of Human Resources

The Office of Human Resources continued to provide a very positive ROI in 2008-09. For every dollar spent on OHR services, the organization returned $1.84. This figure is reached by comparing the cost of OHR's services with the federal General Services Administration's contract with a private vendor which has data on the cost of similar services for federal agencies.



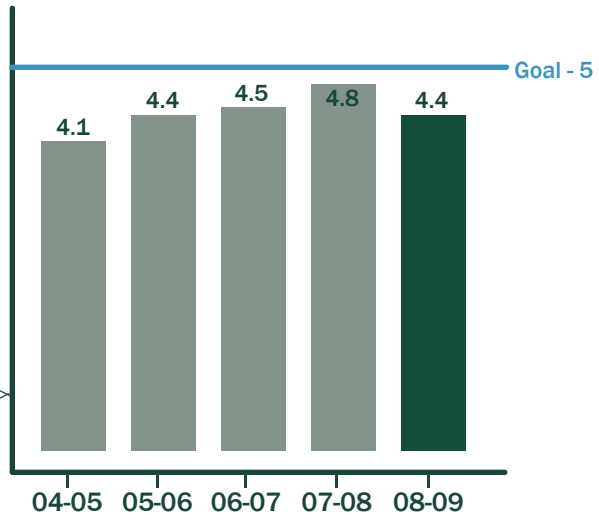
Materials Management Office

IT Procurement Rejoins MMO

In 2008-09, the Information Technology Management Office was administratively relocated from the Division of State IT to the Materials Management Office. The change gives the Board a single entity with oversight of all state procurement for goods, services and technology. The change aims to enhance continuity among the procurement staffs. The procurement charts that follow represent combined MMO/ITMO measures.

Customers are asked a variety of questions about the quality and dependability of MMO services. Answers are given on a 1 to 5 scale with 5 being "strongly agree" with a positive statement about an aspect of service and 1 representing "strongly disagree." *Note: ITMO had not surveyed its customers in the same manner that MMO has. Therefore, this number represents MMO only for the fiscal year.*

Materials Management Office
Customer Satisfaction

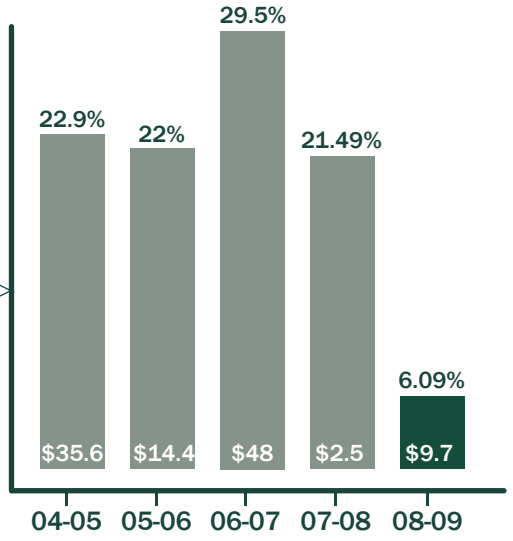


State term contracts allow businesses to offer their best prices for a good or service to all of state government for a fixed period of time. Agencies use these contracts on an as-needed basis. This chart represents data derived two different ways.

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

The significant difference in both dollars and percentage you see beginning in 2008-09 is representative of the change from our traditional measures to those used by NASPO.

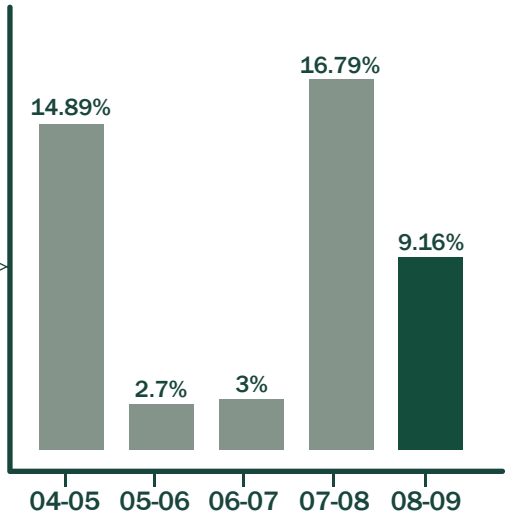
Competitive Spread of Procurements



Materials Management Office

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.

Negotiated Savings and Percent Reduction from Original Bid



Sailing back in time

When most people think of typical state procurement projects they usually don't envision 17th century coastal trading cargo ships.

Last year, the Materials Management Office helped the Department of Parks, Recreation and Tourism procure a replica of the *Adventure*, now on display at Charles Towne Landing.

After issuing a solicitation for this project, MMO received three bids to build the replica. Rockport Marine of Maine was awarded the contract. After working on the ship for nine months, it was ready to sail to South Carolina October 11, 2008. Arriving at Charles Towne Landing 14 days later, the ship docked in Old Towne Creek.

In the 1600s, this type of ship would carry supplies between present day New York and Barbados. This version has a couple of 21st century updates to ensure safe travel including a 180-horsepower Volvo diesel engine.

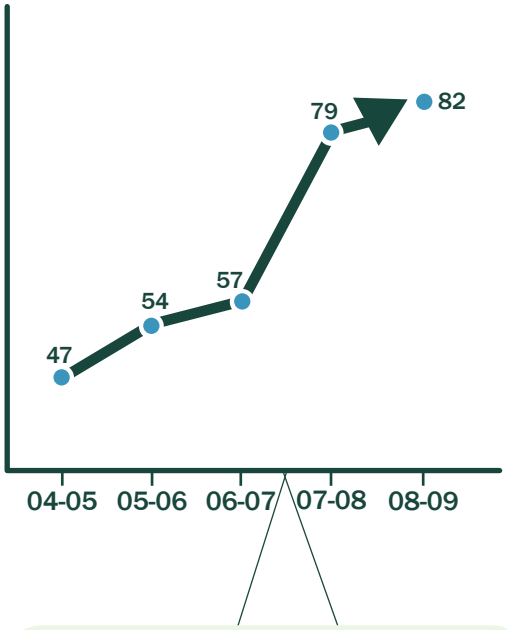
To learn more about the Adventure, visit http://www.charlestowne.org/adventure.shtml.

Office of Research and Statistics

Key Accomplishments During 2008-09

- Continued the development of the S.C. Health Information Exchange (SCHIEx) which gives doctors and other health care providers instant access to patient information. The system is already in use for state Medicaid patients and is poised to grow significantly now that the federal government is devoting significant new funding to health information exchanges.
- Submitted over 1 million addresses to the U.S. Census Bureau as part of a coordinated program with local governments to improve South Carolina's Census response.
- Began managing the Department of Motor Vehicles Municipal Jury Pool project, and have geocoded more than 1.5 million of the 3 million addresses for the project.
- Provided up to date maps for use by state agencies such as SLED, the Emergency Management Division, the Department of Public Safety, the Forestry Commission and DHEC. Emergency dispatch centers in Laurens, Saluda, Edgefield, Abbeville and Marion Counties were also provided new map data.
- *In Government Technology* published an article regarding the abilities of the ORS to help analyze a broad spectrum of social services programs, providing a sort of "information dashboard" for some 20 state agencies and private health-care providers, in order to help the state assess the effectiveness of various programs and focus social services money and attention where it will make the biggest difference in the lives of those being served.

Health and Demographics Contracts, Grants and Partnerships as a Measure of Customer Loyalty



The Health and Demographics Section of the Office of Research and Statistics does most of its work through contracts with agencies and non-profit organizations that desire to partner with the section's team of expert researchers.

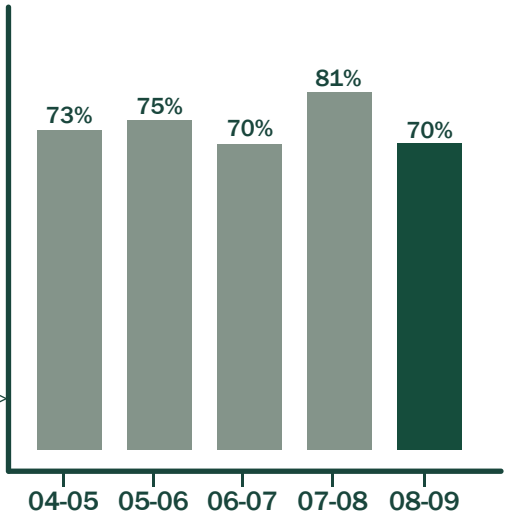
Office of the State Budget

Key Accomplishments for 2008-09

- Completed a comprehensive three-year financial outlook as required by Act 156 of 2005. This involved analyzing projections from all agencies receiving at least one percent of the State's General Fund Appropriations.
- Successfully deleted 463 vacant FTEs from the state system.
- Worked with the SCEIS team to integrate seventeen agencies that went "live" during 2007-08 into the process for making appropriation adjustments.

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.

Fiscal Impact Statements Prepared in 14 Days or Less



Confederate Relic Room and Military Museum

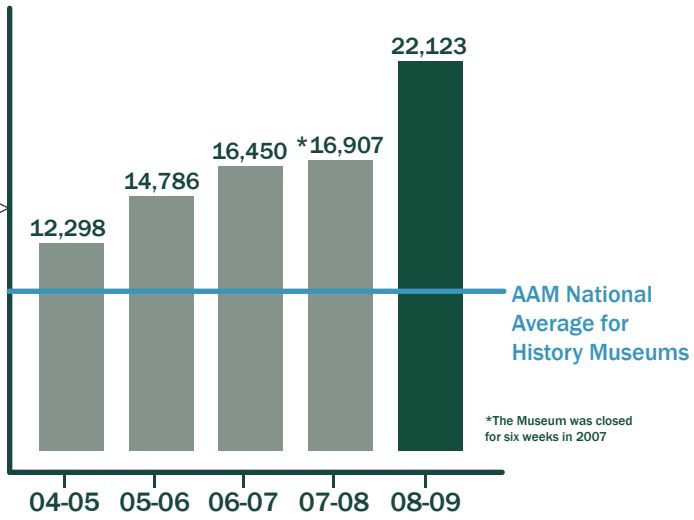
Military Museum Attendance Sets Record

Despite multiple budget cuts, the South Carolina Confederate Relic Room and Military Museum logged a 24 percent increase in attendance to set a new yearly visitation record in 2008-09.

Growing attendance is nothing new at the museum, which has seen visitation double to more than 22,000 since moving to its new facility in the Columbia Mills Building five years ago. Director Allen Roberson attributes the growth to "staff efforts over the past few years to create engaging exhibits and programs, the museum's expansion in 2007, increased school tours and more effective marketing and advertising."

In 2008-09, the museum offered five exhibits (in addition to the main gallery) and several special programs for visitors to enjoy.

S.C. Confederate Relic Room and Military Museum Attendance



Kristina Johnson at the SC Confederate Relic Room and Military Museum.

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